

A Natural Manager

By David Maister

Dyelry (Jerry) Labbate is the manager of an exercise gym in downtown Boston with four full-time and four part-time personal trainers. What follows is his description, given in March 2006, of his managerial approach, along with my comments on the lessons managers can take from Jerry's experience.

I never wanted to get involved in business. Born in Brazil, I have lived in the USA since I was 12 years old. I remember coming on the plane, not speaking a word of English, and asking the cabin attendant for some *agua* (water) and she brought me some Sprite. I thought to myself: "This is going to be a great country: you ask for water and you get Sprite. Wow!"

I got my undergraduate degree as an exercise physiologist, went to work at a major chain of gyms, and then moved on to the place I work now.

After only two or three months here, my family asked me to come and run their Brazilian ethnic food manufacturing business selling to the Boston Brazilian expatriate community. My brother had been running it for my parents, but he did not seem to be on top of things. At the time, three years ago, my Dad was 75, my mother 66, my brother 29, and I was 25.

It soon became clear to me that we could do a lot more if we had the proper tools. The bottleneck was the fact that everyone was still making items like the cheesebread by hand, so I flew to Brazil and researched how it was made there. I

bought the right machines and had them brought back to Boston.

I also noticed that we were distributing our product in a truck that broke down a lot, so I bought a new freezer van, which increased our capacity to do deliveries from 10-15 per day up to about 30 per day. It was simply a matter of investing in becoming more efficient.

I always thought of it as just common sense. My brother didn't see it because he was focused on getting the orders out the door, and he wasn't really looking for ways to improve the operation. He wasn't focused. When he tried to change things, he didn't know where to start.

At the time, we had about 80 stores that we sold through. My brother wanted to expand that to 120, but I said, "No, let's just sell more to existing customers."

We asked our customers (supermarkets) to track their sales of our products on an inventory sheet, so that we could forecast when they would run out, and we could make sure we had production scheduled and ready to go when they needed it. We arranged for deliveries every week instead of every 15 days, and our sales to existing customers went up by 35 to 40 percent.

We also offered different sizes of the frozen cheesebread, so it could be baked in the store. Another way I increased profits was in the way I bought flour. We had been buying it by the bag from the back door of a Chinese grocery, which made it very expensive. I contacted an importer and made a deal with him that if he imported a container

(40,000 pounds), we would buy from him as we needed, but contrary to normal practice, we would pay him up-front for our purchases, instead of the usual wait for 30 days that he had to endure with his other customers. The cost of our flour went from 65 cents per bag to 24 cents per bag.

I also arranged to pay the guy we bought our cheese from with our products, so we could save a lot of cash. Unfortunately, that only worked for a month because I did not do my homework on whether our products could be sold to a different market segment.

After a couple of years of doing this, the owner of the gym where I had worked for two or three months approached me to come back. I sat down with my parents, and we decided to sell off the business. My dad and mom retired, and in May 2004, I went full-time with the gym. By June 15, they had made me the manager.

When I took over, the staff was dissatisfied with their hours, how they were being treated and cared for, their scheduling, and their pay.

A trainer would typically work from 6 a.m. until 8 p.m., with some hours off during the day. Even if you didn't have a client, the owners wanted you to stay on the premises until quitting time. They would do things like make an appointment without telling you, so that you had to change your personal plans.

I've always believed that this is a business that is run by the trainers – if they do things right your business will flourish. So to make money, I had to increase the level of service to the clients, and the only way to do that was to improve the quality of the job for the

trainers. I had to change the environment they were working in.

Before I came here, the owners did all the hiring of the trainers. I went to them and made my case that I couldn't really manage the business well unless I could choose the people I believed in, people I thought could meet my standards, and people who would operate the way I wanted them to operate.

I didn't want to insult the owners, but I put my case in terms of improving their bottom line. I told the owners: "You're not in the center of all this – I am. I know everyone's personality. I can figure out who will communicate well with the other trainers and who won't."

Anyway, the owners, to their credit, accepted my argument and let me do my own hiring.

When I first came in, all three of the existing trainers were just in the process of giving their notices of resignation because of the way they had been treated. I persuaded two of them to postpone their departure so I could do some new hiring.

Actually, the first new hire after I came in was someone whom the owners had selected, but I could see that he had what it took to do well. I liked him straight away. The owners then told me they had hired a second guy. When I asked him about what he wanted to do with his career, it was clear that our gym was obviously just a transitional job for him.

I told the owners it wasn't going to work. The owners said, "Give it six to twelve months." I did work with the guy, and he did become a good trainer. I supported him in getting his certification, knowing that it would only speed up the day he would resign to

move on, and that's exactly what happened.

I had two part-timers I could use, but I knew I needed to begin hiring.

In this industry there is a lot of "bait and switch" with employees. They are told one thing before they are hired, but then discover that the reality is different once they begin work. For example, people are promised 40-hour work-weeks, but the reality is that it is almost always closer to 60-hour weeks. It's common for every single person on the staff to feel cheated within weeks of coming to work.

Trainers are a special kind of person. They have strong personalities, they are athletic, they play sports, and as a result, some of them can be a little rough around the edges in dealing with clients.

I only wanted to hire people who shared my philosophy of personal training. Some gyms and some trainers are just out to get clients to sign up for more classes, but I'm committed to passing on the knowledge I have about exercise, fitness, the body, and health.

I believe you train because you want to help educate clients for their lifetime. You want to give them things they can and will do on their own and use for the rest of their lives. A lot of competitors in this business just get caught up in the fitness numbers (percent body fat, etc.), but it's not about numbers. It's about helping people integrate new things into their lives. I always ask myself, "Can this client do this repetitively? Let's make him understand that it's a commitment he has to make."

When I hire people, I look for this attitude. I ask them, "If you were not doing this, what else would you be doing?" I'm looking for people who feel

passionate about all this. The body is so amazing, and the more you learn the more you want to know. The adaptations it goes through as you stress it and develop it are really fascinating, and when I hire I'm looking for people who share that fascination. When I ask an interviewee a question, I can always tell if I'm getting a rehearsed answer.

I require that every new hire has a bachelor's degree in physiology, not just a certification. Many other gyms will only require trainers to have a certificate. Not here.

I knew that I had to set out to make my gym the best, and that wasn't going to be defined as the most operating sites – a common goal - but by achieving the highest levels of client satisfaction.

My first fulltime hire was someone who had heard from a friend that we were becoming a great place to work. It meant a 45-minute drive each way from his hometown, and I asked him if he could handle that. He said, "No problem," he really wanted to come to work here.

I began by laying down my expectations with everyone. I was very clear on the hours expected. I showed everyone exactly how to clean the locker room, how to set appointments, how to talk to clients, and how to resolve conflicts. I created an evaluation form, which I went over in detail with everyone.

It contains five categories: Punctuality, for example. My inflexible rule is that the trainer must be there before the client, so if it is a 3 p.m. appointment, I expect the trainer to be in the gym ready by 2:45pm. I asked everyone: "Is all this clear? Do you understand my expectations?"

The other performance categories are "Floor Performance," "Team

Orientation,” “Technical Skill and Knowledge,” and “Administration.”

I don't have a problem monitoring performance. If something is not being done to my standards, I come to them and I ask: “Do I have to show you again how to do it? Do you have any questions on how to do it? If not, then I expect you to do it. It's black or white.”

I devised a training program for the trainers. For two weeks, they have to be “clients” of the gym and be trained by the existing trainers. I want them to have a healthy dose of what it feels like to be a client, and to think about how you like to be talked to, recognized, and responded to. Then the new people have to guide one of the experienced trainers through *their* fitness routine, so the experienced employees can help the new people and give them feedback on their training approach and style.

While they train each other, a bonding takes place. They come to respect each other and support each other, which makes for a better workplace and a more smoothly functioning operation.

I talk to my trainers a great deal about their self-growth. I ask them what their vision is for themselves and for their career. I ask them where they think our profession of personal training is going. Among other reasons, I do it to learn more myself. The people I hire are usually straight out of college and they have heard the new things the schools are teaching, and I want to know.

To get a new person started, I ask one of our regular clients if they would be willing to be the guinea pig and have the new person train them. I promise the client that if they don't like the new person it will be a freebie, I won't charge them. I've never had to invoke

that – the client always accepts the person and pays.

The essence of training is getting people out of their comfort zone, and that's not only what I do with my clients physically, but it's what I do with my trainers in their jobs. I have failed sometimes here, because not all the trainers want to grow. Some of them just want to train.

Once a month, I get all the trainers together around a table. I give them the big picture of what's happening in the business, what's going well, and what we need to improve. I try to light a fire under them, telling them what the competition is doing, and I remind them that in this business you must re-earn your reputation every day.

I ask them to contribute to the meetings. I ask them to bring a new theory of training, or a new idea for an exercise, or a way to deal with a specific client training challenge. We discuss client problems, physiology, and the administration of the business. For example, we had a big discussion last week about sit-ups, with everyone sharing their views about which muscles were really involved, the best way to develop the complete set of muscles, and so on.

At the meetings, I hand out responsibilities for the things we need to get done: cleaning, renewals processing, etc. I ask for volunteers for each task (everybody has to do something above and beyond the training) but I'll assign it if no one volunteers. I try to rotate tasks so people don't get stuck with one thing.

I always ask them: “Is there anything I can do as the manager to make your job better? If you don't tell me what's wrong, I can't help to fix it.” Last week,

at a meeting that the owners attended, I told the group that I was going to leave the room so they could discuss my performance, and give me some feedback when I came back in. The owners were amazed I would do that, but it worked very well.

The main thing the part-time people said was that they wanted more help getting more bookings with clients. So I walked them through the difficulties (their part-time schedule might not match the weekly schedule the client has, so matching them up is difficult) and I told them I would do my best for them, but I could not promise to make the problem go away completely.

The part-time staff is one of my areas of weakness so far. I should spend more time and creativity with them, to make them feel more a part of the team we have created.

In 2004, the owners realized they had to do something about compensation. A normal target for a trainer is to have 32 appointments per week, plus eight hours of "coverage," i.e., other duties in the gym. I presented an idea of a bonus structure if the trainer saw more than a certain number of clients per week. It was modified a little, but it was accepted and it has really pleased the staff.

I don't have control of salaries here, so it's hard for me to discuss them with the trainers. I tell them "if you want more, then show me the extra performance that I can tell the owners about. Help me create the reasons, make the case, so I can go to the owners on your behalf and fight for you."

I had one trainer who just wasn't a team player – he didn't share his load in cleaning up after himself, and so on. He was very knowledgeable, but he wasn't

doing what I believe in – *sharing* his knowledge with his clients.

I told him: these things have to be improved or we will have to part – I don't compromise my standards. He said, "I can't do that." So we sat down and explored his options. I said "I don't WANT you to leave, I like you. But if you can't meet my standards, you're not going to fit in around here." I continued to work with him, because I wanted to make sure everyone gets a fair chance.

After four months, I stopped assigning him work. He didn't take it well. He said, "It's not fair, I'm a great trainer." I said, "Yes, you are. But you're not a great employee."

I want all my trainers to become great employees so that if they leave here and go to work somewhere else, the next employer will say, "He (or she) was well trained." Eventually he got it, and he left with no bad feelings.

I think with all of this we have created a welcoming atmosphere for our clients. We think we have created something they want to be part of. It's very professional and we don't fool around with our training, but it's not an intimidating place.

It's not a complex process. I have a rule that every trainer must know every client's name within two or three days, whether they work with that person or not. (We have about 100 clients.) I want everyone to watch what other clients are doing in their training. That way, if the client's regular trainer can't make it, any other trainer can pick it up and know the exercises and the levels that the client is used to.

I also changed the health history and chart system, so that if we have to substitute a trainer, there will be no

problems knowing the special needs of each client. I am constantly in touch with all of our clients, making sure that if they have even the smallest concern, it is easy and comfortable to talk directly to me about it.

I am now being asked by the owners to train the trainers and managers in the other locations.

I'm personally doing about 30 client appointments a week, and then, on average, working an additional 30 hours managing the business.

We now have four full-time and four part-time trainers, 107 clients, and 159 appointments per week. That's 33 percent more business than the same time last year. And it is growing still. The owners are very happy with the turnaround.

The Lessons

Both as a business school professor and as a consultant, it has been my job to teach people how to be effective managers, and how to build successful businesses. Jerry seems to have figured it out on his own.

Here are some of the management principles commonly taught or advocated, to which Jerry implicitly refers. (I won't catch them all – which ones did you spot?)

- To improve efficiency in any operation, start by looking for the constraining factor – the bottleneck.
- Never get so busy earning today's income that you fail to look to make improvements in how things could be done better.

- In looking for improvements, research how other people do what you do – find out demonstrated best practices.
- Invest in the right tools – don't be afraid to spend if it makes you more efficient or productive.
- Focus on improving business with existing clients before you chase after new clients.
- Focus on getting better, not on getting bigger.
- Help your clients help you by making their lives easier.
- Look for waste and inefficiency – ways to cut costs without affecting quality or production.
- Find ways to do deals that benefit the other person, so he or she wants to help you.
- Fail fast. Don't be afraid to experiment with unconventional arrangements, and be prepared to drop promptly the ones that don't work.
- The key to giving your clients a great experience is making your people *want* to give that to them.
- You can't delight the clients with unhappy people.
- Hiring people who share your philosophy, values, point of view, and approach makes managing them a lot easier. Be very clear about what your philosophy is.
- The key to successful management is in the hiring: If you don't get the right people "on and off the bus" right up front, you won't be able to implement your strategy.

- Hire for passion and attitude.
- Never compromise hiring standards just to meet a volume need. Set high minimums in entry qualifications.
- To get the best out of people, have clear, enforced standards together with an empathetic, supportive style. One without the other won't work.
- Even if people are going to leave, take the high road in dealing with them. All your other people are watching.
- Never misrepresent, exaggerate, distort, or lie just to get something done, or to get someone to join you. People will find out the truth sooner or later, probably sooner, and there will be no benefit if they think you have misled them.
- You must help your people learn that there is more to serving a client than being technically skilled at what you do.
- If you focus on being the best, the revenue growth and profits will come, and your people will enjoy it more.
- Don't be soft – have very high operating standards that are clearly communicated and strictly enforced. Then give people the freedom to meet the standards without being micromanaged.
- Work at helping people actually experience what it is like to be a client – they will do a better job as a result of it.
- Work at creating team bonding by finding ways for people to work together, as well as get together to discuss common issues.
- Learn from your people – let them teach you what they know and what they are discovering as ways to improve your operation.
- Commit to helping your people grow professionally: don't let them cruise.
- If you want people to be accountable, go first. Let them evaluate your performance, and let the results be publicly known.
- No one expects you to solve everyone's problem as a manager: All people want to know is that you're prepared to work with them to help them overcome the barriers and obstacles.
- For all of the emphasis on working with your people, you must never lose contact with your clients. Make sure that you have made it easy for them to talk to you and to raise any concerns they might have.
- Even though you are a manager, keep practicing your profession to some degree. It will help you to understand and relate to both your people and your clients.

Now, how's that for a quick and really helpful MBA course?

And, of course, it's all generalizable. All these lessons apply in other workplaces, even among highly paid people with advanced degrees in glamorous

professions (though they don't always like to admit it).



David Maister is the author of *Managing the Professional Service Firm* (1993), *True Professionalism* (1997), *The Trusted Advisor* (2000) (coauthor), *Practice What You Preach* (2001), and *First Among Equals* (2002) (coauthor).

Prior to launching his (solo but global) consulting practice in 1985, he served as a professor at the Harvard Business School.

TEL: 1-617-262-5968
EMAIL: david@davidmaister.com
WEBSITE: www.davidmaister.com

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