

Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

IHRSA's Public Policy Team,
Led By Helen Durkin, J.D., Is There to
Prevent Disaster By Government For Your Clubs!



IHRSA's Public Policy Team (L to R) - Tim Sullivan, Shannon Vogler, Amy Bantham, Helen Durkin, J.D., Alexandra Black and Meredith Poppler

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*Taking The Time To Understand This Now
May Save Your Club One Day*

FEBRUARY 2015

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Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

IHRSA's Public Policy Team, Led By Helen Durkin, J.D., Is There to *Prevent Disaster By Government* For Your Clubs! *Taking The Time To Understand This Now May Save Your Club One Day*

By: Norm Cates

Close your eyes... and imagine that you've awakened from a sound night's sleep only to learn that your State Government Legislature had passed a new State Law out of the blue prohibiting your club from collecting monthly dues via EFT, or even keeping Credit Card Authorizations on file any more. Or, as in the example Helen Durkin provided in this interview where she mentioned stopping new laws that would prohibit automatic renewals of monthly membership agreements.

What would you do? How would you collect dues at your club? How long could your club last given the cash your club has on hand now?

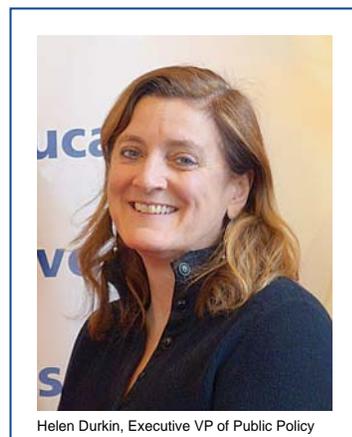
These are all questions that this author sincerely hopes none of you ever have to answer. But, for sure, this excellent Cover Story with IHRSA's Executive Vice President of Public Policy, veteran Helen Durkin, is something you absolutely need to read and give serious thought to if you want to protect your club business(es).

You see, Helen and her IHRSA Public Policy Team are the only barrier between your club(s) and absolute chaos for your club business(es). No matter whether you're an IHRSA Member Club owner, or not, *Helen Durkin and her Team are working for you every day of the year with a constant and dedicated vigil looking out for State Legislatures out there who are contemplating launching such*

dangerous legislation. This dangerous legislation could virtually put you out of business overnight.

At IHRSA's Annual Convention each year, Helen convenes an **Industry Leadership Council (ILC) Meeting** for IHRSA Member Club owners and her Staff in attendance. This year, the ILC Meeting will be held on **Thursday, March 12, from 11:45AM - 1:00PM**. Helen and her Staff (See **Sidebar on Page #10**) will update club owners and operators on the developments in their realm, and they will share their many successes and a tiny few losses.

When IHRSA Chairman, Robert Brewster, was asked to explain the (See **Public Policy Page 10**)



Helen Durkin, Executive VP of Public Policy

2015 IHRSA Awards To Be Presented At IHRSA Los Angeles

BOSTON, MA - Three award recipients will be honored during IHRSA 2015, the Association's 34th Annual International Convention and Trade Show in Los Angeles, California, March 11-14, 2015.

- The **Julie Main Woman Leader Scholarship** will be presented to **Lori Lowell, veteran owner of Gold's Gyms.**
- The **Outstanding Community Service Award** will be presented to **Midtown Athletic Club of Rochester, N.Y.**
- The **Associate Member of the Year** will be presented to **Twin Oaks Software.**



Congratulations to all!

Julie Main Woman Leader Scholarship

IHRSA celebrates the legacy

of Julie Main by awarding the **Julie Main Woman Leader Scholarship** to a woman who exemplifies what Julie stood for: courage, perseverance, excellence, and professionalism. Lori Lowell, an owner,

operator and innovator of Gold's Gyms in Virginia and Wisconsin, is the winner of the 2015 Julie Main Woman Leader Scholarship. "Julie Main was an exemplary female industry leader, and I am excited to have the opportunity to see such continued dedication to a woman who exceeded the 'call of duty' as an entrepreneur and leader. IHRSA's ongoing acknowledgement and commitment to women leaders in the industry is honorable, and I am grateful," said Lori Lowell.

Outstanding Community Service

The **Outstanding Community Service Award** is presented to an IHRSA member that has made a longstanding commitment to making a difference in, and beyond, their community. Midtown

MIDTOWN ATHLETIC CLUB®

Athletic Club of Rochester, New York is the recipient of this year's Outstanding Community Service Award. Midtown Athletic Club's involvement in their community is greater than can be listed, but a few of their impactful efforts include leading an annual American Diabetes Association "Tour-de-Cure Bike Ride" that raises funds for research, prevention, advocacy and treatment for Types 1 and 2 Diabetes; and supporting The Equicenter, an equine therapy center for children and adults with disabilities, at risk youth, wounded veterans and their families in the Rochester area.

(See **IHRSA Awards Page 6**)

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- Are We Asking The Right Question? - **By:** Bill McBride
- Spring: The Real Season of Opportunity - **By:** Deneen Laprade
- "Now What?" - Your 2015 EFT PT Report Card - **By:** Ron Alterio
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- Are You Ready to Grow Your Business? - **By:** Jim Thomas
- The Resolution Revolution - **By:** Billy Dawson
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- Rick Caro's 19th Annual Financial Panel Set For IHRSA 2015
- iGo360 Software From iGo Figure - All The Features At No Extra Cost
- World Gym Announces Two New Locations In Russia
- CSI Software Launches Mobility, A New Mobile App for Health and Fitness Clubs
- New Associate Partner, Bill Lemanski, Joins New Paradigm Partners
- US Fitness Holdings Adds Atlanta Fitness To Its Portfolio
- Ultimate Resource Manual For Implementing Standards Offers 1-Stop Resource

Norm's Notes

• **Hello Everybody!** This is your **Publisher and Tribal Leader Since 1993** checking in!

• **Is America a great country or what?** Hmm... hmm... hmm!

• **It's sad for me to announce that MR. RAY WILSON's Wife, Sonja,** passed away recently. While they had separated for some time, they still shared the loving bond of being parents for their children: their son, **PACKY**, and their daughters, **RANDI** and **RHONDA**, plus the bond of seven grandchildren and three great grandchildren. May Sonja Wilson Rest In Peace.

• **It's also sad for me to announce that KEITH ALBRIGHT, Vice President of Development for World Gym International,** passed away on **October 12, 2014**. I was informed on February 3rd by reading in the **World Gym Newsletter** where **GUY CAMMILLERI**, World Gym Co-owner and Managing Director, wrote about Keith:

"In the wake of his passing, many in the World Gym family have shared their favorite memories of Keith, and everyone seems to make note of his famous wit and warm heart. As Lee Roberts said, 'While Keith was a true professional, what I will miss most about him is his sense of humor. You just couldn't spend time with Keith without having some fun and a few laughs.' Former co-worker Ed Connors

agreed, 'Keith was remarkably refreshing in today's business world: he was a deal maker, creating win-win situations. I don't know one gym owner who didn't have a good experience working with him!'"

This is late, but I want to extend my belated condolences to Keith's family and to Guy Cammilleri and his World Gym Team for this huge loss of a very special man who was loved by many. **May Keith Albright Rest In Peace.**

• **Happy 87th Birthday to MR. RAY WILSON, a true icon and legend in our health and fitness club industry** who'll celebrate his birthday on **February 19th** at his home in **Punta Mita, Mexico**. Mr. Wilson is clearly one health club pioneer who pushed and pushed and literally forced this industry forward nationwide in the 1950s and '60s when he had what I've called for years "Spa Wars" with the late, great **VIC TANNY**, in California and other areas. Mr. Wilson teamed up with health club industry legend **BOB DELMONTEQUE** to go on to create the **Family Fitness Centers** chain in California. It was after **MARK MASTROV** acquired **Mr. Wilson's 72 Family Fitness Centers** for **\$95 million** and converted them to **24 Hour Fitness** that Mark's organization really took off like a **rocket ship**. The end result was that Mark sold 24 Hour Fitness to investment banker, the late **TED FORSTMANN's Forstmann/Little Company**, a New

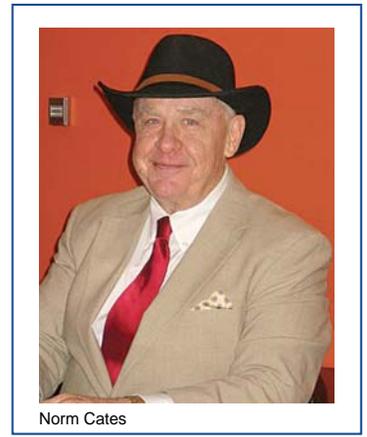
York City-based company for **\$1.6 billion**, making Mark the biggest financial player in the history of the health and fitness club industry. Mark has continued on with a variety of new club groups produced by a supreme team that he assembled after the 24 Hour Fitness sale.

• **Congratulations to all New England Patriots Fans on your 28 - 24 Super Bowl XLIX (#49) victory! WOW! What a ballgame! Maybe one of the BEST Super Bowls ever!**

• **MIKE ALPERT** is the General Manager of the amazing **Claremont Club** in Claremont, California, and I'm pleased to announce that **The Claremont Club and Project Walk Claremont** will be featured as our **March Cover Story**. I will tell you all now this is one of the most amazing and moving stories you will **EVER** read! **Stay Tuned!**

• **STUART GOLDMAN**, formerly of **Club Industry Magazine**, then **ClubIndustry.com**, has joined **PETE BROWN's iClubs.com** group as **Editor** and will also serve as a **Contributor to Athletic Business Magazine**. Best of luck, Stuart, in your new roles!

• **RICK CARO's 19th Annual Financial Panel** will convene in **Los Angeles at IHRSA 2015**. Rick will be the Panel Moderator and the panelists are:



Norm Cates

• **ANAND PHILIP**, Managing Director, **York Capital Management** (Invested In **The Bay Club Company**);

• **ERIK MORRIS**, Managing Director, **Roark Capital** (Invested In **Anytime Fitness**);

• **MARC MAGLIACANO**, Partner, **Catterton Partners** (Invested In **Flywheel** and **Core Power Yoga**); and

• **RON KANTOWITZ**, Managing Director, **Benefit Street Partners** (Provided Debt for **Sport & Health, UFC Gyms & Atlanta Fitness**).

• **IHRSA's very important Industry** (See *Norm's Notes Page 6*)

About Club Insider

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22 Years and Counting!

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Rick Caro's 19th Annual Financial Panel Set For IHRSA 2015

NEW YORK, N.Y. - Rick Caro's 19th Annual Financial Panel will convene on **Friday, March 13th at 11AM**, right after the morning keynote speech. The IHRSA Financial Panel is aimed at the leaders of the club industry. This event is wide ranging from owners of small clubs to CEOs, CFOs, COOs, GMs of very large clubs and those who are interested in club finances, etc., no matter what kind of club. It involves a question-and-answer format after opening presentations, so all can get their questions answered by outside financial experts. This is also appropriate for leaders in other countries.

Each of the panelists has been involved in club financing in the last year,

and each represents a different segment, including the high-end / high-service market, the family segment, the franchised clubs, the studios, and specifically, niche facilities and the debt markets

Rick will be the Panel Moderator, and the panelists are:

- **ANAND PHILIP**, Managing Director, **York Capital Management** (Invested In **The Bay Club Company**);
- **ERIK MORRIS**, Managing Director, **Roark Capital** (Invested In **Anytime Fitness**);
- **MARC MAGLIACANO**, Partner, **Catter-**

ton Partners (Invested In **Flywheel** and **Core Power Yoga**); and

• **RON KANTOWITZ**, Managing Director, **Benefit Street Partners** (Provided Debt for **Sport & Health, UFC Gyms & Atlanta Fitness**).

If you want to learn in-depth about the financial side of our industry, make plans to attend this event on **March 13, 11 AM, at IHRSA 2015**.

For additional information contact Rick Caro, at Management Vision, Inc. by phone at **(212) 987-4300** or email at **mgmtvision@gmail.com**.



Rick Caro, President of Management Vision

...IHRSA Awards

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Glenn William, General Manager of Midtown, who will be accepting the award said, "We are delighted and honored to be recognized as the 2015 recipient of the IHRSA Outstanding Community Service Award. I am proud that Midtown represents the high standard of giving in our community. This recognition celebrates the good work of our associates at Midtown Athletic Club in Rochester, inspired by Alan and Steven Schwartz." In honoring the Midtown Club of Rochester, NY

with this award, IHRSA and the industry gratefully acknowledge Steven Schwartz, President and CEO of Midtown Health / TCA Holdings, and the philanthropic philosophy of the entire company.

Associate Member of the Year

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



participation, advertising and sponsorship. Twin Oaks Software was selected as this year's honoree due to their continued investment in leading edge technology for club management software, and for their support of the health and fitness club industry.

• • •

"On behalf of IHRSA and the

entire industry, I am thrilled to honor these three outstanding IHRSA members and industry friends for their exceptional commitment and service to their communities and their customers," said Joe Moore, IHRSA President and CEO.

The IHRSA Awards Program seeks to "recognize, celebrate, and inspire." For more information about IHRSA's annual industry awards, including prior recipients, please visit www.ihrsa.org/awards.

...Norm's Notes

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Leadership Council (ILC) Meeting will be on **Thursday, March 12 from 11:45AM to 1:00PM**. This is one the most important meetings in our industry every year, and unfortunately, it is one of the least attended. So, I'd like to encourage you to be there so that, after the terrific Cover Story this month with **HELEN DURKIN** about her Team's public policy work, you can learn even more about what they do for all IHRSA Members and non-members, as well. Don't miss it... admission is **free!**

• **All IHRSA attendees are invited to The 10th Annual AUGIE'S QUEST Bash on Friday night, March 13, 2015.** Since 2006, Augie's Quest has raised more than **\$44 million for ALS research**. To sign up for the Bash, go to: www.augiesquest.com/bash. Also, see the **Ad on Page #32**.

• **Twin Oaks** has been named **IHRSA's Associate Member of the Year** and will be honored at **The 2015 IHRSA Convention in Los Angeles, March 11-14th**.

• **Progress For Exercise In Medical Care...** This from IHRSA's **ANDREA BLACK, MPH, RD, LDN...** in **IHRSA's Health Benefits of Exercise Report: A**

couple of weeks ago, a study published in the **American Journal of Clinical Nutrition** used data from a large European study to find that twice as many early deaths may be caused by physical inactivity rather than from obesity. In the United States, there is some bad news in terms of our physical activity habits as a nation. Just 5% of U.S. adults and a third of U.S. kids are active on a daily basis according to the **President's Council on Fitness, Sports, and Nutrition**. Add that to the fact that recess and PE are on the decline, with only a handful of states mandating physical education in schools. But, it's not all doom and gloom. Real progress has been made in putting exercise at the forefront of the healthcare conversation.

• **CLIFF BUCHHOLZ' Miramont Athletic Clubs** in Colorado reports that **they've broken the world record for Tribe Team Training**. What's **Tribe Team Training** you might ask? **TRIBE** provides a cost-effective way for participants to get the expertise, guidance and regular training from a Team coach in a fun, supportive group environment. Miramont launched **TRIBE Team Training** to members and non-members in early January 2015 and has already broken the world record with **156 participants enrolled in the program**. The record for first season launch was 115 participants. "We are so excited that the

community has embraced **TRIBE**," said **RYAN CONOVER, Fitness Director** for Miramont. "We are confident they'll love the program and results." **TRIBE Team Training** is available not only in the **United States, but also in Australia, Canada, Caribbean, New Zealand, South America and the United Kingdom**.

• **Speaking of IHRSA Los Angeles**, here's our **List of CLUB INSIDER Advertisers** who're exhibiting at what will be another **monster IHRSA Trade Show**:

CLUB INSIDER Advertisers Exhibiting at IHRSA 2015

Company	Exhibit #
ClubIndustry.com	#547
CLUB INSIDER	#2512
CSI Software	#2101
fitRewards	#506
Gym Wipes	#2328
iGo Figure	#930
Iron Grip Barbell Company	#1023
Jonas Fitness	#2045
Motionsoft	#1017
Muscle Up Marketing	#637
Visual Fitness Planner	#2514

Please visit their exhibits and do some business with these great folks! Our **CLUB INSIDER Advertising Team** is

trustworthy; they are great people to work with and I promise they'll take care of you very professionally!

• I'm really looking forward to the **IHRSA Trade Show** this year, and *one big reason* is that our **CLUB INSIDER Booth #2512** is next door to **Visual Fitness Planner's MARIO BRAVOMALO** and **DARON "ROCKETMAN" ALLEN's Booth #2514**. These guys and gals are always **FUN**, and I hope you'll drop by and see them. And, us!

• One of our long-time advertisers, **New Paradigm Partners' MARIA PARRELLA-TURCO** has announced their **Webinar Schedule for February and March**, and the list includes: *Overcoming Objections in the Sales Process, Tuesday, February 10th at 2PM. ET*, featuring **MARIA** and new associate, **BILL LEMANSKI**; *Closing Your Clubs Back Door: An Interactive Approach to Increasing Member Retention, February 24th at 2PM ET*, by **DAN GRIFFIN**; and *How to Sell \$5,000 in Nutrition Supplements Each Month Without Having Any in Club Inventory, March 3rd at 2 PM ET* by **GREG MAURER**. To sign up, contact cpohl@newparadigmpartners.com or call **(888) 762 - 8156**. **Be sure to stop by their IHRSA Booth #506!** (See *Norm's Notes Page 7*)

...Norm's Notes

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• **Iron Grip Barbell Company**, one of CLUB INSIDER's terrific long-term Advertiser Teammates has launched their new 2015 ad campaign, and you can see their first terrific Ad on Page #15. This Team of great folks has stuck with their "Made In the USA" message to some extent, and the new ad is terrific, with more to come! Be sure to drop by their IHRSA Booth #1023 to see MIKE, SCOTT, LIZ, DONNA and Team Iron Grip!

• Be sure to check out iGOfigure's Ad this month on Page #8 and their Press Release about iGO360 on Page #8. And, visit KYLE, MATT and RANDY at IHRSA Booth #930.

• Do you need to find new products that will help you keep your club cleaner!? Then, don't miss visiting the lovely LINDA GIAMANCO'S Gym Wipes Booth #2328 at the IHRSA Trade Show!

• Jonas Fitness will be at Booth #2045, and I want to congratulate them on one of the coolest ads I've ever seen, published on the two front fold-out pages of IHRSA's CBI Magazine's February edition. Maybe I'm biased because their ad features one of my favorite subjects: FOOTBALL! DO check it out! ADAM ZEITSIFF and KRISTAN PROKOPEC and their Team should be proud!

• Writing here of our terrific CLUB INSIDER Advertising Team, I'm pleased to announce the arrival of and welcome three new advertisers to our CLUB INSIDER's special Advertising Team this month. They are CSI Software, Muscle Up Marketing and Business Finance Depot. Check out these Notes about them...

• **CSI Software: RYAN WEHMEYER** brings this veteran organization to CLUB INSIDER as a new advertiser! If you check out CSI Software's website (www.csisoftwareusa.com), you'll see a veritable Who's Who of the Club Industry, and I've listed just a few of CSI club clients here: The Houstonian, The East Bank Club, Villa Sport, Rochester Athletic Club, Chelsea Piers, Maryland Athletic Club, RDV Sportsplex, Fitness Formula Clubs, The Alaska Club and The Atlantic Club. As you will note in our IHRSA Exhibitor list, CSI Software will be at Booth #2101 at IHRSA 2015 in Los Angeles. Also, check out their Press Release this month on Page #18 and Ad on Page #19. Welcome aboard, Ryan and the CSI Team!

• **Muscle Up Marketing: 10-year industry veteran, JON BUTTS**, brings his advertising production company to CLUB INSIDER as a new advertiser this month! Jon was recently named to the Top 40 Under 40 in the nation by Direct

Marketing News and their 3-year growth has been over 5,900%, according to Jon! If you check out Jon's website (www.muscleupmarketing.com), you'll see some of the very creative work they do. Be sure to check out Muscle Up Marketing's New Ad on Page #26 and visit them at Booth #637 at IHRSA 2015. Welcome Jon Butts and his Muscle Up Marketing Team!

• **Business Finance Depot:** Owned by PAUL BOSLEY, who says, "I'm proud to announce that I've been selected to be a speaker at IHRSA 2015 so I can extend a special discount of \$75.00 off each Full 4-Day registration available through February 15, 2015. To take advantage of this offer, please visit www.ihrsa.org/go2015 and enter the following Promotional Code: LASPEAKER. Discount is applied to current rates at time of registration and may not be combined with any other offers or be applied to registrations previously submitted." Paul will speak on Friday, March 13th from 1:30 to 3PM, and his Session Title is: Accessing Capital: Financing Your Expansion, Renovation or New Fitness Center. Check out Paul's new Business Finance Depot Ad on Page #28.

• How does your health club's employee compensation compare to that of your competition? Find out in the new IHRSA Health Club Employee Compensation & Benefits Report. The new 2015 edition provides compensation information for senior management/corporate staff, salaried club-level employees and hourly club-level employees. Salary information for select job titles is provided by geographical region, company type and size in number of units and total annual sales. The report also provides a macroeconomic outlook on compensation and unemployment. Download a free preview and/or purchase the 89-page report (\$199.95 members; \$399.95 non-members) at www.ihrsa.org/compensation-report. Have questions, or prefer to order by phone? Please contact (617) 951 - 0055, Ext. 117 or email store@ihrsa.org.

• This information was recently produced by Anytime Fitness and shared by IHRSA:

Americans Have Time to Exercise, But Don't.

Perfectly timed with President Obama's State of the Union address, Anytime Fitness has announced key points in its Weight of the Union report. The report, now in its fifth edition, uses in-depth information of the health and fitness habits of Americans. This year's big findings are that those in the U.S. have difficulties meeting weight and fitness goals. The report shows that Americans feel they have the time to work out and exercise more, but just don't. The Weight of the Union Report also includes tips and suggestions

to get past the hurdles. "Making weight loss goals too big can make getting started feel daunting," said SHANNON FABLE, director of Exercise Programming at Anytime Fitness, in a press release. "The key is to come up with one manageable goal that you can begin acting on immediately. Then, once you've made progress there, continue making changes to keep on your path to self-improvement. It can be as simple as making sure you get your 8 glasses of water a day or walking half an hour more each week than you do right now." Other findings include:

• 88% of adults at some point have not been

happy with their weight or physical shape;

• 33% can pinpoint the time they first were dissatisfied under the age of 18 and

• 40% of people admit they could use help getting started on a fitness program.

Visit the Anytime Fitness website (www.anytimefitness.com) for more on the Weight of the Union Report.

• We are excited to announce the release of our first eBook: *The Best of Club Insider - Legends - Part I*. The first part of our (See Norm's Notes Page 8)

JLR Associates

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...Norm's Notes

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Legends series includes the stories of RED LERILLE, RICK CARO, RAY WILSON, the late BOB DELMONTEQUE, JOE CIRULLI, AUGIE NIETO, KAREN WOODARD-CHAVEZ, JIM GERBER, the late ROBERT DEDMAN SR., GEOFFREY DYER, BAHRAM AKRADI, TONY deLEEDE, RICH BOGGS and RAY IRWIN, CECIL SPEARMAN, the late JACK LaLANNNE, CASEY CONRAD, DAVID PATCHEL-EVANS, the late DALE DIBBLE and SANDY

COFFMAN, and the second and third parts of this series will include many more! It is free for all Paid Subscribers of CLUB INSIDER and can be downloaded at www.clubinsiderebooks.com. For those who do not subscribe to CLUB INSIDER, it will be \$10, but remember, our monthly subscription option is \$10, and it includes the eBook, not to mention every edition of CLUB INSIDER ever published (254 to date)! So, subscribe today at www.clubinsideronline.com/subscribe.

• A very Happy and Healthy Valentine's Day to all! Thanks and Great Appreciation for reading CLUB INSIDER... We love you all!

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• God bless all of our troops, airmen and sailors worldwide and keep them and bring them home safe. Thank you,

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

(Norm Cates, Jr. is a 41+ year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now in its 22nd year of publication. Cates was IHRSA's First President, and a Co-Founder with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. Cates may be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com)

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HOUSTON, TX - iGo Figure's all-in-one fitness club management software, iGo360, includes all features at one low price. "We wanted to be able to tell customers that \$79 per month gets you all the features you need to run your club," said Kyle Zagrodzky, President and CEO of iGo Figure Software. "A lot of our customers became customers because they were tired of being nicked and dined by other companies for extra features like scheduling, automated marketing, multiple employee logins or even if their club membership became too large," Zagrodzky continued. The cloud-based iGo 360 software gives club owners and manager's global access to aspects of club operation from any Internet connection via tablet, smartphone or PC, and software updates are always Free.

Features such as the group fitness and personal training scheduler makes iGo360 even more integral to the operation of a health club for scheduling personal training, classes and courses with automatic email reminders and more. You can set up a course of whatever duration (i.e. 3 months) that meets on a day of the week (or multiple days of week) and time of day (Wednesday at 5:00). Members buy it, and they are automatically scheduled for all the classes in that course on checkout. You can also cap attendance so the class won't be oversold.

For more information, a free trial or a software demonstration, visit www.fitnessclubmanagementsoftware.com or contact the iGo Figure Sales Team at 866-532-9588 or email sales@igofigure.com.

World Gym Announces Two New Locations In Russia

LOS ANGELES, CA - World Gym, the iconic brand for bodybuilding and serious fitness, announced the January and February 2015 openings of their newest locations: World Gym Sterlitamak and World Gym Veshki.

World Gym Sterlitamak, which opened on January 1st, boasts a gym and cardio zone with top-of-the-line equipment, in addition to a swimming pool complex with an aqua zone and spa zone. The new 33,000 square-foot location also features five group exercise rooms: a yoga studio, a boxing studio, a cycling studio, a personal training studio, and a Kids' Club. Additionally, World Gym Sterlitamak has a solarium and fitness café with fitness diagnostics.

World Gym Veshki marks the 15th club in Russia and the 10th club in

Moscow. Occupying a former fitness club in an elite area of Moscow, World Gym Veshki is a renovated, modern club with world-class standards. Set for a February 1st opening, World Gym Veshki includes brand new equipment, a swimming complex with an aqua zone and spa zone, two group exercise rooms, a yoga studio, a boxing studio, a cycling studio, a personal training studio, a fitness café with fitness diagnostics available and an indoor tennis court.

"We are thrilled with the expansion of the World Gym brand in Russia," said Joyce J. Cammilleri, Owner and Chair of World Gym International. "The Russian World Gym team continues to provide a consistent and high-quality fitness experience."



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...Public Policy

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importance of IHRSA's Public Policy efforts, he said:

"Public policy affects all clubs; it does not matter if they are large or small, multipurpose, fitness only or boutique. No business operates in a vacuum! Although it is not always obvious, decisions being made in the public domain are having substantial effect on the financial health of club operators and the fairness in which our industry has to operate. In addition, Public Policy has significant bearing on the overall health of our population and the manner in which we can solve those societal problems. Therefore, the bottom line is that our reaction to these threats and opportunities is paramount to our success.

For this reason, I am very pleased with the far-reaching success of IHRSA's Public Policy efforts. The organization's record on confronting and resolving harmful legislation is impressive. Without IHRSA, the landscape for clubs would be much more difficult today. Their ability to stop excessive taxation, untenable legislation and unfair competition from non-tax paying entities is benefiting all of us right now because these threats tend to spread if unchecked.

I am very excited to see that IHRSA is also fully engaged in Public Policy initiatives that will broaden opportunities for clubs to expand and deliver services to improve our collective physical wellbeing. I encourage all IHRSA members to contribute and attend the Public Policy Forum at the convention in Los Angeles."

Adding to Robert Brewster's comments, former 20+ year club owner, and now 8-year President and CEO of IHRSA, Joe Moore, said it well when I asked him to make a statement I could share with our CLUB INSIDER readers about Helen and her Team. Joe said, "Helen is an asset for the entire Industry. She is a strong strategic thinker, who has tremendous knowledge in many areas in addition to Public Policy. She has contributed so much to IHRSA that it is difficult to point to the most significant accomplishment. With that said, she has hired, trained and leads a remarkable team of professionals, and the team's record is a tribute to her leadership. The Industry's regulatory environment is far better, and IHRSA is far stronger because of Helen."

Now, CLUB INSIDER is very pleased to provide you with the following in-depth interview with Helen Durkin.

An Interview With Helen Durkin, Executive Vice President of Public Policy

CLUB INSIDER (C.I.) - Why did IHRSA's Founders choose to invest the new Association's resources into what was then called Government Relations?

Helen Durkin (HD) - It can be hard to recall or imagine how different things

were in the industry in the '70s and '80s, before IHRSA. Legislators didn't know much about the health club industry, but that didn't stop more than half the states from passing bills telling clubs how to operate their businesses. The problem was that, because they didn't understand the business and no organization was around to educate them, the laws that were enacted didn't do much to stop the practices of the bad operators. But, they did hurt the good and reputable quality club owners. Horrible legislation was crossing the country like wildfire, threatening to extinguish the good operators. The Board and Founders knew something had to be done to stop Government, and their answer was to invest in creating a strong voice to *promote and protect* the industry.

C.I. - Why was the Industry so concerned about tax-exempt competition from the YMCAs of America?

HD - On my first day at IHRSA, I listened to Frank Eisenzimmer (of Cascade Athletic Club), learning how he had worked as a firefighter to save money to open a health club, only to risk losing it all because of a Y opening up right near his club. That was the first time I heard the story but not the last. The name and location would change, but time and time again, a club owner would call to say how his life's work was threatened by a Y that was going to be built right around the corner from his club, with plans not to serve people in need but to serve the exact same people the clubs were serving.

John McCarthy told me that the entrepreneurial spirit of the club industry would triumph, as long as IHRSA could give the for-profit club operators a fighting chance. We never found a silver bullet that would eliminate the YMCA problem, but in truth, we weren't looking for that. We just wanted the YMCA to act like a charity, not a for-profit business. While clubs in certain markets continue to fight against tax-exempt competition from a Y or a park and recreation facility, the work of IHRSA and all those pioneering club operators who fought for fair competition gave the industry a fighting chance for the entrepreneurial spirit to shine through.

Understanding IHRSA's Record of Success and What Is Behind It

C.I. - IHRSA has had sustained success defending against legislation that could be detrimental to health club operations and/or profitability. What is your win-loss record for each of the last five years?

HD - 2010: 31-0;
2011: 19-2 (NV and CT - Privacy);
2012: 13-0;
2013: 7-0;
2014: 13-1 (Washington, DC - Sales Tax);

C.I. - What do you think is the most important victory over the past ten years?

HD - In some ways, each victory is the most important victory because, as a club
 (See *Public Policy Page 12*)

IHRSA's Advocacy Staff

Helen Durkin, J.D.

Executive Vice President of Public Policy

As IHRSA's Executive Vice President of Public Policy, Helen Durkin is a champion of the health club industry and a committed advocate for physical activity, primary prevention and public policies that promote wellness because it will take more than personal responsibility to get the world active.

Helen joined IHRSA in 1989 and developed the health club industry's first government relations and legal service programs. Prior to her role with IHRSA, Durkin worked for the labor law firm of Kearns & Associates and worked in various government positions in Massachusetts and Washington, D.C.

Helen received her law degree in 1986 from Washington College of Law, American University and received her undergraduate degree in political science at Holy Cross where she was a member of the varsity lacrosse team. Durkin loves to ski, dreams of knitting nirvana, is a mom, wife and an owner of a springer spaniel.

Amy Bantham

Vice President of Government Relations and Health Promotion

Amy Bantham is IHRSA's Vice President of Government Relations and Health Promotion. At IHRSA, she works on growing and promoting the health club industry by increasing the size of the exercising population and protecting the industry from legislation that hurts clubs' bottom lines. Bantham has worked in the industry for almost 20 years, as a group exercise instructor and personal trainer. She joined IHRSA in 2006. Prior to joining IHRSA, Bantham worked as a management consultant in the agri-food industry. She holds a Bachelor of Arts from Yale University, a Master's in Public Policy from Harvard University and a Master's of Science from Northeastern University.

Meredith Poppler

Vice President of Industry Growth, Media Relations and PR

Meredith Poppler is extremely proud to represent an industry that is nothing but a force for good, as health clubs are vital to reducing physical inactivity and improving the health of the country/world. Every day, she works to grow, protect and promote the industry by raising awareness of and funding for important public policy issues, while encouraging advocacy, collaboration and leadership within the industry. And, as IHRSA's Media and PR liaison, she communicates the importance of physical activity and the benefits of exercise in a health club through social media, reporters, bloggers and health columnists. Meredith also serves on the Board of Directors of the Tennis Industry Association, representing the health and sports club industry.

Tim Sullivan

Senior Legislative Analyst

IHRSA's Senior Legislative Analyst, Tim Sullivan keeps his finger on the pulse of policies that could affect physical activity levels across the country. He works with fitness professionals and enthusiasts to advocate for exercise and represents the interest of the health club industry in communications with state and federal lawmakers. Tim earned a Master's in Political Management from George Washington University and gets his heart rate up by working out at his local health club, playing outdoor sports and cheering for the New England Patriots.

Alexandra Black, MPH, RD, LDN

Health Promotion Manager

Alexandra Black is a registered dietitian (RD) and physical activity advocate with experience as a college athlete, clinical dietitian, CrossFit coach and nutrition blogger. As IHRSA's Health Promotion Manager, she is committed to promoting health clubs as a primary solution to the physical inactivity crisis and providing IHRSA Member Clubs the tools and resources they need to design and implement successful health promotion initiatives. She also writes articles for *Get Active! Magazine*, publishes the *Health Benefits of Exercise Report* every other week, enjoys running and loves the Florida Gators.



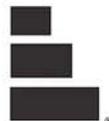
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STEPFITNESS

...Public Policy

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operator, you are concerned that nothing harmful passes. Stopping a sales tax is as important as stopping a bill that would prohibit automatic renewal, etc. But, if we take a step back, the biggest victory is that we have altered the regulatory climate for clubs, from one in which clubs were sitting ducks subject to the whims of misguided Government regulators to one in which almost no legislation harmful to the industry ever passes.

C.I. - What have you and your team learned or put into practice during this period that accounts for your exceptional win-loss record? What are some of the tools you use to defeat an unwanted piece of legislation?
HD - IHRSA succeeds by eliminating surprises, identifying threats and using the right tools to stop threats and maximize opportunities. Specifically, we comb through thousands of pieces of legislation each year. Most often, our team reads bills and is satisfied to know that our industry will not be affected should they become laws. However, each year, there are 50 - 100 bills across the country that stand to have a real impact on club operations and profitability. In addition to combing through every bill, the team surveys and interviews each of IHRSA's state lobbyists to identify possible threats, as well as opportunities. Then, they review every piece of relevant legislation that's been considered over the past several years to look for trends in each state.

So, the first step in the process is to identify the bills that matter, and then, we conduct a thorough analysis to understand how they could affect health clubs. Sometimes, IHRSA identifies a potential threat that a bill's sponsor didn't foresee. When that happens, IHRSA works to educate the lawmaker about the legislation's unintended consequences. We do this through personal contact, legislative testimony and mobilizing our members. Many times, bad legislation is based on bad information, so a call to a sponsor's office makes the difference. For example, when a Connecticut state representative filed legislation to restrict the use of automatically renewing contracts by home security companies, IHRSA worked with them to amend the bill's language to clarify that health club contracts were not subject to its requirements. We've been doing this for so long that legislators often reach out to us to get information before they draft legislation, giving us the ability to stop bad legislation before it even starts.

When a legislator *does* intend to change the law in a way that would be bad for health clubs, the IHRSA team crafts an advocacy campaign that is strategically tailored to the bill, local politics and our resources in the state. Our top resource in every state is, of course, our membership, so we often mobilize health club operators to advocate for the industry. Sometimes a

stronger push is required, so we conduct a full-press grassroots lobbying effort. IHRSA conducted six grassroots advocacy campaigns in the last year, all done to supplement our arguments within state legislatures with the voices of hundreds, and in some cases thousands, of fitness professionals and/or consumers.

C.I. - Also, I know that you have a network of experienced lobbyists in all the key states. Can you tell us how you find them and how you use them?

HD - IHRSA retains lobbyists in eleven battleground states. We add lobbyists when necessary to represent the industry on particular issues, as we did recently in Maryland and the District of Columbia. We solicit recommendations from our members and other lobbyists and choose those that will best represent the interests of IHRSA and the health club industry. We work closely with our lobbyists to identify threats to clubs' profitability, as well as opportunities to grow the industry. We use our lobbyists to complement our in-house legislative tracking and analysis, to secure meetings with legislators and to help maximize the impact of our grassroots advocacy campaigns.

C.I. - Based on your successes, what's next?
HD - Telling the story. Given our historic win-loss legislative record and the significant years of combined experience within the Public Policy team, it would be hard to argue that we don't know Public Policy, legal and legislative issues. Our biggest challenge is not in doing good work but in communicating the work we do. So, our focus is on making all our information more engaging, relevant and informative for club operators. Our aim is to make our content --be it on ihrsa.org, in briefing papers, legislative alerts, Capitol Report, etc.-- the best most valuable and usable resource for club operators. For example, the Public Policy team has transformed the legislative reports (contact IHRSA for copies of the reports).

Our focus on communications also includes using social media to more effectively engage the industry, our partners, legislators and other stakeholders. The sales tax battle fought in Washington, D.C. is a great illustration of how effective lobbying is being changed by social media. That battle was fought as much in Twitter, online petitions and media, as it was in traditional places. So, to remain an effective lobbying force, the Public Policy team is focused on social media and communications.

Industry Leadership Council And Club Engagement

C.I. - What is the *least* a health and fitness club owner or operator can do to help the cause so that they are involved in some way?

HD - Good question, here's how we see
 (See *Public Policy Page 14*)

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IHRSA Advocacy: Growing the Industry, Promoting
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The 2014/15 Industry Leadership Council

The entire industry owes a world of thanks to the members of the Industry Leadership Council whose contributions allow IHRSA to Protect and Promote the Fitness Industry. Names in **bold** are 2015; all else are 2014.

Platinum Contributors: \$30,000 to \$59,999:

- Anytime Fitness Corporate and Franchisees
- Life Time Fitness

Gold Contributors: \$15,000 to \$29,999:

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- Fitness Formula Clubs
- The Houstonian**
- Leisure Sports, Inc.**
- In-Shape Health Clubs**
- Tennis Corporation of America (TCA)**

Silver Contributors: \$5,000 to \$14,999:

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- The Atlantic Club, Inc.
- Curves International**
- DMB Sports Clubs
- Elite Sports Clubs
- Genesis Health Club**
- MVP Sports Clubs
- New York Health & Racquet Clubs
- Saw Mill Sports Management
- The Wellbridge Company**
- The Alaska Clubs**
- Brick Bodies / Planet Fitness
- Dedham Health & Fitness Complex**
- The East Bank Club**
- Gainesville Health & Fitness**
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- Hoffman Insurance, Robert Kuchefski
- John McCarthy
- Management Vision, Rick Caro
- Oakland Hills Tennis Club
- Rochester Athletic Club**
- World Gym International
- The Belmont Athletic Club
- Club Fit Jefferson Valley**
- Florida Health Club Association**
- The GGFA
- Integerus / FitMarc, Bryan O'Rourke
- Livermore Valley Tennis Club
- The Maryland Athletic Club
- Oxford Athletic Club
- Spectrum Clubs, Inc.

Friends: \$1,000 to \$1,999 in Contributions:

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- Cross Gates Family Fitness
- Fitness Management Systems
- L&T Health & Fitness**
- PRO Sports Club
- Spearman Clubs
- BodyBusiness Health Club & Spa
- Fitness Connection USA/ Titan Fitness
- GG Management, LLC/ Ebel & Gutierrez
- The Marsh**
- Saco Sport & Fitness

Supporters: Less than \$1000 in contributions:

- Fitness Unlimited
- Longfellow Clubs
- Onelife Fitness
- Sunset Athletic Club
- Texas Health Racquet & Sportsclub Association**
- Molly Kemmer
- Global Fitness Center
- Penfield Fitness & Racquet Club
- TELOS Fitness Center
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...Public Policy

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the path of engagement:



C.I. - Why do club operators support IHRSA Public Policy efforts and give to the Industry Leadership Council (ILC)?

Rather than have the IHRSA team tell you, why not get the answer right from club operators:

I adamantly support the ILC and encourage all IHRSA clubs to do so as well so we have a unified voice to protect our industry and work to be healthcare's wellness solution. - **Lynne Brick, Brick Bodies**

The reason we continue to contribute to ILC is the knowledge and dedication, coupled with proven results, from this talented group from IHRSA. It's an incalculable ongoing benefit that we could not possibly afford to be without. We all buy insurance to protect our businesses, why would we not contribute a little to have the best working on our behalf, protecting our clubs and the industry's future - **John Doyle, The Belmont Athletic Club**

Every fitness center in the world benefits from the work done by IHRSA (supported by the ILC). Together, we can protect our shared interests, promote the industry, grow and prosper. But each of us needs to do our share. Fitness is a team sport. - **Chuck Runyon & Dave Mortensen, Co-founders, Anytime Fitness**

When New York State attempted to pass a 6% sales tax on health club membership dues a few years back, IHRSA saved the day. Their assistance was crucial in defeating the bill. As a small club owner/operator, it can be really scary and upsetting to see a misguided state legislature look at the fitness industry as a source for increasing tax revenues without input from anyone. IHRSA rallied club owners from across the state to lobby and defeat the bill at the state capitol. It was truly a wonderful and gratifying result and a great lesson in the value that IHRSA brings to our industry. I can't think of a better investment that a club owner can make by contributing to the ILC for the health and wellbeing of our industry, and more importantly, our businesses. - **Rick Beusman, Saw Mill Sports Management**

C.I. - How many clubs contribute money to Public Policy efforts as of today?

HD - There are about 70 companies that are current contributors (Industry Leadership Council Members). While most are club companies, ranging from

large chains and franchisors to independent clubs to small training studios, some are industry suppliers as well. A complete list of ILC members is available at www.ihrsa.org/contributors. Obviously, an engaged membership is very important to helping us achieve our advocacy goals, both defensive and offensive, so growing the ILC membership base is very important to achieving our goals to protect and promote clubs.

C.I. - What do you think are the three biggest misconceptions that some club operators have about Public Policy? And, why don't more club operators give to the ILC?

HD - *Don't pay attention to what the Government is doing until you absolutely have to.*

In 2007, we worked closely with Maine health clubs to defeat a proposal to expand the sales tax on health club services. For the following several years, the legislature was relatively silent on the issue. However, IHRSA kept close watch, relying heavily on the eyes and ears of our Maine member clubs. Scott Gillespie (of Saco Sport & Fitness) continued to listen and watch carefully, treating it as a serious threat. He alerted IHRSA about rumors of a renewed effort, and IHRSA is now in the midst of a campaign to defeat a sales tax expansion that is part of the Governor's budget proposal.

If a crisis occurs, hire the lobbyist from the biggest firm making the most optimistic promises.

There is a secret that high priced lobbyists don't want you to know. Lobbyists can get you access, but you are only as strong as the weight you have behind a lobbyist. Real weight or clout comes from the strength of your grassroots lobby: the number of letters, emails, calls and tweets the industry can deliver to your legislators can make the difference between a victory and a loss. It also comes from a deep understanding of industry issues. The IHRSA team has years and years of experience. We know what issues matter to legislators. We also know how the industry works. So, while a lobbyist can be crucial in specific situations or in some states more than others, we have found, after working with hundreds of lobbyists, that the one who promises you the sky is often the one least likely to deliver on his promises.

I don't have to support IHRSA's Public Policy efforts; someone else will.

It is true that, when we defeat a sales tax in one state, it's not only ILC Contributors and IHRSA Members that benefit. *Every club operator in the state benefits from the victory.* The problem arises when everyone, or a large majority of operators, feel that someone else will take care of the problem. When apathy like that is allowed to grow, there's the chance IHRSA won't have the resources to monitor, track and fight serious legislation. When we have less funding, we are forced to spread our resources thinner and make hard choices on what stays and what goes.

State of the Industry

C.I. - What are the most common types of State laws that are currently being debated? Elaborate the main issue in each case, please.

HD - Each year, we monitor legislation that could pose a potential threat or opportunity to health clubs and their members, and we advocate for the best interests of health clubs and healthy lifestyles across the nation.

In terms of legislative threats, we often see:

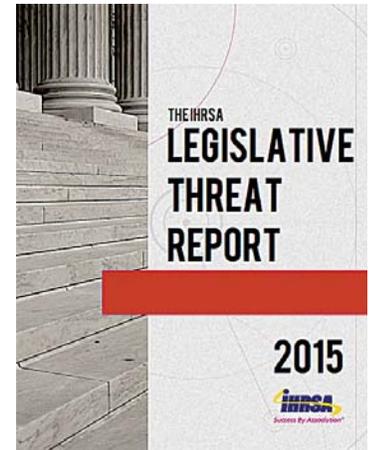
- Bills that mandate the use of AEDs in health clubs, creating issues around staffing requirements, adequate compliance time and liability protection.

- Restrictions that impose a burden on health clubs by prohibiting or restricting use of automatic renewal provisions, by requiring unnecessary and outdated notification requirements or by limiting the use of electronic funds transfer (EFT).

- Burdensome personal trainer requirements that would impose harsh requirements, increasing costs and limiting the pool of trainers available for hire.

- Legislation that could potentially encroach on the privacy rights of any health club member within a club's locker room.

- Proposals that would impose a sales tax



on health club membership dues.

And, the greatest legislative opportunities fall into three categories:

- Financial incentives, such as tax credits and deductions for health club memberships and exercise equipment, which would make health clubs more affordable.

- Repealing sales tax in states where they are currently imposed.

- Promoting healthy communities by supporting policies that support regular exercise programs in schools, that create a task force to test different wellness initiatives, or that encourage businesses to offer employee wellness programs.

C.I. - What is the greatest Public Policy threat to clubs today, and how will it affect them?

HD - To us, any legislation that would interfere with a club's ability to do business is a serious threat. For example, a few years ago, the state of Maryland changed the way it regulated bonds. It wasn't a "major" threat, but it made it impossible for some operators to get bonds. No bonds; no business. This wasn't a simple fight, but it was an important one. By viewing every

(See *Public Policy Page 16*)



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...Public Policy

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encroachment as a threat, we work to stop them before they become major threats.

C.I. - What states are the ones we need to watch, in particular?

HD - All legislation that has the potential to impact the health club industry is important, and IHRSA continues to monitor each individual issue on a state-by-state basis.

National Policy

C.I. - Does IHRSA need a strategy beyond defense?

HD - IHRSA takes great pride in our successful efforts to defend the industry, but we also know that efforts to increase the number of people exercising and exercising in clubs, though perhaps harder to achieve, will be good for the world and good for the industry. A few years ago, we asked the IHRSA research team, to determine the financial impact of IHRSA's efforts to increase the number of exercisers. It was estimated that, if just 1% more Americans exercise, it would translate to about 500,000 more health club members. This would generate roughly \$240 million in industry revenue, and that's just dues revenue.

C.I. - What efforts is IHRSA undertaking to get more people physically active and to get more people in clubs?

HD - In 2012, the IHRSA Board identified a long-term goal for IHRSA and the industry to be recognized as a primary solution to the physical inactivity crisis. Legislatively, that means continuing to defend the club industry against bad legislation, PLUS actively working to pass legislation that would encourage people to be more physically active. IHRSA has successfully changed the dialog with policymakers so that we are now working to pass more bills that would promote and grow the industry than would harm it. We have also developed closer relationships with key areas of the Government as well as important strategic partnerships. So we have broadened and diversified our mission to create Public Policy aimed at increasing physical activity at the state, national and international level.

IHRSA has also revamped its efforts in the area of health promotion. IHRSA members tell us that they learn and innovate most from 'best practices' shared by industry experts. So, we revamped IHRSA's health promotion programs and services with the idea of bringing the 'best of the best' to everyone, and of assisting the best of the best to get even better. You'll see these efforts in new toolkits, as well as in the new IHRSA Health Promotion & Wellness Track at the convention. You can learn more at hub.ihrsa.org/ihrsa-2015-hp-w.

C.I. - How has IHRSA's Public Policy team helped change the debate on health policy?

HD - Do any of your club's members receive incentives or reimbursements from their insurance companies for their memberships? Today it's common practice for health insurance companies to offer incentives for engaging in healthy behaviors, but Congressional action almost made it illegal for insurance companies to do so.

Back when the Clinton Administration was trying to pass its version of healthcare reform, Congress was concerned about 'skimming,' a practice by insurance companies to offer incentives to entice healthy people to sign up for their insurance plan since healthy, exercising people cost the insurance companies less money. While Clinton's healthcare reform did not pass, the fast moving Kennedy-Kaussebaum bill, later known as The Health Insurance Portability and Accountability Act, was poised to pass. So, IHRSA developed the Healthy Lifestyle Incentive Provision, which as the name suggests, preserved the right for insurance companies to offer healthy lifestyle incentives. Thanks to some hard lobbying, including meetings at the White House and with Senators Kennedy and Kassebaum, the Provision was incorporated into the Health Insurance Portability and Accountability Act. And, the ability for your club members to get incentives to exercise in your club was preserved.

Fast forward to the most recent health care reform debate. Under the staggering costs of healthcare, employers have become interested in incentives to encourage their workers to be healthier. IHRSA, now with a large group of allies, was able to successfully negotiate the ability for employers to offer incentives. IHRSA's success in preserving incentives for exercise, from both employers and insurance companies, is just one example in the long list of changes that have taken place as a result of the industry's lobbying efforts. And, it's also a good illustration of the kind of differences that have been made.

C.I. - Why has the industry had such difficulty getting Federal Legislation to even get out of a committee to the actual floor for a vote? Or, why can't it even be added as an Amendment to a larger bill?

HD - If you ask ten people if they think it is important to exercise, chances are most would say, 'Yes.' Yet, we know that more than 80% of the population isn't getting regular exercise. If you ask members of Congress if Americans should be more physically active, most would answer, 'Yes.' If you ask them to co-sponsor legislation to get more people exercising, many will. But, when it comes down to making physical activity a legislative priority, it falls to the end of the Congressional to-do list, just as exercise seems to fall to the bottom of most Americans' to-do lists.

Here's a real life example with the names withheld to avoid angering any Congressional allies. In the final days before the passage of the Affordable Care Act, one of IHRSA's two major legislative bills was set to be added to the Affordable Care Act. All the pieces were in place. Both of the bills' sponsors, one a Democrat, the other a Republican, had the right seniority and Committee placement to insert the bill. But, when the time to offer amendments came, nothing happened. The done deal unraveled because it was not consistent with other political objectives. To IHRSA membership interested in getting bills passed, we seemed not to get one step closer to passage. To those of us in the trenches lobbying for the amendments, we realize how frustratingly close we came.

A Bright Future From A Dim Past

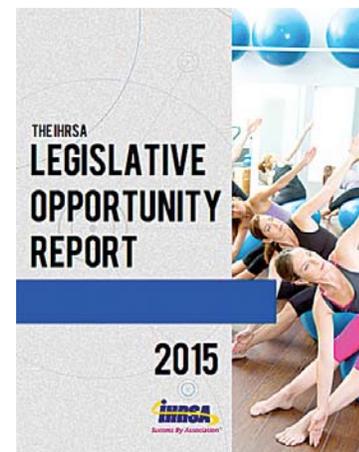
C.I. - What do you hope to accomplish with the IHRSA Foundation to Promote and Protect the Industry?

HD - Established in 2012, the IHRSA Foundation's purpose is to support the charitable and educational functions of IHRSA. A primary goal is to build capacity across the health club industry, so fitness professionals can deliver 'evidence-based health promotion programs' for a wide array of disease prevention and chronic disease management purposes.

The Foundation will achieve its primary goal by conducting research specific to health outcomes associated with physical activity; providing support, educational and training resources to health clubs; and promoting evidence-based health and wellness programs that result in individuals embracing a healthier lifestyle through exercise. The programs and research outcomes will be available to the general public. Ultimately, the IHRSA Foundation aims to position the health club industry as a primary solution to the physical inactivity crisis.

C.I. - We've talked a lot about IHRSA's successes and how they were achieved. Let's go backwards for a moment. What would the health and fitness club industry potentially look like today were it not for Public Policy efforts?

HD - Clubs would probably be charging a tax on membership dues and services, in essence creating yet another barrier to membership. Members wouldn't be able to automatically and seamlessly renew their memberships, since "continuation of service" would be severely regulated if not outlawed. Members wouldn't have their memberships reimbursed by their insurance providers, as this benefit would have been made illegal back in the '90s. Your ability to collect dues via EFT would also be limited. Before you sold a single membership, you'd need to post an enormous bond. You would be required to use an AED, even though neither you nor your staff would have any liability protection in place. And, innovation would



be hampered by an extremely high level of Government regulation.

The list goes on, impacting almost every aspect of a club's business. But, it boils down to this, without IHRSA Public Policy, it would be more expensive for consumers to buy a health club membership, and it would be more expensive to operate a club. That's not a formula for a healthy, profitable and successful club industry, nor a healthy, prosperous population!

• • •

Folks, if you're reading this closing comment, and have read *Helen's terrific in-depth interview in its entirety*, you're now *far more prepared and informed* about *exactly why* IHRSA's Public Policy work is so important and crucial to the future of your club business(es), and to the U.S. health and fitness club industry in general.

I urge you to **support IHRSA** with your **club membership dues and contributions to IHRSA's Public Policy effort**. Both *investments*, and trust me, *they are investments* just like buying a new treadmill, will give your club business a *far better future*. One day, you may be saying to yourself, "**WOW! I'm really glad I read Helen's interview and took action. My ACTION HELPED SAVE MY CLUB(S)!"** For more information, call **IHRSA's Meredith Poppler** at **(800) 228 - 4772, Ext. 129** or email mpoppler@ihrsa.org.

(Norm Cates, Jr. is a 41+ year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now in its 22nd year of publication. Cates was IHRSA's First President, and a Co-Founder with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. Cates may be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com)

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Are We Asking The Right Question?

By: Bill McBride

I read an interesting article on Zite last week from Business Insider that highlighted Amazon CEO Jeff Bezos' advice for anyone running a business. The advice was simple yet profound, even brilliant.

Zite is an Internet news aggregation site that allows you to set your topics and have a daily news magazine on your device based on your preferences. The Mobile App allows you to read more content in a shorter amount of time than would ever be possible through single source media. And, the content is relevant to your interests.

Jeff Bezos' comments centered on how often we hear the question, "What will be different in ten years?" We spend a lot of time on this *crystal ball trend hypothesizing*. It caught my attention because I spend a lot of time thinking about trends and predictive analytics. He asserts that a more important question should be, "What will be the same?" In relation to the health club industry, it got me thinking about what might remain the same for health club consumers. It led me to: *What won't change?*

His recommendation, once you have identified what you think will still be true, is to focus on those areas.

"When you have something that you know is true, even over the long term, you can afford to put a lot of energy into it," Bezos says. Read more at <http://read.bi/1AHmHxA>.

For Amazon, he believes customers will demand lower prices and faster shipments. So, the company spends a lot of time and money on their purchasing power, distribution centers and distribution network. His assertion is that Amazon customers won't be asking for higher prices and slower delivery (I acknowledge oversimplification here)... I also acknowledge we aren't in traditional shipping and distribution, but we have our truths that we can make assumptions around versus waning from core strategy to opportunistic operating plans to follow the flavor of the month of what we think may happen. In many cases, we have an argument that some, if not many, consumers will spend more to get exactly what they want and need.

So, what will be the same in our industry? In ten years, what do you think will be the same about your current and future customers?

Things I think may be the same (open for your own definition and debate) are:

1. Behavioral Change will always be hard for people (bad habits, exercise and weight

loss), but the desire for positive change will stay steadfast.

2. Members will still require cleanliness, nice facilities and equipment condition to be top notch. They will also want to see the continuation of technological support, including access to their health, fitness, wellness and preventative lifestyle. Medical becoming even more prominent as the continuum of care expands to activity, wellness, prevention and disease management. While this comment may seem predictive, it seems extremely likely to be true based on all that is currently going on.

3. Many consumers will continue to be somewhat "fickle" about wanting new programs and ways to make fitness tolerable if not enjoyable. Others will continue to want stability, routine and the habit patterns they currently enjoy. There are several ways to look at fitness offerings:

A. Lifestyle Product - Upscale, family friendly, third place, community hub, country club without golf, expansive, food and beverage, social, amenity rich; typically with aquatic offering, many with tennis, racquet sports and children's programming.

B. Convenience Product - Access to equipment and fitness offerings; quick and inexpensive. There may be a bit higher substitution threat with residential, corporate, medical and public space access as this segment has relatively low barriers to entry.

C. Specialty Product - These vary from fitness, to practice, to sport/recreation (examples only to stimulate thoughts). All tend to have higher payroll with fitness expert providers. Provider expertise is paramount in this segment:

•**Fitness** - High Intensity Interval Training (HIIT) / functional training, boot camps, Barre (Barre is debatable if fitness or practice as this is a crossover activity), indoor cycle, multiple class formats and traditional equipment (cardiovascular and strength).

•**Practice** - People practice yoga, martial arts, traditional boxing, Pilates, ballet, dance, ballroom, etc. There is a goal of mastery, and while these may be viewed as niche, they have lasted the test of time.

•**Sport/Lifestyle** - Cycling, marathon training, triathlon training, youth performance training, elite athlete training, etc.

While mastery of fitness and lifestyle in general may be a goal for all,

I am simply trying to offer some possible ways to look at what will have longevity versus trend value. More importantly, what sandbox do you want to play in and commit to? You have to align your business model to timeless market needs. Of course, evolution and progression for your business model must be constantly tweaked:

1. Many people will pay higher amounts for convenience, maximizing or saving personal time, high caliber programming and engaging experiences. Of course, there is a supply/demand consideration on these models and unpredictability on competitive new offerings. So, if you go to market with a new concept, will it be a 1-3 year play or a permanent evolving offering?

2. There will continue to be price and expense pressure for clubs to increase or maintain margin. This will require continuous reinvention. Think full service gas stations with attendants that washed



Bill McBride

your windows, checked your engine/battery and tires while also pumping your gas. This space was reinvented to reduce consumer costs through expense reduction while creating more locations to serve convenience and repair specialization.

(See *Bill McBride* Page 20)

CSI Software Launches Mobility, A New Mobile App for Health and Fitness Clubs

HOUSTON, TX - CSI Software has launched a new mobile app for health and fitness facilities. Mobility is a branded mobile application written in native iOS and Android, giving users powerful features and facilities tools to engage a mobile audience. The new app is fully integrated with SpectrumNG, the company's flagship management and accounting software. Mobility is a self-service application allowing customers to manage their account, search and book classes, schedule appointments, share through social media and more. The app delivers a fast, clean and intuitive experience for customers now choosing mobile devices to manage their time and fitness.

Users can download the Mobility from the App Store and Google Play and begin accessing a robust set of features that will speed connections and content to the device customers pay attention to the most, wherever they are. Mobility can be customized to meet each facility's specifications. Sophisticated yet simple, the app is loaded with the right SpectrumNG modules for getting the most out of existing data applications and facility revenue opportunities.

First, log in and explore everything Mobility has to offer. General features include a Feedback option and the Try Us feature that integrates with the SpectrumNG CRM application for quick lead follow-up. For multi-site facilities, Mobility allows users to pick the nearest

facility location.

The Account Management feature offers several options for member self-service, including check-in, viewing reservations, updating basic demographics, as well as location-aware technology and Passbook integration for automatic bar code display.

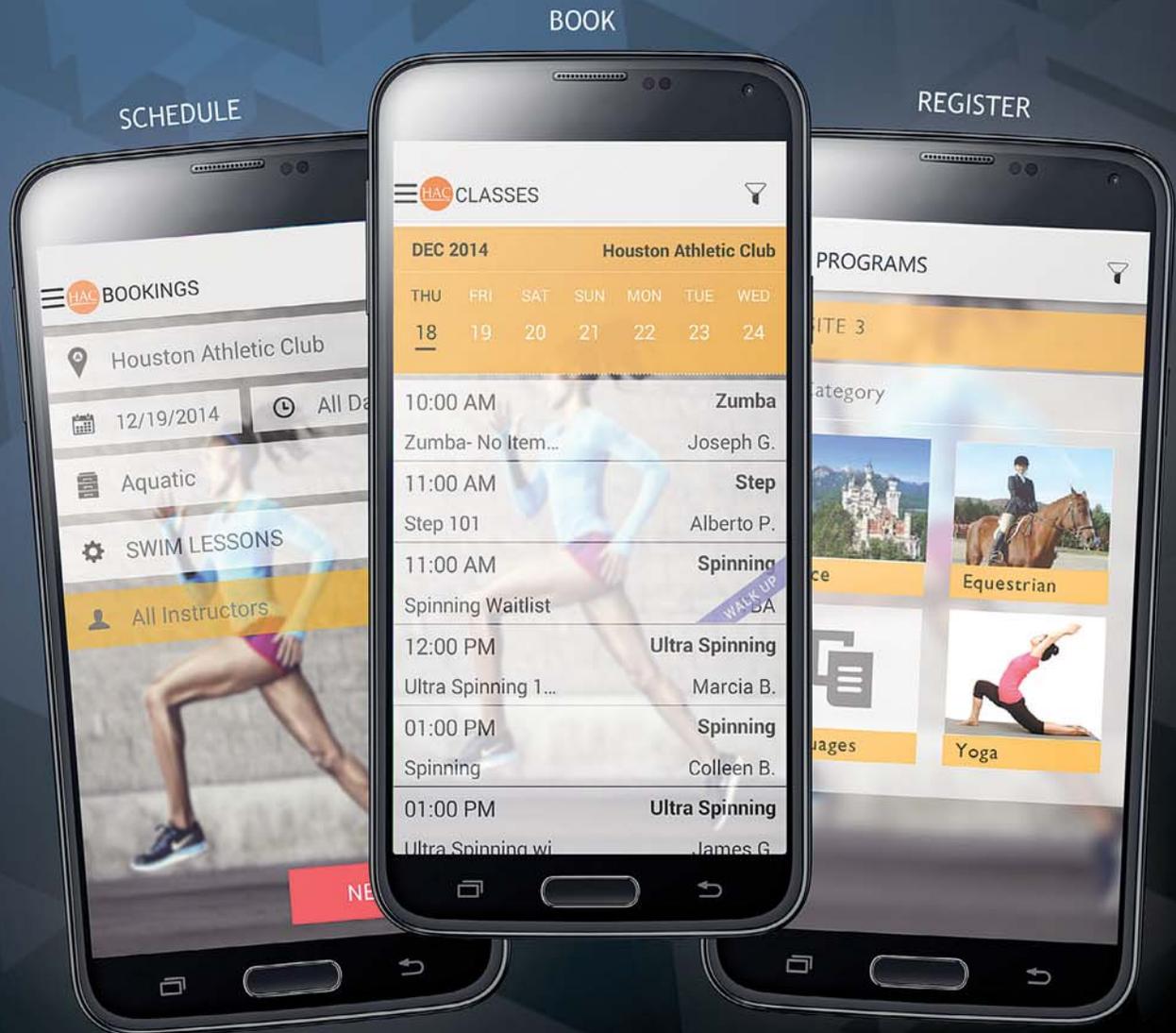
The Classes feature allows members to find their favorite class or instructor, book a class, choose equipment and select payment options.

The Bookings feature captures the basic data required for booking a perfect schedule. Personal Training, courts and other services can all be booked. They can also view and purchase packages using the Bookings feature.

Program Registration allows users to browse categories and programs that fit their needs and interests. An advanced search can locate a specific instructor or a range of instructors based on a specific criteria. For flexibility, users can register themselves for a program or their entire family.

Mobility demonstrates CSI Software's leading-edge commitment to mobile solutions, new capabilities and the future of business in the health and fitness industry. For more information, go to www.csisoftwareusa.com.

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Spring: The Real Season of Opportunity

By: Deneen Laprade

Spring is coming, and regardless of warmer weather or not, this season truly embodies the essence of starting fresh. From your point of view, as the owner or operator of a fitness business, spring sometimes feels like the beginning of the end of that concept, especially as it relates to new member sales. Take a step back, and in the spirit of spring, take a fresh look at the opportunities this season represents to your members, prospects, and ultimately, your business.

This time of year, our minds drift toward returning to outdoor activities and shaking the cobwebs off of the sports and hobbies retired for the winter. Summer brides have been planning for months, and the countdown finally begins! Did I mention the bride's mother? And, how about her wedding party? Spring is the ideal time to score big with weight loss programs and fitness challenges. New Year's resolutions are motivating for

sure, but if you want to go for hardcore inspiration, think shorts, tank tops and bathing suits! There's nothing like that to get those fence sitters to say, "Game on!"

The difference between spring marketing and first of the year marketing is that, in the spring, your campaigns should be targeted, strategically timed and distinct. Early in the year, your marketing calls on "Everyone" to start a fitness routine. Your marketing message may have fallen on deaf ears, as many adults believe that their sport or hobby *is* their fitness routine. But, you know better.

Spring is when you need to call these folks out by name. Develop a campaign that markets to them directly, as in: "Golfers! Improve Your Game, Increase Drive Distance, Reduce Recovery Time..." When you call him out by name and show him you can improve his game, he can't turn you down! Follow this theme with additional sports and activities that are popular in your community to create brand awareness amongst local athletes

and fitness enthusiasts.

Weight loss themed programs are what's hot in spring! Once again, speak to your obvious prospects: "Bride To Be Fit Training!" or "Wedding Party Challenge!" Use energetic and enthusiastic program names, calls to action and imagery. This might include a bridal party gift from the happy couple to their friends! The general population is seeking to get in shape before summer hits, too. So, call on "Beach Bums," "Teachers In Spring Training" and the like. You will turn heads and generate sales with this approach.

These programs are best offered as short-term trial memberships that interest these folks for very specific reasons. It finally brings them inside your club! Leverage the opportunity to show them results and convert them to longer-term members. Non-members are excited about trying something that has no strings attached. No long-term commitment in time or money is required of them. By simply engaging them for 4 to 8 weeks to



Deneen Laprade

achieve their immediate goals, they will be ready to sign on as a regular member based on the positive experience they had. It's a winning combination for all.

I won't tell you how to program these short-term options; you're the expert. (See *Deneen Laprade* Page 21)

...Bill McBride

continued from page 18

3. The threat of substitution (other things people can do to solve their health and fitness challenges beyond health clubs, gyms and studios) will remain high and continue to grow exponentially. We know this to be true and is happening daily now.

4. Knowing your consumers (current and future) will be critical. People before, now and in the future want to have an identity to the brands they associate themselves with. How will you be "in relationship" with them and serve them the way they want and need to be served?

5. People exercising together creates energy, especially in a high tech world. Human interaction is not going away as we are all social creatures in one way or another. A person cannot completely virtualize himself without unmet needs, but technology and virtualization may be able to augment our future personal delivery.

6. The purpose of business will still be to make a profit, and this cannot be underestimated in your analysis and modeling.

7. Authenticity, Community, Team Work, Innovation, Versatility and Excellence are timeless.

I can't help but think about some of the past high-highs and low-lows of other businesses inside and outside of our

industry. Those recent and further back:

Video Stores:

•Blockbuster. Consumer truths didn't change. Truths: (1) Desire for movies, (2) Convenience, (3) Speed in getting movies, (4) Lower prices;

•NetFlix, Hulu, Comcast, etc. are still serving these timeless realities.

Airlines:

•High prices and high costs. Long, direct flights. High expense models.

•Southwest used enduring principles and created a new model. Regional Hub and Spoke model, price reductions, expense reductions in delivery with a higher level of perceived service and became one of the most profitable airlines ever. Their case study is worth exploring: Singular plane (early on), etc. Their truth was: (1) People will want to travel conveniently, (2) They will want friendly experiences, and (3) They will want to pay less. They created a new model to deliver on these three items with cost reductions/reinvention.

Railroads:

•Viewed themselves as passenger trains NOT transportation. They required government subsidies, and with the train industry on the brink of collapse, had to re-invent based on permanent truths: Rail cargo, profitable transportation lines, price/cost structure competitive with

substitution solutions.

Package Delivery:

•US Postal service requires government subsidies;

•FedEx knows: (1) Customers will want packages quickly, (2) Old model of calling FedEx for package tracking was inefficient and expensive, and (3) Distribution Network is paramount. They revolutionized package tracking utilizing technology to eliminate call centers and empower customers to track their own packages online. The company saved billions, and customers were happy with their control over tracking. Similar to Southwest, reinvention to reduce costs and enhance customer experience simultaneously.

There are creative ways to reduce costs, decrease/increase pricing and maximize profitability with increased customer service/experience. Those that are revolutionary are thinking outside of the traditional box.

Fitness:

•Body Building Gyms - Rise and Fall - Niche;

•Women's Only - Rise and Fall - Niche;

•Curves - Rise and Fall - Current Re-creation;

•Accidentally "middling" clubs - Rise and Fall - I still believe there is a strategic "middle" market, but it has to be by design in price/labor/expense modeling;

•Bally Total Fitness - Rise and Fall - 5 clubs remain;

•24 Hour Fitness - Rise and Fall - Current Re-Creation (Sale / New Focus);

•Big Box ("all things to all people") left underserved market for specialization to emerge (studios, boxing, HIIT, singular/dual offerings). Real estate vacancy rates and provider entrepreneurship also played a significant role;

•Truth of convenient, low-price access led to "High Volume, Low Price" model emergence;

•Weight Loss industry significantly surpasses health club industry with food and supplement sales.

I'm not suggesting there is one successful model that all should emulate. What I am suggesting is to look at what will always be true and consider that lens in how you want to serve consumers while remaining authentic to your beliefs, vision, mission, values and strategy. This leads to the importance of strategic planning, because without that, you will be tempted to waffle, embark upon the next big thing and lose focus on your core competencies based on timeless truths.

(Bill McBride is a partner with Jill Stevens Kenney and Cary White in a recently launched company, *Active Sports Clubs*, and he was formerly Chairman of the IHRSA Board of Directors. Bill can be reached at bill.mcbride@activesportsclubs.com)

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...Deneen Laprade

continued from page 20

expert there. My intent is to guide you in how to best market these opportunities to maximize your return on investment of time and money and improve on the number of leads you traditionally see in spring:

1. To increase the pool of prospects, set a current member and non-member rate for each program and market to your members. You have brides, golfers and runners in your club; they'll want in on the fun, too. Include the invitation to *bring a friend* on all marketing to increase word of mouth referrals and generate leads.

2. Be everywhere "They" are. Athletes and hobbyists are easy to reach. They belong to groups and clubs, they regularly shop for gear and meet at locally known "spots" to start their climb or ride. They have deep pockets when it comes to their beloved sport, particularly as it relates to their quest to be the best they can be. A proper fitness routine should always be one of those expenses. An opportune offer from you is going to be hard for them to deny, especially when it comes at a time that they're itching to get out there and the weather hasn't quite broken yet. Think pre-season! In addition, brides are spending time planning their weddings at bridal fairs, spas, salons, florists, caterers, venues, and DJs. You share clients and prospects with these local businesses. Meet with each of them to cross promote each other's services to these very eager and willing prospects. What bride doesn't want to look her best on her wedding day?

3. Prepare no later than February to execute in early March. Spring is short, and so is their attention span; timely execution is critical!

4. Diversify your efforts. Use a professional designer to create matching pieces that will be deployed digitally, as in social media posts, e-blasts and landing pages and in print as direct mail, newspaper inserts, print ads and guerrilla marketing. There are endless combinations of marketing vehicles from which to choose. Go with the mix that produces the highest number of qualified leads and keep at it. Each of these very specific targets may have a unique combination of marketing vehicles that works best. Understand your target and market to them directly, in design, copy and vehicle.

Research your market to find out more about community lifestyles, reach out to targets with a customized, branded message with an offer that taps into their passions!

Remember, with proper planning and execution, you can maintain a steady flow of leads and new member sales in spring that will lead to a strong and stable dues revenue heading into the summer.

(As a Marketing Coach with Susan K. Bailey Marketing and Design, she consistently applies her years of experience at club level to meet the marketing needs of her clients. Deneen can be reached by email at deneen@skbailey.com or phone at 888-349-4596. Or, go to www.susankbaileymarketing.com)

“Now What?”

Your 2015 EFT PT Report Card

By: Ron Alterio

January is now over, and soon, the mad rush will be a thing of the past. What better time to take a step back and analyze just how efficient and effective you are at driving and sustaining your EFT Personal Training (PT) business. Remember, an EFT PT draft is a 2-prong business model: *new client acquisition and existing client retention*. The aim of this 2-prong goal should be to focus on getting the number of new PT clients added each month to be as high as possible, and concurrently, to keep the number of existing PT clients that drop off each month to be as low as possible. To get it right, you need to manage and track several areas. Now that you will have a little more breathing room, gather up your numbers, gather up your team and evaluate just how well you are doing. Below are the top five components of the EFT PT model that matter most and the corresponding grades you should be striving for.

Set Percentage: Driving the new members that just joined into a PT sales opportunity is the heartbeat of any successful PT business. There isn't a warmer and more motivated lead inside your four walls than a new member. If you want to keep your new EFT PT client acquisition costs as low as possible, this is the single most effective audience to focus on. These initial appointments are commonly referred to as: Orientations, Fitness Assessments, Jump Starts, and Coaching Sessions... just to name a few. Think about it... you have already spent the revenue on driving this lead to your front door. You have created enough value in your entry-level product (the membership) to get them to join. This audience is now primed to take the next step. If you have the right story behind this appointment, and you are holding your team accountable, you should be aiming for a set rate of about 80%.

Grading Scale for Set Percentage:

- 80% or higher: A;
- 65%-80%: B;
- 65% or below: C.

Show Percentage: Setting the appointment is the first step. What really counts next is if they actually show up! You can't sell anything to anyone if they haven't bothered to show up. This is where many clubs drop the ball. They simply focus on getting the person *scheduled in the book*. The problem with this limited focus is that it is very easy for that schedule to get filled with bogus or less than viable leads. Clubs that simply

focus on setting the appointment are what we call “authoritarian” clubs. They *demand* that appointments be booked no matter what. There is no emphasis or coaching on creating value in that appointment, and as such, an un-motivated, scared sales or front desk staff simply puts a name in a slot to ensure they get their set goal. As a result, these clubs end up with very high no-show rates. These clubs also overlook the importance of eliminating wait times for the new member. You need to get the excited and committed new member into the schedule within 24-48 hours. After that point, the excitement wears off and “Life” comes creeping back in. The very things that prevented that person from joining in the first place (time, work, family, etc.) is what quickly suffocates their fragile and newly found desire to change. The last part of creating a strong show rate is confirmation calls. I am *not* talking about simply picking up the phone and confirming the appointment, like robots. That's what doctor's and dentist's offices do. During this all-important call, we need to make sure we remind them about *the value of this appointment* and do it with energy and urgency. **Bottom Line:** The message, the timing, and confirmation calls all lead up to the strongest show rates.

Grading Scale for Show Percentage:

- 80% or higher: A;
- 65%-80%: B;
- 65% or below: C

Closing or Conversion Percentage (KPI): KPI measures the efficiency and skill set of your staff when an opportunity is placed in front of them. If your sales systems are strong and relevant to current consumer buying patterns and trends, your minimum closing percentage on 1To1 PT should be 40%, and if you offer a layered pricing menu that includes small group or large group training, your closing percentage should be upwards of 50%-60%. You get your “True” closing percentage by taking the number of sales made and simply dividing it by the number of opportunities. Most clubs, however, have a hard time producing a “clean” conversion percentage. When tracking this KPI, sales such as renewals, b-backs, walk-ins or walk-ups and referrals should *not* be factored in, as they only serve to dilute or disguise your true talent at new client acquisition. Here is a simple example:

Club A has performed 50 New Member Fitness Assessments/Orientations, and there are 20 sales up on the board. At first glance, you would deduce that

your team is having a strong month with 40% conversion. However, after taking a closer look, five of those 20 sales came from pickups off the floor, renewals or referrals from existing clients. In this case, you would need to separate those five additional sales, as they came from outside of the normal new client selling channel (the Fitness Assessment/Orientation). Using the above example, the true closing percentage is only 30%.

Grading Scale for 1To1 only:

- 45% or higher: A;
- 30%-45%: B;
- 30% or below: C.

Grading Scale for a layered menu:

- 55% or higher: A;
- 40%-55%: B;
- 40% or below: C.

Average Monthly Payment (AMP): AMP is another critical number to track as it helps measure how well you are selling value and results vs. price. Your AMP is also a great predictor of the total amount of revenue you can expect to add to your draft each month. Typically, if you are selling more 1-time-a-week solutions, your PT draft will take longer to grow, and your loss rate or attrition will be much higher. The reason is, although it may be easier to sell, it's definitely tougher for your clients to get results and stay motivated over time with only one session per week. To help combat this problem, your sales system and pricing structure should be set up to convey value in “*frequency over time*.” In other words, your process and products, including how you actually present them, should be specifically designed to sell more 2- or 3-times-a-week solutions.

Grading Scale for AMP*:

- \$250 or higher: A;
- \$200-\$249: B;
- Below \$200 : C

*Based upon selling 30-minute sessions. Varies by market.

Loss Rate: This is probably the most overlooked number, and unfortunately, it's a *big* one. Simply defined, your loss is any EFT payment that should have been collected for any reason in any given month but otherwise was not. This includes, freezes, cancellations, NSFs, RFCs, etc. You would then want to compare the total amount that was uncollected to what should



Ron Alterio

have been collected. If you want your draft to grow as fast as possible, the goal should be to keep your loss rate to under 10%, and ideally, around 6%-7%. For example, if your projected draft in any given month is \$20,000, yet by month's end you only collected \$18,000, your loss was \$2,000 or 10% of your originally projected draft (\$2,000 / \$20,000 = 10%).

Grading Scale for Loss Rate:

- 10% or lower: A;
- 10%-15%: B;
- 15% or higher: C.

There you have it. You spent all the work and energy this January getting your EFT draft machine up and running by booking the appointments, getting the members to show up and focusing on building the right sale process for the product. Don't assume you are doing the best you can, and if you are doing well, don't assume it will remain that way. Take the time to grade just how well you are truly doing and make the right changes to move the needle forward. Complacency is lurking right around the bend. It's just dying to make its way back into your business and cause havoc. To fight back, all you have to do is *make setting the appointment just as important as the membership itself, get the new member in as quickly as possible and confirm those appointments, know your true closing percentage, focus on achieving a higher monthly payment average and keep your loss rates low.*

(Ron Alterio is the National Sales Director for the Visual Fitness Planner. His area of expertise is building and driving the complete EFT draft Personal Training business models using the full suite of The Visual Fitness Planner products. Ron can be reached by phone at 717-645-3899 or by emailing him at ron@vfp.us)



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Feel Like Adding Video Content Is Too Hard?

Think Value, Not Viral

By: Joe Imbrogno

Part I

800,218,212. That's the number of times the YouTube video sensation *Charlie Bit My Finger* had been watched when I looked it up. For the heck of it, I went back ten minutes later only to find that it had been watched a whopping 406 more times. Ten minutes!

It would be hard to argue with the fact that "Charlie Bit My Finger" sets the standard for what it truly means to be a viral video.

There are plenty more viral videos where that came from, such as: *Evolution of Dance*, *Prisoners do Thriller* and *Twin Baby Boys Have a Conversation* to name a few (check them out on YouTube when you have a chance). When you think about how successful some of these videos have been, it can make the idea of creating your own video pretty intimidating.

Three Video Commandments

It's that *intimidation* that keeps most people from even getting started with video. What if nobody likes it? What if nobody watches? What do I do?

The key is: *you have to get started*. If you're feeling intimidated, remember (or recite to yourself) these three Video Commandments:

1. *Value* comes before *viral* in the dictionary, so *value* comes before *viral* for me.
2. Create *value* first! *Viral* is a byproduct of successfully building *value*.
3. Repeat commandments 1 and 2 until they are burned into your brain.

Do you remember that Old Spice commercial from five years ago, *The Man Your Man Could Smell Like*? The last time I checked, it was just shy of 50 million views on YouTube. That is a great example

of a brand that recognized that to achieve their goals (brand awareness and a boost in sales), they had to bring value first.

You might be wondering what value does a humorous video featuring a shirtless athlete bring to the table? The answer is entertainment. They realized that, if they wanted to take 30 seconds away from the program that you're watching or the article that you're reading, those 30 seconds better be really good. And, they delivered. Old Spice joined the ranks of having a viral video, but perhaps more importantly, a 107% boost in sales of their body wash. Everybody wins.

Four Types of Videos

Before you can start creating value for your members with your video content, it's important to understand the four different types of video that you can create and what your audience's value expectation is for each.

The first two types are perfect



Joe Imbrogno

for fitness clubs to create. The atmosphere is super-conducive for creating value. The third and fourth types are a bit more difficult to pull off without some know-how.

(See Joe Imbrogno Page 27)

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Are You Ready to Grow Your Business?

By: Jim Thomas

I just recently completed several different gym projects that all had one thing in common. They wanted to improve sales performance. They wanted to improve profitability. They wanted growth. They all wanted their version of *Gym Rescue*.

In each case, there was something very similar. They were all waiting for things to happen, and they had low expectations relative to the potential of the business. In short, they were so attached to the problems that they couldn't see the solution. Is this you?

If this is you, here are some initial thoughts on the next steps you can take to right the ship.

Two Things That Must Happen

1. Change your think. As Donald Trump is fond of saying, "As long as I am going to think, I just as well think big." All too often, gym owners start to lower their think and lower their expectations. The key here is to set a really big goal and then prepare a plan on how you will hit it. The other mistake we see is that, when it appears the goal will not be hit, gym owners will then

lower the goals to be sure to hit them. But, what you want to do is raise your action level so the staff will as well. Never lower your goals.

2. Raise your action level. In clubs that struggle, one common denominator is that ownership significantly underestimates what it will take to get the business back on course. That's the caveat, and it will take work. It will take a high level of action to attract attention to your business. When you start to take a high level of action and create more visibility and attract attention, you will get some criticism. It just goes with the territory. That's when gym owners get off track and think they need to slow down. No. Push through this; it's normal. You must capture market share.

Let's talk about the four levels of action we see in gyms.

Four Levels of Action

1. Nothing. Now, in general, it's hard to do nothing. But, I recall a conversation with a gym owner a while back. He had a great location and was doing well, but competition was coming in and cutting off

main arteries to his gym. His strategy was to do nothing and let all the new gyms fight it out. In the end, he lost the club.

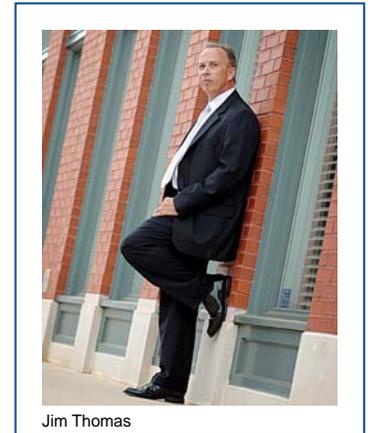
2. Retreat. This is a common problem. How often have you heard, "Oh, yes, we used to do that." The club is in retreat. A fairly common gym strategy is to cut sales staff and cut marketing (go into full retreat), thinking they are saving money and the club will be more profitable. You cannot give up market share.

3. Normal. This is simply being *average*. And, *average* means we barely get by and underestimate what it will really take to attract attention to our business.

4. Massive. This is the only level of action that will get you to where you want to go. How do you know if you're taking massive action? You find yourself with a new set of problems. Instead of low sales, now people have to wait for equipment and there is no place to park. Or, when you look at your calendar, every space is filled.

Now, go grow your business!

(Jim Thomas is the Founder and President



Jim Thomas

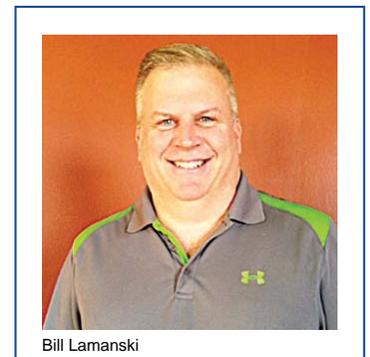
of Fitness Management USA Inc., a management consulting and turnaround firm specializing in the fitness and health club industry. With more than 25 years of experience owning, operating and managing clubs of all sizes, Thomas lectures and delivers seminars and workshops across the country on the practical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

New Associate Partner, Bill Lemanski, Joins New Paradigm Partners

PRINCETON, N.J. - The New Paradigm Partners is pleased to announce that Bill Lemanski has joined the team as the new Associate Partner. He joins the team of Maria Parrella-Turco, Christian Pacifico, Ray Coassin, Senior Partners, and Jennifer Mayer and Greg Maurer, Associate Partners.

Bill is a graduate of Montclair State University with 24 years of experience in the fitness industry. He began his fitness career in 1990 as a Sales Manager for Lifestyle Fitness Center, a highly successful chain of six clubs in Central and Northern New Jersey. Lifestyle Fitness was acquired by TSI, New York Sports Clubs in 1998. Bill joined TSI as an Area Manager and the Corporate Sales Manager. In 2006, Bill joined Eclipse Fitness, Sports & Wellness as a Partner and General Manager. Under his direction, Eclipse enjoyed substantial growth. A degree in finance, and years of experience in fitness sales and club operations positions, Bill will work with club owners and managers in all aspects of their clubs. As a club owner himself, Bill is able to understand what a clubs needs are and deliver results.

New Paradigm Partners (NPP) has over 100 years of cumulative experience in providing the health and fitness industry with successful consulting,



Bill Lemanski

management and brokerage services. Our individual expertise as industry experts is accentuated by the support of our entire partner team as well as having worked with many of this country's leading health and fitness industry operators.

NPP owns and manages multiple club locations in an extremely competitive U.S. market. These successful and profitable clubs range in size from 17,000 square feet to 31,000 square feet and have a variety of programs and price points. This has afforded them the opportunity to test the numerous applications in a "real world" environment before bringing them to their clients.

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US Fitness Holdings Adds Atlanta Fitness To Its Portfolio

MCLEAN, VA - US Fitness Holdings, LLC (US Fitness) is pleased to announce its first expansion into the Southeastern region through the acquisition of Atlanta Fitness. US Fitness, the largest health club operator in the Mid-Atlantic, currently has a portfolio of 45 health clubs that includes Sport&Health Clubs and Onelife Fitness.

Over the next several months, the Atlanta Fitness clubs will transition to the Onelife Fitness brand name, and a significant investment will be made in new equipment, existing club upgrades and new locations.

"Being part of the US Fitness family gives us the resources necessary to continue to provide our members with the most elite clubs at the best price," said John Cristiano, Co-Founder of Atlanta Fitness along with Mindy Cristiano. "We're also excited to announce the grand opening of our new Carrollton location this month, and we have multiple new sites planned for 2015."

John will join the US Fitness Board of Directors and will oversee the development of the Southeastern region.

With over 20 years in the fitness industry as franchise owners with over 10

clubs, John and Mindy started the Atlanta Fitness company in 2009. They launched Atlanta Fitness with the goal of building premier destination clubs with exceptional member service at the best value.

"We have a tremendous amount of respect for John and Mindy and have known them personally and professionally for over two decades," said Kirk and John Galiani, Co-Executive Chairmen of US Fitness. "We have followed the extremely successful business model they developed and are excited to have them as part of our team."

Mark Fisher, CEO of US Fitness explains, "After spending time with the Atlanta Fitness management team, we realized how aligned our companies are in our mission to inspire people to improve their lives through health and fitness and deliver the ultimate fitness experience. They are a wonderful extension of our existing clubs and a valuable addition to our growing fitness family."

Dechert LLP served as legal advisor to US Fitness, and Benefit Street Partners LLC provided the debt financing as the Sole Lead Arranger and Sole Book Running Manager.

Ultimate Resource Manual For Implementing Standards Offers 1-Stop Resource

DALLAS, TX - A new book entitled, *The Ultimate Resource Manual For Implementing Health/Fitness Facility Standards and Guidelines*, has recently been published by Healthy Learning, a Monterey, California publishing company that currently operates the IHRSA bookstore. The book's two authors, Stephen Tharrett, M.S., and James Peterson, Ph.D., say they authored it with the intent of providing club operators with a comprehensive one-stop resource that can assist them in effectively and efficiently executing policies, practices and systems that will help ensure their compliance with health and fitness facility standards, such as those promulgated by the American College of Sports Medicine.

The book is comprised of eight main chapters that address each of the standard categories set forth in the 4th edition of ACSM's Health/Fitness Facility

Standards and Guidelines. Each chapter is broken down into key sections that include such categories as: introduction, what you need to know, stories and excerpts, questions and answers and forms and resources. In total, this one-of-a-kind book features over 500 pages of insightful information and materials. The underlying goal of the book is to help health and fitness clubs and facilities provide a safer, more productive and more enjoyable physical activity environment for members and guests.

The book is available through the Healthy Learning website at www.healthylearning.com or through the ClubIntel store at www.club-intel.com. Individuals and organizations that purchase the book will also receive a downloadable Excel self-audit tool that they can use to audit their facilities' compliance with industry standards.

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...Joe Imbrogno

continued from page 24

The four types of videos are:

1. Instructional;
2. Informational;
3. Entertaining;
4. Sales.

Instructional Videos

Instructional videos are exactly what they sound like, videos that instruct the viewer how to do something. Clubs are a goldmine for an unlimited supply of content!

Specific equipment, proper execution of an exercise, eating tips... you name it, there's plenty of instruction that can be wrapped up into video content, and your members will certainly appreciate that value.

On top of having an unlimited supply of instructional video content, you've got several options to deliver the content. You can implement a QR code system as we have successfully done for some of our clients. You can implement an Augmented Reality program. You can create a branded mobile app. Or, you can even just deliver via an email campaign.

The point is your members have lots of questions about how to do certain

things in the club. As long as they have questions, you have content. And, as long as your video content answers the question they have, you're delivering value. And, as long as you're delivering value, your video will go viral.

Remember that, if you only have a single club in a small town, 500 views on YouTube might just be viral defined for you.

The value expectation for an instructional video is to effectively show your viewer how to do something. This means that the production value for your video doesn't have to be Hollywood. You can use just about any smartphone, tablet or digital camera these days to capture HD video and create value.

Skill Level: Easy;

Video Equipment Needed: Video-enabled Mobile phone, tablet or digital camera;

Video Accessories Needed (optional): Tripod, good lighting;

Audio Accessories Needed: Wireless mic; **Editing Equipment Needed:** Mac (iMovie) or PC (Windows MovieMaker), other online editing programs are available;

Total Production Time: 1-2 hours.

Stay tuned for **Part II** of this 2-part series in which I'll cover the other three other types of videos: **Informational, Entertaining** and **Sales**.

(Joe Imbrogno is the President of Exakt Marketing, and he can be reached at www.exaktmarketing.com)

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The Resolution Revolution

By: Billy Dawson

Millions of people have begun to pursue their New Year's Day resolution. For many, that resolution is to lead a healthier lifestyle. This means joining a gym, health and wellness center, community center or recreation center and starting a personal journey. It's no secret;

this is a busy, and in many cases, make-or-break month for clubs trying to sign up new members and deliver the experience that helps their members stay committed to their resolutions and achieving their goals.

But, what happens after this month? For the club, not the member... We already know the statistics behind the people and what percentage won't last

through March, what percentage won't make their goals, etc. It's the statistics behind the clubs that we don't know. Is it just back to the same-old-same-old for the next eleven months, where 80% of the industry just wants to do the same thing next year? Will 75% of club members just get tossed into a perpetual spinning membership cycle that requires little effort on a club's behalf? Or, will 30% of clubs find it safe to ride cruise control for two quarters now that they've hit the sales number? We just don't know these metrics.

The Nielsen Company reported the #1 resolution for 2015 was to "Stay Fit and Healthy" and #2 was to "Lose Weight." According to IHRSA, health club and gym memberships have increased by 9 million over the last nine years. People join gyms to feel better about themselves. That's why it's almost unfair to compare the number of members who've made a resolution and committed to personal health goals, to the number of clubs who've made a resolution to focus on those members! Did you catch that? Customers have made a health and fitness resolution that benefits our industry; why can't our industry make a resolution that benefits the members?

USA Today reported the "**Top 10 Small Business Resolutions for 2015**" as follows:

1. Focus on Recurring Revenue;
2. Limit Your Time on Social Media;
3. Put your Electronic Devices Away;
4. Get More Help;
5. Fully Fund Your Retirement;
6. Take Care of Your Health;
7. Keep Learning;
8. Check Your Financial Statements Regularly;
9. Plan Your Day;
10. Send Out Your Invoices.

Customers should be concerned by this "Top 10" list because none of these focus on the customer. I'm not saying all clubs, fitness centers and gyms subscribe only to these business-focused resolutions/goals, but these types of reports seemingly represent the prevailing attitude in the marketplace today: *customers come second*.

A resolution should be made by a club to help its members achieve their goals. Maybe management made a resolution to work harder than ever to hit that January number; to do everything necessary to make the club tops in its region; to put more emphasis on operations; to train staff better, etc. But, what about a resolution that focuses on the customer journey starting as a new member, going through all of their stages to existing member, to successful completion of their goals? While some



Billy Dawson

might decry any true retention formula, I would argue that a New Year's Resolution made by a club to commit to helping members achieve their goals would go a long way toward retaining them (at least longer than what we've come to expect from this set), especially if they just joined after buying into the experience that was sold to them and are lacking the additional motivation and support needed to not become another percentage point that failed.

A club can't do the workout for the member, but it can offer encouragement and motivation for the member to work harder to reach their goals. The club's resolution should be to communicate their support to members, stronger and better for twelve full months. Results from workouts aren't instantaneous, nor are the returns from this resolution. It will take consistency over time. Communicate support and motivation to the whole member base via social media, newsletters and automated email blasts that put the club front and center, top of mind, on point with referral business and five-star reviews from the people who matter first: *the customers*.

Remember the "Return on Ignoring?" There is none. Especially with new members who are trying to improve their lives and feel better about themselves. Clubs should revolutionize who is making the resolution. Maybe clubs stop focusing on the laughable stats of those who've failed and start focusing on what they can do to deliver the experience and motivational support that helps their new and existing members succeed and coming back for more! That would be a resolution revolution.

(Billy Dawson works with Retention Management, and this article was published courtesy of Retention Management. For more information, go to www.retentionmanagement.com)

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Programming For The “Fun Of It!”

Small Group Training Management - 7 Keys To Success

By: Laurie Cingle, M.Ed.

Small Group Training, Personal Training and Group Fitness are three distinct business models within facilities. Each unique model requires its own recipe for success. Clubs know that Personal Training and Group Fitness must be managed differently, the majority employing separate individuals with specific skills and credentials to lead each area.

As well, the Small Group Training (SGT) model has its own recipe for success. It is a mistake to think it can be managed the same as Personal Training or Group Fitness. However that is what many clubs attempt to do, expecting similar success. Here is an overview of 7 Keys to Success for Small Group Training

Management. Future articles will focus on each of these keys individually, providing details and insights.

1. Leverage Your SGT Offerings - Choose the hottest trends that people will pay for, carefully planning when they will be offered and by whom. The top three drivers of successful SGT programs are type of program, trainer's ability and time of day.

2. Hire and Retain Champion Small Group Trainers - The best SGT programs fail without the right people delivering the sessions. Building a team of skilled small group trainers is the best thing a manager can do to insure the success of the business. It is important to spend time, money and

effort on recruiting small group trainers, who may be different than your personal trainers and group fitness instructors! Once a team is built, focus on motivating and retaining them. Implement actions to increase commitment and loyalty and a motivation system that combines both financial and non-financial rewards. At the initial launch of new programs and ongoing, it is important to continually up-skill the SGT team for future program growth.

3. Define Metrics - Establish measures for your SGT team focused on revenue and participation. Each individual trainer plays an active role in marketing, selling and delivering results.

4. Identify a Small Group Training Manager - Appoint a skilled leader with the right experience and commitment to grow the business.

5. Create a Space - Trying to squeeze fee-based small groups into a drab corner of the fitness area, a hallway or group exercise studio at off-peak times rarely creates the experience needed for success.

6. Outline a Marketing Plan - For each individual offering and the SGT business as a whole to succeed, programs must work together, not compete.



Laurie Cingle

7. Develop a Budget - SGT may require administrative time, special equipment and tools, resources that must be planned for in advance.

(Laurie Cingle, M.Ed., is a fitness business success coach, club consultant and a member of the Leadership Team at Akron General LifeStyles. Her specialties include creating successful club program champions through coaching, developing and operating non-dues revenue profit centers, establishing club market differentiation and designing programs that result in profit and retention. Contact her at laurie@lauriecingle.com.)

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Thanks and Appreciation

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

A very sincere Thanks and Appreciation go to Rick Caro, Dr. Gerry Faust and the Faust Executive Roundtable #1 for helping me decide in 1993 what my home-based business would be. Thanks and Appreciation to my long-time friends, Ron Hudspeth and Cathy Miller of Atlanta's Hudspeth Report for the tremendous assistance they provided us during our first 8 years of publication. Thanks and Appreciation to all of the folks at Walton Press in Monroe, Georgia. They've done an absolutely excellent job for us all these years and have printed every one of our 254 monthly editions! Thanks and Appreciation to all of our READERS. Sincere Thanks and Appreciation to our CLUB INSIDER Advertisers, past and present, for their kind and dedicated support of this publication. It's amazing to know that we have several advertisers with over 15 years of continuous advertising with us. Plus, we have one advertiser, National Gym Supply, with over 19 years advertising with us! We also want to say sincere Thanks and Appreciation to all of our CLUB INSIDER Contributing Authors, past and present, who've contributed hundreds and hundreds of excellent articles to help our readers with their Best Business Practices. Thanks and Appreciation to IHRSA for all it does.

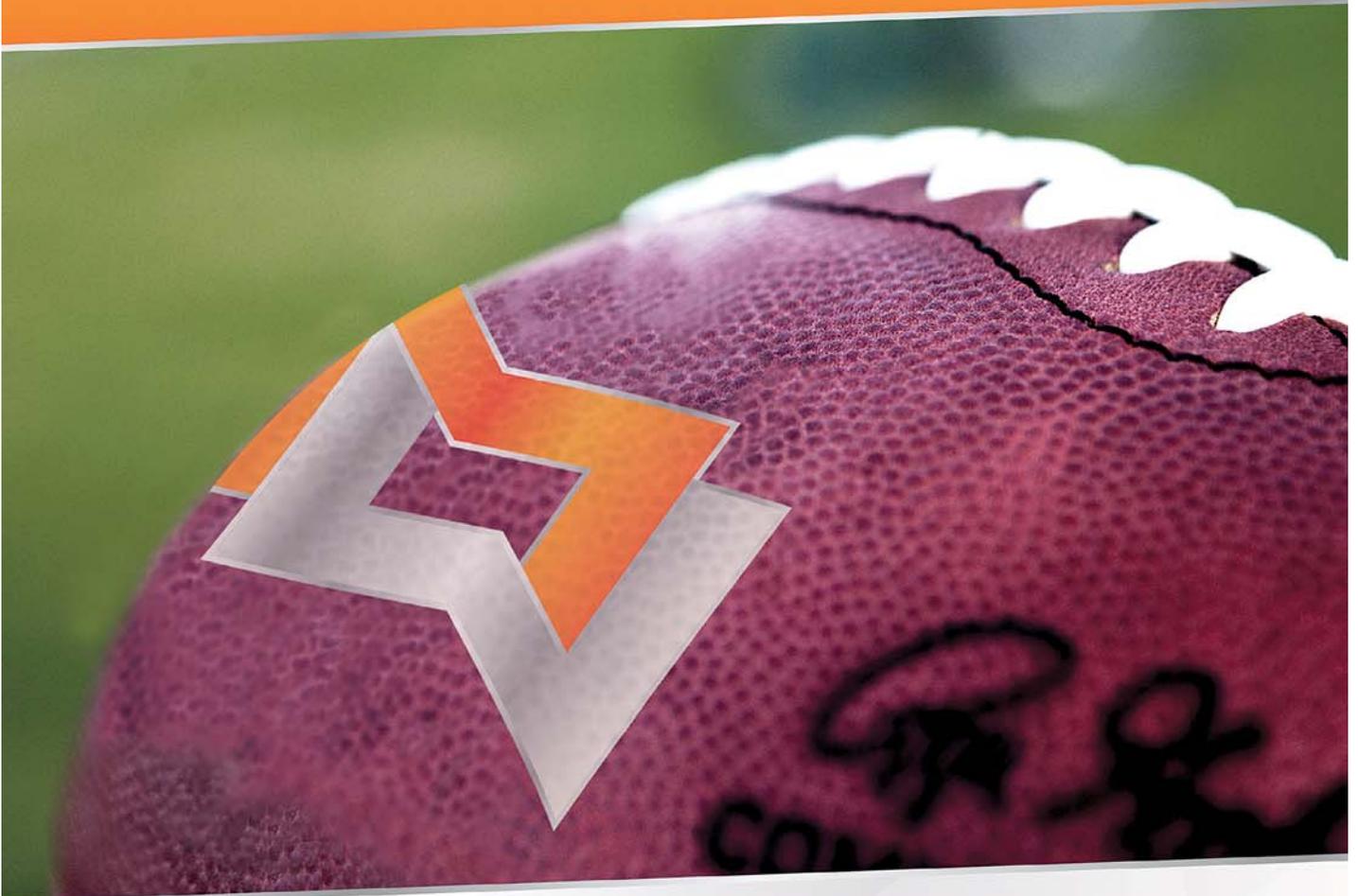
Sincere Thanks and Appreciation to my son, Justin, who started working part-time for CLUB INSIDER when he was just 8 years old (helping with mailings). This young man, pretty much behind the scenes for 22 years now, has truly been a fantastic partner for his Dad in CLUB INSIDER. Justin does our editing,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

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

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

Norm Cates, Jr.

WE ATTRACT SOME GREAT PLAYERS



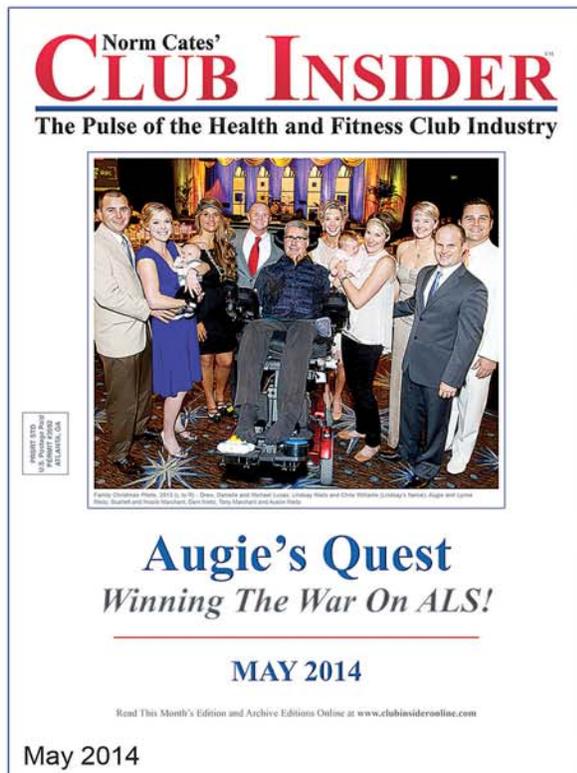
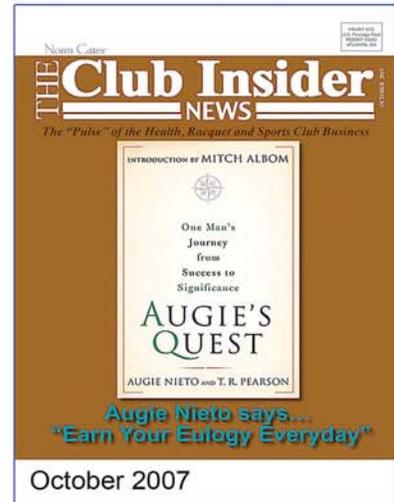
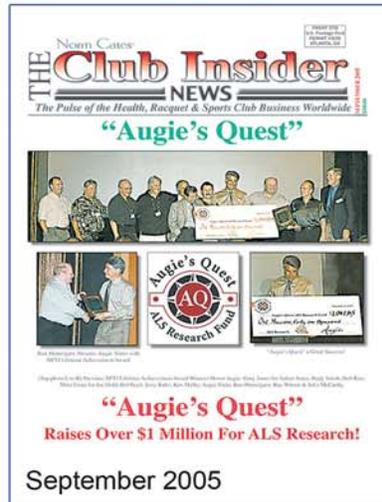
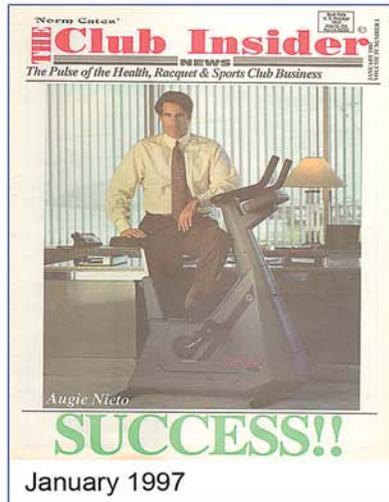
MOSSA is honored to have been selected by Microsoft to develop "Athlete Fit" for Xbox Fitness featuring Seattle Seahawks QB Russell Wilson. Our partnership with Microsoft's Xbox One has generated great excitement and fans of MOSSA programs worldwide. Learn more about MOSSA's Xbox Fitness Consumer to Health Club promotion, and how your fitness facility can partner with MOSSA to get more members and to get more people moving! For details visit www.MOSSA.net.



Inspiration:

Something that makes someone want to do something or that gives someone an idea about what to do or create. A force or influence that inspires someone...

-Merriam-Webster Dictionary



Dear Augie and Lynne,

You are an *inspiration to all of us!*

Your strength, determination and fearless approach toward finding the cure for ALS is beyond description.

You will win the fight against ALS! And, in turn, you will literally change the world because the determination of you two amazing people inspired our entire industry to act; the result of which will be felt worldwide and forever.

Keep up the *good fight*, Augie and Lynne! We are with you now, and for all time!

Sincerely,

Norm Cates
Publisher Since 1993
CLUB INSIDER

Justin Cates
Assistant Publisher
CLUB INSIDER

To register for the Bash for Augie's Quest,
go to www.augiesquest.com/bash