

Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry



The Cincinnati Sports Club



Julie Goodchild, Club Manager and Phil Norton, Business Unit Manager



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Cincinnati Sports Club

*25 Years of Health, Wellness
and Social Excellence*

JANUARY 2015

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Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

Cincinnati Sports Club

25 Years of Health, Wellness and Social Excellence

By: Justin Cates

Happy New Year and welcome to 2015! To begin this hopefully exciting and successful year for our great industry, we want to share with you a story of true club success. We hope you can learn from it as well as use it as motivation while running your facility and serving your customers this year. This month, celebrating its 25th year in business, we share the story of the Cincinnati Sports Club (CSC).

In early December, I had the opportunity to spend two days at the CSC, touring and using the facility, as well as meeting with key staff members and others who make the CSC the club that it is. The hospitality I experienced while visiting was of the highest caliber, and I am very excited to now share that experience. There are many things that make the CSC an

institution of 25 years, so I will begin by sharing a few of my observations. You will then hear from some of the key people in the company. I welcome you to read on.

Constant Improvement and Expansion:

My visit began by meeting Mary Frank, Sales and Marketing Manager for CSC. She took me on a club tour that lasted more than an hour; there was that much to see! When the CSC opened 25 years ago, the original plan for the facility was to be a sports mall, but over time, that focus has changed to multipurpose offerings. Within that change of focus, though, is the DNA that greatly contributes to the CSC's success, and that is their constant change and improvement of the facility as customer feedback is received and acted upon. During the tour, and the reason



it lasted as long as it did, we stopped numerous times to discuss what was in the respective space previously, what is there now and what there might or will be in the future.

With some of the highly-financed clubs that exist, everything possible is thought out before the first shovel of dirt is moved. This is possible because the

(See CSC Page 12)

“Insider Speaks”

The State of the Health Club Industry Today

By: Thomas Plummer

Publisher's Note: Starting off the New Year with a dose of Thomas Plummer's thoughts and beliefs is a great stimulator of thought and consideration. CLUB INSIDER also welcomes your viewpoints on all subjects, including any of those presented in Plummer's summary of **The State of The Health Club Industry Today**.

• • •

What terrifies us in this business, and then causes mass panic and overreaction, usually turns out to be the invisible monster under your child's bed that is all imagination and dust balls. It's never the horrible reality we imagine. We see something new. It's something we don't understand, and we are immediately scared that it will destroy us.

The industry trends and changes in direction that have scared us into making bad decisions for so many years are hard to

count and beyond a simple list, but here are a few that have driven us into overreaction and heavy breathing:

- The rise of the Gold's Gyms business model back in the 80s, followed by World Gym, Powerhouse and a dozen or more other imitators. Bodybuilding was the culture; seas of isolation, single-joint, fixed-plane equipment was the plan; and we still see the mainstream competitors ordering the same equipment out of habit

40 years later.

- The rise of Curves and the advent of the 30-minute circuit. There wasn't a fitness facility in the country that didn't rush out and buy the 30-minute circuit equipment. Curves had the apparent magic, and the industry was in a panic. But, has anyone seen a new Curves open lately?

- The original 24-Hour Fitness guys drop

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- And, of Course, *Norm's Notes*

Norm's Notes

• **Hello Everybody and Happy New Year!** This is your **CLUB INSIDER** Publisher Since 1993 checking in!

• I only made **one New Year's Resolution** this year, and I'm going to tell you what it is and all about it in this **second Norm's Note of 2015**. If the **good Lord's** willing, I'm **celebrating my 69th birthday on Saturday, January 17th!** And, for those of you who know me, if that's not proof that **there is a GOD**, I'll kiss your foot! As I approach this age milestone, one thing has become clear to me, my friends are passing away all around the country at a much faster pace than ever before. This kicking the bucket is serious business, but I digress. I produce two big parties for my friends here in Atlanta every year. One's called **The Great CHARACTERS of Atlanta Party**, and the other is **The Legendary LADIES of Atlanta Party**. Last Summer, I took my first step of affiliating these two events with **Augie's Quest**. Because of my relationship with several hundred of my friends here in **East Cobb County, Georgia (Marietta area)**, I've somehow become sort of the defacto **"Go To Guy"** when a friend from our crowd passes away to help spread the word as much as possible about what happened and to act as kind of a **helper** spreading the word about funeral arrangements, etc. during these always very sad times for my friends. This experience has led me to my **New Year's Resolution**, which is to

tell my good friends on this Earth that I love them.

Many of you reading this are good friends, and in some cases, we've been good friends for over 40 years... and of course, you know who you are. But, let me explain further. We all know that all of us are going to die, sooner or later. But, rarely are any of us totally prepared for it. In particular, I'm seeing a lot of remorse when suddenly, an unexpected death happens, which unfortunately, is often the case. I'm seeing many folks who wish they'd communicated more with people they love before those people passed away. I bet you have had that same sadness and remorse at one time or the other, as I sure have. Those sudden deaths are the worst because nobody is really prepared. Thinking of this kicking the bucket future we all face, I decided that I am going to spend the rest of my life **thanking people** who've I've grown to care about, and yes, love, a great deal over the years for their caring friendships. I am even going to say the words **"I love you, Bro"** or **"Lovely Lady,"** to my male and female friends, so they will know now, not after I have kicked the bucket, but while I'm still alive, that **I hold them in the highest esteem there is and that I want to be sure that they know it in advance of my departure to the promised land**. So, just in case I kick the bucket before I've said those wonderful words, hopefully in person to you, **I love you all!!!** (Haha, now I know why they call it a

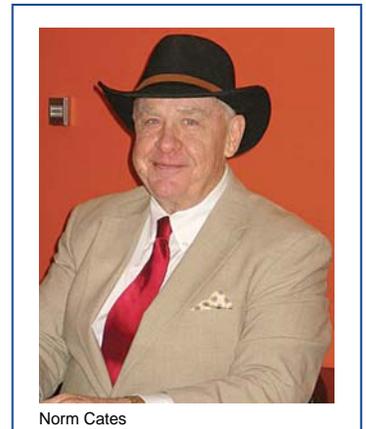
Bucket List! I never gave that much thought before now!)

Anyway, I started yesterday, and I'm going to continue today by writing these words: **"I love you," to all of you, men, women and children, with whom I've had the great pleasure of being with and sharing our times and lives in my 41+ years I've been involved in this wonderful industry**. Now, don't get me wrong about a couple of things:

1. I'm not planning on checking out **until I'm at least 100!** That means I've got 31 more years to go, and I promise you this... I'm going to make the most of it! In the past 14 years, I've walked over 14,000 miles, and I do 3.2 miles every day and am going to keep doing that like it was a religion or something. **It's a habit!**

2. I love some of you more than I love others. That's just normal, and as I get to know you more, the more I'll love you. I hope you understand that's not intended to be insulting, it's just kind of placing my oldest group of friends up front where they belong. All of you **CLUB INSIDER** readers are deep in my heart, too, and you are all growing on me and I truly do love you all because of our relationship on these pages every month. At least now, I've said it loud and clear when I do take that elevator ride to **Heaven**; you all will know that I love you because I really do.

God bless you all and may our friends around the world who've passed away **Rest In Peace**.



Norm Cates

• I mentioned my **January 17th birthday** previously, **but there's more!** My fabulous and wonderful son, **JUSTIN CATES**, will celebrate his **30th Birthday on Sunday, January 18th! HAPPY BIRTHDAY Justin!** I'm very honored to be your **Dad**, and your **business partner!** And, I want to **Thank You** for your excellent work on **CLUB INSIDER** during the past 22 years... your skills and hard work just never, ever cease to amaze me. God bless you, Justin. **I love you very, very much, Justin Cates. - Your Dad.**

• **Is America a great country, or what?** There's literally *volumes* I could write here about our wonderful country, and its (See *Norm's Notes Page 7*)

About Club Insider

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22 Years and Counting!

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...“Insider Speaks”

continued from page 3

all contracts and go month-to-month across the nation. Everyone, and that included every functioning fitness business in the country, drops contracts and switches to the new magic solution. The reasoning is that if this giant chain thinks this works, then they must know something we don't. Everyone copies it, the loss rates surge, and we become an industry of pay-as-you-go clients.

•Don't forget the 24-hour surge. Anytime Fitness goes 24-hour on a national basis and everyone, from tiny corner gyms to old school racquet facilities, jumped on the terror bandwagon, installed pull down gates around their counters and handed out keys to the members who wanted to work out at 2AM, which turned out to be about 2% of the membership.

•Then came CrossFit, and the madness begins again. Change is hard in this industry, and nothing illustrates that more than the advent of functional training. Instead of realizing that, perhaps our technology, dating back to Arthur Jones and Nautilus in about 1967, had failed and the rise of the modern training gurus, such as Mike Boyle, Alwyn Cosgrove and Mark Verstegen, had permanently changed how people workout and get results, we as an industry chose to cling to the past and regulate technology that does work to a backroom while still placing the same old orders for that same old bodybuilding era equipment. The important thing to note here is that there was no attempt to understand what CrossFit meant or the possibilities that this style of training could offer a national chain, just the need to buy a brand name and stick it in a small space in the back of the gym.

•Most recently, don't forget about the knee jerk, over the top, we-have-to-copy-it-now

overreaction to the low-priced players. Yes, there is a market for a cheap gym, badly classified as an oxymoron called, “low-priced/value gym,” and the market validated that this concept did work well years ago until the herd of imitators arrived, and now, a market with one successful low-priced player has seven or eight all chasing the same traditional deal seeker who just wants to rent a treadmill for a few months and then return to the couch.

All of these marketing ploys, with the exception of CrossFit, have been nothing more than this year's overhyped marketing ploy, and even CrossFit might be called one of the best marketing plays ever in the fitness industry. Most players in the fitness world do not have a long-term business strategy, instead relying on reactionary management, which forces you to constantly chase the magic. It is sort of like saying, “Hey, what we are doing isn't really working, but look over there, that guy has a lot of cars in his lot and that new concept (insert open 24-hours, \$10 memberships, no contracts, circuit equipment, added racquetball courts, flipping tires in the back room, etc.) must be the magic we need to hit the big numbers.”

If we want to succeed in the industry, we have to remember a lesson from your old high school science classes: for every action, there is an opposite reaction. This means that, for every magic solution, there will always be an alternative that is a reaction to that madness.

Currently we are in the middle of the biggest change in how we think about the business in the history of the industry. This change, based upon the glut of now mostly struggling low-priced players, is the rise of the training-centric business model best illustrated by the new generation training gyms that gross more annually with 350 clients than a traditional mainstream fitness facility can do with 2,500. What was the training gym

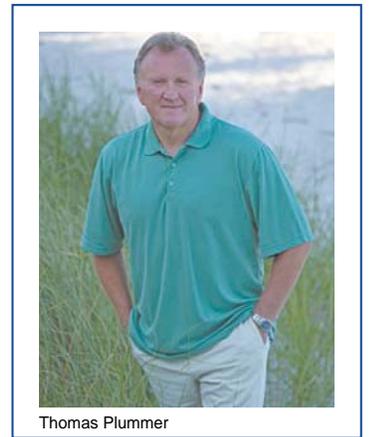
owner's reaction to \$10 memberships? Create gyms that charge \$149 a month and more, sometimes up to \$2,000 per month and beyond, and chase the members that were quickly driven out of the low-priced format, which to a certain, but significantly large segment of the population, resemble Black Friday at The Wal-Mart on Monday nights.

The fatal flaw in the rush toward low-priced gyms is the thought that every consumer only wants price and the deal of the day is the only thing driving the consumer. This is true, if you are a traditional buyer who seeks the best deal, is loyal to price only and who will leave a \$10 gym for a \$5 gym if the opportunity arises. But, for every Dunkin Donuts guy, there is a Starbucks guy, and the top end client, that early adapter, authentic seeker, tech-driven person who buys what he wants, from who he wants, was driven out of fitness during the last decade.

In the universe, nature abhors a vacuum, and all the factors combined for the perfect storm. We have a consumer who hates everything about cheap fitness, is a lifestyle person willing to spend to live forever, had no alternative in mainstream fitness and was in effect driven out of the chains by the endless pounding of 1995 one-on-one training, and is inundated with Men's Health, pro athletes and daily articles in the New York Times talking up the trend toward holistic, upright functional training. The void was filled, and there is now about 1,800 or so new training gyms opening quarterly in this country, compared to the paltry handful of mainstream boxes being built.

One example of the impact this type of business can have is in central Massachusetts, where a 5,500 square-foot training gym generates \$1.3 million with about 400 clients and a pretax net of about 35%. A few years ago, these clients would all be part of the mainstream facilities, and the money they spend, which the amount goes way beyond just what they pay for training, was the financial heart of a typical fitness facility. Take the heart, and the money, out of these gyms and you see mainstream players trying to run the price game, drop their price, all with no indication on a national level that it worked anywhere for any of the big players. The cheap people, politely called value people, go for \$10, and the over-100 million or so members of the New Economic Order, according to Chris Norton in *One Hundred Thirteen Million Markets of One*, spend big money that the chains should have had if they would have only repositioned rather than overreacted.

The sad thing is that the smaller chains should have figured this out first since they are usually unencumbered by trying to shift a massive infrastructure and gone in the opposite direction of the price wars. As the industry shifts away from volume and towards a higher return per client served business model, the door is still open for that first big chain to stop



Thomas Plummer

chasing price and become a training-centric business that values and serves fewer clients but at a much larger return per client served over time.

(Thomas Plummer has been working in the fitness business for over 35 years. He founded the Thomas Plummer Company in 1990, which eventually became the National Fitness Business Alliance (NFBA) in 2003. The NFBA is a group of industry vendors and suppliers banded together to bring advanced business education to all fitness business owners operating anywhere in the world. Currently, the NFBA offers over 20 seminars a year all across North America and is the largest provider of education for the fitness business owner in the world. Plummer is in front of more than 10,000 people a year through numerous speaking engagements as a keynote speaker, event host and private consultant. He has authored nine books on the business of fitness, which have remained the bestselling books in the industry for over 15 years, and several of the books are currently used as textbooks in numerous college programs as their source for fitness business education. Due to the over 200,000 people who attended the seminars during his career, coupled with the continuing popularity of his books that have sold over 150,000 copies worldwide since first being introduced in 1999, many industry experts feel that Plummer is the most influential person working in the fitness industry today. He is perhaps best known for helping young fitness professionals understand and master the business side of the gym business. He has also served on the IHRSA Silver Anniversary Commission and is currently serving on the Titleist Performance Institute's Advisory Board and as their business consultant. In recent years, Plummer has also become a wide ranging industry consultant and personal coach and has worked with many industry icons such as ACE, Reebok, The Titleist Performance Institute, World Gyms, Gray Cook and Lee Burton and their FMS system, Mark Verstegen, Mike Boyle, Alwyn and Rachel Cosgrove and Todd Durkin. He also works with many of the chain organizations and non-profits as a consultant and business advisor.)



...Norm's Notes

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future. But, since it's our **CLUB INSIDER Mission** to help club owners **IMPROVE** their clubs and **BUILD** and maintain **TRUST** with consumers in their clubs, I'm going to stick to business, and as always, stay out of politics. But, *boy oh boy* am I ever grateful and happy to be an American! And, if you're one of our subscribers from **overseas, Canada or Mexico**, I want to **Thank You** for **subscribing to CLUB INSIDER**, and I want to beg your pardon if I've ever offended you with my **American Patriotism**, and my **often repeated question above: "Is America a great country, or what ?!?"** If that's the case, then I can only say to you I'm sorry, but I just can't help it. I just love **AMERICA** as I'm sure you love your country!

• I want to move on to say **Thanks** and sincere **Appreciation** to **TOM FIORINI**, the leader of the **Cincinnati Sports Club (CSC)** in **Cincinnati, Ohio** for their kind hospitality during my son, **JUSTIN CATES'** recent 2-day visit. Justin was there to research the **Cover Story on CSC** and their **25th Anniversary!** You will enjoy learning from Tom's operation when you read this excellent work by Justin starting on **Page #3**.

• **Speaking of Cover Stories**, next month, **CLUB INSIDER** will feature a **cover story that's way, way past due!** It will be a **Q&A** with **IHRSA's Vice President of Public Policy, HELEN DURKIN**, and her **Team** sharing thoughts on their work that's so crucial and valuable to the future of the health and fitness club industry in America. In this upcoming cover story, we will get inside the minds of **Helen** and her **IHRSA Public Policy Team** so that you have a better understanding of exactly **WHY Helen's Team's work** is so important to the **ENTIRE** health and fitness club industry in the **United States**, and specifically, **WHY you**, if you are a club owner/operator in the United States, should support the **IHRSA Public Policy efforts with your money and time**. The truth be told, there's one basic reason why you should do this and **that's so your club can stay in business**. Pretty simple, right? **Think not that what I write here is an exaggeration. Think not that politicians in any State cannot, in one fell swoop... ruin your business and shut you down. Stay tuned!**

• **The 10th Anniversary of AUGIE's QUEST** will be celebrated at **The 10th Annual Qugie's Quest Bash in Los Angeles** at **IHRSA 2015 on Friday night, March 13th!** Please make plans to be there as this will be a once in a lifetime event! Go to **www.augiesquest.com** for information and **Stay Tuned!**

• **Red's Health and Racquet Club, now just called "Red's" in Lafayette, Louisiana**, is celebrating their **52nd Anniversary on January 13, 2015. Congratulations to you all, RED, EMMA, MARK, KACKI and TINI!!!** What an amazing contribution Red's makes to the **Lafayette, Louisiana community**. And, Red's has provided club operators from around the world with open arms as they visit and learn from him and his extremely long-tenured team, **with several folks with over 40 years at Red's!** Red doesn't hold back... and he's always personally very helpful to club owners/operators who visit his club... about everything. That's just how generous Red really is with his time and knowledge. Red is generous in this way the same way our friend, the late **DALE DIBBLE**, was at his **Cedardale Club in Haverhill, MA**. I was wondering how many club operators Red has had visit with him during his **now 52 years in business**. So, I called him a few days before his 52nd Anniversary to congratulate him and ask how many club operators he thinks might have visited his club over the past 52 years (Tough question!). His response was, "It is probably over 200... maybe even 300 over the years. And, those are the one's who stop and ask for me and does not include those who just walk in and buy a guest pass." In case you've never seen Red's, let me tell you this... **RED's is flat out stupendous and an amazing place... a FUN place created and nurtured day-in and day-out by the greatest health club operator who ever lived, Red Lerille!**

• **PLANET FITNESS marches on...** While watching one of **Planet Fitness'** cool **New Year's TV ad series**, I noted that **Planet Fitness, a CLUB INSIDER monthly advertiser for over 10 years now, has over 900+ locations and they've also gone international with their first club in Toronto, Canada!**

• **Congratulations to Bahram Akradi, CEO of Life Time Fitness**, as **Tennis Industry Magazine** named him **Person of the Year for 2014**. Akradi was a **CLUB INSIDER Cover Story** subject in **June 1999**. **Bahram's** a pretty amazing **American success story!**

• **Speaking of club franchisors** such as **Planet Fitness**, I want you all to know that **CLUB INSIDER** now has a vacancy in that advertising category, which I hold to a maximum of three Franchisor Advertisers. I only accept three franchisors because I believe there are far too many club franchises out there, and many of them are bad for your future! So, by sticking with my limit of three whom I've handpicked, I believe I limit potential damage to our industry. So you know, and just in case you're a prospective **CLUB INSIDER** advertiser from the club franchise sector,

I am only going to accept a new **Club Franchisor** who is willing to sign up for a **12X, Full Page ad placement schedule at the rate of \$1,025 per month**. If you're interested in our **Premium Center 2-Page Spread** as a Franchisor, our price for that space on a **12X ONLY, is \$2,100 per month** and neither of the ad rates are negotiable. So, first come first served, but your franchise is going to have to pass my serious scrutiny to make a deal.

• I spoke to my long-time friend **SANDY COFFMAN** not long ago, and she and her husband **BUD** are doing great in retirement

down in Florida. Sandy indicated that she's staying physically active every day, and that's no surprise at all, knowing Sandy! I asked her to recall a bit of her wonderful advice for club operators on club programming, and as always, she came through with the following thoughts in response to my request. I quote Sandy:

Norm, the message that I would share, (again), would be the same as I've shared over and over in the past... It's TIMELESS, after all. Here goes: hire and train great personalities with a passion
(See Norm's Notes Page 8)

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...Norm's Notes

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for people, as well as fitness, and you will be successful. Train every staff person in the skills of (a) smiling, (b) aiming their smile, i.e. eye contact, (c) introducing themselves to everyone with high energy and sincerity (d) give compliments and encouragement to members and (e) sell a lifestyle of Making Fitness FUN! Members should come to your club for FITNESS and stay for the "FUN." They will then come back!!! BE FUN, MAKE IT FUN and HAVE FUN! Create

fun fitness programs for all ages and abilities. Success in club programming is all about the people (your staff) and the programs... period. The equipment is your vehicle for delivering the product. I've never seen a machine smile back at a person and tell them how fantastic they are.

Folks, let me add two things to Sandy's comments:

1. Over the years you may have noticed the little "MAKE IT FUN!" ads in CLUB INSIDER that we publish every month. Would you like to know why I publish

those ads? To constantly remind all of you every month that you, in addition to being in the fitness industry business, are ALSO in the ENTERTAINMENT BUSINESS! If you learn that and remember it, and you follow Sandy's comments, you're club will thrive.

2. I wanted to remind you new club owner/operators about Sandy's terrific book on club programming: **Successful Programs for Fitness and Health Clubs... 101 Profitable Ideas**. It is still available at www.HumanKinetics.com. When you go there, just put **Sandy Coffman** in the search window and the book order information will pop right up. I can assure all club owners/operators/programmers that this book is a great investment!

•Every reader of CLUB INSIDER should know what we are up to EVERY MONTH with our editorial content. So, THIS is about THAT. Think of it like this. Each club, fitness center, sports club, gym or studio anywhere in the world has a need for very clear and specific disciplines, which if mastered, will allow that club to prosper and make profits. For example, let's start at the beginning with facility design for new places, or expert advice for club remodeling. In this issue, we hear from **BRUCE CARTER** with an excellent piece entitled: **What is the Relationship Between Club Design and Prices It Can Charge?** on Page #22 (Also, check out **RUDY FABIANO's Ad on Page #16**). Another good example is the **MARKETING DISCIPLINE**, which is intended to produce prospective membership prospects for those who sell memberships in the facility day-in and day-out. Marketing then leads to the **SELLING DISCIPLINE**. Once the membership is sold, we then move on the **PROGRAMMING DISCIPLINE**, which is crucial to producing and providing what was promised to the new members when they joined the club. And, of course, there's the **FITNESS TRAINING DISCIPLINE**, which heavily impacts the results a new member expects, and in fact, receives. Then, there's the **GENERAL MANAGEMENT DISCIPLINE**, which is key to orchestrating the whole show so to speak. That GM Discipline is covered every single month with our in-depth, Cover Stories about long-running successful club owner/operators. And, of course, the **GM discipline** includes such things as back office work such as accounting, reporting, insurance and overall proper business operation practices. And, the list goes on and on.

So, each month of the year CLUB INSIDER strives, through our expert Contributing Author Team (See List on Page #4) to provide articles written by experts in these many disciplines for you that delve into and teach this variety of

Disciplines, all of which must be mastered in order to achieve long-term financial success. Let me close this Norm's Note with this... Rather than inundate you all with volumes and volumes of product announcements, etc. that few read, we attempt to inundate you with these aforementioned **BEST PRACTICES WRITINGS** in the many disciplines you must master in order to master being a club owner/operator. This is "OUR CLUB INSIDER STORY" and we're sticking to it!

•DO NOT MISS IHRSA Los Angeles, March 11 - 14th, and be sure to check out the following list of CLUB INSIDER Advertisers who're exhibiting. Visit their exhibits and do some business with them. They're trustworthy, just great people to work with and I promise you they'll take care of you very professionally!

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iGo Figure	#930
Iron Grip Barbell Company	#2553
Jonas Fitness	#2045
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Visual Fitness Planner	#2514

•ClassPass? Here in The ATL, there's now an outfit in operation that provides unlimited workouts at a variety of facilities, and it's called ClassPass. "A monthly fee of \$70 gets you into various gyms, studios, etc. in the Atlanta area," says the Atlanta Journal Constitution author, **NEDRA RHONE**. The New York-based fitness platform launched in Atlanta and several other markets in the New Year. Stay tuned as we look into what ClassPass Founder and CEO, **PAYAL KADAKIA**, has up her sleeve.

•He carried the fitness world on his muscular shoulders for many decades and the 100th Birthday of the one and only, the late **JACK LaLANNE**, was celebrated in September 26, 2014 by Jack's widow, the lovely and always vibrant, **ELAINE "LaLa" LaLANNE**. I received a special Holiday card with Elaine and her family on it, and I am going to quote a little bit from that cool card: "NBC Universal Studio in Orlando, Florida built a family-oriented 1800-room, retro hotel they named the **CabanaBay Beach Resort**, which included a 5,000 square-foot Jack LaLanne Retro Fitness Studio using the latest in equipment. The design is a (See Norm's Notes Page 10)

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...Norm's Notes

continued from page 8

flashback to Jack's Fitness Studios of the '50s and '60s."

•Welcome to our new Contributing Author, PAUL R. BEDARD, Esquire! (For those of you from Rio Linda, Esquire is a title that those who graduated from law school, and passed the bar exam, may put after their names to tell the world they're barristers, also known as lawyers!) Check out Paul's first, and I believe potentially very helpful article contribution, on Page #20.

•My long-time friend, BILL HIGGS, has been the General Manager of Shula's Athletic Club in Miami Lakes, Florida for over 30 years, and he recently sent me an announcement about a special charity, The Dolphins Cycling Challenge, that he and Shula's Athletic Club, and of course, the Legendary Football Coach, COACH DON SHULA, are supporting. Bill wrote this:

All of us are touched by cancer. This February, I am taking action and fighting back as I ride in DCC V to tackle cancer in South Florida. The Dolphins Cycling Challenge is a fun and safe two-day, tri-county bike ride launched in 2010 by the Miami Dolphins. In just four short years, riders in the Dolphins Cycling Challenge have raised almost \$7 million dollars

for innovative cancer research at the Sylvester Comprehensive Cancer Center. 100% of rider-raised funds goes directly to Sylvester, offering hope and critical care for South Florida patients and their families. I am writing today to ask for your support. To donate to the Dolphins Cycling Challenge, follow this link: <http://bit.ly/1wa515z>.

•The January 8th, 2015 edition of The Atlanta Journal Constitution Living Section produced an article entitled: Proper gym etiquette prevents many hassles. The sub headline read: Being respectful of people's time and space is important. So you club operators know what some publications are teaching your members, here's a rundown of the list of Do's and Don'ts the AJC cited as having come from the Dekalb Medical Center website:

1. Do dress appropriately (In fact, some clubs will ask inappropriately attired members and guests to change what they are wearing or leave.)
2. Don't drop the weights (Sound familiar?)
3. Don't save a machine.
4. Do mind your own business.
5. Don't stare (Yes... hard to do for some folks some of the time.)

6. Don't sing (Hmmm... how about whistle?).
7. Do wipe down the machines before moving on (See LINDA GIAMMANCO's Gym Wipes Ad on Page #8).
8. Do back up (Don't encroach on other's space.)
9. Don't use the pool as your shower!
10. Don't spit in the sink (Then, it goes on..."Guys... don't even think about spitting in the shower, water fountain or sink." Haha... this is a good one! I can go with not spitting in the water fountain, but not in the shower or sink... c'mon man!)
11. Do leave your cell phone in your gym bag (safely locked up in the locker room.)

Find these humorous? Then, try these from lifestyle expert REBECCA FREDERICKS as she told them to author SCOTT LAIDLER in a piece entitled: Nine Gym Habits That Women Can't Stand. She says, while starting off the 9 mistakes men make: "Men of all types fall into the same trap of displaying stereotypical 'alpha' behavior when they hit the gym, and they all only serve to detract from a man's allure."

1. Grunting.
2. Mirror posing.
3. Random shadow boxing.
4. Taking up an unreasonable amount of

- gym space.
5. Dropping weights... (Hmm we've heard this before! Maybe Planet Fitness is onto something with its long-standing "Lunk Alarm!"?)
6. Bad technique to lift too much weight to look 'strong.'
7. Inappropriate comments on girls (Well then, can we just think inappropriate comments?)
8. Unrequested advice.
9. Unreasonable gym requests (Haha! I bet we could put together a list of one million of the most bizarre member requests just by polling you experts!)

•Word is CAROL NALEVANKO's DMB Clubs out West are adding another location! Stay tuned!

•Bally Total Fitness is down to five clubs. Hallaleauh!

•Writing previously about the "flashback" design in Jack's studios, I must confess that I've run out of time and space for this month and my "CLUB INSIDER Flashback" writing from the past three months will continue next month. Speaking of flashbacks, though, we are excited to announce the release of our first eBook: The Best of Club Insider - Legends - Part I. The first part of our Legends series will include the stories of Red Lerille, Rick Caro, Ray Wilson, Bob

(See Norm's Notes Page 23)

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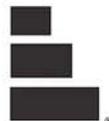
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STEPFITNESS

...CSC

continued from page 3

budgets are respectively astronomical, and for many of the larger companies, they have done it so many times they know what works in most of their markets. With the CSC, though, focus and implementation has changed over the years to ensure they are continuously serving their customers at the highest possible level. To do so, they have greatly leveraged another key asset of theirs, a great imagination. This was evident during the tour as we moved from section to section of the club. All of this has now culminated with an expansion plan they call Club Vision 2025, and it lays out the next ten years of expansion projects, giving members a forum to provide feedback as well as know what to expect in the future.

Partnership With The Christ Hospital:

As you may have noticed within the CSC logo, the phrase, "A Health Partner of The Christ Hospital," is prominently displayed, and this speaks to their view of how important their partnership with The Christ Hospital is to CSC members, the CSC itself, and by extension, the entire community. The Christ Hospital has a physical presence within the CSC via a leased space, but very importantly, outside of the club, the partnership helps drive patients (potential customers) to the club via their *60 for 60 Program*, allowing patients of local doctors to be prescribed exercise at a reduced rate at the CSC. To learn more about the partnership, after the tour of the facility, we moved to one of the CSC's meeting rooms for a conference call with Herb Caillouet, Musculoskeletal Medical Director of The Christ Hospital.

Personalization of Experience:

On the second day of my stay, I started the day behind the Member

Services Desk with Amber Reeves. It was very refreshing to witness Amber's expertise. Practicing what so many preach, Amber knew the names of those checking in (*before scanning their membership card*) and cordially welcomed each of them. She knew who needed what as they checked in (lockers, towels, refreshments, etc). And, importantly, for an end-to-end experience, she said, "Good Bye" to those who were leaving, thanked them for coming and wished them the best in their day. Amber, having been a member of the club for years prior to being employed by the CSC, has been on both sides of the desk. She knows what makes her feel welcomed and valued, and she makes sure each member who comes in feels the same way.

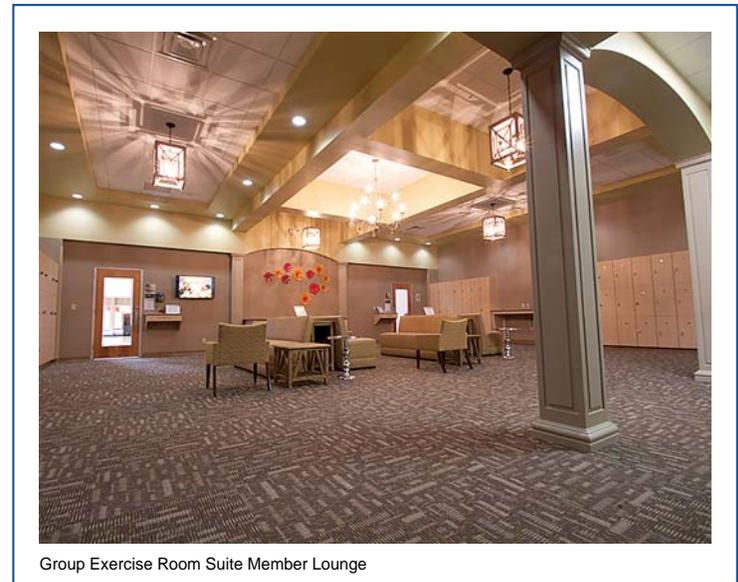
Advisory Involvement:

My final meeting of the trip was with Tracey Haslinger, a CSC member and a member of the CSC Board of Governors. The Board of Governors is made up of CSC members who meet and offer recommendations to management about how to improve the health and social offerings of the facility, as well as the member experience. Each member of the Board has a specific area of expertise they are responsible for.

In addition to the Board of Governors, the CSC also has a Medical Advisory Board. This Board is made up of physicians from The Christ Hospital as well as other local practitioners. Like the Board of Governors, they also meet with management of the CSC three times a year to bring forth suggestions that can improve the wellness offerings of the CSC, and thus, further help the customers of the CSC.

The Health, Wellness and Social Connection:

Bringing everything together, the most important observation I made during my experience at CSC was the linkage



Group Exercise Room Suite Member Lounge

between health, wellness and social activities. Each can and does interact with the other. Some who are greatly utilizing the health component may one day need the wellness component if an injury occurs, or simply, if age begins to take its toll. Others, who may not be ready for the health component, can utilize the wellness component until they are ready to be a full-service member or to independently live an active lifestyle. Finally, the social component serves as the glue that keeps it all together. As I and so many have written before, humans are social beings. More times than not, we yearn for interaction. Without providing this bond, price becomes the only factor relevant in a decision to stay at a full-service facility or move to a lower-priced offering. By providing all three components seamlessly, and under one roof, the CSC has created a very powerful value proposition that serves to make price irrelevant.

• • •

As I previously mentioned, my stay at the CSC was top notch, but my description here cannot do justice to the feeling of community and family felt when at the club. When seen from a distance, the façade of the CSC facility is unimposing, and in fact, very inviting. But, it is only but a doorway to something vast, both in terms of facility offerings and the atmosphere created because of the culture that exists. To learn more about this, let's hear from some of those who make the CSC go: Julie Goodchild, Club Manager; Phil Norton, Business Unit Manager; and Mary Frank, Sales and Marketing Manager.

An Interview With Julie Goodchild, Club Manager

CLUB INSIDER (C.I.) - Please tell us about yourself. Where are you from, and where did you go to school?

Julie Goodchild (JG) - I am originally

from Cleveland, Ohio. I received my Bachelor's Degree in Psychology from Denison University, and right after college, I moved to Cincinnati to attend Xavier University where I received my Master's in Psychology.

C.I. - When and how did you first get involved in the health and fitness club industry?

JG - I have been in the health industry since 1991 when I worked in the mental health and healthcare fields. I joined the Cincinnati Sports Club fifteen years ago.

C.I. - When and how did you come to be at the Cincinnati Sports Club (CSC)?

JG - I came to the club in December of 1999. Living an active life was important to me, so I knew I wanted to work at a health club. I was a manager for years, so I wanted to utilize those skills as well. When I was ready to make a change, I was lucky to find the position of Member Service Manager at the CSC. A year and half later, I was promoted to Club Manager.

C.I. - When and how did the CSC open? Who are the owners, and are they the original club founders?

(See CSC Page 14)



A Group Exercise Class at Cincinnati Sports Club



Julie Goodchild

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...CSC

continued from page 12

JG - The CSC has been a locally- and privately-owned facility since it opened in 1990. It was founded by a group of local families who saw a need and had a vision for the Eastside of Cincinnati. The idea was for it to be a Sports Mall that would serve as a 1-stop shop for athletes with a high quality club. Over the years, that concept has evolved into a large-scale medical, health and social destination.

C.I. - Please give us an overview of the club (square footage, amenities, services, etc.).

JG - The CSC is an exciting work in progress. We are a hybrid club, combining the best parts of a health club, a wellness facility, a recreation center and a city social club. Our mission is to make people feel good by encouraging them to lead an active life. Not only do we hope to provide the best to help them make it happen, but we make a commitment to constantly improve. That's what makes us a complete solution and the best in Cincinnati.

The owners have been active investors since day one, supporting numerous capital projects that have greatly improved the facility. The original was 7-acres and a 50,000 square-foot club. That has grown to 15 acres and more than 100,000 square feet. Whether we're providing the means for a perfect workout on the fitness floor, a group spinning class, a hot stone massage at Tonics Spa & Salon, physical therapy from The Christ Hospital, a meal from Market Cafe, a meditation session, a swim in the pool, a swing of the tennis racquet on a sunny afternoon or drinks, appetizers and local music at one of our 50 social events, we've done our best to wrap everything people might want into one awesome destination.

C.I. - Today, what are CSC's key market differentiators?

JG - We are a hybrid club, which means we offer a balanced collection of activities to help our members live a well-rounded lifestyle. We're equipped to provide the best in health and fitness, medical expertise through our partnership with The Christ Hospital and social activities outside of exercise through more than 50 different events every year.

C.I. - Who are your key top-level staff members (name, position, responsibilities and tenure)?

JG - As Club Manager, I gather feedback from members to continuously improve our service, programs and facility; develop, train and lead a team of customer service professionals; maintain a safe and clean facility. I also provide a variety of programs and events for all ages that encourage member-to-member interaction to build relationships and reduce attrition. I have been here for 15 years.

Phil Norton, Business Unit Manager, 8 years - Oversee the daily operations of the company profit centers. Profit centers include: Personal Training, Mind & Body Center, Market Café, Tonics Spa & Salon, Sports & Activities, Racquet Sports, Group Exercise, and Outdoor Pool. Develop managers and systems that assure a quality, consistent operation and service delivery for the company.

Mary Frank, Sales and Marketing Manager, 22 years - Oversee the daily operations of the sales and marketing of the CSC.

Andy Bundus, Controller, 2 years - Provide accurate, relevant and timely information to investors and managers.

Tom Bates, Facilities and Operations Manager, 1 year - Provide a spotless and well-maintained facility that supports and enhances our core identity.



Men's Open Play Basketball

C.I. - When and how did the partnership with The Christ Hospital come about?

JG - In May of 2007, The Christ Hospital and the CSC partnered together to extend the continuum of health care in Cincinnati and to help improve the overall health of the community. Through this unprecedented partnership, the CSC and The Christ Hospital, as autonomous institutions, have provided educational services, screenings and various health and wellness programs at the CSC.

C.I. - Please take us through the components of that partnership. What is expected/provided from each party, and how is it managed?

JG - For a lot of the monthly screenings, we work directly with The Christ Hospital Physicians and Physical Therapists located on the second floor of our facility. In terms of lectures, we use a lot of people from our Medical Advisory Board, which is primarily made up of Christ Hospital physicians, some administrative staff and nurses. There are also some people who are not with the Christ Hospital, and we've made contacts over the years at the health fairs. So, if Christ Hospital is not able to do something, they don't mind us going outside to fill that spot because we always give them the first right of refusal.

We have quarterly meetings with some of their key staff members. The marketing department is in attendance, orthopedics and wellness. Their key people meet with our key people to discuss things that are upcoming, and on top of it, we have the Medical Advisory Board that meets three times a year.

Wellness Programs include:

- Health Fairs;
- Heart Health Awareness;
- Blood Pressure Screenings;
- Cholesterol Screenings;
- Cancer Screenings;
- Vascular Disease Screenings; and

•Body Mass Index (BMI) Readings.

Mind & Body Programs include:

- Physical Therapy;
- Cardiac Therapy;
- Respiratory Therapy;
- Pain Management;
- Tai Chi;
- Reiki;
- Massage Therapy; and
- Other fitness and wellness related services.

Educational Programs include:

- Diabetes Education;
- Stroke Education;
- Smoking Cessation;
- Diet/nutrition Counseling; and
- Congestive Heart Failure Education.

C.I. - What has this partnership done for the club, financially and in the eyes of the public?

JG - Partnering with The Christ Hospital brings many benefits to our members and the community as a whole. It allows more individualized attention for injuries and special conditions, and it gives our members piece of mind knowing there's expert medical knowledge under the same roof; they don't necessarily have to travel all over town to receive the care they need. It has also helped us become better stewards to our members, by providing screenings, seminars and community activities to help everyone enjoy a more-healthy, active lifestyle.

C.I. - Please tell us about the 60 for 60 Program.

JG - We've been doing this since 2007. It started out where it would be Christ Hospital physicians only that could refer patients to us with a prescription. With the prescription, they would be eligible for a 60-day membership for \$60. Then, Christ Hospital was kind enough to say this is

(See CSC Page 16)



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...CSC

continued from page 14

something that could benefit the whole community, and it didn't have to be limited to their physicians. So, we opened it up.

We've also done some patient marketing, so newspapers included a prescription sheet that they could then take to their doctor. The doctor then signs off on it and faxes it over, starting the process. We've had testimonials that really attest to how it has helped, including someone who previously needed a knee surgery but now doesn't. And, of course, if they want to convert to a full membership after the 60 days, they can. If they just want to continue with an active lifestyle, we can help them with that. They don't have to join; we just want them to stay active.

C.I. - What is the conversion rate from those in the 60 for 60 Program to a full membership?

JG - 50% convert to a full membership. 90% of those remain a member for more than a year.

C.I. - Is CSC an IHRSA Member? If so, what benefits does your organization receive from membership?

JG - Yes, we have been a member of IHRSA since the beginning. We have sent staff to the annual conference every year to participate in the educational sessions and trade show, as well as form consultative relationships with others in the industry to discuss challenges and best practices. It opens new lines of communication to share information regarding industry trends, facility renovations, staffing, programming and operations.

C.I. - The New Year is in full swing. What are some of the challenges you expect in 2015? How about opportunities?

JG - We're closely watching the national struggle with an underemployment rate that our country has not witnessed in more than a generation. We expect to see increased competition from low-cost gym providers, as well as boutique studios, both fueled by the need for employment, affordable retail space and more available capital as banks open up their lending practices. We also expect to see additional competition from newer sources, namely country clubs, corporate wellness programs and health insurers.

C.I. - The New Year is also an exciting time for CSC in that it's celebrating its 25th Anniversary. What special things do you have planned to mark the occasion?

JG - The club will celebrate all year with a variety of activities, programs and social events, reinforcing the CSC's commitment to serving the community. There will be new programs, special events and enhanced content that will engage, inspire and entertain members and their guests.

C.I. - To close, what is on the long-term vision and plan for the CSC?

JG - After acquiring land adjacent to our facility in 2012, we hired Rudy Fabiano to assist with the planning efforts (See the **Fabiano Designs Ad Below**). In 2013, we announced our **Club Vision 2025: A plan to create a better today while focusing on building a better tomorrow**. Our aim is to provide conveniences for our members that will keep them coming to the club. Long-term projects may include a second indoor activity pool, an outdoor dog park and new outdoor venues for social, mental and



Cincinnati Reds Mascots at Annual Health Fair

physical programs. The club will continue to reinvest through capital projects and constantly improve on the programs and services we currently offer.

An Interview With Phil Norton, Business Unit Manager

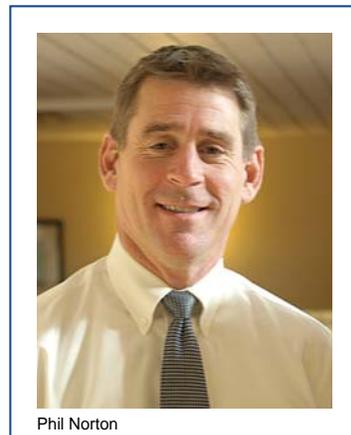
CLUB INSIDER (C.I.) - Please share with our readers when and how you came to work for Cincinnati Sports Club (CSC).

Phil Norton (PN) - I came to the Sports Club in 2006. I had been in the tennis side of the club business for many years, and the position allowed me the opportunity to venture deeper into the fitness industry.

C.I. - As Business Unit Manager, please take us through your daily duties and responsibilities.

PN - I manage the profit center departments within the company. This includes personal training, Pilates, group exercise, Tonics Spa & Salon, Market Café and the indoor athletic field. Our primary goal in each of these business units is to provide opportunities for members to connect with staff and fellow members.

C.I. - Please tell us about the process of



Phil Norton

converting a strategic plan into action at the various operational levels required to fulfill set goals.

PN - We have found that most new trainers have never received training on how to build and grow their businesses, so we developed a proven system that complements the way we do business. This includes cultural training and expectation setting, education about our new member onboarding process, prospecting ideas and programs, client retention programs and sales training. All the trainers have yearly goals and individual budgets that are a part of the department budgets. In order to encourage teamwork and growth, we are introducing an incentive program that includes an employee recruiting and mentoring component, as well as revising our incentives for continuing education reimbursement and monthly and yearly bonus payouts. We want to incentivize trainers to recruit new trainers and mentor them into a true career.

Strategic planning comes from the top down and the bottom up. The Executive Team spends a lot of time on strategy, but some of our most successful plans come from those working directly with trainers. For example, each of our trainers has individual budgets and benchmarks. I meet with each of them, sometimes multiple times to get their input, vision and goals for the upcoming year. This process allows their final goals to be simple, realistic and relevant for them to implement. We believe in basic blocking and tackling; a strategic plan is only good if it can be executed.

C.I. - What are some of those goals for 2015 and how would you gauge success?

PN - We are always looking for ways to become more relevant in our members' lives. Our attrition rate is below 20%, but there's always room for improvement. We look at equipment purchases, programming, social events and capital projects in pursuit of better retention. A few

(See CSC Page 18)

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“Now What?”

Why We Fail At Booking The First Appointment And What We Can Do About It

By: Ron Alterio

It's January, and there isn't a busier time of the year for our industry! Get your processes and culture right, and you can sign up a boatload of members and make a whole lot of money. Heck, let's face it, you can do a whole lot of things wrong this time of the year and still make more money! For most operators, the January and February season is like going fishing in a barrel. Even better, tapping into the influx of new members this time of year also happens to be the most cost effective way to drive more PT revenue. You have already invested the marketing dollars, their emotions are sky high, they showed up for a tour, and you have created enough value in your entry-level product (the membership) to get them to join. Now, it's simply a matter of booking that first appointment, having them show up and driving more PT revenue right? **WRONG!!!**

Whether it's January or not, there hasn't been a more prevalent and consistent struggle in our industry over the last two decades than trying to get that new member scheduled for, and to show up to, that *all important first appointment*. When

I ask club operators why they fail in this area, the excuses are plentiful. The most common ones I hear are: *“The member doesn't want it,”* or *“They need to check their schedules,”* *“They want to try it out on their own,”* or *“I can't get my sales team to book it.”* In January, the big one's are: *“It's too darn busy”* or *“We can't keep up.”* The list goes on and on. However, these excuses are more often than not symptoms of a much bigger problem occurring inside the four walls of their facility. In fact, in almost every case, the true culprits of a poor set and show rate are: **The lack of a clear and well-defined purpose, an extremely watered down explanation and lack of coaching and accountability from management.**

Let's look at each one of these three barriers in closer detail:

1. The Purpose - If we don't teach our staff on the ground why this first appointment is so important to both the new member and to the business, they will continue to look at it as a task to check off their to-do list; it's something they are simply told to do. You need to help your entire team understand that scheduling this appointment is just as, if not more important than, selling

the membership. The business needs the appointment scheduled because profitability from selling just memberships has been extinct for years. Additionally, the new member needs it because guidance and help is exactly what they are looking for. **Bottom Line:** scheduling this first appointment is a win/win since both the new member, and the business needs it to get where each one needs to be.

2. Lack Of An Appropriate Explanation - If we look closer at ourselves, we would have to admit we fail miserably in this category. Descriptors like: a free session with a trainer, a free workout, an equipment orientation and an opportunity to get weighed and measured are just a few of the most common messages we deliver to the new member. **Hello!?** New members **DO NOT** look forward to meeting with your trainers. To them, the trainer is an intimidating beast who drinks from a gallon of water jug, packs 5-7 small meals a day in Tupperware containers and eats nothing but steamed chicken and broccoli. Additionally, they already know they are overweight and out of shape. They know they are broken; that's why they joined in the first place. Weighing, measuring,



Ron Alterio

assessing and talking about a par-Q is NOT something the new member is looking forward to either. Once the buying decision has been made, we **MUST** answer that burning question **EVERY** new member has: **NOW WHAT?** Your new member wants to know where to start and what to do. They want to make sense of all this stuff you have in your gym. To the new member, your facility is a toolbox. They see the stuff you have in your box as tools. What they
(See Ron Alterio Page 21)

...CSC

continued from page 16

specific goals for 2015 are to increase our group exercise penetration rate and to look at expanding our indoor pool space. These are two examples of our commitment to encourage member connectivity and to provide options for members to maintain healthy lifestyles.

An Interview With Mary Frank, Sales and Marketing Manager

C.I. - Please share with our readers when and how you came to work for Cincinnati Sports Club (CSC).

Mary Frank (MF) - I'm a 1993 Graduate of Bowling Green State University with a BS in sport management and an emphasis on marketing. In the summer of 1993, I completed my internship at the CSC and was hired on full-time. I have been with the club for 22 years, serving as the Sales and Marketing Manager for more than 19 years.

C.I. - What other community outreach and trust-building efforts does CSC undertake?
MF - In addition to continually striving to better serve its members, the CSC has been committed to stewardship to the community on a year-round basis for

more than 25 years through a variety of philanthropic efforts. The club donates more than \$25,000 annually to local events and non-profit organizations such as churches, schools and others in the form of time, space and in-kind services.

Our members enjoy giving back to their community, and they very much look forward to helping out with our charitable events on a year-round basis. But, above and beyond these events that take place throughout the year, we have two holiday events that are also near and dear to our hearts, and they continue to grow exponentially:

The Thanksgiving Food Drive, benefitting the YWCA "Victims of Family Violence" program, takes place throughout the month of November. In 2013, our members helped fill more than 30 food baskets with items such as stuffing, potatoes, cranberry sauce, green beans, corn, rolls, gravy, pumpkin pies and roasting pans, and the club donated a turkey to place inside each basket. This past year, we raised our goal to 40 baskets. That's 40 families in Greater Cincinnati who will be able to enjoy a Thanksgiving feast with their families thanks to our members.

Our Holiday Giving Tree, having just finished its 15th year, provides much

needed clothing and toys helping to put a big smile on the faces of more than 140 local school-aged children from John P. Parker School and Winton Hills Academy. Presents are actually delivered to the classrooms by Santa and members of the CSC staff.

But, the giving doesn't stop here. The CSC is proud to host the Little Brothers Friends of the Elderly Senior Prom each May, which includes a dinner buffet and dancing for more than 250 residents of Hamilton County area nursing homes. In years past, we have also hosted a school supply drive and swimsuit drive to help area children, and we have loaned our indoor athletic field to the Hamilton County Special Olympics' "Show Your Skills" day for several years. We have also held several food drives to help restock the pantry shelves of Our Daily Bread in Over-the-Rhine.

C.I. - What new programs/promotions do you have planned for 2015?

MF - Everything will be focused on celebrating our 25 years of service. Sharing with the community our unique brand and the benefits of being involved in a local and privately owned company.

• • •

Many thanks to Tom Fiorini, Julie Goodchild, Phil Norton, Mary Frank, Herb Caillouet, Amber Reeves, Brad Messenger, Tracey Haslinger and Brittany McNees for their wonderful hospitality. I would also like to especially thank Tom Fiorini and Mary Frank for everything during my stay in Cincinnati. May the Cincinnati Sports Club have another successful 25 years and more!

(Justin Cates is the President and Assistant Publisher of CLUB INSIDER and grew up in the health and fitness club industry. Justin was born into a club business family in 1985, and from the age of eight, he spent his non-school and sports hours in a home that doubled as CLUB INSIDER Headquarters. He has lived and breathed this industry for 29 years, since his own day one. Cates graduated from the Terry College of Business at The University of Georgia in 2007 and then went on to two years at The Art Institute of Atlanta, where he studied Interactive Media Design. Now, he is an integral part of the "Story" of Norm Cates and CLUB INSIDER. Justin can be reached by phone at 423-314-4310 or email at Justin@clubinsideronline.com)



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Club Legal Considerations for the New Year

By: Paul R. Bedard, Esquire

Given the effort required to create a financially successful health club, it is imperative to protect your business by minimizing your legal risk. Potential legal issues, like sales objections, are best addressed by acting preemptively. The first quarter of each new year is as good a time as any to take stock of your preparedness for the legal hazards that lurk within our industry. This article has been produced by request of **CLUB INSIDER** Publisher, Norm Cates, to help club owners and operators focus on important legal matters for their clubs and deal with them appropriately.

This article will identify some of our industry's most common legal risks and provide some proven suggestions to help mitigate these risks. However, this article is not intended as legal advice. Widely varying state and local laws, and factors unique to every situation, prohibit one-size-fits-all recommendations. Please consider these comments as a guide to help you when you consult your own attorney for specific direction.

Premises Liability Claims

Premises liability claims are commonplace within our industry. To protect your business from these claims, ensure that your liability waiver is comprehensive without being overly broad. At a minimum, your waiver should specifically bar claims due to employee negligence, identify the activities and inherent risks within your facility, describe the assumption of risk on the part of the member, and be in conspicuous and clear language. However, overly broad waivers that bar claims for any and all injuries are typically found to be against public policy, and therefore, unenforceable. A proper liability waiver will protect from most claims arising out of sudden or unforeseen accidents but will not protect against claims stemming from intentional acts or gross negligence.

What to do? We owe our guests a reasonable duty of care, protecting them from injuries caused by reasonably foreseeable dangers. Maintain a facility inspection and maintenance schedule in order to be aware of any dangerous conditions. Document this schedule in writing to provide proof of this practice. Facility defects left disregarded, or even an unknown defect that reasonably should have been known, may be deemed gross negligence and expose you to liability.

Medical Emergencies

Most health club operators worry

about the inevitable medical emergency.

What to do? Have a written emergency plan to effectively deal with these events and provide ongoing employee training. Maintain records regarding your employees' CPR certifications and have CPR-qualified personnel on staff at all times. Require detailed incident reports following any emergency. Shortly thereafter, contact the injured to check on their wellbeing. A little record-keeping accompanied by some genuine concern can help diffuse a potential lawsuit. However, the person contacting the injured party must be someone who understands how to stay on topic during this exchange without exposing your business to increased liability.

Determine whether you need to maintain an AED at your facility because there are fourteen states that require AEDs in health clubs, while some states effectively impose no legal duty beyond the dialing of 911! Health clubs are particularly high-risk areas for sudden cardiac arrest, the leading cause of death in the United State. Legal duties during these emergencies vary greatly between states. To fully understand your legal duty, be aware of the relevant case law within your jurisdiction. Some courts have ruled that the intentional indifference shown towards members by not having an AED constitutes gross negligence on the part of the health club, even without a statutory AED requirement. If you do maintain an AED, varying Good Samaritan laws provide protection for users in all states. However, proper employee training, equipment inspection, maintenance, record-keeping and software updates are essential.

Employment Disputes

Employment lawsuits involving claims of discrimination, sexual harassment, workplace injury and wrongful termination are the most common lawsuits filed against companies in the United States.

What to do? From the beginning, *be sure to always document employee files* so that steps taken are clear, consistent and well communicated prior to termination of any employee. And, involve an attorney at the earliest possible stage of any employment dispute. According to the Equal Employment Opportunity Commission, nearly 75% of all litigation against corporations involves employment disputes. To minimize your likelihood of becoming a defendant in one of these actions, establish and enforce strong policies that outline your company's prohibition on discrimination and harassment. Clearly

communicate that violations in this regard will lead to disciplinary action, and provide reporting procedures. Post these policies conspicuously, including within your employee handbook and provide documented ongoing training to your employees.

An employee who lacks integrity can wreak havoc on your business. Before hiring any employee, examine the applicant's *criminal* and *social media history*. When hiring, immediately provide an employee handbook that is comprehensive yet succinct. Describe the employment relationship, establish that you are an Equal Employment Opportunity Employer and reference relevant information from the Americans with Disabilities Act. Explain your corrective or disciplinary action procedures, conflicts of interest, attendance policies, compensation for exempt versus non-exempt employees, vacation policies, record-keeping and confidentiality and emergency procedures as they relate to safety and security. Require that all employees sign acknowledgments and update your handbook at least annually. Communicate interim policy changes via written memo and expressly declare that these changes are incorporated immediately into the handbook via this memo.

Working With Outside Vendors

What to do? If you work with outside vendors, maintain written agreements that require your business to be defended and indemnified by the vendor for any claims resulting from the sale and/or use of their product or service.

Clearly identify someone in your organization whom employees may contact with any unique legal questions. For example, questions regarding service animal access or transgender club usage can be readily fielded by someone knowledgeable, or they can lead to a lawsuit due to uninformed or insensitive employees.

Review your membership agreement and confirm that it is statutorily compliant. While rarely an issue for large club chains, I still encounter clubs whose membership agreement is in violation of statute. As a plaintiff's attorney, I can attest how easily a complaining member will prevail if your agreement is not statutorily compliant. A member in this position will have the right to cancel and obtain a refund, and punitive damages and attorney's fees may also be awarded. Furthermore, a club in material violation of statute may be temporarily or permanently enjoined from operating while in violation of the law.



Paul R. Bedard, Esquire

Review Your General and Professional Liability Insurance Annually

Regardless of your efforts, you'll inevitably find yourself on the undesirable end of an insurance claim.

What to do? First, to avoid an undesirable situation, you should annually review your general and professional liability insurance to ensure that your coverage has kept pace with the evolution of your business and that no gaps are present. Work with a company and agent with specialization within the fitness industry, as our industry presents unique insurance concerns (See the **Sports and Fitness Insurance Ad on Page #23** and contact **Jennifer Urmston Lowe**).

• • •

We work in a fun, somewhat informal, fast-paced and positively unique industry with tremendous growth potential. However, like all industries, legal risk is omnipresent. Perform your due diligence so that you can minimize your legal concerns while focusing on what it is you love most about your work.

(Paul Bedard has nearly twenty years of experience in the health and fitness industry. He's currently a Partner and the Director of Operations for Crunch Fitness Connecticut. He's also a practicing attorney. Paul strives to be active in his local community and has served on the Southington Zoning Board of Appeals and the Board of the Central Connecticut Regional Planning Agency. He also volunteers and fundraises for various local charities. Paul may be reached at: paul@crunchct.com)

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...Ron Alterio

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want now are the instructions, an owner's manual, a road map or a playbook. They simply want to know how to get from point A to point B!

3. Lack Of Coaching - You defined your purpose, and you better aligned your messaging... Don't blow it by hiding from your staff or making the excuse that it's hard to drive success with part-time employees. The best retail companies have proven otherwise. The great ones like Starbucks, Wal-Mart, Best Buy, Target and Tractor Supply (and the list goes on and on), all huddle up before each employee shift and review who they are, why they do what they do and what the specific play is for that day. Remember, the new culture you are trying to create is fragile. The new focus of making the first appointment a priority is vulnerable. In fact, one of the common variables with the clubs that do AMAZING Personal Training (PT) numbers are the ones who hold the front line accountable. You need to remind your staff daily, you need to coach them often and then hold them accountable for specific outcomes. The great news is that you don't need lengthy staff meetings or designated coaching sessions to accomplish this. Short bursts of teachable moments at the front desk or out on the floor can be just as effective. In fact, quick on-the-spot quizzes followed by high fives or some other expression of a job well done can make for very fun and engaging staff training. **Bottom Line:** you need to coach your team daily on the purpose of the first appointment, the relationship it has with the membership, and then you need to hold them accountable to learn and execute the new narrative.

In the end, if you want more of your new members engaged and participating in PT or programming during the January rush, you need to establish the *why*, create a member-centric *what*, and spend time with your staff *coaching* and holding them accountable.

(Ron Alterio is the National Sales Director for the Visual Fitness Planner. His area of expertise is building and driving successful EFT draft PT business models using the full suite of The Visual Fitness Planner products. Additionally, his Sales IQ consulting services can be obtained by calling him at 717-645-3899 or emailing him at ron@vfp.us)

What Is The Relationship Between Club Design And The Prices It Can Charge?

By: Bruce Carter

There's a purchase psychology saying that the "Eye Buys." In other words, what someone "sees" strongly determines what he buys. Relating to clubs, things like facilities, programs and price are all key. Yet, what a club looks like plays heavily in someone's decision to join or not.

When opening a new club or renovating an existing club, a decision has to be made on how much to spend. Often the question comes up, can a better club design (in this case we are referring to primarily what a club looks like) and spending a higher amount to build a club result in higher club prices? If so, is there a relationship between the amount spent to build or renovate a club and how much more prices can increase?

The initial answer to this is *yes*, but very importantly, *only to a point*. The formula of, "if you spend more and more, you can then charge more and more," does not hold up. It appears that, at some point, you cannot charge more, no matter how much you spend to build. And, this relates to both membership dues and non-dues revenue sources.

Why is this? Primarily because the health club industry sells a product that most people dislike: Exercise. Yes, there are many who love exercise. But, most of the population does not put a high value on health clubs. They put a high value on their health and on the "need" for exercise (and clubs) but not on the "doing" of exercise and joining clubs. As a result, the health club industry is a very price sensitive industry. One of the reasons lower priced

clubs have increased is that they appeal to the low value people put on clubs. The, "*If I don't go, it does not cost me much, so I don't worry about it.*" mindset prevails.

Now, it is understood that a certain percentage of people, about 10% - 15% of the population, loves exercise and will pay more for better clubs. The growth of boutique clubs, smaller facilities that offer group and personal training (but not the traditional memberships of larger clubs) are able to charge upwards of \$100 - \$300 per month. They seek out those people in the marketplace who have the ability and desire to pay more to get a better, more specialized club and programs. These type of clubs should definitely look upscale to help justify their higher fee, in addition to their specialty programming. The range of build-out (from a vanilla box starting point) should be \$50 - \$75 per square foot or more for this type of club.

But, spending a great deal more thinking that extra costs in custom architectural features and more costly finishes will motivate people to spend higher dues only works for a small group in the marketplace and not enough to justify the expense. A number of expensive-to-build clubs have gone bankrupt thinking they could get considerably higher dues to justify the higher expense to build.

As a general rule, if a club offers about the same facilities, programs and location but is significantly nicer than a competitor, it could potentially charge up to 30% more for a membership. But, other variables, such as the number of competitors and weaker demographics, could easily lessen that amount. Lower

priced clubs could potentially be able to go from \$10 to \$20 per month, but the variables of competition and demographics mentioned above still apply. For example, what happens if two or more lower-priced clubs exist in the marketplace offering about the same facilities and location? The "Eye Buys," and if one club looks substantially better than the others, it should draw the most members.

If your club is \$30 per month and your main competitor is \$10, your club should "look" like it should cost more the moment someone walks in to it. They can see why your beautifully inspiring club environment costs more. If your club is \$30 per month and a new \$10 or \$20 club opens and looks nicer than your club, you will need to upgrade or lower your price. *Generally, if a club does not look that good, it is far more sensitive to price.*

The important point to understand is that there are ways to have your club look like it costs a lot more to build than what you actually spend. This is prioritizing where to spend more dollars and where to save on areas. As an example, putting more dollars in the lobby can make the whole club "feel" better when someone walks in. Then, less can be spent elsewhere. For a great example, see the "Before" and "After" photos of the lobby remodeling done at Shula's Athletic Club in Miami, Florida, below.

It takes time, but shopping around (often on the internet) can result in a more upscale environment and costing no more than an average environment. There are many lower-priced choices available when it comes to finishes such as floor and wall



Bruce Carter

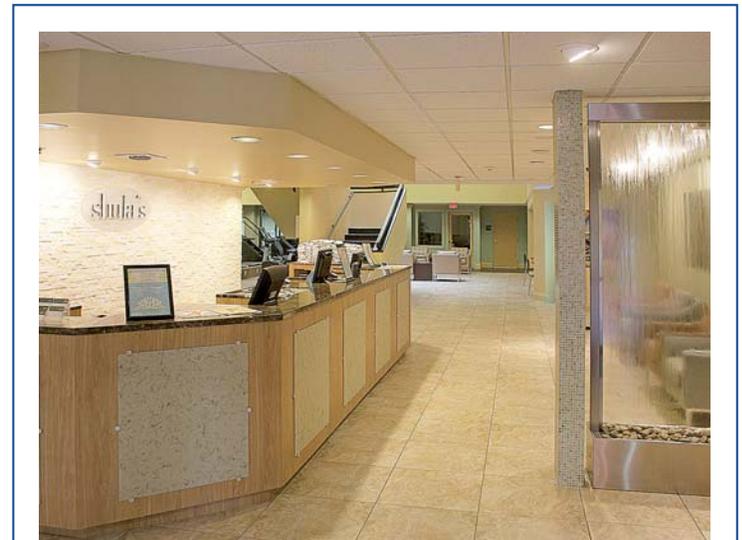
tile, carpet, vinyl flooring, wall coverings, laminates, millwork and more. Better lighting choices can result in dynamic looking lighting for as much as half the cost. Adding items such as large graphics throughout the club can greatly improve a club but are quite inexpensive.

Strive to make your club look beautiful and exciting for minimal dollars. This is the best and safest approach for club design in today's highly price competitive marketplace. If only most of the population valued clubs as much as we do in the club industry...

(Bruce Carter is the Founder and President of Optimal Design Systems International, a Weston, Florida-based business and he may be reached at 954-385-9963)



Lobby at Shula's Athletic Club (Before)



Lobby at Shula's Athletic Club (After)



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...Norm's Notes

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DelMonteque, Joe Cirulli, Augie Nieto, Bahram Akradi, Tony deLeede, Jack LaLanne, Dale Dibble, Sandy Coffman, Joe Moore, John McCarthy and many more! The eBook will be released on **Wednesday, January 21st**, and it is free for all **Paid Subscribers** of CLUB INSIDER. For those who do not subscribe to CLUB INSIDER, it will be \$10, but remember, our **monthly subscription option is \$10**, and it includes the eBook, not to mention every edition of CLUB INSIDER ever published (253 to date)! So, subscribe today at www.clubinsideronline.com/subscribe.

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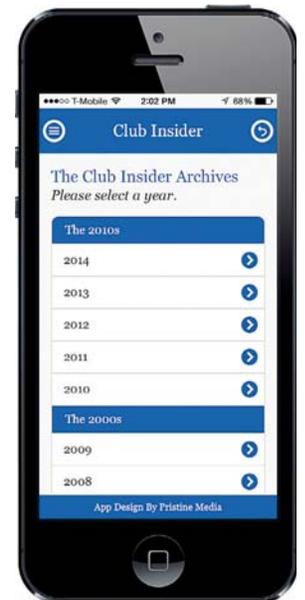
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•God bless all of our troops, airmen

and sailors worldwide and keep them safe. Thank you, Congratulations and Welcome Home to all of our troops who have served in Iraq, Afghanistan and around the world. God bless you and your family, your club staff, your members and your club(s). God Bless America!

(Norm Cates, Jr. is a 40+ year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now in its 22nd year of publication. Cates was IHRSA's First President, and a Co-Founder 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 770-635-7578 or email at Norm@clubinsideronline.com)



Make It Fun!

Twelve Enlightening Business Insights for the New Year

By: Stephen Tharrett and Mark Williamson

Winter is upon us, and we've just finished being immersed in the season of merriment involving gift giving, feasting and celebrating with friends. Our business persona was engrossed in the details of juggling a variety of business loose ends, including making sure the business year ended on a strong note, budgets and plans for the New Year were finalized and hoping our business embarks on an enlightened beginning to the New Year. Consequently, at ClubIntel, we wanted to bring forward business insights that we believe could help make 2015 a great year for your business. Staying with the theme of the just-passed Holiday Season, we've put together our list of 12 key insights for the New Year.

Twelve Insights for the New Year

1. "Innovation is not value creation; it's value capture!" Business leaders typically associate innovation with creativity, of bringing forward great ideas and solutions that can launch the business into a new dimension! Creating value (i.e., creating an exciting new program, new technology application or new process) is never easy. But, once created, it's like the infamous 15 minutes of fame, powerful and fleeting. The real gold in innovation is value capture, when your innovative idea actually generates a head-spinning return on investment. So, for 2015, instead of mining your team for a ton of innovative ideas, hone in on just a few that can really capture value (i.e., people's hearts, hands and purses)!

2. "High value does not mean low dollar!" In today's hyper-competitive club market, the word from on high is that budget, low-priced clubs are value clubs, and that the lower the price, the greater the value. For some, this might be true. But, for most people, value is about getting what you expect, possibly more than you expect for what you pay. Apple holds great value for customers and investors, and it isn't cheap! Whole Foods has great value to its customers, but it's not cheap! Value is created when your offering delivers what the customer is looking for and does it in spades! When you can deliver in spades, then price is secondary, as people will pay the price.

3. "Members are not customers!" The words customer and member are frequently interchanged when discussing the audience we serve. If you are in the member business, then you are not serving customers, you are serving members. Members take ownership in their purchase, meaning they want to be heard, they want to be appreciated and they want to be involved. Customers only

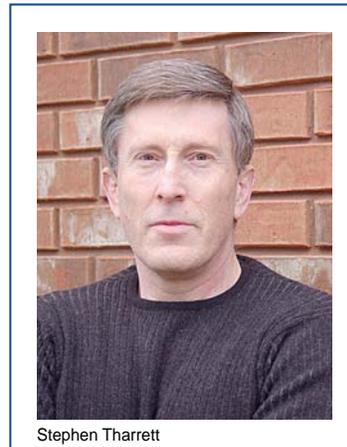
seek to receive what they have paid for; it's a transactional covenant with no other obligations. There is nothing wrong with having customers, but if you are treating members as customers, you will have a problem; it's called attrition!

4. "Member loyalty can't be bought; it has to be romanced!" You can bribe people to buy from you. But, like any bribe, commitment is contingent on the bribe continuing and often escalating. Consequently, rewards programs and incentives in and of themselves will not bring about loyalty. Instead, like any romantic relationship, member loyalty requires nearly maniacal devotion to open communication with your members, developing trusting relationships with each and every member, respecting and valuing the uniqueness of each member, showing appreciation for the little things, and finally, showing each member just how much you care.

5. "Marketing is storytelling, not propaganda!" Great marketing is about capturing the attention, interest and eventually the purses of your audience. Like the great storytellers of times gone by, when you can share a story that speaks to the heart of the audience and captures the nuances of their culture, then you will have their undivided attention. As the authors of *Karaoke Capitalism* said, "Stories capture the emotions!" If, instead, you chose to fabricate a message that forgoes the essence of your audience's culture and pounds that message unrelentingly, then good luck capturing the heart and consequently the spending of your audience. Find the right story, and people will be coming to you.

6. "Change is a process, not an outcome!" Every wise businessperson knows and understands that, unless they have a mantra for change, their business is likely to head down to the path toward extinction. The thing is, change for change's sake is not really change. Change has to be relevant; it has to foster new dynamics that enhance your businesses' value proposition and competitive differentiation. Furthermore, change does not occur overnight, nor over a few months; it is an ongoing process that requires, as the military says, "Boots on the ground." Leaders have to be committed to the change process, and on a daily basis, they must go out and rally the troops around the change, never letting up while honoring each and every step forward.

7. "Technology does not connect people; it helps people to connect!" To some, this might appear to be an illusion. But, even among today's technology savvy Gen Y and Gen Z populations, connecting with people who they want to associate with



Stephen Tharrett



Mark Williamson

is an intimate process that technology can support but not do. Why bring this up? The inclination in today's business world is to think and act like technology is the end all and be all, when it is actually just an outstanding tool for the times that can facilitate people connecting but can't make the connection. The club business is about people, so we need to seek out technology that will support our employees and members reaching out to each other. We must not forget that it's the personal interactions that occur inside and outside our clubs that are the foundation for all human connection.

8. "Unique is not being different; it's being different and relevant!" In a mature and hyper-competitive business like the health and fitness club industry, standing out in the crowd is a necessity for sustainable success. Yet, standing out without being relevant is senseless, not to mention self-defeating. What allows a business to achieve a powerful competitive edge is having an offering that is highly relevant to its target audience, and at the same time, having that offering be discernably different. Just because you have a facility or program no one else in the market has doesn't mean it will provide you with the uniqueness to stand out, unless it also holds relevance to the audience you are courting.

9. "Organizational culture speaks to your past and can forecast your future!" The culture of an organization is its roots, and like a tree's roots, it anchors the organization, connects the organization to its beginnings and nurtures and stimulates growth. All great cultures (those that have been around for a long time and continue to flourish), are comprised of compelling values, inspirational visions, meaningful purpose, respected traditions, mindful myths and inspiring heroes and legends. These attributes speak to who your organization is, but they also

provide a foundation and framework for a prosperous future.

10. "Competition is anything and anyone who offers an experience that could potentially fulfill the needs of your members!" All too frequently, especially among successful or uniquely positioned operators, we hear, "We really don't have any competition as no one is like us!" Well, the second part may be true, but businesses don't have to be like you to still represent competition. If another business offers an option that could fulfill an important need of your members, then it's competition. Putting blinders on only exacerbates the problem. The wisdom of Sun Tzu shines through in this respect. He said that we should keep our friends close but our enemies closer. In the New Year, consider everyone with a fitness offering your competitor and find a way to make sure your offering is not only unique and relevant but able to evolve ahead of the competition.

11. "Member sacrifice is not in the spirit of giving!" With the holidays just passed, the importance of personal sacrifice for the betterment of others stands out. Unfortunately, when it comes to serving members, the last thing we want to do is make them sacrifice, or as one well established business author refers to it, "experience hassles." The goal should be to remove all potential sacrifices a member must deal with to experience their club. Don't think your members make sacrifices that diminish the joy of their club experience? Think again. Take time this New Year to meet with your team and chart out a member sacrifice map, and then, one day at a time, eliminate each and every one! Now, that will bring great cheer!

12. "Competitive advantages are fleeting!" The penultimate objective of every business is to hold a competitive (See *Insights Page 25*)

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Weight Loss Goes Beyond “Eat Less, Move More”

From the January 2015 Harvard Heart Letter

BOSTON, MA - The start of a new year often rouses a resolve to lose weight, a goal that’s especially important for people prone to heart disease, reports the January 2015 *Harvard Heart Letter*. Carrying too many pounds can boost blood pressure, blood sugar and cholesterol, all of which burden the heart.

For many people, coaching that transforms eating, exercise and other habits can make a difference. Known as intensive lifestyle intervention, it involves working closely with one or more trained experts, including a dietitian or nutritionist, exercise professional, health educator and psychologist.

A good goal is to lose at least 1% of body weight a week for the first four weeks of such a program. “Reaching that goal requires a major lifestyle change, and that takes a lot of work,” says Dr. George L. Blackburn, Professor of Nutrition at Harvard Medical School and Director of the Center for Nutrition Medicine at Beth Israel Deaconess Medical Center.

Many major medical centers throughout the country offer intensive

lifestyle coaching. For example, a program at Harvard-affiliated Massachusetts General Hospital, known as Healthy Habits for Life, costs \$550 and includes 12 group support and education sessions, a customized eating plan and two visits with a personal trainer. Some programs also include counseling by telephone, email or text message.

Lifestyle changes and tips that can help with weight loss include:

Plan ahead. Pick one day a week to devote to planning, shopping, and prepping the coming week’s meals and snacks.

Go for convenience. Take advantage of low-calorie frozen dinners and supermarket salad bars.

Pay attention to portion size. Measure common foods like cereal, peanut butter and salad dressing to avoid eating more than a serving. Using smaller plates, bowls and even utensils also helps people eat less.

Exercise in 10-minute bursts. Bursts of

moderate activity --brisk walking, biking, or even just marching in place or doing jumping jacks-- for 10 minutes, three times a day, is just as effective as exercising once a day for 30 minutes.

Keep a food diary. Smartphone apps can make this task easier. Look for a user-friendly one that has a large database of foods.

Track daily activity. Pedometers and digital fitness monitors, whether worn as wristbands, clipped onto clothing, or slipped into a pocket, can help. Basic ones measure steps and calories, while others capture heart rate, skin temperature and sleep patterns.

Step on the scale. Regular weight checks, done daily or weekly, aid weight loss.

...Insights

continued from page 24

advantage over its peers. A competitive advantage can lead to temporary monopolies, which in turn, can lead to incredible returns. Unfortunately, a competitive advantage today can be a competitive disadvantage tomorrow, and what was once a temporary monopoly can become a temporary or possibly even a permanent nightmare. Staying on top requires a relentless commitment to performance humility, constant inquiry, inspired innovation and focused change. This New Year, make sure that you and

your team *avoid the complacency trap*, and instead, *listen closely to your surroundings* to make sure your competitive advantage is not fading.

• • •

Well, there you have it, 12 inspired insights from the business magi for the New Year. On behalf of ClubIntel, we wish you a joyous and successful New Year!

(Stephen Tharrett and Mark Williamson are the co-founders of ClubIntel, www.club-intel.com)

15 Ways To Avoid Exercise Disaster

By: Michael Lipowski

Publisher's Note: Thanks and Appreciation to our friend, Tasso Kiriakes, for sending this article by Michael Lipowski for publication.

• • •

1. Routinely change the plane. I'm not talking about transferring airlines from one trip to the next; I'm talking about the angle --the plane of motion-- you perform your exercises on. While everyone loves to talk about the need to "change things up" to avert plateaus, the real benefit of multi-angle training is minimizing wear and tear on the joints and soft tissue from performing the same exercise in the same plane of motion on a weekly basis. How many rotator cuff surgeries could've been avoided if only those guys didn't bench press every freakin' week for seven years straight?

2. See it as a stress. Like it or not, exercise is a negative stress on your body. Anything that leads to you having near 100% of your strength and energy one minute and then 50% of that an hour later (I'm making up the percent drop in ability just to highlight the scenario) is a negative stress. If your body is given enough time to rebound from this stress and defend against it by getting stronger and more resilient, great, you're making progress. If not, then the stress compounds with all the other stressors in

your life and your progress comes to an abrupt stop.

3. Weigh the risk. Training hard is a necessity for success; training stupid is not. I'm cool with people doing Crossfit, Olympic lifting and Powerlifting if they're competing in those sports. As a competitor, you assume certain risk. A recent study published in the *Journal of Strength and Condition Research* indicated that, "Injury rates with CrossFit training are similar to that reported in the literature for sports such as Olympic weightlifting, powerlifting and gymnastics..." The takeaway is this: If you're exercising for health, fitness, appearance or function, then you need to consider the vehicle you use to get you there.

4. Get Out Of Your Head. Stop getting in your own way! There is no way to balance your unsubstantiated negative thoughts and beliefs with your desire for positive results. When you're in your head, you're dead.

5. Don't Try To Outwork A Lousy Diet. Here's a double dose of disaster. You have no control over your nutrition so you accumulate more body fat and put additional stress on your body. You try to make up for your poor nutrition by doing more exercise. "If I do sixty minutes of cardio a day on top of my weight training, I can eat whatever I want." Not quite. If you're a quick learner, you remember Point #2 and realize that piling on the

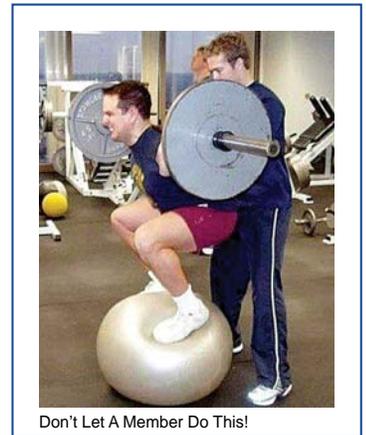
exercise only creates additional stress. If your body can't recover from this and other stress, it will not function optimally. If it's not functioning optimally that means your metabolism is not functioning optimally. The only thing your extra exercise will be burning is muscle tissue, which further messes up your situation.

6. Don't Assume More Is Better. For the exercise zealot, your commitment is commendable. However, when progress begins to wane, the answer is rarely to do more (See #2 and #7). This is most notable in young impressionable male lifters who believe the behemoths in the muscle magazines are "natural" and that 14+ hours of training a week is normal.

7. Don't assume less is (always) more. At the opposite and less observed end of the spectrum are the minimalists performing less than 30 minutes of exercise a week. While something may be better than nothing, and this amount of exercise could be enough to help maintain the functionality of someone over the age of seventy, don't expect to achieve fitness superstardom while under-stimulating your muscles. That said, the best approach is to always do the least amount of exercise necessary to achieve the best result or desired result.

8. Leave The Warp Speed To Star Trek. You walk into the gym for the first time, and you see everyone pumping out reps as though you get an Olympic medal for how fast you complete your set. So, what do you do...? That's what I thought. We all do this because we don't know any better. The repercussions of such thoughtless exercise performance is best explained in *Reppin' Like a Moron*.

9. Get Off The Ball. It is painful that the circus-act-resembling trend of functional training using the Bosu or fit ball has not yet seen a bitter death (See **Photo on This Page**). There is nothing more "functional" than having well developed muscles that are strong through their natural range of motion. Traditional weight training in a stable environment accomplishes more to this end than attempting to balance on an object. Aside from the safety concerns, the argument that such balancing acts involve more muscles is an exercise in displaced rationale (no pun). Sure, you might involve more total muscles, but you are also shifting focus away from the one or two that the exercise is intended to target. Strengthening of these muscles is better accomplished in a stable environment where they can be overloaded. As far as the "functionality" aspect, unless you're part of Cirque du Soleil, none of your everyday movements or activities requires spectacular balance



Don't Let A Member Do This!

(My sister was a gymnast, and I was not, yet somehow, I've been able to function in life just as effectively as her... hmmm).

10. Trading Time For Work. The time you spend working out is not a measure of the quality of your workout. Take away your walks to the water cooler between sets, the conversation you're having with your training partner or friend, the two warm-up sets for every exercise or the time spent letting everyone on Facebook and Twitter know you're at the gym, and how much time is spent on productive exercise or sets that actually have the potential to stimulate results? You can train six hours a week or sixty minutes and produce the same exact result if the "quality time" is the same.

11. Better On Paper. When I say, "better on paper," I don't mean what the stats say about who should win the game between the Miami Dolphins and Cleveland Browns. Football fans know that, regardless of who should win according to the stats, it doesn't always turn out that way. So, why track them? Because it gives you a better overall view of what areas need improvement, and they can help you formulate a better game plan. Having a running record of your exercise performance or nutrition helps to uncover clues about what's working and what's not. You can save yourself years of poor results simply by making sure you're getting better on paper. You can measure your weight, your reps, your time under tension, your body weight, body composition, energy levels, etc.

12. Same Thing, Too Often. The body is a pretty extraordinary machine. One of its most remarkable features is its ability to adapt to external demands. Everything from building muscle, to increasing strength, to having greater endurance and a host of other fitness related outcomes is (See *Michael Lipowski Page 28*)

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International Health, Racquet & Sportsclub Association

Doubling The Success Of New Members

By: Will Phillips

January is always the strongest sales month for your health club. The January joiners also have the highest dropout rate. This article will give you some new insights that have the possibility of dramatically increasing the retention of new members.

Many clubs try to help new members achieve the results they want by setting goals and maintaining a positive attitude in terms of achieving them. Many strong leaders believe that a dogged commitment to a positive attitude is critical to success. In one sense, this goes back to one of the first self-help books, *The Power of Positive Thinking*, by Norman Vincent Peale. Now, even the Mayo Clinic suggests that you may be able to improve your health by eliminating negative self-talk.

Gabrielle Oettingen, professor of psychology at NYU worked with women in a weight reduction program. At the very start, they were asked to imagine how they would fare in a variety of future scenarios. One asked them to imagine that they had successfully completed the program. Another asked them to imagine situations in which they were tempted to cheat on their diets. They were then asked to rate how positive or negative the resulting thoughts and images were. **A year later, the results were that the more positively women saw themselves in these scenarios, the fewer pounds they lost!** Follow-up studies with children and adults in the United States and Germany exploring various kinds of goals, from college students wanting a date to patients having a hip replaced and wanting to be back on their feet, and schoolchildren wanting good grades all show the same results: **Being positive and imagining happy outcomes did not help. Indeed, it hindered.**

Why Positive Thinking Fails

Here's the best thinking about

...*Michael Lipowski*

continued from page 26

an adaptation to the demands we impose on ourselves through exercise. So good is this ability to adapt that, after repeated exposures, we look for the most efficient way to deal with these demands. This consequently becomes the source of the fitness enthusiasts' frustration regarding a lack of progress. What I mean is, at a certain point, our bodies get accustomed to the demands of exercise, especially when it's performed the same way week after week, and it doesn't sense a need to add more muscle, increased strength or

why positive thinking doesn't work the way you might assume. Dreaming about a desired future calms you down, dropping blood pressure. But, it also drains you of energy to take action to reach your goals. Several experiments report this conclusion. It seems positive thinking fools our minds into believing that we've already attained the goal and reduces our readiness and energy and focus to work for it. Taking the other extreme and getting real by focusing on the challenges or obstacles in reaching your goal is too extreme and doesn't work any better than having a positive attitude. What does work is a combination of positive thinking and getting real. Here is how to do that:

Step 1: Imagine a goal. Think of how it will be achieving it.

Step 2: Shift gears and spend time imagining the obstacles that stand in the way of realizing your goal.

The goals and the obstacles form opposing sides. What do you want? What's in the way? Focusing on the first leads to wishful thinking, which undermines action; focusing on the latter leads to discouragement and disillusionment, which undermines action. Bringing them together creates a force between them, a force that energizes action. This process gives the best outcomes in terms of achieving results.

In a recent research study on healthy eating and exercise, the first group was asked to use this 2-step process of imagining goals and obstacles. The second group just began the program. This was the control group. Four months later, the first group was working out twice as long each week as the control group and eating considerably more vegetables. In other studies, this 2-step mental contrasting process helped people recover from chronic back pain better, behave more constructively in their relationships, get better grades in school and even manage

whatever outcome you're chasing.

13. Crowning A Variable As King. You ever have one of those clingy girlfriends or boyfriends? They need to constantly be around you and criticize you if you're not doing something every five minutes to make them feel special. They latch onto you like I latch onto my shotgun and NRA membership card. We know that being clingy is unhealthy, yet some people insist on clinging to a certain training variable, put it on a pedestal and claim it as King of all Variables. Volume is not any more important than intensity, than intensity is any more important than frequency,

their stress better in the workplace. All of this is expanded in Gabrielle Oettingen's new book, *Rethinking Positive Thinking*. It should be companion to Charles Duhigg's book on Habit and required reading for every health club professional, from personal trainer and program leaders to sales staff.

WOOP

She has further expanded her insights into a 4-step process called **WOOP**, which stands for **Wish, Outcome, Obstacles and Plan**. It is much more sophisticated than simple goal setting. Downloading the WOOP app will give you a chance to explore the power of this tool and its possible use with your members.

The Hidden Problem In Clubs

Health clubs excel at producing great facilities, with a marvelous variety of programming and exercise equipment. Clubs are masters at selling memberships. But, every club knows 50% of the people that joined today will be gone in twelve months. That is an excessive failure rate for any product or service. I believe it is due to the hidden problem in clubs. As soon as we sell a new member, we simultaneously create another problem, a huge problem, from that member: They don't have an exercise habit. So, as an industry, we do a fabulous job of leading people to the trough, but we've failed miserably at getting them to regularly drink from the trough. I believe that this is due to our failure to provide the secondary sale and service. We do a superb job at delivering the primary sale and service: membership, facility, programs and equipment. The secondary sale service is helping our members learn to change their habits and to achieve their goals. In the last ten years, significant progress has been made in understanding how people change how they build habits and how to change habits. It seems that

or frequency any more important than volume, and on and on. The key is to figure out when a little more or a little less of any or all of them is necessary.

14. Choosing Cardio Over Weights. At this point, this one should not even need to be listed. But, a quick observation of what the people pounding away in the cardio section look like compared to the ones (seriously training) in the weight training area tells me that some people still haven't gotten the memo. The short of it, since it's been written about a hundred bazillion times, is that cardio in excess is a muscle-wasting metabolism killer. Properly



Will Phillips and Daughter, Anna, Having Fun in Paris

this arena may be a valuable one for our industry and your health club to explore in terms of adding value to our members and simultaneously improving the performance of our businesses by building long-term exercisers.

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Charles Duhigg, *The Power of Habit: Why We Do What We Do in Life and Business*, New York: Random House, 2014.

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performed weight training is a muscle-building, butt-sculpting, metabolism-enhancing, osteoporosis-preventing, anti-aging, energy producing, sex drive heightening juggernaut.

15. Comparison with others. You are an individual... you have your own set of advantages... your own limitations... your own needs. No matter what you do, or how hard you try, you will never under any circumstances be that person over there. So, why are you comparing yourself to them? Uncover your individual needs and satisfy them... not someone else's.

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Programming For The “Fun Of It!”

Pricing Small Group Training Programs

By: Laurie Cingle, M.Ed.

There are two types of small group training (SGT) offered in fitness centers: (1) programs with clear start and end dates, and (2) programs that are continuous and ongoing (no clear start/end date). Here are suggestions for setting realistic and profitable pricing for the former, Small Group Training Programs that have clear start and end dates. Before beginning, consider:

- Number of clients per session (maximum and minimum);
- Demographics - Average income and expenditures toward health/fitness regionally;
- Total program length and number of weekly sessions;

- Experience and credentials of trainers;
- Amount of time trainers spend outside of group workouts on class preparation/design, client assessment, client communication/social media, marketing and reconciling payments.

Five Steps to Setting Small Group Training Pricing:

- 1. Determine your client audience and set average price ranges.** Example: 8-week program price range: \$149-\$299 per person (based on demographics).
- 2. Decide number of weekly sessions.** Example: 2 times/week - \$149-\$249/person. 3 times/week - \$249-\$299/person

- 3. Create Price Brackets.** Example: 3-6 people - \$299 (3x/wk), \$249 (2x/wk). 7-9 people - \$249 (3x/wk), \$199 (2x/wk). 10+ people - \$199 (3x/wk), \$149 (2x/wk).

Tip: Before beginning to market the program, determine the maximum number of attendees you hope to attract. This will set the program price regardless of actual number of signups. Example: Maximum 9 people at \$249 even if only 5 people sign-up.

- 4. Bundle Services.** Package the program to encompass ALL associated costs, including what the trainer will be paid for time outside of group workouts. Example: 8 clients attending 3 times/week for 8 weeks:

- 24 group workouts at \$8 per workout = \$192.00;
- Items given to each client = \$12.00 (elastic tube, logo t-shirt);
- Trainer hours outside of group workouts; 30 hours at \$12/hour divided by 8 clients = \$45/client;
- Program fee to charge: \$249.00.

Note: Trainer compensation for conducting the workouts is not factored into the program pricing in the example. Trainers may receive 40% to 60% of revenue collected for workouts (\$192 times 50% = \$96 per client over 8 weeks) or a flat fee per workout.



Laurie Cingle

- 5. Discount incentives (optional).** Incentives may be offered to re-signup for future sessions, refer friends, 100% goals achievement, or family buy-one-get-one-50%-off.

Effective pricing should attract the right type and right number of clients, be realistic to clients and be representative of the services provided.

(Laurie Cingle, M.Ed., is a fitness business success coach, club consultant and a member of the Leadership Team at Akron General LifeStyles. Contact her at laurie@lauriecingle.com.)

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Thanks and Appreciation

At CLUB INSIDER, we are excited to be in our 22nd Year of this home-based health and fitness club trade newspaper! The thought that this newspaper was *founded to serve an industry I truly love*, and so that *I could become a Mister Mom for my son, Justin*, is still *intriguing and amazing* to us. I wish to extend our most sincere **Thanks and Appreciation** to everyone that's made this amazing 22-year run possible.

A very sincere **Thanks and Appreciation** go to **Rick Caro, Dr. Gerry Faust** and the **Faust Executive Roundtable #1** for helping me decide in 1993 what my home-based business would be. **Thanks and Appreciation** to my long-time friends, **Ron Hudspeth** and **Cathy Miller** of Atlanta's **Hudspeth Report** for the tremendous assistance they provided us during our *first 8 years of publication*. **Thanks and Appreciation** to all of the folks at **Walton Press** in Monroe, Georgia. They've done an absolutely excellent job for us all these years and have printed every one of our 253 monthly editions! **Thanks and Appreciation** to all of our **READERS**. Sincere **Thanks and Appreciation** to our **CLUB INSIDER Advertisers**, past and present, for their kind and dedicated support of this publication. It's amazing to know that we have several advertisers with over 15 years of continuous advertising with us. Plus, we have one advertiser, **National Gym Supply**, with over 19 years advertising with us! We also want to say sincere **Thanks and Appreciation** to all of our **CLUB INSIDER Contributing Authors**, past and present, who've contributed *hundreds and hundreds* of excellent articles to help our readers with their Best Business Practices. **Thanks and Appreciation** to **IHRSA** for all it does.

Sincere **Thanks and Appreciation** to my son, Justin, who started working part-time for CLUB INSIDER when he was just 8 years old (helping with mailings). This young man, pretty much behind the scenes for 22 years now, has truly been a fantastic partner for his Dad in CLUB INSIDER. Justin does our editing, publication layouts, all of our website design and maintenance, all of our bookkeeping and subscription processing work, as well as archive management and anything else that needs doing, including writing eight cover stories per year.

Last, but surely not least, this writer who refused to fear failure when many told him he didn't have a chance of surviving the publishing business for even a year did survive. He would like to give sincere **Thanks and Appreciation** to the power that made that survival happen: **God**.

Very sincerely, with love in my heart for you all,

Norm Cates, Jr.

3 million Xbox One consoles sold.
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Rich Boggs, CEO of MOSSA
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Mike Grondahl

I know a little bit about today's industry, where 80% of usage comes from treadmills, bikes, ellipticals and arc trainers. Where I used to work just hit 5 million members and 700 units. Everyone in the fitness industry, from independents to chains and manufacturers, needs to show financial support.



YOU HAVE TO GIVE TO GET AND WHAT BETTER CAUSE!

THE GOAL

I asked Augie, "What is the most ever raised for ALS?"

He said, "\$6,000,000."

Then what should our goal be Augie? Knowing the answer any champion would give, he goes with, "\$6,000,001."

By March 14, 2015, we will raise \$6,000,001!



www.augiesquest.org