

Norm Cates' **CLUB INSIDER**TM

The Pulse of the Health and Fitness Club Industry



(L to R) Katy Miller, Mike Simon (standing), Matt Simon, Carol Nalevanko, Greg Nakagawa and Shelly McGann

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Carol Nalevanko

Making a Village for Health and Fitness

JANUARY 2012

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Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

Carol Nalevanko

Making a Village for Health and Fitness

By: Norm Cates

Carol Nalevanko was born in Texas City, Texas, and her Dad was an Air Force man. She really got to see the world while growing up, and as do most youngsters who grow up in a military family, she developed a great love for travel. Carol graduated from the University of South Dakota in 1979 with a degree in Recreation Administration and started to work in the health club industry right out of college. Amazingly, she's worked for one of the owners of DMB Sports, Inc. d/b/a The Village Health and Fitness since day one! Carol and two friends moved to the Phoenix, Arizona area from South Dakota right after graduation. With \$1,200 in her pocket, no job and no place to live, she set out to make her way in life.

She's taken her youthful opportunity and grown it to become the President of four Phoenix area clubs with approximately 250,000 square feet on 25

acres that generate \$30 million a year. Carol Nalevanko has used mentorship from the Faust #1 Roundtable Members, that includes the likes of Dr. Gerry Faust, Rick Caro, Red Lerille and others, and mixed it with an IHRSA Membership to create a great career in the important role of President of The Village Health Clubs and Spas. CLUB INSIDER is very pleased to present this in-depth and inside story of Carol Nalevanko... Making a Village for Health and Fitness.

**An Interview with Carol Nalevanko
President of Village Health Clubs and Spas**

CLUB INSIDER (C.I.) - Carol, when and how did you first become involved in the health club industry?

Carol Nalevanko (CN) - I had moved to Phoenix, Arizona in 1979 with two of my college friends right after our graduation. One day, one of my friends noticed an ad
(See *Carol Nalevanko* Page 10)



(L to R) Nate Davis, Carol Nalevanko and Jamie Thompson

Top Health Club Trends For 2012 *Health Clubs Respond To Strong Consumer Demand*

BOSTON, MA - The International Health, Racquet & Sportsclub Association (IHRSA) has announced its annual list of health club trends for 2012.

By working with its global membership base of over 10,000 fitness businesses, examining industry research and monitoring consumer fitness behaviors, IHRSA has identified the most significant trends health club goers will see over the next twelve months.

Trend 1: More People Working Out in

Clubs: While only 16% of the American population currently belongs to a health club, membership has increased more than 10% over the past three years to over 50.2 million members, despite the poor economy. With an improved economic outlook, clubs across the country are gearing up for more demand than they've seen in years.

According to results from the Physical Activity Council's (PAC) annual participation study, over 3 out of 10 Americans plan to increase spending in

joining or rejoining a health club. Also, IBIS World reports that the demand for gyms and health and fitness clubs will continue to rise over the next five years, as the general public becomes more health-conscious and the aging population places a greater emphasis on staying fit.

Additionally, in an effort to protect and promote further industry growth, IHRSA is extremely active working in state capitals and Washington, D.C., promoting legislation that would create incentives for exercise.

This increase in membership is good news as it allows clubs to expand their offerings, suppliers to design and create new equipment and more professionals to be attracted to careers in fitness.

Trend 2: Specific Programming and Certifications for Baby Boomers: Baby Boomers want to age well, and they are exercising for more energy and the ability to work and play longer. As people age, strength, balance and functional training
(See *Health Club Trends* Page 6)

Inside The Insider

- The Challenge of Delegation for the Health Club Owner - **By:** Jim Thomas
- Success Secrets of Top Program Champions - **By:** Laurie Cingle
- The Issue That Confuses Most Owners of Box Clubs - **By:** Thomas Plummer
- More Employers Rewarding Healthy Workers With Cash - **By:** Laurie Tarkan
- Maximize Production and Multiply Income in Just One Move - **By:** Donna Krech
- What To Do When You've Not Prepared for New Year Marketing - **By:** Chris Russo
- Dancing Like the Stars - **By:** Sandy Coffman
- Atlantic Coast Athletic Clubs Working Wonders
- How to Choose a Health Club
- And of Course, *Norm's Notes*

Norm's Notes

• **Hello Everybody and a Happy-Healthy New Year to you all!** This is your **CLUB INSIDER Publisher and Tribal Leader since 1993 checking in!** I hope and expect that you and your club(s) are off to a great start for 2012, *a very important year in the history of America because of the coming November election!*

• **Is America a great country, or what? TIM TEBOW... Tebowing** his way through the **NFL Playoffs!** Until they met the **New England Patriots... Hmm... hmm... hmm!**

• **The recent lawsuit** filed by former **Bally Members** against **LA Fitness** and **Bally** is bogus and will be tossed once the judge hears and understands that, right from the very start, **LA Fitness** did the correct, ethical and honorable thing and announced that **LA Fitness** was **going to honor all of the Bally Memberships regardless of the deal** the membership included.

• **Welcome to new CLUB INSIDER Advertiser, CLINT ARAGONA,** the creator of **MY FRIENDS GO FREE. My Friends Go Free** is a *Viral Referral Marketing System* designed to empower members with their very own website in a personalized style, which incentivizes them to share free passes to friends. Check out the **My Friends Go Free Ad** on **Page #14** to learn more about this

advanced marketing and follow-up system. You may have a **Free Demo** by going to www.myfriendsgofree.com or calling **Clint** at **(304) 844 - 0253.**

• **MIKE GRONDAHL, Leader and Co-Founder of Planet Fitness,** informed me that **Planet Fitness will not be launching an IPO in 2012** as had been rumored. Mike said, "We had prepared for an IPO for Planet Fitness, but we've decided that we will not be taking Planet Fitness public this year." Mike also shared that he has another very big deal in the works, so **stay tuned** for news on that! Also, **Planet Fitness** will begin sponsoring **The Biggest Loser TV Show** this month. Finally, **Planet Fitness** has opened their **500th club!** See **Page #8.**

• **IHRSA 2012 Los Angeles, California... Book it Dano!** I urge you to book your hotel room and buy your plane tickets *now* to save moola. And, *be sure to register for the conferences* while you can still get lower rates to attend all of the **IHRSA 2012 Los Angeles** events, to be held **March 13-17th!** Shoot, the **NETWORKING** with your industry peers would alone make **IHRSA 2012 worth your investment,** even if that was all you did. Not to mention the several hundred educational seminars and the terrific lineup of keynote speakers you will see, which include **JOE MOORE, IHRSA President and CEO,** who will speak on the **State of the Health**

Club Industry; WILLIAM TAYLOR, Founding Editor of Fast Company and bestselling author, will speak on *Practically Radical: Transforming Your Company & Challenging Yourself;* **SIMON SINEK** will speak on *How Great Leaders Inspire Action;* **GUY KAWALSKI, Co-Founder of Alltop.com, Founding Partner Garage Technology,** will speak on **The Art of Enchantment** and an **Open Forum** with **SHELLIE Y. PFOHL, M.S., the Executive Director of the President's Council on Physical Fitness, Sports & Nutrition** will be held. Check out the **IHRSA Los Angeles Ad** on **Page #25** and go to www.ihrsa.org.

• **ABC, CBS and NBC TV News Shows on January 11th** were **pounding away** on a story apparently generated by a **New York Times article** entitled, **How Yoga Can Wreck Your Body,** about the dangers of Yoga to the folks that participate. The article was written by **GLENN BLACK,** apparently the most knowledgeable Yoga guru there is when it comes to injuries from the discipline. I'd be interested in feedback from any of you who are seeing your Yoga business being hurt by this article and TV news.

• **Med-Fit Systems, Inc.,** manufacturer of **Nautilus** commercial products, has announced that **JUERGEN KOPF** has been promoted to **Vice President of International Sales and Marketing,** effective as of **January 1, 2012.** Kopf has been employed by **Med-Fit Systems**



Norm Cates

for 18 years.

• I enjoyed hearing **CHUCK RUNYON,** one of the **Founders of Anytime Fitness,** on the radio this morning here in **Atlanta.** His radio ad was tied into his new book called, **Working Out Sucks,** and gave emphasis to the fact that the listener **DID** have time to work out because **Anytime Fitness Centers** are open 24 Hours. Chuck also *finds time* to serve on the **IHRSA Board of Directors,** and for that, I want to express my **Thanks and Appreciation to Chuck** for helping the industry at large with his **IHRSA Board Service.** Folks, believe me when I say that there is a lot of time and work involved, so **Thanks to Chuck and the other IHRSA Board Members!**

(See Norm's Notes Page 7)

About Club Insider

Established in 1993

19 Years and Counting!

CLUB INSIDER is published by Cates Media, LLC. in Marietta, Georgia. Those wishing to reproduce any portion of this publication may do so, provided it is not for resale in other publications. Reprints for commercial use are available for a fee by request.

PUBLISHER and EDITOR - Norm Cates, Jr.
PRESIDENT and ASSISTANT PUBLISHER - Justin Cates

PRINTING and MAILING SERVICES - Walton Press
www.waltonpress.com

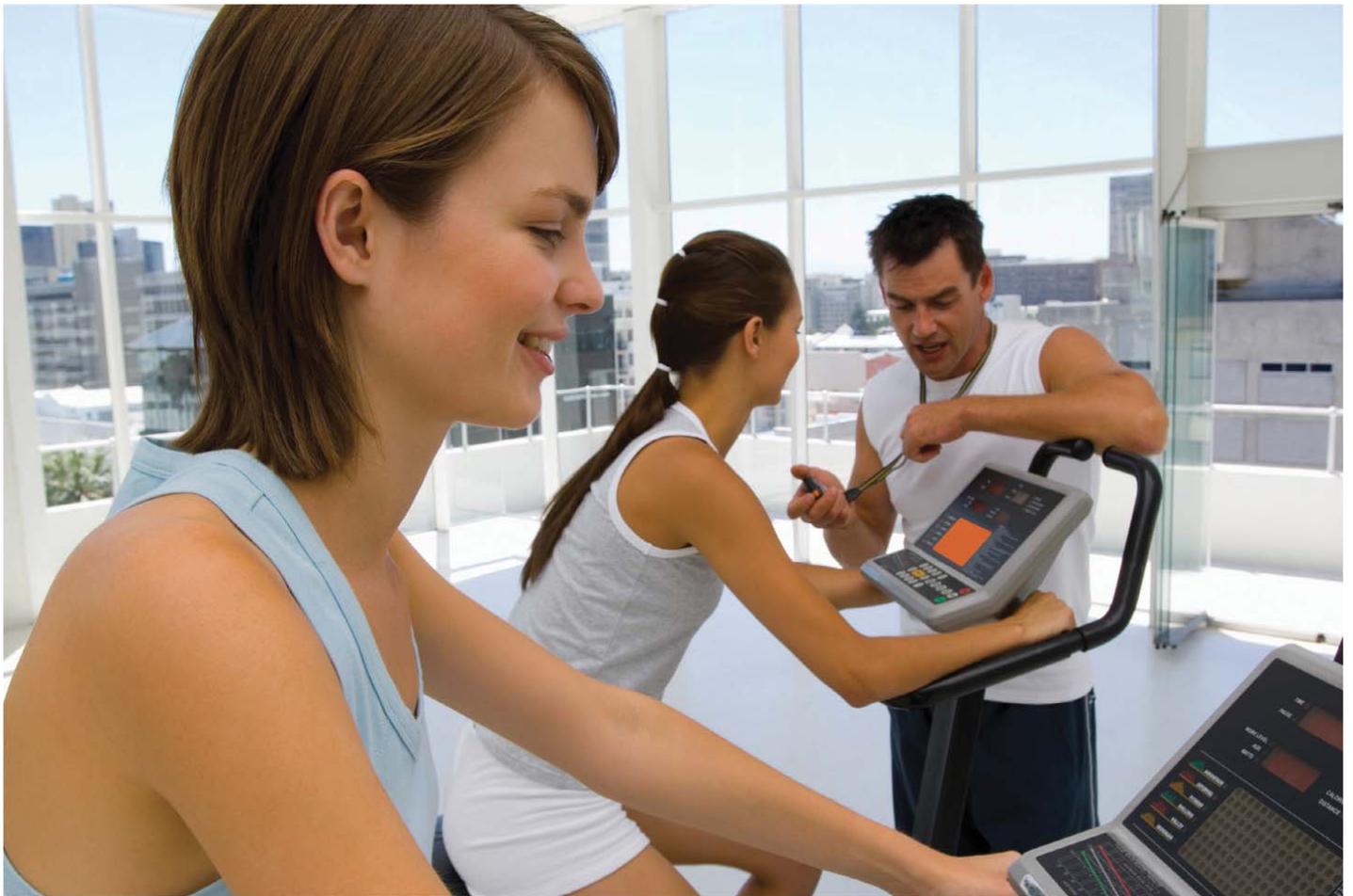
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Edition #217

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...Health Club Trends

continued from page 3

become even more important, so the trend is that clubs are providing specialized programming and trainers that are specifically trained and certified to work with older adults. Since Baby Boomers are the fastest growing segment of the population, and they often have the time, finances and the motivation to exercise, this trend will only grow stronger over the foreseeable future.

Another corollary trend is that club goers will see more Baby Boomers and retirees as club employees and fitness professionals, as this group, already concerned with staying healthy and physically fit, will be moving into this second-life career both to supplement income and to keep active.

Trend 3: Youth Programming: Health club members under the age of 18 grew from 3.8 million in 2007 to 6.1 million in 2010. The demand for sports-specific training for children, from elementary school on up, continues to be popular as this training helps boost attitude and confidence in all areas of life, whether the child becomes a superior athlete or is simply more comfortable in gym class.

Due to the obesity epidemic among children, the White House's focus on children's fitness through Let's Move!, combined with the continuing lack of structured physical education in schools, more training programs and equipment will continue to be designed around children's unique fitness needs.

Trends 2 and 3: Exercise is not one-size-fits-all. Clubs are providing age-appropriate and/or population specific programming.

Trend 4: Social Exercise: Socially-based exercise is up. People want to have fun while working out, they want to experience great music, learn new moves that can be incorporated into life outside the club and they want to share the group "high" not offered by a lone treadmill. Therefore, more clubs are offering group exercise (of all kinds) than ever before. Based on IHRSA's Member Census of 3,024 IHRSA member clubs, group cycling and boot camp-style programs are still popular, and group strength-training classes are still increasing. Again this year, Latin dance and nightclub-inspired workouts are appearing everywhere, generating a passion for aerobic dance not seen since the 1980s. Additionally, fusion classes that combine yoga, Pilates, ballet, dance and even surfing continue to grow in popularity, especially in metropolitan areas where trendy gyms strive to offer the newest, most unique exercise experiences.

Trend 5: Small Group Personal Training: In 1999, 4 million Americans were using personal trainers. Now, that number hovers around 6.5 million. Over 91% of

the IHRSA clubs surveyed offer personal training; however, the growth in training has not come from one-on-one training but small group personal training or SGPT. SGPT offers the benefits and motivation of personal training combined with more fun and less expense. Reasons behind the explosion in SGPT programming are obvious, as SGPT is more economical for the consumer, more efficient for the club and trainer and offers the group experience "high" mentioned in Trend #4.

Trend 6: Technology: Whether you want to track your mileage, speed, number of workouts, calorie burn, or strength level, there is an app for that. New technology, whether on a hand-held device, or incorporated into the club's equipment, is not only keeping club-goers motivated by providing interactive workout programs and tracking the effectiveness of the workouts, but it is helping exercisers avoid injury and burnout by providing tools that let the exerciser know how far, fast or hard is too much. Popular technology includes gadgets that track mileage via GPS, calorie burn, heart rate, exertion and specific workouts.

Trend 7: Convenient Fitness Options: As everyone knows, time is our most valuable asset. Gyms and fitness professionals have grasped the concept that everyone only has 24 hours in a day and that a gym visit is not the only to-do on most people's calendars and are, therefore, providing more convenient exercise options.

First, the explosion of health clubs that are open 24 hours from a couple hundred five years ago to over 2,000 today is the direct result of gym operators and franchisors responding to the needs of people in smaller towns that need access to quality fitness around the clock. Also, many larger multipurpose clubs are opening express locations as a way to provide members with a quicker, "get in, get exercising and get on with life" option. Second, most gyms and fitness professionals are advising that shorter workouts of 30 minutes or less can be just as effective as longer ones.

Trend 8: Corporate Wellness Benefits: According to The Economic Benefits of Regular Exercise, an IHRSA publication, researchers have found that the return on investment among companies that offer wellness benefits ranges from \$1.49 to \$13 for every dollar invested. Wellness-oriented services in both the health club and the workplace are proven to help address consumer health goals, reduce the impact of obesity rates and improve business profitability. Employers, both large and small, are focusing on and benefitting from investments in employee health. Employers are increasingly aware that a fitness benefit creates a happier, more productive work force, reduces employee health care expenses, lowers rates of absenteeism, reduces disability and

Another Breakthrough in Augie's Quest to Conquer ALS Augie Hails Agreement with Pharmaceutical Giants

Publisher's Note: The letter below from John McCarthy, IHRSA's retired Executive Director, to Ron and Sandy Franco, shares great news on the Augie's Quest front!

Hi Ron and Sandy,

Shortly before Christmas, Augie announced that his lab (ALS TDI) had reached agreement with two pharmaceutical giants (Biogen and UCB) to begin Phase 1 clinical trials with a compound (antiCD40L) that has slowed paralysis and improved survival times in pre-clinical trials.

This agreement not only gives hope to every person living with ALS but also allows Biogen and UCB to commercialize therapies using this compound.

If you will be coming to IHRSA in Los Angeles this year, you can sign up for the **BASH** at: www.augiesquest.org/bash.

Or, if you can't come to this year's LA event, you can make a contribution at www.augiesquest.org.

Happy New Year,

John McCarthy

workers' compensation claims and helps to attract and retain talented employees. Studies show that employees who exercise at least once a week, regardless of their weight, have lower health care costs than their sedentary coworkers. One study, in fact, showed that active employees take 27 percent fewer sick days and report 14 to 25 percent fewer disability days than inactive employees.

At the federal level, IHRSA secured the reintroduction of the Workforce Health Improvement Program (WHIP) Act, which would reclassify employer-provided fitness memberships as non-taxable income. The WHIP Act is especially important to smaller businesses that lack the space to build an in-house fitness center, which is already considered a non-taxable benefit by the IRS.

IHRSA is also pressing Congress to pass the Personal Health Investment Today (PHIT) Act, which would allow employees to pay for various physical activities, such as gym memberships, using funds in a flexible spending account.

Trend 9: Body Weight Exercise: Suspension and gravity training is a popular trend with body-weight leverage equipment a must-have in many gyms. This was unseen up until a few years ago and is most likely due to the fact that functional fitness training has moved beyond the trend stage and is simply one of the driving forces for many of the 52 million current health club members.

Trend 10: Physician Prescribed Exercise: As the population ages, obesity rates rise and healthcare costs increase, health clubs, more and more, become an answer to our nation's health crisis. While doctors write

more than 3.4 billion prescriptions per year and mention medications during more than 70% of office visits, physicians are just beginning to prescribe the real wonder drug, exercise. For 2012 and beyond, physicians and healthcare professionals will prescribe exercise at increasing rates and health insurance providers will structure more of their programs to reward healthy lifestyle habits.

Tried and True: While trends are interesting, it is important to note that tried and true exercise never goes out of style. The top 10 health club activities per IHRSA's member census of 3,024 North American clubs are:

- #10. Stair-climbing machines;
- #9. Yoga;
- #8. Low-impact Aerobics;
- #7. Stationary Cycling;
- #6. Abdominal Machines;
- #5. Stretching;
- #4. Elliptical Trainers;
- #3. Resistance Machines;
- #2. Treadmills;
- #1. Free Weights (hand weights, dumbbells and barbells).

Data for the 2012 IHRSA Trend List is derived from the following IHRSA Research:

- The Economic Benefits of Regular Exercise;
- The Health Club Consumer report;
- The IHRSA Trend Report: 2011 Quarter 3 Executive Summary (prepared by the Leisure Trends Group);
- IHRSA's annual Industry Data Survey (Profiles of Success).

...Norm's Notes

continued from page 4

•The **Fitness 19** folks in the **Minneapolis/St. Paul Twin Cities** area of **Minnesota** helped raise money for young ice hockey player, #13 **JACK LABLONSKI**, with a **Charity Golf Event** that was held for the first time ever in January. Young Jack, a high school sophomore, was paralyzed in **December, 2011** while playing in an ice hockey game, and very sadly, it looks like he'll be paralyzed for life. But, the **Fitness 19** folks raised **\$2,013** for the **Jack Lablonski Fund** with this one of a kind January golf tournament. Many others are producing other fundraising events for young Jack. Organized by **TwinCitiesGolf.com**, the event was hosted at **CreeksBend Golf Course** in **New Prague** with over **100** golfers participating.

•**Congratulations** to **JEFF SKEEN** and his **Team** in their **six Raleigh, North Carolina-area Fitness Connection Health Clubs**, as they've donated a full line of strength training equipment to the **North Carolina Highway Patrol State Auxiliary**. There are six **Fitness Connections Clubs** in the **Raleigh** area, and they're owned and managed by **Skeen's Titan Fitness**, which has a total of **17 Fitness Connection Clubs** in **North Carolina, Houston, Texas** and the **Reno, Nevada** area.

•**Congratulations** to **THOMAS PLUMMER**, as he celebrates **30 years in business this year!** Thomas now heads **The National Fitness Business Alliance (NFBA)**, which conducts truly terrific nationwide training sessions for club owners and operators. **NFBA's** next stop is **Stamford, Connecticut** on **February 23, 2012**, with visits to **Sacramento, Atlanta** and **Chicago** to follow. Let me mention that, in this edition, I've reprinted, word for word, **Thomas' December 29, 2012 Blog** on **Page #20 and #21** because his Blog

provides an *excellent explanation of how to increase your non-membership revenues via group fitness training sessions*. I pretty much agree with all of what **Thomas** wrote, except for the following statement I've quoted in bold here: **"The low-price guys have believed this for a decade and the value chains, such as Planet Fitness, have built a company based upon price and the illusion that they exist solely for the beginner who is threatened by the bodybuilders, who don't really exist anymore anyway. Talking about dated marketing, i.e. trying to scare a consumer with a boogey man that isn't out there anymore."** End quote.

The following section, shown before, I totally disagree with, **"and the illusion that they exist solely for the beginner who is threatened by the bodybuilders, who don't really exist anymore anyway."** With that statement, **Thomas** is trying to rewrite health club history, and he's trying to erase the memories of millions of Americans whose memory banks contain past and new images of meat-headed muscle heads and hard body babes that still appear in print ads that pop up across America every day. In other words, with this statement, **Thomas** is trying to discount the value that **Planet Fitness** puts in their membership by limiting the size of their dumbbells and other free weights and enforcing what they call their **"Lunk Alarm,"** which is a loud alarm that's sounded in a **Planet Fitness Center** when management hears some meathead slamming dumbbells or barbells or screaming and hollering while he's working out, thus making others in the gym uncomfortable. All of you know the scene I'm describing here. So, to my good friend **Thomas Plummer**, I simply say the **"illusion"** you refer to in this section of your writing is in fact, **NOT an ILLUSION**, but in fact, a part of the history of this industry that has yet to go away and will never even begin to go away until club owners quit using print ads depicting

meatheads and hot body babes. For information on **NFBA** and to *book one of Thomas' upcoming training sessions*, go to www.jointhenfba.com.

•It was announced by **Preventure**, a global provider of corporate wellness programs on **January 12, 2012** that **MARK CORREIA** has been named **CEO**. It was also announced that **DAVID PICKERING**, **Preventure Founder** and previous **CEO**, was named **Chairman**; veteran **KATHY O'NEEL WEBSTER** was promoted to **COO** and **LAURA WALMSLEY** was named **Chief Business Development Officer**. **Correia** has

overseen the company's strategic direction for the past ten years. **Dave** will continue to lend his nearly 30 years of health management, wellness and fitness industry experience to the company as **Chairman**.

•Last month I wrote about *my least favorite subject... people who damage the reputation of our industry with things they do in their club operations*. I started that **Norm's Note** with, **"Looks like Baltimore area club owner, BERNARD CAPLAN, JR., is out to get a bad name for himself in our industry because his company, GRS Fitness LLC, allegedly continued to** (See *Norm's Notes Page 8*)

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iGo Figure - #533

Iron Grip Barbell Company - #1762

Sports & Fitness Insurance - #824

Visual Fitness Planner - #647

...Norm's Notes

continued from page 7

collect membership dues from members who had cancelled their memberships." I have since learned that Bernie may be more of a **victim of the Maryland's Attorney General's Office** than he is an up and coming bad guy in our industry. So, with that said, I extend my sincere apologies to **BERNIE** for that "Looks like Baltimore area club owner" lead in comment I wrote. So, **stay tuned** for next month when I will report on the activities of the **Maryland Attorney General Official, ALFREDA**

COOPER, in regards to the **Caplan case**, after I've had the opportunity to speak to Ms. Cooper, then study what are many pages of documents that Caplan sent me and the 3-page letter **TONY FERRARO, President of ACH Billing**, sent me to explain why Caplan was a *victim and not a culprit. Stay Tuned!*

•**God bless** all of our troops, airmen and sailors and keep them safe. **Congratulations and Welcome Home** to all of our troops who served in **Iraq** and have now come home! **God bless you and your family, your staff, your members**

and your club(s). **God bless America!**

•**Some** may not know that **CLUB INSIDER** is a **Paid Subscription-based Publication**. Are you a **Paid Subscriber**? If the words **PROMOTIONAL COPY** appear above your name and address on the cover of this month's edition, you are **not a Paid Subscriber** and are **not enjoying the full benefits** of a **Paid Subscription to CLUB INSIDER**. Don't delay, subscribe today by going to **www.clubinsideronline.com/subscribe**.

(Norm Cates, Jr. is a 38-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of **CLUB INSIDER**, now in its 19th year of publication. Cates was **IHRSA's 1st President**, and a Co-founder of the Association with **Rick Caro** and five others, in 1981. In 2001, **IHRSA** honored Cates with its **DALE DIBBLE Distinguished Service Award**, one of its highest honors. Cates may be reached by phone at **770-850-8506** or email at **Norm@clubinsideronline.com**)

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500 and Beyond for Planet Fitness!

National Franchise Hits a Benchmark and Eyes 100+ New Units in 2012

MORTON GROVE, IL - Planet Fitness, the national gym partner for NBC's *The Biggest Loser*, opened its 500th location on January 16th as the franchise company continues its blistering expansion, with more than 100 new facilities slated for 2012.

In terms of number of units, Planet Fitness is on pace to become the number one health club company in the United States this year. Planet Fitness, which is known for its friendly prices and Judgement Free Zone atmosphere, already has the largest overall membership with almost 3.5 million members total in the U.S. and Puerto Rico.

"It's amazing to think that we had just four gyms in New Hampshire when we began franchising in 2003," said Planet Fitness co-founder Michael Grondahl. "Our growth is testament to the fact that being a member at Planet Fitness is fun and affordable. Because of Planet Fitness, millions of people are leading healthier lives and getting a great value as they do it."

Prices at Planet Fitness are extremely low, just \$10 a month. Besides the unbeatable value, Planet Fitness stands apart from other health clubs by providing a relaxed atmosphere that includes free fitness training with all memberships.

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In addition to the \$10-a-month membership, Planet Fitness also has the PF Black Card membership, which costs \$19.99 a month and comes with free and unlimited tanning, free guest privileges, free use of massage chairs and beds, 50 percent off all cooler drinks and free use of all 500 clubs in the Planet Fitness chain.

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...Carol Nalevanko

continued from page 3

in the newspaper for an Activities Director at the Metro Sport & Health Club. That was before the owners of the Metro Club created the DMB Company, and it was the very first club I ever worked at. I worked then and now for one of the original owners, Bennett Dorrance. I was the Activities Director for the club, and that's where I learned pretty much everything about people, how important it is to have programs, the relationship between the members and the employees. That was really where I learned the foundation of what would later become the model for the Village Clubs.

I started as the Activities Director and later became the General Manager of the Metro Sport & Health Club, which was basically a racquet, tennis and swim club. Then, U.S. Swim and Fitness came to town, and we realized we needed to expand into fitness and group exercise. Back then, we called it aerobics. So, we expanded the club in 1987 and created a large fitness center, indoor basketball and group exercise rooms. The expansion of that first club was where I started to learn about construction, how to read blueprints and how to work with architects and general contractors, etc.

In 1990, we purchased our second club, which was originally called the Village Tennis Club. We bought it during the time of the RTC savings and loan troubles. It was a beautiful piece of property which would become our very first Village Club. It was on the East Side of Phoenix, across town from the Metro Sport & Health Club on the West Side. Once again, it was a tennis-only club, and we turned it into a multi-recreational club.



Carol Nalevanko

C.I. - Please tell us about DMB Incorporated and the growth of the Village Club group.

CN - In 1990, when we bought the Village Club, Bennett Dorrance had two partners, Drew Brown and Mark Sklar. The DMB Corporation was named with the first letter of the first name of each of the three partners of the corporation. The parent company, DMB Incorporated, is a commercial real estate company that also owns the clubs. I'm the President of DMB Sports Clubs, d/b/a The Village Clubs, and my role is to lead the company.

C.I. - How many Village Clubs are there? Please describe the typical elements of a Village Sports Club facility and its services. Tell us about the club renovations in planned communities that you've done. What makes these clubs special and well positioned?

CN - There are four clubs. We offer very high-end, multi-recreational clubs with pretty much everything you might want. We have full service spas and salons,



Camelback Village Racquet & Health Club - Phoenix, AZ

racquetball and squash courts, one club has tennis, indoor basketball, activity pools, two outdoor pools, very nice full amenity locker rooms, weight rooms, functional training areas, cardio equipment areas, nice cafés and pro shops. Pretty much anything you need. You can check out the virtual tours of all of the Village clubs by going to www.villageclubs.com and clicking **Locations: All Clubs**. What makes us really special is that we are very high-end. But, as I said a long time ago, anybody can build a really beautiful facility. It can't be a cold facility; it has to be very welcoming. I understand and try to get my employees to understand that a lot of people are afraid to come into a health club. So, when you first come into our clubs, you see nice smiling faces at the front desk. When you turn around the corner and see the café with people watching TV, talking to each other and eating, you say, 'Oh, I can do that.' Then, you see the basketball court, racquetball and squash and more games with people having fun and interacting. After that, you see the fitness equipment and the cardio equipment. It's not a big sea of equipment like you normally see when you first walk into a club, so it doesn't scare you.

We believe in helping our members start by just putting a toe in the water and wading up to your knees, and then, when you feel comfortable, you jump in and start swimming. The things that make us special are probably our facilities first, but more importantly, our employees. I always say that I measure the success of our clubs by how well our employees interact with each other, how well our members interact with each other and how well our employees and members interact. It's a very fun place. Even though it's very high end, it's very welcoming, very caring, with lots and lots of programs.

C.I. - What is the DMB enrollment fee? How about the monthly dues rates?

CN - Right now, our enrollment fees are

averaging \$550 for a single, \$750 for a couple and \$950 for a family, and we do hold to those enrollment fees. Our average monthly dues for a single membership are \$175 per month. During the recession, we did discount our enrollment fees. We were still averaging about \$450 actual average enrollment fees, but we never, ever discount our dues. We increase our dues by about 3% every year, and we have done that even during the recession. It's so important that we do that because we must reinvest in these facilities. If we are charging \$175 per month, our goal is to make you feel like you're getting \$275 per month in value. It was scary to increase dues during the recession, but we had confidence in the quality and value of our clubs.

C.I. - How many *memberships* does DMB Sports have, and how many *total members*?

CN - Total Company *memberships* is about 8,000 and *total members* is about 25,000 to 30,000 when you include singles, couples and family members. We're very big on families. We sell between 45 to 55 new memberships per club per month, but our company retention is over 80%. We focus an awful lot on keeping our members.

C.I. - How do you market the DMB Sports Clubs? What are your most used marketing vehicles?

CN - First, we get about 60% of our new members via member referrals. We have a standard referral program where, every time you refer a member to join, you get a free month of membership dues. So, at \$175 per month average dues, people love that. Throughout the year, we do a lot of fun things, such as member referral contests with vacations, iPads, tennis shoes and things like that. We have fun with it and do quarterly contests throughout the year. Member referral is our #1 source of memberships.

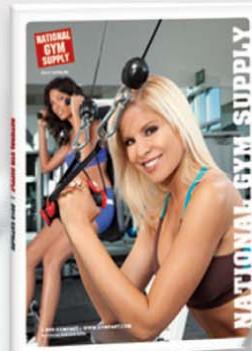
We try to have a balance between traditional marketing and new social media
 (See Carol Nalevanko Page 12)

The Village Clubs' Awards and Honors

- AZ Business' Ranking Arizona - Top 4 spots for 10+ years, all four clubs;
- Best of Arizona Business - Best Health and Fitness Clubs in the Valley;
- Ranking AZ's Hall of Fame - Being in the top spots for 10+ years;
- Scottsdale Magazine's Best of the Southwest Consumers' Survey;
- Gainey Village Health Club & Spa - Valley's Best Fitness Center;
- Arizona Republic's Critic's Pick DC Ranch Village Health Club & Spa, Best Gym;
- Arizona Republic's Readers Choice - Best Gym/Health Club, all four clubs;
- Phoenix Woman - DC Ranch Village Health Club & Spa - Best Luxury Amenities;
- AZ Magazine Top 25 workplaces for Women;
- 944 Magazine - Gainey Village Favorite Health Club, 2011;
- So Scottsdale Magazine - Best of Award (Health Club), 2011;
- Frontdoors Magazine - Finest Gym, 2011;
- AZ Foothills Magazine - Best of Our Valley, 2012;
- AZcentral.com - Gainey Village Best Yoga Studio, 2008;
- Phoenix Magazine - DC Ranch Best Fitness Club, 2010;
- AZ Business Magazine - Best of the Best, 2009;
- Scottsdale Magazine - Gainey Village Best Fitness Center, 2007.

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...Carol Nalevanko

continued from page 10

marketing. We don't believe you should abandon traditional marketing completely, so we do some newspaper ads and direct mail campaigns throughout the year. We have been learning a lot during the last few years about social media, so we have our own Facebook pages and Twitter accounts, and each club has its own Facebook page, which is managed by people within the clubs. We do a lot of fun contests through social media. I think that's the new marketing direction, but I don't think you should abandon some of the traditional marketing. We've been working with a social media company through 2011, but I think in 2012 we are ready to leave the nest and will hire our own Social Media Manager. I believe social media is perfect for the Village.

C.I. - How have you developed your management skills? Who are your mentors? Aren't you a Faust Roundtable Member, and if so, how has that helped you?

CN - I would say a lot of it has been learning on the job. An example would be that, when we first started construction at our Metro Club, I couldn't even read a blueprint. There was a crusty, but very kind, construction superintendent named Dick Weeks. I found out he loved to drink Miller Lite Beer in cans, so on Friday afternoons, I would go out to his construction trailer and sit out there drinking Miller Lite with him and have him teach me how to read blue prints and learn about construction. I was fortunate to have Mr. Weeks again as our construction superintendent on our Village Tennis Center Club, when we did the second renovation. We had a great time together, but that's how I learned.

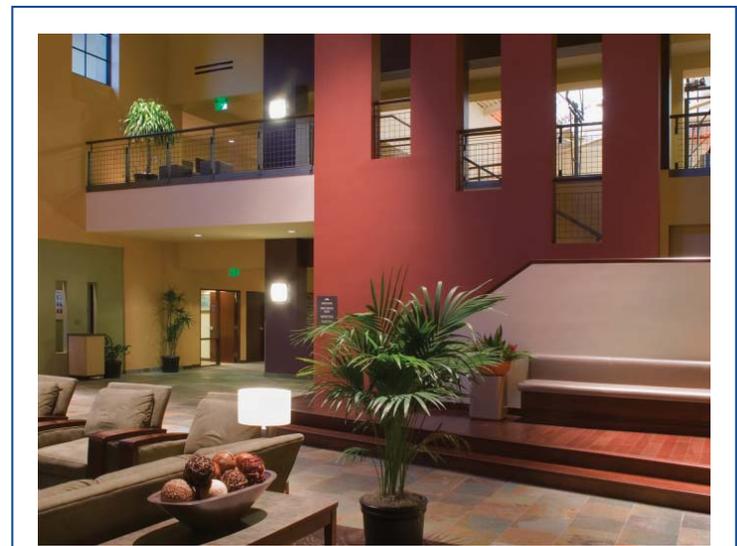
I also learned a lot in the beginning from IHRSA when I was a young manager. I went to the IHRSA Management Institute, and I also learned from other people. I also learned a lot from my DMB,

Inc. guys, as they're professional business people. You just grow and learn as much as you can. One of the things about my boss, Bennett, is that even when you didn't think you knew how to do something, he would say, 'Yes, you can do it. Go do it!' I would think, 'I don't know how to do this,' but then you figure it out. At the beginning, I really learned a lot from IHRSA. Now, my reasons for belonging to IHRSA have changed. For me, it's now more about networking and staying on top of what's happening in the industry. It used to be educational for me, and now, it's more networking.

C.I.- You've put in the time, haven't you? Isn't this your second term on the IHRSA Board? We certainly appreciate your service to the IHRSA and the industry.

CN - I have, but I love it. It's worthwhile. Another thing you asked about was the Faust Roundtable. I have been on the Faust Roundtable #1 for at least twelve years. Once again, I want to emphasize the importance of networking. Networking is SO important. Our Faust Roundtable meets three times per year. Beyond that, we always have this resource of all of our fellow roundtable people, and you can ask them questions about any issue. The thing about the roundtable is they take it really serious when you need help. We've had some pretty serious issues come up where people have helped each other out. The roundtable has been a great experience for me, and I've made some lifelong friends. For example, Rick Caro could be my second "Father."

C.I. - Well, let's be very clear here. My son, Justin and I call him 'Uncle Rick,' and he's a lot of folks' Dad. I don't know what our industry would be like today were it not for this one very special individual, Rick Caro. He and I have had a great friendship since 1978, and I love the man like a brother. He's like a walking encyclopedia for
(See Carol Nalevanko Page 13)



DC Ranch Health Club & Spa Lobby - Scottsdale, AZ

...Carol Nalevanko

continued from page 12

our industry!

CN - We have a great roundtable that includes three IHRSA Board Members: Bill McBride, Brent Darden and myself. Red Lerille is also a member, and he's really high tech at his club, though you might not realize that. Red always has something new going on. What's really nice about our roundtable is that we have a nice balance between wily veterans and those of us who are still in the trenches dealing with club operations.

Earlier, you asked me how we train our senior management. We have an annual training program that's set a year in advance. It involves a collection of outside speakers and interactive training sessions, scheduled all year long, and its attendance is mandatory. This provides a lot of high level training: situational leadership, emotional intelligence, etc. We take training really seriously at the clubs. We try to train our managers and our company leaders to be good coaches of the front line staff. About five years ago, we developed frontline training that our managers have to deliver to their employees. So, we're teaching our managers how to be good leaders and facilitators, as well as giving our frontline people some great training as well. Training is very, very important at the Village Clubs. Another thing that training does is put all of our employees on the same page. If you go and ask some of the college kids that work in any of our departments what the Village is all about, they all say the same thing. They say we're great at customer service, building relationships and we offer a high-end product. When we were designing our website, somebody asked me if I thought our employees understood our brand. I said I was fairly confident they did, so I went around and asked a lot of our employees what the Village brand was, and they all sounded like me! Many of them are young

employees, and I'm very proud of them.

We have a new hire orientation program that every new employee goes through. We created our own new hire employee video where a lot of the employees and club members speak about how important the Village is to them. One of the reasons we wanted to do so is that, if you are going to work in our café, you understand that your job is so much more than making a smoothie for someone. It's about making someone's day because you know they like peanut butter smoothies, and you have it ready for them when they walk up. Our employees know this. In 2011, we came up with new Village Standards for our company, even though we had been named the best health club in Arizona for twelve years in a row. The whole premise of the new Village Standards was that anyone can get to the top, but how long can you stay there? Our focus on our training this year was called *Raising the Bar* because we want to always try to get better. That's what motivated us to create our Village Standards, which focus on people, places and programs. It really is a way of being for all Village employees. It's how we want to treat each other and our members. The training for November was that every one of our 30 departments across the company had to come up with a video using the Standards with their employees. We had 100% participation, and we have these really funny but informative videos. Check out some of the best videos at <http://bit.ly/zYACLW> and <http://bit.ly/xNiYJR>.

C.I. -Tell us about the social elements in your clubs: tie-ins with restaurants, parties, fashion shows, etc.

CN - Every quarter, there is a big party that's complimentary for our members. We average 500 to 900 people per club per party every quarter. We do things like *Jazz by the Pool* and our Jamaican Party called "*Ja macian*" *Me Crazy!* We have our
(See Carol Nalevanko Page 14)



"I was just reviewing our PT numbers again and while I knew that we had improved, I didn't realize how much. Our numbers for PT continue to be strong and have been up as much as 64% in many months. I attribute much of that success to

the VFP. I just wanted to drop you a note and let you know that things have greatly improved since the implementation of the VFP. Keep up the good work."

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GO VIRAL!

...Carol Nalevanko

continued from page 13

annual Casino Nights and our annual Holiday Parties. At a lot of these parties, we do fashion shows with the big runways. The clothes are modeled by our employees and feature the clothing we sell in our pro shop boutiques. Those have been really fun. We have Hiking Clubs, Biking Clubs, and Triathlon Clubs, ski trips, wine tasting, cooking classes and more. We've taken our members to Costa Rica, and others went on a cruise. We work with a lot of local restaurants and have lots of Happy Hours. There are just tons of activities, programs and events.

C.I. - Tell us about DMB's Community Service thrusts?

CN - Our community service thrusts are mostly for breast cancer. We do a lot of work with our triathlon group, *Tri for the Cure* and *Ride for the Cure*. One of our chosen charities is the Breast Cancer Foundation. Also, I'm on the Board of the Phoenix Suns Charities Board. The focus of the Charities Board is children who need help. We've also done some work for the Leukemia Society. We give out a tremendous amount of raffle prizes and silent auction items since most of our members are also on many of the charitable boards and organizations here in Arizona. We like to support their efforts as well.

C.I. - When did the Village Clubs become a member of IHRSA? Please tell us about the benefits of IHRSA Membership for DMB Sports.

CN - We joined IHRSA in 1987. Benefits of IHRSA Membership include the Convention and Trade Show, and we take about 10 to 15 people a year to the annual event. For the newer managers, it's an educational experience. Sometimes, it's just reinforcing to them that we're doing the right thing because they hear other people talking about it. We really stress

that they come back with at least one new idea that they share with their people and also develop their own network from the IHRSA event. I'm big on networking. We use networking throughout the year, and we seek to teach these young managers how to use networking as well.

C.I. - What year were you elected to the IHRSA Board of Directors? I understand that you're also serving a second term on the IHRSA Board. Thanks Carol for all of your time and effort serving IHRSA. What have you learned and gained from your experience as an IHRSA Board Member? What advice would you give anyone who's considering application to be an IHRSA Board Member?

CN - My first year on the IHRSA Board was in 2001, and that was for four years. Then, I got back on the IHRSA Board in 2010. I would say that I believe I'm a stronger Board Member now in my second term, mostly because you kind of understand that the role of the IHRSA Board is to be the strategic planners and set the course but let the IHRSA Staff carry it out. It took a long time for us to figure that out because we're all operators, so we want to get in on the day-to-day operations, and that's not really our role. So, what've I've learned from being on the IHRSA Board is strategic planning and the importance of it. My advice to anyone considering serving on the IHRSA Board is that it takes time, but it doesn't take that much time. Once again, you meet great people that become your lifelong friends after four years together, people with a shared vision. It's very rewarding, and working with the IHRSA Staff is also very rewarding. Joe Moore had big shoes to fill after John McCarthy retired, and it wasn't easy for him, but he's doing a good job.

C.I. - Carol, I know you were close friends with the one and only Julie Main. Please tell us what it was like to work with
(See Carol Nalevanko Page 15)



(L to R) Jacqueline Southwick, Carol Nalevanko and Sam Humphrey - Gainey Village, Scottsdale, AZ

Atlantic Coast Athletic Clubs Working Wonders

GREENE COUNTY, VA - A Greene County senior who has been immobile for the past 25 years due to cerebral palsy recently celebrated her 70th birthday on her own two feet.

Born with cerebral palsy and immobile for the past 25 years, Mary Nay never dreamed she'd be literally stepping into a fitness routine, much less taking a victory lap celebrating her birth and rebirth.

"I turned 70, and I walked one mile around the ACAC track. It took me an hour to do it, but I did it. I came around the track on that last lap... very happy feeling," she said.

And, she crossed the finish line with Dr. Robert Calhoun by her side, the man she credits for introducing her to ACAC's Physician Referred Exercise Program (PREP). Mary and 10,000 others in this area have taken advantage of PREP with the help of 800 doctors and a simple prescription.

Kelly Lynn of ACAC medical programming said, "Patients will learn how to exercise safely and effectively. It's \$60 for 60 days, and patients are sent to us much like a pill is sent to a pharmacy." *

An Rx that has rewritten life as Nay has known it for seven decades,

"They've given me a new look on life, a better life not only in weight loss but mobility," she said.

"It's actually inspiring for us as physicians to see patients that are taking our advice to heart and really making changes in their lives," stated Calhoun.

"I have used a scooter and walker for the past 25 years to get around, but my goal is to get away from this," said Nay. She says she hopes to reach that next goal by her 71st birthday, which is December 19, 2012. She has a whole year to work toward that impressive goal.



*ACAC'S P.R.E.P. or "Physician Referred Exercise Program" is a 60-day for \$60 membership that allows members to try ACAC, get personal training, beginner instruction and access to ACAC. The program is monitored by medical professionals. Doctors must prescribe this exercise program to their patients for participation. ACAC is a chain of clubs in Virginia and Pennsylvania.

...Carol Nalevanko

continued from page 14

Julie and what it was like witnessing her struggles with Breast Cancer. What is Julie's legacy?

CN - Julie and I were great friends. We came onto the IHRSA Board together in 2001. That's where we became really good friends. We went to Brazil, and ironically, we landed there on 9/11. Everybody who was at the IHRSA Board meeting on 9/11 have probably become as close of friends as you can get. Julie and I were really good friends, and when her breast cancer came back, the thing I remember was how brave she was. She would have surgery one month, and a few months later, she would go run a marathon! She was just amazing. Just a positive attitude and fighter all the way.

We're trying to keep Julie's legacy alive with the Women's Leadership Summit. We're in our 4th year. Once again, we're not just trying to get leaders for the fitness industry, but we're trying to develop women leaders. We don't have enough women leaders in the fitness industry. That's something that Julie Main and I always talked about. Now, we have the Julie Main Scholarship and the Women's Leadership Summit in which we all participate. We want younger women to know there is more to this industry than just being a Group Exercise instructor or a Personal Trainer. You can be the President of a company. So, I think that's Julie's legacy; identifying and growing more women leaders. The first year we held the Summit I thought no one would be coming because it was on the first day of the IHRSA Convention. We had 150 women attend! This year, it's going to be on Wednesday, March 14th from 2 to 5 PM.

C.I. - What do you see for the future for DMB Sports, d/b/a The Village Clubs?

CN - We want to grow our company, but want to grow slowly. Every club takes 2 to 3 years from the beginning to end to select the site, design the club and build it specifically the way we want it to look and feel. We want to continue to be the

best clubs, certainly in Arizona. I think the future for our company is going to keep getting better and better. We had an excellent 2011. We beat our budget by 9%. We had tremendous membership growth, and most of that is due to having great employees and great members.

C.I. - Carol, I bet those three DMB fellows, Drew, Mark and Bennett, had no idea they would be a hold of something like that when they first started!

CN - They're very proud of us because they are master plan community developers. Two of our clubs are in DMB Communities, and those clubs are a big part of those communities, a major part of people's lives. We have three generations of members at these clubs, so they get a lot of very positive publicity from the Village Clubs. They're proud of us!

C.I. - Overall, what do you envision for the future of the health, racquet and sports club industry overall in the United States?

CN - You know, the thing that bothers me about our industry is this focus on low-price, high-volume clubs. I agree there should be access to fitness for everyone, but I just want us to be careful that we don't cheapen our product. Our product is health. I just think we've got to become more professional in the way we run our businesses. We're moving in that direction, but the independent health club operator has got to understand that as well, as I do think they are the backbone of this industry. They have to understand the importance of running their club or fitness center as a business. We have a huge opportunity in helping with the obesity crisis, and there are all kinds of opportunities coming with insurance reimbursement, corporations reimbursing their employees who maintain good health, etc. The rising cost of health care is really getting people's attention like it never has before, but in order for us to be taken seriously by insurance companies and the medical community, we've got to become more professional. We need professional operators and staff and business strategies.

C.I. - As a true industry leader and veteran, what basic advice would you pass on to others who seek to develop, build and grow sports clubs in the future?

CN - I think it kind of tags onto what I just said. A lot of people have very easy access to lease some space, put some machines in and call themselves a health club operator. My advice would be to have a very clear business plan, a defined model. People have to understand who you are if you are low-cost, middle-cost or high-end. There's nothing wrong with any of that, but be clear on who you are. I think you have to first develop your brand and grow it. Then, you have to stay true to your brand. One of the things that we have to do is take care of our employees and take care of our members. You know what? Sometimes when I meet people that are just entering this business, they don't have a business plan. They don't have an annual marketing plan or an annual operating budget. You really do need to enter this business with a business plan.

C.I. - How do you see the movement toward medical fitness affecting The Village Sports Clubs and Spas and the health and sports club industry in general?

CN - I think it's going to become an opportunity, but it's up to our industry to be in a position to take advantage of that opportunity. Last year, I went to the IHRSA Global Summit and they had a group of doctors there. I said, "Thank God! It's finally happening where physicians are starting to understand the benefits of exercise!" One of the things we're going to

work on in the future is to really take some time to educate the doctors in our clubs on the benefits of exercise. Then, I think it will spread. I think it's a great opportunity, and as I said earlier, we have to be recognized as a professional business with employees with the correct qualifications and criteria for our employees to be taken seriously. I think that if we can do that, have people understand that we are a professional group of health club operators and healthy lifestyles is our product, we can take advantage of it. Certainly, being a partner in the fight against obesity for both adults and kids and the rising cost of health care presents a great opportunity. It's right there. We just have to be ready to take it.

• • •

CLUB INSIDER would like to thank Carol Nalevanko for her time on this interview. Additionally, we'd like to thank Debbie Condo and Jennifer Wolff for their assistance.

(Norm Cates, Jr. is a 38-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now in its 19th year of publication. Cates was IHRSA's 1st President, and a Co-founder of the Association with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. Cates may be reached by phone at 770-850-8506 or email at Norm@clubinsideronline.com)



The Challenge of Delegation for the Health Club Owner

By: Jim Thomas

I remember when I opened my first health club. I was hands-on with everything I did, from construction to taking a telephone inquiry. Everything was fine... until I opened health club number two. For the first time, I started to struggle. I was trying to be as hands-on as ever, and it was just too much... things started to fall through the cracks.

I remember talking with someone about my dilemma and was told that, if I wanted to own and operate health clubs, I better learn how to delegate. At the time, it was a scary thought, but it was good advice. It made all the difference.

Now, as a health club business consultant, I find many club owners that fall victim to having a "death grip" on things that could easily be delegated.

Here are some of the reasons I think health club owners struggle with delegating:

- Even though you have the club staff to delegate to, you have a hard time giving up control. You're a control freak.

- You can't stand it not to be exactly the way you want it. You're a perfectionist.

- By the time you get around to the task at hand, there isn't enough time left to delegate it. You're a procrastinator.

- Health club staff has not been properly trained to handle additional duties and responsibilities.

Yes, these are real world health club owner issues, but at the end of the day, it will create a significant bottleneck in your health club's productivity at best, and at worst, it will cripple your business. We see it frequently. So, how do we fix this? Here are some thoughts:

- Make a list of staffers you can delegate to and what duties you can delegate to them that will allow them to be successful. Be proactive. Don't wait for it to come to you.

- Take a look at your to-do list and make a list of what you can delegate and who you can delegate it to. Then, delegate it to others that can do at least nearly as well as you.

- Provide an earlier-than-required deadline. This will give you time to review, and for

them, to revise (if necessary). Yes, let them fix it.

- When you delegate, allow them to complete the task. Don't jump in and fix it for them; otherwise, you will always be fixing things. Make the time to train them to be able to do it as well as you could. Eventually, you will no longer have to review it anymore.

- Now that you have delegated, you are better positioned to handle the problems that come up from being a health club owner.

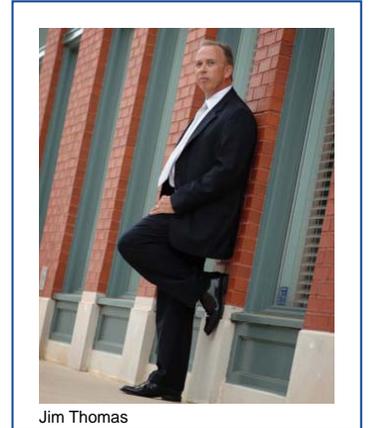
- Take the time to train staff on new tasks and duties.

- Don't be afraid to let go. In the end, your most important job is to develop people. We already know how good you are.

- Delegate, then follow up, follow up, follow up.

Learning how to delegate (and being willing) can be difficult for many owners and managers, but you really have no choice if you want to grow your health club business.

We frequently see this with health clubs. The health club owner's reluctance



Jim Thomas

to delegate is what is holding their business back.

Now, delegate, and be sure to follow up.

(Jim Thomas is the President of Fitness Management, U.S.A. and can be reached at 800-929-2898)

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How to Choose a Health Club

Published by IHRSA

Publisher's Note: The New Year always brings a rush of new membership business, and this year should be no different. Therefore, **CLUB INSIDER** is bringing this article to you so you may brief your staff on the questions and issues prospective members may ask or bring up during their visit to your club. The key in reading and teaching your staff is to actually do role play between staff members to practice how they will answer such questions. Doing this practice once a week will help your staff with their sales efforts.

• • •

IHRSA, The International Health, Racquet & Sportsclub Association, a trade association representing over 10,000 health clubs and fitness businesses across the globe, offers the following suggestions for choosing a health club.

A Gym Membership is an Investment in Your Health: The most important thing to remember is that your health club

should work for you. Choose a club that will help you attain your goals in a fun and engaging way. When deciding which club is right for you, remember that a fitness club membership is an investment. When investing in your health, your choice should be based on how you expect to use your membership.

Since there are clubs geared to all types of members and all budgets, in order to find the club that's right for you, you'll need to consider your level of fitness experience (will you need hands-on service and programs for beginners or a fully stocked weight room designed for an experienced athlete?); your lifestyle (will you be working out before work, during lunch or on weekends, at 3AM?) and your fitness goals (will you be training for a marathon or to be better able to play with your grandkids?).

If you are planning to use a gym for a quick workout during your lunch break, a small, express club may meet your needs. However, if you are looking to participate in group classes, personal

training and/or social activities and sports leagues, a full service club may be the right choice for you. And, if you have children, you might want to consider a club focused on family activities.

When touring the club, make sure they have what you want. Prepare a checklist of the things that are important to you, such as personal training, childcare, group exercise classes, children's programming, parking, locker rooms and changing areas, choices in cardio equipment, swimming pools, etc.

Important factors that go into selecting a membership include:

Convenience: The more convenient the club's location is to either your home or your office, the more likely you will be to use it. Related to convenience, what are the club's hours of operation? Many clubs open early and stay open late, and a growing number are open a full 24 hours (some fully staffed, some not), while others are only open "mother's hours" or

have different rates for afternoon hours. Be sure to visit the club at the time you are most likely to use it.

Staff: Staff should be available to answer questions or to show you how to operate a piece of equipment. Be sure to ask whether the trainers and instructors are certified through a nationally recognized certification organization.

Equipment: Equipment selection is important, as some people like a wide variety of equipment while others only require simple free weights. Make sure the club you join provides the equipment and services that will have the best chance of helping you reach *your* fitness goals.

Details: Pay attention to the general atmosphere. How is the overall cleanliness? What kind of music is being played? Is the equipment well maintained? What are the other members like? Is the staff friendly? Is this a place you would enjoy spending
(See Choosing a Club Page 19)

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Success Secrets of Top Program Champions

By: Laurie Cingle

While there are many reasons programs fail in health and fitness facilities, those that see the greatest success in programming have one thing in common. They have a strong Program Champion driving the effort. To what do these Program Champions attribute their success? Let's take a look at what they've told us...

Key Daily Work Habits of Top Program Champions:

- Walk the fitness floor first thing after arriving at the facility before you do anything else. A friendly and genuine "good morning" to members and staff sets the tone for the day and allows people to engage in conversations with you.
- Check the numbers for each program *daily* and report them to the team. When you know your numbers, you know your business.
- Attend every front desk meeting to provide updates and support around programs. The front desk is the first point of contact for all members and guests. Check in with the desk staff of each shift daily (or, if you are responsible for multiple facilities, delegate this to someone who works in each facility).
- Call 5 active members and 5 new members every day. Provide focus to the people whose attention you have, namely, those who have just joined the facility and those who are engaged enough to use the facility on a regular basis. These are the people who will be the most open to participating in programs. It gives you an opportunity to really cement the relationship they have with the facility and other members.
- Respond to comment cards daily as they are received.
- Celebrate all wins with your team in the moment, and make noise! For example, one of your team members signed up member number 50 for your current program.
- Treat your monthly Program Calendar as a living, breathing thing. Tend to it daily making sure you feed it, water it, play with it, and when necessary, clean out its litter box!
- Schedule all meetings between 1PM and 4PM so as not to overlap with your facility's prime time.
- Check email once in the morning and once in the afternoon (turn off auto flag to minimize distractions).
- Make a to-do list for the next day as your last task of the day. Be aware that it's hard to keep to a task list as it is never-ending, but without a written list, few things will get done.
- Use Google Calendars to share your scheduled appointments with key members

of your team. This is especially important if you manage multiple facilities and you rely on other people to assist you with programs (it's free!).

How Top Program Champions Effortlessly and Consistently Come Up With Great Ideas for Programs. Program Champions gain inspiration from many different sources:

- TV shows, such as *The Biggest Loser* (NBC), *Extreme Makeover* (ABC), *Ninja Warrior* (G4tv), and *Top Chef* (Bravo).
- Best-selling books on the market make great programs with details already outlined for you. Examples include *Body for Life* (Bill Phillips), *8 Weeks to Optimum Health* (Dr. Andrew Weil), and *Eat This, Not That* (David Zinczenko; 8 books in the series equals 8 different programs!).
- New research study findings.
- Board games that people are familiar with, such as Monopoly, Clue and The Game of Life.
- Hobbies of and special skills possessed by your staff, such as gardening, running and volunteering.
- Themes, such as National Parks, U.S. States, IHRSA clubs, countries, seasons of the year, holidays and key events (like back-to-school).
- Cool, fun print advertisements and commercials.
- Use what you have; current tools the owner has invested in like TRX, FitLinxx, Apex Fitness' bodybugg, fitness assessment systems, Kettlebells and so on.
- What people actively do in their daily lives, such as walking the dog, gardening and clearing clutter.
- Local community events, such as charity events and races.
- Quarterly re-launches of pre-choreographed and branded group exercise programs like BTS, Les Mills and Zumba.

How Top Program Champions Turn Great Ideas Into Successful Programs:

- Focus monthly and offer different types of programs; one-day vs. several weeks in length, competitive vs. recreational, niche vs. all-inclusive, etc.
- Create big programs that involve all departments and activities --aquatics, fitness and group exercise-- and offer them at least twice a year.
- When planning a big program, form a committee consisting of one or two people from each department. You'll need the help, and it will improve your chances for support and buy-in from all departments.
- Keep membership sales in mind; what will attract prospects? Enlist the membership team to help you fill the program. Enrolling prospects and new members into a program

right out of the gate is a surefire way to turn them into long-time exercisers.

- Use one program to promote another. As one program is finishing, ensure that there is a similar type of program that you can enroll the member into immediately following it. Take care not to let the member lose momentum.

Final Advice To Future Program Champions:

- Initially, set low expectations for upper management support. Until you have a few successes under your belt, your efforts may go unnoticed. Don't give up.
- Engage members personally rather than relying solely on print marketing. People typically don't read, so don't think that, because a flyer was sent, posters and banners were hung, emails were sent to targeted participants and the program was posted on Facebook, that you're done.
- It's very important to train the front desk and sales teams on the benefits of the program, what to say when describing it to people, how to sign people up and how to confirm their participation prior to the start of the program. Bring these teams together for a meeting before you begin your marketing.
- Surround yourself with Champions-in-Training. You need a team. Finding the right people may take a while. Be patient and look for the people who are the most enthusiastic and most helpful to you when delivering programs. They may not be in your department right now. They may not even be employed by your facility yet. Keep your eyes open and know that they will surface sooner than later.



Laurie Cingle

•You must be a Champion. Step up to the challenge and believe that your programs will work.

(Laurie Cingle, M.Ed., is a fitness business success coach and club consultant. Her specialties include creating successful club program champions through coaching, developing and operating non-dues revenue profit centers, especially personal training and weight management, establishing club market differentiation and designing programs that result in profit and retention. Laurie was honored with IHRSA's Fitness Director of the Year Award, and she has mentored three industry award winners, the 1998 and 2001 IHRSA/ACE Fitness Directors of the Year and the 2003 ACE Personal Trainer of the Year. Laurie is certified through ACSM, NASM and as a Professional Business Coach through the Coach Training Alliance. Laurie may be reached at laurie@lauriecingle.com)

...Choosing a Club

continued from page 18

your time?

Reciprocity: If you travel, you may benefit from a membership in a club that participates in the IHRSA Passport Program that entitles you to discounted guest privileges at a worldwide network of clubs. Find a participating club at www.healthclubs.com/passport.

Read The Contract: Before you enter into any agreement, make sure you know the terms. Never sign up for a lifetime membership (which is illegal in most states). Know what the cooling off period is. Most clubs provide a 3 to 5-day cooling off period, which provides a sufficient window of time during which you can decide if the facility and services are desirable. Also, ask about the membership agreement terms and take care to thoroughly review the application details. Be sure that you

understand the cancellation policy, billing procedures, length of the agreement and membership renewal process. Don't feel pressure to sign any contract on the spot. You are entitled to take the contract home and read it before you make a final decision.

Join an IHRSA Club: IHRSA member clubs have taken the extra step of joining their industry's trade association in order to support health promotion, industry best practices and to access continuing education, services and training. Only IHRSA members are able to provide their members with health promotion programs such as *I Lost It at the Club!*, *Get Active America!*, The Joining Forces Network (for military families) and the Passport Program for reciprocal access.

IHRSA and its members are dedicated to making the world healthier through regular exercise and fitness promotion. Find an IHRSA Club now on www.healthclubs.com.

The Issue That Confuses Most Owners of Box Clubs Or Training Facilities Is Price

By: Thomas Plummer

Publisher's Note: Thomas Plummer shares a formula for real income increases in this time of increasing club competition. Check out this December 29th, blog reprinted with Thomas Plummer's permission.

• • •

The issue that confuses most owners of box clubs or training facilities is price. When clubs hurt for business, the owner figures all it could be is the price, and immediately, he lowers his price believing that, once the price comes down, the memberships go up.

The low-price guys have believed this for a decade and the value chains, such as Planet Fitness, have built a company based upon price and the illusion that they exist solely for the beginner who is threatened by the bodybuilders, who don't really exist anymore anyway. Talking about dated marketing, i.e. trying to scare a consumer with a boogey man that isn't out there anymore. The low-priced guys are also now gobbling each other up like a starving jackal turning on its injured buddy. They are creating their own problems by mass copying of the same business plan by so many new players, and those problems are going to get worse for them as more and more \$9 - 19 players think the number is magic.

But, what about the rest of us who don't want to charge \$9 for someone to rent a treadmill and who will never get any help as a member? You can compete against anyone if you stop chasing memberships as the primary source of revenue and start thinking differently about the market and your club.

The training clubs are killing the box clubs when it comes to generating revenue, but most box club owners just don't believe the numbers these guys create in their businesses or that they can

do it in their own box. Selling nothing but memberships as your primary cash generator simply does not work anymore, and no matter how whacky you play with the \$19 price, the volume will never be back again.

As I have noted in other blogs, and on my Thomas Plummer Late Night Edition mini blog, if a box is doing a million a year in net membership revenue, but only about \$84,000 a year in training, where is the growth potential? Do you really think, with all the competition that is out there and more on the way at all price points, that you can continue to grow the million, or will you finally realize that the only growth potential left in the industry is getting the training revenue to match the membership revenue.

Most owners yell bull here because they can't believe it can be done. Rick Mayo, Owner of North Point Personal Training, generates \$1.3 million a year in his facility, which is only 6,000 square feet. This business concept could easily be picked up and dropped into any box, such as the Gold's Gyms that used to rule New Jersey for so many years, and in fact, he is already doing this as a side business. The number is so high it sounds impossible to achieve for guys who have spent their careers chasing nothing but memberships. It is hard to believe, but an owner who spends \$4,000,000 to open a Gold's can't figure out how to get a few hundred members to pay for training.

Let's look at it another way. Take \$1.3 million and divide that number by the 330 members he has, which equals about \$328 per month per member average. You are telling me, box owner, that you have 2,000 members and can't find 300 who will pay more for some type of training? Even if you charge half the numbers illustrated below, you can't find 600 members in your base that would pay for the extra help and support? Rick's prices, by the way, range from \$99 for a template membership up

to \$2,100 per month for unlimited 1/1 training, and this is north of Atlanta, not downtown Manhattan.

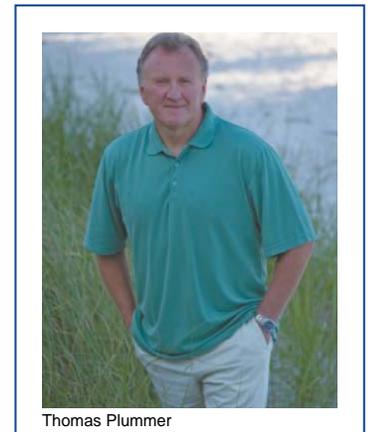
Of course, these members are there, but no one can see them because everyone is blind from staring into the membership sun. Sell more memberships. Sell more memberships. Sell more... Try selling memberships, but sell the same gross dollar amount of training each month to each month. You would have to be a totally incompetent owner of a box not to be able to take a few hundred of your members out of thousands and turn them into training fools.

To do this, you first have to realize several things. First of all, 1/1 training is too limited and should be less than 15% of your entire training revenue. Second, stop selling sessions and packages. There is no money in using this antique tool, just like there isn't any money in paying aerobics instructors \$40 per hour and then charging the members \$19 a month. Just because we were once stupid doesn't mean we have to stay that way. Pricing has changed over the last three years and the emphasis should now be on showing the lowest price you can to attract the widest range of members along with a layered price structure that appeals to the different clients in the market sorted by interest, age and price.

Wow Thom, didn't you used to teach us to be the highest price clubs in town? Yes, I did, but would anyone still be reading this if I was talking about the same things I did in 1995? Businesses change, the members change, the competition changes, the economy changes, which all means you cannot use the same tools to make money that we did fifteen years ago. Many of you change spouses more often than you change your equipment or business plan. You will pay to get rid of the silly wanker you are married to, but you won't consider that your price structure and method of training are no longer viable and needs to be divorced too?

This also applies to training people too. Most training people build failure into their business plan by limiting their program to only the smallest segment in the market, which is the middle-age, white business dude and his wife, counting on just 1/1 to pay the bills. Sessions and packages are also very limiting and have to be eliminated here as well.

All of Rick's clients are on long-term memberships, and the Cosgroves (Alwyn and Rachel), who could probably claim credit for virtually reinventing the training club model, won't even do 1/1 in their club, and they are doing a million a year in 6,000 square feet with only about



Thomas Plummer

280 members.

Here is a sample pricing model and whom it applies to in the market. This is the essence of what we will be teaching in our 2012 workshops, along with creating the role of the assessor, who does nothing but feed the trainers. This model will have to be adjusted depending on the market. That means when you read this and yell, "This is BS, I charge \$XXX per client now," it means you have to adjust your prices for your market:

Unlimited Traditional 1/1: \$899-2,100 per month x 12 months. This is a guided program based upon full support. The more stuff you can add, the more you can charge. The client would train with a coach 2-3 times per week and then be guided into other support training if he wants to come more often. This is targeted at the elite typical client most trainers seek.

Limited 1/1 Training, 5 times per month, no roll over for the sessions: \$399 (based upon \$80 per session) per month x 12 months. This is targeted at the elite typical client most trainers seek.

Unlimited Small Group Training (2-4 clients/members) offered at \$249-349 per month with no limits on how many times he or she can attend: This is offered about 26-40 times per week depending on the clientele, age of the club and number of members. This tool appeals to a totally different segment than 1/1. Personal training is just too boring for too many people, and there is an entire clientele that likes small group dynamics. This group will usually be in the 35-55 age range, a little more affluent and not the typical person who seeks 1/1 and the image that goes with it but also doesn't want to be part of the big group energy either.

(See Thomas Plummer Page 21)



More Employers Rewarding Healthy Workers With Cash

By: Laurie Tarkan

Some companies have begun paying their employees to lose weight and get healthy.

In 2010, an estimated 62 percent of employers provided financial incentives to their employees if they lost weight, quit smoking, exercised and/or simply got a checkup, according to a survey by Buck Consultants. The payoffs range from \$50 to more than \$1,400 a year, and the money tends to catch the attention of employees who may have been numb to previous get-healthy messages.

"Well-designed wellness incentives provide employees with a little extra nudge that may make the difference in whether they take advantage of these programs," says David Anderson, Chief Health Officer at StayWell Health Management, a health care consulting company. So, why are employers shelling out the cash?

Companies are offering these incentives as a way of reducing their healthcare costs. The healthier their employees, the less they dole out in healthcare expenses. Employees not only save money, but those who participate in health promotion plans tend to lose weight, lower cholesterol levels and lead healthier lifestyles, which may also equal fewer sick days.

A Range of Incentives (and penalties)

Companies vary in how they

offer their incentives. Some offer tiered insurance plans, allowing its healthiest employees, based on smoking status, weight and other biomedical factors, to pay the lowest premiums. Others have adapted a more controversial approach, penalizing unhealthy employees, like smokers, by adding a surcharge to their insurance rates. Wal-Mart workers who smoke pay \$2,000 more per year for their healthcare plan, and GE charges their smoking employees \$624 a year. According to the New York Times, policies that penalize employees have doubled in the last two years to 19 percent of 248 major American employers. Currently, the federal government allows companies to require workers who don't meet certain health standards to pay up to 20 percent of their insurance costs, but that will rise to 30 percent in 2014.

Some experts believe penalties pose a risk of discriminating against people who are obese or those who are addicted to smoking and have difficulty quitting.

Rewarding Progress, Not Participation

A less controversial route is to reward employees for their good health promoting behavior. To that end, many companies have long subsidized gym memberships, but now, they're paying people who meet certain health goals.

Some employers reward employees for losing some weight or reducing their cholesterol level, rather than meeting a certain "ideal" weight or cholesterol goal, making the goals more attainable for more

people. More standardized weight goals can set employees up for failure and reduce their motivation to improve their health.

Companies With \$\$ Incentives

American Express paid thousands of employees to exercise last summer, giving each \$200 toward their healthcare expenses for walking 2 1/2 miles a day. SeeChange Health, an insurer, gives workers at small and medium-size businesses up to \$500 toward medical costs for getting physicals, including blood tests and completing health questionnaires. DreamWorks Animation provides free Weight Watchers courses, picks up the cost of health club memberships and spends as much as \$2,500 on quit-smoking programs for employees.

But, companies that offer employees a range of options and programs to participate in may be the most successful. With a narrowly designed incentive program, employees can feel forced to participate in programs that don't fit their needs or lifestyle, Anderson says.

For example, Affinia, an automotive manufacturing company, offers many monetary incentives. Employees and spouses who sign a Partners In Health "covenant" receive a \$1,000 lower annual premium. Participants who join Weight Watchers receive a \$200 contribution to their health reimbursement account and non-smokers get twice as much company-paid life insurance than smokers. Employees also get \$400 in health



Laurie Tarkan

reimbursement contributions for being tobacco-free, controlling blood pressure and maintaining a healthy body weight, or for completing a health education program relating to blood pressure or weight loss.

In this case, it literally pays to change your bad habits.

(Laurie Tarkan is an award-winning health journalist whose work appears in the New York Times, among other national magazines and websites. She has authored several health books, including "Perfect Hormone Balance for Fertility." Follow her on Twitter and Facebook.)

...Thomas Plummer

continued from page 20

Limited Small Group Training (2-4 people per group, offered at \$149-249 per month for 12 months): This group is limited to 5 sessions per month. Keep in mind that every level includes the one below it. This means that if you sign up for 1/1 training, you can use the gym as you want, drop into small group or take part in large group training as you desire.

Group Personal Training (12-15 per group with a coach): This is the heart of Group PT and replaces your boot camp model. This is offered at \$99-149 per month and is on the schedule for 8 - 12 times per week with unlimited attendance, although most clients die at about three times. This is tightly structured and you do the same workout for two weeks. This is nothing more than a group ass beating to music.

No one should be allowed to attend here unless they can keep up, so beginners have to be brought up to speed

using fundamentals for 30 days or so as needed. Contrast this with the small group that changes daily, is more intimate coaching and where everyone goes at their own speed. The client for this is not a 1/1 client. The client for this is not a small group client. The client for this is the 24 - 40 person who likes music, a challenge and the group dynamic. Most box clubs do not do well with this person, and this potential member is happily doing crazy crap in someone's garage somewhere because the box owner can't figure out how to train this guy without a bench press, fixed equipment and curls, tools this client refuses to use or even try anymore.

Template Programs, offered at \$49 - 99 per month: This program gives the client a workout/program design to follow for about 30 days. This is not personally designed but more of a template. The training clubs would be on the high end of the rate and would spend about 20 minutes with a client once a month. The rate for box clubs should be about \$20 more than you are charging for a base membership. For example, if you are charging \$19, this

would be \$39. If you are already at \$39, you can simply post workouts on the walls in the club that change weekly giving every member a "trainer" without the cost, giving you an advantage over the cheap players merely renting equipment and providing no help.

The keys here are that you are appealing to a wide variety of clients, there are price points for an even wider range of potential members and you are offering totally different products. Do not make the mistake of trying to blend the levels by offering one of each product each month. This assumes that all clients are alike rather than targeting different clients for different products.

It is going to be a good year. Get your prices right, get your people trained, get an assessor in place to sell training and make some money this year. This could be your best year yet if you get ready for some change.

(Thomas Plummer's National Fitness Business Alliance (NFBA) is the industry's #1 traveling club business training program for club owners and managers. His well attended two and three day seminars will provide you with many ideas for new opportunities for your club(s). To contact the Thomas Plummer Company, go to www.nationalfitnessbusinessalliance.com or call 800-726-3506)

Make It Fun!

Maximize Production and Multiply Income in Just One Move

By: Donna Krech

No one lying on their death bed says, "Boy, I sure wish I would have worked more." We're thinking about family, friends, the legacy we're leaving and our faith, but we are *not* thinking, "I sure wish I would have worked more."

In 1982, I went to work in my first gym; today, I'm *still* a club owner. I'm not unique, though. The fact is that we all got into this business because we're passionate about it. When we began, we had dreams of what our club would be like, how we'd help people fall in love with fitness, and yes, even of what we'd do with the money and free time we'd find. Our clubs should be *giving* us time, not taking it, and they can. There's no need to work more, just work correctly on what needs to be worked on.

Time required of us personally is less when production is higher and money is multiplied. It only takes one thing, increasing production.

Increasing production occurs with one simple move. After that, the time, money and freedom you thought you'd have when you began becomes yours. The simplest move to make to increase

production and profits is to go back to the basics of Marketing 101. Simply prioritize marketing in order of most responsive customers:

1. Market first to your existing customers;
2. Market second to people who have been your customers;
3. Market third to people who have thought about being your customer (showed interest but did not join for one reason or another);
4. Market last to brand new people (who haven't shown interest yet).

Take a look at typical marketing efforts and you'll see an almost exclusive focus on only marketing to new folks. Look at it this way, marketing to new people (those who do not know you, have never done business with you and have no reason to trust you) is the most expensive form of marketing there is, with the lowest probability of success. Hello!?

There are new markets to tap into, but we can add amazing revenue and never leave our building by just plugging in intelligent solutions. I know this because I own a club, too, and I've seen numerous returns on investment when I market a new

program, product or service to existing customers. Actually, I've seen up to ten times my money back when I've done so!

A timely component is adding profitable weight loss to your club. Some will say I am biased when it comes to this topic. You better believe it baby! I mean, seriously, how could I not be totally excited about a business that has indelibly changed the lives and fortunes of countless people (including yours truly) for the better?

Many in our industry explore and attempt to explain this option. Here's the simple version of why everyone who owns a club should give this option a long hard look:

- The universe of people interested, eager and willing to trade dollars for a weight loss program is over *4 times* larger than the market for fitness (add it to your facility for a *400% potential increase in business!*).
- They spend more and get far better results.
- They convert better. While typical walk-ins for a club convert at a rate of about 3 out of every 10, they get up to a 90% conversion; that's 9 out of 10.
- They stay far longer, so retention is high.
- They spend more and get far



Donna Krech

better results.

•Fitness may be a "want," but for this market we are talking about "wants and needs" (in some cases, we are talking about life and death). There is *nothing* like having someone tell you that you've changed their life... Imagine what it's like when they tell you you've saved it!

•And oh, yeah, they spend more and get far better results!

(See *Donna Krech* Page 24)

The Purpose Tree and Money Tree

Publisher's Note: Last month in Donna Krech's article entitled, **Six Steps to Growing A Money Tree**, she explained the need for a Purpose Tree before you could build a Money Tree. Due to technical issues, we were unable to publish the art work associated with both of these concepts. Therefore, the following excerpts from Donna's article review her comments and provide both the Purpose Tree and the Money Tree. You can read the entire article at www.clubinsideronline.com.

• • •

Please do not just serve your customers with the message of your purpose. That is limited thinking, and it is not purpose-filled thinking. Serve your community, your prospects and the world with the message and the abilities that you have.

The Purpose Tree

I like to talk about growing a purpose tree first, so we make the biggest positive impact we can. Now, let's talk about growing the money tree so you can make more money while you're getting your message out there.

1. It begins with a low-cost or free offer to bring someone into your club. The offer might be for a trial or a report, inviting a

prospect to a free workshop or give a free estimate of some sort. At our club, Fitness Solution, we have a free custom fitness visit, so you can come in and find out what we are all about. Let me encourage you to work with your team and come up with the right free or low-cost trial.

2. Once they avail themselves of the free offer, they then purchase the initial membership.

3. Then we educate on product to show them how much better their results can be, and they purchase product.

4. Then we offer classes to demonstrate our Life Success program.

5. The Life Success classes tell you about the Life Coaching we offer. This is another

upsell for us and an even greater result-producer for the member.

6. Next, you can actually become a Life Coach by getting certified.

So, to summarize, you make a low offer, and then, you go to something higher, higher yet and highest.

The Money Tree

The more connected my customers are to me, the more invested they are, the better results they will get and the more I can help them achieve their goals forever. I want them more connected so I will sell them more stuff, because if they keep buying, they will stay. Then, they will get better results because of what they are purchasing from me. And then, they will stay... more connected, more invested, get better results and stay forever.

Go ahead, and see what you can come up with for your money tree from your purpose.

CAUTION: Whatever your initial offer is should serve your client, not be a ploy to get somebody suckered in to try your business. Give them your best stuff, your best information, and then, they will be willing to invest more with you.

I am committed. I am going to meet people's needs with my message. It

doesn't matter what you sell, people have needs and people are hurting. People go through junk, and they wonder why they are going through it. You could change their life with your business and your purpose.

If you have a heart for sharing your message with your community, even making a world impact, your business will catch fire because you won't be able to *not* go out and tell people about what you do. When you have a money tree constructed, you will continue to make more and more money, helping people getting better and better results. And that is what you want... to be happy, be healthy, be wealthy and have that be contagious.



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What To Do In January When You've Not Prepared for New Year Marketing

By: Chris Russo

Welcome to a brand New Year! Everyone is excited and looking forward to new beginnings and reaching goals, and they are chock full of optimism. Now, it's time to change lives and make money. This is assuming that you have your marketing plan in place for these busiest months of the year. Right?

Don't panic and don't start throwing money away so you can just get something out there. Or worse, don't freeze up and say it's too late!

There has been a shift over the past several years with the end of January being as good or better than the beginning when it comes to lead flow and traffic. If you haven't had the time to work on your marketing plan, do it now. Here are three quick and easy things to start with:

1. Referrals

This is typically the busiest month of the year with members coming back, reengaging and committing. The football playoffs are in full swing and the Super Bowl is one of the most watched events of the year. Get some posters and passes designed and printed up and get your members excited with some fun prizes for bringing in their friends and family. There are only three options to consider: time, money and stuff. The smaller your budget, the more you will rely on time and stuff

you already have. Get your staff excited and make sure they help promote. Never assume your members already know about the promotion, no matter how obvious you think it is with that giant TV, flashing lights and balloons 15 feet away!

2. Open House

It doesn't have to be a full blown, crazy event that takes months to plan. Email your members, former members and missed guests that you are having an Open House Weekend and everyone is invited. Get some refreshments, clean up the club, get your staff to put some fun games and events together and have fun! Again, posters, passes, emails and press releases to the media... If you have the budget, do a direct mail or flyer insert with some ads. The goal is to get your members to bring in their friends, family and coworkers. Lots of them! Have lots of staff on hand to answer questions, show people around and get them signed up that day!

3. Missed Guests and Former Members

Anyone who has come through on a trial membership, called or come in, but didn't join, is a missed guest. Add them to members who have left and send them an offer to come back. A postcard, letter in an envelope with some passes, email and even a quick phone call can be very effective. Consider a weight loss challenge, such as

a biggest loser-style program, 8-12 weeks long with a definitive start and end date. This can be a great feeder system!

The one thing to keep in mind is that it is never too late to start. One of my favorite quotes I see this time of year is, "This time next year, you'll wish you had started today!" Owners and trainers are great at motivating their members and clients on the benefits of a healthy lifestyle and all the improvements they will see in their lives physically, mentally and emotionally.

Now, it's time to apply that principle to your business, specifically your marketing. Start today. **Do something.** Make a plan and commit to working on it for an hour or two every week. The more you do it, the easier it gets, the better you feel and better the results you are going to see. More prospects coming in the front door, more leads calling or hitting your web site... There will be less stress on you and your team and one other pretty cool side benefit: **MORE MONEY IN YOUR POCKET!**

Being a great trainer and gym owner doesn't make a successful business person by default. The great ones work hard and educate themselves on how to make money. Get out of your club and work on your business and your plans. Get you and your key team out to a workshop or two and get some fresh ideas. Teach and invigorate them so you have the team supporting you and being successful while



Chris Russo

you aren't there 97 hours a week!

Start Now! If you need someone to keep you on track, hire a personal trainer for your business. There are many great coaches, mentors, consultants and business gurus out there. Ask the successful owners you know and respect what they do and who they get advice from.

This time next year, you'll be very glad you started today!

(Chris Russo is Head Marketing Coach of Susan K. Bailey Marketing and Design, an agency with over 25 years' experience in the fitness industry. Visit them at www.clubads.com or call 888-349-4594 and speak with one of their Marketing Coaches.)

...Donna Krech

continued from page 22

I really could go on as the list is exhaustive, but I'll illustrate its power with an actual example.

Roy Leedy took over a club that had been losing money for 2 1/2 years. It had done \$230,000 the year prior, and he needed to do something quick.

He decided to implement a weight loss program (He chose Thin and Healthy. Thank you, Roy!) and proceeded to generate \$57,000 within the first month, \$127,000 the second month and finished the year with \$974,000! That's about a 400% increase in business!

Okay, yet another way to make more money is to "encourage" better production out of your "human" resources. Let's cover what that means. I know what it is like when cash flow is down and you have payroll to meet, so it is easy to get caught up in seeing employees as an expense. But, that isn't what I am referring to here. I am talking about paying out from the extra that your staff brings in... free

money! It's a win/win for everyone. You have the financial needs of your business met and the person helping you achieves their financial goals, too!

By providing incentives and bonuses for results (not for being busy or for effort), you'll increase morale, generate excitement, foster the competitive spirit, generate new members, and yes, seriously increase income.

How do you implement this strategy? The system includes dozens of ways to increase team production and even turn trouble employees (see below for free information on this) into your greatest asset. Some quick ways to stimulate a quick cash infusion are:

- Fine tuning your commission structure for optimal performance (you would not believe how many people have commission scales that are counter-productive).
- Run a contest for your team. You'd be amazed at the excitement this creates and how it gets them focused on their target numbers.
- Special incentives for team leaders.

Somebody has to monitor what is going on, track results and keep the team pulling in the same direction so get them super invested in your successful outcome.

• Provide incentives for retention improvements. This is an overlooked but real bottom line cash builder.

• Tie it together with a theme. By making the theme different from the norm, it makes it fresh. Stumped for ideas? Use whatever is going on; if there is a storm, run a rain or flood special. Get the idea?

There's a lot more I'd like to

share, so here's what I can do. I did an exclusive IHRSA training program called *More Money in Minimum Time*. I covered many topics on adding profit to your facility and participants received two special reports, *Make Money in Your Sleep* and *Turning Your Most Difficult Employee Into Your Most Productive*. You can hear that call and get those two reports as my gift at www.donnakrech.com.

(Donna Krech is the Founder and owner of Thin & Healthy Total Solutions and may be reached at donna@donnakrech.com)

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Programming Tip of the Month:

Dancing Like the Stars

By: Sandy Coffman

Okay, you've got lots of new members right about now. Let's get them started and keep them coming back for more. Let's also offer a new program for all your existing members and a fun program to attract all the inactive members who are coming back for a new beginning.

Often times, great new programs are devised from what's hot in the world around you. Dancing With the Stars (DWTS), is one of the most popular programs on TV. Take advantage of its popularity and put it into your club and into your group exercise menu. Here's how:

Description

•The purpose behind group exercise dance classes is definitely to provide an exercise program in a **group setting**, but many

more attributes of this program make it a worthwhile part of your group exercise menu. Dance classes automatically create a **congenial, sociable atmosphere**, whether you are partnering or not. Dance classes taught in a group exercise format **appeal to men, as well as women**, and it's important to find programs in group exercise that get men involved. **Dance music moves the soul** and so does a group dance class. Dance exercise classes appeal to **all ages and abilities**. Only **energy and a desire for having fun** are required, and the result is a great cardio workout.

•Moving to a **Latin beat** will offer many types of dances that may take lots of practice and exercise to master. **Start Slow! Keep It Simple!** A salsa, samba, rumba, cha-cha, or rhythm will demand lots of arm work and extra hip movements, and is guaranteed to break a sweat... **and a smile.**

•A **remix of aerobic dance choreography** can be one of the most challenging workouts ever. Jazz, hip-hop and a little bit of Latin are taught, **slowly at first**, to the beat of hot, up-to-the-minute nightclub music or good old disco beats. Once the sequences are learned, the tempo is raised and **wow!** It's fast paced, **fun**, and definitely aerobic!

•**Eight and eight are 16... beats that is!** The best way to introduce the dance exercise craze to new members, beginners and others new to dance is to **teach short routines** with 16 beats each. **Each routine would have two portions of eight counts**, each put together with music that matches. This class is **fun, easy to learn and good exercise**. Absolutely any type of dance is possible to teach with this terrific concept.

Tips for Success and Points to Consider

•This group exercise phenomenon can be placed right in your group exercise menu of classes, or it can be **offered separately in 6- to 8-week sessions**. The sessions should be run by sign-ups or reservations only, and they can be **fee-based for added profit**.

•You can bring **local professional dancers** into your club to teach the various dance sessions; or perhaps, bring them in for a *promotional demonstration*. You would probably be able to get some **free publicity** with this type of format (Believe me, the professional dancers would do it in a minute!).

•A special ballroom **dance event** could be



Sandy Coffman

a **kick-off** for promotion of the sessions and should certainly be offered as a **grand finale** to an 8-week program. Open it up to nonmembers, and boost your **new member campaigns** as well.

•In May or June, your **Club Prom** is a natural for a fun annual event to promote your group exercise "dance program." **Always use one program to promote another!**

Soon, you'll all be "Dancing Like the Stars!"

(Sandy Coffman is the Dean of Club Programming and the author of the book *Successful Programs for Fitness and Health Clubs: 101 Profitable Ideas*. To order Sandy's programming book, go to www.humankinetics.com. You can contact Sandy at slcoffman@aol.com or www.sandycoffman.com)

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Norm Cates, Jr.

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