

## The Leisure Trust CEO eventually admits - 'net financial growth has been below original forecasts.'

Posted by RM64 - 07 May 2019 10:34

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Regarding Big Wave Media, The Leisure Trust CEO eventually admits -

'However, net financial growth has been below original forecasts.'

The first FOI request regarding The Leisure Trust and Big Wave Media was made in October 2017.

This is now the 3rd FOI request, and only now do we get this 1 document.

Information received via FOI request (made 25 March 2019) -

Report to East Renfrewshire Culture & Leisure Board on 26 February 2019

Report by Chief Executive

Gyms, Fitness & Swimming Business Development Update

Purpose of Report:

To present to the Board an update of the Big Wave business development programme.

Recommendations

The Board is asked to note the contents of the report and comment as appropriate.

## Gyms and Fitness and Swimming Development Programme

### Summary

After two years of working in partnership with Big Wave Media Ltd (BWM) to develop our sports business a number of changes have been made, and advances realised in the gyms, fitness and learn to swim programmes.

We have developed a sales and retention culture in our centres, with detailed monthly targets across a number of indices, and new levels of reporting, accountability and management information.

Significant changes to the organisational culture, including further developments in customer care and quality have been made.

However, net financial growth has been below original forecasts.

Whilst in part this undoubtedly reflects other external factors such as the significant growth in competitors in the period or the partial closure of sites, it has caused us to reevaluate the programme, targets and budgets.

One aspect of this has been to revise the project governance, and the role of Big Wave Media.

Whilst we still use BWM for marketing and promotions, their Sales Director's project management role has been brought in house at a saving of £22,000 p.a.

### Background

In 2016 ERCL retained Big Wave Media Ltd., a marketing and consultancy firm, to assist in the development of the gyms and fitness and swimming programmes.

'Audit' Reports were undertaken over a two-day period in early December 2016 to assess the current business performance of the gym members and fitness classes, and learn to swim programme.

Based on a combination of an assessment of the facilities, performance to date, capacity and assessment of the market based on Experion demographics, forecasts for a three-year period were developed and a programme put in place to assist ERCL to grow the customer base accordingly.

These posited an increase in Gyms and Fitness Income over 4 years of £509, 472, and in swimming of £264, 204 over 3 years (£773,676).

### Programme Scope

The programme introduced monthly targets for each venue with a focus on generating leads and referrals, making sales and increasing retention rates.

In addition to sales and marketing activity supporting this, the project also brought renewed focus on product, pricing and promotion and included:-

- Review of pricing

- Marketing and Communications

- Product Design

- Avoidable Contact (direct debit, website, mobile sales capability)

- Analysis of yield per member / customer

- Referrals and conversion rates

- Retention rates and improvement in length of stay
  
- Quality and customer satisfaction
  
- Coach and staff quality – appraisals, CPD and performance management
  
- Site capacity including pool programming, allocation of pool time, and intensity of pool / tank sizes
  
- Occupancy rates
  
- Progression of pupils and class members
  
- Quality, quantity and type of Customer Interactions with staff
  
- Integration of other services to create value or distinction
  
- Adoption of technology (wearable tech, virtual support, apps and web-enabled programmes)
  
- Infrastructure including car-parking, transport links, exterior signage
  
- Local competition

Using a proprietary set of tools including site-specific sales, marketing and financial plans, yield calculators and supporting training, monthly meetings are held with key staff.

These meetings were previously over two days and were chaired by the BWM Sales Director, at which progress, issues and stratagems were discussed.

Subsequent training in areas such as making sales calls, or direct face to face selling, customer engagement and retention techniques or customer care was then put in place accordingly.

## Progress to Date

Significant progress has been made in a number of these areas:

- A reprice was undertaken in 2017/18

- A revision of the concession policy, with a standardisation of discounts

- The product structure was radically simplified and rationalised

- A more commercial product development process was introduced

- A clear product structure (including 12-month contracts) introduced.

- Yield / Member has been increased by 6.5%

- An online retention programme ("TRP"), which facilitates staff-customer interaction targets and appraisals, has been introduced.

- Net Promoter Score capability has been developed for 2019

- A new pool programme has been devised

- A new learn to swim framework (product, brand and approach) has been developed for introduction 2019

□ A new operational staff structure for venues to extend opening hours has been developed for introduction 2019

□ A new suite of marketing materials, communications and promotions developed, tested and refined.

□ Management information has been improved significantly

### Key Issues

1.Demand analysis undertaken across the organisation highlighted a number of issues impeding progress, including Venue Managers only being able to allocate 10% of their time to the project.

That time was consumed by the two-day meetings and compiling the reports, rather than the business development activities intended to drive growth.

Similar issues were experienced with other staff groups.

2.Whilst the initial forecasts promised a marked improvement in the bottom-line performance akin to a step change for both gyms and fitness and swimming, the reality is that improvement has been incremental.

(In 2018 gym membership was 13.9% up on the prior year, but this was only a third of the target suggested by BWM.)

3.The two-day monthly meetings, whilst time consuming for both operational and senior staff did have considerable value in the first year, with coaching and insight accompanying external challenge to drive change effectively.

By the second year colleagues felt the meetings were increasingly ineffective and inefficient, and training, coaching and insight had diminished to the extent they were protracted reporting and discussion forums.

4.The proprietary tools, whilst helping to change practices and work cultures in a number of teams very successfully, seemed derived for operating models that had different structures generally, and greater levels of staffing, particularly in front of house roles, or in support roles such as sales, communications and marketing.

5.Some conflicting advice from BWM highlighted that the methodology was increasingly at odds with the reality of ERCL's situation and structure, as well as the particularities of our market and competition, and both the strategic direction and progress reporting was becoming skewed by this.

In 2018 we held review meetings with the Sales Director of BWM in spring, summer and autumn to discuss these issues and possible solutions.

In December we trialled a remodelled meeting and reporting structure, and project management approach and in discussion with staff groups decided to continue with the programme, but without the input of the BWM Sales Director, at a saving of £22,000 p.a.

### Next Steps

Feb-Dec

□ Foundry Studio / sports hall refresh, electronic gates, café works

□ Gym equipment replacement and refresh

□ Net Promoter Score introduced

April 2019:-

□ new pool programme, promotions and recruitment

□ direct debit for swimming

□ revised management information.

August 2019

□ new centre opening hours

Recommendations

The Board is asked to note the progress of the programme, the key deliverables of which will continue to be reported on through the balanced scorecard.

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