

CLUB BUSINESS INTERNATIONAL



The Healthworks 'Family'

THE HARRINGTONS, FROM L.,
MATT, MARK, SR., AND MARK, JR.,
COVER ALL OF THE BUSINESS
BASES WITH THEIR DIVERSIFIED
CLUB PORTFOLIO



Club business family: the Harringtons, from L., Matt, Mark, Sr., and Mark, Jr.

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When it comes to business models, Mark Harrington, Sr., the patriarch of the Healthworks Group, seems to prefer "one of each." The portfolio of this Boston-based firm encompasses women-only (the Healthworks Fitness Centers for Women); high-volume/low-cost (GymIt); nonprofit (the Healthworks Community Fitness Centers); and, now, premium coed (Republic Fitness). The strategy *works!*

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Capitalizing on spa services for men

Mark Harrington and his two sons keep the **Healthworks Group** one step ahead of the competition with a diversified strategy

Harrington family forum: from L., Matt, Mark, Sr., and Mark, Jr.

A FAMILY

By Joe Halpern

You've been in the health club business for 15, 20, 30 years or even longer—and found a comfortable niche. But the club market is relentless; it's constantly undergoing fundamental changes.

How do you stave off complacency, keep your offering fresh and your company growing, while strengthening your position in an evolving marketplace?

Just ask Mark Harrington, Sr., who, during his nearly 40 years in the industry, has always focused on keeping his Boston-based company, now called the Healthworks Group, moving forward. "One of the things I learned quickly when I first started in this business is that fitness trends are always changing," says Harrington, who's a "regular" at IHRSA's annual convention and trade show.

"You have to move fast and be ready to try something new if you want to remain competitive."

Obviously, complacency is hardly an issue for Harrington.

During a recent tour of his newest venture, Republic Fitness, a technologically advanced, high-end, coed club in Boston's Financial District, the industry veteran and patriarch of the family-owned company—his sons Mark Harrington, Jr., 36, and Matt Harrington, 33, work closely with him—was clearly proud of his latest creation.

But at the same time, he couldn't help tweaking it.

"We need to do something with that," he says, after momentarily stopping the whirlwind tour of the new 15,000-square-foot facility to examine a small enclave on the second level where sets of free weights are shelved. "We're still making adjustments," he explains, as he continues walking.



Kayana Szymczak

That kind of attention to detail has always been one of his strengths. His success comes, in part, from an understanding of the complexities of the Boston real estate market, where he carefully selects prime locations for his clubs.

In response to emerging trends—or, sometimes, even driving them—Harrington has grown his business by reinventing and extending the company's brand to serve different kinds of consumers, often breaking new ground.

It's a strategy that more IHRSA members might want to consider.

Today, the Healthworks Group serves four distinct markets at nine locations—from high-end/women-only, with spas (four Healthworks Fitness Centers for Women); to high-volume/low-cost (two GymIt clubs); to nonprofit

(two Healthworks Community Fitness Centers); and Republic Fitness, just launched in December, which marks the company's first foray into downtown Boston's highly competitive premium coed market.

The company's 500 employees now serve a total of some 25,000 members, including 2,000 low-income women in the inner city. Revenues for the Healthworks Group are projected to top some \$30 million this year.

The rise of Republic

Going against the conventional thinking is nothing new to Mark, Sr.

A prime example is when he and his former wife, Patty, opened their first women-only Healthworks Fitness Center in 1978 in Salem, Massachusetts, a town north of Boston, and then, in 1986, a second in Cambridge, closer →

A Family Affair

to the city. Back then, the women-only business model had yet to be tested. But the new concept quickly took hold.

Eventually, Harrington made a strategic decision to close the Salem club and focus on the Boston area, where, today, the Healthworks Fitness Centers for Women are highly successful, serving 15,000 members, who pay dues of \$110 per month.

Pushing ahead, Harrington opened his premium coed club in the heart of Boston's busy Financial District last year, an area that already offers plenty of upscale workout options—another bold move.

Republic Fitness is located at Two International Place, a 36-floor office tower that's home to well-known professional service firms and leading-edge technology companies. It's steps away from Boston's waterfront, and just blocks from an Equinox facility, operated by a highly successful, well-established national brand.

A tour of Republic Fitness reveals an impressive-looking space that blends sleek, modern technology with a raw, industrial design. High ceilings and recycled wood have been smartly incorporated into the two-level club, which can be accessed from the sprawling first-floor lobby.

Republic members can take advantage of a “grab-and-go” snack bar; two lounge areas that afford a relaxing community space, flat-screen televisions, and WiFi; and



“Putting a club in the Financial District is something we'd been looking at for some time—probably five years,” Mark, Sr., explains. “Our research determined that the high-end market was underserved, and there was a need for another premium workout facility in this area. It was an opportunity to grow our footprint in the middle of Boston, right in the thick of things.”

At the other end: GymIt

Once again, when the Healthworks Group opened its first GymIt locations in Brookline and Watertown, two towns close to Boston, in 2011 and 2013, respectively, the concept of a coed, low-cost/high-volume club charging \$20 a month in dues was uncharted territory for the company.

Until then, it had focused exclusively on providing women with a premium club experience at its Healthworks Fitness Centers for Women locations in Boston.

And while these clubs generate over 70% of the company's overall revenue, according to Mark, Sr., GymIt has helped the Healthworks Group attract a new market—the city's millennial cohort, consumers between the ages of 18 and the late-20s. The Brookline location is adjacent to the campus of Boston University (BU).

To date, the combined membership for the two GymIt facilities is 9,000, says Marketing Director Tara Wislocki.

Now both men and women can enjoy a high-quality exercise experience, including personal training, without breaking their budget. Keeping it simple, GymIt gives members exactly what they want: over 100 pieces of sophisticated cardio equipment, locker rooms with showers, and three strength training areas—all for \$20 a month.

Also, at GymIt, there are no pushy salespeople or long-term commitments, and a membership allows members to bring a friend anytime.

Opening that first 18,000-square-foot club took some doing, however, since it had been a Healthworks Fitness Centers for Women location. The Harringtons converted it to GymIt, and built a new Healthworks club about a mile away in another Brookline neighborhood with an appropriate demographic.

Apparently, the investment in time, planning, and resources has paid off.

“One of the things I learned quickly when I first started in this business is that fitness trends are always changing. You have to move fast and be ready to try something new if you want to remain competitive.”

luxurious shower/locker room areas for both men and women on the first level that feature skincare products by Malin + Goetz.

On the second level, you'll see a wide selection of the newest Matrix Fitness cardio equipment that connects to popular user apps, such as FitBit and MyFitnessPal. The cardio area is flanked by two large studios, including one for indoor cycling. There's also a turf area, complete with an array of functional training equipment, including TRX.

For \$115 per month, Republic members enjoy all of the amenities one would expect from an upscale fitness venue, including high-intensity boot camps, cycling, metabolic conditioning, barre, yoga, and other live classes; a selection of virtual classes; and the popular Rockbot app that lets them control their music.



Republic Fitness impact



Healthworks for Women, Boston

“GymIt has filled an important void in the market,” says Matt. “The concept appeals not only to students and young professionals in their first jobs, but also to staff and faculty at BU and other nearby schools.”

A family affair

The expanded and diversified Healthworks Group has afforded Mark, Sr., another important opportunity—perhaps the most important one: the chance to work with his sons in the best way possible.

Matt is the president of GymIt and a board member of the New England Health, Racquet and Sportsclub Association (NEHRSA), an IHRSA affiliate. He began working for his father’s company in 2007 after a short stint in real estate. Mark, Jr., the president of Republic, came on board full-time in 2012, after working as a project manager for an information technology (IT) consulting firm.

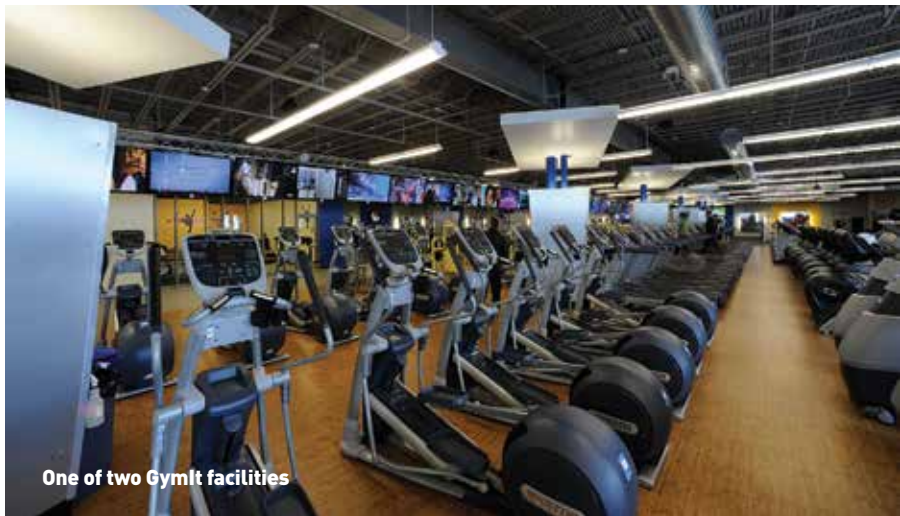
Mark, Sr., sets the overall direction of the organization, while also providing support and guidance for Matt and Mark, Jr., who, he insists, have an equal say in decisions.

“I never pressured them into working for the company, but I’m sure glad they decided to do so,” he says. “Because Mark, Matt, and I are all very different, the great thing is we bring different skill sets to the company. We complement each other quite well.

“It’s a thrill as a parent to work with my sons,” he adds. “It’s great to know the company’s future is in such good hands.”

That said, family businesses have their challenges, points out Steven Schwartz, the president and CEO of TCA Holdings, LLC, which owns and manages the Midtown Athletic Clubs in Chicago. He’s worked with his father, Alan, since 1987. (See “CBI Interview,” November *CBI*, pg. 32.)

“One of the good things about having three very capable guys running your company is that it’s more of a team effort,” observes Schwartz. “Certainly, the energy



One of two GymIt facilities

the boys bring to the table is inspiring, and allows Mark, Sr., to take more risks.”

Wisely, Mark, Sr., asked Schwartz, a long-time friend, to talk to Mark, Jr., and Matt about the challenges of a family-run business during a break at an IHRSA convention and trade show in San Diego a few years ago.

“I told them it’s a great thing to be able to work with your father, but also warned them that it brings up some awkward situations when professional decisions collide with personal feelings,” he recalls. “But from what I can tell, it’s worked out real well. They all appreciate and respect what each of them brings to the table.”

And there’s another advantage: It’s allowed Mark, Sr., who’s now 65, to scale back on his day-to-day operational duties and focus on the things he does best—namely, seeking out *future* opportunities for the company to expand.

But don’t expect him to scale back too much; that’s not his style. The Harringtons are far from feeling content—or complacent—about their success. “This business has always been about improving the health and well-being of our communities,” he emphasizes. “For us to continue to do that and grow, we’ll need to open a new club each year. That’s going to be difficult, but it’s not impossible.” —

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