

Norm Cates'

CLUB INSIDER

CELEBRATING 25 YEARS OF TRUST

Saco Sport & Fitness *Maine's Most Comfortable Club*



Scott and Beth Gillespie With 2017 Best of the Best Award Presented by Market Surveys of America

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Norm Cates'

CLUB INSIDER

CELEBRATING 25 YEARS OF TRUST

Saco Sport & Fitness Maine's Most Comfortable Club

By: Justin Cates

What motivates you? What inspires you? For most in the wonderful health and fitness club industry, it is to help others become better. That is such a simple phrase, but there are infinite ways in which to do so. The formula then becomes a combination of experience and market realities. Will you go low-price, boutique, high-end? Will you focus all effort into one location, or is the goal to spread your concepts and philosophies across multiple locations? When all is said and done, will it work? I've asked a lot of questions in this paragraph, but the most important one is this: *Why?*

This month's cover story is

about a true leader in our industry, **Scott Gillespie**, Owner of Saco Sport & Fitness in Saco, Maine. His story, and that of Saco Sport & Fitness, is somewhat of legend. After spending years working up the ranks at Healthtrax International to become a Senior Director and turnaround specialist, he was assigned to what was then known as *New England Health and Racquet* (now, Saco Sport & Fitness). In a culmination of circumstances, he became a co-owner of the club in 1993 (later, the sole owner). In 1994, the club burned down, changing the lives of many in a matter of minutes, especially Scott and Beth Gillespie. Through sheer will and determination, Scott, with the love, support and assistance of his wife, Beth, began the journey of rebuilding. A

year, a month and a day later, against all conceivable odds, the club reopened.

That was 1995, but it wasn't until a 3-month long leadership team thought exercise years later that uncovered the ultimate reason for this true battle, in every sense of the word, to be won. At the risk of sounding cliché, Saco Sport & Fitness was Scott's "why," and everything required to will it back into existence were the building blocks to bring a metaphysical construct back into actual, physical existence. It is vague and can be answered on many different levels, but *what is your why?* To understand Scott's, I invite you to read on and experience the story of Scott and Beth Gillespie's Saco & Sport Fitness.

(See *Saco Sport & Fitness* Page 10)



Scott Gillespie, Owner and General Manager

A Letter About PHIT From IHRSA President & CEO, Joe Moore

Greetings,

2017 was nothing short of exhilarating, a year energized by our industry's united effort to build a healthier, stronger and more prosperous nation through the promotion of physical activity and healthy lifestyles.

I personally want to thank you for your hard work to get Congress to enact PHIT. Your efforts raised the visibility of the bill and the urgency of passing it, increased the number and scope of PHIT supporters and Congressional co-sponsors and set the stage for even further advancement in 2018.

Please ask your representatives in Congress to include PHIT in the omnibus spending bill:

The political landscape in Washington is shifting quickly, on a daily basis even, bringing new, and sometimes unanticipated, windows of opportunity.

If we're to make the most of the possibilities this environment brings, our concerted efforts to pass PHIT must remain strong.

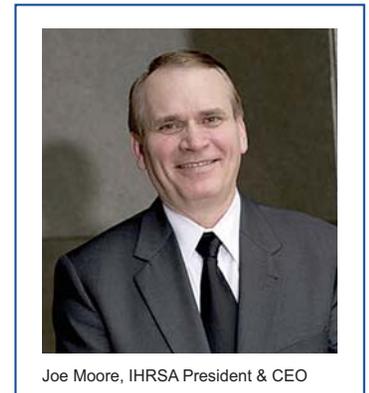
Now that Congress has passed tax reform, next up is the drafting of the federal budget to keep the government running. This omnibus spending bill is first

up as a one of several potential vehicles for PHIT.

I urge you to continue to contact your legislative decision makers and influencers now to get PHIT passed. And, please note, that I may be asking you again as opportunities arise throughout 2018.

Why You Should Ask Your Members of Congress to Pass PHIT:

●PHIT helps everyday Americans by allowing them to use pre-tax dollars to pay for fitness and physical activity expenses, effectively saving them 20 to 30% on their
(See *Joe Moore* Page 6)



Joe Moore, IHRSA President & CEO

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- What Does At-Will Employment Mean? - By: Paul R. Bedard, Esquire
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- NFPT Announces its Fitness Trends of 2018
- MYZONE to be Honored as IHRSA's 2018 Associate Member of the Year
- acac Pantops Now Open in Charlottesville, VA
- And, of Course, *Norm's Notes*

Norm's Notes

■ Hello Everybody, and a Happy, Healthy New Year to you all! This is your Club Insider Publisher and Tribal Leader Since 1993 checking in with our 289th monthly edition of Club Insider as we celebrate our 25th Anniversary throughout the year!

■ Is America a GREAT country, or what? Hmm... hmm... hmm! Again, Happy, Healthy New Year to you all! I wish you all the very best of health and excellent business, no matter what you do in our great industry, as we roll into 2018, the New Year!

■ Club Insider tries to keep up with those we have lost each year in our industry. So, every year at this time, I review each monthly edition of Club Insider during the previous year, so I can write this Norm's Note remembering and honoring those we have lost from our industry. Here are those we lost during 2017:

● JANET DOYLE passed away on January 18, 2017. Janet was the wife of JOHN DOYLE, our good friend, and one of those who was instrumental in the creation of IHRSA. May Janet Doyle Rest In Peace.

● JANINE ACKERMAN and MARIOS HORTIS, two employees of the Equinox Club located at The Shops at Merrick Park in Coral Gables, Florida, were shot by a disgruntled former employee, and they

both died in the hospital later in the day on April 9, 2017. May Janine Ackerman and Marios Hortis Rest In Peace.

● JERRY RICHARDSON passed away on May 19, 2017. Jerry was the father of our good friend and excellent Club Insider Contributing Author, KAREN WOODARD-CHAVEZ. May Jerry Richardson Rest In Peace.

● BOB KUCHEFSKI passed away on May 26, 2017. Bob was a great man and a 30+ year club business veteran in the insurance industry. May Bob Kuchefski Rest In Peace.

● MICHAEL SCOTT SCUDDER passed away on June 30, 2017. Michael Scott was the friend of many of us and long-time veteran club consultant and speaker. He passed away from complications related to surgery on his hip that he had on June 17th. May Michael Scott Scudder Rest In Peace.

● LYLE SCHULER passed away on September 23, 2017. Lyle was the husband of HOLLY SCHULER and father of COLTON SCHULER, and he had many friends in our industry, including yours truly and EDDIE TOCK, the best man in Lyle and Holly's Wedding. Lyle was the owner of MAC Fitness in Kingston, New York. May Lyle Schuler Rest In Peace.

■ I want to express my sincere

condolences to our friends, DEREK BARTON, and his wife, ALLYSON, for the loss of her Father, IRV SAUNDERS. Mr. Saunders was a United States Marine who passed away at age 95 on New Year's Eve. Mr. Saunders served in World War II, and he was highly decorated as a war hero who was honored with two Purple Hearts after being wounded in action twice during World War II while he was fighting for our freedom. I want to Thank Allyson for her Dad's service to our country. And, Thanks to Derek and Allyson for sharing the beautiful photos of her Dad's funeral last week. While I'm at it, I also want to remember my Dad, Norm Cates, Sr. who served in the U.S. Air Force for 21 years. During World War II, my Dad was a gunner on U.S. Air Force bombers, flying missions off of New Guinea, an island off the North coast of Australia.

■ Happy 90th Birthday MR. RAY WILSON!

■ I want to say Thanks to IHRSA's President & CEO, JOE MOORE, for his kind words in his monthly "Last Rep" column in January's Edition of CBI Magazine (Page 104) about yours truly, PETE BROWN and JIM WORTHINGTON. Speaking of IHRSA don't miss the 37th Annual IHRSA Convention and Trade Show in beautiful San Diego, March 21st-24th. Plus, please check out the IHRSA Ad and Augie's Quest Ad on Pages #28 and #29 of this month's edition.



Norm Cates

■ This month, you will notice a different, updated look and feel to Club Insider. That's because, this month, in commemoration of our 25th Anniversary, we have launched an extensive rebrand of our publication, ushering in the beginning of our next 25 years. My son, and Club Insider's Assistant Publisher, JUSTIN CATES, was in charge of the rebrand, and I've asked him to comment on it:

"First, and foremost, you will notice we have completely redesigned our logo. There are several elements I would like to point out and explain why we made the design changes that we did:

(See Norm's Notes Page 7)

About Club Insider

CELEBRATING 25 YEARS OF TRUST

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Exercise IS Medicine!

By: Mike Alpert

If you have been reading this column, you know that we are very passionate about making all IHRSA Clubs inclusive and available to everyone. This means being welcoming and accessible to people who have physical and mental challenges. You should be in compliance with the 2010 ADA (American Disability Act) requirements that make it easy for those members to navigate through your club and to use your products and services. Not only is this the right thing to do, but it will also speak volumes of your culture and character. And, guess what? It will also prove to be a very good business model.

I want to tell you about a young man by the name of Jason Smoot. Jason was injured in 2010 when he dove into a swimming pool and hit his head on the bottom, causing him to be paralyzed from the neck down. When we first met him in

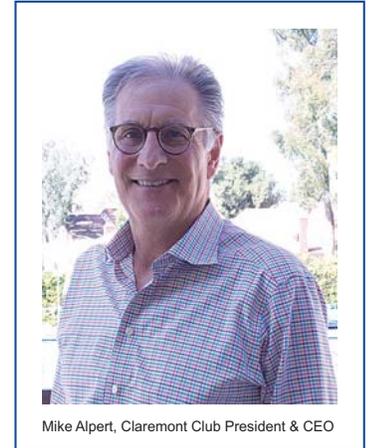
2014, he was unable to do anything but turn his head. He could only move his power chair by blowing through a tube. One day, I was in the studio talking with his father, who told me how worried he was about Jason because he was gaining function in his right arm and right hand. His father thought that, as he gained use of his hands, he might try to take his own life because he was so despondent and depressed. I asked Jason if he would like to come to work at our Claremont Club, and he immediately responded by saying that, "I can't do anything." I asked him if he could read stories to children, and after some thought, he responded by saying that he thought he could do that. So, Jason began going to our childcare department three times a week before his training sessions and reading stories to 4- to 7-year old boys and girls. To most of us, working six hours a week would be terrible, but to Jason, it has been a game changer. The kids love

him and see past his legs. They see his heart and soul, and it has given him back a little bit of his purpose. He is back in college and will graduate with a degree in the near future. He is now able to hug his son for the first time since his accident along with all the other kids in our childcare department.

This is just one example of how we in the health club business can change lives, not just for someone like Jason but also for our members and our staff. It sends a message that you are not just about being a health club but that you are about making life better for those in need. It gives your staff purpose and meaning, and it brings out the best in others. Your culture becomes one of making the world a better place by using your core technologies and competencies to help human beings. Who in our business does not want to do that?

Most people might have looked at Jason the same way he saw himself: someone with very limited physical capabilities. We saw him as someone with character, passion and integrity who simply wanted to be able to contribute again. It is up to each of us to find and create opportunities for talented people, regardless of what we might think they are capable of.

People feel good about working



Mike Alpert, Claremont Club President & CEO

at an organization that creates meaningful and purposeful work. It brings out the best in everyone. Members support organizations that are doing good things in their communities. It is a win-win for everyone.

(Mike Alpert is the CEO and President of the Claremont Club in Claremont, California, and he can be reached at malpert@claremontclub.com.)

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...Joe Moore

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gym memberships.

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We've done what we can to make the process as easy for you as possible. Simply go to bit.ly/clubinsider47 and follow the instructions to send your personalized letter to your members of Congress, asking them to include PHIT in any omnibus spending bill. Feel free to use the letter as is, or edit it as you like.

Please be part of the PHIT movement. It only takes a minute to make a significant difference.

Thank you for your commitment to a healthier, stronger, more prosperous America. And, thank you for helping promote PHIT.

Best wishes for a very Happy New Year! Together, we can make 2018 a great one.

Joe Moore
 President & CEO, IHRSA



...Norm's Notes

continued from page 4

1. We have moved away from the classic *Times New Roman* font to something more modern and clean feeling.

2. The color scheme has also been updated. Of course, you will still see *red, white and blue* because we believe in and are proud to publish **Club Insider** in the **United States of America**. However, we have changed the balance of red and blue used, as well as added black and grey to further modernize our new look.

3. Related to the balance of red and blue used, we have essentially inverted the previous ratio. There is now an increased amount of blue and a decreased amount of red. The reason for this is very simple: In the *psychology of design* (I promise, it's a real thing, and I invite you to read our friend **Muscle Up Marketing Creative Director, Annie Weaver's** blog post about it at bit.ly/clubinsider48), essentially, *red is the color of energy, and blue is the color of trust*. Of course, in the health and fitness club industry, projecting energy is paramount. For us at **Club Insider**, though, our hallmark **IS TRUST**; thus, we elected to modify our design to better project that by utilizing an increased amount of blue.

4. Finally, and this is a personal opinion of mine, *logos, like the written word, should tell a story. We are Club Insider*. We pride ourselves on being on the *inside*. To bring this across graphically, we encapsulated the word **INSIDER** within a box that has solid gray lines to denote that we always seek to be on the *inside* of the story. Additionally, for the *2018 version of this logo*, we have incorporated the tagline: **Celebrating 25 Years of TRUST**. Our future version (in 2019) of this new logo design will revert to our previous tagline: **The Pulse of the Health and Fitness Club Industry**.

Second, with our rebranded logo as the guide, you will now notice updated graphical elements throughout the printed edition of **Club Insider**; however, we have kept the flow and page positions of important things like our *Cover Story, Inside The Insider, Norm's Notes, 'Insider Speaks,' Contributing Author and Advertising Team Directories, Premium Ad Positions*, etc. the same. Further, the graphical elements we modified now carry over to our website better than before so that the experience of print and online readers will be seamless, regardless of which medium is being viewed. And, more improvements will follow in the coming months!

With all of that being said, **I want to personally thank you for reading Club Insider**, and we hope you like what we have done to update this publication and your experience reading it. To close, I welcome any feedback you would like to share at justin@clubinsideronline.com."

Justin Cates
Assistant Publisher, *Club Insider*

■ **One of the things** I wanted to be sure to do in this first edition of **Club Insider in 2018** was to share my thoughts with you on how you can successfully use **Club Insider's editorial content** every month to **benefit your club business(es) financially**. When I started **Club Insider** 25 years ago, I made up my mind that the **Mission of Club Insider** was going to be to help club owners and operators use our monthly editions, **now 289 of them**, as a handy educational tool.

This is the first monthly edition of Club Insider for 2018. The past 288 monthly editions in our **Archive Library** have over 9,500 pages, and our archives are a *great source of training and education for the variety of disciplines any club may have in their day-to-day operations. All of these disciplines correctly performed are necessary for the success of your club*, and they are chronicled on a regular basis in **Club Insider**. Here's a little **Discipline Shopping List** of the various disciplines that **Club Insider** provides you, our readers, on a regular basis: **General Management, Club Designs and Décor, Leadership, Marketing, Sales, Group Exercise Training, Back Office Operations, Legal Support and Education, and Financing for Clubs**, not to mention our **monthly cover stories**, which represent the culmination of all the disciplines listed in practice in successful club operations around the country.

So, folks, I submit this information to you all in *this first edition of Club Insider for 2018*, because I want to give you the *belief and the understanding* that we are here at **Club Insider for one purpose, and one purpose only: to help you make your club(s) better and better, and that's it in a nutshell, very purely and simply. And, for us to *achieve our goal*, you need to be dedicated to the *idea of using Club Insider as one of your top tools for success, right along with all the other things you regularly do to make your club(s) better*. See our **Archive Library** today by going to www.clubinsideronline.com.**

■ Last Month, **Club Insider Contributing Author, PAUL R. BEDARD, ESQUIRE** wrote a timely article entitled *Workplace Sexual Harassment*. Since then, when we published that article, and given the continuing current events of widespread sexual harassment in numerous industries continuing to come to light, Paul has further updated what he wrote. **We urge you to download this important article and offer it to all of your staff members for their education**. Please go to bit.ly/clubinsider49.

■ **Congratulations to RED LERILLE** and his entire Team at Red's down in Lafayette, Louisiana, as they celebrated their **55th Anniversary at Red's on Saturday, January 13, 2018!** As I write this, today is Friday, January 12, 2018, and I called Red like I do every year to

congratulate him and his Team at Red's on their Anniversary. I told Red I was calling a day early because I wasn't sure he was still working on Saturdays, and he told me, **"Oh yeah... I still work on Saturdays, and I still work on Sundays, too."** Red, **was a former Mr. America in 1960**, and he has been one of the biggest reasons that, many years ago, I started working every day of the week, too. Red's favorite saying to his employees is that he wants them to, **"Show up, on time, ready to work."** Red also told me something I did not know. About five months ago, he broke his leg in an accident involving one of his

antique airplanes that he restores and flies whenever he has a little bit of time. I've had the pleasure, on two different occasions when I was visiting him in Lafayette, of **flying with Red in his vintage World War I antique airplanes**, and I can tell you that those flights were a totally fun time for me, even though I'm a former **U.S. Air Force and airline pilot with over 6,000 hours of flying time logged myself**. Let me close this by saying **CONGRATULATIONS to RED, his wife EMMA, his son MARK and his two daughters KAKI and TINE!**

(See *Norm's Notes* Page 8)



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...Norm's Notes

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■ **Congratulations to DAVE WRIGHT, Creator and CEO of Myzone**, as Dave's company has been named **IHRSA's Associate Member of the Year**, and the honor will be presented at the **IHRSA Convention in San Diego, March 21st - 24th**. Dave commented in an **IHRSA Press Release** provided to **Club Insider**: "In 2011, wearable technology was not a widely recognized term, but that has since changed. Myzone's technology is now available in 5,000 clubs and 64 countries,

which demonstrates the impact it is having on the marketplace and the industry. Myzone is honored to receive this award because it truly highlights the hard work that went into making our ideas a reality. We look forward to working with IHRSA for many years to come and hope that our product will encourage more people to pursue and achieve their fitness goals."

■ **Breaking News** provided by our friends at **Club Industry** in their **Newsbeat eblast** is that **Planet Fitness** has reached the **1,500-location mark for facilities that are open**, and they have over **1,000**

additional location agreements signed and ready to build. Congratulations to **CHRIS RONDEAU, Planet Fitness CEO**, and their great **Planet Fitness Team**. Be sure to **check out the Planet Fitness Ad on the Inside Front Page of every edition of Club Insider**.

■ **Speaking of Club Industry**, folks please grab your calendar and Save the Date of **October 24 - 26, 2018 for the Club Industry Show to be held in Chicago**. Also, here's another **Norm's Note with Breaking NEWS** by **Club Industry**, and that is our friends at **Cedardale Health and Fitness** have broken ground on a **brand new 140,000 square-foot replacement for the original Cedardale Club to be built on the same site as the current Cedardale**, which experienced a bad fire destroying about 50,000 square feet of the club about a year ago. So, I want to wish **ZOE and ED VEASEY** all the best in their construction of the new Cedardale. And, it wouldn't be prudent were I not to also mention our good friend, the late **DALE DIBBLE**, who was the **Co-Founder of Cedardale and partner of Zoe and Ed Veasey before he passed away**. I'm sure Dale is smiling down on the exciting new club happenings in **Haverhill, Massachusetts**, and I can say for sure I'm thinking of him as one of the greatest friends anyone could have had in the history of our great industry. **Dale Dibble was one of a kind, and ALL of US who knew him still miss him greatly**.

■ I want to take just a moment to say **CONGRATULATIONS to Coach NICK SABAN**, all of his **Alabama Crimson Football Team** and the entire **Crimson Tide Nation** on their **Tide Team's stunning victory in the National Championship Football Game held here on Monday night, January 8th at the sparkling brand new Mercedes Benz Stadium in downtown Atlanta!** The **Georgia Bulldogs (Dawgs)** played really well, and **The Tide never led in this game until the most important time to be leading and that was at the end**.

Also, special congratulations to my buddy, **JOHN ESPY**, a former **Crimson Tide player**, and his **Crimson Tide cronies everywhere!** I also want to say heartfelt **CONGRATULATIONS to University of Georgia Head Coach KIRBY SMART and his great Team**, a **Team with 31 seniors who won the Southeastern Conference Championship, the Rose Bowl against #2 Oklahoma and were very close to winning the National Championship Game, but they lost with the final score in this nail biter being 26 to 23!**

I've been watching college football for over 50 years after playing for the **Wolfpack at N.C. State**, and I've never, ever seen two college games, back-to-



Chris Rondeau, CEO of Planet Fitness

back in 7-day period, as good as the **Rose Bowl on New Year's Day** and the **National Championship Game one week after the Rose Bowl**. **GO WOLFPACK and GO DAWGS!** Your futures are bright!

■ **JUSTIN and I want to say THANK YOU for reading Club Insider! And, we wish you a fantastic 2018!**

■ **Club Insider is a Paid Subscription based Publication with a money back guarantee on all new subscriptions**. Are you a **Paid Subscriber?** If the words **PROMOTIONAL COPY** appear above your name and address on the cover of this month's edition, *you are not a Paid Subscriber*, and you are not enjoying the *full benefits of a Paid Subscription to Club Insider*, which includes **one year of new editions (print and online) and online access to all previous 24 years of Club Insider's 289 archived monthly editions**. So, *don't delay!* **Subscribe today for just \$89 for one year, \$149 for two years or \$10 a month by going to www.clubinsideronline.com/subscribe**.

■ **God bless our troops, airmen and sailors worldwide and keep them safe**. Thank you, **Congratulations and Welcome Home to all of our troops who've served in Iraq, Afghanistan and around the world**. **God bless America's Police Officers and Firefighters and keep them safe**. **God bless you, your family 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 25th 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. In 2017, Cates was honored with **Club Industry's Lifetime Achievement Award**. Cates can be reached by phone at **770-635-7578** or email at **Norm@clubinsideronline.com**)

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...Saco Sport & Fitness

continued from page 3

An Interview With Scott Gillespie, Owner of Saco Sport & Fitness

Club Insider (C.I.) - Scott, let's begin with some background information: Where were you born, and where did you grow up? Where did you go to school, and what did you study? Did you play any sports?

Scott Gillespie (SG) - I grew up in Storrs, Connecticut on the campus of the University of Connecticut where both my parents were faculty. My father was the head of the music department, a conductor and a phenomenal musician. My mother was the Dean of the School of Allied Health. So, I had two pretty powerful leadership role models to follow.

I went to the University of Rhode Island (URI). I had to get out of dodge and from under mom and dad's name. I started studying Athletic Training and Exercise Physiology and finished with a degree in Health and Physical Education with a minor in Exercise Physiology. I actually taught 8th grade health education for a year after college. Wow, that was a trip and one of my many jobs before settling into fitness.

I also played soccer at URI. We were top 10 in Division I for two of the four years I was there. It was a very successful program. I was sad to see it decline in the years after I left as they reallocated scholarships to football.

An Introduction to the Industry

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

SG - In college in 1982, the fitness center at URI wasn't that great, so my girlfriend (now my wife) and I joined a club. It was a Nautilus Center with two circuits of Nautilus equipment and three Lifecycles. About a week after I joined, the woman who signed us up who was the manager found out I was studying exercise physiology and

athletic training cornered me and said, "You need to work here as a *Fitness Technician*' teaching people how to work out (the title 'personal trainer' didn't exist, yet).

I was lucky in that the company that ran this center was Healthtrax International, which had a marvelous training program. I learned customer service, sales and fitness for the general public. I was in and out of a few of their clubs over the next five years while I was finishing school and then travelled a bit. I spent the next couple years as a vagabond bartender, skiing on the World Pro Mogul Tour in Breckenridge, Colorado and doing Triathlons in Newport Rhode Island. But, that life got old quick, and the ambition in me kicked in, so I re-established the relationship with Healthtrax and decided to settle into a full-time career with them.

I started in sales at the Newport Athletic Club. Over my ten years with Healthtrax, I moved up the management ranks from salesperson (I won their Salesperson of the Year Award) to Sales Manager to Fitness Director to Senior Director (their equivalent of a General Manager) and then did conversions and turnarounds where I would oversee a club they just acquired or that was struggling. I got to work in seven different clubs during my time with them, which taught me a lot about the unique nature of each market. The last club I went to was Saco.

It was called New England Health and Racquet in Saco, and if I could have read a balance sheet then like I can now, I never would have come. It was a sinking ship that had taken on too much water. I was in a confident stage of my career after many successes and believed, 'I can fix the world.' That led to two years of financial crisis management. It was a great learning experience for me in two respects:

- I really learned to manage a business in crisis. The stress of barely making payroll, being 90+ days out on payables and way

behind on the mortgage and taxes was brutal. At that time in the club world, there weren't a lot of demographics studies being done before acquisitions. Clubs were bought on anecdotal information or instincts where investors thought their model would work. The reality of this club for the mousetrap of that time was it simply did not fit in this market.

- I also learned the importance of transparency in relationships when in crisis: with the bank, our vendors and members. I found people in general are willing to work with you if they believe you're doing your best and are keeping them informed. In that process, I developed strong trusting relationships with the bank and vendors.

While this was happening, Beth and I fell in love with this area. Southern Maine is truly a gem: no traffic, wonderful people, great quality of life. We live a few miles from the beach and an hour and a half from skiing and the mountains.

Saco Sport & Fitness Then

C.I. - In 1993, you purchased Saco Sport & Fitness. Who did you buy it from, and how did this come about?

SG - After two years of challenges, the bank decided to foreclose on the business and asked me to stay on and run it for them while they found a buyer. I opted to do that because I love the area so much. That opened a door, an opportunity to buy the club from the bank for what I thought would be an appropriate price and debt structure to make it work. I knew there were a lot of things this market would appreciate that the previous operational strategy was not doing, and I really wanted to give it a go. It took quite a while to convince the bank I could pull it off because I had zero net worth. What I did have was twelve years of club experiences, an understanding of the market, and a belief I know what would work there. It truly was twelve years of different experiences, not one year of experience twelve times, a thought I share with young people coming up who aspire to grow in their careers.

I did need a partner to do this who had a significant personal guarantee. So, I learned lessons about forming partnerships. Five years ago, I was able to buy out my partner and am now the sole owner. Now, the plot twist. We bought the club in 1993, and a year later, we had a major fire that destroyed the club!

The Fire

C.I. - Please tell us about that experience.

SG - It was devastating, the worst nightmare any club owner could imagine, watching your dream literally go up in flames in front of your eyes. It was 8:30 at night on a Sunday evening in January, and it was 12 degrees below zero. I can still see and smell it burning. It was truly heart wrenching. And, it was a long, long process to get back.

We soon found out that it was arson. As you might think, in most arson cases, the owner is the primary suspect, so I was under a microscope for a long time. My phones were tapped, bank records subpoenaed, depositions taken. It was not fun. There were also a lot of rumors in the community. That was the second heart wrenching piece, to think that people I knew were saying things like that about me. It was awful. In time, the police and fire investigators believed it was one of our employees, which I also could not fathom because we were a family. They believed embezzlement was the motive. So, after that, it became ugly.

The good news was that we were profitable in our first year, so we had no motive, but the insurance company did everything in their power to delay and deny the claim. I did not collect a paycheck, nor did we receive any settlement for almost a year. During that time, I worked full time on rebuilding the business. Thank God my wife was willing and able to work and help support us. We emptied our savings and maxed out our credit. Beyond the full-time job of dealing with banks, vendors, investigators, insurance companies and contractors, I was doing my best to stay in touch with our members and staff, whom we had to lay off. To keep my hopes up, I made sure to take an hour every day to plan and design the new club. It was the one good hour of each day!

I took the memories of the seven clubs I had worked in to that point and combined the best of each with the knowledge of this market to create the new design we hoped we would get the chance to build.

The interesting things that happened and I learned during this process were:

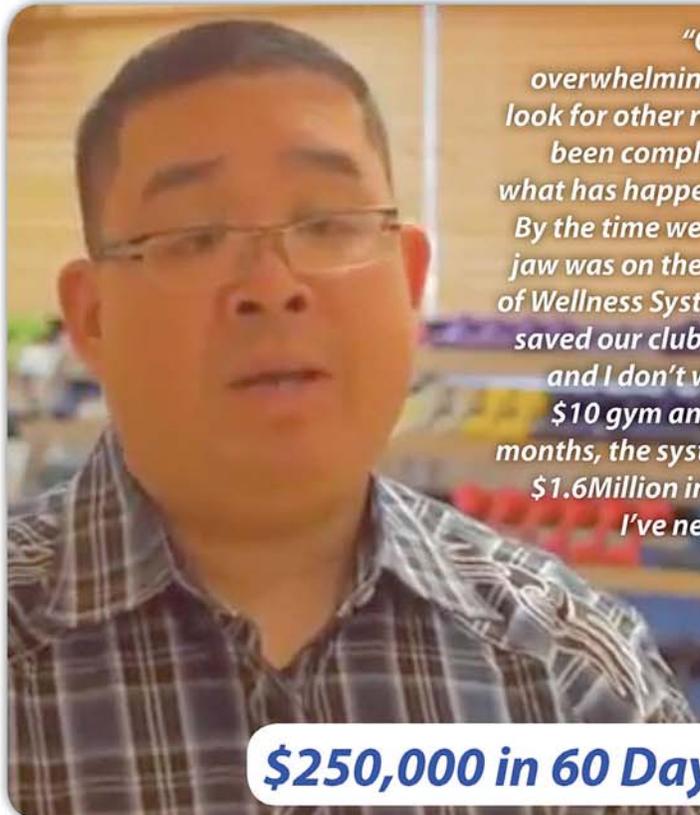
- A major claim with an insurance company has nothing to do with equity or fairness. It has everything to do with minimizing their exposure. And, I laugh when I say I had hair before I started to deal with an insurance company to get a claim paid. Their motivation was to delay, delay, delay in hopes that I would not be able to rebuild. The strategy was that, if the bank says,

(See *Saco Sport & Fitness* Page 12)



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...Saco Sport & Fitness

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'No, we won't re-loan you the money,' and I can't rebuild, then the insurance company only has to pay depreciated value of the business, not replacement cost, which would save them hundreds of thousands of dollars.

•We eventually had to sue the insurance company after jumping through hoops and going through all of the processes they are allowed to put us through. I even volunteered to take a polygraph under the condition that, if I passed, they would pay the claim. Guess what, they would not let me take the polygraph.

•The last chapter of the story was that the bank put a deadline on us reopening. If we didn't open by then, they would not re-loan the money. We worked with contractors to figure out the timeline of building the club once we got the greenlight from the insurance company. Unfortunately, the insurance company would not be required to give us an answer until three weeks after that timeline began. So, I had to make a decision with the contractors three weeks before I knew I had any money coming in. I decided to order the steel building, so we could start construction on time to meet the deadline with the bank for re-opening the business in hopes we would get the insurance company to accept liability to pay the claim in time. Needless to say, I didn't sleep for three weeks. But, it did work out. The insurance company did accept liability the day after we filed a lawsuit against them. Then, we had to begin the battle over how much they were going to pay.

We reopened a year, a month and a day after the fire. Most people can't imagine this, but we built a 25,000 square-foot club, from foundation to doors open in 13 weeks during winter in Maine!

C.I. - Wow. Well, it seems to me that Saco being a smaller, close-knit community was an important variable in making this possible.

SG - No doubt. There were a lot of contributing factors here. Certainly, the members, who we had great relationships with, for example, the contractors we worked with were members of the club, and they killed themselves to build this in time and on budget. The bank worked very hard for us. The local police department was really helpful in working with the insurance investigators. There's no doubt that, in a small community where, for all intents and purposes, everybody knows everybody, and we were a pretty significant part of this area, there were people rooting for us. It gave us energy to fight even harder to get back for our members and our community.

Saco Sport & Fitness Today

C.I. - Let's talk about Saco Sport & Fitness today. Please describe the club's physical plant, key amenities and service offerings.

SG - We are a multipurpose health club. We have a large cardio area and strength training area with multiple circuits (functional cable and selectorized) and significant free weights. We have a basketball court, two racquetball courts, three group exercise studios (with 75+ classes a week), a kids' club, café, lounge and a seasonal outdoor pool. We have ten Trainers and do significant Personal Training and TRIBE Team Training. We have moved into the wellness space and now also do significant wellness and nutritional programming that we integrate with our fitness programming. Using the GENAVIX programming, we employ four registered dietitians and health coaches and are billing insurance companies for their services. That area of the club is rapidly growing, and by the end of 2018, we expect that department's revenues will catch our Personal Training department. One of our real strengths

is our sales and onboarding process, guiding new members into support-based programs. We are currently enrolling 52% of all new members into some kind of paid support program, be it personal training, small group training, registered dietitian counseling, one-on-one wellness coaching or wellness classes.

C.I. - What would you consider Saco Sport & Fitness' key market differentiators and why?

SG - We made a decision back in early 2000s that we wanted to serve that group of the population that is not currently active but does want the benefits of exercise. So, instead of fighting for the fit people that clubs can make more fit, we wanted to create a facility that was comfortable for people who want to be fit, want to experience the benefits of living a healthy lifestyle but probably would not feel comfortable walking into a gym. Our first major marketing campaign about that was to become, 'Maine's most comfortable club.' We stole that concept from Bill Clinton when he based his presidential campaign on, 'It's the economy, stupid.' Well, we thought seriously about what our biggest barrier was. Why are people not coming in? We agreed the bottom line is they think clubs are uncomfortable. They are scared, intimidated and embarrassed, so we wanted to be the most comfortable place we could and decided, 'It's about comfort, stupid.' That was the first step.

Second is to have excellent programming and support systems including Group Fitness, Team Training, Personal Training, Wellness and Nutritional Support, etc.

Third is having a process that guides people to that support. We now think in terms of member outcomes. Clearly, we think about memberships sold, volume of club usage, dollars and margins and have extensive KPIs. We are very good at that. But, we started to expand our focus on member outcomes using the GENAVIX system. Before our members enter a program, we will do a full health risk assessment with them where we even do bloodwork onsite, full cholesterol workups, fasting blood glucose workups on top of blood pressure, body composition, heart rate response to exercise, BMI, etc. Then, we will do those same measurements again at the end of the 13-week program to see their progress in more than weight loss. We aggregate that data to come up with average outcomes. We can then use that data for marketing, outreach to physicians to gain credibility and with corporations to help them with their wellness programming.

Ultimately, it helps people *believe* they can succeed because they have seen so many other people like them succeed.

The other thing we think is really important is group exercise. We fundamentally believe that movement together is so much more enjoyable and rewarding than it is alone. We do everything we can to connect our members to each other through the 18 genres of group exercise classes, four genres of small group training or the wellness classes that we offer. We want people to be connected to each other through the club instead of being connected to a treadmill and a 12-inch TV.

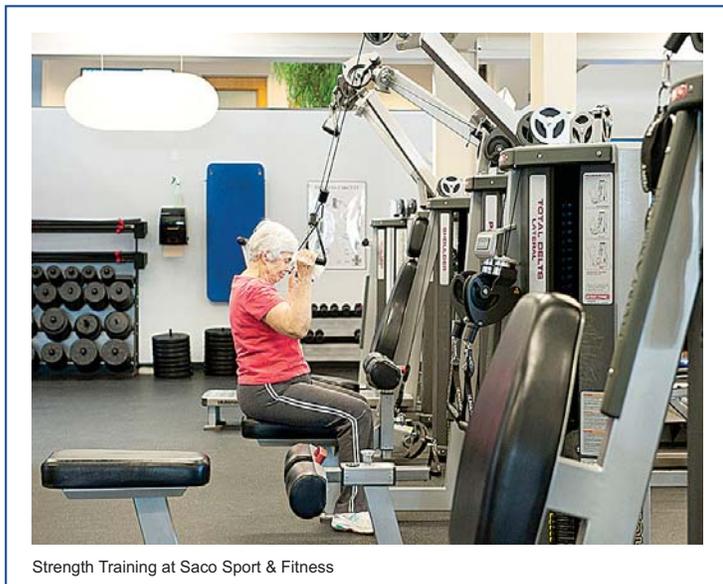
I'd like to add that we want to make it easy to join, reducing as many barriers as possible. And, to be fair, we also want it to be pain free to leave us when it's time for them to go. We want people to walk out of our doors with no regrets, remorse or frustrations. We have chosen to be a 'no contract,' ongoing month-to-month billing club. We ask for only five days' notice for cancellations, and we accept email requests for cancellations. We know life gets in the way sometimes, and we don't want nickel and dime cancellation policies, collecting an extra month's dues or 'cancellation fee' on the way out to inhibit the member from coming back when they're ready again. We have found that, by being that member centric, we are re-engaging a very high percentage of alumni (40%) who have left and are coming back. We also believe it increases sales. Lastly, we welcome and embrace short-term and drop-in members as the boutique world does. We don't want to force people to adapt to our terms and conditions; we want to adapt to the buyer's desire for a relationship with us on their terms. Last year, we collected over \$150,000 in these fees. I believe most of these people would have never joined a monthly billing membership.

C.I. - That's a great philosophy. The way you leave a place is just as important as how you join. Just like a first impression, there is also a last impression. If they have that, and they are happy, if they have a reason to come back or a reason to tell someone to come in, they will. And, that's crucially important.

GENAVIX

C.I. - When and how did you hear about GENAVIX, and then, get involved with the network? What did the process entail?

SG - About five years before we knew GENAVIX existed, we had made the (See *Saco Sport & Fitness* Page 14)



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decision to go into the wellness space. We had created our own internal wellness program called *The Momentum Program*, which we were effectively selling and serving members in, but it was one-on-one based.

About three years ago, I was approached by **Rick Caro** and **Mike Benton**, introducing me to a class-based wellness program that could potentially dramatically grow our business. There seemed to be a synergy worth exploring. After hearing about the results the program had been getting in other clubs, analyzing the format of delivery, the curriculum of the program and learning about the multiple ways it could help us better serve existing members, reach new markets and create significant new profit centers, it seemed like a great addition to our business. When we did the pro-forma and strategic analysis, it made perfect sense and seemed to be a great addition to our menu of programs.

C.I. - Can you paint a brief before and after picture of your business as it relates to joining the GENAVIX Network?

SG - Before we launched the GENAVIX Program, our wellness initiatives were serviced primarily by personal trainers who had additional training in nutrition and behavior change. All of our programming was one-on-one, and we did not measure outcomes. At that time, we were enrolling about 25% of all new members into some kind of paid support program (mostly PT), and 100% of those program fees were paid out of pocket by the client. Two years later, we are enrolling 50+% of all new members into a variety of paid support programs including The HealthyCARE® 90 Day Commit to Get Fit Program, our own Momentum Individual Wellness Program, Personal and Team Training and individual

RD Nutrition Counseling, and we are tracking outcomes for participants.

It has opened doors to corporations willing to invest in their employees' wellness, increased our credibility with the medical community and reached a group of our market who are not interested in a traditional membership but are very interested in a turnkey wellness program. Lastly, our retention has taken a very nice jump due to the extra support we are providing more new members with our 'menu' of support programs, of which the GENAVIX program is a major contributor!

C.I. - What advice would you give to prospective club owners looking to become involved with GENAVIX?

SG - If a club is looking for a quick, easy profit fix, this is likely not the answer they are looking for. They should understand and embrace the idea that, to make the program work, it must be a strategic decision that fits with the club's mission. To be successful with the program requires complete buy-in from all of the club leadership and their teams. I would recommend they take the time to properly engage key staff and educate all staff on how the program fits in their club as it takes a significant and sustained staff commitment to launch and grow the program. For the club that is committed to better member outcomes, wants to and has the ability to serve new markets, can embrace an evolving and more thorough member onboarding process and has an engaged team excited to grow, this program is a game changer!

It's More Than a Tagline

C.I. - You already mentioned your tagline, 'Maine's most comfortable club,' but I also noticed you use, 'Moving makes life good,' and 'Moving together makes life great.' Could you tell us a little bit more about those?

SG - Sure. I love **Simon Sinek**. His philosophy of leadership spoke to me when I read his first book, *Start With Why*, and follow-up book *Leaders Eat Last*. We, as a management team, went through Simon Sinek's process for finding *Our Why*. The process forced us to answer four rather challenging questions:

- What do we believe (our unique beliefs in our industry)?
- What are our values as an organization?
- What do we do better than anybody else?
- What do we want to accomplish?

It took our leadership team about three months to go through that exercise, and we had hundreds and hundreds of thoughts on the walls. We condensed and combined. We'd eliminate, delete, detract, discuss and debate. And, what we came up with were four fundamental beliefs:

1. People want to and can live healthier, happier, more vital lives, and we can help. I thought that was really important because there are several topics in there that we speak to.
2. Movement is a key building block to a happier and healthier life. We use the term 'movement' instead of exercise or working out because it's more in line with comfort. Working out or exercising is intimidating for a lot of people.
3. People want and need meaningful shared experiences, meaning a sense of community beyond home and work. Really, it's that third place. I know Starbucks is famous for that phrase, but I've heard that phrase used in our industry long before Starbucks ever existed. And, I truly believe our industry is that third place.

4. We added this one last year. Healthy eating is a must; movement (exercise) alone is not enough. When we combine that with exercise, we get 'Healthy Habits.' We laugh that, in our 20s, we could drink a little too much and have a few too many pieces of pizza, go for a long run the next day, and all would be good. Not so much in your 40s and 50s, right? So, we have become very in tune with nutrition and chose to go down the 'high-end' nutrition world with Registered Dieticians who are licensed medical professionals, instead of 'Nutritionists.' So many people don't know how the food is changing in our world and how it is affecting them, so we believe that, if we can combine proper education of nutrition with inspiration, support and accountability to the exercise piece,

which we have always been great at, we can dramatically help improve member outcomes. One reason exercise adherence is challenging is the length of time it takes to see results. When you add nutrition, results come much faster and helps create behavior change momentum.

So, when we put all those thoughts together, we came up with a simple phrase. It started with, 'Moving makes life good,' and 'Moving together makes life great,' since adding the nutrition piece, it's evolved to 'Healthy habits make life good,' and 'Healthy habits together make life great!' That leads to our desire to connect people to each other.

The process also helped us find our values. We found that, beyond the cliché values most companies have, like honest, charity, trustworthiness, etc. etc., we had some unique ones that really spoke to us. One is, 'We feel the life of **service** is a life well spent.' We can't help ourselves; we have to serve other people. Another is, 'We are **positive glass half-full people**.' We are **outgoingly friendly** to engage people. 'We are willing to, and enjoy working hard when necessary to get **great results**.' We also keep asking ourselves, 'How can tomorrow be better?' To us, **innovation** is not a once-in-a-while thing, it's an everyday thing. And, lastly, I am going to credit my great friend **Rich Boggs** with helping me understand the power of **humility**. It's about our members.

We now use our why and those value systems in our hiring practices to ensure we are hiring for cultural fit, in our staff training programs and as a funnel for all our decisions about what equipment and programs, pricing, promotion, and terms we are going to use.

Local Demographics and Competition

C.I. - Please describe your local area demographics, as well as your target member. How does one succeed in a sparse market?

SG - We are about five miles (about 10 minutes) from the ocean, and there's a fair amount of affluence along the ocean, but it's a very thin ribbon. There are 19,000 people living in Saco, and our median household income is only \$47,000. Saco is geographically large, and as you go west from us, it gets very sparse very fast, a lot of farm land and a lot of undeveloped acreage. This is typical in Maine, a small ribbon of population within about ten miles of the ocean. We are next to two other towns: Old Orchard Beach has 9,000 residents and (See *Saco Sport & Fitness* Page 16)



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Biddeford a much bigger geographic area with a somewhat depressed, struggling mill city of 22,000 people. So, we have less than 40,000 people inside a 12-minute drivetime.

We do not have a single Target Member Demographic. We have found we have a few 'personas' of members who have slight demographic and psychographic differences. We know we serve these personas differently and market to each accordingly.

C.I. - Please also describe your local competitive environment.

SG - We have a \$19 a month club a hundred yards down the road across the street. There's a sports performance center a quarter mile out the back door that I can see from our group exercise studio. There's another small gym a mile down the road in the other direction. A YMCA and Planet Fitness three miles away. Two other moderate-sized gyms within three miles. A Snap Fitness, two Pilates studios, three yoga studios, and two CrossFit studios all within four miles. As you can see, we are not the only game in town, but we do have 10% of our market share, which we are very proud of.

It's a competitive market, to be sure, and it is challenging. But, being here as long as we have, we know the culture, and the variety of things people want. An Equinox or a Life Time Fitness is not going to open here, but Planet Fitness thrives here. Beyond the one that is three miles south of us, and two others eight and twelve miles north. This market is built for the low-price provider, but we have chosen to be the higher end provider, serving those folks who desire a different experience, value programming, want more support and enjoy being around people who share those thoughts and feelings and who

enjoy being together in group exercise, TRIBE Team Training or the HealthyCARE 90 Day Program.

The Membership

C.I. - Do you charge an initiation fee? If so, do you use it as a discount incentive?

SG - We do have a \$99 enrollment fee, which will range from \$49 to \$99 seasonally with various promotions. We do understand there is power in occasional discounting, but for us, that's about four times a year, not every month.

C.I. - What are your dues rates for various membership types?

SG - They are on our website for prospective members. We believe dues transparency is incredibly important to gain trust. We start at \$29.95 bi-weekly, but do have senior, corporate and student discounts of about 10%. We have chosen to bill every two weeks, instead of monthly, as we believe that better matches our members' pay structure. This way, instead of getting billed on the first of the month for \$120 for a family membership when many companies do their billing and the checking account might be a bit light, they will be billed twice for \$60, in line with their paycheck. From the club operator's perspective, we have mimicked that biweekly billing with our payroll, so we don't feel the sting in those three payroll period months.

C.I. - How many membership accounts do you have, and how many members does this equate to?

SG - We have about 1,800 membership accounts, which translates to about 3,200 members.

IHRSA

C.I. - As a member of IHRSA, what benefits does Saco Sport & Fitness receive from membership?

SG - IHRSA is a wonderful resource, and we would not be the club we are today without IHRSA. Certainly, the lobbying and legal support we get is huge. We've fought three sales tax battles in the past 15 years and won all three of them. I never could have organized the group of club owners from Maine we got together to fight these battles without IHRSA's help, nor would we have been as efficient with their ability to reach out to legislators as effectively as they have.

IHRSA provides great networking.

The people who belong to IHRSA are wonderful people. They are quality operators, and many want to share. The IHRSA Show is one of the best weeks of the year. Not only are we learning best practices, but we have a chance to engage with other owners immersed in the club world's strategic thought. I love the reports that IHRSA does. The Trends Report and Compensation Report really help give us a bigger picture. It's hard for individual club operators who live mostly in their four walls to appreciate what is happening in the industry on a larger scale. The bottom line is IHRSA provides us with information that makes us better.

C.I. - Saco Sport & Fitness is also a member/supporter of IHRSA's Industry Leadership Council. Please tell our readers about the importance of fighting harmful legislation, both locally and nationally, as well as the avenues that already exist for them to do so.

SG - So many club operators believe they don't have influence on what happens on a larger legislative scale. That couldn't be farther from the truth. There is great power in the number of IHRSA clubs. The potential legislative threats that exist are, frankly, never ending. I spoke about the sale tax battles won, but there are bonding issues that can hurt clubs and employment regulations to name a few. No one single club can fight that fight, but all clubs together can. IHRSA dues do not go directly to lobbying; they go to the many of the other resources I spoke about. So, we as club operators, need to pony up and contribute additional dollars to many of these fights. I'm happy to donate each year because I know the lessons learned fighting in Minnesota are going to help me in Maine someday, and the legal issues causing problems in New York are going to come up and haunt me in Maine another day. We really need to contribute to our industry's support structure and growth process, and IHRSA is the perfect vehicle to support that.

C.I. - My Dad will be really happy to hear

you say all of this. I always remember the stories of him going into ILC meetings with his hat out trying to collect money.

SG - I was chairing the Public Policy meeting during one of those times. Your father is a wonderful gentleman, and I love him to death. He is passionate about, and a great voice of collecting on behalf of our industry. He, like many of us, shares the frustration of the people who have yet to help.

C.I. - And, you were an IHRSA Board Member. Please describe that experience.

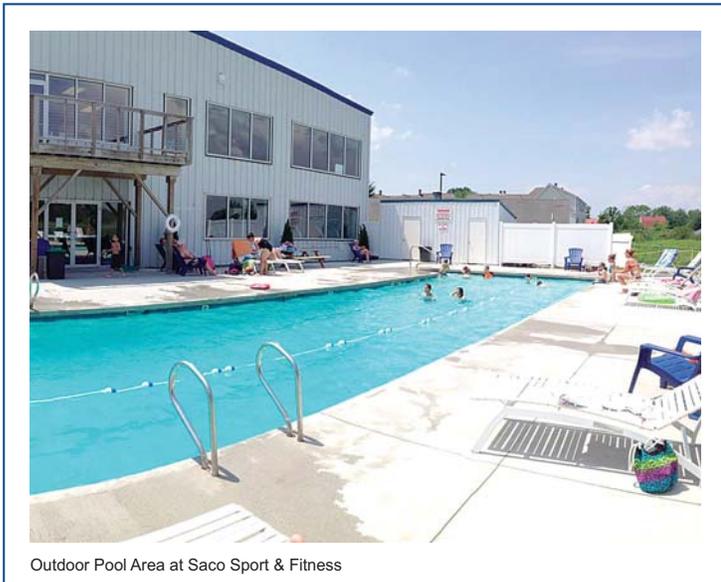
SG - It was one of the best experiences of my professional career. The caliber of people who serve on the IHRSA Board is exceptional. They are smart, experienced, caring, authentic, transparent and articulate; they truly want to help and are willing to give anything to do so. My four years on the IHRSA Board was during a very tumultuous time, coming on the heels of the recession where IHRSA (like many clubs) was having significant financial challenges. I could not praise **Joe Moore** and the **IHRSA staff** more for how professionally they executed a plan that the IHRSA Board came up with to help the Association out of that financial challenge. The IHRSA Board has more influence on our industry than most club operators realize. I was honored to serve, and at the end of that four years, was truly sad to leave. The 30,000-foot view and high-level debate was eye opening. Being in a room with people that smart for four years couldn't help but rub off on me and make me a better operator and a better person.

Lessons and Advice

C.I. - Scott, you are an industry leader, serving on multiple boards; a national/international speaker, focusing on successful member programming and sales systems; as well as an independent club consultant, my question is: What would you say to or what advice would you give fellow club owners/operators who are looking to expand their experience in these arenas? What are the benefits? What are the pitfalls?

SG - That's a great question, and it's a hard one for me to answer because I think each person has different motivations. The first piece of advice I would offer is to *understand their Why*. Why would you want to do it? And, what value do you believe you can bring? You need to want to help them the same way you want to help your members. For their sake, not yours. It's about the bigger picture, and your success is more than your pocketbook. Success is

(See **Saco Sport & Fitness** Page 18)



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Cederdale Fitness (180,000 sq ft), MA | Fitness Firm (12,000 sq ft), Ontario | Franklin Athletic Club (230,000 sq ft), MI
Blush Fitness (12,000 sq ft), KS | Latitude Sports Clubs (80,000 sq ft) MA | RPM Total Fitness (12,000 sq ft), Ontario

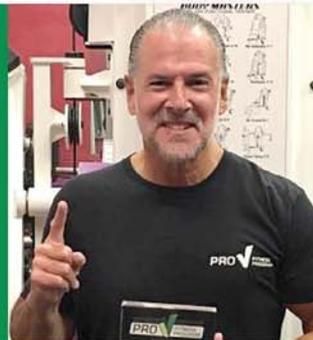
Program Highlights and Details:

- ✓ Web based software executes all aspects of PT including purchases, performance, scheduling and payroll.
- ✓ In-club training and unlimited support for all PT related sales and service positions.
- ✓ Dramatically increases revenue as many facilities now derive nearly 49% of all revenue from PT.
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Jen Poljacik - CEO, River Valley Club



"I tried every which way to make money in 1 to 1 training and failed miserably. We implemented the Pro Fitness Program and in the past 2 years our 1200 member club grossed nearly 1.7 million in revenue. Our staff loves the program, the margins are incredible and the upfront costs are minimal!"

Al Tassel - Owner, Pumps Fitness



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...Saco Sport & Fitness

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the success of you clients, your community and your staff people.

Second, I believe there needs to be a balance between club operations, the speaking and the consulting. They certainly complement each other, but if they get out of balance, something will suffer. You can't afford to be a successful consultant with a dying club. When in doubt, focus on club operations systems and measurements. These lessons create the speaking content, which can lead to consulting.

Third, know your staff and how it interrelates with all aspects of club operations: Strategy, Marketing, Sales, Service, Programming, Staff development, etc. Speak on proven repeatable successes, not theories. Be careful believing that every success you've had is duplicatable or appropriate for another operator. Many successes are simply situational. In Boston, I was speaking at a convention and had dinner at TTK - The Test Kitchen. It's the test site for Legal Sea Foods. They try all sorts of menu variations, pricing structures and culinary ideas in a real restaurant, and then, they measure the results. If they work, they implement them on a larger scale. Our club is similar, we love trying new programs, comp structures, sales processes, dues structures, etc. When I speak at conventions or am working with clients, I am sharing proven tactics and strategies. Even though the tactics are proven in one or more clubs, when working with independent clubs, there is also a wonderful game of customization as each club has its own strategy, culture, market, history and staff.

C.I. - Looking back on it all, what are you most proud of during your years in the health and fitness club industry?

SG - Getting this club reopened after the fire and the growth of impact we've had on

this community. When I bought this club, we were serving less than 1,800 members. To think now, we serve almost 5,000 people a year makes me very proud. The careers we've created for many team members; I think we used to employ 23 people, and now, it's 65. Also, I am very proud of the local impact we've had on the place we live. I am also proud of how we have taken some of the lessons we learned here, and that I've learned from 20 years with Roundtables, and shared many of those with other clubs, helping them better serve their communities and having an impact beyond our local market.

C.I. - What would you still like to achieve?

SG - We are driven to have a deeper impact on this community. We talk about the 18 - 20% of people who are members of a club at any given point in time. Assuming average annual attrition in the neighborhood of 40% for most of our industry, we are looking at an annual market impact around 26%. Why can't it be 35, 40 or 50%. We need to find ways to reach the people we are not reaching, frankly, the people we, as an industry, have already failed. How many people joined a club, and they didn't get what they wanted? I believe we can do better, continue to evolve, doing a better job of helping people adopt healthy habits (exercise, nutritional and stress management), teaching behavioral change skills that lead them to success and happier, healthier, more vital lives. That's what we are striving to do.

C.I. - So far, you've mentioned **Simon Sinek**, our good friend, **Rich Boggs**, and my Dad, **Norm Cates**. Who else are some of your greatest influencers?

SG - I should start with my parents, who were both great, albeit very different, leaders. They were ambitious, smart people, and they set the bar high. Beyond that, I can't say enough good things about my wife **Beth Gillespie** (our Sales

Manager), who has supported me through this 25-year quest. When we made the decision to buy the club, the decision to rebuild, the decisions to spend millions of dollars on many renovations, she's always supported those dreams while keeping me grounded. Outside of my family, the first major influencer on me was **John McCarthy**, a true industry visionary leader. **Dr. Gerry Faust** and the **Faust Roundtable** brought my head outside of our industry and helped me align ours with other industries. **Will Phillips**, the longtime facilitator of my Roundtable always demanded I could be better, overwhelmed me sharing knowledge and kept my moral compass to true North. **Rick Caro** helped me through the fire and a number of financial insights. **Joe Cirulli** is the single best club operator role model I know. **Joe Moore** is exceptional at executing plans and building lasting teams. **Bill McBride** is a great role model for servant leadership and networking. **Mike Benton** opened my eyes to evolving our industry in dramatic ways. I can't express adequately how impactful my **REX Roundtable friends** have been. They share freely and challenge me in a way that forces me to better understand my situation and assumptions. The **IHRSA Board** also had a dramatic impact on my leadership and strategic thinking. There are so many more, but I'm afraid there's not enough paper in **Club Insider**.

Now and the Future

C.I. - Wow, 2018 is here! What is your prognosis for the club this year? How about the industry as a whole?

SG - In simple terms, good and good. We are trending really well. All the initiatives we are spending our energy on building are growing, and I think the industry is seeing the same thing. There's a lot of discussion about the boutique market and how it might impact our clubs, but ultimately, I believe it's a good thing because it's going

to force us all to get better. It's serving more customers, giving our industry better credibility and getting more people active. For us in 2018, something we have long-wanted to do and will now launch is a Foundation to serve obese children. I am disappointed with our education system's teachings of health and physical education. It's not that they don't want to, but they are constrained by budgets, so I believe it is our responsibility to pick up the slack and positively impact the lives of children and their families. We are in the process of putting together a Board of Directors, finalizing the legalities of the foundation and using our influence in this community to generate funds that we can reinvest and help educate and support healthy habits for children and their families.

The other initiative for us is satellite locations for our Wellness Programs. We know we can serve more people if we have a greater geographic impact, but we don't believe Maine has a lot of markets that can support clubs of this nature. I already have a couple of clubs I am working with and hope to partner with other clubs. The plan is to take our programs and launch them in other clubs to help them guide more people into their doors but to also help us serve larger organizations who have employees working across greater geographic areas.

C.I. - What is on the horizon for Saco Sport & Fitness over the next 3 - 5 years?

SG - That's a great question. Five years ago, I didn't know what we'd be doing today. With the exponential rate of change, I would be arrogant to predict five years out. I think that, in three years, those two initiatives will be great for us and we will be further honing ways and adding programs to help guide people through the adoption of healthy habits. Although I don't know what those programs will be yet, it will be fun finding and experimenting with them.

(See **Saco Sport & Fitness** Page 19)



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Wow! What a way to kick off 2018.

Thank you very much to **Scott Gillespie** for his time interviewing for and working on

this cover story. Also, thank you to **Justin Chenette** for his assistance with photos and graphics. I hope you have learned a lot and are inspired heading into this new year. Make it the best one yet.

(Justin Cates is the 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 33 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)



TRIBE Team Trainers: Greg Popp, Shaun Richardson, Tiffany DeMartino, Drew Morrow and Kurt Theibault



Saco Sport & Fitness' STRONG by ZUMBA Premiere

Embrace the Truth

By: **Derek Barton**

A long time, I remember hearing that, if you survive five years in your own business, you've done very well. They say most businesses close before that benchmark. What amazes me are those companies that were once so successful for many decades, but today, they are a distant memory.

I'm happy to say that my long-time friend, Norm Cates, and his son, Justin, are celebrating the **25th Anniversary of Club Insider**. Now THAT'S an impressive milestone, especially in the publishing business.

So, how does a publication like **Club Insider** not only survive but even continues to grow when others have died? What I believe is true for any successful business is the ability to embrace your own voice. To speak your own truth no matter how much it may go against the grain of others. You won't attract everyone, just the right ones, which is what you ultimately want. A successful entrepreneur tells a great story. The narrative is clear and concise and part of their DNA. They are not focused on pleasing everybody, just those who count, who eventually become loyal fans.

Think back to those days when we discussed who was "better," the Beatles or the Rolling Stones? Willie Mays or Mickey Mantle? Ginger or Mary Ann? There is no right or wrong answer, but we were passionate in our beliefs. The same holds true today. Republicans or Democrats? National League or American League? iPhone or Samsung Galaxy? The passion and debates continue.

Unfortunately, there are many people who can't handle opposing views or the truth. No matter what you stand for or believe, you're never going to change someone else's views to match yours.

I remember one day back in the '80s when I was the head of marketing at Gold's Gym. Our CFO at the time, who nobody seemed to like, was trying to convince me that her accounting department was more important than my marketing department. At the end of her holier-than-thou rant, I couldn't resist saying, "I make history here at Gold's. You just record it!" Accounting and Marketing have always been at odds. They are two different worlds.

A co-worker at Gold's who also had to deal with our CFO back then taught me a valuable lesson about dealing with people from another planet. We were in a bar after a long day at work discussing our CFO, who we will call "Dolores," to protect the guilty.

My friend took a cocktail napkin and drew two circles side by side. He put a dot in the center of both circles and said, "This circle on the left is your world, and you are the center of it. The circle on the right is Dolores' world."

My friend continued, "In each of your worlds, you each believe you are right. Matter of fact, you have nothing in common except right here." He pointed to the small intersection of the two circles. "This is the only area where you should try to communicate with Dolores. You will fail to have your message understood by her if you stand outside this section."

He was right. From that moment on, I stood in the common ground Dolores and I shared. Believe it or not, we got along so much better, and eventually, we came to like and respect each other.

As a marketer, I try to find that common ground with my target audience. From that place, I try to speak from the heart with passion in the hopes of trying to help educate, inspire and motivate people. No matter what your position is in your company, speak from that place no matter who you are talking to.

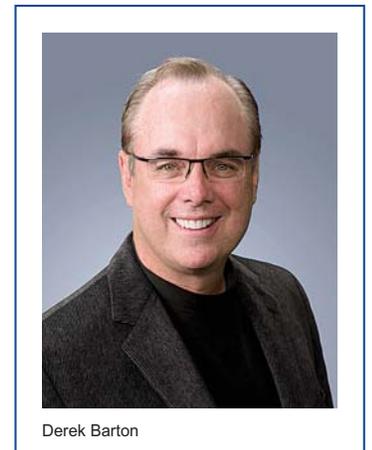
What I have always liked about Norm Cates is that he speaks his mind. You don't have to guess where he's coming from. My uncle once said, "The truth is 100%. It shouldn't be anything less." Maybe that's why some people are called "brutally

honest," because they speak the whole truth and nothing less.

Unfortunately, not everyone can handle the truth. I'm reminded of an evening back in the late '70s when I was MCing a talent show at the famous Sportsmen's Lodge in Los Angeles. I was told that Ron Miller, among other celebrities, was in the audience. Ron wrote a ton of great songs like Stevie Wonder's hit, "For Once in My Life," and Diana Ross' hit song, "Touch Me in the Morning." I coaxed Ron to come to the piano and play a few songs for us. It was a moment that none of us would forget. He sang both those songs and ended with one that he told us never made the charts, even though it was his personal favorite. When he finished and sat back down in the audience, I went over and thanked him. I told him that I loved his favorite song and wondered why it hadn't been as successful as the others. He smiled while putting his big U.S. Marine arm around my shoulder and said, "That song is about truth, and nobody really wants to hear the truth."

That statement seems even more relevant in today's crazy world. It's hard to know who is speaking the truth. Everyone is the King or Queen of spin. I think people are longing for the truth. I think they truly need it.

I need the Ron Millers and Norm Cates of the world, who don't give us different degrees of the truth, but the whole



Derek Barton

truth, from the heart with passion. Yes, not everyone can handle the truth, but those who can are the ones you want to associate with. They will make good friends or good employees, or even, loyal customers.

Happy Anniversary, Norm! Thank you for 25 years of giving us the truth!

(Derek Barton is Founder and President of Barton Productions, LLC., and he can be reached at derek@bartonproductions.com. And, check out www.bartonproductions.com)

NFPT Announces its Fitness Trends of 2018

LAFAYETTE, IN (By NFPT's Erin Nitschke) - Keeping pace with health and fitness trends is at the heart of a passionate fitness professional. This industry is dynamic; always growing, forever evolving, and progressing. Each year, thousands of fitness professionals look forward to learning the "top trends" for the upcoming year.

Some trends appear and reappear on yearly lists, while others are replaced by new and more dynamic approaches to teaching our clients the art and science of living well.

This year, we will see some of the same trends perhaps with a different twist. We will also see some new developments take place of old theories.

Here's what you can expect for the 2018 year in health and fitness.

1. Wearable Tech. Wearable technology and fitness trackers are popular and varied. It's likely we will continue to see advancements in the abilities and features of these fashionable fitness accessories.

Sports technology experts are working on new innovations daily, and we will likely see such creations as smart clothing, smaller and more fashionable fitness devices; the ability to monitor blood glucose levels (a helpful feature for diabetics); and advanced technology capable of monitoring certain physiological changes during an activity that may prevent and detect injury.

As this technology evolves, personal trainers will need to make a commitment to learn about the various devices on the market and be able to answer questions from clients. Add this one to your continuing education efforts!

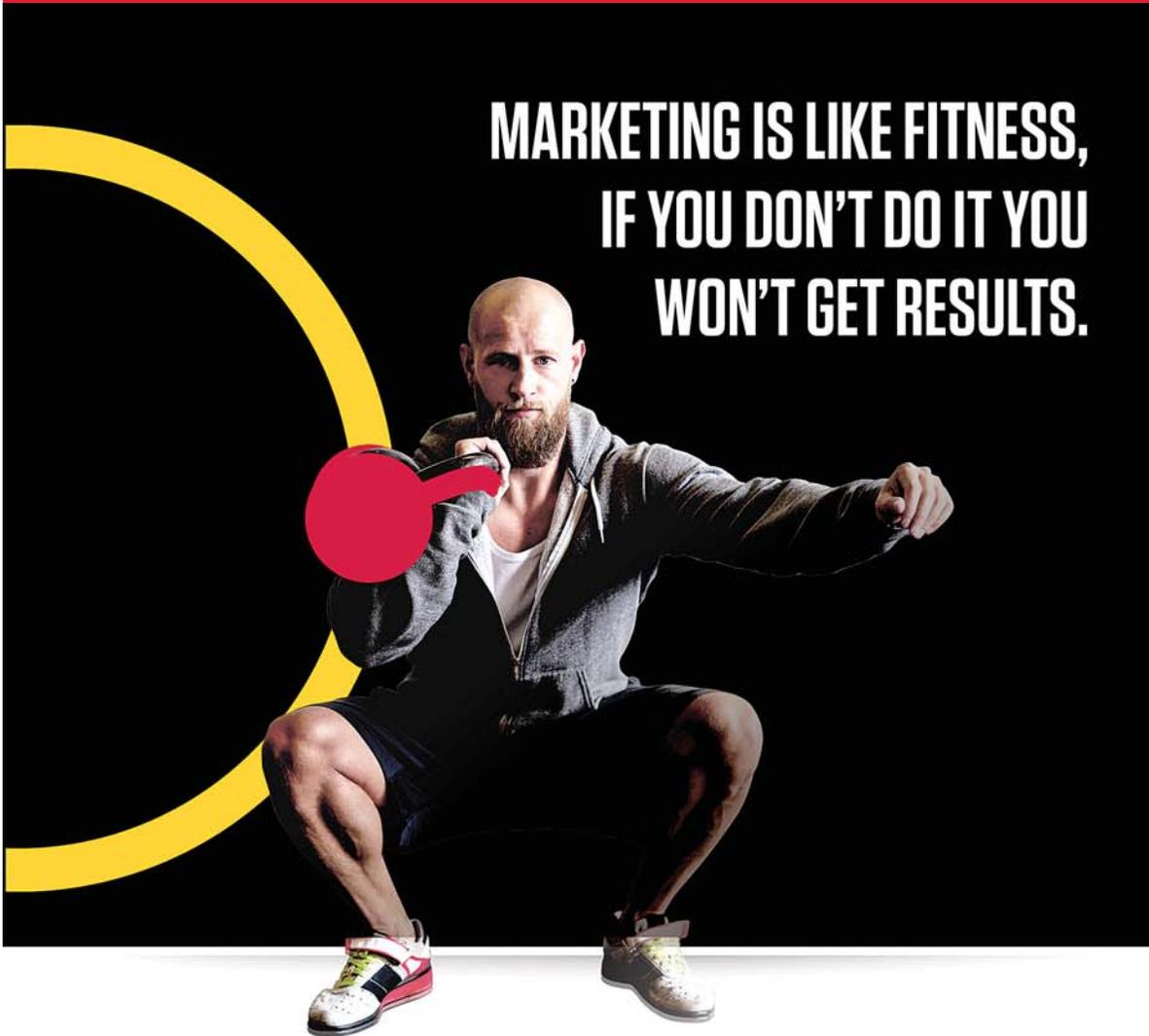
2. Live Streaming Classes. No shock here. As technology grows, so too will the offering of streaming classes, virtual memberships and new "online" fitness classes. It's really a genius approach because it allows fitness experts to expand their reach and deliver their messages nationally, if not globally. What can you do as a professional to capitalize on this niche?

3. Online Health Coaching/Personal Training. Of all the upcoming trends, this is one of the most intriguing. First, this trend follows a growing popularity of online learning and degrees. We are seeing more virtual health coaching and personal training practices pop up all over the nation.

The overhead is lower for the professional and it allows fitness experts to deliver workouts and educational modules and tools to clients, literally, anywhere. Think about your own business and consider how you might tap into this trend.

4. Genetic Testing. There seems to be a growing market of consumers interested in knowing more about their genetic blueprint and how their genes may impact activity and nutrition. Nutrigenomix is one example of this type of testing. Many of the tests available are affordable while others carry a premium price tag.

As this area of research grows, we will likely see a greater demand for this type of testing. While this is outside the (See *NFPT 2018 Trends* Page 22)



**MARKETING IS LIKE FITNESS,
 IF YOU DON'T DO IT YOU
 WON'T GET RESULTS.**

**MYZONE to be Honored
 as IHRSA's 2018
 Associate Member
 of the Year**

BOSTON, MA - IHRSA, The International Health, Racquet & Sportsclub Association, is pleased to announce that MYZONE is the 2018 Associate Member of the Year.

The Associate Member of the Year Award is presented annually to recognize an IHRSA Associate Member for its significant contributions to the advancement of the health club industry, as well as their support of IHRSA, its members and its mission through program and event participation, advertising and sponsorship.

MYZONE, an IHRSA member since 1997, was selected as this year's honoree due to its outstanding achievements, innovations and support of the health and fitness industry; its continued investment in leading-edge technology; and its unwavering support of IHRSA and its members.

"MYZONE has demonstrated its strong commitment to the industry and IHRSA time and time again," said Joe Moore, IHRSA's President and CEO. "They are leaders in the technology sector and are truly helping club operators deliver measurable results for their members as well as healthier bottom lines for their businesses."

"In 2011, wearable technology was not a widely recognized term, but that has since changed. MYZONE's technology is now available in 5,000 clubs and 64 countries, which demonstrates the impact it is having on the marketplace and the industry," said Dave Wright, CEO and creator of MYZONE. "MYZONE is honored to receive this award because it truly highlights the hard work that went into making our ideas a reality. We look forward to working with IHRSA for many years to come and hope that our product will encourage more people to pursue and achieve their fitness goals."

The Associate Member of the Year Award will be presented during IHRSA 2018, the 37th IHRSA Annual International Convention & Trade Show in San Diego, CA, March 21 - 24.

The IHRSA Awards Program seeks to "recognize, celebrate, and inspire" IHRSA members. IHRSA's annual industry awards, including prior recipients, are listed on ihrsa.org.

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What a Difference a Year Makes

By: **Melissa Knowles**

Last January, I put together a list of the top ten mistakes gym owners make to kick off the new year. While the vast majority of the items on this list still ring very true (you should review all ten by going to bit.ly/clubinsider46), we find ourselves heading into 2018 with several very new areas of focus to add to this list. Here is what's trending for 2018:

Pay Equity

In 2017, more and more states adopted a ban on previous salary questions on applications and during job interviews. This trend is likely to continue this year. The intent is to eliminate the influence of gender and race on the wage-setting practices of businesses. According to the **Institute for Women's Policy Research**:

"Women are almost half of the workforce. They are the sole or co-breadwinners in half of American families with children. They receive more college and graduate degrees than men. Yet, on average, women continue to earn considerably less than men. In 2015, female full-time, year-round workers made only 80 cents for every dollar earned by men, a gender wage gap of 20%. Women, on average, earn less than men in nearly every single occupation for which there is sufficient earnings data for both men and women to calculate an earnings ratio. In middle-skill occupations, workers in jobs mainly done by women earn only 66% of workers in jobs mainly done by men. IWPR's report on sex and race discrimination in the workplace shows that outright discrimination in pay, hiring or promotions continues to be a significant feature of working life."

This disparity in pay is still very prevalent for minorities as well. It will take the next 44 years for women to reach pay equality, but Hispanic women will have to wait another 215 years and black women another 106 years based on IWPR's research.

Other trends emerging in this arena are blind hiring and pay transparency initiatives. Many companies are employing techniques that anonymize or "blind" demographic information for a candidate during the initial screening process. Pay transparency policies are becoming increasingly popular, and more businesses (e.g., Google, Whole Foods and Buffer) have begun to display salary information next to job postings, some even lifting the lid on what employees within the company earn. This practice pushes businesses to

do a better job explaining how pay rates are set.

Paid Sick & Family Leave

Several years ago, only a few states had mandated paid leave specific to personal time for illness or family care. This is changing. Eight states and Washington D.C. currently require paid sick leave (AZ, CA, CT, MA, OR, RI, VT, WA and DC). Moreover, five states and DC have paid family leave (CA, NJ, WA, NY, RI and DC). 2018 will likely bring additional states to the table, and there is growing pressure to refine and implement a national program.

Employers should be mindful of changes in their state's requirements and ensure, where required, proper accruals and tracking are in place for their employees. Failure to comply can come with stiff penalties.

Sexual Harassment Training

Unless you've been under a rock for the last several months, you have undoubtedly already recognized that ensuring a safe and harassment-free work environment for ALL team members is more important than it has ever been. From a risk management perspective, ensuring you have a comprehensive sexual harassment policy in place is imperative. However, having a policy in your handbook is not enough. Training of management and all staff on a consistent basis takes the necessary next step to ensure your team is well-versed in your policy and your management team is capable of properly tackling issues as they arise. Policy is all but useless without buy-in from your team and consistent application by your managers. Not only is this the smart thing to do, any owner worth their salt should see the importance of their team feeling safe and comfortable while performing their job duties.

Privacy

The fitness industry has a somewhat spotty track record and a tendency to lag behind other sectors when it comes to the adoption of technology. It is incredible to me how many clubs are still utilizing paper agreements! However, the tide is turning, and even in our industry, automation and paperless everything is becoming the norm. With better tech solutions available, we find ourselves faced with a new dilemma: ensuring our members' data remains private and safe. Data security breaches are becoming more commonplace, even at seemingly well-

protected organizations (e.g. the Equifax debacle), and legislation is rapidly being written to combat this issue and force companies to take additional protective measures. A recent example of this type legislation is the EU's General Data Protection Regulation (GDPR), which goes into effect May, 2018. Even if your business is 100% US-based, the GDPR may still affect you. Say you sell a temporary pass or membership to an EU citizen; you may be held accountable for complying with the GDPR rules. These include provisions on encryption of data, tighter definitions of consent and a broader view of what constitutes personal data. It even codifies a "right to be forgotten" so individuals can ask a business to delete their data.

While there are still many questions surrounding this new law and its application for U.S. businesses, it is certainly worth a place on this list and your radar for early this year. As with most regulations, failure to comply carries massive penalties.

• • •

The most important thing to remember is that the climate is ever-



Melissa Knowles, V.P. of Gym HQ

changing when you own a business. Having a solid back-office team in place and having access is vitally important. When the stakes are so high, there is no room for guessing. Have a safe and prosperous 2018!

(Melissa Knowles is Vice President of GymHQ, a ClubReady Company, and she can be reached at mknowles@gymhq.com)

...NFPT 2018 Trends

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scope of a personal trainer, it's an area we all need to understand to effectively answer questions our clients bring to us.

5. Ketogenic Diets & Intermittent Fasting. As we would suspect, new dietary "fads" always make the list. There's the cabbage soup diet, the ice cream diet (say what?), Atkins, grapefruit diet, and there's probably a Twinkie diet if we look hard enough. Most fad diets are just that, a brief craze.

However, there is a growing body of literature that reflects potential benefits to both (if they are done right and monitored by a qualified professional). Take some time to learn about the possible benefits and barriers. But, keep in mind, this is not within the scope of a trainer to suggest.

6. Self-Care/Mind-Body Practices. These areas of wellness are gaining more respect and attention in the fitness world. The latest IDEA convention appeared to have a self-care/mind-body theme being emphasized from many different presenters. This trend is applicable to both fitness professionals and their clients.

We need to practice self-care as well as promote it. Fortunately, you can incorporate the basic principles of both self-care and mindfulness in your training regimens and educational efforts.

7. Stress Reduction. To some extent, stress management has always been a part of health, but now, there's a growing call to action in the fitness world to help clients effectively manage and reduce the stress in their lives. Chronic stress impedes progress, negatively impacts motivation and detracts from the overall quality of life. If we can't find ways to impact this for our clients, their progress toward their health and fitness goals will be stunted.

8. Back to Basics. There's no shortage of creative ways to program for our clients. One tour at a trade show will show you the thousands of products available to you and your clients. But, have we gotten away from the basics? Many would say, "Yes." It's ironic because as the tech arena explodes, we may see a return to the simple foundational principles of exercise.

A focus on LIIT (lower intensity interval training) over HIIT and a return to the basics of strength training, which includes principles of anatomy and physiology.

• • •

What we can expect to see in 2018 in our industry is not limited to these eight trends. 2018 is here, so can you predict for you and your clients? More importantly, how can you get ahead of the trends and build a more profitable 2018?

How to Succeed in the Gym Business

By: **Jim Thomas**

Will your gym business thrive, or will it join others that have faltered along the way? Although you work hard at your club each day, there is unfortunately no magic formula to eliminating all the risks associated with operating and profiting from all your efforts. You can improve your chances of success, however, by surrounding yourself with good planning and expertise from dozens of other business owners who have been there before you. Here are some basic rules to make sure your gym grows and prospers:

1. Think like a small gym, even if you have a "big gym" name. If you've ever owned or worked for a small gym, you'll remember a few of its qualities that held an advantage: flexibility, ability to respond quickly and a more personalized approach to member service. Make sure to bring these strengths into your current club and take maximum advantage of those areas that represent the advantages of small clubs.

2. Plan your actions for success. A successful gym owner understands the power of planning and has a written plan of action. A good plan increases your chance of succeeding by helping you define your gym concepts, estimate costs, predict membership sales and control your risks. It tells you where you are going and how to get there.

3. A Strong Operational System. All successful businesses have systems in place to ensure the consistency of their offering and the management of their operations. The key to a successful gym, however, is to have proven systems in writing that can be taught to your team. Make sure you're maximizing these tools to help with recruiting, training, marketing, operations, finances, purchasing and virtually every other aspect of running the business.

4. Differentiate your gym services. Present the benefits of your products and services to your members, highlighting the unique solutions it offers to their problems. Avoid doing what everyone else is doing. Study your competition, and package your fitness services distinctly. At the same time, be careful with your marketing material and how you present these particular benefits. Many clubs market themselves too aggressively and too optimistically, leading potential members to believe they will experience unbelievable results right off the bat for little money or effort.

5. Remember that first impressions

count. Strive for accuracy and quality in your gym's operations... the first time around. Many times, you do not have a second chance to make a good first impression with members and guests. This entails a well-laid out gym, courteous staff and personable voices over the phone, etc. Make sure that you and your gym staff are always presentable, professional in your mannerisms and knowledgeable about your gym.

6. Maintain a good reputation. Always. Your gym's business hinges on its reputation, and word of mouth is usually stronger than any type of paid advertising. Conduct yourself as the upstanding business owner that you are, and remind your employees that their actions outside of work, particularly if they're wearing their club uniform, reflect the company's image.

7. Work toward constant improvement with an open mind. Successful club owners agree that the best starting place is an honest evaluation of your strengths and weaknesses as an owner/manager of your club. Try to incorporate as much flexibility as possible into your way of thinking and your quest to improve your gym. You risk being left behind if you cling to the, "this is how we've always done it," kind of thinking. There's this myth that gyms are a turnkey business. The gym business environment today demands that you need to ready yourself with new solutions... and fast!

8. Listen to your members. React to their needs. While you're at it, touch base with your employees on a regular basis to learn what they hear from gym members as well. Here's an example: while most gyms focus on the 45-and-under crowd, remember that Baby Boomers and seniors have a huge population of fitness-minded individuals with disposable income. If members in these age groups mention a particular class or piece of equipment that they would like to see at your gym, you may very well benefit by putting their action into action. When you focus on your members and gain their trust, they will not only refer you

to their friends, but they will also remain loyal to you. Personal referrals are the least costly, yet most effective, marketing strategy for your gym.

9. Be innovative in your gym. Although you have somewhat of a structure as how you run your gym, you don't have to act as a complete robot. Innovation should also cover your operations, from pricing to promotions, member services, website, etc. Keep your eyes open for new ways of doing things, and apply those that can improve the quality of your fitness products and efficiency of your gym operation. Stay current with technology, and never underestimate your competition.

10. Work smart. As a gym owner, you need to possess self-confidence and a never-ending sense of urgency to develop your ideas. Business people who succeed in owning their own clubs are levelheaded, can accept the unexpected events as they are and deal with them accordingly. They know how to manage their time, realizing the importance of leisure as much as work. They are quick to change directions when they see their plans are not working. They recognize their weak points and move on to nurture alliances and acquire the skills they need to put their gym on the right track. They realize the importance of working smart, knowing that it is not the quantity of work they do but what they do and how well they do it. All of this entails sticking to what you do best and becoming an expert at it. Realize that you can't be all things to all people.

11. Remember that you can't succeed without good employees. Winning clubs treat employees well so that they will, in turn, treat customers well. Providing corporate-style benefits, such as health insurance and retirement savings, can go a long way in encouraging employees to consider their jobs as true careers. Proper training of your club's rules, values and culture is very important as well. Many club owners make a mistake in not realizing that the concept of a good employee actually starts before



Jim Thomas

the hiring by not allocating enough to their budget for payroll; then, they end up hiring marginally-qualified candidates solely on the basis of available capital.

12. Ask a lot of questions, and bring in help when you need it. Other gym owners have probably dealt with most of the same issues over the years, so make sure you connect with them so that you can learn from their experiences. If need be, hire a professional who specializes in finance, sales, personnel or even a gym consultant who coaches on every aspect of gym ownership at once.

Now, go make your club a success.

(Jim Thomas is the Founder and President of Fitness Management USA Inc., a management consulting, turnaround and brokerage firm specializing in the fitness and health club industry. With more than 25 years of experience owning, operating and managing clubs of all sizes, Thomas lectures and delivers seminars, webinars and workshops across the globe on the practical skills required to successfully overcome obscurity, improve sales, build teamwork and market fitness programs and products. Visit his website at www.fmconsulting.net or www.jimthomasondemand.com.)

Make It Fun!

What Does *At-Will* Employment Mean?

By: **Paul R. Bedard, Esquire**

Employment litigation continues to represent one of the most complicated and significant facets of legal exposure for health clubs. Some employers mistakenly assume that hiring employees “at-will” equates to a blanket authority to dismiss these employees at any time, regardless of the motive or rationale behind the decision,

without potential liability. Although the authority to terminate an at-will employee is somewhat broad, it is not absolute. Statutory protections, common law exceptions to the at-will employment doctrine and tort causes of action limit this authority.

This article is intended to briefly summarize the concept of at-will employment and various key exceptions and related considerations. It is not

intended as legal advice. Widely varying laws specific to each jurisdiction prohibit one-size-fits-all recommendations within this particularly complicated area of law. Please consider these comments as an educational guide to assist you when you consult your own attorney for specific direction.

General Concept of At-Will Employment

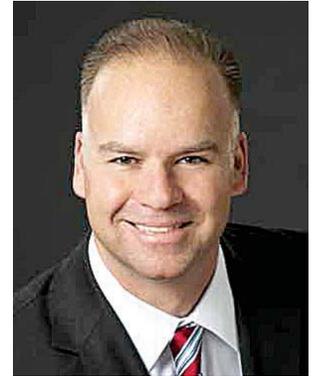
Most health club employees are at-will employees. In a nutshell, an at-will employee can be fired for effectively any reason, or no reason at all. And, the employee can just as freely quit at any time. However, regardless of whether employed by contract or at-will, all employees are statutorily protected from illegal discrimination based on sex, race, color, national origin, age, disability, religion, and in some states, sexual orientation and gender identity. Most employers are very much aware of the statutory protections that apply within every employment relationship.

Yet, aside from the statutory prohibition against employment discrimination, common law exceptions to what it means to be “at-will” may also apply. The three major common law exceptions are the public-policy exception, the implied-contract exception and the covenant-of-good-faith exception. In some states, all three of these exceptions apply. In other states, only one or two of these are applicable. And, certain states recognize none of these exceptions. Given this varying applicability, it is critical that employers are educated as it relates to their state’s specific laws.

Additionally, a tort cause of action can also play into a wrongful termination lawsuit. Intentional infliction of emotional distress and promissory estoppel claims are just a couple of examples of these types of actions, where the interpretation of these claims again varies from state-to-state.

Three Major Common Law Exceptions to the Employment-At-Will Doctrine

As opposed to statutory laws passed by legislators, common law is developed over time through precedents set by court rulings. The public-policy exception to at-will employment is the most recognized major common law exception and is recognized by the vast majority of states. Public policies are laws, mandates and regulations enacted by government that apply to everyone. In a general sense, public policy can be thought of as our system of laws and what is right for citizens overall. As this relates to at-will employment, an employee is wrongfully discharged when the reason for discharge



Paul R. Bedard, Esquire

violates a well-established public policy. What constitutes public policy varies across jurisdictions. However, dismissing an at-will employee for filing a workers’ compensation claim, for reporting illegal conduct, or for refusing to engage in illegal conduct are just a few examples of what may constitute wrongful discharge due to the public-policy exception.

The implied-contract exception is recognized by most states and requires a fact-specific approach for evaluation within an action for wrongful discharge. An implied contract within an employment scenario is just as the terms would indicate. In the absence of a formal contract, an implied employment contract can arise, implying employment security or protection, due to promises or assertions that are made. For example, when an employer verbally assures an at-will employee, “You’ll have a job for life,” or when a handbook expressly states that the at-will employee will be disciplined or terminated only for “just cause,” an implied contract may be formed, altering the original at-will employment relationship.

The covenant-of-good-faith exception is recognized in only a minority of states but represents the broadest exception where applicable. This exception requires the employer to act in good faith and deal fairly with the employee. The covenant-of-good-faith exception may apply when an express or implied employment contract exists. Within an at-will employment scenario, an implied contract is typically at issue. It has been interpreted in various ways by states to mean that employment termination is prohibited when made in bad faith or driven by malice, or to mean that good cause is required for employment termination. Firing an employee just before sales commissions are due or letting an older long-time employee go to reduce the company’s liability for retirement benefits are examples of conduct that may violate (See *Paul R. Bedard, Esquire* Page 25)



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continued from page 24

the covenant-of-good-faith.

Tort Causes of Action

Beyond common law exceptions to at-will employment, various tort causes of action can come into play that may limit the at-will employment doctrine. A tort is a wrongful act, other than a breach of contract, that may give rise to civil liability in the form of damages or an injunction. Under the legal theory of respondeat superior, an agency relationship between the employer and their employees exists, meaning that the employer may be vicariously liable for their employees' intentional torts when committed within the scope of employment.

Extreme or reckless conduct by one employee, that intentionally or recklessly causes another employee severe emotional distress, may give rise to a wrongful termination claim for intentional infliction of emotional distress. Courts have interpreted such conduct to effectively mean conduct beyond what is tolerated by civil society or conduct that the reasonable person would find to be outrageous.

Workplace sexual harassment, in extreme instances when resulting in severe emotional distress, can give rise to this type of claim.

The principle of promissory estoppel is a legal principle that makes a party's promise legally binding when another party has relied on the promise to their detriment. In the employment context, when an employer clearly promises something to an employee or prospective employee, upon which the promisee would reasonably and foreseeably rely, and the promisee, in fact, relies upon the promise to their detriment, a promissory estoppel claim may estop the employer from reneging on their promise or otherwise hold the employer liable for damages. A scenario that may give rise to a promissory estoppel claim is when an employee accepts a new at-will position on the other side of the country, relocates his or her entire family to the job's location, only to be fired just before beginning the new job that was relied upon by the employee when deciding to relocate.

Conclusion

The overall concept of at-will employment is easy to understand.

However, State and Federal statutory protections against discrimination, common law exceptions and potential tort-based claims, interpreted and recognized to varying degrees across the states, indicate that the practical meaning of at-will employment is far more complex than the overall concept would lead most to believe.

Employers must be educated regarding Federal, State and local laws. However, education is no substitute for legal advice. Employers should proactively audit their employment practices to ensure that their at-will employees are truly just that. And, when trying to determine whether an at-will employment classification is being compromised, it is critical that legal counsel be engaged as early as possible.

On a practical level, regardless of whether an employment law was violated, both the employer's and the employee's interests are rarely served by the random or arbitrary termination of someone's employment. Therefore, such instances are rare. Most employers will dismiss an employee only due to a valid business decision, previous progressive disciplinary actions, or some other substantiated issue. However, in the rare instance when an employee is dismissed for no obvious

or apparent reason, a judge or jury may actively search for any conceivable reason why a firing may have been discriminatory or otherwise in violation of the law. While this reality may seem unfair, it provides yet another reason why employers need to be educated and remain proactive, yet balanced, when it comes to making personnel decisions.

(Paul R. Bedard, Esquire has nearly twenty years of management, leadership and operations experience in the health and fitness industry. As a practicing attorney, Paul's health and fitness industry experience provides him with a unique perspective when advising on or litigating matters involving health club handbooks, policies, contracts, disputes or injuries. Paul also conducts sexual harassment training for private employers. Paul strives to be active in his local community. As part of his private practice, Paul serves as the current Assistant Town Attorney for the Town of Southington, and he has previously served on the Southington Zoning Board of Appeals and the Board of the Central Connecticut Regional Planning Agency. Paul can be reached at pbedard@smddlaw.com or 860-620-9460 x109.)

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How to Design a Club for Maximum Sales Power

By: **Bruce Carter**

What are people looking for in a club? Any club? Are they looking for exercise? A room with equipment? Are they looking for a social experience? It can be any or all of these, but the basic common thread for anyone joining any type of club is they are looking for solutions to improve their life. They are looking for a fulfilling experience. This applies to large clubs, studios, low-price models and higher-priced clubs.

So, what can be done with design to best create an environment, an "experience," that will motivate people to pay whatever the dues that are being charged, and then, keep paying them? Clearly, the importance of a motivating and friendly staff and well-planned and implemented programing are critical. The importance of the traditional design elements, such as smart space planning and creative décor items including lighting, finishes, colors, materials and architectural features, all play a key role in achieving an inspiring experience for all who enter a club. However, the new cutting-edge design model also works to integrate a number of other elements together with traditional design elements to create a powerful desired experience. These elements are organization, technology, education, entertainment, energy and visual interaction and branding. When this is done, a club becomes a unique revenue magnet, or another way to put it, it is profoundly fulfilling to individuals.

Let's look at the different components already mentioned:

Organization - This may not seem like an important component of design, but a club's layout, traffic flows and equipment layout all need to look and "feel" organized. People will feel better about a club if it appears to be organized, things seem to flow smoothly, and everything is in its "place." Does the area that memberships and fitness programing are sold seem to be efficient, supportive and inviting? Are the seats and desk attractive and comfortable? Is there a good view of the training areas, reinforcing the sales experience? And, obviously, is it clean and clutter free? Do training areas that provide a wide range of training apparatus and gear have the all-important storage units for all items? This gives a person more "trust and confidence" in a club, and strong organizational design is especially key for higher-priced clubs and extra cost-based programs.

Technology - As it relates to design, a club should present information in ways that are exciting yet easy to interact with, such as class schedules and sign ups, membership

sign up, training options, specials available and educational content. Nowadays, there are far better software programs for the creation of and easy update of information. Flat screen monitors should be well-placed but not overdone. Building a screen flush into a wall adds to the professionalism of the club. Also, the trend now is a club should provide charging stations for members in the reception lounge area, on cardio equipment or in individual lockers.

Education (combined with technology) - As a member circulates around a club, he can be regularly exposed to changing aspects of the club's mission statement, life enhancing mind and body insights as well as motivational quotes, which continually supports the value of the member experience.

Entertainment - This has been improving in clubs for some time. TVs with cardio and open exercise areas seem to be following the rule, the bigger the screen the better. It is interesting that one of the country's major health club chains recently has initiated a policy that no news or politics will be available on any of the club's TV monitors, feeling that this produces a negative environment for exercise, health and wellbeing. This is an example of just how important some clubs take in creating a "positive experience" for people when they are in the club. Another growing aspect of entertainment is the option of virtual workouts. Being in front of a large screen with awesome sounding music, members can ride a spin bike through the Swiss Alps, take a yoga class on a beach on a south sea island or take a Zumba class with world class instructors. These are just a few of the newer options for creating more dynamic and varied experiences within a club.

Visual and Energy Interaction - This is making sure that a layout allows for people to see the different areas of a club and what is going on. This is especially important when a club has a variety of different programs that cost extra than the basic membership. Being able to see these different areas of a club creates a desire to want to upgrade to the programming they are seeing. "Out of sight, out of mind" applies here. In addition, it has been proven that people exercising "give off" energy, and other people seeing and experiencing this "receive" some of this energy. This is one of the reasons people love watching sporting events. If there are separate rooms or areas for different exercise and program experiences, some amount of windows are recommended. Design should allow for this interaction of activities within a club, but also keep in mind that the improper application of this can also cause intimidation, where

many people feel uncomfortable "being on display." So, there is a balance that can be achieved with these design principles often using plants, location and size of windows, window film and partial partitions.

Branding - This usually involves the collaboration of marketing and graphic arts to create names, logos and themes that best communicate a club's image and programs. This is especially important in working to sell more fee-based programs. Branding then, through the use of signage, graphics and technology, should creatively work with the traditional interior design components. If done effectively, the branding will actually enhance the members experience and produce more revenue.

• • •

Learning to work with the varied aspects of successful creative design is an opportunity for a club, any type of club, to make a positive and meaningful statement. However, this opportunity is lost by so many clubs. Often, the fear of the extra cost limits the powerful benefits of cutting edge design. But, so often, it is not so much additional costs but poor choices and coordination of colors, finishes, materials, architectural features and lighting. One can spend the same amount, and yet, get two entirely



Bruce Carter

different end results. It's like the difference of two different exercise programs and how one can achieve a far better result but with both programs costing the same amount of dollars and time to follow. However, more and more clubs of all sizes and price points are seizing the opportunity for more sales strength and are strongly differentiating themselves from the competition.

(Bruce Carter is President of Optimal Design Systems International and can be reached at bruce@optimaldsi.com)

acac Pantops Now Open in Charlottesville, VA

CHARLOTTESVILLE, VA - acac Fitness & Wellness Centers announced the opening of a new fitness facility and physical therapy location in Charlottesville, VA. The new club is located inside of the Sentara Martha Jefferson Sports Medicine Clinic. acac began operations in the facility on January 1, 2018.

"We are thrilled to offer our Charlottesville community another convenient option for wellness," said acac owner Phil Wendel. "The center is an exciting concept in holistic health for individuals and families. It is a one-stop shop for health with traditional medical services, community health education, physical/occupational health services and a full-service fitness center all under one roof.

The new Pantops location is a 24/7 fitness facility, offering brand new cardio and free weight equipment, stretching,

group exercise, functional training and personal training. In addition, acac has an on-site Physical Therapy clinic for patients and their award-winning Physician Referred Exercise Program (p.r.e.p.) will feature prominently in the club.

"At acac, we create a comfortable environment where everyone, regardless of age or fitness level, feels welcome and supported," said Wendel. "We want to create a sanctuary for our members and be the best part of their day. Our goal is to help each member 'live their best' by engaging them in programs and activities they can enjoy for life. That is the key to better health and wellbeing."

The Pantops location is acac's fourth club in Charlottesville. They have been serving the Charlottesville community for over 33 years when the first health club opened in 1984.



Navigating A Trade Show

Our Club Industry Show Experience

By: **Angie Pattengale**

It's a new year, and that means the IHRSA Convention and Trade Show will be here before we know it! When attending a trade show, there's a lot of planning involved... if you're going to do it right. To provide you with some tips for **IHRSA 2018**, I'd like to tell you about our most recent trade show experience at *Club Industry 2017*.

NFPT's first ever Facebook Live Show topic was, "Navigating Fitness Conventions," (bit.ly/clubinsider45). It was originally timed around the IDEA World Convention in Las Vegas, but it is applicable to any educational convention or networking event. We discussed four basic tips that are foundational to productivity... because why else would you go if it's not to be productive? When we (Billie and Angie Pattengale from NFPT) attended the Club Industry Show in Chicago (October 4 - 6, 2017), we decided to take our own advice.

Four Tips and How We Followed Them

1. Set a Goal. Our primary goal for the Club Industry Show was to meet, greet and mingle. We also wanted to learn something new. We were on a mission to seek ah-ha moments and build on lasting relationships. The knowledge seeking was easy at Club Industry; every session we

attended was one that we learned from. The meeting, greeting and mingling was even easier, thanks to the hospitality and well-coordinated efforts of the people at Club Industry.

As an acknowledged introvert, I'm a minority among fitness industry people who are most often extroverts by nature (I wish I had more of that. But, not having the knack for engaging in social settings makes me even more thankful for my industry friends who are incredibly down to earth and easy to talk to). I know first-hand how important it is to find opportunities to meet face-to-face with the people you are working with, especially if most of your average workday is spent behind a computer screen and most interactions are limited to emails and conference calls.

The IHRSA and Club Industry Shows are great places to reconnect with friends and colleagues and to make news ones. Over the course of a year or two, you'll find that many of the people you regularly connect with are going to the same industry events that you are. Set a goal to make the most of this. Be well planned and connect with those you want to meet or eat with. Schedule and confirm for lunch dates or formal meetings ahead of time. Be purposeful in your efforts. Whether it's to come out of your shell or it's to represent your brand well, know your goal and remind yourself of it.

2. Plan your sessions. First, look at all the sessions that the event has to offer. Choose, ahead of time, the sessions that you want to attend, and put it to "paper" (actual paper or the electronic kind, just make sure to have a quick personal reference guide to keep you on track). The Club Industry Show offered active training sessions and lectures across several categories, from Business Basics to Leadership Mastery, Corporate Retention to Advanced Wellness Programming, and our personal favorite, Trends and Technology.

We attended several sessions a day, and though we wished we had time for more, we stayed on track and productive about it because we followed our own schedule guide, created prior to getting there. Choose sessions in areas where you seek personal growth and knowledge but also those that are relevant to your business and its internal goals. Take something back to your team. Also, as part of your guide through the week or weekend, include blocks of time that you leave "empty" for impromptu meetings or for mental breaks in your day so that you can better soak in all that you've been learning.

3. Take breaks. Don't discount the value of a break. These events require working the brain and the body, and not just during the day, but at night as well. So, take a break, whether it's time alone to read or nap, or to have lunch with a friend, give yourself some down time. Fitness conventions offer the best of both worlds, mental and physical. You can go from education sessions to group workouts, fun fitness and networking events. These keep you excited and worked up to do more, but a break in the day gives you a refresh, a reset and may just be the thing you need to be the best you that you can be.

4. Take notes and ask questions of presenters. Don't waste your time being in a session and not take notes. However you take them, your notes will be what you look back at later to remind yourself of what you want to do or who you want to remember to contact later. Presenters are presenting in your industry for a reason. Club Industry had expert presenters that left us with valuable information to bring home, and even though we get the slides later, I could not have remembered all of the little pieces of insight or valuable information that caused the lightbulb to go off. Your notes will be what you use later to refer back to. Write it down. Ask questions. Don't be shy. This is your opportunity to meet the presenter, thank him or her for his/her session and ask a quick thought through question that won't



Angie Pattengale

take up too much of his/her time to answer. If you feel that there is a business synergy or a win-win that can be developed with the presenter, then exchange business cards if/when the moment is right (and only if you can execute the exchange in a way that's not awkward or mistimed). If the moment didn't happen, then look them up later to say thank you.



The Club Industry Show did well in achieving a feeling of community and made our goals easy to achieve. It really is about people. The people of Club Industry coordinated events with a personal feel that gave all attendees that opportunity to be a part of the community. I personally appreciated the intimate setting of the Welcome Reception and the networking breakfast. The keynotes were inspiring, and the awards ceremonies were genuine. Simply stated, my goal was to talk to people. The Club Industry Show made this easy to do. This show gave the opportunity for meaningful time between industry professionals, club owners/managers, club vendors and fitness enthusiasts; it is all about the people. And, with that, I thank the people of Club Industry who made this event have value, a personal feel and a welcoming atmosphere.

Now, we welcome you to use these tips to prepare for **IHRSA 2018** and **Club Industry 2018**. See you there!

(Angie Pattengale has been with National Federation of Professional Trainers, NFPT, since 1994, and she is currently serving as the Director of Certification. Angie oversees the coordination of certification test development and delivery and directs the growth initiatives of the certification program.)

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Seven Ways Your Health Club Can Help Members Meet Their Goals

By: **Alexandra Black Larcom**

"This is it. This is the year I get healthy. I'm going to work out more and eat more vegetables!"

As a club owner, you've probably heard your members say these things at the beginning of each new year. I'd also wager that, for every member who sticks to his resolutions and goals, there are a couple who lose their way.

What if I told you there are seven ways your club could help more members meet their goals? There are! We spoke to a variety of clubs and gathered the best tips to share with you:

1. Offer a welcoming, inviting space for all members - New gym-goers can be

intimidated by the club or have low self-efficacy, making them easily discouraged. Look at your club and its amenities, and determine whether your offerings meet the needs of people with obesity, a disability or an injury. Consider posting images with people of all shapes and sizes and make sure there is ample space between machines for people to pass through.

2. Provide a wide variety of options for gym-goers - Offering a variety of classes from yoga to HIIT and a variety of equipment choices from treadmills to resistance machines can help new members find what works for them or help existing members become re-engaged with something new. Check out some predictions for 2018 fitness trends in the 2017 *IHRSA Club Consumer Report*.

3. Make member feedback a priority - It's

hard to help members reach their goals if you don't know what they hope to achieve. Survey members regularly to gauge their goals and interests and ask them what your club could do to help them succeed.

4. Focus on lifestyle outside the four walls - Many factors outside the gym influence your members' success, such as diet, exercise and sleep habits. Educate your members about healthy lifestyle options through flyers, emails or blogs and offer support services such as nutrition counseling or group activities to help them improve their health.

5. Offer specific programs or classes to help members reach their goals - Use the survey results to tailor programs that will address common goals. For example, consider offering a 6- to 8-week weight loss program in January. If members want to improve their diet, offer a month-long diet challenge.

6. Share members' successes - Sharing member success stories can help others stay motivated. You can share stories on your social media, your blog or on posters around the club.

7. Follow up with members - Many people



Alexandra Black Larcom, IHRSA

commit to a fitness routine in January but lose interest by March. Stay in touch with new and existing members to help them stay motivated and interested in coming back to your club year-round.

(Alexandra Black Larcom, MPH, RD, LDN, is the Senior Manager of Health Promotion & Health Policy for IHRSA.)

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Thanks and Appreciation

At **Club Insider**, we are excited to be in our **25th Year** of this home-based health and fitness club trade publication! The thought that this publication 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 25-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 eight 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 **289** 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. We also want to say sincere **Thanks and Appreciation** to all of our **Club Insider Contributing Authors**, past and present, who've contributed *thousands* 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 25 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 a majority of our cover stories each 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. And, 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.

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