

What are YOUR CMFs?

(Critical Management Focus)

Few people reading this article would argue that operating a vital, smooth running gymnastics school is not easy. It takes a lot of time, sometimes, more than you have; it also takes a lot of emotional energy, also sometimes more than you have; and certainly, squeezing out healthy profit at the end of the day is and always has been a challenge. To effectively manage your time, your energy and profit a business ABSOLUTELY MUST have well thought out areas of focus—CMFs. Here are four general rules for CMFs:

1. CMFs are necessarily UNIQUE to a GymClub's philosophies and business model. For instance, when Kids First decided to shift focus to a particular CMF it was necessary to implement significant accounting changes and accumulate a year or two of comparison data, not to mention infiltrate the idea into the culture. Our Company is only now beginning to reap the benefits of that decision made four years ago.

2. Seek SIMPLICITY. If you have too few CMFs, things will slip through the cracks, and too many will clutter the minds of those who implement the system and, as clutter tends to do, invoke the law of unintended consequences. Kids First has three CMFs and I find that a great number. My experience leads me to think that four CMFs is pushing the limit and five is too many.

3. CMFs must be SALABLE. Your Leaders, the people implementing the system must buy-in to the value of your CMFs and their ability to do so is a function of the clear logic of your CMFs, your ability to communicate that logic and, of course, the

open-mindedness of your Leaders.

4. Note that I speak of Critical Management Focuses rather than critical numbers, as there are some things in a business that cannot effectively be reduced to numbers.

Kids First's CMFs for Department Leaders of Tuition-Based Programs

I want to be able to focus on certain 'stuff' and quickly discern the health of a Department. I also want my Department Leaders to focus on the same 'stuff' (a simple notion that most GymClubs, frankly, don't get right). I also know that my mind gets cluttered unless the 'stuff' I focus on is logical, well-defined and minimal. Experience shows me that most of my Leaders' minds also get cluttered in the same manner. So, it is in the spirit of alignment and simplicity that we created Kids First's three CMFs:

1. A Department's Enrollment. Enrollment is a proxy for gross revenue, the total dollars brought into the program. We choose to focus on enrollment rather than gross revenue for the simple reason most of the people who are hired for Leadership positions are likely to relate more closely to enrollment. Clarifying formula: enrollment x average tuition = gross revenue. Here is an important concept: enrollment measures the scope, the breadth of a Department. A Department must have a minimum breadth to be financially viable; a Department comprised of 7 students may not be viable.

2. A Department's Gross Profit. Breadth is important but not enough if a business is to be healthy over the long run. There

must also be profit. After the classes are taught and the teachers are paid, there must be a healthy amount left from each Department to contribute toward paying the rent, lights, insurances (and, my salary as a non-teaching 'executive'). The Department that hits its gross profit margin is clearly staffing efficiently. Clarifying formula: gross revenue - direct expenses (teacher wage and related) = gross profit. Gross profit is sometimes called contribution margin, as it represents what is left after making the widget to contribute to paying the general expenses such as rent, lights, insurances (and my salary). As an aside, after the direct expenses are paid and the general expenses are paid, there needs to be something left for the owners who shoulder the risk and that is called profit, a discussion for another day.

3. The Kids First 28 Points. In Our Company, there exists, first and foremost that 'little thing' we refer to as 'character.' Is character important? Every Leader has their horror stories about what can happen in its absence! At Kids First, 'character' is defined very specifically by the 28 Points and alignment with the 28 Points is non-negotiable. (Reread Technique, Sept/Oct 2005 p.16 to refresh yourself on the #1 Kids First Hiring Mantra is "Hire the Character, Train the Skill.") ✨
Make it a great month!

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