

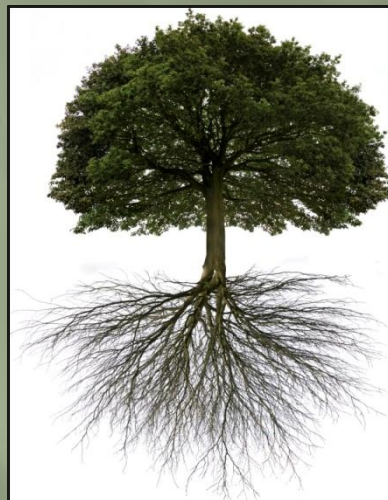


BUSINESS ADVANCEMENT SYSTEMS EXPERTS

April 2011

NEWSLETTER

*Growing Your Business Requires
A Strong Foundation*



April 2011
Business Advancement
Systems Experts



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Forgiveness. . .

I want to take on a fairly controversial subject this month, and hopefully pique your interest enough to decide how to handle this particularly infuriating problem - BAD DEBT.

A young man joined your gym 8 years ago, when he was 21 years old. His job or hours changed, he ran up his credit cards, he drank too much beer, or for some other behavioral malfunction typical to 21 years olds.....he didn't have the money or inclination to keep paying you. Now he is 29 years old, married with a kid, and works as a fireman, retail manager, or maybe a software company. His wife is a school teacher. Together they are thinking about getting on an exercise program, and they visit your facility to see about the "family rate", that includes child care. This membership will produce about \$800 in revenue for you over the course of a year in membership fees alone, plus whatever ancillary products (think Personal Training) they would purchase.....

Unfortunately, your manager cannot sign them up.

Years back you established a policy that forbids someone with an outstanding balance to join your facility until they have paid all the money owed in arrears. It seemed reasonable at the time, did it not? Why allow someone who owes you money to borrow more before paying the overdue balance? If word got out, you reasoned, nobody would ever pay their bills.

Continued pg. 3

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Forgiveness. . . continued

So your sales manager tells the 29 year old, now established couple that they cannot join unless the husband pays the \$550 owed to you from 2003, and they leave in a huff, heading straight to your competitor and giving their \$800 + to the facility that is trying to put you out of business.

The point I am trying to illustrate is the fine line between collecting what is owed to you, and forgoing future revenue based on old, uncollectable debt. This 29 year old man knows there is no way you are ever going to collect on that 8 year old membership. His wife knows that she is not going to pay \$550 on top of the new membership for something her husband incurred years before he met her - at least not for a membership to a fitness center. Yet we stalwartly refuse to put this family on EFT for \$67 per month (or more) because we have an aversion to being "taken advantage of".

While I believe in aggressively pursuing every dollar that is owed under a contract, and enforcing the terms completely and consistently - I have to admit that there is a time when an old debt can be far more destructive to us than it is to the person who owes it.

Continued pg. 4

Corporate Corner

Gaining and maintaining the lead corporate position in your area does not need to cost you!

Although it's tempting, refrain from purchasing the "give a-way's" you've been told your corporate clients covet and take a moment to look at what they really want. . . . a well rounded corporate wellness provider.

Corporate clients, although momentarily thrilled with gifts, prefer to invest in programs that they can implement with ease and which offers more than one service to meet their wellness needs.

Prior to investing in the next corporate craze, ask yourself what you already have to offer! Do you offer training consults? Educational seminars? Supplement recommendation? How can you implement these and other resources you have available into your corporate package?

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Forgiveness. . . continued

Years later, we make an \$800 mistake with this rationale – better to sign them up, forgive past transgressions, and start billing them as new members, in my opinion. It has taken me years to see things this way, and it still sticks in my craw, but we are in the business of collecting revenue for our services, and \$800 this year is approximately \$800 more than we will receive on this man's 8 year old debt for a fitness membership.

Contact us for the details of this debt amnesty program and how to put the parameters in place to both protect your current dues base and increase your potential membership base.

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