

**Germantown Athletic Club Advisory Commission
Minutes**

**Tuesday – January 3, 2012
Great Hall – Conference Center**

Members Present: Chairman Garth Thompson, Mr. Joe Denton, Mrs. Dee Dee Dunehew, Mr. Bill Erskine, Mr. Ron Fittes, Mr. Jim Hastings, Ms. Kelly Nanney, Mrs. Kristin New, Mr. Ron Rossman, and Mr. Ric Wolbrecht

Members Absent: Alderman Ernest Chism

City Staff Present: Mr. Phil Rogers, Ms. Carrie Corbett, Mr. Curt Cromis, Ms. Debbie Powers and Mr. Ryan Wilder

Guest: Alderman Palazzolo

Call to Order

Chairman Garth Thompson called the January 3, 2012 meeting to order. The meeting was held in the Great Hall.

Approval of the Minutes

Chairman Garth Thompson asked for a motion to approve the minutes. Motion to approve the November minutes was made by Mr. Bill Erskine and seconded by Mrs. Kristin New and all were in favor.

Introductions:

Chairman Thompson opened up the introductions of the Germantown Athletic Club Commission, by discussing his role in the Germantown Athletic Club Commission from the beginning and some of the history of the Club and decisions approved by the previous commissions.

History:

- The City made the decision to separate the Athletic Club from the City's General Fund and establish an Enterprise Fund (Self Supportive Entity not for profit)
- Approximately 4 years ago it was looked upon and analyzed whether to utilize the space of the Great Hall for the Athletic Club, or separate into different entities. The decision was made and approved by the commission and Mayor and Board of Alderman to separate the Great Hall into a stand- alone Enterprise Entity.
- Renovations of the Aquatics Locker Rooms were completed, after approval by the Commission and Board of Alderman and Mayor, under request of different Club management and outside contractors who analyzed and made recommendations.
- A Youth Weight Floor Introductory Class was approved to allow 14 and 15 year olds to use the weight room under parent supervision.
- Staff advised, and was approved by the Commission, to stop outside food from coming into the building, with the exception of Fridays and cake day for the Coffee Club members. (No food or drinks around the equipment other than enclosed water bottles.)
- Under Staff and City advisement, the Commission has approved two rate increases to sustain the Athletic Club, to bring the Club into alignment with our amenities and comparables to other facilities.
- Last year the Commission members and staff formed a taskforce, to establish needs and guideline before leasing our new equipment.

Mr. Phil Rogers opened up the staff introductions, introducing Mr. Ryan Wilder, the new Membership Sales Advisor, Mr. Curt Cromis the Business Manager and Mrs. Carrie Corbett the Marketing Membership Sales Manager. Mr. Rogers expressed his appreciation to the City for the opportunity to work with the City, at the Athletic Club as of February 14, 2011. He explained that as Chairman Thompson discussed, about 5 years ago, the City made the decision to separate the Athletic Club from the City's General Fund, and set it up under an Enterprise Fund. This means the Club is to be a separate entity, self sustaining, but not for profit. In order to be a competitive, self supportive entity, it required the Club management to evaluate the competition and comparable facilities to determine a fair rate structure.

Strategic Planning for 2012

Mr. Rogers explained that for first time in many years, this past year Germantown Athletic Club earned revenue of approximately \$31,000.00 over expenses. Mr. Rogers discussed his strategic view of planning for the Club which he believes is offering quality Customer Service and retaining current membership as well as gaining new members. He added we are a service entity; ultimately we sell customer service, because you can work out on a treadmill anywhere. He believes our customer service will set us apart from the competition.

Mr. Rogers explained the importance of membership retention and what he believes the members want from their Club Memberships:

- Community atmosphere for Social needs
- Reasonable rates
- Family connections
- Customer Service

Mr. Rogers explained what he believes great Customer Service means to our members;

- Fostering relationships
- Offering programs to support their goals
- Offering Personal Training group classes to build on those relationships and build self esteem
- Management as well as front desk staff available on the floor fostering relationships
- Hands on Managers leading by example

Mr. Rossman questioned Mr. Rogers about his plans for training staff on Customer Service.

Mr. Rogers explained that he believes customer service is only as good as the management. If management doesn't offer customer service, it isn't going to trickle down to the staff. Mr. Rogers stated he has implemented a program, to replace the Union University training that the management offered in the past. He is having weekly meetings not only with management staff, but also monthly meetings for all staff. Mr. Rogers has an offsite training program in place that begin this week for all full time staff and management that gives everyone an opportunity to establish mission values and goals for the Club, while establishing team building and continuity among the staff.

Financials:

Mr. Cromis discussed prior financials of the Club and where we are today. He stated that everyone understands the measurements of success, where there is more revenue than expenses, and reasonable expectation of profit. That is the goal the City hopes to accomplish at the Athletic Club. He stated that about 5-7 years ago, the Club was a half a million dollars in the red on an annual basis. This year the Club managed to earn approximately \$31,000.00 over expenses. He added in a "for profit business", that you would not be happy with this amount, but reminded the Commission that the Club is part of the City, where the community really wants the ownership and pride of having a facility like ours, to differentiate between the City of Germantown and other suburbs. The club is a service for the community, and not a "for profit business" in the traditional sense of the term.

He added the Club is a very seasonal business; some of our expenses are aligned with our revenue income periods. The Club is a seasonal business as far as personnel cost, as far as outdoor facilities, different relationships as far as why are members are here and how many months of the year they will be here. As far as revenue we are moving in the right direction, with the changes we have made over the past year. We are competing for disposable income of our members and prospects. The City has many investment opportunities available to them which the Club has to compete for, with service we provide for the citizens, compared to spending tax dollars on the school system, libraries, parks, performing arts and various other services. He added that Mr. Rogers has succeeded in setting a framework around our needs for the Club, with additional services or reallocating priorities in regards to analyzing the space utilization, and adding key people to the facility.

Mr. Fittes asked about the membership rates and application fees.

Mr. Rogers explained the membership fees and compared them to other facilities. He went on to state we are the second largest facility in the area, with Life Time being number one. But to compete with Life Time and our competitors, the Club needs to plan and change with the industry by continually analyzing additional programming, personal training, group personal training, upgrading our equipment and providing exceptional customer service.

He also reminded the Commission members, we are in a 20 year-old building, the Club has outgrown most of our class space, and we have outgrown our nursery space and the kid's area. With a 20 year old building, we need renovations, along with physical enhancements. These are all things we have to plan for, to keep up with the industry. He added that past management had budgeted money for a space allocation, and he recently hired a health and fitness industry architect to analyze our space, and advise us of the best use for our space.

Mr. Rogers discussed his customer service training that began this week, a 3-day retreat over the next month and a half, offsite, for his full time employees and managers, working with a consultant to establish the mission, vision, values, and the direction we are going with offering quality customer service as a Club. He added that a lot of the Club staff, has been through a lot of changes over the years with the Club. They have had as many directors, as years, over the past five years. We are taking stock of where we are, and where we are going, building and delivering a message of unity and continuity.

Mrs. New asked Mr. Rogers if he believes our biggest challenge is member retention, and why he believes the Club members leave.

Mr. Rogers responded for the same reason they leave any fitness facility, because we are not meeting their needs, they are not getting the results they want, or not feeling a personal connection of being involved. He added that some members are here every day of the year, but physically, you do not see any change, they may be here for the social or mental aspect, not physical. Commission members agreed that the coffee club is a prime example of that. Mr. Rogers added he still wants to foster a sense of community.

There was discussion among the members, and suggestions for incorporating more nutritional seminars, having our nutritionist available, and focusing on group personal training, for small group needs, and advertising personal training groups thru emails to the members.

Marketing:

Mrs. Corbett introduced herself as Marketing and Sales Coordinator, and her duties of managing our new Membership Sales Advisor and managers on duty. She explained Mr. Rogers hired her from GPAC, and she has been with the City several years marketing and advertising GPAC. She believes with Mr. Rogers that retention of current members is very important and the most effective strategy, as it is much cheaper to keep a member than recruit a new one. She explained she has been advertising for many years, and she and Mr. Rogers decided not to renew their contract with Obsidian for outside marketing, but to bring all of their marketing in house, and she is writing the Club's news releases and marketing materials and has Social Media; Facebook, Twitter and Constant Contact, which have all been implemented in the last 6 months, and have saved this Club approximately \$37,000.00. Mrs. Corbett explained we are working with GPAC on offering promotions and advertisements with GPAC, and in return they offer 20% discounts to our members. The City would like for the Club to focus on bringing in more resident members and GPAC is a good place to advertise with the community. Mrs. Corbett explained that she and Mr. Rogers, had really spent the last six months evaluating the marketing contracts in place, with a cost benefit analyses to see what is working and what isn't. Some of what was in place for marketing, we are still utilizing, but there are some contracts like grocery store marketing, a \$17,000.00 sponsorship with the basketball team and Obsidian, they have decided not to renew. She added that marketing has to be in a place where the opportunities are presented to the customer in a time they are receptive to the marketing advertisements. We are advertising with health and fitness magazines, Memphis Sport, and with At Home Tennessee where our personal trainers are writing the health columns. Mrs. Corbett stated for our Wellness Festival marketing, the Club is sending out monthly advertisements, advertising in the Germantown News, The Commercial Appeal, direct mail pieces, and radio announcements and spreading our announcements over the month of January.

Before adjourning Chairman Thompson gave the Commission Members time for introductions with a brief overview of themselves and why they chose to work with the Athletic Club Commission.

Adjournment:

Meeting Adjourned