

Developing a Medically Integrated Health and Fitness Center: How to Optimize Your Success

by Daniel J. Lynch, M.S.

Learning Objective

Readers will learn the critical steps necessary for planning and developing a successful medically integrated health and fitness center.

Key words: Business Planning, Feasibility Study, Medical Advisory Board, Architectural Plan, Membership Presale

Although health/fitness continues to grow on all fronts, there is always the mystique of running your own center. This is a passion that often can quickly turn from elated images of building a large health/fitness center, and serving thousands of community residents, into a nightmare that drains the owner's pockets. And, it can happen quickly if the right plans are not in place.

So, how can you go about developing one of these unique opportunities? First, you should know that the medically integrated sector of health/fitness continues to grow. According to Cary Wing, Ed.D., executive director of the Medical Fitness Association, "the organization [MFA] experienced a 30% growth in conference attendance in 2006, and its membership continues to grow." The primary reason is that the baby boom population is finally turning 60 years. According to the September 2005 edition of *Forbes Magazine*, someone will turn 60 every 9 seconds for the next 19 years. With this aging population comes lifestyle-related diseases like hypertension, obesity, and diabetes, to name a few. Research continues to support the fact that exercise and lifestyle modification can positively affect lifestyle-related diseases.

To bring you the most up-to-date information on how to avoid the pitfalls of a poorly planned medically integrated health/fitness center, I have asked some esteemed colleagues to explain what it takes to successfully open a medically integrated health/fitness center. Let's take a look at what the experts say about each of these critical areas.

Feasibility Study

Rick Caro, B.S., M.B.A., is president of Management Vision, a New York City based company that has performed over 850 feasibility studies for the health/fitness industry:

"All fitness facilities are service businesses, so they are subject to local market conditions. Using the accepted economic law of supply versus demand, each proposed site should be analyzed to determine if the concept can be supported by the demand compared to the existing supply. If, in fact, the demand was not greater than the supply, that proposed club might not be able to succeed even in the long run, despite the quality of the facility, variety of offerings, prior experience of management, appropriate user-friendly system, and provision of current programs and services."

The first step is to conduct an independent market analysis which involves driving (or walking, if in a downtown urban area) each of the eight spokes of the wheel (N, NE, E, SE, etc.) for 8 minutes at prime time in the evening to define the primary market and another 4 minutes to define the secondary market. The intersection points are then connected, and up-to-date demographics are ordered.



Photo courtesy of Mike Dupuis, M. A., Healthworks Fitness Center, El Dorado, AR.

Then, accepted penetration rates specific to the health club industry are applied to create a total demand calculation.

The supply involves each type of fitness component who could garner even a little market share. This would include commercial health clubs, small express clubs, pure yoga, Pilates or personal training studios, nonprofit facilities, university recreation centers, parks, recreation centers, and major fitness facilities in office or residential complexes. Visit each and analyze strengths and weaknesses, and do follow-up research to determine the amount of market share each has. Announced, but not yet open, facilities also should be taken into consideration. If the market analysis indicates that demand is greater than the supply, then the next step is to involve an economic analysis."

Creating a Medical Advisory Board

Brad Roy, Ph.D., FACSM, is a hospital administrator for Kalispell Regional Medical Center in Kalispell, MT, and oversees The Summit, a 115,000-square-foot medically integrated center.

"The Medical Fitness Association's Facility Standards and Guidelines state that 'A Medical Fitness Center must have medical oversight.' This is achieved either by having a physician serve as medical director or advisor, or by forming a Physician Advisory Committee consisting of a cross section of the medical staff. The committee model offers a number of benefits including:

- input from a cross section of medical experts
- opportunity to garner support from a broad range of the medical staff
- elimination of 'political' challenges when a medical director falls out of favor
- additional ability to meet with medical experts on a regular basis
- enhanced input regarding community needs and facility performance.

The duties are to provide oversight for:

- the facilities emergency response (code) policies and procedures
- the facility's AED program; staff CPR/AED and first aid training
- any actual incident reviews.

The medical director/advisory committee also should offer advice regarding program referral strategies, communication, and outcome reporting. In addition, they should provide advice regarding clinical program development and participate in the performance improvement review process.

Additionally, the Advisory Committee model offers the opportunity to tap into a wide range of expertise

for community educational presentations and workshops. The medical advisory committee should consist of a cross section of medical disciplines such as: cardiology, internal medicine, orthopedics, and oncology, just to name a few. It is essential that at least one physician has expertise with emergency response procedures."

Developing an Architectural Plan

Randy Key, M.S., is a principal in Key Architecture located in Florence, SC. Key and his team have designed multiple medically integrated health/fitness centers ranging in size from 10,000 sq ft to 100,000 sq ft:

"For too many architects success is measured in praise from peers, personal satisfaction, or some sort of award. Success is not a dynamic design. Success should be gauged for architects just as it is for owners.

There are two different design problems that an architect faces. The design of a new facility is far easier, and typically more lucrative, than a renovation/addition. But both have the same set of guidelines and needs in order to be successful.

Drawing people in

The first impression of a facility has an impact on most prospective members. The design should evoke a sense of warmth and welcome but also should project a sense of excellence. A design that is too classical and stodgy will send a signal of exclusivity that may be intimidating. A design that is not carefully studied, appropriately colorful, and well balanced in detail may send a signal that the business inside is equally askew.

Enhancing the experience

Upon entering the center, the layout must be easily understood. A plan that contains a labyrinth of rooms and a confusing maze of halls is a recipe for failure. A member should be able to easily choose from a number of visible options—locker rooms, cardio, weights, classes, massage, etc. once in the center. Activity should be seen in or near the entry to enhance membership sales. A prospective member must see people who have similar levels of fitness, so they feel comfortable in the center.

Welcoming clients

We know intrinsically that color will either improve or devalue a design. We also know that the details of the millwork (how each piece will function) can impact the operational aspects of any business. Because of this, it is imperative that the design firm include skilled interior designers with an eye for detail.

Because getting healthy or fit is often hard work, it is important to have a sense of delight or even playfulness

in the design. If this aspect evokes feelings of enjoyment, then memories are positive. And after all, that is the overall goal of the designer—to infuse each person using the center with enjoyment.”

Planning and Executing the Presale

Doug Ribley, M.S., has successfully operated Lifestyles which is part of Akron General Health System in Akron, OH. Here are some important action items that Ribley has learned:

“The most important first step in opening a successful center is the membership presale. This is truly a retail sales strategy that is intended to build a membership base prior to opening the doors of a new or renovated center. There are significant expenses associated with the operation of a center. What makes a presale so important is that operating expenses don’t fluctuate significantly regardless of whether a center has 100 members or 1,000 members. A center that does not conduct a presale or is unsuccessful with this effort incurs significant losses. A more successful presale equates to small losses and a reduction in the time it will take to reach the break-even category.”

Why would someone join a center when it is still under construction and not available for use? During presale, the best price that will ever be made available is offered, and there is no risk. Prospective members are only required to put \$50 toward their enrollment fee. Once opened, each member has one week to come in and experience the center. If their expectations are not met, they can choose to receive a full refund.

The most successful presale tends to run for approximately 6 months. It is important to note that one should always research local and state laws and regulations related to membership presales since many regions have unique stipulations that include, but may not be limited to:

- the length of the presale
- the amount that can be collected during a presale
- surety bond requirements (in some states)

Since the typical presale will extend over several months, it is important to create incentives that encourage people to join early in the presale rather than waiting until the end of the presale.

| Eligibility | Incentive Discount |
|------------------------------------|-------------------------------------|
| first 500 membership units sold | 65% off the one-time enrollment fee |
| next 500 membership units sold | 45% off the one-time enrollment fee |
| remaining units sold until opening | 25% off the one-time enrollment fee |

This is referred to as, ‘creating a sense of urgency,’ and a sample presale pricing strategy is presented below to illustrate this point.

Finally, during a presale, it is important that a location is identified that allows for an environment that resembles the new center. Many organizations set up presale trailers on the actual construction site. This is a very effective way to generate excitement and show membership prospects the progress that is being made at the same time. The space within the presale office should paint a picture of what people will be able to experience once the center opens. Center renderings, floor plans, virtual tours, equipment samples, etc. are all effective tools to present your new center when there isn’t a center to present.”

Using Technology to Measure Outcomes

The objective of a medically integrated health/fitness center is not only to improve health but to be able to report on the outcomes of each individual. Important areas are as follows:

- *Member Management:*

- Demographic information
- Electronic membership contract
- ID card and security controls
- Electronic funds transfer—member billing
- Point of sale
- Financial management to general ledger

- *Fitness Areas:*

- Equipment on its own will have many programming options built right into it like heart rate control, intensity variables, or entertainment options. When connected to information tracking systems, the cardio and weight equipment can become focal points for collecting information regarding a member’s progress

- *Nutrition Areas:*

- Many companies are creating weight management programs that are personalized and Web based, use scientific information to measure basal metabolic rates, and deliver meal plans to help guide an individual through the process of weight management.

- *Miscellaneous Technologies:*

- The use of performance-based technology is one of the fastest growing segments. These companies are providing the opportunity to measure performance and store critical information on speed, agility, reaction time, and other important variables.

Checklist for Opening

Mike Dupuis, M.A., has been operating clubs for more than 25 years and is currently the executive director of HealthWorks Fitness Center in Eldorado, AR. Dupuis has developed a checklist of tasks that will help get a center started:

| Master Timeline/Operational Development | |
|--|--|
| Week | Task name |
| 45 | hire executive director |
| 44 | select site for presales trailer and obtain permit |
| 42 | finalize name and logo |
| 40 | state health club registration |
| 40 | state bonding information |
| 40 | develop presale operating budget, staffing model |
| 40 | select computers and software |
| 38 | prepare employee handbook |
| 37 | develop fitness department manual |
| 29 | marketing plan development |
| 27 | begin external marketing |
| 26 | hire sales team |
| 24 | start selling memberships |
| 18 | finalize capital equipment order |
| 18 | begin health screening of presale members |
| 16 | plan PR strategies for grand opening |
| 12 | invite keynote for grand opening |
| 8 | recruit medical advisory board |
| 8 | develop group exercise schedule |
| 4 | promote opening program schedule to members |
| 2 | move into building |
| 2 | AED training |
| 1 | all-staff meeting |
| 1 | soft opening |
| 0 | grand opening event weekend |

“Every start-up is unique, challenging, and wroth with surprises. Over the years, I have attempted to minimize the surprises by completing a list of tasks along with the approximate time with which you should begin to undertake each task.

This start-up list is designed to be a template for opening a center. This is intended to be a boiler plate and is by no means comprehensive.”

So, if you are planning on opening a new health/fitness center anytime soon, I suggest you reread this article and begin your planning.



Daniel J. Lynch, M.S., has been in the medically integrated health and fitness industry for 34 years. He has helped numerous hospital and commercial fitness centers develop their programs and facilities to include the medical approach. He can be reached at DJLEnterprisesLLC@gmail.com or at 914-484-4868.

Condensed Version and Bottom Line

If you've ever considered running your own medically integrated health and fitness center, extensive planning is a must for success. To avoid the pitfalls of a poorly planned medically integrated health and fitness center, make sure you follow advice from experts in the field and conduct a feasibility study, create a medical advisory board, develop an architectural plan, execute a membership presale program, and use technology to measure outcomes.