

Kippie Lodge Interim AGM Report for Year 2019

Dear Members

I noted in a recent email to you all that I would prepare a report to provide you with some basic information on the performance of the Club in 2019, in lieu of the AGM (30th March) which has been postponed until 20th May at the earliest. I have split the report into several sections to enable simple communication of the Club's performance.

Summary

- 2019 was a good year, business performance was turned around
- Achieved completion of planned facility modifications (Gym, H&B and new studios – good feedback from members and staff)
- Engagement sessions conducted with senior staff
- Organisational review conducted and new structure put in place – staff changes as a result
- Conducted ideas forum to obtain staff input on options to improve the business
- Committee Members linked with each department to support
- Membership growth achieved through focused marketing and member referrals
- Class delivery just outside 98% performance target

Membership

The Committee and senior management agreed a growth target of a NET 15 gain/month in membership over the course of the whole year after subtracting the annual loss of renewal at end 2018. This was seen as a stretch given the very competitive market for sports and leisure that we compete in. By year end we had achieved a net gain of 13/month and this was growing fairly steadily over the year as our marketing, Club open days and importantly, you as members referring friends. I cannot overstate the importance of member referrals in this process.

We do lose members each month, mainly as a result of job changes where people move away from the area, each member who leaves is asked why to ensure that we understand if any changes are needed in our operation. Overall, we were satisfied that we were growing membership in a sustainable way, as the Club became busier with each passing month.

Organisation Review

When I took over as Chairman in March 2019, I made a point of talking to all of the senior staff at the Club to get an understanding of what was working well and where improvements could be made. We had made a significant loss in 2018 and it was clear that the Sports Complex delivery was inconsistent; F&B losses considerable/quality of service variable; whilst our marketing needed refocussing on building membership and increasing revenue.

As a result of this work, the Committee identified the need for a new management structure which would include three senior managers for Sports Complex, F&B and Estates. As a result of a change in roles, two staff were made redundant and one resigned. 2020 will see the new organisation embedded and significant improvements in delivery of all services for members across the Club.

Financial

Starting from the position of a large financial loss in 2018, the increase in fees was recognised as a key component in balancing the financial performance of the Club in addition to increasing membership, improving the profitability of H&B operations, increasing the revenues of our F&B operation and importantly, growing membership which had shown a consistent drop in numbers over the previous four years.

The Club became debt free at the end of March 2019, when the last payment on a previous loan was made. We as Members own the Club outright, with no shareholders to pay. Our membership has grown and the AWPR which had caused so many issues during construction is now proving to provide greater access to the Club for people who live north and south of Kippie. The Club is now within 15 minutes' drive of all the communities around Aberdeen.

I am pleased to say that the staff response to improving the financial performance of the Club in 2019 was excellent, whilst the market for increased external business at Kippie grew significantly. The end result of all this activity was a small loss of £21k, which would have been a profit if we excluded the redundancy payments. A very good result after a hard-working year for all involved at Kippie and a big thanks to the Committee, Robin and all the staff.

Investment

The Committee and Management team are cognisant of the competitive market that we operate in and the need to put in place facilities that deliver the best service, equipment and exercise space for members enjoyment. As such, we delivered:

- An expanded (30%) gym filled with the latest equipment
- Reconfiguration and refurbishment of treatment rooms
- Two new studio spaces and a meeting room/private dining room in the Lodge

We have also replaced Play Park equipment, improved signage and changed out some much-needed kitchen equipment, whilst investing in the latest CECL equipment for beauty treatments.

2020

Looking ahead, the Committee made a decision to replace the old tennis dome and re-surface the two tennis courts which would be covered by the dome. The existing dome was on its last legs and the suppliers advised that it could not be repaired again (the storm in early 2020 saw the demise of the existing dome). We were also planning a refurbishment of

the golf range, replacing old computer equipment, implementing a multi-use games area (MUGA), completing the accessible changing room in the pool area and putting in new pumps for the swimming pool, all pre-Coronavirus. We have reviewed all activities and at present the tennis dome and accessible changing room will be progressed.

Coronavirus

The greatest challenge that has ever faced your Club, its' staff and members. Like almost every business, the focus of the Committee and Management team is to enable your Club to survive. We have taken significant steps to reduce costs, postpone projects, whilst taking advantage of the Government's funding and grants to preserve the business and its staff (furlough process) and keep the Complex ticking over so that we can reopen as soon as restrictions are lifted. We have a limited skeleton staff working and have been overwhelmed by their offer to work for 80% of their salary so that they are aligned with staff on furlough and are contributing vitally to keep our running costs down.

Your help in supporting the Club through this very challenging financial period is really needed. We have put in place an online class timetable so that you as members can take part in the safety of your own home at this most difficult time. We hope that you are enjoying this.

Above all please stay safe and we look forward to seeing you all back at Kippie when this crisis and challenging time has passed.

Trevor Grose
Chairman
Kippie Lodge

2nd April 2020