

How Lower Retention Might Mean a Stronger Business

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I want to share my thoughts on what is proving to be a 'controversial' metric—retention. In my 'early years' I hung my hat on the retention metric, even screaming its importance at the USAIGC seminars (remember those?!). Today, my thoughts have changed. Below is a question from a Boot Camp Grad about retention as a metric and my answer.

Question: Hi Jeff. We are currently working on a business plan for a start-up. I was wondering if there is a target number and/or industry average for retention from session to session? Thanks, and hope to be talking to you again soon!

Answer: No, there is no standard. Certainly retention is tied directly to your club's ability to build relationships. What many owners fail to realize is that your club's retention also depends greatly on your business model. In the early days of our club it was purely 'pyramidal' in shape, training all of our students as if they were going to go into the competitive stream. We did a good job and our retention reflected that, averaging about 90+, Term to Term. It is also important to note, our enrollment was modest.

Today, our retention now averages closer to 75-80%, term to term yet our relationship building is certainly far better. WHY? The majority of our students are not serious gymnasts; they are 'in' a few terms, 'out' a term or two and back 'in'

again. (Our teams remain an exception to that of course; but our teams represent a mere 10% of our enrollment.) In essence, over the years we learned a very important lesson: there are a heck of a lot more 'everyday kids' in the world than there are 'gymnasts' and families with 'everyday kids' do NOT want to take gymnastics every month of the year. Consequently, we shifted our business model to be consistent with our families' desire for flexibility. In exchange, we got loyalty. Said another way, once our company made it easy to 'take a break' and 'come back in', we attracted a greater number of clients and our business thrived while all the while our retention metric declined. Now that, dear lady, is a classic paradox!

Suggestion: from a customer service standpoint (building relationships and caring for your people) seek 100% retention. However, create your business model so it is easy to do business with, allowing your customers the flexibility they want for their personal schedule. Then smile as you watch your retention metric decline while your business grows.

Make it a great month, Jeff

PS I realize it may seem sudden if you are not on my BOOT CAMP mail list, due to my loss of appetite for business travel, the very last BOOT CAMP was scheduled for May 14-18. Stay tuned to this page in future months to learn the web address for my new blog! ✨

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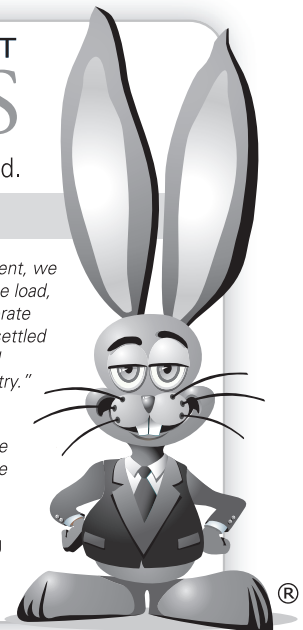
—Jeff Metzger, KidsFirstSports.com, Boot Camp

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