



## Workday and Life Time Fitness

### A Unified Platform Ideal for Business Growth

When it comes to getting in shape, Life Time Fitness, “The Healthy Way of Life Company,” is the expert. When the company wanted to get its HR, payroll, and financial infrastructure in order, Life Time Fitness turned to Workday.

Founded in 1992, the company has grown rapidly, expanding from its first club in Brooklyn Park, Minnesota, to nearly 100 facilities nationwide. The company manages all aspects of its business directly, from designing and building the fitness clubs to managing membership subscriptions and operating popular onsite restaurants and spas. Although this focus on quality has attracted more than a million members, rapid growth had also led to dozens and dozens of systems in use throughout the organization, and a resulting inefficient approach to HR, payroll, and finance.

When John Hugo, vice president and corporate controller, arrived at Life Time Fitness, there were at least 60 applications being used by employees, from accountants at the home office to staff in the clubs.

“Simplification of our vast number of legacy systems was absolutely key,” Hugo says. He wanted to streamline and automate the systems and processes—from Excel files to point-of-sale systems—that burdened the staff. Cost was another key consideration. “With all the different licenses and maintenance agreements we had, there was a lot of extra cost that could have been avoided if we had a single system,” he says.

#### Beginning the Journey with HR

With the realization they needed a different approach, the company began looking for a new HR system.

“The biggest push for us was moving away from a paper environment,” Hugo says. Like any company with a young workforce, employee turnover is high (although lower than others in the industry), and the company often hires employees temporarily or seasonally.



#### Life Time Fitness Business Case at a Glance

The Healthy Way of Life Company  
20,000 employees in 22 U.S. states  
\$1.013 billion in revenue (2011)  
Headquartered in Chanhassen, Minnesota

#### Workday Solutions

Human Capital Management (HCM)  
Payroll  
Financial Management

#### Summary of Business Benefits

60 legacy systems replaced with one unified platform, reducing costs and providing scalability and flexibility for a high-growth business

Effective talent management for a diverse, tech-savvy workforce

Reduction in payroll processing time from 48 hours to less than 1 hour

Better management of \$2 billion in net assets

Employees and management more empowered to run the business

“So, we were looking at the amount of documentation that had to support that—about 55 sheets of paper just to bring on an employee. Our HR manager calculated that about 2.3 million sheets of paper a year could be eliminated by going to a paperless HR system.”

And there was the issue of their tech-savvy workforce. “They like iPhones, they like iPods,” he says. “Employee self-service benefits both the company and the employees. And it adds a ‘cool’ factor.”

In the search for a new HR system, Workday quickly stood out. “By far the biggest reason was the flexibility of Workday to meet Life Time’s growth needs,” Hugo says. “It just seemed like we were buying an opportunity to grow with Workday instead of buying a package that we were just going to plug in and try to operate.”

In 2007, Life Time began using Workday’s Human Capital Management (HCM) system. But that was only the beginning of the relationship.

### **From 48 Hours to Less Than 1 Hour**

The next challenge for Hugo was the company’s inefficient payroll system.

“Our legacy payroll system was very expensive, and we didn’t have control over our payroll process,” says Hugo. It was also slow, taking 48 hours from the time files were sent to the provider until payroll was run. And that doesn’t include the time to enter the data into the general ledger, which still had to be done through a manual interface.

So Life Time Fitness added Workday Payroll. Since it was unified with Workday HCM, communications and processes between HR and payroll were streamlined. In addition, the company gained greater control and flexibility over the essential payroll process while improving efficiency and decreasing costs.

“With Workday Payroll, the main payroll calculation takes less than an hour. This enables the payroll department to focus on other initiatives. And because of the subscription-based model with Workday, the cost per check is significantly less,” Hugo says.

### **Completing the Unified Platform with Financials**

Although Life Time Fitness had made great strides in streamlining its array of HR systems, there was still a long list of issues on the finance side.

At the top was the desire for “a single version of the truth”—a way to access accurate information in one system—and a way to use that data for reporting and compliance. The company also needed to integrate financials with HR so that finance and payroll transactions and approvals could be handled systematically.

As with HR, the finance side needed to increase its capabilities without increasing its headcount. And the company wanted to create an environment of less accounting and more analysis and guidance. They found all this—and more—with Workday.

“We wanted to spend less time getting data into the reporting systems and more time analyzing the output,” Hugo says. He could also see that Workday would remove some of the burden of compliance by staying continuously up-to-date with Sarbanes-Oxley, HIPAA, and other mandates. “I could see that Workday was going to keep us a step ahead,” he says.

Simplifying the company’s general ledger was another priority, from accounts payable and accounts receivable to the most important line item: fixed assets.

“Our business is very, very capital intensive,” Hugo says. “Our clubs cost \$30 to \$50 million to build.” The legacy system was not up to the task. “We had to use manual interfaces between that system and our current general ledger. So we could see the efficiencies we would get from an integrated fixed asset system in Workday’s core financials. It would be a huge benefit.”

He continues, “Workday has a business assets module that will manage the \$2 billion in net property, plant, and equipment that we have on our books. And when you’re managing \$2 billion in net assets, you want to have a very efficient system.”

### Scalability to Match a Growing Company

When Life Time Fitness was evaluating HR companies in 2007, Hugo saw the exceptional scalability of the Workday model. And that advantage just continues to increase as the company relies more and more on Workday.

“Life Time Fitness is a growing company, and Workday is able to scale their product to our growth,” Hugo says. “We’re adding headcount constantly, so the HCM module works well for that. We spend approximately \$300 to \$400 million a year of capital on new buildings, so the flexibility and scalability of the business assets module works well for that. And having the ability to match the core financials to our growth needs is excellent.”

For his own staff, Hugo looks forward to a reduced close period, when Workday Financials is fully implemented.

“We’re down to about nine or ten days now, but that leaves only two-thirds of the month for analysis. I’d like to squeeze that down to five days,” he says. “It’s an aggressive goal, but I think that with the functionality Workday has, it’s very possible. That will free up a lot of time for our team to add more value to the business.”

### Fully Informed Managers

Hugo has found Workday’s Software-as-a-Service (SaaS) model, with its access to information from anywhere at any time, to be a major benefit in providing information more easily to the managers and executives at Life Time Fitness.

“They are not accountants, and I don’t expect them to be accountants, so we want to get a solution that has a single user interface for all their business needs,” he says. “Eliminating all those different applications that the business managers used to use is a huge win for us.” Employees throughout the organization have access to the data they need to do their work, empowering them to make good business decisions.

Looking to the future, Hugo sees an improved work day for Life Time Fitness employees, managers, and executives. “My goals? We’re closing our books in half the time. The clubs have all the information they need to run a successful business. And it’s all in a single application. With Workday, we are not far off.”



Workday, Inc. | 6230 Stoneridge Mall Road | Pleasanton, CA 94588 | United States  
1.925.951.9000 | 1.877.WORKDAY (1.877.967.5329) | Fax: 1.925.951.9001 | [www.workday.com](http://www.workday.com)