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JOURNAL ARTICLES

Sign on the Dotted Line

Affiliate Membership Contracts

Andy Petranek

We've all heard the phrase, "Build it, and they will come." Maybe, but will they stick around? If you provide the environment, experience, and expertise, will they become your long-term trainees and your word-of-mouth marketers? Will they enable you to quit your other full-time job and do just this for a living? Will your business provide you the life (and income) that you want and deserve? The answers to these big questions don't really have an answer; they only get answered in time by doing it. However, there is one question that does have an answer which has faced me on a daily basis for the past three years as a CrossFit affiliate business owner: What is the best way to structure my gym memberships to support both the development and growth of students and the development and growth of my business?

Until January 2007, I used the system that I think most of the other affiliates currently use: \$x for a drop-in, \$x for a package of 10 to 20 classes, and \$x for unlimited monthly classes. This system wasn't attached to a commitment, or any expiration date, or any real membership structure. And it worked, for the right people—those who were committed, dedicated, disciplined, and really "got it." The responsibility for coming to our classes was entirely on them. If they showed up, they got results, and if they didn't, no problem. It's not like they had a membership, commitment, or contract. If they didn't want to come back, no big deal; just don't. Nothing lost.

This lack of membership structure sounds great. Simply provide exceptional coaching, show people how to get results with a great program (CrossFit), and then deliver

the results, and hope people will simply show up—and keep showing up. This system can work...but is it the best we can do? Does putting all the responsibility on students/clients for showing up really, truly support them, or is it simply the easy way, the one that requires the least amount of commitment and work on our part as coaches? Be a great trainer—I love that part—but also be a vehicle for their transformation. That's a different story. If my job begins and ends at the doors of the gym, I would say that my old system is good enough. However, I see my job as having a much greater impact than just squats and lunges. If I'm doing what I do correctly, I literally help people change their lives.

Personally, I do best with structure, across the gamut of disciplines from music and art to sports teams and the military, and even in my Zen training. When I actually have a system that imposes expectations, boundaries, and rules on me, though uncomfortable at first, I'm much better off in the long run. A system supports me and keeps me accountable. The rules actually help me relax. I don't have to be the lead dog, to keep making decisions. When I'm introduced to a system, program, club, or organization with rules and structure, I have to make only one decision—to participate, and then, as long as I operate within the confines and rules of the system and keep showing up, I get the results I wanted. And I know I'm not alone; after all, this is what makes the military and police and fire departments function, as well as many of the successful corporations and organizations around the world.

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So the question for me was, “How do I create a system like this for my CrossFit business?” After much deliberation, we came up with a new membership structure and introduced it in January 2007. With the help of John Burch, a former champion martial artist and teacher and now my business consultant, we made a bunch of significant changes. The biggest from my point of view was the introduction of the “C word”—contracts. We took all of our forty regular students at the time, sat them down, one at a time, and introduced them to the new system. And despite my fear that I could lose half, or more, of my clientele, every single one of them but one enrolled and signed a contract, most for over a year! In fact, many of them paid up front, in full, for an entire year’s worth of CrossFit!

Here’s what we did.

We created four different membership options, each one associated with a commitment duration and a specific number of times per week of classes: three months at once per week; six months at twice per week; twelve months at three times per week, and eighteen months unlimited. We completely eliminated the option for a “drop-in” (other than for visiting CrossFitters from another affiliate). So, for someone who wanted to train three times per week, for example, the only option is to sign a contract for twelve months!

A business contract is a legal document that should be drafted and/or reviewed by a lawyer, but, in general, these are the basic elements that it ought to contain:

1. Student info
2. Membership package and payment specifics
3. Credit card / financial info
4. EFT request and authorization
5. Terms of agreement
6. Signatures

One additional item unique to our contract is an explanation of the weekly basis of our class structure.

We explain the structure to new students and ask them to sign an acknowledgment. It works like this: students’ commitment to a set number of classes within each week. If they don’t attend these classes, the cycle starts over in the next week, and there are no make-ups. In other words, if you sign a three-month, once per week contract, you are not purchasing twelve classes to be used anytime during that period; it’s one class per week.

When we instituted contracts, we also added services to the program, so students were getting more than just classes in the gym. These include private sessions, nutrition feedback, seminars, guest passes, special events, etc. Additionally, we took responsibility for students’ attendance. When they don’t show, they get a phone call, and when they do something great, they get a post card.

The result over the past year has been dramatic! We’ve increased our membership from about 40 paying members per month to over

160, and we’ve increased our monthly revenue from classes from \$10,000 per month to about \$27,000 per month. We haven’t had a down month since the beginning of the year (including the notoriously slow August.)

I can’t attribute the results solely to this change. Without my instructors’ commitment to being the world’s best coaches, none of this would be possible. Becca, Dawn, Cill, Mike, and Jonesy have taken it upon themselves to be the best at what they do. They are absolutely committed to the success of each person who trains here, and it shows. This gives authenticity to the program and to the contract each person signs, and keeps them coming back for more.

So, why the growth? If we use CrossFit’s black box approach, does it really matter? We put in x and got out y—and we like the results. Why spend a bunch of time trying to figure out exactly why? I will offer my opinion here, but, remember, it is only that. I offer nothing in terms of proof, or guarantees of repeatability, only our results.

Nothing replaces world-class coaching, the very heart and soul of the CrossFit affiliate community. We do this because we love it and want to be the best at it.

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Here are some of the possible reasons it has worked so well for us:

- We took full responsibility for the quality of our program and coaching by guaranteeing, in contract form, the results of our students.
- We got over our discomfort of asking people for a commitment.
- We eliminated all the options—and easy outs. If they want to participate, this is the only way.
- We took the daily, weekly, or monthly “buying decision” out of students’ hands, freeing them up to focus on training, not paying.
- We created a tighter community; no “transients.”
- We followed up our word with action. We have an 85 percent average attendance rate, and non-attendees hear from us weekly.
- We have become better instructors and more invested in students since they are now committed for a minimum of three months. It’s much more motivating and rewarding to teach someone that you know is coming back.

Of course, nothing replaces world-class coaching, the very heart and soul of the CrossFit affiliate community. We do this because we love it and want to be the best at it. But often that’s just not enough to give us the life and living we want. So are contracts the answer? That’s like asking an NFL football coach if having LaDainian Tomlinson will get him to the Super Bowl. Could it help? Probably. Does it guarantee anything? Absolutely not (just ask Norv Turner of the Chargers). Is it the only way? Of course not. There are a lot of factors that go into making a championship team and a successful CrossFit affiliate. Contracts are simply one of the available tools that shouldn’t be overlooked.



Andy Petranek is the owner of [Petranek Fitness/CrossFit Los Angeles](#). He’s been in the fitness business for over ten years and has been CrossFitting for almost four. He is a former United States Marine and adventure junkie, having raced at an elite level (sponsored by Red Bull) in three EcoChallenges and hundreds of shorterduration adventure races. He’s a snowboarder and whitewater kayaker and loves his newest adventure—fatherhood.