Make Money Using Your Computer Software

by Carole Oat

[management solution]

Cash in now by using a tool that's right at your fingertips – your computer software. You have the technology, now put it to work. Begin with the big thing, managing your dues line. The most successful clubs put 70 percent or more of their members on monthly billing because, in most markets, and providing your EFT processor is reliable, you will make 20-30 percent more per member for no more effort. Doing this ensures your monthly recurring revenue covers expenses, grows the value of the business and provides you with a track record of income. This is important to show banks if and when you need it for resale value or for new capital financing. It's also been proven that only about 40 percent of paid in full members actually renew each year.

Use your software to regularly forecast what your next month's billing will come in at, so you can predict your cash flow. This is a simple and easy procedure to perform and only takes seconds to do. Many owners do it daily as they put new members on billing and remove others who cancel. Get to know the capabilities of your program, and use it to run reports such as a quick data profile, showing you exactly how many monthly billing members you have, the number of prepaid members, short terms, promos, cancelled and expired members. It should also show daily, how many people are "outstanding," meaning they're in your system but their information is incomplete. These are members who could be on billing, and all you need is the voided check or credit card number. These reports are critical for proper budgeting and planning. You can't predict where you're going if you don't know where you stand.

Next, use your program to give members internal prepaid accounts. This method of revenue generation is the opposite of a house charge account that allows members to charge items and services all month, and the revenue is captured via your EFT billing file. With a house prepaid account, members don't have to always have cash in their pocket if they want to get water or a shake from the juice bar. Your point of sale software should allow a member to make a "payment on account" and then be able to "charge" against it. This allows the club to hold the deposit and not have to wait to get the revenue. Of course, members will spend more when they have either method available to them. This is risk/reward and promotes spending in the facility. It's important, if you offer these options, to have a well-stocked inventory of supplements, nutritional drinks and other important items convenient and readily available for purchase.

Now, consider adding to your retention program a member referral benefit that members will feel right in the wallet. Offer $5 off the monthly fee for each member they refer who joins and remains a member. The benefit stays in effect as long as both people keep their

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membership account in good standing. Your computer software should allow you to track all referred members and the adjustments to revenue. If a referred member leaves, the program should automatically adjust the original member's dues accordingly and vice versa. It'll seem risky but the reward is an increase in member's length of stay, thus your monthly revenue increases because people stay members longer.

A retention and revenue tool is recognizing high and low users. Send postcards or emails to show members that they are important to you.

High users may then spend money on visits to the club and low users will feel missed, and you may be able to keep them longer versus seeing them dropout and loss of revenue.

A common item that is available in most software programs, but often under utilized, is an employee time clock. If you're still on the old method of a punch in/out manual system, then you're wasting payroll dollars on someone who has to add up timecards each week, and you also run the risk of error.

Take advantage of your system's point of sale abilities to sell and redeem gift certificates and perhaps gift cards. Also, use point of sale for selling and redeeming personal training sessions, tanning, childcare, anything that you may be using punch cards for. By properly tracking all services, you are properly managing the revenue and can easily see information like trainer commission reports, outstanding balances, available sessions, credit availability and deferred revenue (liability) on those prepaid members.

Lastly, take advantage of email functionality by communicating with your members and guests regularly, on average three to four times per month. Use it to promote your member benefits and your profit centers such as those listed here. By keeping people aware of club happenings, it will improve involvement and participation. When members are in the club, they may spend money.

If your club management software doesn't allow you to perform most of the functions named, I would encourage finding one that does. Data management, member and guest tracking and, most importantly, revenue generation are vital to running a successful club business.

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