

CLUB BUSINESS INTERNATIONAL



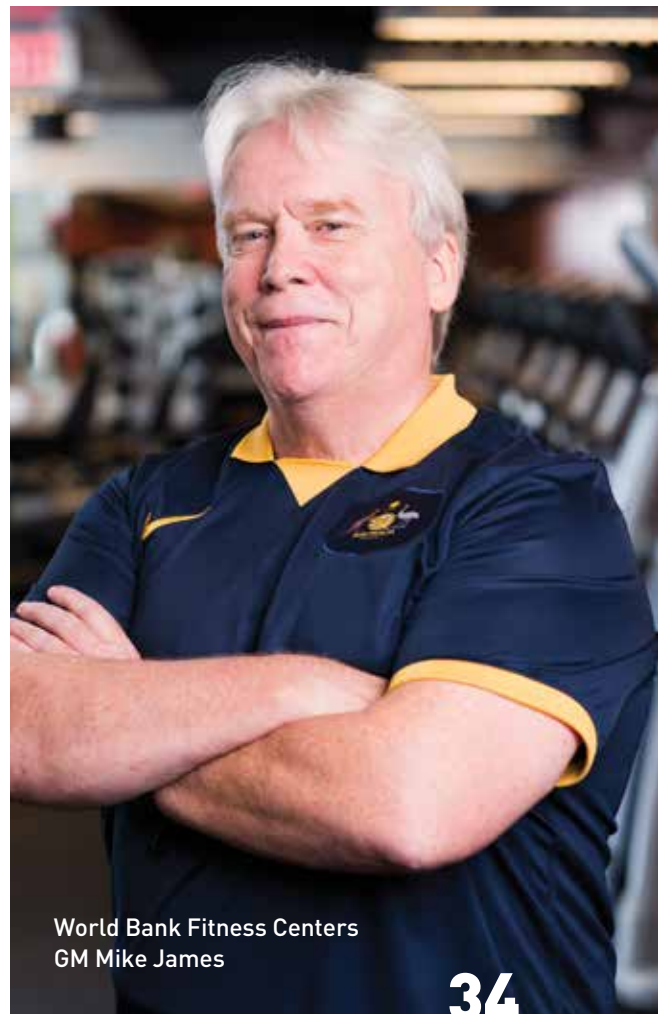
A Success-ion Story

**ZOE AND ED VEASEY AND THEIR
DAUGHTER, ADA VEASEY
MCKENZIE, HAVE ENSURED THAT
CEDARDALE HEALTH & FITNESS
WILL ALWAYS BE A FAMILY AFFAIR**



Family foundation:
Cedardale's Ed and Zoe
Veasey; their daughter, Ada
McKenzie; and her son, Bryce

38



World Bank Fitness Centers
GM Mike James

34

Features

38 A Success-ion Story

In 1971, Zoe and Ed Veasey and their two partners planted a dream in a cornfield in Haverhill, Massachusetts. Since then, that seed has grown into Cedardale Health & Fitness, the largest health and recreation facility in New England and one of the industry's truly iconic clubs. They and their children and grandchildren ensure generation-to-generation greatness.

Cover and above left: Matthew Lomanno

34 World Bank Fitness

Mike James makes all the difference

44 2016 IHRSA Institute

A story of achievements and accolades

50 The Core of Success

Exciting new products make for strength

56 Fitness Forever

The senior market is about to explode

63 New Name, New Show

Athletic Business arrives in Orlando

Cedardale Health & Fitness has steered a successful course for 45 years



Three-generation team: Cedardale's Ed and Zoe Veasey; their daughter, Ada McKenzie; and her son, Bryce



All in the Family

By Joe Halpern

Tucked in a corner of the main building at Cedardale Health & Fitness, in front of the indoor swimming pool, and between the courtside lounge and the training area where exercise classes are held, sits Ed and Zoe Veasey's office.

On one wall hangs a framed blowup of the July 1989 issue of *CBI* featuring the couple on the cover, with the headline, "The No. 1 Club."

The headline for the article inside proclaims, "The Most Profitable Club in America."

Back then, for fiscal 1988, Cedardale had a pretax profit margin of 21%—the highest of any club reporting its metrics for IHRSA's *Profiles of Success*. The average for all clubs was 4%.

Since then, much has changed, but, interestingly, much has remained the same.

Husband-and-wife Ed and Zoe Veasey still work several days a week, mainly to oversee the club's finances, but also to enjoy the social ambience.

"It's still fun to come to work," attests Zoe. "It feels like family for us here."

"That's because it *is* family," Ed quickly adds, and then smiles at the woman who, once upon a time, was his college sweetheart.

This club, now celebrating its 45th anniversary, is predicated on and defined by family.

Ed and Zoe's daughter, Ada Veasey McKenzie, and their son, John, are both involved in the business, and, now, Ada's sons, Bryce and Marshall, stand next in line to get involved in a major way. That makes Cedardale a three-generation family business.

That, alone, makes Cedardale unique. While 90% of all businesses in the U.S. are family-owned, only one-third survive the transition from the first to the second generation, according to the Small Business Administration (SBA); and only 12% are viable into the third generation, reports the Family Firm Institute.

What makes Cedardale truly special, though, and what's made it successful for 45 years, is the *experience* that it offers its members. It's a celebration of everything that makes fitness pure fun in a constantly evolving and increasingly competitive industry. Equal parts health club and family recreation park, Cedardale serves up a rewarding one-of-a-kind adventure.

In an environment increasingly dominated by international chains, brands, and franchises, Cedardale stands out as singular—a friendly, familiar face in a huge crowd.

The challenges that it's faced have morphed, and its strategies for dealing with them have been modified, but if there's a single factor, a unifying force, that's responsible for the club's many achievements, it's the family's unwavering professionalism, persistence, consistency, and faithful commitment to their original vision. →

All in the Family

Modest to ‘multi-multi’

The Cedardale story began in 1971, when Ed, the vice president of a bank, and Zoe, with a degree in marketing, along with the late Dale Dibble and Cliff George, built a modest, four-court tennis facility with a small fitness center on a cornfield in Haverhill, 30 miles north of Boston. Today, the couple are in their 80s, and the result of their efforts is the largest family-oriented, health and recreation facility in New England.

To call it a multipurpose club, however, understates the reality considerably. It might more accurately be described as a multi-multi amenity operation. Situated on a sprawling 48-acre campus, with nearly 190,000 square feet of indoor space, the club boasts, among other things, a multilevel fitness center; four MYZONE physical activity monitoring stations; three group exercise studios; 10 indoor tennis courts; a courtside lounge; six racquetball courts; three full-size basketball courts; pickleball courts; an indoor lap pool and hot tub; steam rooms and saunas; an indoor track; a pro shop; an on-site rehabilitation office; and Kid’s Corner childcare.

There’s also an outdoor recreation complex that includes pools, tennis courts, a playground and spray park, and a family pavilion.

And then there’s the kid-oriented Cedarland complex, which consists of a fun center, an aquatics center, the aMAZement Action Playcenter, the Comfyland sensory center, an outings center, and a summer camp that features two 18-hole miniature golf courses, volleyball courts, a ropes course, batting cages ... and it goes on and on.

Ed and Zoe have clearly been busy.

In 1988, the club, whose membership would peak at 8,000 the following year, had revenues of \$5.5 million. In 2015, with a year-round membership of approximately 4,000, it generated an estimated \$8.25 million, 65% from nondues sources. Today, the staff fluctuates between 250 and 275 people. The ownership team consists of Ed and Zoe and their five children.

How have Ed and Zoe, their family, and employees managed to transform a spark of an idea into what is now one of the nation’s truly iconic clubs?

How, indeed?

The challenges

When *CBI* spoke to Ed and Zoe in 1989, the challenges they enumerated were ones familiar to virtually every club owner—among them, increasing competition, rising costs, and facility maintenance.

“During the past couple of years,” *CBI* noted, “the market has become considerably tougher. Competition from smaller facilities—gyms, aerobics studios, tanning salons—has increased to the point where, as Ed observes, ‘There’s a storefront in just about every strip mall.’”

Cedardale dealt with the issues then with a three-fold formula—it cultivated a quality image, relied on a well-oiled system of team management, and responded quickly to changes in the marketplace.

Today, the challenges seem variations on, larger and more complex versions of, those faced in the late



Team Cedardale: from l., Greg Herbert, Lori Guile, Judy Wentworth, Ada Veasey McKenzie, Mary Lynch, and Beth Bailey



Cedardale offers over 100 pieces of cardio equipment

'80s, says Ada McKenzie, the club's general manager, who began working at the club when she was in the eighth grade, serving as a lifeguard and aquatics instructor. Her No. 1 concern is what she calls "refreshments"—everything from repainting to replacing carpeting. "With a club our size, it's a bit more complicated, deciding which project to prioritize, because there are so many," she says. "I've learned to be *patient*."

The club spends an average of about \$500,000 a year on *refreshments*.

In August, the club embarked on its largest capital improvement project to date—a \$1 million undertaking that will involve replacing roofing. The installation of solar panels is also being considered.

Management estimates that, over the club's 45-year history, it's invested \$16.8 million in the business.

Following facility updates on Ada's list of challenges are payroll and related expenses (now 45% of all costs), driven, in part, by increases in the minimum wage, healthcare coverage, and sick-day liabilities. "We're a labor-intensive club where 'service, service, service' is what we're known for. It takes highly qualified staff to be able to attend to the needs of our members," she explains. "So we take special care in whom we hire and how we train them."

And, yes, of course, there's still growing competition. "The competition is fierce, but they don't have the longevity we have. They definitely pick a piece off of you, though."

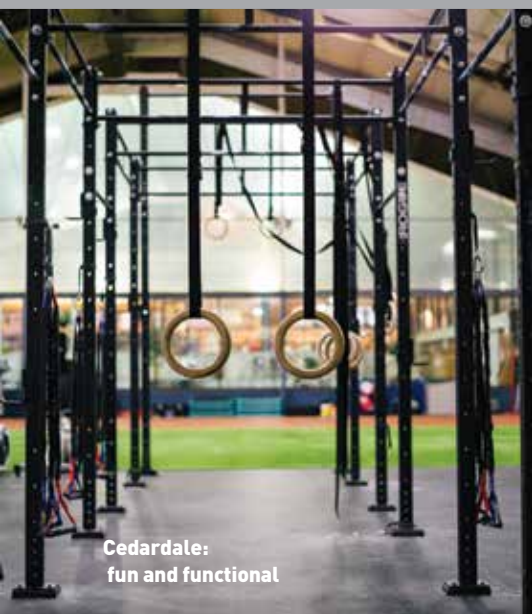
The solutions

The factors that played a critical role in Cedardale's success in the '80s and '90s—a quality aura, an industry-class management team, and timely →



Cedardale's many amenities include a ropes course and a miniature golf course

Photos: Matthew Lomanno



Cedardale: fun and functional



Four-lane, 20-yard indoor pool is for adults only

All in the Family

innovation—have matured, evolved, been endlessly tweaked, and grown more sophisticated to address more demanding times.

“What’s made Cedardale a successful family business after all these years?” ponders Ada. “Looking back now, our timing, at the beginning, was very favorable. We started Cedardale right as indoor tennis was really taking off, which definitely drove our early success and expansion. But timing only gets you so far.”

What took the club safely, and securely, through the ’80s, ’90, ’00s, and into the 2010s, she suggests, was the family itself, the fact that Cedardale was a locally owned and operated business, and ongoing, nearly incessant innovation.

“The fact that we’ve held the business in the family has been crucial,” she posits. “We’ve had three generations of Veaseys working at the club, and everyone is 100% committed to working harder and longer to ensure the business succeeds.”

The club’s familial foundation also has informed and sustained its staff, many of whom have been employed there since 1989. Among them: Mary Lynch (who deals with the front desk, software systems, group exercise, and the outdoor facility); controller Judy Wentworth (bookkeeping, health insurance); Greg Herbert (membership, tennis); and Senior Manager Lori Guile (fitness, outdoor activities).

“Many of our senior managers have been with us for 25 to 30 years, and our success is due, in large part, to their team efforts,” notes Ada.

In 1989, *CBI* observed that, “While others in the industry are still reading about, or just beginning to talk about, the importance of new trends ... Cedardale is already responding to them,” and, if possible, that’s even truer today. Innovation has not only kept things interesting, inviting, fresh, and exciting, both for prospects and for members, but also has supported the club’s financial strategy.

As proliferating competition and demographic changes peeled away membership, the club has aggressively pursued new nondues revenue sources. Today, dues pay only half of its operating expenses.

“We’re always adopting to the latest trends in fitness,” observes Ada, “and we’ve never been afraid to try something new.”

The club’s most profitable amenities, she reports, are tennis, followed by Cedarland. Senior Manager Beth Bailey, who joined the club in 1990, oversees the latter. This year, more than 1,200 children signed up for summer camp, and the club’s daycare and after-school programs have become increasingly popular with working mothers.

Cedardale now has two membership categories, a basic one for \$65 per month and a full one for \$99, which includes access to all it has to offer. It raises its membership prices an average of 2%–3% a year.

“It’s always been about keeping the members healthy and happy here, and giving them what they want and need,” Ed reflects, “but it’s also been about running a profitable business. That’s something I’m proud to say that we’ve been able to accomplish every year.”

Still, it seems, a banker at heart, Ed has cultivated close, long-term relationships with local banks over the years—another key to its success—and remains intensely attuned to Cedardale’s metrics.

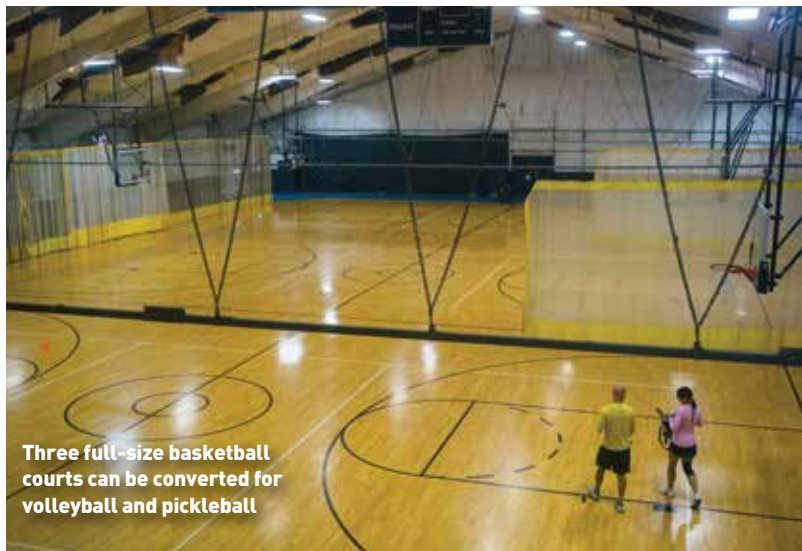
“The bottom line at Cedardale has always been financial excellence,” he pointed out in 1989. “The day we can’t run a profitable operation is the day I’ll say to heck with it, sell the land, and walk away.”

Now, as Cedardale celebrates its 45th anniversary with a yearlong series of events, he reflects, fondly, about the past, but, more importantly, focuses upon the future. “I’d love to be able to keep it going and pass it along to our grandchildren,” he says. —

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Cedardale’s tennis component includes 10 indoor courts



Three full-size basketball courts can be converted for volleyball and pickleball

Photos: Matthew Lomanno