

# The People-Ready Business

## Case Study



### Equinox Fitness

High-End Fitness Club Anticipates Pump-Up  
in Sales from New Sales Tool

Equinox Fitness operates 38 high-end fitness clubs across the United States and has grown 400 percent in the last five years. To continue its rapid growth, Equinox needed to modernize its sales process to improve lead management, sales forecasting, and closing rates. Working with a Microsoft® Gold Certified Partner, Equinox automated its sales process and used customer relationship management software to help its people make more sales, more easily. It's not only the front-line salespeople but also managers who benefit from using the new tools, with important insight into their overall sales pipeline and improvements to their ability to drive team performance. Equinox's goal is to achieve a 10 percent boost in membership sales, plus increased revenue from the ability to target additional services to existing members.

#### OVERVIEW

##### Country or Region

United States

##### Industry

Professional services–Personal services

##### Customer Profile

Equinox Fitness operates 38 high-end fitness clubs in New York, Los Angeles, San Francisco, Chicago, and Florida. The company has over 5000 employees and revenues of U.S.\$225 million.

##### Business Situation

To meet aggressive growth goals, Equinox needed to replace its paper-based lead management process and do a better job of using member data to generate additional revenue.

##### Solution

Equinox called in a technology partner to help it redesign its sales process using customer relationship management software. The same software gives management instant visibility into the sales pipeline.

##### Benefits

- Standardized, simplified sales process
- Anticipated 10 percent boost in sales
- Better sales reporting
- Better business intelligence
- Revenue growth through customer cross-sell

##### Partner

Customer Effective



“We have a tool that amplifies our resources and efforts, removes obstacles to our growth, and lets us take full advantage of our talented staff in meeting our customers’ needs.”

Scott Rosen ,  
Chief Operating Officer,  
Equinox Fitness

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## Situation

When you walk into an Equinox Fitness club, you know it's about more than sweating. These are luxury clubs, with mahogany locker rooms, mood lighting, the very latest exercise equipment, and little details like fine mosaic tiles and fresh-cut flowers. Among its 120,000 active members are famous athletes, movie stars, chief executive officers, and other high achievers who are used to the having the finest in everything.

Equinox has hit on a fitness formula that works: combine beautiful facilities with top-notch fitness instructors and personal trainers, a retail store, spa, and café, set in fashionable neighborhoods. The New York City-based company has parlayed the formula into a U.S.\$225 million business that has over 5,000 employees and 38 clubs, located in New York, Los Angeles, Chicago, San Francisco, Miami, and Boston.

However, Equinox management realized that continuing its meteoric growth would require tightening its sales process. Prospective customers were getting less than the best treatment during their introduction to Equinox. The company's sales process focused more on last-minute closing than building long-term relationships. Salespeople—called membership advisors—had nothing more than a box of paper cards and their own drive to help them meet aggressive sales quotas each month. Advisors filled out a card on each prospect and gave each one a tour, but they did not have a follow-up system.

“Our advisors were not intelligently working their leads, because they had no way of knowing which were hot or cold or where to focus their efforts,” says Dennis Napoliello, Senior Director of Sales for Equinox Fitness.

“They would talk to hundreds of prospects each month. At month's end, each advisor would bring his or her box of leads into the sales manager's office and go through them one by one, trying to get a sense of which leads would close.”

Adds Scott Rosen, Chief Operating Officer for Equinox Fitness, “We were just muscling through month-end forecasting and sweating our way to success. We were growing, but at great expense to our employees and prospects.” The membership advisor position experienced high annual turnover and the job was demanding and frustrating, with no real process support other than the inscrutable box of cards. When advisors left, no one knew the status of their leads.

Also, managers had no visibility into the sales pipeline and spent hours each month on the phone and in meetings trying to cobble together forecasts and then rush prospects into signing up. “Prospects would often get no follow-up calls until the last week of the month, and then they'd get five,” Rosen says. “We were not giving our prospective customers the kind of service they were accustomed to, nor the experience we wanted associated with the Equinox brand.”

“Getting lead management on more solid footing was the most urgent step toward meeting the company's aggressive growth goals,” adds Jeff Grayson, Chief Information Officer for Equinox. But the company also wants to take better advantage of the revenue potential of the valuable information it has about its customer base. “Our members spend from two to four days a week inside our four walls and we know a lot about what they do when they're here,” Grayson says. “Our members are passionate and actually want us to present them with personalized offers, but we needed a tool to help us accurately target new services to them.”



## Executive Biography

As Chief Operating Officer (COO) of Equinox Fitness, Scott Rosen is responsible for the field and business operations of the company's 38 clubs. Prior to taking the reigns as COO, Rosen served as Executive Vice President and Chief Financial Officer. Before joining Equinox, Rosen spent 20 years at J. Crew and Liz Claiborne in executive roles. Rosen received a B.S. in Accounting from the University of Buffalo.

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## Solution

Rosen, Grayson, and the Equinox team knew they needed to modernize the sales process with an automated solution, but they didn't want to simply automate outdated processes. They brought in Microsoft® Gold Certified Partner Customer Effective, which encouraged Equinox to begin by rethinking its sales process from the ground up: how much time prospects spent filling out the information card, what happened next, what Equinox wanted to happen after the first visit, and so forth.

“This was not a technology project, it was a business project,” says Scott Millwood, President of Customer Effective. “We spent a lot of time with Equinox creating an ideal sales process and then implementing it in software.”

The team ended up reducing the number of up-front questions from 20 to 5, focusing on key data such as e-mail address and fitness interests. “We wanted the prospect to complete all fields and to focus on gathering information that would enrich our knowledge of the person and help membership advisors have follow-up discussions,” says Napoliello.

Customer Effective then used Microsoft Dynamics™ CRM, a customer relationship management (CRM) program, to automate many of the process steps and provide the membership advisors with daily guidance in managing leads. In selecting the software foundation for the new Equinox Selling Process (ESP), Equinox looked for simplicity and flexibility. “We wanted this tool to be super-easy to use so everyone would use it,” Grayson says. “We looked at some software programs that were just too rigid; Microsoft's innovative CRM platform permitted us to customize the tool in a way that matched our sales process instead of forcing the business to fit into the model of some off-the-shelf product.”

An added benefit was the fact that Microsoft CRM integrates seamlessly with

the Microsoft Office Outlook® 2003 messaging and collaboration client, which was already used by advisors for e-mail messaging, and contributed to easy use and acceptance of the new CRM system.

Once the new tool was ready, which took just 16 weeks, Equinox rolled it out to a pilot group of five clubs. During a month-long trial, Customer Effective incorporated 200 improvements from advisors, which contributed to its rapid acceptance. Within 12 weeks, Equinox had rolled out ESP to all 250 membership advisors in 38 locations.

## Benefits

Using its new Equinox Selling Process, Equinox has made life easier for its membership advisors, increased prospect follow-up, and improved management insight into lead status. The company's CRM goal is to realize a 10 percent boost in sales and improved cross-selling of club services.

### Standardized, Simplified Sales Process

Today, when prospects walk into an Equinox Fitness club, a membership advisor meets with them and quickly captures critical information, entering it into ESP. The next day, prospects receive an automated e-mail message thanking them for visiting and offering an Equinox service related to their interests. Similar e-mail messages are sent every few days.

While ESP is automatically communicating with prospects at regular intervals, it is also giving advisors to-do lists every day, prioritized by lead urgency (hot, warm, and cold). “The most important benefit of ESP is consistent, easy follow-up,” says Sharie Roberts, Membership Manager for Equinox. “It's given our advisors a daily discipline for pursuing leads and more time for personal relationships with people, which is the key value they bring to the sales process. ESP has really magnified our sales efforts by giving every advisor the software equivalent of a personal assistant. The software is working in the background to support the advisors' efforts.”




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Dennis Napoliello  
Senior Director of Sales,  
Equinox Fitness

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## Standardized, Simplified Sales Process (continued)

Echoes Scott Millwood of Customer Effective, “ESP is a great example of how the right software amplifies people’s talents to help an organization achieve maximum business success.”

Napoliello expects to see a reduction in advisor turnover, because new people come into a much more structured environment and are guided through the closing process for every lead. “We can identify our most successful salespeople and regiment their best practices,” he adds.

## More Sales, More Easily

Thanks to a structured sales process, automated e-mail follow-up, and guidance on where to focus their efforts each day, Equinox advisors will be able to capture more sales, more easily. “At a minimum, we expect a 10 percent improvement in sales, which would be huge for our business,” Rosen says.

## Better Sales Reporting

Instead of spending hours each month trying to gather sales forecast numbers, Equinox advisors and sales managers can view forecasts at the click of a button, focusing their time on helping to close individual sales. Membership advisors can get an instant snapshot of their personal accounts, general managers can get a snapshot of all leads within their clubs, and regional directors can get an aggregate view of the leads across their regions.

“Instead of chasing down and rolling up numbers, sales managers are having meaningful conversations about what’s not working and why individual salespeople are having problems,” Rosen says. “We finally have a tool that lets us intelligently manage the business.”

## Better Business Intelligence

With ESP, Equinox managers now have insights into the business that they didn’t have before. For example, if a club manager sees that same-day closing percentages are down, marketing can create a promotion that offers a better rate for same-day joining. Or, if a manager sees a spike in leads from a competitor, he might run a promotion directed at winning those customers.

“Without ESP, we just couldn’t see the trends, problems, and opportunities we’re seeing now,” Napoliello says. “I expect this system to free up hours each week for me, time I used to spend making phone calls, sending e-mails, and traveling trying to find out how our clubs are doing. Now, I can get trends very quickly from my desk and spend my time strategizing on how to grow the business.”

## Revenue Growth Through Customer Cross-Sell

Next, Equinox wants to use ESP to up-sell and cross-sell more services to members. “We have a unique product in that when people don’t use it, they feel bad about themselves,” Rosen says with a smile. “The more services they buy from us, the better they feel, so it’s a win-win situation. ESP will allow us to easily and cost-effectively launch marketing campaigns offering specific services to members, thereby increasing their satisfaction and the lifetime value of each member.”

Rosen concludes, “With ESP, we have a tool that amplifies our resources and efforts, removes obstacles to our growth, and lets us take full advantage of our talented staff in meeting our customers’ needs.”

### Software

Microsoft Dynamics CRM  
Microsoft Office Outlook 2003

## Customer Details:

Equinox Fitness  
Phone: (212) 774-6383  
Web site: [www.equinoxfitness.com](http://www.equinoxfitness.com)

## Partner Details:

Customer Effective  
Phone: (877) 252-2171  
Web site: [www.customereffective.com](http://www.customereffective.com)

## The People-Ready Business.

A people-ready business is one where people can apply their unique skills, insights, and experience to create new products and services, work responsively with customers and partners, and drive operational excellence in every aspect of the business. People-ready businesses support people with knowledge, practices, and tools so that they can add the extra value that helps differentiate successful organizations in a competitive, fast-moving global economy.

For more information People-Ready Business, go to:  
[www.microsoft.com/peopleready](http://www.microsoft.com/peopleready)