

## Report Assignment

### Writing a Consultant's Report

Your consulting company has been asked to conduct an assessment and write a report for Better Health Enterprises, which runs three different national chain fitness gyms. Better Health Enterprises owns facilities in several cities under each of the three chain names: 25 Hour Fitness, Lifeline Fitness, and Platinum Fitness. At each of the locations, a 10% service fee is added to annual memberships to cover the costs of extra fitness classes and personal trainers. The CEO is thinking of eliminating the service fee that is automatically added to bills, and instead charge a per use fee for fitness classes and time with a personal trainer. All locations currently employ full time and part time positions in management, membership, fitness instruction (includes gym attendants, class instructors, and personal trainers), customer service, and information technology.

You read articles in trade journals, surveyed a random sample of 200 workers in each of the chains, and conducted an e-mail survey of the 136 gym managers. Here are your findings:

1. Full time instructors are currently paid a weekly salary. If the gyms do not collect a service fee, wages and/or hours for instructors would need to be reduced. Instead they would receive a reduced hourly wage and be paid extra for classes and personal training sessions.
2. Instructors at Platinum Fitness locations tend to be under 25 years of age. Lifeline Fitness locations employ more instructors over 25, who are doing this for a living. 25 Hour Fitness instructors are more likely to be students in college and university towns.
3. In all three chains, instructors oppose the idea. Employees other than instructors generally support it.

	<b>Retain fee</b>	<b>Eliminate fee</b>	<b>Don't care</b>
<i>Lifeline</i> instructors (n = 115)	90%	7%	3%
<i>25 Hour</i> instructors (n = 73)	95%	0%	5%
<i>Platinum</i> instructors (n = 93)	85%	15%	0%
<i>Platinum</i> non-instructors (n = 65)	25%	70%	5%
<i>Lifeline</i> non-instructors (n = 46)	32%	32%	37%
<i>25 Hour</i> non-instructors (n = 43)	56%	20%	25%

(Numbers do not add up to 100% due to rounding.)

4. Instructors said that fee elimination hurt members that attended the gym frequently for classes.
5. Instructors said that members would be less likely to attend classes and personal training sessions if they had to pay extra, even though their annual membership fee would be reduced.
6. Instructors said that their expertise helped to increase sales in the gym pro shop and at the snack bar and should be rewarded (67%), and that if the service fee was replaced they would be likely to look for another job (45%).
7. Some (17%) thought that if the manager assigned the class schedule based on potential income, favoritism rather than the quality of work would govern how many classes or training assignments they got.

8. Managers generally support the change.

	<b>Retain fee</b>	<b>Eliminate fee</b>	<b>Don't care</b>
<i>Lifeline</i> managers (n = 44)	20%	80%	0%
<i>25 Hour</i> managers (n = 13)	33%	67%	0%
<i>Platinum</i> managers (n = 58)	55%	45%	0%

9. Comments from managers include: “It would save a lot of money in the long run, because instructors would be paid based on the number of classes they teach instead of on an hourly wage,” and “I could pay more to the best instructors whose classes are in demand.”
10. Morale at *25 Hour* locations seems low. This is seen in part in the low response rate to the survey.
11. In a tight employment market, some locations might lose good instructors if they made the change (Article by N. Smith in the National Fitness Trade Journal, Title of article: Improving economy results in more gym memberships, published June 7, 2014). However, it would be cheaper to have a pool of part-time instructors rather than full time instructors who must also be paid benefits.
12. The current computer systems in place can handle figuring and recording the fee change. Members would need to pay up front for classes or be billed each month in addition to their annual membership fee.
13. Scheduling based on demand could take extra managerial time, especially at first (Article by S. Jones in Health Club Management Journal, Title of article: Pros and cons of on demand scheduling, published October 23, 2014).