

Gymnastics Business Plan

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Overview

- Business Plan Design
- CSD Overview
- Gymnastics Overview & Brief History
- Next Generation & New Facility
- Market Analysis
- Competitive Landscape
- Marketing Strategy & 4Ps
- Financials
- Commission Feedback

Business Plan

- 2-year on-going process
- Started at old Burgess facility
- Plan evolved with the new construction and market trends
- Designed to show where we have been and where we are going
- Opportunity to describe the “Next Generation” of Menlo Park Gymnastics
- Model for future business plans

Community Services Department

OVERVIEW

- CSD operates programs at 10 different facilities sites
- 52 full-time or part-time benefited staff
- 75-125 temp staff
- \$6.1 Million Budget (Cost Recovery 78%)

Vision

- Improve the quality of life for Menlo Park residents
- Create a healthy community
- Long-term sustainability
- Increase capacity and utilization of facilities
- Increase brand awareness of the programs and services

Outcomes

- A healthy community
- A safe, secure community
- A strong sense of community
- A vibrant community
- A community nurturing human development

Gymnastics Program

Overview

- Approximately 5,000 participants each year
- 59,000 participant hours annually
- Operates 7 days /week
- Majority of programs include gymnastics classes for children ages 1 to 14
- 75% - 5 years old or younger
- 1/2 Menlo Park residents
- 1/2 are from surrounding communities including: Palo Alto, Woodside, Portola Valley, Atherton, and unincorporated Menlo Park
- Strong reputation for quality gymnastics programs



Vision

Arrillaga Family Gymnastics Center will endeavor to become the most sought-after recreational gymnastics program in the region.

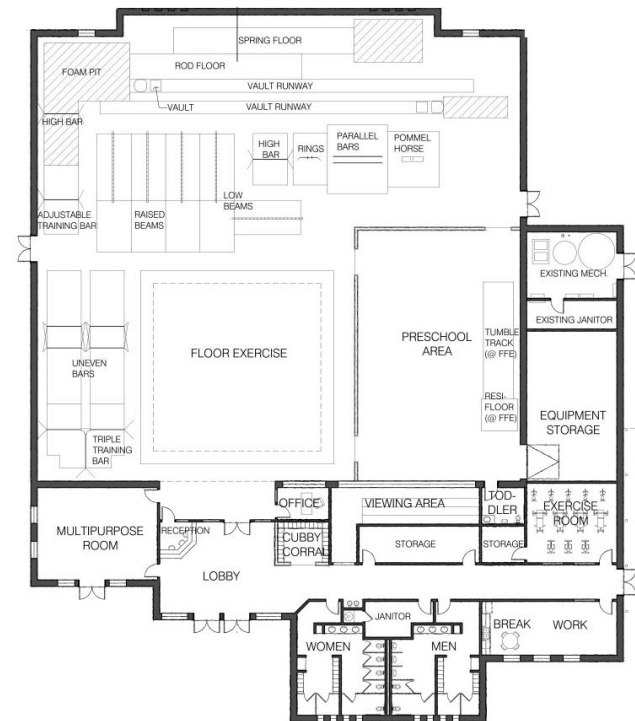
Where we started...

- Began 1962 with contract instructor
- Late 70s grew to 500 students and then struggled
- Early 90s new gymnastics director was hired
- Program grew to over 1700 students
- Averaged 1100-1300 over the years
- Older facility, limited space, shared with gym



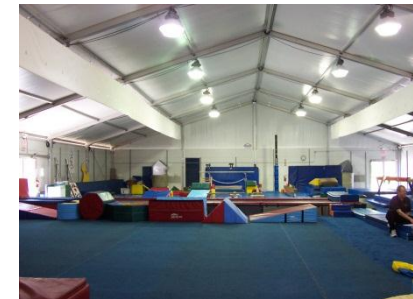
How we got here....

- Long standing support from the community for gymnastics
- Measure T priority identified in 2007
- Donor for Gym, Rec Center....and Gymnastics Center in 2010
- \$6.2 City Contribution
- 19,400 sq foot new facility approved by Council
- Major transition took place in 3 Phases



Phase I: Relocation into Temporary Facility

- Located on the basketball court at Burgess Park
- Maintain all existing classes
- Keep a vibrant program operating during construction to retain customers and revenue
- Installed March/April 2011 in time for Spring 2011 session
- Successfully maintained revenue with only a small decrease of 8% compared to the old facility



	4 th Quarter (Spring)	1 st Quarter (Summer)	2 nd Quarter (Fall)	3 rd Quarter (Winter)	Combined Total
Temp Structure	\$182,326	\$79,210	\$198,569	\$187,010	\$647,115
Old Burgess Gym	\$197,476	\$89,653	\$220,804	\$183,023	\$690,956
Net Loss	\$15,150	\$10,443	\$22,235	\$3,987	\$51,815
% Change	-8%	-12%	-10%	+2%	-8%

Phase II: New Facility Construction

- Started May 2011
- 11 month construction period
- New features:
 - All of the USA gymnastics competition equipment for boys and girls
 - Dedicated preschool room
 - Multipurpose room
 - Exercise room
 - Expanded lobby and viewing area
 - Expanded restrooms with changing areas
 - Increase connectivity between the Burgess Pool and Gymnastics Center



Phase III: Opening New Facility

Grand Opening

- Facility opened in April 2012
- Grand opening ceremony took place on Friday, May 11, 2012
- Building named the Arrillaga Family Gymnastics Center
- Part of the "Triple Crown" Arrillaga recreation facilities on campus

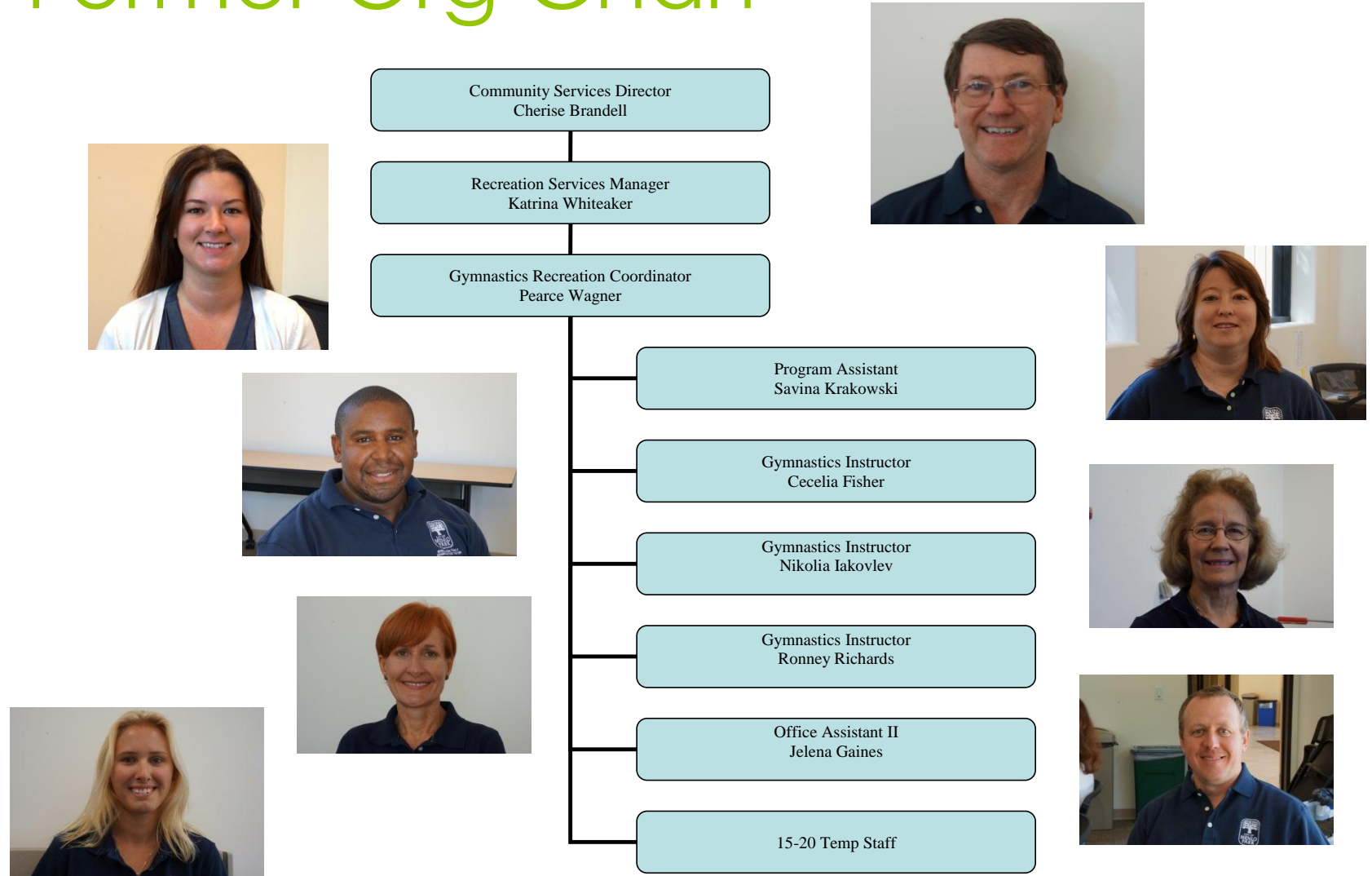


Next Generation Strategy

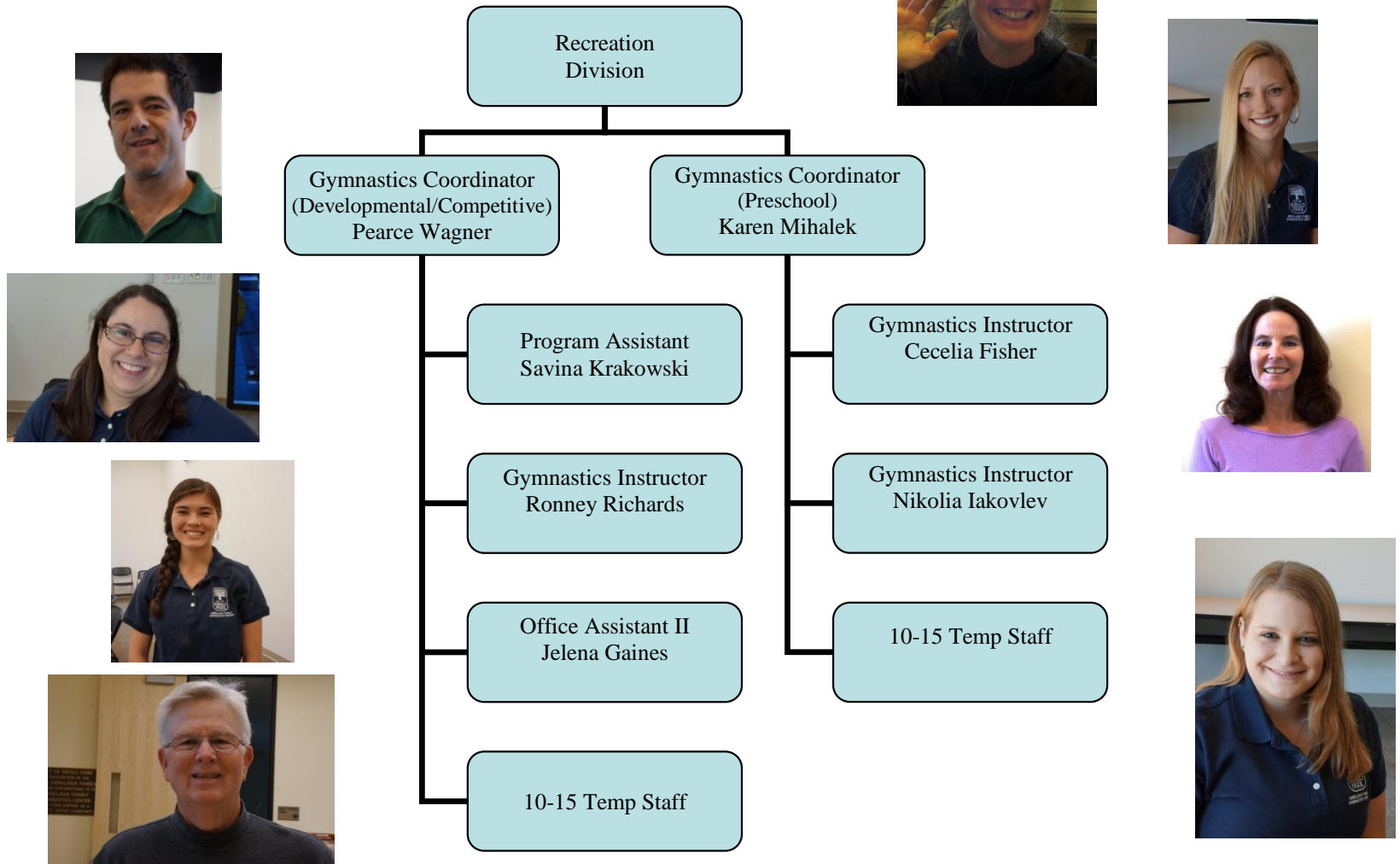
Goals for New Facility:

- Operate a high cost recovery business model
- Advance our market position to gain market share
- Maintain or increase the quality of the programs and classes
- Increase the offering of classes and services to the community
- Maximize the utilization of the facility by using contractors and rentals
- Improve internal procedures, policies, trainings, and staff development to create a high performing team

Former Org Chart



New Org Chart



Gymnastics Market Analysis

History

- Mary Lou Retton & 1984 Olympics
- 1980s major increase in participation
- Private gyms, community center, YMCAs across the US began programs



Industry Trends

- 5M gymnasts(6 years+) in the US
- 4500+ clubs in US
- 76% female
- 80% are 18 years and under
- 6,000 high school teams
- 89 NCAA teams



Gymnastics Market Analysis

Health Trends

- Children health is an important issue
- Children today will have a shorter life than current generation by 5 years
- Obesity has tripled in past 20 years
- Decrease in physical activity due to technology

Gymnastics Benefits

- Promotes reading readiness
- Improved social skills
- Helps increase bone density and prevent osteoporosis
- “Positive choice” extra-curricular activities are less likely to be involved in juvenile crime

Demographic & Economic Trends

- 2nd Baby Boom in 2007
- National economy recovering from the worst recession since the Great Depression
- Children have become the central focus and recreational activities are now cultural expectations in some communities

Regional Trends

- Demographic Trends

- Menlo Park is known as a desirable place to raise a family – 92% rate MP as place to raise children as excellent or good
- 72% rate recreation opportunities in MP as excellent or good
- 84% rate the quality of recreation facilities & programs in MP as excellent or good
- Menlo Park School District will grow by 18% by 2014

- Gymnastics Trends

- San Jose hosted 2012 Olympics Trials
- Regional enthusiasm and interest in the sport
- Increase in participation during or shortly after the Olympics every four years



Competitive Landscape

The five general types in this region:

- Large private gyms
- Small private franchise gyms focusing on early childhood
- City programs using independent contractors
- Non-profit parent operated programs for competitive teams
- Higher end competitive gymnastics programs



Our Competitive Strategy

Menlo Park Gymnastics differentiates by:

- Focusing on preschool and recreation programs
- Providing similar breadth and quality of programs and facilities as the private gyms at affordable rates
- Providing extensive class times and offerings based on age and skill level
- Providing a convenient and welcoming location in the Menlo Park
- Providing high quality staff and gymnastics expertise
- New, state-of-art facility



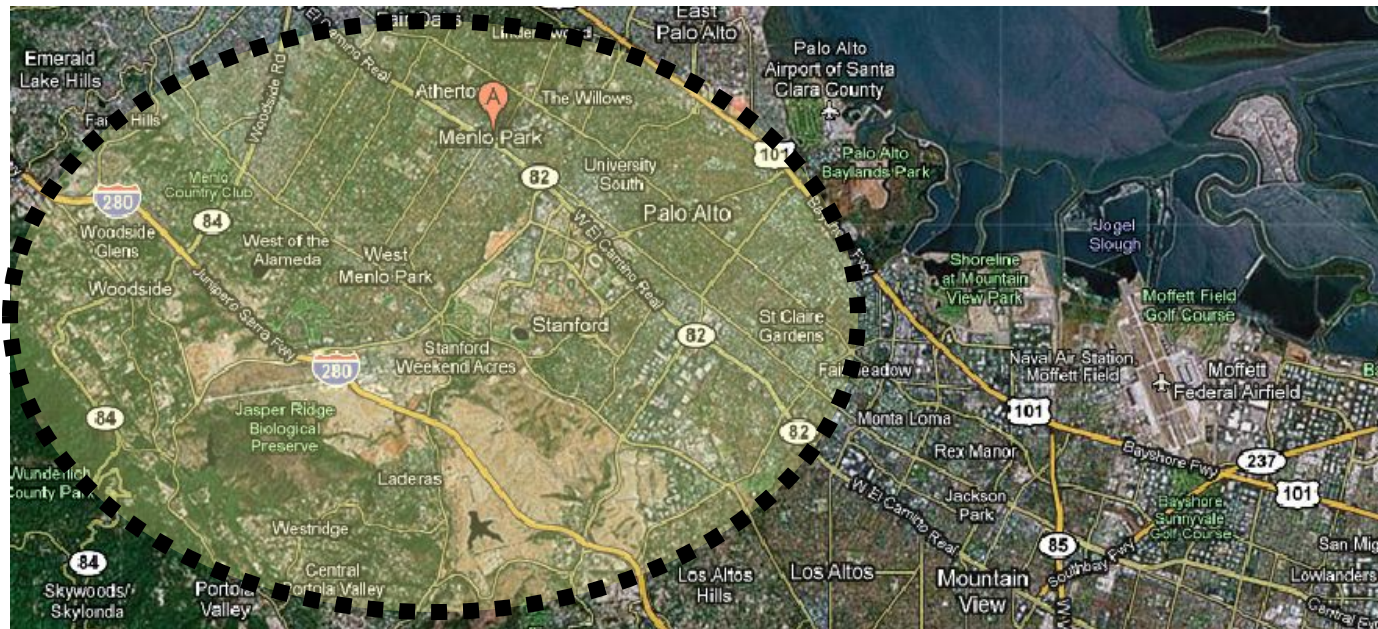
Customer Analysis

Target Market

- Children ages 1-14 seeking preschool or recreational gymnastics
- Menlo Park and the surrounding communities

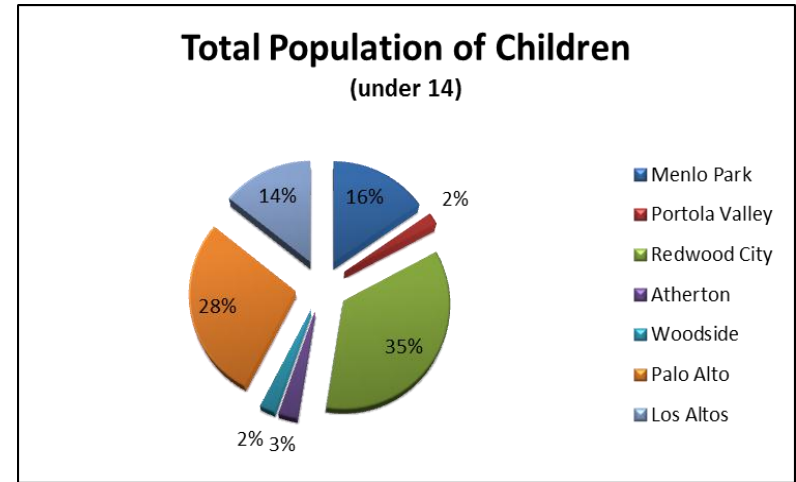
Secondary Markets

- Children ages 8-14 seeking a higher degree of gymnastics
- Children seeking other recreational activities that could utilize a gymnastics facility (i.e. yoga, cheerleading, martial arts, rhythmic gymnastics and dance)
- Adults seeking programs in gymnastics, fitness, or martial arts.



Market Size

- Total # of children between 0-14 years old in Menlo Park and 6 surrounding communities = **43,700**
- Projections for growth rate is 5% in next 5 years
- MP Gymnastics market share in 2010-2011 was 2.7%
- **Grow to 3.4% or 1,560 participants**



Ages	Menlo Park	Portola Valley	Redwood City	Atherton	Woodside	Palo Alto	Los Altos	TOTAL
0-5	19.4%	25.7%	0.8%	28.7%	12.3%	3.3%	0.6%	9.7%
5 to 9	5.5%	3.9%	0.2%	4.9%	2.0%	0.7%	0.1%	7.8%
10 to 14	1.6%	0.9%	0.1%	1.1%	0.4%	0.2%	0.0%	8.3%
TOTAL	9.4%	7.4%	0.4%	8.8%	3.6%	1.3%	0.2%	2.7%

Marketing Plan

Marketing Strategy

The program will differentiate itself from other gymnastics centers by providing the best value and most comprehensive youth recreation gymnastics program in the Menlo Park and surrounding areas at a convenient state-of-art facility.



Marketing Tactics

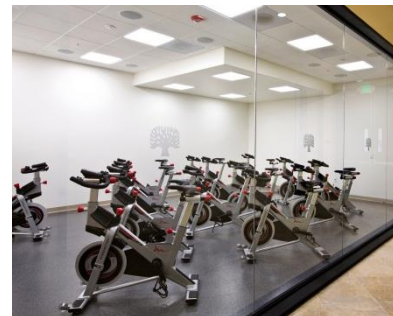
Product/Services

- Wide range of classes/programs offered throughout the week and at various times, including:
 - Parent & Tot
 - Preschool
 - Grade School Development Classes
 - Tumbling
 - Girl's competitive team
 - Private Lessons
 - High School/Adult
 - Birthday Parties
 - Special Needs
 - Adult Martial Arts



Newer Items

- More development classes
- Boys competitive team
- Goal is to offer 5-6 classes per hour
- Yoga
- Facility Rentals (Spinning and Bootcamp)
- Seeking more contract classes



Marketing Tactics

Promotion

- Activity Guide
- Email blasts
- Online website
- Newsletters
- Public Releases
- Advertisements
- Online Calendar
- Social Media websites
- Downtown Banners
- Special Events



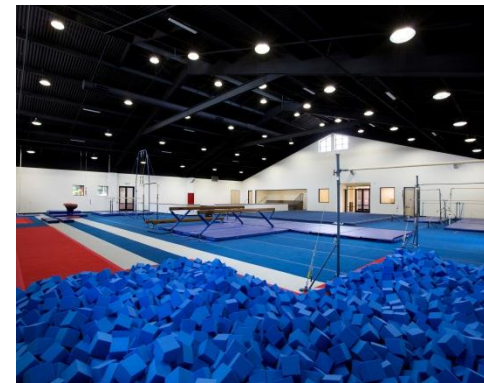
New Items:

- New marketing & branding campaign for overall department in 2013
- Sending Activity Guide to Atherton & Portola Valley
- Updating City Website
- Smart phone registration
- More online media promotions

Marketing Tactics

Place

- Central location in Menlo Park
- Civic Center
- Burgess Park
- Adjacent to Recreation Center, Burgess Pool, Playgrounds, and Gymnasium
- **New Facility & Equipment!**



Marketing Tactics

Price

- \$13.50 per class
- Tiered pricing for classes meeting multiple times per week
- 4-6% annual increase
- 25% Non-residents rate
- Compared to other City Programs – Resident rate is 9% less and Non-Resident rate is equal
- Compared to Private Gymnastics Clubs – Resident rate is 50% less and Non-Resident rate is 25% less

New Price Point Goal: *Increase fees until the average between the resident and non-resident fee is only 10% less than average private club rate (\$17.30)*



Financials

Revenue Projections

Fiscal Year	YR10-11 Actual	YR11-12 Actual	YR12-13 Projected	YR13-14 Projected	YR14-15 Projected
Annual Participants	4377	3709	4678	5414	5684
Annual Classes	658	533	717	776	776
Total Revenue	675,472	662,101	939,000	1,014,000	1,054,685
Delta	-	(7%)	33%	7%	4%

Expenses Projections

Fiscal Year	YR10-11 Actual	YR11-12 Budget	YR12-13 Projected	YR13-14 Projected	YR14-15 Projected
Expenses	617,355	612,676	874,317	924,000	936,000
Delta	-	1%	14%	5%	1%

Cost Recovery Projections

Fiscal Year	YR10-11 Actual	YR11-12 Budget	YR12-13 Projected	YR13-14 Projected	YR14-15 Projected
Cost Recovery	109%	108%	107%	110%	113%
Delta		1%	-1%	3%	3%

Financials (continued)

● Year-To-Date

- 1507 students this Fall session vs. 992 students last fall
- New rental revenue approximately \$10K
- New contract classes in multipurpose room
- On track to reach revenue target of \$939K

Fiscal Year YR12-13	SUMMER	FALL	COMBINED TOTAL
2011	79,856	199,237	279,093
2012	130,639	356,170	486,809
Delta Increase	39%	44%	43%

Commission Feedback

- Any questions for staff regarding the Business Plan?
- What aspects of the plan are valuable information for the commission to hear?
- What recommendations does the Commission have for using Business Plans for other programs/facilities?