



REPORT TO THE CABINET – 6th AUGUST 2003 PORTFOLIO : LEISURE

RECREATION CENTRE MEMBERSHIP SALES - A PARTNERSHIP OPTION

1. INTRODUCTION

- 1.1 The Benchmarking progress report identifies a clear gap between the levels of membership sales generated by the private sector when compared to the Councils' Recreation Centres
- 1.2 The report reveals that the Private Sector employ large numbers of dedicated sales staff, working with substantial marketing budgets in order to generate income.
- 1.3 There is a gap in resourcing and expertise in this area, which could be addressed through the creation of an in-house sales team. This option is included in the Action Plan.
- 1.4 However, this gap in resourcing and expertise has also been identified by certain private sector marketing companies who offer to work in partnership with local authorities to increase membership sales.

2. CURRENT POSITION

- 2.1 The council has been approached by two companies who market the benefits of a range of Membership packages to potential users of local authority leisure centres.
- 2.2 Their proposal involves an 8 – 10 week marketing campaign at any given recreation centre aimed at both the public and corporate market.
- 2.3 Both companies would be responsible for employing a team of sales staff and financing the marketing and management of the scheme.
- 2.4 The income generated from sales would be divided between the company and the council, with the council getting in the region of 75% of the net income.
- 2.5 The estimated additional income to the council from one centre over any 8 week period is estimated at £45 - £55,000.

3 SALES PROTOCOL

- 3.1 The proposal is for sales to be generated via a range of sales and marketing techniques including a dedicated call centre manned by the company's employees with an option for some properly trained council staff to work alongside them.
- 3.2 In response to some concerns regarding the ethics of the sales methodology the company agreed that the council should draw up their own sales protocol to which the sales teams must adhere. A copy of the protocol is attached as Appendix 1.
- 3.3 The quality of the sales activity would be regularly monitored via random sampling and interview during the whole of the period.

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4. STANDING ORDERS

- 4.1 A contract of this nature let for the entire recreation centre service might be worth in excess of £75,000. to any private sector partner and would normally be subject to the council's official tendering process.
- 4.2 However major market opportunities exist currently and a lengthy tendering process might well result in a lower level of sales being generated than if the process started quickly.
- 4.3 Following discussions with the council's Audit Section the proposal is to run pilot schemes involving both companies. A financial and technical evaluation will take place during the pilots with a view to awarding the most successful company a contract for the other 3 Recreation Centres.

5. SERVICE IMPLICATIONS

- 5.1 Members of the Leisure Review Panel while seeing the business advantages of the scheme raised several concerns, which are shown in Appendix 2.

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6. FINANCIAL IMPLICATIONS

- 6.1 The financial projections calculated as part of the proposal shows a potential annual gain to the council across all sites in excess of £200,000.
- 6.2 Given that the council is benefiting through a share of income generated by the private company the only risk to the council may be through the sales methodology and that risk can be minimised by the sales protocol to be agreed between the parties.
- 6.3 Once the membership base has been established and the private company has been withdrawn, there may be a need to employ some additional front line and sales resources in order to manage the customer base in the future. This would be the subject of an expenditure plan bid. By way of example a bid has already been formulated by Totton at a cost of £10,000.
- 6.4 However, there is an option within the proposal for further partnership support and backup periodically in the future.

7. CRIME AND DISORDER IMPLICATIONS

- 7.1 There are no Crime and Disorder implications as a direct result of this report.

8. ENVIRONMENTAL IMPLICATIONS

- 8.1 There are none.

9. PORTFOLIO HOLDERS COMMENTS

- 9.1 The Portfolio holder fully supports the recommendation in this report.

10. RECOMMENDATIONS

- 10.1 It is recommended that Cabinet approve the proposal.

For further information contact:

Bob Millard
Assistant Director
Leisure Services
Tel: (023) 8028 5469
Fax: (023) 8028 5457
E-mail: bob.millard@nfdc.gov.uk

Background Papers:

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NEW FOREST DISTRICT COUNCIL

CONTACT PROTOCOL FOR CUSTOMER CONTACT BY TELEPHONE

This protocol has been specifically drawn up by Leisure Services to regulate contact activity with reference to interesting potential customers in activities and packages at Recreation Centres. Initial contact will be by telephone in most instances.

General Conditions

- 1) The area/catchment to be subject of telephone contact will be agreed with Leisure Services prior to any activity, as to avoid the possibility of duplication of effort and to respect the identified catchment areas of the individual New Forest District Council Centres.
- 2) Full Training by the “company” and schedules of activity to be in place before commencement of any campaign. Training of New Forest District Council staff relates to individuals who will actively be involved in the promotion and selling of fitness and activity packages.
- 3) An agreed system of monitoring the telephone contact with potential customers must take place once the campaign is underway. This should cover a minimum of 2% of contacted prospects and be reported to the Assistant Director of Leisure Services throughout the campaign on a weekly basis. Monitoring of contacted prospects will take place by New Forest District Council employees.
- 4) Basic scripts for use by any company must be lodged with the Assistant Director of Leisure at least 21 days prior to commencement of any campaign and must be agreed as appropriate.
- 5) Fitness consultants of external organisations will wear dark tracksuit bottoms, the standard New Forest District Council polo shirt and New Forest District Council name badge to cement the seamless approach.

Specific Conditions relating to telephone contact

- a) Any telephone scripts agreed for use when contacting potential prospects must clearly state “we are working in partnership with New Forest District Council to promote the awareness and benefits of sport, fitness and diet”.
- b) Telephone contact should not be before 9.00 a.m. nor after 8.30 p.m. Calls should only be made Monday to Saturday.
- c) Two answered calls per residence should be the maximum in most cases and the reason for any call is simply to book prospects for an appointment on site.
- d) Scripts must make reference to the range of facilities on site not just Fitness. Where requested basic prices and contract lengths should clearly be stated.
- e) The average length of an appointment at the centre must be integral to the standard script.

APPENDIX 2

The concerns expressed by the Review Panel are shown in the table below.

	CONCERN	COMMENT
1.	The appropriateness of the Sales Methodology for a Local Authority Partnership	<p>This will be addressed through:</p> <ul style="list-style-type: none"> • The use of an agreed Sales Protocol • The monitoring of sales activity • The “vetting” of the standard sales scripts. • The taking up of technical references with other LA’s.
2.	The effect that a large influx of new members paying premium rates on the users of the Healthy Horizons and concessionary schemes	<ul style="list-style-type: none"> • The times allocated for the Healthy Horizons and Cardiac Rehabilitation sessions will remain specific to these users. • Casual use by G.P. referral patients and concessionary users tends to be during the daytime where there is sufficient capacity to accommodate a new group of members.
3.	The Centres at Totton, New Milton and Lymington have traditionally suffered from car-parking problems and it is likely that increased usage will only compound the problems.	<ul style="list-style-type: none"> • The car parking problems at the Centres are being addressed. The recent new build at Totton has brought with it additional parking. Although an issue in the short-term Phase II at Lymington will address the issues there. At New Milton the centre manager is currently working with the Head Teacher to address the daytime car parking issues. •