

Norm Cates'

CLUB INSIDER

CELEBRATING 29 YEARS OF TRUST

Jeff Sanders

Lessons in Leadership, Alliances and Advocacy



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CLUB INSIDER

CELEBRATING 29 YEARS OF TRUST

Jeff Sanders *Lessons in Leadership, Alliances and Advocacy*

By: Justin Cates

We are the culmination of our life's experiences. Throughout that time, some events lead us to the top rungs of success; others bring us to the lowest depths of failure. But, each is an opportunity to learn and grow. Then, it is our duty to share much of that with others. This creates a never-ending circle of knowledge, and in business, this process can mitigate many failures before they occur.

If I am in a trench, fighting for my life, the person I want next to me is the one who has seen it all, not the person who just got there. In the health and fitness club industry, where many are still fighting for their professional lives, **Jeff Sanders**, Chief Growth Officer of Energy Fitness is

the former. He is a person who has seen a lot! And, he shares a lot. This month, we are thankful that Jeff wants to share with our readers.

What follows is an in-depth interview with Jeff on the topics of *Leadership, Alliances and Advocacy*. There is a lot here, and even more to unpack if you read between the lines, so to speak. So, I invite you to read it all, then maybe, read it again. Like a great movie in which you see new details every time you watch it again, every *Club Insider Cover Story* produces the same result... You will always read and learn something new that you did not know and/or understand before. And, we thank you for reading.

With that, enjoy our interview with **Jeff Sanders**, Chief Growth Officer of

Energy Fitness.

An Interview With Jeff Sanders, Chief Growth Officer of Energy Fitness

Club Insider (C.I.) - Where were you born, and where did you grow up?

Jeff Sanders (JS) - I was born in Corpus Christi, Texas, and I grew up in the Dallas Fort Worth area. It's funny, because if you're in Texas and are from the Fort Worth area, you get offended if someone says you're from the Dallas area. But, yes, I'm from the Metroplex, and downtown Fort Worth is really where I spent most of my adult years.

C.I. - Where did you go to school, and what did you study? Did you play any sports?

(See **Jeff Sanders** Page 7)



Jeff Sanders

Reimagining IHRSA: *An Open Letter From IHRSA President and CEO, Liz Clark*

As we conclude the holiday season grappling with yet another COVID variant, I hope that you, your colleagues and your families remain healthy.

I have recently wrapped up my first 100 days as IHRSA's President and CEO and wanted to share some experiences, observations and actions underway to accelerate the modernization of our Association.

My first few months in this great industry have been amazing. I've learned a lot, heard from many of you and worked with my IHRSA colleagues and our engaged Board to chart a course to advance our association and our industry.

Reimagining IHRSA

I had the privilege of spending time with many of you at our show in Dallas, which was an overwhelming success. While we missed our international partners, the intimate and influential audience we attracted was there to do business.

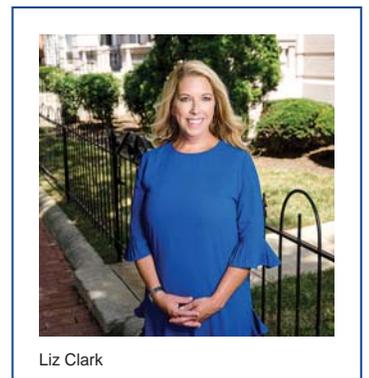
As a result of the team's focus, coupled with attendee and exhibitor resolve, IHRSA 2021 received a "world class" *Net Promoter Score of 84*. Our first-ever hybrid event, the in-person and virtual attendance and overall success of the event was second to none. We expect an even better turnout and event in Miami

Beach for **IHRSA 2022** from **June 22 - 24**.

With an industry focused on improving people's lives and building relationships, hosting in-person events is crucial for our industry to thrive.

This year's inaugural *SMART Summit* in Munich, Germany, in collaboration with *FitnessConnected*, was pulled off as the only in-person fitness industry trade expo in Europe this autumn. The event was a hit with attendees joining us from 18 countries amidst tightened restrictions due to rising COVID cases. Plans are already underway to host another event in Europe in 2022.

(See **Liz Clark** Page 8)



Liz Clark

Inside the Insider: Edition #337

- Risk Management Assessment for The New Year - **By:** Paul R. Bedard, Esquire
- Technology Validates the Term "Exercise IS Medicine" - **By:** Mike Alpert
- Two Simple Ways to Consistently Build Sales - **By:** Karen Woodard-Chavez
- Is Your Gym Ready For The New Year?
- Is Your Marketing Killing Your Business? - **By:** Thomas Plummer
- And, of Course, *Norm's Notes*
- Are You Up For A Challenge? Keeping Members Engaged. - **By:** Jeffrey Pinkerton

Norm's Notes

■Hello Everybody! This is your Club Insider Founder and Tribal Leader Since 1993 checking in with our 337th monthly edition! We hope you had Peaceful Holidays and a Happy New Year!

■Is America a GREAT Country, or what? HAPPY, HEALTHY NEW YEAR TO YOU ALL!!! Hmm... hmm... hmm!!! Yeah, I know, you're probably sitting there reading these January, 2022 Norm's Notes thinking and saying to yourself, "Hmm... I wonder if Norm will ever stop praising America!?" Here's an answer to that question: **NOT A CHANCE! I will be dead, cremated and collecting dust in a vase before I ever stop praising our United States of America, the single greatest country on this Earth that's got just 4% of the world's population, but AT THE SAME TIME, HAS DONE MORE GOOD THAN ANY COUNTRY ON EARTH EVER HAS! God Bless America! And, Happy New Year to you all!** Now, for some news and other stuff...

■Folks, this is a very special Norm's Note, and it brings to my mind the need for me to express my most sincere Thanks and Appreciation to the Good LORD

for the blessings that he's bestowed on my family and me during our lives. The blessing I'm going to talk about in this Note is my lovely wife, ILENA, whom I married at IRSA's 2nd Convention in Las Vegas. We were married at the Candlelight Chapel on January 20, 1982, so that means we are celebrating 40 years of marriage! Happy 40th Anniversary Sweetheart! Along the way, Ilena and I were blessed with one very fine son, the one and only, the master of many talents, JUSTIN CATES, a mighty fine young fellow who will turn 37 years old on January 18th (and I will turn 76 years old the day before on January 17th). I think all of you will agree with me when I write here that Justin is doing a magnificent job as our esteemed *Publisher of Club Insider!* So, I also want to take this opportunity to express my sincere Thanks and Appreciation to Justin for the really great job he's done and will continue to do as *Club Insider's Publisher*. Thank you very much, Justin Cates, and Happy Birthday! Folks... "Just-In-Case" you ever forget his name, just remember JUSTIN CATES!

■RAY WILSON's SON, PACKY WILSON, as well as ROBERT LINEBERGER,

GEOFF DYER, PAUL SCHALLER and YOURS TRULY all want to start off this month with advance Happy 94th Birthday wishes to our long-time friend MR. RAY WILSON! Folks, we need your help. This month's edition has arrived across the world electronically on January 1st, 2022, with printed editions to follow. I want to invite all of you to join us in helping Ray Wilson celebrate his 94th Birthday on February 19, 2022 by sending a "Happy 94th Birthday Ray!!!" message from you to Ray via a SPECIAL NORM's NOTE in our upcoming February Edition. So, here's what I need for you to do TODAY. Please send a brief birthday message for Ray (along with your name) to me at Norm@clubinsideronline.com. To be (See Norm's Notes Page 7)



Norm Cates



Norm and Ilena Cates at the 2021 Great Characters/Legendary Ladies of Atlanta Reunion

About Club Insider

CELEBRATING 29 YEARS OF TRUST

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Thanks and Appreciation

At Club Insider, we are excited to be in our 29th 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. So, I wish to extend my most sincere Thanks and Appreciation to everyone who has made this amazing 29-year run possible.

A very sincere Thanks and Appreciation go to Rick Caro, the late 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, formerly of Atlanta's Hudspeth Report for the tremendous assistance they provided. 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 monthly editions! And, of course, Thanks and Appreciation to the United States Postal Service for sending those editions to our readers! 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. Thanks and Appreciation to all of our Club Insider Contributing Authors, past and present. Thanks and Appreciation to IHRSA for all it does for all of us. And, sincere Thanks and Appreciation to my son, Justin, who has become our Publisher and is a truly great partner. You name it and Justin does it each and every month!

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 his sincere Thanks and Appreciation to the power that made that survival happen: God.

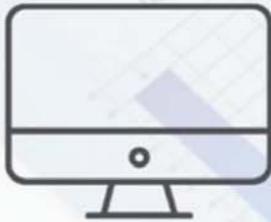
Very sincerely, with love in my heart for you all,

Norm Cates, Jr.

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Is Your Gym Ready For The New Year?

As we begin the New Year, you need to be asking yourself if your gym is really ready to take on the *resolutions rush*. We love making fitness resolutions and committing ourselves to better health. In 2020, it was the most common commitment people made, with *46% of Americans* saying this was their New Year's resolution. With January being the biggest month for new sign ups, according to the IHRSA (with more than 12% of all sign ups happening in January), it's important that you prepare your gym to take on, and attract, new members.

Get Your Fitness Club Ready For The New Year

The New Year is not only a time to start fresh, it's a time to get your fitness center in shape for a successful year! With your busiest season right about to hit, you need to prepare yourself and your staff for the influx of new members.

Here's what you should be asking yourself as you prepare your gym:

1. Have you launched your fitness marketing campaigns?

One of the most important things you can do to prep for the upcoming rush is send out marketing to your potential customers. If they don't even know your gym is there and ready to help them take on their goals, your prospects will end up more invested in your competitors.

Start by targeting your audience with an omnichannel approach, and get those New Year's Resolvers ready to take on their goals! Here are a few ways to reach your prospects:

Direct Mail Postcards - Reaching your

audience through direct mail cuts through the noise and competition to get right into the hands of your prospect. Send them a personalized, compelling offer for starting their New Year off right!

Social Media Ads - Prepare to serve, not only optimized social media ads to drive new customers to your gym, but also engaging social content that will motivate new members to jump on the fitness bandwagon.

Retargeting / Display Ads - After your prospects have seen your mailer or social ad, retarget those individuals to keep your fitness brand on the top of their minds *before* the New Year begins.

2. Is your staff trained for the New Year rush?

Bringing in the new customers with strategic fitness marketing isn't the only thing you should be focused on. Be sure your team is prepared for the rush by training with phone scripts and enrolling new members. If they aren't prepared to get you those new members, your marketing efforts will fall flat.

3. Do you have enough equipment?

Enticing prospects with new equipment is always a good thing, but also ensuring you have enough equipment to actually handle the volume of new members is key. Go through your gym inventory and assess what you need to update to prepare your gym.

Don't Forget About Your Current Members

The New Year is a time of new resolutions and new members! But as you focus on getting those new fitness junkies into your club, don't forget about your existing members who have been loyal to your gym. Continue to show your gratitude with a loyalty program. Consider offering group classes to entice both your existing members and new members.

By introducing members to a group class, you can significantly reduce your churn rate and increase retention. Group fitness can help to create social support and a sense of community among your members and even build rapport between your new and existing members.

Contact the experts at **UpSwell** to begin preparing your fitness center for growth and get your marketing strategy on track for the New Year and beyond. Call (888) 597 - 5611 or visit fitness.upswellmarketing.com.

See the UpSwell Ad on This Page.



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...Norm's Notes

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included in the print version of this birthday gift to Ray, we need these messages by **Friday, January 21st**. Anything sent after will still be sent to Ray digitally on his birthday, February 19, 2022. So, don't delay, send those messages today!

■ Welcome back to **Sports and Fitness Insurance Corporation**, as they rejoin the *Club Insider Advertising Team*. Now, linked with *Liberty Mutual*, they can provide the coverage you need and require, no matter the size of your health and fitness club organization. And, folks, if you haven't already, **NOW**, the *New Year*, is the time to reassess your insurance needs. Check out the **Sports and Fitness Insurance Ad** on **Page #8**.

■ **CONGRATULATIONS** to our friend, **KEVIN McHUGH**, COO of *Pat Laus' Atlantic Club*, as the *Medical Fitness Association* has honored Kevin by making him the recipient of its **2021 Hank Boener Pioneer Award**. This is the highest award given by MFA in memory of **HANK BOERNER**, a *Founding Member of MFA*, who passed away in 2012. Boerner was the *Director of the North Mississippi Medical Wellness Center* for 20 years. "Kevin has truly been a pioneer in the fitness industry, especially during the pandemic", said **DAVID FLECH**, CEO of the *Medical Fitness Association*. "We are honored to recognize Kevin's accomplishments in raising the bar for the medical fitness industry and being out in the forefront to advocate for the importance of fitness in public health." **CONGRATULATIONS KEVIN!**

■ *Our Friend, Thomas Plummer*, shared news of his semi-retirement with us. I say "semi," because he will still be doing quite a bit! In recent correspondence, he wrote the following: "I formally retired last week, doing my farewell as a keynote for *Perform Better*. It was a good run, but I am tired of the travel, and after 45 years, it is time to stay home. As of today, I am almost through Graduate School again and am writing full-time. I will have the rewrite

of one of my books out in the Spring as well as a new book of poetry by May. So, I will still be writing, just not doing anymore workshops. The exception is I am still going to teach a few speaker development schools in Providence, starting in the early Summer. I still love those."

Thom, Congratulations, You Deserve It!!! Folks, be sure to check out **Thom's Article** on **Page #19**.

■ **HERB LIPSMAN** is a prominent and veteran club operator. Over many years, in addition to his roles as a general manager, he's worn the hat of author. His role as an author began in 1986 when he wrote a book entitled: **Caring**, which was focused on the mindset needed to be an excellent club manager. Years passed and Herb has recently found his way back to being an author again. This time, it happened when he wrote: **Caring, the Sequel**. In recent conversations with Herb, I asked him to give us a little taste of what this new book was all about so you can decide to acquire and read the book. Herb shared a portion of his book, so folks, to whet your appetite, here's a peek at some of his thoughts:

Be a Better Boss!

In this season of giving, I'm going to suggest a gift that each of us can give to our direct reports which will have a far more positive impact on company morale, employee retention and ultimately profitability, than any monetary or material gifts. And, this won't cost you or your company a dime! This gift idea has several distinct yet equally important components:

1. Take a keen and sincere personal interest in each member of your team.
2. "Seek first to understand... then to be understood," (Habit Five from **Stephen Covey's *The 7 Habits of Highly Effective People***). Commit to being a more empathetic listener.
3. Make it safe to disagree with the boss... and prove it by changing your mind when presented with a better idea.

4. Embrace the fact that we all have a different paradigm.

5. Earn your people's trust by sharing the credit when things go well and accepting the blame when things go poorly.

6. Commit yourself to earning the admiration of your people, by modeling the behaviors you expect of those you lead.

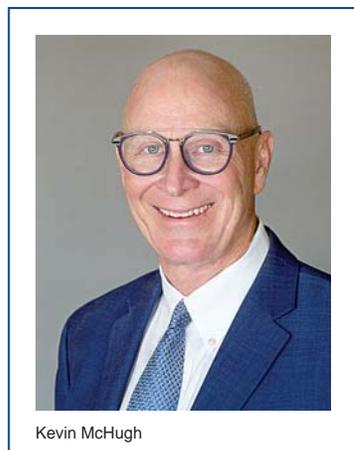
7. Be kind AND courageous.

8. Don't allow negativism to poison the work environment.

9. Inject some fun into every day at work!

10. Show your people that you sincerely appreciate what they do and for who they are.

During this period, which some are describing as the "Great Resignation," millions are choosing to leave their jobs, YOU have the chance to stand above others by changing how you lead. This is not complicated, but it will take a deep commitment on your part to slowly and steadily prove to your people that this is (See *Norm's Notes Page 8*)



Kevin McHugh



Herb Lipsman



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...Liz Clark

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Post-Dallas, I have shared my vision for the future of IHRSA at several industry events and spent time on a listening and learning tour. I have met, and continue to meet, with both longtime IHRSA supporters as well as those who have felt ignored and left behind.

My key takeaway from all these discussions is the need to stabilize and modernize our Association to keep pace with the industry's evolution.

In each of those interactions, I have reiterated observations I first made as I interviewed for this job: This is an integral industry, and it needs to be treated like one. We will reimagine IHRSA, including a future rebranding, to ensure greater appreciation for all the fitness industry does to:

- Enhance the mental and physical wellbeing of individuals and communities;
- Alleviate pressure on healthcare systems;
- Employ millions of dedicated people, and

much more.

In my next 100 days, you'll see a marked shift to be more advocacy-forward to drive this change. My time engaging with the *National Health & Fitness Alliance (NHFA)* and lawmakers has reiterated this needed shift, and I'm looking forward to working with those leaders to accelerate this refocus. I'm happy to report that membership renewals at the "premium" level are flowing in, and those dollars will support enhanced advocacy activities.

Supporting the *Global Health & Fitness Alliance (GHFA)* has also been a priority as we develop critical research and data that will support the narrative of our industry's essentiality.

Situation Analysis

Like all of your businesses, the pandemic has had a significant impact on IHRSA's financial stability. The cancellation of IHRSA 2020 impacted us dramatically,

and understandably, Association membership fell off as the industry reeled from pandemic-related closures and capacity restrictions.

While we've worked to mitigate costs, there is more that needs to be done to ensure our long-term viability. To support these programmatic and operational needs, I am restructuring the organization beginning with the *elimination of the positions of COO, EVP of Global Products, EVP of Public Policy, and EVP of Human Resources & Operations.*

The professionals who have served in these important functions have supported IHRSA for many years, including my onboarding. I am grateful for their contributions and professionalism throughout our time together and look forward to celebrating their many contributions to our industry and our Association in the weeks ahead.

These strategic organizational changes, while difficult, will support both our refocus and IHRSA's financial

wellbeing. Transitions are challenging, but I am focused on delivering greater value than ever for your investment in IHRSA. I am confident that these strategic decisions will create the foundation for us to deliver on that promise and that our plans for near- and long-term success will pay off.

A few months into this job, I have a greater appreciation for our industry and more confidence in our success than at any point in my brief tenure. We are making intentional moves to refocus our association on your highest priorities and will be the leader you need us to be.

I'm looking forward to working with all of you to make that happen, and I can't wait to see you all in Miami Beach in June.

Thank you for your continued commitment to IHRSA.

All the Best,

Liz Clark
IHRSA President and CEO

...Norm's Notes

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"Your New Normal!"

Folks, a copy of Herb's book is on the way to me, and I plan to dig into it. But, based upon what I've already seen, it will be a terrific tool for all of you. Get the book! Here's how to order *Caring, the Sequel* directly from Herb for \$19.95 each, and he will pick up the shipping and sales tax for a savings of \$5 per book. To order directly from Herb, send an email to him at herbnlipsman@gmail.com. Alternatively, you can order by going to

amzn.to/3mumkTx.

■ **An important legislative news update from IHRSA's Jake Landry: Please tell Congress to keep their promise and reinstate the ERTC!** Congress eliminated the **Employee Retention Tax Credit (ERTC) for the fourth quarter of 2021** as part of the passage of the **Infrastructure Investment and Jobs Act**. As a result, wages paid after September 30 became ineligible for the credit. The ERTC was originally scheduled to end on December 31, 2021, but Congress terminated it three months early to help offset some

of the cost of the infrastructure bill. **The GYMS Act and direct relief for gyms remains IHRSA's top advocacy priority, and the Association will continue to fight for all forms of assistance for the industry.** IHRSA has joined a coalition of organizations, including the **National Restaurant Association, the International Franchise Association** and others in strong support of this bill and the reinstatement of the **ERTC for Q4 of 2021.**

■ **The Genesis Foundation for Fitness and Tennis (GFFT)** raised over \$250,000 in funds to sponsor underserved children at the annual Rat Pack Gala & Casino Night. The proceeds raised will help children in need live a better life, by providing them with new shoes, quality sleeping essentials and athletic grants. **RODNEY STEVEN II, Owner and President of Genesis Health Clubs and Chairman of the Board for GFFT** was pleased by this year's Gala and turnout of 280 attendees, stating how grateful he was to be a part of a team that gives back to the community. **Way to go Rodney!**

■ **News from the American Council on Exercise:** With the goal of giving individuals and communities access to health and fitness programming that positively impacts their lives, the *American Council on Exercise (ACE)* furthers its commitment to advancing equity, diversity and inclusion with two new courses on how fitness managers and business owners can build more inclusive environments within the fitness industry. These courses are part of ACE's Taking Action with ACE series. *Taking Action with ACE: Practicing Equity, Diversity and Inclusion as a Fitness Business Owner* and *Taking Action with ACE: Practicing Equity, Diversity and Inclusion as a Fitness Manager* are the newest additions to the series. Go to www.acefitness.org to learn more.

■ **JUSTIN and I want to say Thanks for reading Club Insider! Have a Happy, Healthy New Year, and may 2022 see a return to normal!**

■ **Are you a Paid Subscriber?** *Club Insider* is a *Paid Subscription-based Publication*. 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*, so you are not enjoying the *full benefits* of a *Paid Subscription to Club Insider*, which includes **new print and online editions and online access to ALL PREVIOUS editions**. So, *don't delay*, subscribe today for just **\$99 for one year** 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 have served around the world. God bless America's Policemen and women and Firemen and women; keep them safe. Finally, God bless you, your family, your club(s) and your members. God Bless America! Laus Deo!**

(Norm Cates, Jr. is a 47-year veteran of the health, racquet and sportsclub industry. He is the Founder and Tribal Leader Since 1993 of *Club Insider*, now in its 29th year of monthly publication. In 1981, he was IHRSA's First President, and a Co-Founder of the Association with Rick Caro and five others. In 2001, he was honored by IHRSA with its DALE DIBBLE Distinguished Service Award, one of its highest honors. And, in 2017, he was honored with *Club Insider's Lifetime Achievement Award*. He can be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com.)



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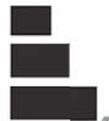
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STEPFITNESS

...Jeff Sanders

continued from page 3

JS - This is one of the interesting points of my story. Obviously, I went to grade and high school like everyone else. But, I only made it through about two years of junior college. However, in my story, I've been living on my own since I was 17. At that age, I was having to pay bills and figure out balancing checkbooks and all that stuff. So, unfortunately, while I was in junior college, it became apparent that I really had to focus a lot more on work than schooling. So, I ended up not finishing my degree. I found my documents the other day and I have only 13 credits needed to get my Associates degree. But, I had to pull out and really focus on work, and I've just really kind of grown up working in various industries ever since. I did play some sports recreationally, and soccer is what I enjoyed playing most.

C.I. - Wow, so school wise, the school of hard knocks. The real world.

JS - Yes, that's it. Learning the hard way. I had to sleep in my truck a couple of nights, which was kind of eye-opening. It was really a transition point for me and established a better, stronger work ethic. I didn't always have a great work ethic, but a couple of those harder times hit you when you're on your own figuring things out, and it kind of really forces you into a different mindset.

C.I. - But, you worked through it and made it. Please take us through your early non-club-related career highlights.

JS - My friends always gave me a hard time, and the running joke in my circle was that, if you let Jeff talk long enough, you'll learn about another job he had. That's because I've had so many over the years. I've worked for AT&T Wireless. I was the sales guy there, moving into management. I worked for a locally-owned farmers' market, unloading all of their fruit and then heading up their sales for the Christmas tree lot in the winter. I've worked as a substitute teacher within a private school sector. I spent time with an excavating company. Then, I owned a lawn mowing business, followed by working for a church. I'm a licensed ordained pastor in the State of Texas and did a lot of that.

I mean, I've had a lot of jobs. A lot of them, but many times, I ended up falling into a sales role. And, I think that was just because I was really good with people. I've always been really good at discerning and reading people's intentions or what they're truly looking for or wanting. So, I think I just ended up always getting labeled as a sales guy. Later in life, that kind of irritated me as I was trying to redefine who I was.

Then, I decided to jump into a franchise. A friend and I put our heads together, and we went and bought a *Smoothie Factory*. We ran that for a while and sold it. I've just kind of climbed from there and have done anything and

everything I can to learn about business.

Looking back, I found I tended to get bored, and on paper, I was probably not the best-looking employee for someone wanting to see someone staying put for any length of time. I'd go somewhere to work for two or three years, then someone would make me an offer and I'd jump at it. But, I learned a lot of things while working in different industries, which has now contributed to who I am today.

C.I. - I completely understand what you mean. During resume workshops in college, they would always explain that you have to build time at a job before moving on. Companies don't like serial jumpers because they are wary of their investment in a new employee. But, the problem with that is the amount of experience and the people you met along the way that can't really be shown on a resume. It doesn't always have to be a negative thing. And, there are ways for companies to mitigate that risk while gaining what someone like you has to offer.

JS - Yes, exactly. Coming from that type of environment, what really got instilled in me was problem-solving and a method of creating solutions to problems. **Critical Thinking.** I couldn't have survived without figuring out how to critically think about anything that was coming my way, which in my opinion, is one of the most important traits anyone can learn. It's what I am trying to teach my three-year-old. Even at his age, I believe he needs to learn how to be a critical thinker, because to me, that's one of the biggest assets you can have in business and really in life.

Entering the Health and Fitness Club Industry

C.I. - Absolutely! Very, well said. And, what a story! Moving into your health and fitness club industry experience, when and how did you become involved in the industry?

JS - My first venture into it was really when I stepped in and bought the *Smoothie Factory* franchise in Texas. We had a supplement component in the business, so we got a lot of our business from the gym up the street. And, I had to learn quickly! I was not in shape at the time, and I learned very quickly that people value someone looking the part if they are going to take advice from them about supplements. I was in my early 20s, and I had to make a transformation. That's when I jumped into soccer, started working out regularly and built relationships with gyms.

I really became intrigued with the whole fitness industry and how people have goals and what they do as well as need to achieve them. At the end of the day, they just need as much support as possible to reach their goals, and if they can get the right support, not only do they hit their goals, but they maintained them and really just have healthier lifestyles. So, that's how I jumped into it. I really began to see this passion that people had for fitness and how they were motivated. It just really intrigued and inspired me, which led to my growth in the industry from there.

From there, following the sale of our *Smoothie Factory* franchise, my next venture into fitness was at a place called *Energy Fitness* (and not the one that we'll talk about a little bit later). With this *Energy Fitness*, I talked the owner into hiring me to run their front desk and helping them launch a successful smoothie business within the club. Unfortunately, I showed up to a shift one day, and there were chains on the doors. He had shut down, and no one got their last paycheck. It was frustrating, but it forced me to further jump into this industry.

C.I. - Wow, the *WRONG WAY* to close a club! What happened next?

JS - From there, I went to LA Fitness. I sat down with their *Executive Vice President, Larry Lopez*, and I remember him looking at

my resume saying, 'You're so overqualified for just a sales position here. Are you sure this is what you want?' And, I just told myself: I don't plan on being in sales for long. I plan to move up. Sure enough, I was the fastest guy to move into an *Assistant GM* position, doing so within 30 days, then very shortly after that, I moved into a *GM* position. From there, I moved on to *Athletic Apex*, and now, *Energy Fitness*, where I hope to stay until the end of my fitness industry journey. We will talk about all of that.

C.I. - That's exciting stuff! Well, this next question might put the cart in front of the horse a little bit, but you've already taken us through some of the highlights. Please take us through some of the key lessons you've learned from some of your health and fitness club industry roles.

JS - I learned an important lesson at LA Fitness. When you are working in an organization as large and with as many locations as LA Fitness has, things will occur that are outside your control. In this instance, it was actually with other GMs in the area. Sometimes, they would contact members of our location and offer to flip them into membership at their location. Members would come in and complain about this, and I would get so frustrated and irritated about it. I just wanted to go over there and yell at them because their actions would affect our business, our numbers, our bonus, and ultimately, LA Fitness' bottom line. You don't switch existing members from EFT to Paid-In-Full for a lower rate; that is moving backwards in revenue for the company.

Larry Lopez, LA Fitness EVP, called me because I made this known, and I'll never forget what he said: 'You can only control what you do. You can only focus on your moving forward.' And, he had a phrase from football that he always used: 'Move the chains, guys.' He would ask, 'Are we moving the chains, guys?' And, he would explain that you need to stay focused on that no matter where you're at or what you're doing in life. There's always going to be something out there that, if you allow it to, will affect not only your performance but distract you from moving the chains forward. And, your job in life and work is to move the chains forward, always. So, that was a really good lesson to learn, especially in this industry. It's so easy to get distracted with everything that goes on, especially with what we have going on because of the pandemic. But, if you can keep your team focused on things, like blinders on a horse so to speak, you will move the chains forward, and things you can't control will not affect your ability to move forward. Regardless of what anyone else does outside the organization, I still need to hit my numbers, I still need to reach my goals and my team needs to do so as well. That was a really key lesson for me, and I push my team to focus every day.

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...Jeff Sanders

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C.I. - Being a football guy, myself, I love that! **JS** - It's funny; he would say that all the time, and I knew not everybody knew what he was talking about. At one point, I remember my AGM asked, 'What is moving the chains? Are we playing tug-of-war?' I said, 'It's going for the first down, man. We're trying to get down the field, whether one yard at a time or ten yards at a time. We're just trying to move down the field towards our goal.' I love the analogy, and I love it because sometimes you're going to move them ten yards at a time; other times, it will be 30 yards at a time. Sometimes, though, it's one yard at a time, but as long as you're moving forward, that's the goal. So, it was a very good lesson, an important lesson.

Athletic Apex

C.I. - When and how did you become involved with *Athletic Apex*? What were your roles? **JS** - This was also a funny, interesting way in which things happened. When I worked at *Energy Fitness* (the one that closed), the owner of *Athletic Apex* was renting out space there. At the time, I had some shoulder issues. I saw Olympic athletes coming in and out of there, so I figured, let's see what this guy is all about. I sat down and spoke with him, and he showed me a couple of exercises. My shoulder pain went away, and I built up my strength. Personally, we hit it off. There was just mutual respect there. Later, after I had moved on from *Energy* after it closed, I ran into him at a car wash. We talked a little bit, and we updated each other on what was going on in our lives.

Not mentioned earlier, but I was actually in the process of launching a consulting business focused on importing coffee. Well, he wanted to have a private label coffee for his club, so a later meeting

between us was initially about that. We met a few more times after this, and he eventually asked me if I had ever thought of moving out of Texas. He wanted to bring me on the team to expand out of Texas. I joined the company, and my role starting out was *Director of Sales and Marketing*.

I moved to Florida where the next location was going to be. We went into pre-sales, and the team that I brought on and trained put up some great numbers. We had over 3,500 members signed up before we opened our facility up, which was pretty amazing. Along the way, we had a lot of construction issues, contractor issues, etc., but we worked through all of it. And, when we opened up, we had a massive and strong presence. Despite all of those challenges, we were winning *Best Health Club* in our area every year the location was open, beating out many of the big brand names everyone knows. This was a testament to my team. When you have the right team in place, you can do anything.

Following this, the owner saw what I could contribute and wanted to give me more responsibilities. I moved into the *COO* role then a *Co-CEO* role. Within, I do all the negotiating with landlords and development, as well as manage training and operations. We have a great sales staff, as well as a great management staff in place.

Along the way, the company was dealt some rough cards. Prior to COVID, we had a hurricane hit a spot we had committed to for expansion, and we took a \$500,000 hit. Ultimately, though, this did lead us to our next venture. And, from this, our owner pushed forward with a whole new concept out of the ashes and learnings from that experience.

C.I. - Please take us through the negotiation and purchase process of *Athletic Apex* (previously *Penfield Fitness Club*) in *Penfield, New York*.

JS - Interestingly, they came to us. The

owner had been there over 40 years and had made a very good name for his location. He had a great reputation in the industry. He was also part of the *REX Roundtable* for a while, too. Just really top-notch at what he did, but he was ready to retire. He wanted to sell the entire business, building and everything. At that time, we were not in a position to pursue that because of everything we were dealing with and had been hard hit.

Almost two years later, they approached again. We were interested, but I explained that because of the age of the building and being unsure of some things related to that, we'd be more interested in taking over the business aspect and keeping them on as a landlord, working out a structure that works for both parties.

Over the years, when dealing with *Simon*, now *Washington Prime Group (WPG)*, I've learned they want to work with people, but because they are so big, they get hit with everybody just trying to lowball and take advantage of them. And, many times, it affects their negotiation. So, I am very big on making a deal as fair as possible. I want to be fair to you. I want you to be fair to us. I want to move forward. When this occurs, you tend to get a lot further. And, in my opinion, you seem to get a lot more than you expected. That was my approach here. It was hit or miss a couple of times with a broker involved, so I just went straight to the owner. We had a one-on-one conversation, and we worked through it.

I relocated to *New York* with my team, and we took over the business component and paid rent to him. At that time, he was on a 14% year-over-year loss for a few years preceding to our stepping in. So, something that I'm proud of my team for doing is that we came in, and within six months, had completely reversed that downward trend and outperformed the previous January's numbers.

C.I. - That's fantastic. Let's discuss two elements of that. First, it really came down to you and the owner, two businessmen sitting down in good faith and negotiating to get the deal done.

JS - Yes, it ended up with my sitting down and just saying, 'I know what you want, but what do you need?' Ultimately, he wanted to sell the entire thing, building and all, one payment, but that was not going to be a reality with us. So, moving past that, what could we provide to allow him to retire and feel good about it, as well as feeling like he was ending ahead on the deal? He put some things and numbers on paper. I came back with what some of our recent leases at similar square footages were at.

We went back and forth to get to a number we were both comfortable with, as well as iron out some issues of concern.

One of the things we weren't comfortable with was the age of the building because we've had issues with that in our past, and we could not truly know what issues were taken care of and what issues were on the horizon. To mitigate this, we offered to only be responsible up to a certain amount on items that may come up with mechanical, electrical, plumbing, etc. Again, we went back and forth to come to a number that worked for both. We were willing to take on some expense. We didn't want him to feel like he was going to be nicked and dimed, but in fairness to us and because we were not there for 40 years, we wanted to be protected as well. We didn't want to sign on the dotted line one day and be fully responsible for a \$30,000 HVAC unit the next.

We finally came to a fair market value for rent, and we proceeded with a ramp-up of twelve months. Conversely, he needed certain things, too, such as us completely taking care of the property taxes. So, it was just a matter of being patient and getting creative in making sure that, at the end of the day, he was ready to move forward, we were ready to move forward and the numbers were happy, i.e. they worked for both parties.

C.I. - Second, what were some of the changes you made to the club that enabled you to turn around the numbers so quickly?

JS - We did do a remodel. We knocked down a wall, and we extended the workout area to be able to spread out the equipment. We added a few more pieces. But, one of the big things we did was that we converted the basketball court into a turf area. Basketball used to be huge, but now, boot camps can better utilize that space. We also just modernized things a bit. Simple things like changing the color pallet and getting rid of carpet in areas where it shouldn't be, such as the entire fitness area where the machines and dumbbells tear it up. Instead, putting down a wood-patterned laminate. Modernizing the space played a role because more people wanted to sign up when they came in because it was really nice and well done.

But, I think probably the two biggest impacts, to be honest, was the new and proprietary training program *Apex* had and the energy that was brought in by the team and the drive we had in wanting to make sure the member experience was the best it possibly could be. We wanted to come in and get the club back into the community: We're here to serve you. We're here to make sure that you feel first. We brought in some fun contests, and we brought in some nice apparel. So, it wasn't just one thing; it was really multi-pronged. Modernizing the space, revitalizing the staff, bringing new programs and energy, putting renewed focus on members...

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Jeff Sanders





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C.I. - Fresh faces and new blood. You can renovate all day long, but in the end, it's the people that make that difference, always.

JS - Yes, exactly.

Energy Fitness

C.I. - As this edition reaches our readers, you will have begun your new role at *Energy Fitness*. When and how did this transition come about?

JS - As I mentioned, this is a totally different organization than the previous Energy Fitness I was with. The Energy Fitness I worked with in Fort Worth shut down. This Energy Fitness is in Long Island. It's kind of funny, but it wasn't until recently that I made the correlation. Energy's CEO, **Michael Tucci**, is on the *Board of the New York Fitness Alliance* with me, and we also participate in the same *REX Roundtable*. So, we've established a friendship over the last couple of years and have just really connected related on how we think about business. Our business approaches are very similar. Our energy is very similar. Our transparency and how we want to operate are very similar. So, I just think there was a whole lot of similarities that really grew this friendship, and he's been trying to bring me onto his team for a while now in various positions that just weren't the right fit or the timing was not right with what Apex had going on.

But, he pursued and pursued, and recently, he made an offer I, or my family, could not refuse. They've got a plan that I'm excited about, and it has been a smooth transition because there was such a strong friendship. We had a few years of really getting to know how each other and how we operate, and that is great, because it kind of knocks the walls down when moving the relationship forward.

C.I. - What is your new role?

JS - That's another thing I really think

companies need to take note of. When they pursued me, we sat down, and they basically said, 'We have a few ideas on what we think you would be as far as a C-level Executive within our team. We think these roles would be great for you, but we would really like to hear from you. What are your thoughts? What are your passions?' They wanted to know what drives me and what I want to be part of to make sure I am put in a spot that accomplishes those objectives. That is a lesson I have learned, and that's how I want to hire people to work on my team. Tell me what makes you wake up in the morning excited and drives you in your work. If you just force it, even if the pay is good for you, it's going to end in a way that's probably not great for either side. Don't take a spot because you are getting paid versus enjoying it.

C.I. - You've got to address people's why!

JS - Absolutely. So, out of that conversation, they had suggested a few roles such as *Chief Growth Officer*, *Chief Revenue Officer*, *Chief Solutions Officer* because I think, again, they were recognizing my critical thinking and problem-solving skills, as well as how I approach things. They then put it on my plate so that I could throw in a couple of options. I initially came back to them and said there are two roles I feel passionate about: *Chief Growth Officer* and *Chief Experience Officer*. Finally, *Chief Growth Officer* really was more appealing because of my diverse background and how many things I have been a part of, whether it's been the IT/tech side, the sales side, the operations side, the finance side, accounting, negotiating, etc. The *Chief Growth Officer* role really kind of speaks to me on being able to focus on the next 10 to 15 years and what we have to do now to try to partner with our whole team here to get us there. So, that is the role we agreed for me to ultimately step into.

Energy has been in business for over 18 years. They're established and successful. We are opening our fifth location right now. It's under construction

and is set to open on January 15th. And, we want to do three to five more in the next five years, of course depending on how this one takes off (mandates in New York are still a challenge). So, for me to be able to bring in my talents and combine it with theirs is exciting. There's no ego here. There's zero ego in their leadership team, and for me to be able to be a part of that now, is what I'm excited about.

C.I. - You've already mentioned critical thinking, but what lessons and learnings from the previous portions of your career do you believe will be pertinent in this role?

JS - Being teachable and willing to learn. It's so important, and it doesn't matter who you're speaking to. It could be a front desk associate, a sales associate, a maintenance person, a member; remaining teachable is vitally important. And, it's a two-way street. Yes, you can teach them, but they can teach you. It's imperative to succeed in any career, especially in this industry.

For example, when you hire someone in a maintenance department and they're having to scrub toilets and urinals, pressure wash showers and mop floors, the energy you breathe into them when you go and scrub the toilet next to them and ask, 'Do you have any ideas on how to make what you're doing more seamless or how we can set you up for success in your job?' Those conversations are the building blocks of a successful team that makes the member experience that much better.

So, being and remaining teachable, and then, what I just mentioned in making sure you're asking for feedback from your team. What do they need to be successful? We have a manager meeting here every morning. We're tracking revenue, we're tracking operational needs, we're tracking member requests, and at the end of it, I say, 'If you need something for your task and for you to be successful in your task and you don't have it, let me know.'

Those are the two lessons outside of critical thinking. I think being/remaining teachable and making sure you're setting up your team and other people for success rather than failure.

C.I. - That's fantastic. I love it. I don't know if this is answerable or not, but what will you define as success in this role?

JS - Early on, I would have defined success as having locations all over the U.S., thriving, having profits coming in and being able to pour those profits back into the community via outreach. Honestly, now though, as I've gone through so much, I think the way I would define success is if the company can make an impact in people's lives and support them in their journey, while staying profitable and providing an amazing culture for people to work in. The thing I love about Energy is their *Mission Statement*. 'The most supportive fitness family in the world.'

Further, I think success should be driven by, or rather, defined as are you doing everything as a company to support your members *and* growing while doing that? To me, you're not successful if you're just making millions of dollars a year. Having a constant revolving door of staff and members is not success. Success should be: Are you helping people get results, are you helping change lives and are you supporting all of that while being able to maintain growth or even just maintaining what you have?

I think one location, making a change and impact in the community and affecting lives in a positive way in the fitness industry while being able to survive and make a profit, is successful. That is success, and it should be the focus. Again, these are easier to see now having gone through the mistakes that have been made in the past.

C.I. - Well said. I totally agree with you on that.

Alliances and Advocacy

C.I. - If we ever needed a reason why alliances and advocacy is so important, the past two years have provided that testimony. You have been involved in the *New York State Alliance*. When and how did that happen?

JS - Of course, we were shut down for COVID. During that time, I joined the *REX Roundtables*, and that's where I made some great connections, including **Bill Lia**, who was the *original Board Chair of the New York Fitness Alliance*. He had reached out to a few people in the industry to ask who would be valuable to put on the Board. **Eddie Tock**, who leads and runs the *REX Roundtables*, was one of the people he reached out to, and he recommended me.

Bill called me, and we had a quick conversation about it. He chose to make the offer for me to come on as a Board Member, and I accepted. As an organization, we had some very successful media days. We did some things I really think moved the needle and pushed us to where we needed to be for the local industry. Our philosophy was that we needed to work together and make sure we didn't compromise our belief system when it comes to fitness, the importance of exercise and how we believe that we are the solution for immune system boosting and keeping people healthy. All the while, we can do that while working with State and local officials to figure out a way to make it work for everyone. We grew, we raised money, we hired a lobbying team, and we affected a lot of change.

So, that's how I got brought into it. Bill had several businesses, and as the Alliance gained momentum, he came to the Board and essentially said, 'I definitely want to stay on the Board and am going to be involved with this, but with where things are now and how we're going, this is going' (See **Jeff Sanders** Page 15)



Energy Fitness - "The most supportive fitness family in the world."

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to be a permanent thing moving forward. I really think we need to have someone else step in as Board Chair. I didn't expect it, but everybody voted unanimously to have me step in as the Chair *that day*.

C.I. - Wow, incredible! What has the Alliance further achieved?

JS - We made a big impact on why gyms eventually did get reopened up here. This was when they had these different zones up here: orange, yellow and red. We were a big reason why the zones were adjusted related to our industry. We just kept giving data and facts to the Governor. Having previously been lumped in as high-risk with bars and restaurants, I'll never forget the day **Governor Cuomo** got up for one of his daily briefings, and he actually made the comment that gyms are actually in the *Bottom Five industries for risk*. As we knew, we are actually one of the lowest-risk industries! That was then used in California, so I think that was our biggest victory to date.

Continuing to work with the media across the State, we have gotten more information out there. More recently, we've been fighting for relief, and there was a State grant program here that had a very, very low max revenue threshold, which pretty much cut out 90% to 95% of fitness facilities, no matter what size they were. We were able to come in and start a conversation with our lobbying team and work with them, and the next thing we knew, the State increased the max threshold from \$250,000 to \$2.5 million, which brought in a lot of fitness facilities. I know we weren't the only industry pushing this forward, but again, being part of that conversation with others really meant a lot to us.

Then, immediately, we had people reach out and say, 'Hey, I don't qualify because of various rules that didn't make sense.' In one instance, someone had an LLC that was formed in Delaware for taxation and legal preferences, and they were licensed to operate in New York, but they were getting denied. So, we were able to work with the lobbying team to bring those up to front of mind, and they got changed as long as they were licensed.

So, we've had some really big wins. I think the other big win that we're excited about is working with the *New York City Small Business Services Department*. We had a good conversation with the Commissioner and are working on an actual marketing plan in New York City that he wants to do in conjunction with the *Department of Health* about exercise and fitness being imperative and necessary to grow your immune system. That's huge!

C.I. - You also became part of *IHRSA's State Alliance Headlight Team*. What did this accomplish?

JS - Yes, when **Brent Darden** was *IHRSA's Interim CEO*, I was invited to be on the *State Alliance Headlight Team*. There was a handful of us basically trying to help figure out how *IHRSA* and *State Alliances*

could work together as the Association was also rebranding and redefining itself. That was really good, and I think having that input really makes a difference on how we can work on it from both the Federal and State levels. *IHRSA* has had a long-time reputation of advocating at the Federal and State levels with success. But, I think there are challenges on the State level. You have to establish relationships with those people, and *IHRSA* saw that it made sense to really let *State Alliances* advocate and fight on behalf of their organizations utilizing the relationships they have.

So, it was really interesting to kind of see that dynamic transition and be part of those conversations. Then, also just being on the *State Alliance* where you're learning from everybody as well as being able to help. In New York, we're defining it differently. We have *Members* and *Partners*. They're two different things. Membership costs you nothing. We want you to be a member of our alliance. We want you to join us. We want to keep you updated with newsletters and updates on things that are happening. All those things are going out, and we're excited about that. But, we also need partners... financial support. So, some of our members may become partners as well. But, we also want to differentiate those two.

Professionally, it has been really great to be part of these conversations. I'm learning a ton from them. Colorado had massive success during *COVID* at working with the Government on getting data out there. So, learning their approach and how can we implement that here has been a goal. And, it's definitely been amazing to build those relationships and kind of give and take information, you know, with the other alliances.

C.I. - All of this is crucially important. Not just now, but as we get past *COVID*, there are so many things the industry has to deal with related to the Government, year-in and year-out. That leads me to my next question. I believe too many out there feel this is only a big club organization problem, and they will foot the bill. But, single club operators are just as important, if not more important in terms of pure numbers if they all come together to support the advocacy cause. So, what do you see the role of even a single club operator being in the lobbying effort?

JS - I think they play a very important role, and I love the term used because of some of the things we're struggling with. There's frustration between small boutique clubs thinking that big box clubs are getting the focus and attention, which has been true to a degree. But, I think my focus and my goal for us is that the *New York Fitness Alliance* is doing exactly what you said for single club operators or privately owned multi-club operators. I think that really needs to be the distinguishing factor because we have to represent boutiques, mid-size, big box and mammoths because everyone's taking a massive hit right now.

I think the single club operators and the privately-owned operators, even those who have multiple clubs, have to be

part of our voice as we're advocating to the State and local officials. The corporate companies have their own in-house lobbying/PR people. They're pushing things that will help the industry as a whole, but they're also pushing things that will help their own organizations. Listen, I love many of these larger corporate companies, but they're not out in the community. That's what these single club operators do. It's who they are. They're networking with other businesses, local assembly people, etc. So, there is such importance in them being part of this conversation and their *State Alliances*. They are at the forefront of being able to make sure our industry has a voice.

Here is an unfortunate fact: Other industries, such as restaurants, even entertainment venues, have a much more established presence in advocacy. We're talking decades of Associations and Coalitions. They have a much larger footprint, and at the end of the day, financial support, which makes their voice loud. And, that's why you see so many things happening for those industries. They have a louder voice, and the only way for us to get ourselves in that position is to get our *State Alliances'* voices to be as loud as possible. It's not going to happen in a single year; it will take many. So, we have to have people participate. We have to have funding to get lobbying. We have to have the numbers to be able to come in and affect change when we're going to State and local officials. That's why the single club operators are so important. They have a reach in the community that many corporate organizations typically don't have.

C.I. - That, too, is well said, and I'd like to go ahead and bring *IHRSA* back into it, as well. With **Liz Clark** coming on, they're completely retooling and repurposing the Association to affect change on the lobbying side more than ever before. What are the benefits of being part of *IHRSA* and its advocacy group, the *National Health & Fitness Alliance (NHFA)* going forward?

JS - Well, first, let me say that I am excited about *Liz* being here. On a few occasions, *Liz* and I have had an opportunity to have conversations about the industry and her vision of where we need to be, and I couldn't be more excited for what we're going to see in the coming months and years under her leadership. I think that for the *NHFA*, having that arm of pushing Federal advocacy for our industry will allow us to become more efficient and effective. I'm relatively newer to *IHRSA* as far as jumping in and becoming involved, but as I started to learn and talk with people who have been here for quite a while, there's excitement for what's on the horizon.

Final Advice and Lessons

C.I. - You've already discussed critical thinking, being teachable and willing to learn, as well as asking for feedback in order to create success for team members. Whether it's a *Department Manager*, *General Manager*, *Regional Manager* or *CEO*, because they all read *Club Insider*, do you

have any final advice or lessons to share?

JS - Build a team around you that you can trust to release to do their jobs. Whether you're a manager or a CEO, you can't afford to operate and lead in a fashion where you're concerned with or can't trust someone to do their roles. So, if you hire and surround yourself with strong leaders, you shouldn't be worried. A manager should never worry about if a person is trying to take their job. The manager should be focused on surrounding himself with the best people. And, then, hope you can get them moved up in this industry.

A CEO should be doing the same thing. Surround yourself with *Managers*, *VPs*, *EVPs* and other *C-levels* who you can challenge and trust to come in and do an amazing job without having to micromanage them. Obviously, putting the right team in place is extremely important, but then, set them up for success. Surround yourself with the best of the best, then lead them with confidence and watch them follow you anywhere. That advice has rung true for me, and I put the best team I can around me. I implicitly trust their decisions. They're the best at what they do, and I still lead them. But, I allow them to lead and to grow without micromanaging who they are and what they should be doing.

C.I. - I bet, if you asked them, they feel there's a lot less stress in a situation like that, too. They can then truly do what they need to do.

JS - Absolutely. When you have someone who's on your team and feels like they have your undying support no matter what they do, not only is it less stress and less pressure, they tend to go at things with a higher energy level and a higher confidence level. And, that tends to make the things they're going at become a better experience and to be done with a higher level of excellence.

You hire people because they have strengths. They have strong points, and they have weak points. I don't ever expect someone who has a weakness to turn that weakness into a strength. I want them to get better, yes, but their strength is what I hired them for. I want them to be able to operate in their strengths freely. I think that's something that is key when you're building a team around you.

■ ■ ■

I want to thank **Jeff Sanders** for his time interviewing for and being involved with this cover story. There are some great insights here, and I hope you find even more new and improved ways to use them.

(Justin Cates is the Publisher of *Club Insider*. Graduating from the Terry College of Business at The University of Georgia in 2007, Justin has run day-to-day operations of *Club Insider* for 13 years. Justin was elevated to Publisher of *Club Insider* on April 5, 2020. Justin's Dad, Norm Cates, continues to serve as Founder and Tribal Leader Since 1993. You can reach Justin by phone at 863-999-2677 or email at Justin@clubinsideronline.com.)

Risk Management Assessment for The New Year

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

The start of a new calendar year is as good a time as any to assess your club's risk management exposure. The primary areas of potential legal exposure for most health clubs include premises liability claims, medical emergencies, employment disputes and COVID-19-related operational concerns. The most effective method of addressing any legal risk is to act preemptively.

I have covered each of these major areas of legal risk individually and in more depth within prior editions of *Club Insider*. Please see the *Club Insider Archives* for this material. However, the following is intended as a reminder to summarize the key points from these articles and to help club owners and operators "check in" to assess where their club stands as it relates to some of the health club industry's most prevalent legal risks.

Premises Liability Claims

From a legal standpoint, health club members and guests are invitees. They are owed a reasonable duty of care and must be protected from any harm or injury caused by reasonably foreseeable risks. Therefore, the premises must be inspected thoroughly and consistently. Maintain a facility inspection schedule and archive these records for at least the statute of limitations within your jurisdiction for a premises liability claim. Document

any facility defects and promptly address them by repairing the defect or shielding members, guests and employees from the defect. Establish and maintain clear policies regarding the timeline and process for correcting such defects. Any facility defect, whether a known defect or one that reasonably should have been known, will increase liability exposure.

All members and guests must have signed liability waivers on file. The liability waiver should be comprehensive without being overly broad or unfair. At a minimum, the waiver should identify the inherent risks within the club and describe the assumption of risk on the part of the member or guest, bar claims due to employee negligence, and be conspicuously posted in language that is easy to understand. However, it is important to note that the enforceability of these waivers still varies widely across jurisdictions. Moreover, excessively broad waivers are often frowned upon by courts even within those jurisdictions where these waivers are enforceable. Where enforceable, a sound and balanced liability waiver will protect from most claims stemming from unforeseen accidents. However, it will not protect against gross negligence or intentional acts. Engage counsel when designing your liability waiver and stay abreast of legal developments in terms of enforceability and requirements.

Require outside contractors to sign indemnification agreements for snow removal and other maintenance services, indemnifying the health club for any claims

or losses related to the maintenance of the affected areas. Maintain service contracts in writing and include specific language describing what conditions trigger snow removal, salting, sanding, etc. Obtain proof of liability insurance from outside contractors and require that the health club be named as an additional insured. Review the health club's liability insurance annually to ensure that it is maintaining pace with the needs of the business.

When an injury occurs on the premises, document the incident with a written incident report and obtain photos. Immediately offer medical assistance to the injured and gather statements from witnesses and anyone involved. Archive these records for at least the length of the statute of limitations for a negligence claim within your jurisdiction.

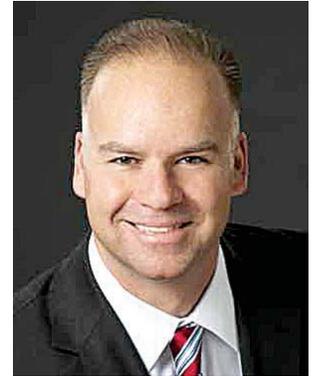
Medical Emergencies

The unfortunate reality is that medical emergencies are inevitable. The potential financial exposure attached to the mishandling of a serious medical emergency is massive. All employees must be trained to handle these emergencies. Training must happen early and often within the employment relationship. Maintain records of this initial and ongoing training along with updated copies of all employee CRP and AED certifications. Schedule trained and certified staff during all operating hours.

Understand the law within your jurisdiction and ascertain whether an AED is required. If not legally mandated, consider having an AED, nonetheless. Even in those jurisdictions lacking an AED requirement, some courts have declared that not having an AED constitutes an intentional indifference towards members and guests, rising to a finding of gross negligence. Conversely, good Samaritan laws protect AED users in all States. Confirm that your AED is operational and up to date with inspections and software. Keep meticulous records of maintenance procedures, inspections and software updates. Ensure that all staff can quickly locate and operate the AED.

Have a written emergency plan to effectively address the most reasonably foreseeable medical emergencies including heart attack, cardiac arrest, stroke, hypoglycemia and orthopedic injuries. In addition to an AED, keep first-aid kits readily available and appropriately stocked. Ensure that all employees know where these kits are located. Train employees to know which scenarios require an immediate call to 911.

Just like a premises liability claim, promptly complete a detailed incident report following any medical emergency. Reach out to the injured party to assess



Paul R. Bedard, Esquire

their wellbeing and to express the club's genuine concern. Assign this follow-up task to an employee who is trained on how to communicate to parties following a medical emergency. Heartfelt sympathy should not be supplemented by unwarranted apologies or damaging statements that may come back to haunt the health club within a claim or lawsuit.

Employment Disputes

Employment claims alleging sexual harassment, discrimination, wrongful termination and workplace injury are the most common claims filed against companies in the United States. Standardize onboarding and training procedures and establish clear policies prohibiting unlawful harassment, discrimination and retaliation. Include a description of the employment relationship and make clear that the health club is an Equal Employment Opportunity Employer with reference to the Americans with Disabilities Act. An increasing number of States have enacted laws mandating sexual harassment prevention training with ongoing developments. Stay abreast of these requirements. At a minimum, detail all employment policies within the employee handbook and keep signed acknowledgments of these policies within each employee's personnel file.

Expressly communicate that violation of employment policies will lead to disciplinary action. Enforce these policies consistently across the organization regardless of rank or position. Maintain clear reporting systems to report violations, with redundant channels available to those who might otherwise be reluctant to report due to concerns of retaliation. It is important to note that it is just as illegal to retaliate against someone for reporting a violation as it is to sexually harass or to discriminate against an employee in the first place. Provide ongoing training and document (See **Paul R. Bedard, Esquire** Page 17)



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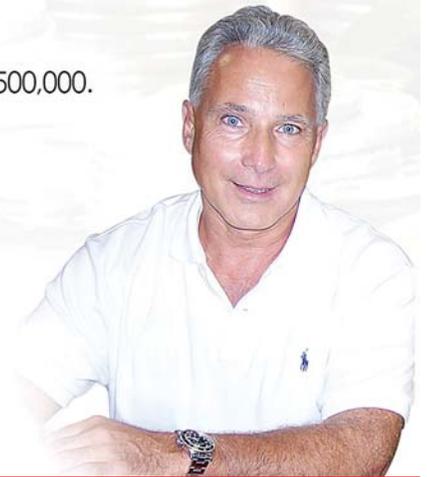
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continued from page 16

these practices. Archive these records for at least the statute of limitations within your jurisdiction. Engage counsel as early as possible should an employment dispute arise.

COVID-19-Related Operational Concerns

The area of law related to health club liability stemming from COVID-19 exposure is relatively new and rapidly evolving. Governmental mandates and case law developments will continue to shape this somewhat uncertain legal landscape in the months and years to come. In the meantime, health club owners and operators must continue to be proactive when it comes to operationally addressing COVID-19-related issues and concerns.

First and foremost, sick employees should be encouraged to stay home. Anyone who arrives or becomes sick within the workplace with suspected COVID-19 must be immediately separated from employees and members. Should an employee test positive for COVID-19, contact tracing must be undertaken to alert of possible workplace exposure while maintaining employee confidentiality.

Employees who are not sick but have reported they have a family member who's tested positive for COVID-19 should notify their employer. CDC guidance is regularly updated and should be followed as currently in effect. Contingency plans and schedules should be in place to ensure that staffing levels are not compromised when an employee is out sick.

Conspicuously post signage to remind members, guests and employees of respiratory etiquette and social distancing. Mandate proper hand hygiene. Continue to increase the day-to-day cleaning of frequently touched surfaces such as equipment and accessories, lockers, handrails, doorknobs, light switches, countertops, telephones, desks and computers. Schedule regular deep cleaning of the facility and document and archive all cleaning schedules and practices. Maximize the availability of hand sanitizer throughout the facility and regularly communicate to members, guests and employees regarding these ongoing health and safety measures. An exceptionally clean club with these measures in place equates to a safe and trusted club.



This article is not intended as legal advice. It is offered only for

informational purposes. Widely varying State and local laws, and factors unique to every situation, prohibit one-size-fits-all recommendations. Please contact your attorney for specific direction to determine what is appropriate within your current situation and legal environment.

(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 health clubs

regarding employee training, handbooks, policies, contracts, disputes or premises liability claims. When not practicing law or spending quality time with his wife and daughters, Paul strives to be active in his local community. Paul has served as the Assistant Town Attorney for the Town of Southington, Connecticut. He has also served on the Southington Zoning Board of Appeals and the Board of the Central Connecticut Regional Planning Agency. Paul is a solo practitioner at The Law Office of Paul Bedard, LLC, in Southington, Connecticut. Paul can be reached at AttorneyPaulBedard@gmail.com or 860-414-0110.)

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Two Simple Ways to Consistently Build Sales

By: **Karen Woodard-Chavez**

Your Members Don't Know About It

So often, our referral promos and sales fall short of our expectations. Why, why, why you cry; it is more than likely because of two elements: **1.** Not the right reward/recognition or **2.** Your members do not know about it. This quick tip will focus on the latter of the two.

We falsely believe that "all the members" know about our promo. I beg to differ. If you want to maximize your referral sales, then have each of the sales staff call, speak with, connect with five *different* Members each day about the promo. For a five-day work week, that would mean that each salesperson would have connected with 110 Members. If you have 3 - 5 sales staff, that is 330 - 550 members who now know about your promotion. This will take discipline, managing and about 20 minutes per day per salesperson.

If only 5% of those members acted upon the promo and referred a friend to join, that would be an additional 27 memberships in the month. They will not act if they do not know and are not invited to participate.

The conversation might sound something like this on the phone: "Hi there,

Bob, this is Karen, your Member Advocate at The _____ Club. I am glad we are able to speak because I want to discuss a program we have to reduce your dues by \$10 - \$30 per month. Here is how it works..."

Or, if you are leaving a message: "Hi there, Bob, this is Karen, your Member Advocate at The _____ Club. I want to discuss a program we have to reduce your dues by \$10 - \$30 per month. I want you to be able participate in this program, so please call me by Wednesday. You can reach me at..."

Or, when you are doing your SBWA on the floor: "Hi Bob, how is your workout going today? ... Bob, I think you may not be aware of the program we have to reduce your dues by \$10 - \$30 per month because I have not seen you participate in it. Are you aware of it? ... I did not think so; let me tell you how it works, and then, you can tell me if you want to be a part of it."

Avoid the mistake of relying solely on your social media, email blasts and signage in the club. **GET OUT and TALK to members;** then, you will see a spike in your numbers.

Dedicated Anniversary Weekends

Every month, you have an

anniversary to celebrate... the anniversary of the members who joined your club a year ago, of course! We know that, but what do we actually do much about it? We ask them to renew if they are in a 12-month agreement; that is another topic for discussion. The point here is we should be *celebrating* their anniversary of the previous year and our excitement about them being with us in the future. By doing, so we can accomplish *Member Management* (terrific retention and relationship building) as well as generate guest traffic on specific weekends. We do this by dedicating the second weekend each month as "Anniversary Weekend."

Timing is critical on this; I will explain why in a moment. During the first few days of the month, you will send a "Happy Anniversary" email to all members who joined a year ago this month. In it, you will wish them a happy anniversary, thank them for being with us and let them know we are excited to continue to serve their health and fitness needs as they change.

You will then offer a complimentary fitness assessment and invite them to a dedication weekend for all anniversary members where there will be a reception after the 10AM class on Saturday and Sunday. Additionally, you will let them know that, on this weekend, we will host their guests for them at no charge, BUT we need to have RSVPs so we know how many people to prepare for during the reception.

The reception, by the way, is not fancy. It may simply be a Mimosa toast for them and their guests and some yummy dark chocolate with a genuine and heartfelt thank you for their trusting us with their health and fitness endeavors. The dedicated weekend is simply having a banner in the club for "Anniversary Weekend," having all staff and class instructors inquire and recognize all anniversary members with a round of applause, and of course, the gathering of Anniversary Members and Guests for the toast.

As promised, the timing... It is important to do this early enough in the month that we can contact members to invite them, as well as be able to capitalize



Karen Woodard-Chavez

on follow-up with any guests who did not join during dedication weekend. That is why the second weekend of the month is important.

How simple is this? My gosh, soooooo simple! But, think about the results. Depending on your club size, if you sold 35 - 150 memberships this time last year, and you still have 80 % remaining as members each month, you would have a nice little celebration that provides recognition and retention. Invite each of those members to bring guests for the dedication weekend, and you can create a nice little flow of traffic that can turn into consistent referral sales. What guest would not be impressed by a club that takes the time to recognize and thank their members for being part of the club with a simple little touching toast? What guest would not want to be a part of that?

(Karen Woodard-Chavez is President of Premium Performance Training in Boulder, Colorado and San Jose del Cabo, Mexico. She has owned and operated businesses since 1985 and now consults with and trains staff throughout the world. She provides her services on-site and virtually. She can be contacted at 303-417-0653 or karen@karenwoodard.com.)

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Is Your Marketing Killing Your Business?

By: **Thomas Plummer**

Marketing in the fitness industry is much like politics; everyone is an expert, but so few really have any idea as to what the hell they are talking about when it comes to how it really works.

The strange thing is that the industry changed, but how we market our businesses really hasn't. The business of fitness segmented into two distinct categories back around 2005: One segment chases the low-end, "value" clients as we called them, but perhaps better known as cheap people. The other segment, less discussed, but in many ways the future of the business, pursues the higher-end client, defined as people with money willing to pay more for help and guidance, the client-centric gym.

Marketing is a practice based upon established principles first honed-in the late 1930s, and while those principles remain true, the delivery systems businesses use to attract new clients and create their brands change almost monthly. For example, twenty years ago, direct mail was one of the strongest ways to get your message to the consumer, but now, sending someone an oversized postcard seems antiquated, right up there with pages and portable phones the size of bricks from that same era.

So, what does still work in marketing and why?

Price Doesn't Work, But It Does

We make a false assumption in gym marketing that all clients are price-driven, meaning that how much you charge will be the determiner if the client finally decides to join your gym or not. If you have a low-end, value gym, then yes, it is all about price. These clients come because of price but leave because the gym down the street is a dollar cheaper per month.

If your gym is just price, nothing but price, and only price matters, then you have no choice when it comes to marketing. Run a cheap price, run it hard, come up with a few dozen deviations that are all really the same thing. They are vehicles to let every breathing soul within ten miles know you have the cheapest price in town, then hope for rapid turnover to replace the ever-present losses associated with a ten-dollar member. There is a potential market for this gym, and that is centered on those who clip coupons, beat up a salesclerk for a dollar discount and haven't left a decent tip since Carter was President.

In the real world, this is your *Golden Corral* customer. He is in that family restaurant because it can consistently deliver a decent meal for ten dollars or so, which if you are in the bottom 60% of the

country in affluence, is a big deal when you are trying to feed a family of four with a night out. This chain knows its market, delivers an acceptable product at a low price and is a perfect comparison to the low-end gym chains.

To me, this type of eating establishment is hell on earth. I cannot imagine a worse night out than eating food I had to service myself, without a decent bottle of good wine, surrounded by dozens of happy families, meaning kids, more kids, and too many kids.

But, again, this type of restaurant thrives because they understand the value for price tradeoff and market to the budget conscious family who want to eat in a safe, clean, and one which serves solid, family food at a price they can afford now and then. In this type of business, price is everything because price is what attracts the potential client, the family that makes its decision to go out on whether they can get good meals at a price which doesn't break their budget.

The adults in this family also want to perhaps join a gym, and they use the same strategy to determine their gym of choice, which is, "Can I afford this and not break the family budget or my individual spending plan?" In this world, price marketing works because it is often the only deciding point between gyms, besides convenience to their homes. "This place is \$10 and five minutes from my house. This is the place for me."

We can extend this analogy further. One eats at a family restaurant because they want nothing but the meal, and maybe a beer, but they are not looking for any services beyond the simple feeding of the family. If this buyer goes to a gym, they apply the same thought process. "I just want to walk on a treadmill, at a price I can afford, and want nothing more from this gym, meaning extras such as personal training, nutritional services and massage or meaningless." In essence, they are renting a treadmill for \$10 per month and want nothing else.

This has been proven for twenty years in most of the major chains, which seldom, if ever, get more than about 6% of their clients involved in paying for personal training. The client is simply there to use his favorite piece of equipment, at a cheap price, and due to his nature of being a price conscious client, again read cheap here, has no interest in paying for upscale services.

Then, there is the *Capital Grille* clientele. This diner seeks a high-end restaurant, not for the food, but for all that is wrapped around the dining experience. Most of the high-end chains have good food, especially the upper scale steak houses, so it is not just the food as to why the consumer eats there. It is because of the total experience of the restaurant

he is buying. The good food is a basic expectation, now surprise me with a delightful experience.

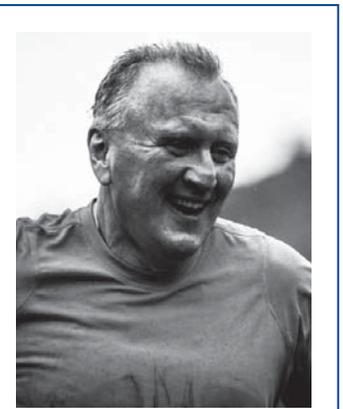
This client does not care about the cost. He is there because they have an expectation of service, quality, delivery systems and choices. One can buy a beer or have a \$200 bottle of wine. He can add a mouthwatering dessert and don't really care if it costs an extra \$12 dollars. Eating in this place is not a price decision, and advertising price to these clients does not work. In fact, a high-end eatery could damage its reputation if it used prices specials to drive in the crowd.

The equivalent in the gym world is that modern, smaller gym or larger, full-service high-end where the client is more sophisticated, wants more additional services and will pay for them. He is there not because of price but because of the expectation of what this gym can do for him. In fact, if he pays more, he sees more value in it, because like his house, his car, his kids in good schools and his last vacation to Europe, you get what you pay for. So, if what he wants to buy is the same price or cheaper than the competition, then it must be an inferior product to that competition.

This client also views the gym in a different light. In his world, his doctor, his accountant, his attorney and others personally support him. He pays them well to make life easier, and he views high-end gyms the same way. None of these other professionals in his life offer discounts or price deals. For example, when is the last time your doctor had a two for one summer cancer sale or your accountant advertised tax returns now done for 50% of the regular price? Professional service providers simply do not, ever, discount their services. That is what price deals are, just a form of discounting based on the fact one could not sell enough at full price, so they drop the price to increase the sales volume.

Again, we forget one of the most basic tenets of marketing, and that is tangible versus intangible. If I have a retail store and have a surplus of socks in the storeroom that haven't been sold (a tangible I can hold in my hand), then it makes sense for this store owner to discount and dump the surplus so he frees his money to buy fresh stock that might sell at full price. But, the fitness business is a business of intangibles, at least for those gyms that have services beyond the basic membership to sell.

The low-price gyms have essentially become just price, which in another sense is a commodity, such as coffee, that is sold generically to the end user. Commodity is defined as something that has a lower financial appeal because it is common, sold cheap and is not brand specific. This is why the price wars rage



Thomas Plummer

at the lowest end of the fitness spectrum as everyone fights to sell the basic service of renting that treadmill for \$10 or less per month. The consumer does not care about the brand, just the price please, and you have price wars as everyone fights to find the bottom.

Full-service mainstream facilities, and especially the new generation training gyms, sell intangibles, defined as something I can't hold, and the value is determined by the need. In essence, we are selling a service that has not happened yet, similar to a good financial planner who paints the picture of what financial security can look like in your life twenty years from now if you use his services. We sell the future of what you can be, if you just let us help you, and this professional service cannot be successfully sold using price-based marketing.

The Big Marketing Fail for Full Service Fitness Businesses

The nightmare begins when a mainstream, full-service gym, again one defined as offering a variety of upscale services, such as spa, nutrition, personal training, specialty classes and massage, for additional fees, tries and markets this business through price advertising. This actually slowly destroys this gym and its brand over time because pricing is a self-fulfilling prophecy: *People attracted because of price specials and low prices never support the services beyond the basic entry fee.*

Put more simply, in the language of gym owners everywhere, cheap people never buy your higher-priced stuff because they are... well, cheap. They came in for the deal, which was their motivator, and refuse to spend their money beyond the base entry fee.

This again is why personal training has such a dismal presence, even in multi-
(See Thomas Plummer Page 21)

Are You Up For A Challenge?

Keeping Members Engaged.

By: Jeffrey Pinkerton

A recent study published in *Nature* released the findings of a multi-scientist, multi-university, "megastudy" set out to determine what interventions could increase gym visits. There were 54 different intervention strategies tested: everything from personal scheduling, text messages, email reminders, short surveys to reinforce values, to positive reinforcement, negative reinforcement, earning points for certain actions and losing points for not taking other actions. So, what did they learn? They learned what my mom has always known.

My mom was a teacher, so in our house, school was a big deal. We were expected to work hard and take our

schoolwork seriously. When we came home with a solid report card, the response was usually kind and congratulatory, but never in and of itself a big reason to celebrate. "Great job! I knew you could do it. What time is soccer practice?" But, what about the families that paid their kids cash rewards for good grades? One kid in our neighborhood got \$5 for every A and \$2 for every B. I sheepishly brought up the subject to my mother, hoping to score an extra \$30 of baseball-card money. "WHAT!? No. Absolutely not. We don't pay you for doing what you are supposed to do." End of discussion.

Did my mom encourage us to create better study habits? Of course. We did our homework at desks and tables, not in the bed or laying on the floor. Did she

teach us strategies that would lead to better results? Definitely. Note cards were a must-have resource and quizzing together or with her (if you dare) was encouraged. Now, did she provide us some unexpected rewards to congratulate us when things went well? Absolutely. She celebrated our successes, tactfully bragged about us to grandparents and would reward us periodically and surprisingly with a new Star Wars figure or Atari game. She made sure that we had the best chance of success and that we would become lifelong learners. But, she never made us sign a pledge to our studying intentions; she never told me how much my brother and sister were studying in an effort to peer-pressure me into studying more; she never used a strategy

(See *Jeffrey Pinkerton* Page 22)



Jeffrey Pinkerton

Technology Validates the Term "Exercise IS Medicine"

By: Mike Alpert

It would be hard to deny the important role that technology plays in the business world today, and our industry is no exception. One challenge can be the number of choices we have to consider, from club operating systems that manage billing and member management to mobile and web apps that give members the ability to purchase products and services or to book classes, view videos, reserve courts and many other functions beneficial to a club, such as digital marketing, hiring a service provider and running robust camps and tennis operations.

The problem is member-facing software apps are generally solving only one or two problems, making it necessary for a club to use multiple apps in order to meet their members' needs. This makes it very confusing and time consuming for the member when all they want is something that is simple and efficient to navigate through.

An app should not be looked upon as an additional expense, but rather, the value and convenience it gives your members and the new sources of revenue and net income it can drive. That is the core behind *Smart Health Club's All-in-One Member Engagement Software Solution*.

Thriving and not simply surviving in the health and fitness club industry today is very different than it was just two years ago. Back then, it was membership sales and non-dues revenue from the basics: personal training, Pilates, swimming and tennis lessons, as well as seasonal camps.

Although these non-dues revenue sources are critical and will continue to be so in the future, there are new forms of community, corporate, and health and wellbeing revenues available to our industry today.

Many businesses are faced with the challenge of acquiring and retaining quality staff and controlling labor costs at the same time. If we take a close look at healthcare, we see a surge in telehealth in order for physicians to be able to manage their patient loads in a cost-efficient way. Patients are speaking with *Physician Assistant* and *Nurse Practitioners* for minor symptoms. The demand by the consumer for the digital delivery of wellness and fitness solutions is opening the door for health clubs.

Smart Health Clubs and *GENAVIX* have joined together to create a technology platform and member app to monetize fitness services with local and virtual health and wellbeing services over telehealth. Our new joint business model (**HealthyCARE®**) offers the virtual delivery of fitness services using your staff in conjunction with virtual and local healthcare professionals to target the emerging at-home employee and wellness market. You no longer need to hire staff or pay up front licensing fees for technology, programing or content to enter these lucrative markets: *Your success is our success!*

Your branded app will expand your revenues through direct pay or through health care reimbursement with managed outcomes. **HealthyCARE®** is a HIPAA-compliant technology and business solution that allows your employees and

healthcare professionals to safely build integrated care teams for each member/client and post medical patient with local and virtual Healthcare organizations.

The **HealthyCARE®** platform offers anyone within the fitness industry the ability to enter this large and emerging market to use existing or to create new health and wellbeing programs and content. Clubs and even studios will be able to offer face-to-face and virtual programs and services while teaming with healthcare professionals locally and nationally. Members, non-members, employees and patients will be able to seamlessly enroll to select programs or build a team of fitness and medical professionals that work in conjunction under the same or different physical locations using our HIPAA-compliant Fitness and Telehealth platform. Integrated exercise and educational programs, in concert with licensed nutrition counseling, behavior modification, stress management and the early detection of health risks are offered to deliver lifestyle intervention through direct pay or health insurance reimbursement. All services and programs are tracked and measured by our platform to validate the impact of the delivery of Lifestyle Care on both community and employer populations.

This will be an exciting opportunity for the health and fitness club industry and will help insure that our industry is absolutely deemed necessary and part of the healthcare continuum moving forward.

We have known that *Exercise IS Medicine* for a long time. However, it's time to measure and publish our work through



Mike Alpert

measured outcomes! You can now support your members with local and virtual fitness services, bookings and digital marketing on the *Smart Health Club's App*, and with one click on the **HealthyCARE®** tile box, enter a HIPAA-compliant world that supports post medical recovery, the early detection and remediation of elevated health risks, measured improvement on obesity, the reduction or elimination of medications for both Type 2 diabetes and Hypertension, all while offering a national community and corporate wellness offerings using your branded customer facing mobile App!

(Mike Alpert is the COO of *Smart Health Clubs*. He can be contacted at mike@smarthealthclubs.com or 951 - 205 - 1136.)

...Thomas Plummer

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million dollar, upper class fitness businesses which still rely on price discounts and special offerings to attract new clients. The dreaded, and dead end, **3 for \$99** training introductory special is a perfect example of how *not to sell training*. **You might be chasing \$80 per hour, but you just established the price at \$33 per hour** and also proved no one buys this service, so we have to drop the price to even get anyone interested.

Over time, through price marketing, this gym becomes filled with clients who are there for the deal of the week and are always reluctant to spend more for anything, eventually crushing the owner's ability to upsell these needed, but expensive services, at least to cheap clients unwilling to spend.

Why would we expect a guy who signed up because the membership fee was 50% off in July to buy training for \$100 per hour? This would be like expecting the dad at Golden Corral to order a full \$10 meal, including dessert and soft drink, to now ask for the wine list and select a \$100 bottle of Prisoner wine. He is a price guy, not an "I have money and deserve this," guy.

If we think of your market as a giant pyramid, divided into a top 40% and a bottom 60%, then price marketing works for the bottom sixty but does not work for the top forty, the more affluent, often more educated and more sophisticated money client.

If your gym is dependent on the top 40%, then traditional price marketing actually deters this crowd from your gym instead of attracting them into your business. Again, professional services that support my life, such as working with a skilled personal trainer, can't be sold on a price driven basis because everyone in the top 40% understands the best is always the most expensive.

For example, if you are a money person, which is the best accountant? The one at \$100 per hour, or the established accountant charging \$400 per hour? If you have money, would you not use the higher priced person to handle your money because obviously the most expensive is always the best... like good wine, cars, houses, restaurant experiences, and occasionally spouses, but that might be another article later.

So, what does work in marketing to attract that higher end client?

The Old Tools

The old tools are still the foundational elements of good marketing. If you want to attract a higher end client to a higher end gym, we replace price driven ads with testimonials and trial memberships.

Testimonials

You should never talk about your

own business. If you run a successful high-end business of any kind, then let your clients do the talking for you. In the money crowd, referrals are much more important than slick advertising. For example, a travel agent can try to sell a river cruise in Europe for a year, but a couple finally decides to do it only when friends they met at a cocktail party rave about their experience there.

Testimonials done correctly are nothing more than referrals, meaning you have a real person from the gym telling a story about his success and experience with that business. This is far more powerful than any price ad ever could be for the top 40%.

The biggest mistake we make here is not going for target specific advertising. If I want to promote one-on-one personal training, for example, I would use a woman over forty who raves about the privacy of training. Results do not sell; they are just a base expectation. Of course, I got into shape; I paid a trainer to get it done. This isn't why people buy this service in a gym.

What does sell is, "my time, my space," as a theme for this type of testimonial. She says, "I have a stressful business, and I just need to get away a few hours a week. Training here is my time, my space, all about me time. Sure, I haven't gotten into better shape, but I wouldn't give up these few hours of privacy for anything else."

Because of her age, we also know this client lives on Facebook and also relies on Google searches to find a personal trainer near her. Both of these would be delivery systems for concept of testimonial style advertisements.

There are three specific target markets in upscale gyms:

- The 24 - 36-year-old client who wants the group/team experiences;
- The 35 - 55-year-old client who might buy small group training, nutritional services and massages;
- The over forty client who wants everything you have, especially one-on-one training and other expensive support services to make her life easier.

Yes, testimonials are an old tool, but in today's competitive world, it is interesting to note that both *USAA*, the veteran's insurance company, one of the largest and most respected companies in the U.S., as well as *Noom*, the diet behavior modification site, both use exclusive testimonials to sell their products.

Trial Memberships

So, you think you have a good product I might like? Then why won't you let me try it before I buy it?

The most important thing here is to remember the upper scale client isn't that worried about price; he is most worried about discovering if this product or service is something he will want to use over time.

But, price-driven gyms actually force the price discussion. If you use price deals as bait and try to force me to buy a long-term commitment during the first few visits, then it always comes down to price because that is all we have to talk about since I haven't had time to meet your clients, experience your service or understand if this gym fits who I am as a person.

Give me time to experience you, though, and the conversation changes. It is sort of like getting married. Shouldn't we at least date first before we decide we need to get married?

Extended trials shift the conversation away from price to service and the experience of your business. If you have a good business, then charge me for a trial and give me a chance to see for myself how good you are. In the end, if I don't like you, I walk away.

It is important to note that the client has changed post-virus. Losing a couple of pants sizes, a pre-virus marketing play sold as a challenge offered over a few weeks doesn't sell to a client now more concerned about simply not dying. Keep in mind, higher end gyms have to target market the upper 40% of their market by affluence, so the potential client here has different goals and expectations than a guy on the lower end who is less educated and only motivated by price.

The Six-Week Trial is the Jewel

This trial membership is often sold as a mini membership and is offered in the **price range of \$199 - 299** depending on the market. This price range prequalifies the clients. If you pay this much money, then you are serious about exploring joining a gym, versus a cheaply priced, short-term trial, such as a 14 days for \$14 offering. Most of the training gyms use **\$299**, and a great number of these have surpassed a million in annual revenue with only about 250 clients, since their price per client average usually exceeds \$250 per month with a number of them passing \$350 per month average per client.

The key with this trial is to not offer a template program but rather advertise that each trial will be designed specifically for you, depending on your experience, current physicality, limitations and goals. Do not offer one of these, two of those and a list of stuff you include for everyone.

For example, if an older person inquires about a trial, then perhaps offer a few extra one-on-one workouts and a few spa services if those apply to your business. But, if a younger person wants a trial, then perhaps give her more small group trainings, team offerings and a few different services. Individualization is the key to make these work.

The key words and phrases for this trial are: We go at your speed, your time and your space, individualized for who you are as a person; we go slow at first to make sure you are comfortable; meet our

staff and meet the other members before you make up your mind that we are the gym for you; just a few hours a week, it is all about you.

Most of these trials are closed around the third week by simply buying back the remaining trial time. For example, a woman pays \$299 for her trial and is showing interest in a \$699 monthly one-on-one training program. Your assessor, a trainer who sells all training for the training team, and who is not afraid to ask for money, might ask the client during a visit to the gym around the third week if she would like to get started today. The woman will say, "No, not yet; I don't want to lose the remainder of the trial I paid for." The assessor would counter by saying, "Please let me buy that back from you, meaning I will give you a 13th month free, or in your case, let's get you signed up for the twelve-month training program at \$699 per month, and I will add an extra month at no charge to buy back the rest of your trial."

The big picture here is that extended trials, sold at a decent price, prequalify the clients, make sense to money people, give cash flow to the gym, and most importantly, make selling upper end products such as personal training much easier over time.

What Does This All Mean?

Price marketing works if your target market is the bottom 60% of the market by affluence, but it does not work if you have a full-service, upscale mainstream gym or a training gym. The clients are different and price marketing actually deters money people from believing in your brand, because if you were any good at what you do, you would not have to discount it to sell it. Besides, no other professional business ever has a price deal, so why are you trying to sell me professional fitness services using a half-price summer sale?

The basic concepts of marketing are still effective, but delivery tools such as social media, have changed dramatically through the last decade. This does not mean those basics no longer work. Testimonials, coupled with extended trial memberships, are still the most effective way over time to attract a more sophisticated client who will use more of the services of your business.

(Thomas Plummer has been one of the primary thought leaders in the fitness industry for over 40 years. His approach of change through leadership, delivered in the 1,100+ workshops he has taught all around the world since 1980, has resulted in the creation of many of the current business concepts now in use in the industry, such as the modern training gym business model and layered pricing structure used by so many financially successful fitness businesses. He is perhaps best known for helping young fitness professionals understand and master the business side of the gym business. You can contact Thom at info@thomasplummer.com.)

...Jeffrey Pinkerton

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called temptation-bundling, where we were allowed to enjoy a form of entertainment while simultaneously studying; she never asked us to try a study habit that "intuitively seems most effective" for us; and she never asked us to agree to a commitment contract where we promised to lose something like a favorite sweater if we didn't study six times every week over the next month... all interventions tested, and proven ineffective, in the megastudy.

Sadly, but not surprisingly, most of the interventions failed. Less than half of the interventions (45%) showed a statistically significant increase in weekly gym visits over the four weeks, and only a small fraction (8%) of the interventions induced a behavior change that was "significant and measurable" after the four-week intervention.

Maybe it wasn't the fault of the well-meaning texting and nudging and micro-rewarding. Maybe the issue is that the undertone of the study was (in my opinion) based on the premise that they

were encouraging people to do something that at its core, is seen as an unfun thing to do. Maybe the issue is more about the experience. If my experience at a restaurant or doctor or dentist is mostly miserable or boring or tedious or dreadful, there is no amount of pledging and promising and Amazon gift-carding that will get me to go, and certainly not to go more often than what I am already doing (the study wasn't encouraging new people to come to the gym, but instead getting current gym members to come more often).

Does this mean that all rewards and challenges are doomed for failure? I don't think so. What if the challenge was to help people create better habits, like doing workouts in group fitness where the workout is scheduled, social, and surprisingly fun? What if the contest would help teach strategies that would lead to better results? Social connection, like notecards, is a must-have, made more effective together. And, what if the contest celebrated success; tactfully bragged about members to their peers; and periodically and surprisingly rewarded your members for doing the things that are better for them,

and consequently, better for your business? What if the contest was all about getting more people, moving more often, together? We know it would work.



MOSSA believes that a great experience with an engaging instructor and an amazing playlist can help people find a certain level of fun in fitness. We've created

a ready-made solution that can help your facility increase excitement at your club and drive engagement. To learn more about MOSSA's eight-week "Biggest Mover Contest," visit mossa.net/white-papers/biggest-mover-contest.

(Jeffrey Pinkerton is the Business Development Manager for MOSSA. Jeffrey can be reached by phone at 770-989-4737 or email at jeffreypinkerton@mossa.net.)

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