

Norm Cates' CLUB INSIDER™

The "Pulse" of the Health, Racquet, and Sports Club Industry

Established

1993

Phil Wendel and ACAC in a Top 5% Category

APRIL 2009

Read This Month's Edition and Archive Editions online at www.clubinsideronline.com

Lloyd and Roberta Gainsboro's Dedham Health and Athletic Complex... A Jewel In New England

JANUARY 2010

Read This Month's Edition and Archive Editions Online at www.clubinsideronline.com

iHRSA

Success By Association

MIKE MOTTA Plus One In The Big Apple!

Clubs for the Cure Produces Massive Effort To Attack ALS

Goal is for Augie's Quest to Benefit From Clubs for the Cure Events at Over 1,000 Clubs... but We Need You!

The 2010 IHRSA Awards

MARCH 2010

Read This Month's Edition and Archive Editions Online at:

www.clubinsideronline.com

PRST STD
U.S. Postage Paid
PERMIT #3592
ATLANTA, GA

OWN A SUCCESSFUL BUSINESS IN PORTLAND AND START BLAZING YOUR OWN TRAIL.



Median Earnings Before Taxes: \$546,000
(Industry Avg: \$110,149)

America's fastest growing fitness franchise, with more than 850 units sold, invites you to an exercise in profitability, Discover Planet Fitness®, at the Benson Hotel in Portland, Oregon on Wednesday, March 31, 10 a.m. – 1 p.m.

Space is limited, so register now. For more information visit DiscoverPlanetFitness.com or contact Mark Christie at 603-750-0001 X104 or mark.christie@planetfitness.com

Norm Cates' CLUB INSIDER™

The "Pulse" of the Health, Racquet, and Sports Club Industry

Established 1993

The 2010 IHRSA Awards

By: Justin Cates

Each year, during the annual IHRSA Conference and Trade Show, well-deserved awards are given to individuals and companies exhibiting qualities that are the best our industry, as well as communities, have to offer. This year was no different, and our industry should be proud of those selected to receive these awards. For exemplifying great vision, as well as inspiring others to see things in a different light, **Phil Wendel** and **Lloyd and Roberta Gainsboro** were awarded with the **John McCarthy Visionary of the Year Award**. For providing exemplary service to our industry, **Mike Motta** was awarded the **Dale S. Dibble Distinguished Service Award**. For an immutable call to community service, and inspiring others across the country and world to participate in the fights against Breast Cancer and ALS, **Pat Laus** was presented the **Second Annual Award for Outstanding Community Service**. Additionally, **Jasmin Kirstein** received the **Second**

Annual Julie Main Emerging Woman Leader Scholarship, and **Balanced Body** was announced as the **Associate Member of the Year**.

Each award recipient gave words of thanks to those who made the honors bestowed upon them possible, as well as delivering messages to the industry. Some of the award winners were prior **CLUB INSIDER Cover Story** subjects, so several days prior to the IHRSA Conference and Trade Show, I took the opportunity to speak to some of them to get updates on their businesses as well as thoughts about the honor of receiving their awards. Additionally, excerpts from some of the award winners' speeches will be presented because they contain messages important to the future of our industry. Through the sharing of knowledge and working together, our industry can bridge the gap that currently divides us from the majority of the American population. These award winners have bridged that gap in their own ways, and they are more than willing to share their

approaches so that the industry as a whole can experience the same success as well.

Phil Wendel Honored With John McCarthy Visionary of the Year Award

Phil Wendel is the owner of Atlantic Coast Athletic Clubs Fitness & Wellness Centers (ACAC) in Virginia, Co-owner of Maryland Athletic Clubs and a pioneer in the development of medical fitness and wellness programs that address the needs of people with chronic diseases. ACAC's model "General Physician Referred Exercise Program (PREP)" allows any patient with a physician referral to enroll for 60 days for \$60 in a personalized exercise program based on the physician's recommendations. Phil was featured as the cover subject for the **April 2009 Edition** of **CLUB INSIDER**.

CLUB INSIDER (C.I.) - Since being the subject of our April 2009 Cover Story, please give our readers an update of how things are going for your Atlantic Coast Athletic Club (ACAC) chain.

Phil Wendel (PW) - While dollar sales slipped about 1% system-wide, net income improved significantly as did cash flow (up over \$500,000 from 2008). Our total number of membership accounts grew by over 6%. We were able to achieve these positive metrics in a challenging economy through fiscal disci-



(L to R) Joe Moore, Phil Wendel and Roberta and Lloyd Gainsboro

pline, deferring some capital projects, a 2% cut on salaries and the temporary suspension of 401K benefits. Most importantly, our service scores (from member surveys) improved system-wide.

The first two months of 2010 appear positive as we have achieved strong net gains in all three of our cities (Charlottesville and Richmond, VA and West Chester, PA). Our biggest challenges in 2010 have not been the economy but rather the incredible amounts of snowfall in Philadelphia, Richmond and Charlottesville.

We have shown sensitivity to the economic downturn by being cautious in our pricing policies. Additionally, we have really ramped up our physician referral initiative, the Physician Recommended Exercise Program (PREP). The total number of

medical referrals we received in 2009 exceeded 2,700, an improvement of more than 1,000 over 2008. At all sites in the past five years, we just passed 9,000 medical referrals. The cornerstone of our growth has been fueled by developing relationships with physicians in our respective markets. Over 20% of our annual paying memberships are now referrals from the medical community.

C.I. - Please share your thoughts about the great honor of receiving the John McCarthy Visionary of the Year Award from IHRSA.

PW - John McCarthy has been my primary mentor. His writings, his leadership of IHRSA and his visibility and accessibility to our membership have inspired me as well as our team to look for (See **IHRSA Awards Page 10**)



Success By Association

Inside The Insider

- **Killing the Goose That Laid the Golden Egg** - By: Norm Cates
- **Avoid "Commoditizing" Your Club's Product and Service Offerings** - By: Dr. Edward M. Slover
- **Market Well To Sell Easier** - By: Will Phillips
- **We Are Bad At Retention** - By: Thomas Plummer

Norm's Notes: • Coverage of the 29th IHRSA Conference and Trade Show in Sunny San Diego • Coming Next Month: "Imagine Our Industry Without IHRSA?" • \$940,000 Raised for Augie's Quest! • And the Winner is... • Joe "Guitar Hero" Moore • Herb Lipsman Joins Houston Oaks Country Club • The Continued Importance of IHRSA Public Policy • iGo Figure Enjoys IHRSA Show Success • Music Tariffs in the United States • Thanks to Karen Woodard-Chavez • Elite Sports Clubs Named 2009 Milwaukee Best of Business Award Winner by SBCA • Industry Injuries • Ted Torcivia Enjoys "Promised Land" • Peter Moore Launches Integrity Square • Congratulations Dennis Holcom and Nikki Layke • Congratulations to IHRSA Team

- **A Club Within Your Club** - By: Sandy Coffman
- **MFA Announces Second Annual Medical Fitness Institute**
- **ABC Financial Product to Offer Online Enrollment**
- **24 Hour Fitness Commemorates Historic El Cajon Club**

Norm's Notes

• **Hello Everybody!** This is your **CLUB INSIDER** Publisher and Tribal Leader Since 1993 checking in! **IHRSA 2010 in San Diego!** Mmm... Mmm... Mmm! What an amazingly wonderful group you **IHRSA** people are! I'm so honored to know you. **JOE** "The Gladiator" Moore and **DAVID** "Dr. Feelgood" Patchel-Evans were terrific in their appearances and performing their duties in the **IHRSA 2010 Opening Session** proceedings on March 11th and 12th. **Stay tuned** for a summary of **IHRSA 2010** and comments on The "Gladiator's" and "Dr. Feel Good's" efforts.

• **Is America a great country or what? God bless America!**

• **I wish I could have seen all of you at IHRSA 2010!** IHRSA's Convention and Trade Show has gotten so big, it's easy to miss friends. So, if I missed you in San Diego, please accept my mental handshake and/or big hug today! Great to see you! Thanks for helping change the world (Credit for that quote later...!)

• **Congratulations to the IHRSA Award winners at IHRSA 2010,** as you will learn about them in

our cover story this month by **JUSTIN CATES**. The winners were: **PHIL WENDEL** and **LLOYD** and **ROBERTA GAINSBORO**, the **JOHN McCARTHY** Visionary of the Year Award; **MIKE MOTTA**, the **Dale S. Dibble Distinguished Service Award**; **PAT LAUS**, the **IHRSA Community Service Award**; **JASMIN KIRSTEIN**, the **Julie Main Emerging Woman Leader Scholarship**; and **Balanced Body Founder, KEN ENDELMAN**.

• **Coming Next Month!** In honor of **IHRSA's** upcoming **30th Anniversary**, in March, 2011, my April, 2010 "Insider Speaks" article will be entitled, "Imagine Our Industry Without IHRSA?" In this article, I'm going to chronicle the evolution of our industry before IHRSA, with **MR. RAY WILSON** and others sharing some of their memories about the health club industry before IHRSA. There will also be recollections from many others about how this industry has evolved since 1981, when we founded IHRSA. Then, I will share my thoughts about what our industry would be like today if IHRSA did not exist. For those who don't know much about

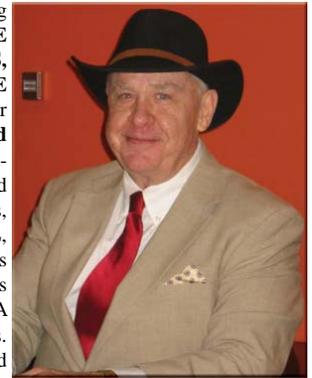
IHRSA, it's grown to become the world-leading Association of the health, racquet and sportsclub industry. This was once again proven in San Diego, March 10-13. But, the IHRSA Trade Show has one serious problem, a problem that only IHRSA Management can fix. Check out my **Page #6 "Insider Speaks"** article to learn what that problem is and what should be done about it.

• **JOE MOORE, IHRSA President and CEO**, kicked off **IHRSA's 29th Annual Conference and Trade Show** on Wednesday afternoon, March 10th with his presentation of the **IHRSA Associate Member of the Year Award** to **KEN ENDELMAN**, the **Founder and CEO of Balanced Body**. **Congratulations to Ken and his Balanced Body Team!** Then, **LYNNE BRICK, IHRSA Board Member**, presented the **Second Annual Julie Main Woman Leader Scholarship Award** to **JASMIN KIRSTEIN**, the **Founder and owner of My Sport Lady** of Munich Germany. The Julie Main Award is given to the woman in our industry that best exemplifies the courage, perseverance, excellence, professionalism and contribution to the industry and community that Julie Main displayed all of her life.

• **Thursday, March 11th at IHRSA2010** began with **IHRSA Chairman, DAVID PATCHEL-EVANS, a/k/a** from now on as "Dr. Feelgood" (I'll explain

later), introduced the outgoing IHRSA Board Members **GENE LaMOTT, BOB SHOULDERS, RICK BEUSMAN** and **LYNNE BRICK** and thanked them for their four years of **IHRSA Board Service**. Then, author of the best-selling book "Outliers" and several other outstanding works, **MALCOLM GLADWELL**, gave one of the best presentations I've seen in the 29 straight years I've attended the **IRSA/IHRSA Convention and Trade Shows**. Gladwell, in an entertaining and easy-to-follow manner, brought a message in his own words that should truly help those in the industry who were lucky enough to hear his words. Gladwell told the story of how radio went from obscurity to worldwide appeal and credited **DAVID SARNOFF** with having caused radio to blast off in 1921. Gladwell spoke to the IHRSA attendees about "Trust." He spoke of how our industry needs to "move the conversation outside the gym by establishing community relationships."

He said clubs should work hard at building trust in their communities because the decision to be active, by a non-member, is not a trivial one. He urged our industry to reach the unhealthy people out there, not just the healthy, because the unhealthy need us most. He discussed intimidation and why it was and continues to be such a force of prevention of consumers joining health club, saying, "It is extraordinarily challenging to go to the gym



Norm Cates

with the insanely buff people that are in there." If my description of his comments here sounds familiar, they should because in August, 2009 in my cover story entitled, "Trust," and many times before that, I wrote about the things Malcolm Gladwell spoke of at IHRSA2010. I felt gratified while listening to this observer of society and author, as I had covered, at one time or another, virtually everything he discussed. I've been on the right track with my thinking and writings to you. I hope you have read our August, 2009 "Trust" cover story, but if you haven't, it's available in its entirety online for all paid subscribers at www.clubinsideronline.com.

• This just in from **Big JOHN McCARTHY** after IHRSA2010 on Monday, March 15th: "Norm, this year's event raised just north of \$940,000... IHRSA's (See Norm's Notes Page 7)

Norm Cates'
CLUB INSIDER
The "Pulse" of the Health, Racquet, and Sports Club Industry 1993
 Established 1993

Established in 1993
17 Years and Counting!!!

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

PUBLISHER AND EDITOR - Norm Cates, Jr.
PRESIDENT - Justin Cates

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

CLUB INSIDER
 P.O. Box 681241
 Marietta, GA 30068
 (O): (770) 850 - 8506
 (F): (770) 933 - 9698

www.clubinsideronline.com

Thank You!

To The CLUB INSIDER Contributing Author Team

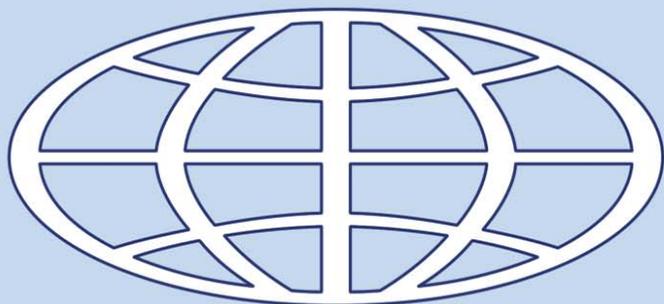
- **Rick Caro** - President, Management Vision, Inc. - (212) 987 - 4300
- **John McCarthy** - 25-Year Executive Director of IHRSA
- **Amanda Harris** - VP of Fitness & Wellness Services, Atlantic Coast Athletic Clubs - amandah@acac.com
- **Bonnie Patrick Mattalian** - The Club and Spa Synergy Group - (732) 236 - 2273
- **Bonnie Pfister** - Co-owner, Longevity Fitness - longevityclubs@bellsouth.net
- **Bruce Carter** - President, Optimal Design Systems International - (954) 385 - 9963
- **Casey Conrad** - Communications Consultants - (800) 725 - 6147
- **Dale Dibble** - Retired - dwdibble@hotmail.com
- **Derek Barton** - Owner, Barton Productions - derek@bartonproductions.com
- **Donna Krech** - Founder & President, Thin & Healthy's Total Solutions - (419) 991 - 1223
- **Jeffrey Keller** - President, The Independent Health Club Networking Association - Jeffrey_Keller@msn.com
- **Jeffrey Masten** - Sales Makers - (914) 213 - 1307
- **Jim Thomas** - President, Fitness Management USA - (800) 929 - 2898
- **Karen Woodard-Chavez** - President, Premium Performance Training - Karen@karenwoodard.com
- **Laurie Cingle** - President, Laurie Cingle Consulting and Coaching - laurie@lauriecingle.com
- **Mike Grondahl** - Founder and CEO of Planet Fitness
- **Sandy Coffman** - President, Programming for Profit - SLCoffman@aol.com
- **Shawn Vint** - Greenmaple Wellness, Inc. - (888) 355 - 1055
- **Thomas Plummer** - National Fitness Business Alliance - (800) 726 - 3506
- **Will Phillips** - Roundtables for Executives - Will@REXRoundtables.com

POTENTIAL MEMBERS

want to know how
YOU can help them...

What message is your
website sending them?

Send the RIGHT message:



CATESFIT
MEDIA

(770) 595 - 6086

www.catesfitmedia.com

The "Insider Speaks"

Killing the Goose That Laid the Golden Egg

By: Norm Cates

In my opinion, if IHRSA continues to ignore the problem I'm about to describe, the IHRSA Trade Show will die and with it, IHRSA. What I am writing about here has been going on for many years at IHRSA, but this year, it was particularly bad, so I concluded that at this point, during this recession, that I owed it to the IHRSA Club Owners and IHRSA Associate Members to expose this problem once and for all.

The problem is the lack of customers for the exhibitors at the IHRSA Trade Show.

There is a very specific and very clear cause for this problem, and this lack of customers for the IHRSA Trade Show has negatively impacted virtually all of the exhibitors that are not right by the front door. **The lack of customers during Trade Show hours has been clearly and directly caused by the IHRSA Conference seminar scheduling of 8 or 9 different sessions during Trade Show hours** (morning and afternoon sessions). These seminars have kept potential customers away from the Trade Show while

exhibitor representatives on the aisles and the fringes of the Trade Show stand alone, basically talking to themselves... The big manufacturers often had more representatives in their exhibiting areas than they had prospective customers!

I believe the solution to this problem is to schedule seminar sessions in the mornings from **7AM to Noon** and the Trade Show in the afternoons from **Noon to 6PM**.

Keep in mind that that the big companies pay small fortunes for their exhibit space, the delivery and removal of equipment, travel for staff members, hotels, etc. The small exhibitors pay for their booth space, travel, hotel, etc. just as well. Nobody is seeing the volume of customers at the Trade Show that we used to see when seminars were not scheduled up against Trade Show hours, as IHRSA did in the past.

Again, the solution is simple. Schedule all IHRSA Conference seminars from 7AM to Noon, Wednesday, Thursday, Friday and Saturday and the Trade Show in the afternoons from Noon to 6PM. Additionally,

trim the speaker list to eliminate vendors who are giving seminar speeches just to sell their products and services and not to teach. I would estimate that, by now, IHRSA has 50 or more speakers whose only mission is to sell their products and not teach the attendees something useful. In my opinion, IHRSA is so far off track on this seminar speaker selection and scheduling that they should just scrap the whole thing and start over with speakers they know are there for the right reason: To teach, not to sell. This would be a huge step in the right direction for the IHRSA attendees, because they then would not be caught in a "vendor-speaker-trap."

A movement among small vendors, the primary victims of IHRSA's seminar scheduling in the past and this year in San Diego, has begun. Long-time exhibitors like **ROB RIDEOUT** of **MicroFit**, as well as **Susan K. Bailey Advertising** and many more small companies, such as **Thomas Plummer's National Fitness Business Alliance**, are not exhibiting at IHRSA anymore. Come March 2011, **CLUB INSIDER**, and I predict many more IHRSA exhibitors, are

going to forget about exhibiting at the **30th Anniversary IHRSA Trade Show** unless IHRSA Management promises, *in advance*, to stop scheduling seminars in the afternoons on top of, and in competition with, the Trade Show.

I am NOT alone in the beliefs I am expressing here. There are lots of people I spoke with in San Diego that agree with my assessment and suggestions. While I was discussing this situation with Mr. John Agliarolo, Chairman and CEO of Cybex International, he said to me, "Norm, you can quote me as being for establishing Trade Show hours of Noon to 6PM without conference seminars during that period."

I predict that, unless IHRSA responds to the reality of this problem and stops scheduling competitive seminars simultaneously during Trade Show hours, they and its Trade Show will go out of business. Trust me when I say I know it can happen. I know it can happen because I've seen it happen when I watched the mismanagement by the **The Sporting Goods Manufacturing Association**

(SGMA) cause the mega-show, formerly known as the "**Super Show**," dry up and blow away, starting right here in Atlanta, Georgia. So folks, you heard it here first. IHRSA is facing major problems in the future if it does not fix this problem, because a huge percentage of IHRSA's annual income comes from the Trade Show. The natives are restless. They are not going to take it any longer. It is time for change at IHRSA, and yes, I've once again "Told-it-like-it-is." **Stay Tuned!**

(Norm Cates, Jr. is a 36-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now in its 17th year of publication. Cates was IHRSA's 1st President, and a Co-founder of the Association with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. Cates may be reached by phone at (770) 850 - 8506 or email at Norm@clubinsideronline.com)

Music Tariffs in Australia and Canada Likely to Expand to the United States and Other Countries

Music downloads have lead to massive losses in revenue for the music industry. This has forced record companies and musicians to seek secondary sources of income. One of their solutions has been to push for the introduction of new fees (tariffs) on industries that use and play music.

It has long been the belief in the United States that new performance rights cannot be implemented as the U.S. is not a signatory to the *Rome Convention*. There is, however, a mounting effort to implement new neighboring rights legislation. Recently Congressman John Conyers (D-Michigan) stated,

"The United States' ignorance of intellectual property rights on this issue is a worldwide embarrassment, and it must end now." Additionally, AM and FM radios are no longer exempt from paying neighboring rights royalties after the recent approval of Bill 21-9.

The passing of Bill 21-9 will help to pave the way for the *Performance Rights Act*, which was introduced into the U.S. Congress on February 4th, 2009. If the *Performance Rights Act* passes, many believe that the fitness industry, hotels and nightclubs will be the next target in the United States. The Neighboring Rights Collective

of Canada (NRCC) and the Phonographic Performance Company of Australia (PPCA) have already targeted these industries in Canada and Australia.

In Australia, the threat of implementation of new tariffs was not taken seriously by the nightclub industry, resulting in debilitating tariffs being passed (\$1 per seat per night, even if the seat was empty). Fitness Australia intervened in the legal process and engaged legal experts to challenge their proposed Tariff for **\$4.54 per member per month**. A ruling is expected for the Australian fitness case this spring, 2010.

In Canada, the NRCC's

proposed Tariff would increase the cost of playing music in fitness clubs by **\$18.59 per member per year, retroactive to January 1, 2008**. Even moderately-sized clubs could be facing bills in the tens of thousands of dollars unless the tariff is adequately defended by the Fitness Industry Council of Canada (FIC), the not-for-profit trade association supported by IHRSA. Precedent from the Australian case can be used in Canada to influence FIC's fight and likewise a precedent in Canada will increase the imminent threat of increased tariffs and fees in larger markets, such as the U.S.

Implementation of the



David Hardy

Performance Rights Act in the U.S. means industry groups (See Music Tariffs Page 7)

...Norm's Notes
 continued from page 4

incoming Chairman, Art Curtis, has already proposed a \$1 million dollar target for next year!!! Let's make next year the best year ever!!"

Folks, Big John did another amazing job as the Chairman of the Augie's Quest Bash Committee this year, and he and all of the Committee deserve huge kudos for the great job they did. God bless **AUGIE NIETO** and his lovely wife **LYNNE**, as they are achieving some breakthroughs in ALS research. So, don't be surprised if one day I report to you that a cure to ALS has been found! **Stay Tuned!**

•As always, **RICK CARO's 14th Annual Financial Panel** was one of the highlights of the IHRSA Convention and was very well attended. Excellent and expert speakers **PHIL COLLINS, Managing Director of Orchard Holdings Group; ELISE DONAHUE, Director, LA Fitness (UK); MIKE ECK, Managing Directors; MORGAN STANLEY and BRENT KNUDSEN, Managing Partner, Partnership Capital Growth** did a great job, as did **Panel Producer and Moderator, RICK CARO.** Thanks to all!

•CatesFit Media is my son, **JUSTIN CATES'** new company that specializes in website and interactive media design. This year, at IHRSA2010, we had a raffle drawing at our booth and the winner would receive a new website to be built by CatesFit Media. The drawing was done, and **DARYL KUCERA** of **FAST FORWARD** in **Omaha, Nebraska** won the drawing! **Congratulations Daryl!** Check out the **CatesFit Media Ad** on **Page #5**, and contact Justin at **(770) 595 - 6086** for all of your web and interactive media needs!

•Friday, March 12th, **IHRSA 2010** began with the happy guy

I'll call "**DR. FEELGOOD**" from now on, **DAVID PATCHEL-EVANS**, conducting the **IHRSA Annual Meeting.** Dr. Feelgood, outgoing IHRSA Chairman, introduced the Minutes from last year and asked for their approval by the IHRSA Membership and received it. He then introduced the incoming Board Members and asked for and received their approval from the IHRSA Membership. They are **BRENT DARDEN, Co-owner of the Telos Fitness Center and Telos Consulting; SCOTT GILLESPIE, Owner of Saco Sport and Health; CAROL NALEVANKO, President of DMV Sports Club; and RICHARD BILTON, Chairman of Companhia Athletica.** Congratulations and best of luck to these incoming IHRSA leaders. Additionally, **CHUCK RUNYON, a Co-founder of Anytime Fitness,** has been appointed to serve out the remaining term on the Board for his former partner, **JEFF KLINGER's.** Klinger recently sold his interest in Anytime Fitness and left the industry. Best wishes Chuck as you join the IHRSA Board! Oh, I promised to explain why I've nicknamed David Patchel-Evans "**Dr. Feelgood.**" That's because, during the Friday morning opening session, he asked every one of the several thousand in the audience to reach out and shake hands and hug five others near them and tell them, "**Thanks for changing the world!**" Everybody was smiling and shaking hands and hugging, and the whole place just felt good. Thus, "**Dr. Feelgood**" was born and the feeling in the room that day will live on in our minds! Nice job and thanks for changing the world, **Dr Feelgood!**

•Since I'm throwing out new nicknames today, here's another one for my pal, **JOE "The Gladiator" MOORE, IHRSA President and CEO.** At the beginning of the Thursday

morning session, Joe told the audience that the Board has made a resolution to have him play his electric guitar for the crowd. So, Joe grabbed his guitar, but before he started, he asked the entire **Board of Directors** to come up on the stage to entertain the audience. Led by **LYNNE BRICK** and **SUSAN COOPER**, everybody in the hall was up and moving as Joe played guitar and simultaneously a video of IHRSA Members singing the **IHRSA Workout Song** (written by Joe) was played on big screens on both sides of the stage. The place was hopping, so my new nickname for Joe is the "**Guitar Hero.**" So, here's to **IHRSA's "Guitar Hero"** and his entire **Team IHRSA.** Congratulations for a super **29th Annual Convention and Trade Show!**

•**HERB LIPSMAN** has joined the **Houston Oaks Country Club and Family Sports Retreat**, a Houston, Texas 1950's era golf and country club that is being greatly upgraded with a new clubhouse and other improvements. Herb is the new **Chief Operating Officer (COO)**, and I wish him all the best in his new role.

•I enjoyed seeing **JIM BOTTIN** and **PAUL SCHALLER** of **ABC Financial** and meeting **PAUL SAGE**, **ABC Financial's** new **Marketing Director** at **IHRSA 2010.** It was also a pleasure to meet **MIKE SELLS**, the **Founder and President** of the **Sells Agency** in Little Rock, Arkansas; **EMILY CANADA**, **PR Account Executive;** and **RACHEL EARLS**, **Sales Account Executive.** Best wishes to y'all as you work together.

•**IHRSA's Public Policy Council Meeting** was interesting and energized. The discussion centered on the fact the condition of the economy will cause more and more State governments to be looking for ways to generate more money, and this puts the health

and fitness club industry squarely in the cross-hairs of politicians in every State. The process of fundraising for **IHRSA's Public Policy** efforts and how those funds should be utilized was discussed. And, the fact that non-IHRSA Members, and IHRSA Members alike, benefit from IHRSA's work on the political scene, even when they don't give to this important cause. **LLOYD GAINSBORO**, a dedicated former IHRSA Board Member, and this year's **John McCarthy Visionary of the Year Co-winner**, with his wife **ROBERTA** and **PHIL WENDEL**, commented, "We've failed to get our value proposition out to clubs." I would add this, **Lloyd:** Anyone who owns a club or clubs and makes their living and feeds their family that way should pay attention.

That's because it was

clear to everybody in that room in San Diego that our industry is, on a State-by-State basis, an immediate and easy target for politicians who are sniffing around for ways to generate more tax revenue for their respective states. So, by contributing whatever you possibly can afford to spare, you're helping yourself, because that investment can help IHRSA fight off a new sales tax on memberships in your State or a new law involving membership renewals on EFT contracts or a new law about Personal Trainers. Any new laws in any State right now could end up eliminating a lot of clubs! While State-by-State Legislative monitoring and rapid fire action by IHRSA are ways to protect the clubs in your State from being screwed by politicians, it will not happen

(See Norm's Notes Page 8)



Subscribe Today!
17 Years and Counting!!!

Name: _____

Company: _____

Address: _____

City, State, Zip: _____

Phone: _____

Email: _____

___ \$89 - 2 Years (U.S./Canada - Print & Online)

___ \$49 - 1 Year (U.S./Canada - Print & Online)

Price includes online access to Archive Editions dating back to 2005!

___ Check enclosed or ___ Charge to:

___ Visa ___ MasterCard ___ AMEX ___ Discover

Card#: _____ Exp: ___/___/___

Mail To:

CLUB INSIDER
 P.O. Box 681241
 Marietta, GA 30068

Fax To: **(770) 933 - 9698** or Subscribe Online at:
www.clubinsideronline.com/subscribe

100% Unconditional Money Back Guarantee

...Music Tariffs
 continued from page 6

will look to where royalty rates have already been established ("benchmarking"). Canadian and Australian rates will be used as reference points by the U.S. Copyright Arbitration Panel and U.S. industry groups during any negotiations. U.S. performance artists do not currently receive royalties; therefore, they are

eager to support organizations like the NRCC and the PPCA.

By winning in Canada and Australia, the global fitness industry can be prepared for any legal challenges when they arise in the U.S. This is a global fight for the fitness industry, and all clubs in the U.S. and worldwide are watching closely as these battles unfold.

To learn more, or help support Fitness Industry Council

of Canada, please visit **www.ficdn.ca** or call **(866) 402 - 3422.** Additional resources are available on the FIC web site at **www.ficdn.ca**, under the NRCC button located on the left hand side of the website.

(Contact **Brian Gilbank, Executive Director Fitness Industry Council of Canada, by phone at 780-732-5020 or bgilbank@ficdn.ca**)

...Norm's Notes

continued from page 7

without the work of an IHRSA Lobbyist in your State (unless you hire one at your own expense), and you should know that. You really need to understand what this is all about and how you could lose your club and your family's livelihood because of a new law politicians who've been left untracked and unstopped have passed in your State. So, if you do not invest in any other form of support for any other cause in this industry, you should support IHRSA's Public Policy initiatives because an IHRSA club, or not, your club and the rest of the clubs in your State could be hit. And, that statement is all inclusive of all 50 States of this Union. Do you believe in insurance for your home, your car and your club?

Well, contributing to support IHRSA Public Policy is just like having insurance for your club. It's "BAD LAW Insurance," and you ought to be more than willing to *chip in* because you can name your own premium. IHRSA just needs all clubs, members or not, to be involved and chipping in. Call **MEREDITH POPPLER** at (800) 228 - 4772, Extension 129.

• I enjoyed seeing my old friend, **RANDY IVEY**, and meeting **KYLE ZAGRODSKY**, the **Founder and Owner of iGoFigure**, at the airport after the **IHRSA Convention and Trade Show**. I had missed Kyle at the Trade Show. Of all the people I spoke with, Kyle was the most pleased with his company's experience at the IHRSA Trade Show and said to me, "Norm, iGoFigure was able to achieve

all of the goals we had set for the show, and I would rate our experience as a 10 for the three days." Well Kyle, like I said that day, I'm real glad your company did so well! Check out Kyle's **iGoFigure Ad on Page #12**.

• The world of **Music Tariffs** is heating up and **Australia and Canada** are both prime targets on the hit list. Some Canadians, including **DAVID HARDY** and **BRIAN GILBANK of Fitness Industry Canada**, feel and would like for you to believe, that the U.S. could be the next target. Check out the article from them on **Page #6**. U.S. club owners should realize that IHRSA will need much more financial support to fight the fight if this Music Tariff ever heats up in the U.S. like it has in Australia and Canada, as represented in their article on Page #6. Unfortunately, I think it's important for me to point out that the club owners in the countries where this is going on should raise the money necessary to fight and stop these Music Tariffs, not turn to IHRSA directly for the funding, which to some extent, has already happened. No more IHRSA money should go across borders to help countries oppose these tariffs. This kind of expenditure is not in the IHRSA budget, and it should come from club owners who produce group exercise classes in each respective country.

• Thanks to **KAREN WOODARD-CHAVEZ of Premium Performance Training** for introducing me to **ERIC and ROGER BENSON, DAWN SZUMSKI** and **CHRIS CAS-TILLO**, General Managers of the Benson brother's two clubs, the **Wheaton Sports Center and Health Track Sports Wellness**.

• The **Elite Sports Clubs** have been named the **2009 Milwaukee Best of Business Award** winner by the **Small Business Commerce Association (SBCA)**. Congratulations to the **Elite Sports Clubs Teams**.

• I had just arrived and was about to get on the elevator at the **Marriott Hotel** in beautiful **San Diego** when a bearded fellow came up to me and said, "Hey, did you hear about **RON HEMELGARN**?" I answered, "No." He said, "Ron was shoveling snow at his home and somehow broke three bones in his leg!" So, let me send "Get

well real soon, Ron!" wishes to big **Ron Hemelgarn**. Then, before the elevator door could close, up walked big **BILL KAZMAIER** on crutches, and I said to him, "What happened to you, Bill?" He said, "I tore up my knee!" Bill had his left knee wrapped in an ACE Bandage, so let me send a wish to big Bill to "**Get well real soon!**" And, NOT to be outdone among the walking wounded at the convention was the lovely **Laurie Cingle** who had broken her left leg a couple of months ago. Laurie was there with her broken leg extended on a rolling cart that allowed her to propel herself across the floor with her good leg. Laurie broke her leg severely while climbing a tree to get her stranded pet cat. I say now, and again to Laurie, "**Get well real soon, Laurie!**" WOW! What a run of injuries to industry friends!

• **TED TORCIVIA** has hit the Promised Land, and it's **NOT Heaven!** Ted's former partner, **RAY O'CONNOR**, told me that he and the third partner, my friend, **KEITH NYGREN**, had bought out Ted's interest in their six **Wisconsin Athletic Clubs**. Couldn't happen to a nicer guy! **CONGRATULATIONS Ted** and best wishes in the Promised Land as a retired club owner!

• **PETER MOORE** has left **Sagent Advisors** in New York City to create his own investment company he calls **Integrity Square**. Good luck Pete as you go out there on your own in the investment world!

• **Conspicuously absent** from **IHRSA 2010** were **MICHAEL SCOTT SCUDDER** and **MIKE CHAET**. I missed seeing you guys there! Hope you're both well!

• **DENNIS HOLCOM** has become the new **Vice President of Sales** and **NIKKI LAYKE**, new **Regional Sales Director**, with the **Motionsoft Company** after departing from **ABC Financial**. **Best of luck Dennis and Nikki!**

• This just in. **GALE LANDERS** is hiring for his expanded **Fitness Formula Club** chain in Chicago and has just added **MERIKAY MARZONI** as **Marketing Communications Director**; **ANDREA WAGNER** as **Art Director**; and **LIV BERGER** as **Regional Director of Pilates**.

• To close these **Norm's Notes**, let me add this last comment about **IHRSA 2010**. Congratulations to **JOE MOORE, Team IHRSA** and the **IHRSA Board of Directors** on another great convention and trade show. Overall, the four day event was nothing short of absolutely super! I continue to marvel at the resilience and energy of the people in our industry, as demonstrated by the strong attendance at this **29th Annual IHRSA Convention and Trade Show** in beautiful **San Diego**. The word is that over 6,500 paid attendees were in San Diego, and that was just the number for the registered seminar attendees. Throw in the people attending the trade show only, and I imagine that attendance number grows to close to 8,000. So, **Congratulations and Thanks** to all involved!

• **God bless our troops, airmen and sailors** in the **Middle East** and around the world as they protect America's freedoms and liberty. **God bless you, your family and your club(s)**. **God bless America!**

(Norm Cates, Jr. is a 36-year veteran of the health, racquet and sportsclub industry. Cates was the **Founder** and is in his 17th year as the **Publisher of CLUB INSIDER**. He was **IHRSA's 1st President**, and a **Co-founder of the Association with Rick Caro and five others**, in 1981. In 2001, **IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award**, one of **IHRSA's highest honors**. Cates may be reached by phone at: **770- 850-8506** or email at: **Norm@clubinsideronline.com**)

JLR Associates

Announces the placement of

Jo Cullen
General Manager
Wellbridge

Whether you are seeking employment or are in need of qualified candidates to fill your vacancy, JLR Associates can meet your needs. We specialize in executive recruitment for the health, fitness, and wellness industry.

For all of your employment needs,
 Contact JLR Associates!

Jeff Randall
 Office: (781) 251 - 0094
 Cell: (617) 823 - 9020
jr@jllassoc.com

www.jllassoc.com



**Make It
 Fun!**

Collecting your money in today's business world takes more than muscle. **It takes Endurance.**



- Automated billing
- Skip tracing
- Credit bureau reporting
- Pursuit of bad debt beyond statute of limitations
- Dedicated outbound call center
- Continual late notices
- Up to the minute web reports
- Complete customer service
- Facility management software

Boost ***YOUR STAMINA...***
Call AAC today
1 (800) 233-8483

 **AAC** www.affiliated.org
SOFTWARE • BILLING • COLLECTIONS

Affiliated Acceptance Corporation
Sunrise Beach / Kansas City
Missouri

...IHRSA Awards

continued from page 3

opportunities for success in our industry outside of the traditional already-active demographics. The size of the pool of potential members is three to four times larger than the pool of people that are already members of our clubs. We, as club owners and employees, should look for ways to grow the industry, and the 45 million members in America that our clubs now have could and should easily double over the next decade if we look beyond the already fit and already active.

Sadly, the debate in America over health care should really focus on prevention. If government policies encouraged prevention, America's health care costs would be cut in half. Why isn't anybody listening?

Lloyd and Roberta Gainsboro Honored With John McCarthy Visionary of the Year Award

Lloyd and Roberta Gainsboro are Co-owners of the Dedham Health and Athletic Complex in Dedham, Massachusetts (DHAC). Through innovative partnerships with leading medical providers, such as Beth Israel Deaconess Hospitals, New England Baptist Hospital and the Joslin Diabetes Center, among others, DHAC is at the forefront of a national movement toward combining health, fitness and medical services. Lloyd and Roberta were featured as our cover subjects in the **January 2010 Edition of CLUB INSIDER**.

CLUB INSIDER (C.I.) - Since being the subjects of our January 2010 Cover Story, please give our readers an update of how things are going for your Dedham

Health and Athletic Complex.

Lloyd Gainsboro (LG) - We are still pushing forward, in a strong way, on using exercise as medicine and trying to prove it to the world. That's our goal. We've had an MRI for eleven years now. Recently, our tenant put a new MRI on the first floor. Instead of being 45 minutes, it's 22 minutes, which is very unique, and it's an open MRI. Our new basketball court is in place, and we are in the process of working on a new project for kids and the youth.

C.I. - Please share your thoughts about the great honor of receiving the John McCarthy Visionary of the Year Award from IHRSA.

LG - I think it's a great award. Being a visionary is something we try to do, and getting this award is wonderful. I am really so pleased to be on the same stage with obviously my wife, Roberta, but also Phil Wendel, because I believe he is an incredible visionary.

Excerpt From Lloyd Gainsboro's Comments at IHRSA 2010

Roberta and I are honored to achieve this award. Over ten years ago, we were at an IHRSA conference listening to Tom Peters. As you all may know, Tom Peters wrote *In Search of Excellence*. He talked about the way in which different types of organizations will survive in this new century, and one that he coined a term for was 'Chaordic.' That's chaos and order at the same time. Well, Roberta is the order, and I am the chaos.

You all live in a fantastic time in a fantastic industry. Phil, Roberta and I getting this Visionary Award is because we

have tried to reach out and get the market which we don't have, the 60% of the population that doesn't come to us. We are all in such a wonderful business where we can change health care just as much as they can in Washington, and I would ask you all to think outside the box, to look at your business differently than you've looked at it in the past and to look towards that 60% of the population, because we are going to be recognized as a piece of health care, whether it's today or five years from now. The time for us is now, and I would ask you all to continue to try and find ways to reach out and to show the medical community and politicians that it's our time.

Mike Motta Honored With Dale S. Dibble Distinguished Service Award

Mike Motta is the Founder, President, and CEO of Plus One Health Management, Inc. Under Motta's leadership, Plus One was named one of Inc. magazine's fastest-growing private companies for three consecutive years: in 2007, 2008, and 2009. From 2004 to 2008, Motta was a member of IHRSA's Board of Directors where he served as Chair of the Standards Committee. Mike has spoken at IHRSA Annual Conventions, numerous industry events and continues to contribute his knowledge and time to IHRSA and the industry. Mike was featured as our cover subject in the **August 2001 Edition of CLUB INSIDER**.

CLUB INSIDER (C.I.) - Since you and Plus One Health Management were the subjects of our August 2001 Cover Story, your company has grown dramatically. Please give our readers an update of the major developments in Plus One since then and how things are going today.

Mike Motta (MM) - The fundamentals of our business have generally remained the same. We provide fitness wellness services for Fortune 500 companies on site at their locations. We also provide hotel spas with management and staffing services. The biggest growth area for us has been national expansion as we have tripled our number of locations since 2001. We are now in 122 different locations in 17 states. I believe that's the result of a couple of things; we've got great sales people, and we've made a couple



Pat Laus (L) and David Patchel-Evans

of good strategic acquisitions.

C.I. - Please share your thoughts about the honor of receiving the 2010 Dale S. Dibble Distinguished Service Award from IHRSA.

MM - Well, when Pam O'Donnell called me from IHRSA, I was speechless, because we're not your typical IHRSA Member. We are a management company that provides services to corporations and not one of the guys who has their own clubs and club systems. We do the same things, just differently. We don't own the assets. The companies own the assets, but our goal is to make people healthy. In that essence, the services that we provide are all similar, just provided in a different venue. Although I was surprised first of all, frankly I was mostly honored because I know who wins those awards, so it's gratifying to realize that IHRSA has recognized us for that.

You know, we have 1,600 people working every day. This is their award. IHRSA recognized our company for what we do for the industry, but this is about what they do every day; waking up, opening up the door, making sure the members have great service and they are safe, the places are clean and the trains are running on time. I am proud for them and gracious to accept it on their behalf. I want to thank IHRSA for the recognition.

Excerpt From Mike Motta's Comments at IHRSA 2010

In the whole spirit of what he (Dale Dibble) has established, I'm going to share two things with you; two leadership lessons that really helped me out through my career. The first thing that I found was

you can't reframe yourself until you frame yourself first, and frame yourself in a way that's meaningful to you. So, when you get up in the morning, you know you are on a mission. It's your mission, and it's meaningful for you. Take some time to figure that out for yourself. Of course, the Mission may change over time, but once that happens, you'll find that it is easier to go to work every day because, all of a sudden, it becomes much not like work.

Last, but not least, call home. Call the club where the guys and gals are back there opening the doors up, treating your members and enabling you to be here (at IHRSA) to get better. Say, 'Thank You,' because it is so meaningful for them and enables you to have the freedom and the confidence to get better, support our industry and help us grow.

Pat Laus Honored With Outstanding Community Service Award

Pat Laus, CEO of the Atlantic Clubs in Manasquan and Red Bank, New Jersey, is a savvy businesswoman with a natural ability to rally her community, her club and the industry to participate in grassroots causes that benefit the greater good. She started Clubs for the Cure, a national fundraising campaign in partnership with health and fitness clubs across the country. The clubs are asked to coordinate fundraisers to support Augie's Quest, to help find a cure for Amyotrophic Lateral Sclerosis (ALS). Laus has served on IHRSA's Board of Directors and was honored with IHRSA's Dale S. Dibble Distinguished Service Award for outstanding contributions to the growth of the

(See *IHRSA Awards Page 12*)



Mike Motta (L) and David Patchel-Evans

**NATIONAL
GYM
SUPPLY**

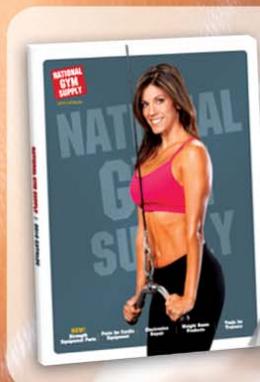
NATIONAL GYM SUPPLY

1-800-GYMPART / WWW.GYMPART.COM

Now stocking parts for

Strength Equipment!

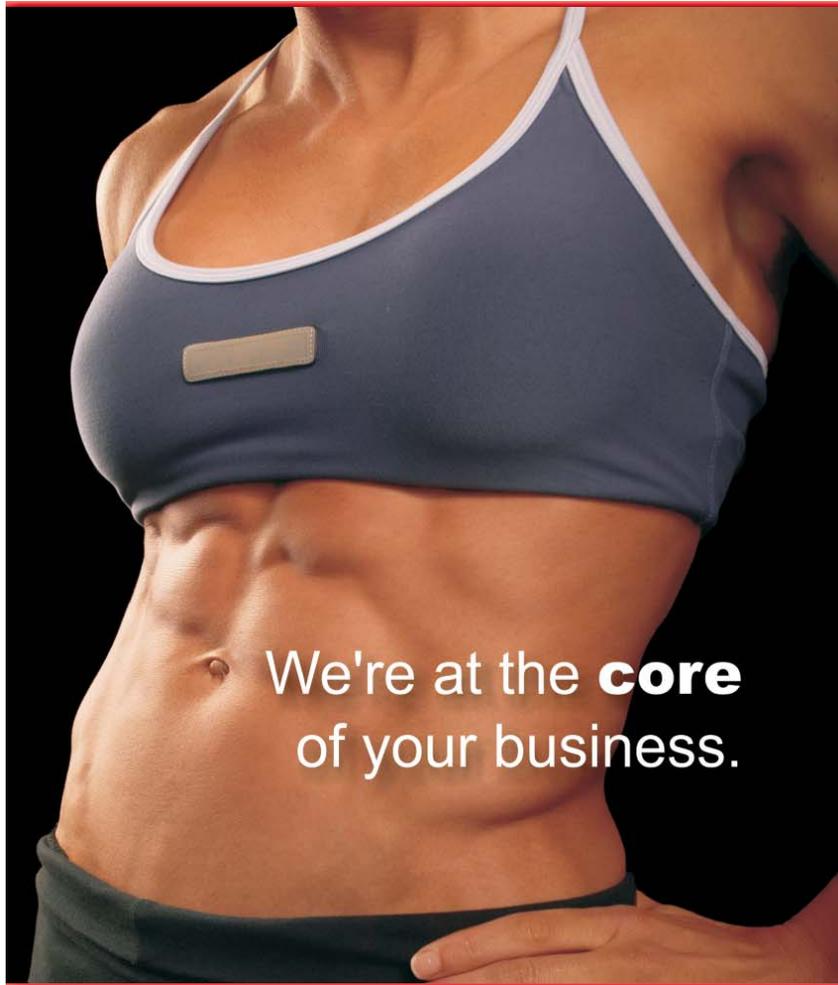
- Life Fitness
- FreeMotion
- Magnum



**Get your FREE
2010 catalog today!**

Call 1-800-GYMPART or
go online to request your
free catalog.

Visit www.gympart.com
for easy ordering, repair
help and more!



We're at the **core**
of your business.

Use the **all in one** iGo Figure Software to manage:

- Member Management
- Scheduling
- Billing
- Integrated Payment Processing
- Extensive Management Reports
- Commission Tracking
- PCI Compliance
- 24-Hour Door Access
- No Contract

Easy to learn and use, plus you'll enjoy:

- Unlimited Free Training
- Unlimited Technical Support
- Free Automatic Upgrades

(866) 532-9588

sales@igofigure.com

skype: gofiguresales

igofigure.com



Membership & Business
Management Software

...IHRSA Awards

continued from page 10

health and fitness industry. Pat and Clubs for the Cure were featured on the cover of the **April 2008** and **November 2009** Editions of **CLUB INSIDER**.

Jasmin Kirstein Honored With Julie Main Emerging Woman Leader Scholarship

Julie Main, who passed away on May 4, 2009 following

a long and courageous battle with cancer, was the Co-owner and President of the West Coast Athletic Clubs in California, Founder of the Cancer WellFit Program, a former IHRSA Board of Directors member and past President, Dale S. Dibble Distinguished Service Award winner and industry speaker.

Jasmin Kirstein, owner of My Sportlady in Munich, Germany, was chosen as the recipient of the scholarship, in recognition for her efforts over the

past 25 years to enrich the lives of women and children in Germany and throughout the world through a holistic approach to fitness. My Sportlady, which opened in 1984, was the first womens-only club in Germany.

Balance Body Honored As Associate Member of the Year

Balanced Body was chosen for its innovation and for its commitment to the integrity of Joseph Pilates equipment, which

it provides to studios, health clubs, rehabilitation facilities and individual consumers globally. Through Balanced Body University, the company provides access to Pilates instructor training programs as well as continuing education opportunities, offering a network of more than 50 educators for assistance with Pilates programming and certification.

(Justin Cates is the President of **CLUB INSIDER** and grew up in

the health, racquet and sports club industry. From the age of eight, he spent his non-school and sports hours in a home which doubled as **CLUB INSIDER Headquarters**. He has lived and breathed this industry for 25 years, since his own day one. Now, he is an integral part of the "Story" of Norm Cates and **CLUB INSIDER**. Justin may be reached at **Justin@clubinsideronline.com** or by phone at **770-595-6086**)



Lynne Brick (L) and Jasmin Kirstein



Ken Endelman (L) and Joe Moore



Oh great,
another t-shirt.



Reward your members with
what they really deserve!



**Cool
Products**

**Branded
Merchandise**

**Your Own
Services**

**Delivered
right to your
members'
door!**

Here's what **fitRewards** can do for you!

**Maintain
No
Inventory!**

- **Increase Referrals** • **Boost Retention**
- **Generate Revenue** • **Build Loyalty**

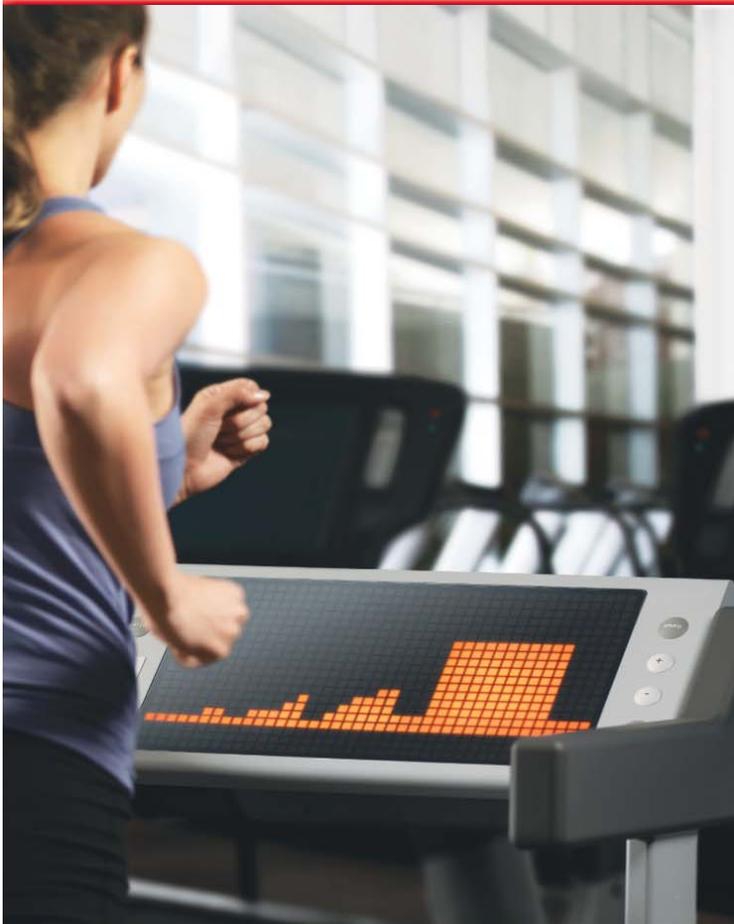
fitRewards!

The club industry's *first* online Reward Points Program

Receive 500 points when you inquire online!

www.fitRewardsclub.com

888.762.8156



The Medical Fitness Association Announces Second Annual Medical Fitness Institute

Richmond, VA - The Medical Fitness Association (MFA) has announced the second annual Medical Fitness Institute. The event will take place June 9-12, 2010, at Vanderbilt University in Nashville, TN.

The Medical Fitness Institute (MFI) will address the growing need for educated, talented individuals to manage medically integrated health and fitness centers. The three day program will highlight a variety of topics directly related to the operational success of medical fitness centers and the development of industry leaders for this growing field. The seminars will focus on the medical fitness model and medically integrated facilities and will include marketing; recruiting and retention of staff; clinical integration; aspects of the medical fitness difference; facility certification; and strategic planning.

Graduates of the program will

have the opportunity to participate in a year-long mentorship program. Industry leaders will be assigned MFI graduates providing input and motivation to assist in the implementation of the MFI curriculum over the course of the next year.

"This program represents an important step in driving forward the medical fitness industry," said John Caliri, Director, FirstHealth Centers for Health & Fitness, Pinehurst, NC. "The Institute will provide managers, directors and rising-star employees who are soon to be managers with the information, training, and resources they need to be effective and skilled leaders. By having the mentorship program, we can ensure that the future leaders of our industry have the knowledge and experience to succeed."

For more information on the event, please visit www.medicalfitness.org.

It's like adding cardio to your health club. Compete™ from Fiserv is the most comprehensive club management software in the health and fitness industry. Yet it's totally attuned to your club and to each member, helping clubs of all sizes grow and retain membership while maximizing revenue and minimizing day-to-day costs. For a total approach to growth, Fiserv also offers EFT processing and outsourced billing. With Fiserv, you have the unrivaled power to perform. The power within. www.clubs.fiserv.com

fiserv.

200 convenient testing locations.
22 years in the business.
0 hidden costs.

Are you NFPT certified?

Discover what a strong personal training foundation can do for you.

Get certified today at www.NFPT.com/ClubInsider.



www.NFPT.com | 800.729.6378



2010

IHRSA

THE FUTURE
IS YOU!

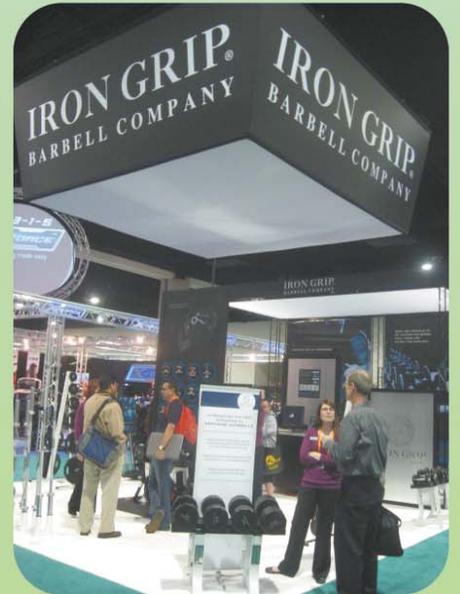


GREETINGS FROM SAN DIEGO!

IHRSA 2010



SAN DIEGO, CA



Avoid "Commoditizing" Your Club's Product and Service Offerings

By: Dr. Edward M. Slover

A commodity is something that is relatively easily traded, can be physically delivered and can be sold or resold. Within the health and fitness industry, commodities exist in the form of memberships, physical facilities, amenities and other product and service offerings. Each of your competitors possess similar commodities, and they are vying for your market share. Knowing this, it is critical to position your product and service offerings in order to differentiate you from the competition and allow you to avoid commoditizing your business' product and service offerings, providing your business a greater competitive advantage.

To properly differentiate yourself, identify what you are the best in the world at, or at

least within your marketplace (**Note:** You are not the best at *everything*). This is called "niching." To niche effectively, your health club needs an identity. Is your physical plant the biggest, flashiest? Do you have the best and the brightest personal trainers? Are you open 24 hours a day? Each of these concepts, and many more, are forms of niching, designed to differentiate you from the competition. For example, if your personal training (PT) staff has helped numerous members achieve their fitness goals, market your facility as *the* place where people come to get results. Demonstrate this proficiency by showing prospective clients success stories of other members that worked with the PT staff. The point here is to niche your business on getting client results through

a solutions-focused approach.

In a 2007 study on why health and fitness facilities achieve high sales performance, one respondent stated, "We do not offer incentives of any kind, as we feel it devalues and commoditizes our service offerings." This sentiment is not to denigrate club operators that offer incentives compelling buyers to act, but offering discounts inherently commoditizes product and service offerings because it moves the focus away from the value proposition toward price. This can create an unfavorable "culture" within your facility. Accordingly, it "trains" the customer to hold out for a "good deal." This is especially true during mid-month or month-end "close-outs." Next, offering discounts devalues the product or service, as the stated price, in all actuality, is

not the "real" price. The real price becomes what people are willing to pay for, and savvy consumers will play the game well. This erodes the perceived value of the product or service offering. Finally, it undermines your staff's ability to sell. Rather than developing team members, selling on price becomes a crutch for employees, especially if they are not proficient sales people.

Does price matter? Absolutely. That said, unless the prospective buyer perceives the value of the product or service to be worth less than what it costs, price is a secondary issue. Why? Consumers rarely compare something to nothing when making buying decisions. For instance, when a prospective member "shops" health clubs, he is 80% sold on purchasing a membership somewhere. There-



Dr. Edward M. Slover

fore, he is not comparing membership prices to \$0; rather, he is comparing the membership prices of each facility he visits. This is another key element of commoditizing, as comparing price alone assumes all things are

(See Ed Slover Page 20)

REGISTER YOUR FACILITY, ORGANIZATION OR COMMUNITY TODAY!



6th Annual Medical Fitness Week: April 19th-25th!

National Walking Challenge

*Steppin' Out
for a lifetime*



Ways to Participate:

- ✓ Health fairs ✓ Educational seminars
- ✓ Demonstrations ✓ Open House
- ✓ Local school activities ✓ Fun runs/walks

Promote physical activity and healthy lifestyle habits in all ages

Affirm your commitment to impact the health status of those you serve

Challenge your community or organization to join the National Walking Challenge and walk 70,000 steps in 7 days

Encourage participants to raise funds for local health-related programs and services



Register by

April 12, 2010

at www.medicalfitness.org



804-897-5701 • info@medicalfitness.org
 P.O. Box 73103, Richmond, VA 23235

MFA.....merging healthcare with the fitness industry.
A community of professionals making a difference...setting the PACE

Life has enough missed opportunities...



Don't let this be another.

We've all felt the sting of opportunities gone by. We either waited too long, couldn't make up our minds, or were just plain afraid. Wouldn't it be great to have *the sure-fire thing*? A *movement* that's bigger than you or I? Something that's been *researched and tested by 1000's* across the country?

We're sure you are aware that 67% (7 out of 10 people) of the US population is overweight or obese. BUT did you know that only 13% (1 out of 10) of the US population is actually a member of a club? Our expertise is in marketing to the overweight population who never would have considered joining a club, plus bringing members of other facilities to yours because you offer a more total solution when you have weight loss.

The next phase of growth has begun.

125 licenses have been granted and we're determined to be the **NUMBER ONE SOLUTION FOR WEIGHT LOSS INCOME INSIDE YOUR FACILITY**. Therefore, Thin&Healthy WILL be opening soon in your community!

We are actively seeking qualified fitness centers to partner with in this life-changing addition to your business. **Apply now to see if you qualify** for the next explosive trend in our industry. Will you be the one making this income and becoming the solution to obesity in your area...

... or will it be your competition? Don't miss this opportunity!



FREE
Weight Loss Business Kit!

866-260-8446

www.ThinAndHealthy.com | info@thinandhealthy.com



ABC Financial Product to Offer Online Enrollment MYiCLUBonline Saves Health Club Owners Time and Money

LITTLE ROCK, AR - ABC Financial, the nation's largest provider of billing services, club management software and membership marketing solutions to the health and fitness club industry, announces their new software product, MYiCLUBonline. The product, which features an online membership enrollment function, was unveiled at this year's IHRSA Convention and Trade Show in San Diego.

MYiCLUBonline improves upon and is fully

integrated with ABC Financial's DataTrak Club Management Software. Available in basic and premium versions, the software allows club members to manage their accounts through a variety of features. A significant benefit to club owners is the online member enrollment feature available on the premium version.

Paul Schaller, president of ABC Financial, said, "We believe that offering self-service is a necessary part of being a full-service business and that's the premise behind MYiCLUBonline.

Our clients deserve the best, most robust membership management tools possible. This software will enable them to communicate with their clients more often and also capture more new business."

The online enrollment option allows health and fitness clubs to offer 24/7 remote recruitment of prospective members. This feature was designed to increase revenue and save valuable time for club owners by eliminating or reducing commission on self-enrolled new members, allowing

pre-sells of memberships prior to a new club opening, eliminating paperwork and collecting more accurate member information.

Both the basic version and premium version can be customized to look like a club's website for a seamless transition from the home page to MYiCLUBonline.

The free, basic version allows club members to:

- Update account information
- Review billing history

- Make, schedule and check for payments

The premium version, which costs \$89 per month, boasts additional features:

- Online member enrollment
- Class and personal training scheduling
- Review past check-ins and purchase history
- Print reports
- Request email and text-message reminders

...Ed Slover

continued from page 18

equal (i.e., what your club offers is the same as any other club's offer). Knowing this allows you to exploit what your business is best at while focusing on what is most important to the prospective member, such as credentialed staff, hours of operation, proximity

from their home, child care, etc. Ultimately, it is all about enhancing the value proposition for the prospective member by exceeding their expectations and solving their "problems."

As our industry continues to mature, the ability to differentiate and avoid commoditizing product and service offerings is becoming increasingly

important to the long-term viability of your business. Since exercise options are becoming more and more prevalent both within the traditional health club arena and outside (i.e., home-based exercise, boot camps, etc.), niche-ing your product and service offerings is key. Capitalizing on revenue potential becomes much easier

when you identify your market segment, what your business is best at and how you can exploit it to the mutual benefit of your customer, your employees and your organization.

(Dr. Edward M. Slover has 12 years of diversified experience as a leader, author, and presenter within the commercial health and

fitness industry and holds a Doctor of Management in Organizational Leadership. Presently, he works as the National Sales Manager for Apex Fitness, developer of bodybugg® - the World's Most Intelligent Calorie Management System. He may be reached by email at ed@apexfitness.com)

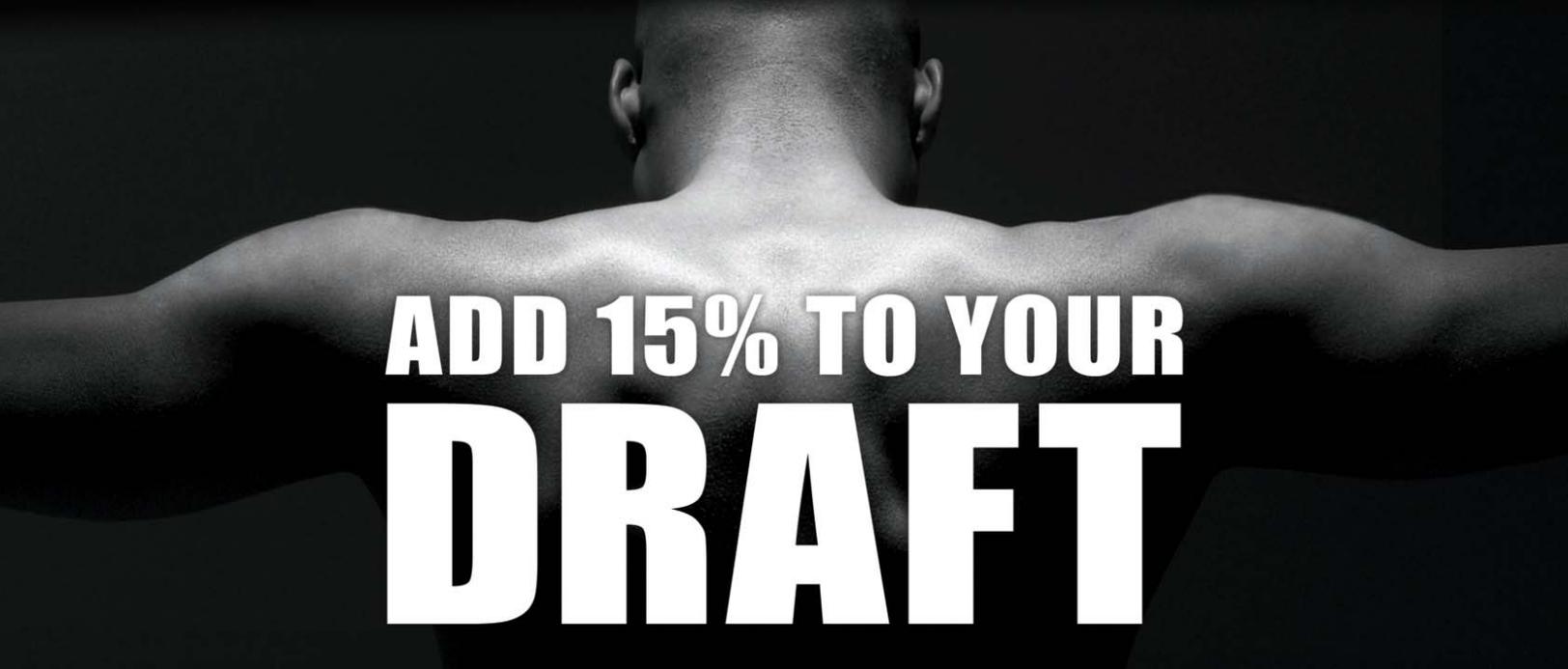
WE'VE MEASURED UP FOR OVER 20 YEARS!



At Sports & Fitness Insurance, our services and commitment ensure you a perfect fit.

Contact us at: Post Office Box 1967, Madison, MS 39130-1967

1-800-844-0536, Ext. 2222 or 2252 • 601-898-8464 • Fax: 601-707-1037 • Email: contactus@sportsfitness.com



ADD 15% TO YOUR DRAFT

Has high delinquency brought you down?
ABC will bring you up! In 2009 clubs
converting to ABC reported an average
increase of 15% in their EFT.

We guarantee a reduction in delinquency
and if you're not completely satisfied, you
can leave at any time - no contract.
Put some muscle in your draft.

Call Today! 800.551.9733

www.abcfinancial.com



EFT/BILLING SOFTWARE MARKETING SUPPORT

Market Well To Sell Easier

Step Seven in the Series: Fifteen Steps to Paradise

By: Will Phillips

Among everything you have learned about managing and marketing, 98% is based on research in about 177 of the largest public companies in the world: Disney, Ritz Carlton, SAS, Hewlett Packard and so forth. These are the companies that hire the consultants who write the books. These are the companies that pay the business school professors to do the research. And, these are the companies whose performance is publicly available to research.

Small, privately-held businesses, like your club(s), have no public research. Publicly-held businesses are relentlessly driven to increase shareholder return every day and every quarter. Your business is different! Public businesses have tens of thousands of employees; you have hundreds at most. This is the reason REX Roundtables has collected data and insights from its 100 members over the last two decades. These best practice insights come from the experience and performance of successful health clubs and regional chains. It comes by sharing honestly and being able to question the individual club owners on how they measured this or how they got that performance.

The insights shared in this fifteen-article series for CLUB INSIDER is not the REX way of

running a club; it is your way, only better. One quality of the top performing clubs is having an annual marketing plan. It is usually a rolling plan of six to twelve to eighteen months and is updated regularly. Having such a plan will boost sales five to ten percent. REX clubs with such a plan see double digit sales. During the recession, they had high single-digit sales. Now, just sitting down and dashing off a one-year marketing plan will not improve performance, but it will challenge you and your club to think quite differently, and that different thinking, with its resultant behavior, is what makes the sales performance leap forward. By the end of this article, you will have the intellectual tools to build an annual marketing plan. All you have to do is add the guts to do it, the self discipline to do things that are hard.

The Alternative

The alternative is to market poorly and sell hard, which is what 98% of all clubs do. Our industry is so dominated by sales, sales training and selling that marketing hardly gets noticed. When marketing does happen, it is largely focused on promotion, which is the 20% tail end of marketing. Low-priced clubs are a wakeup call for all clubs that they must do more or low-priced clubs may erode their success.

The Foundation of Your Marketing Plan

Start with the tried and true club marketing insights. Our markets want wellness, health, fitness, feel good, fun and convenience. As these are more effectively delivered, the lesser price is a determining factor. You also know your best sales sources, such as grand openings, member referrals, former members, building signage, guests who did not sign, specific promotions and so forth. Now, you have enough data to begin an annual marketing plan. Here is how:

Annual Marketing Plan

Start with a large white board or sheet of paper (2-3 feet high and 2-3 feet long). Make a column a few inches wide on the left side and divide the rest of the paper into 12 columns, one for each month. Now, make 20-30 rows across the chart. These are for specific types of marketing activities. Select what you know has worked in the past. Here are possibilities for these rows:

- Row 1:** External Media, such as TV, radio, billboards, magazines and signage (This is mostly for top-of-mind awareness (TOMA), although specific offers could be made also.)
- Row 2:** Referrals at POS
- Row 3:** Member Referrals
- Row 4:** Calendared Promotions, such as Christmas, New Year's Resolutions, Snow Days, Valentine's Day, Mother's Day, Father's Day, 4th of July, Back to School and Thanksgiving
- Row 5:** Individual Promotions, such as deaths, doctor advice, "Pants too small," career promotion or job seeking
- Row 6:** Corporate Sales
- Row 7:** Community Presence
- Row 8:** Public Relations
- Row 9:** Website passes, offers and online joining.
- Row 10:** Social media marketing/ YouTube marketing.
- Row 11:** And, so forth.

Be flexible in how you set this chart up so it works for you. Make sure you consider all avenues of marketing, from

traditional print to Facebook. Now, plan the year. Gather your best marketing thinkers around the chart and start adding possible marketing activities based on what has worked in the past, and then, new ideas. Scan industry magazines for new ideas. Go to a bookstore and buy five books on marketing that look good to you, such as the *Twenty-Two Immutable Laws of Marketing*, *E-Mail Marketing for Dummies*, etc. Scan these for ideas and possibilities. Assign one book to each person involved. Meet for a few hours and do this several times over a few weeks.

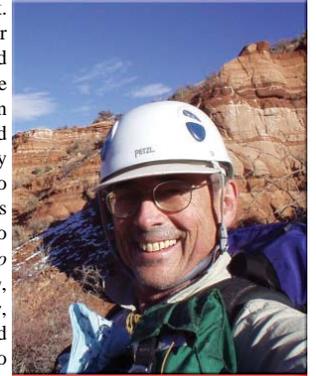
Your goal is to come up with a twelve-month marketing plan that is coordinated, regular and continuous and will produce enough leads at your current closing rates to produce the growth you want, hopefully, double digit. Do not eliminate anything due to cost, yet.

Another source of ideas is this author's earlier article, *Generating a Waterfall of Leads: 125 Membership Lead Sources*, which appeared in the **August and September 2008 Editions of CLUB INSIDER** and may be read by signing up at www.clubinsideronline.com or www.americanhealthclubs.org.

Nuts and Bolts

Your marketing budget now comes into play. Generally, the more you spend wisely, the more leads you will get. It seems that 3% of your revenue is a good starting point. Some clubs go a percent or two higher. If you have created a marketing plan that you think will get the growth you want, calculate how much that is worth to you. Then, weigh the payoff of adding a hundred or a thousand new members against the cost of marketing. It is your choice. If you are closing sales at 50%, you can add a few more sales by moving it to 60%. If you double your leads with better marketing, the payoff is much, much higher.

Next, assign a champion to each segment of your marketing activities. Their job is to see that preparation is done, any research that is needed is done and the



Will Phillips

promotion is coordinated and driven throughout the club. This could be one person or several. Your champion is responsible for collecting this report for each marketing effort:

- What did we do with samples?
- What did we get for leads, shows and sales and over what timeframes?
- What did it cost for leads, shows and sales?

This latter information is critical because it is the way your club will learn to become better at marketing. It is the only way to get better.

Congruence and Authenticity

It is extremely hard for a small, local business to develop a brand, even when you are clear of what attributes you own in the marketplace. The challenge is congruence. There are easily a hundred ways a club presents its brand to the public. Rarely are these in synch. Usually, a few are integrated and mutually reinforcing; rarely are all giving the same brand message.

Once you can make a brand statement like, "South Shore Fitness is devoted to bringing joy and health to everyone in our community," you must test this commitment against the following club elements: Marketing Materials, Location, Parking Lot, Entrance/Lobby, Signage, Front Desk/Reception, Uniforms, Phone Message, Phone Answering, Sales Person Attitude, Sales Process, Facility (See Will Phillips Page 24)

Mastermind Groups

for club owners or GM's who want to grow their business

Learn Best Practices.

Get invaluable support from 14 other owners. Increase your EBIDTA. Get 10X return on your investment or your money back.

JOIN A REX Roundtable



REX Roundtables
for Executives[®] The CEO's edge
in work and life

Email join@rexroundtables.com or Call 845.736.0307



Daron Allen
CEO, Visual Fitness Planner

“Want the most from your PROFIT CENTERS? Add our technology!”

10 WAYS OUR TECHNOLOGY INCREASES YOUR BUSINESS PROFIT

- 1 Industry **“BEST-PRACTICE”** membership sales system
- 2 Turn-Key **NEW MEMBER INTEGRATION** system
- 3 Complete **PERSONAL TRAINING** platform
- 4 Emotional **STIMULUS** to purchase
- 5 Motivation through **VISUALIZATION**
- 6 Distinct marketplace **ADVANTAGE**
- 7 Highly effective **CORPORATE** presentations
- 8 **RETENTION** driven by education-based selling
- 9 Highly professional **PRICE PRESENTATIONS**
- 10 **BRANDED/CUSTOMIZED/CONSISTENT**



A club chain in AZ reports – “The VFP is the standard presentation for both POS and New Member Orientation. Upon implementing the VFP, our club went from producing \$0 per day in Program/PT at the point of sale to now producing \$12,000-\$15,000 per day.”

A club in Canada reports – “Fitness Managers are averaging PT packages of \$3,500-\$6,000 per PT deal.”

A club in IL reports – “The VFP helped build our monthly PT drafts from \$0 per month to over \$40,000 per month in our 15,000 sq. ft. facility.”



YOUR SALES SYSTEMS. OUR TECHNOLOGY. GREATER PROFITS.

CALL TODAY - 877-837-1212 - www.vfp.us - sales@vfp.us

24 Hour Fitness Commemorates Historic El Cajon Club With Special Ceremony

SAN RAMON, CA - 24 Hour Fitness, the largest privately-owned U.S. fitness chain, yesterday celebrated the company's 30-year history in the San Diego market with a special plaque presentation honoring Ron Thompson, the first El Cajon Club Manager and Family Fitness Founder, Ray Wilson. The El Cajon club, originally branded Family Fitness, was one of the first of more than 400, 24 Hour Fitness clubs in the nation. The fitness leader renovated the club in early 2010 and has plans to

revamp several other clubs in the San Diego area.

"The El Cajon Club is very special to us, as it represents a significant milestone for 24 Hour Fitness," said Carl Liebert, Chief Executive Officer, 24 Hour Fitness. "We're glad to be in a position to invest in other San Diego clubs after a very successful revamp of El Cajon."

During the evening's celebration, Liebert thanked Ron Thompson and Ray Wilson on behalf of all 24 Hour Fitness Team Members as he unveiled

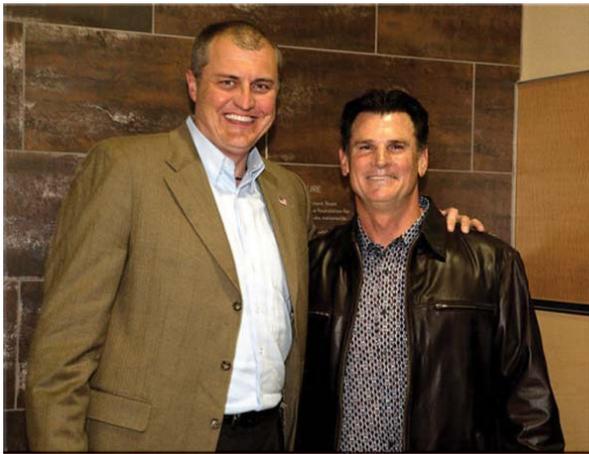
the "Proud Past, Bright Future" plaque which was permanently placed at the historic club.

The 42,000 square-foot, recently renovated club, located at 198 West Main Street in El Cajon, is managed by eight year veteran of 24 Hour Fitness, Jason Felix, and employs approximately 35 team members. Additional club amenities include a personal training area, pro shop, sauna, towel service, whirlpool and Kids' Club; where children ages 6 months up to 12 years old can enjoy activities while

their parents work out. Personal trainers are also on hand to help members achieve their fitness goals. Memberships can be purchased online or in the club.

Headquartered in San Ramon, Calif., 24 Hour Fitness, an innovative leader in the health and fitness industry, serves more than three million members in more than 400 clubs. Founded in 1983 by Mark Mastrov as a one-club operation, 24 Hour Fitness pioneered the concept of making fitness accessible, affordable and a way of life

for everyone. The company demonstrates its leadership through sponsorships like that of the U.S. Olympic Team and a commitment to the community through various charitable and in-kind donations. In addition, 24 Hour Fitness enjoys strategic partnerships with major consumer brands like Coca-Cola and Everlast and for nine seasons has partnered with NBC's popular reality TV show, "The Biggest Loser."



Carl Liebert (L) and Ron Thompson



Proud Past Bright Future Plaque

...Will Phillips

continued from page 22

Design, Facility Colors, Pricing, Music, Hiring Criteria and Process, Staff Orientation and Training, Job Descriptions, Budget Allocations, Culture, Web Design, Web Photos, What You Measure and Emphasize to Staff, Rewards, Philanthropy, Public Relations, Billing, New Club Openings, Member-to-Member Interactions, Rituals and Strategic Partners.

This list of course is not complete; it is a start. In my experience, the typical club will have 20% of the above items in opposition to its brand, while another 60% are neutral, adding nothing. When your branding is congruent, the market will see you as authentic and trustworthy. Get your brand act together, and market it vigorously every second every day in every way.

What Gets Measured Gets Improved

REX Roundtables are now collecting marketing data monthly. Quarterly conference calls among virtual Roundtables of the heads of marketing will use this data as a platform for inquiry, sharing and continuous improvement. We encourage each of you to collect this data and compare it month to month as well as the same month over the last three years. If you are not in a Roundtable, find some peer clubs and compare numbers on items such as those shown below. The benefits are incomparable!

•**Data Entered for Marketing Campaigns Concluded Last Month:** What did you do (upload graphics as a pdf if used)? What did it cost? Number of leads acquired during and within three

weeks of the end of the campaign? Number of appointment shows and sales from those leads? Closing percentage? Marketing cost per lead? Marketing cost per sale?

•**Actual Marketing Costs for the Last Month:** Where did you spend your money across a dozen categories from newspapers to social marketing on the internet?

•**Web Sales:** Inquiries, appointments and closes from your website?

•**Web Behavior:** Total visits, total unique visitors, repeat visitors (any prior visit at any time counts), bounce rate, average time spent on website, top three exit pages, top three entrance pages and visits to pass links?

•**Web Pass Performance:** Total web passes downloaded, show-ups and sales?

•**Pay Per Click Performance:** Inquiries, shows, sales and cost

for each?

- Email blast open rates, appointments, shows, sales, closing rates and costs per sale?
- Social networking activity and reputation management?
- Search engine optimization success and social networking optimization rankings?

First, get an annual marketing plan in place, fund it and execute it. Then, begin measuring its performance as outlined above. Finally, use this feedback loop to modify, fine tune and improve the plan.

Resources

The Guerilla Marketing Handbook by Jan Levinson and Seth Godin

Service America by Karl Albrecht and Dow Jones Irwin

(See the Triangle of Service and the Moments of Truth Method of Analysis in Chapter Three).

Differentiate or Die by Jack Trout

Twenty Two Immutable Laws of Marketing by Al Reis

Purple Cows by Seth Godin

Generating A Waterfall of Leads by Will Phillips, August and September 2008 Editions of CLUB INSIDER.

(Will Phillips is the President of REX Roundtables for Executives. REX chairs eighteen club owner Roundtables in the U.S., Australia, New Zealand, and Brazil. The newest REX Roundtable will focus on Small Giant businesses in all industries. Your comments and inquiries are welcome by email at Will@RexRoundtables.com)

Created in 1989, we introduced the fitness industry to the benefits of Step Training.

THE ORIGINAL STEP®

We began the Group Fitness revolution in 1989 with the invention of THE ORIGINAL STEP. Today, thousands of health and fitness facilities worldwide have discovered its superiority.

- ▶ The ORIGINAL Health Club Step
- ▶ Large step surface (36" X 14") covered with durable, non-slip mat
- ▶ Designed for safety - won't tip
- ▶ Adjusts, with support blocks, from 4" to 6" to 8"
- ▶ Inclines and declines, with the support blocks, for body sculpting
- ▶ Doubles as a weight bench
- ▶ **MADE IN THE USA!**

THE STEP GROUP FITNESS WEIGHTS

THE WEIGHTS

- ▶ Specifically designed for use in Group Fitness classes
- ▶ The center of each weight is tapered - easier to grip during hand-held exercises
- ▶ Weights are covered in a commercial-grade high-density polyethylene (HDPE) to improve durability
- ▶ Up to 300% stronger than standard weights
- ▶ Filled with DURACAST VX, a very high strength concrete developed by the US Army for protective applications and used to build skyscrapers and bridges
- ▶ The HDPE material won't scratch or scuff your Group Fitness floor
- ▶ Flexural toughness/compressive strength 10 times over conventional fill materials
- ▶ **MADE IN THE USA!**

THE BARS

- ▶ Made of heavy gauge, powder-coated steel
- ▶ Bars will not bend or scratch
- ▶ 54 inches long with 8.5 inches available for weights on each end

THE STORAGE RACK

- ▶ Durable powder-coated steel construction
- ▶ Holds up to 24 sets of bars, collars and weights

THE COLLARS

- ▶ Quick release tab for convenient loading and unloading of the bar
- ▶ Will not scratch or damage the bar

THE 10 KG SIDE RACK

- ▶ Durable powder-coated steel construction
- ▶ Holds up to 8 of the 10 kg weights



CONTACT US FOR A FREE QUOTE OR FURTHER INFORMATION:



The ORIGINAL Since 1989

• US Clubs & Instructors
• International Clubs, Retailers & Instructors

▶ **877.296.9990**

stepfitness@thestep.com

www.thestep.com

We Are Bad At Retention

By: Thomas Plummer

We are bad at retention in this industry because we have never had to be good to survive. Ever since the advent of modern fitness in the 1950s, we have been totally focused on only one thing: the acquisition of new members.

The fitness industry is an industry of mistakes, failures and over 60 years of history of doing the wrong thing for our clients. We have mastered the art of the adversarial membership sale. We have advocated equipment and training that is both harmful and ineffective, and the member has never been anything more than a sales number recorded on a daily tracking sheet easily replaceable by the next new sale tomorrow.

Look hard and you realize that every system we use in most commercial fitness operations only exists as a direct result of the acquisition process. For example, our marketing has always been geared towards a one-hit encounter. That's because we've always had enough leads to just move on if our one-hit encounter doesn't result in a sale. We could do this in the past because there would always be more leads tomorrow to replace the leads we burned today.

This total acquisition mindset is also why we limit the new member's first experience to only two or three workouts, why we are content to set members up on antiquated circuit training with giant, worthless workout cards knowing that the person will fail in just a few weeks with that workout and why we create entire teams of sales people without one dedicated person to try and keep the people we already have in the clubs. We build businesses to acquire new members, and few, if any, clubs were ever built to retain the business that in those days was so easy to acquire.

Even today, there are still thousands of club owners, including most of the largest chains in the country, that still believe they are in the membership business, not the retention-through-client-success-business, and that we will always have an endless stream of new clients to replace the ones we continue to fail in the clubs.

Now, we are suffering

in the perfect storm to use a tired but appropriate analogy. The combination of the economy, the advent of the low-priced competitor, the consumer who is better educated about what he wants from fitness and the maturing of the marketplace where you now have more competitors than ever before have all combined to force owners and operators to finally understand that retention will be the only business strategy that will work during the coming decade.

You simply can't get enough new members to sustain a fitness business in most markets, which now shifts all the emphasis toward building systems that have the highest percentage of retaining existing members. We will get better at retention, not because we want to and it is the right thing to do for the members, but because we have to because we can no longer survive without their staying in the system longer.

But, before we explore ways to retain, we have to understand why we have failed. Clearly stated, the member never had a chance and was doomed to failure, meaning he never achieved any increased level of fitness that was sustainable from his first day as a new client. This failure then leads to low-retention numbers. Why would anyone continue to pay for monthly cable TV if he can't get a good picture or can't get on the internet?

TRUST

The fitness business should be a business of **TRUST**. We take money in exchange for the client's belief, and trust that we can help him change his life through our leadership and guidance. The reality in most mainstream clubs, unless this person can ante up the necessary money to declare himself elite, and therefore, buy leadership through personal training, is that the member is left to seek fitness on his own through magazines or help from other lost members. He signed up to get in shape, but to us, he is nothing more than a replaceable score on that day's sales sheet.

Breakdown a typical commercial center and you can easily see that we fail over three

quarters of the people who trusted us to help them. Assuming the club has group exercise, you would find that about 3-6% of the members are in one-on-one training and about 20% take part in the club's group programs. Rounding off, only about 25% of the club's membership has any type of ongoing relationship with the business, such as the instructor/client in the group setting or is getting any type of help and guidance through the trainer/client arrangement.

Put another way, 75% of the members in a typical club don't receive any help or have any relationship other than that warm and fuzzy feeling they might get from their favorite treadmill. This is, by the way, the first owner who will complain loudly that the low price guy is killing him or that the non-profit is taking all his business. What he doesn't realize is that he has no relationship with his members, and they will quickly leave him for the cheapest club in the neighborhood since fitness to him is all about the treadmill. So, he will go to whoever can rent it at the lowest price.

Members enter the business believing we will help them, but we set them up with antiquated circuit training, including the giant workout card that fails the client after a few weeks. Then, we ignore them until we need them again at the end of their membership. If a member wants to get in shape in these clubs, he has to work hard on his own because the club simply won't, or can't, provide the leadership and help he needs to be successful over time. If you have relationships with your members, they will stay longer and pay longer. Without this relationship, you are nothing more than another club that rents equipment by the month, and the lowest priced competitor in the market will own that niche.

We have in essence created a culture of failure in our clubs. We run insulting advertising, pressure hard on the first visit and only give a couple of workouts with a disinterested trainer, unless the person has a wad of cash sticking out his pocket, and then, we love this member. For everyone else,

we default to the 1970s circuit training philosophy that every major fitness guru in the industry has declared to be ineffective in getting someone into shape and keeping them there once they do arrive. Everything we do is for the simple sake of selling memberships, which is the way it has been since the dawn of the modern fitness era in 1945.

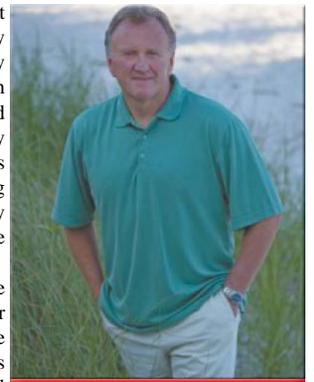
This coming decade will be remembered forever as the decade of change in the fitness business. The industry has changed more in the last several years than it has in the previous sixty. Maturing markets, defined as more clubs in your competitive area, new breakthroughs in training theory, the advent of functional training that allows an owner to generate big money in less space, the shift in the economy that will severely limit the ability to build endless big box clubs and a more sophisticated client all combined at this point in history to force a new, harsh reality on the way things have to be done if you want to continue to make money in this industry.

What has become apparent from this collision of change factors is that the member is now becoming more important. Competition prevents endlessly replacing the ones you do get. The consumer is brighter and better read about fitness, bringing new demands on how he wants to be trained. Most traditional marketing sources are no longer valid to create leads for the clubs. And, most importantly, everyone is now realizing that it just costs too much to acquire new members as opposed to simply keeping the ones we have already purchased.

Customer Service

The foundation for keeping your members is customer service. We have never, ever in this industry practiced anything but the most primitive basics of customer service. We don't know what it looks like, we don't know how to teach it, we don't have the right people to deliver it and we don't have any systems in place to track the ultimate goal of good service, which is member retention.

Customer service is the mastery of many small things,



Thomas Plummer

such as the ability to handle complaints or create systems that individualize the member's experience no matter how large a club may be. When it comes to developing a customer service image for their business, most owners are starting at the bottom of the ladder with nowhere to go but up. No matter how good you think your service might be, if you haven't trained your front counter team for at least four hours last week, and every week, in creating and delivering customer service, then you too are at the bottom.

5 Steps to Better Service

Service can be taught. Systems can be created that any owner can apply to his business. The following are five things that any owner can do to increase the perception of service in his business as well as repositioning the business in the marketplace:

1. Remember that fitness has too many moving parts: Most of the member acquisition systems (sales concepts) in use today too heavily weed out too many potential members too soon. Our advertising is geared only toward someone with fitness experience. An example of this is any thing with a price or a deal in it. This type of marketing assumes prior knowledge of fitness but, in actuality, limits your potential members.

Even after all these years, we have only managed to capture about 16% of the population of this country as club members. This obviously means that 84% of the people in this country currently don't do business with (See *Thomas Plummer Page 28*)



SAVING THE WORLD

ONE HEALTH CLUB AT A TIME

ZAP!

YOUR ECONOMIC WOES

POUND!!

YOUR COMPETITION

SOCK!

YOUR MARKETING MISTAKES

WHAMM!

GAIN NEW MEMBERS

Ever wish you had a superhero by your side... Helping you increase revenue, providing legendary customer service and watching your business to ensure it is on track?

We have good news!

You don't need supernatural powers to find success in the fitness industry! The NFBA knows how hard it is to run a successful fitness business and we want to help you. Attend one of our workshops & learn how to make changes in your business now.

Upcoming Workshop Dates:

San Antonio, TX - January 27th and 28th
 Atlantic City, NJ - February 18th and 19th
 Charleston, SC - March 25th and 26th
 Sacramento, CA - April 28th and 29th
 Denver, CO - May 27th and 28th

NFBA Alliance Team:

ASF
 Star Trac
 Susan K Bailey Marketing
 dotFit
 Perform Better
 Association Insurance Group
 City Blends
 Body Training Systems
 Punch Kettle Bell Gym
 ACE
 Nunes Apparel
 Thomas Plummer Company
 Women in Fitness
 Parisi Speed School
 Fabiano Designs



Here for you 24 hours a day at www.JoinTheNFBA.com • 800.726.3506

...Thomas Plummer

continued from page 26

our industry. Target this group. Gear all your marketing towards creating interest in people who have not been in your club and are not fitness people, as well as those people who know they can do it and others like them who have been here before. The best tool for this is still the testimonial ad and not ones that simply focuses on the features of your business.

Fitness is also complicated, especially, if you are using functional movement and training as your basis. Imagine meeting someone in a bar, turning to introduce yourself and knocking a drink in his or her lap. Then, as you lean in to help, you bash heads. You then leap up to apologize and knock the person off the stool. This is probably not the best time to ask that person for a date. Yet, we do the same thing in clubs every day. We take someone who hasn't worked out in years, put him through a class or workout proving to him that he is horribly out of shape, and then ask that person to become a member that night. The person is slumped in the chair feeling tired, frustrated and a failure. That is the worst time to ask for money, and because we put all the emphasis on the first visit close, we weed out this person as well as the inexperienced, the nervous, the scared, the deconditioned and people who have had bad fitness experiences. If you are tough enough to take a beating and then sign up your first visit immediately after that struggle, you are rare, and getting rarer, in this industry.

Use trial memberships, prove that you have good service and show the guest they can do fitness, will fit in and that your business truly cares about his success. The recommended trials are either a 21-day, risk-free (no money) or paid. An example of a paid trial might be thirty days for \$19. Go for the most leads you can still get but patiently work as many as possible through the system over time rather than weeding out the weak and the scared with a one-shot sales hit.

2. Teach the fundamentals of fitness during your trial periods: Somewhere in the past, we made a decision that all new members will be set up on a circuit, given a stupid card that we keep in a huge box on the edge of the floor and then they are left to their own

devices. We don't teach them how to work out. Instead, we teach them a simplistic workout that everyone knows will fail the client in about six weeks.

Couple fundamental classes with your trial memberships and teach people how to work out. Put about 6-8 fundamental classes on your schedule, and teach the basics of getting a good workout. For example, a fundamentals class might be based upon the basics of a dynamic warm up; strength moves, such as a kettle bell swing, a lunge or a body weight squat; and some type of pressing movement, such as a row and a dead lift movement, all considered the essentials of any fitness routine. Without these movements, the person is doomed to machines, and the circuit will fail them. If you are more progressive and have functional movement equipment, then teach that as well.

Also, teach the person cardio. We all know that those members walking endlessly on a treadmill reading or watching Oprah are failing, and we should know that they all will leave us because they are not getting results. Teach high intensity cardio, and teach it early. If members get results, they will stay longer and pay longer.

The guests in the trial might be there all month, which is fine, or if they master the basics, they should be sent to other group experiences, which allow you to service the most guests and members at the lowest cost. Do everything in groups if you can, and stop isolating the members. Most of us have grown up doing everything in group settings. Boy Scouts, Girl Scouts, sports teams, band, church groups or anything else you might belong to are all examples of group dynamics. But, when they come to our

clubs, we do everything we can to isolate the person.

For example, look at the trend in cardio. When we added the televisions, we essentially locked the person out of the group dynamics in the club. The members don't talk to each other, don't look around and don't get involved. You would be better to not buy the televisions and just to order more cardio in your club. Everything we do in the real world is about social groups, but everything we do in the club world is about isolating the member from all the others. Again, if my only relationship in the club is with a small television and treadmill, why would I not simply go to the lowest bidder in the market?

3. Add layers so more people can get involved: There are essentially four types of members in the club who need help, but we only currently service one. The four are: the deconditioned, the traditional one-on-one, the person who wants group dynamics or to share the cost of a trainer and the badass member who wants the most challenging workout he can get. We handle the one-on-one, but we ignore the rest.

A typical club might break down its member list like this: 20% want to be left alone to do their own thing, 20% seek group exercise, 5% want to work with a trainer and can afford it and the other 55% are left to figure out fitness from websites, magazines and other crazy and lost members. This is why most clubs celebrate every Monday as national chest and triceps day, because the members simply don't know what else to do or how to work out.

Adding layers of training allows others to play, and you can penetrate deeper into your membership. Sample layers

might look like this:

- A strong fundamentals program offered to all guests and members during their trials or first thirty days. This is designed for the deconditioned folks and lets you service the most members at the lowest cost since everything is done in groups.

- The traditional one-on-one programs still have a place, but this type of training should only be about 10% of your total training revenue since it only appeals to a small audience, limiting the profit in it for the club. There should be two levels here, with one for the regular client and one for the member who wants to be pampered. This membership would include supplements sent to his house, munchie bars for the month, protein powders, recovery shakes when he comes to workout and free bottled water. In essence, give him everything he needs to be successful and include it in a very expensive monthly package.

For example, this might be priced at \$360 a month for 12 months with four sessions a month and unlimited use of the club and \$1,299 a month for the pampering, which includes everything. Stop selling sessions and convert your system over to 12-month EFT for all training.

- Semi-private training is designed for groups of 2-4 people who value group dynamics and want to **share the cost of the trainer**. The club would offer set times during the week and feed most of the club's guests that month into these as well as establishing a member base for the product. This might be offered at \$149 a month for 12 months with 20-30 options a week to attend. Make this unlimited usage and include the membership as part of these programs. In

other words, stop bagging the members for training and a monthly membership as well.

- Group personal training is designed for groups of up to ten. Offer 8-10 of these per week and beat people to death in these groups. No one should get into these who haven't been signed off on by a senior trainer. You don't stop the group in this format to show someone how to do something. Everyone in here should have the basics, and the goal is to give the most challenging workout you can get in a club geared toward capturing that badass guy or girl who left you to do Crossfit™ in someone's garage. In most mainstream clubs, it's hard to find a tough workout that uses tires, sleds, kettle bells and 50-foot ropes, and you should own that category. This might be sold at about \$89 per month for 12 months and includes unlimited use of the club and the membership.

4. Start a two-month intensive customer service initiative in your club: Target two months, and try to completely change the service culture in your business. Your first emphasis would be the front counter and the phone, but cover everything from how to handle complaints to uniforms. Question everything you do and what you think customer service is in a fitness business. Most of your staff members don't even handle the basics well. At least get everyone to use a strong welcome statement, use the member's names and thank everyone every time they leave the club. Retention is service, and service is retention.

5. During the next six months, become a training club: No matter how big you are, and that goes for the 100,000 square-foot giants who have always relied on their physical plants as their main retention tool. How would you like to put \$25 million into a club and find out that the 3,000 square-foot guy down the street has a higher retention rate than you do because he gets results for his members and you don't? You have to put all your efforts into becoming a training-centric business. We simply don't touch enough people, and our current training model has failed in most commercial facilities. The training guy is right. He tells his clients what to do, what to eat (See Thomas Plummer Page 29)



...Thomas Plummer
 continued from page 28

and what supplements to take. He then takes them through an amazing workout based on upright functional training and changes their lives.

Come to a commercial club, and we ignore you unless you are rich. You are left to figure out working out on your own. Leadership sells, and people who get results will never leave your business, but most mainstream fitness businesses aren't designed to achieve that level of penetration or success.

Even how we lay out and design clubs will change in the coming years. Cardio will get even more important and functional equipment, such as Human Sport or Free Motion, will rise to another level. Your club will be filled with kettles, ropes, medicine balls and other tools that professional sports people have been embracing for years. As a side note, when was the last time you watched a professional athlete go around a circuit as his strength component? You will still always have a core line of single joint stuff, but your functional cable equipment and workout tools will take a higher volume position, and you will also reintroduce lifting platforms and other tools that challenge and delight the members.

This type of training has to be infused throughout your business, not just set aside in one room. Your culture has to change from that of failure to one of success for the most members you can touch. Training is what we do in this business, and we have to return to our roots because people who get results are the ones that never leave, which is what retention is all about.

(Thomas Plummer has been working in the fitness business for over 30 years. He is the founder of the Thomas Plummer Company, as well as the National Fitness Business Alliance (NFBA), a group of industry vendors and suppliers who have banded together to provide education and tradeshows to the independent club owner. Currently, the NFBA offers over 20 seminars a year all across the country. His new book, Where Did that Member Go? Rediscovering the Lost Art of Member Service, will be released in early March by Healthy Learning. To attend a workshop with the NFBA, please call 800-726-3506)

Get the most
 from your
 marketing dollars!

low cost solutions



There are plenty of ways to get noticed without spending a bundle. We know how to get maximum results from minimal resources. It's time to embrace the unconventional with promotions that rely on time, energy and imagination rather than a big marketing budget. Our low cost marketing solutions succeed best when they target consumers in unexpected places with unique, engaging and thought-provoking concepts to generate buzz, and achieve a desired response. Susan K. Bailey will help you identify what solution will work best, develop creative concepts and produce unique advertising vehicles to engage your target market.



Choose from door hangers, take ones, flyers, guest passes and hang tags to enhance your external marketing efforts!



Perfect for internal marketing campaigns including member referrals, special events, personal training, gift certificates and more!



Creative way to reach local prospects. Only 5 cents per email - no minimums!

Call today and we will help you
 choose your low cost solution!

1.888.349.4594

info@clubads.com
 www.clubads.com



Programming Tip of the Month:

A Club Within Your Club

By: Sandy Coffman

Spring is here! Ya-a-a-a-y!!! Take advantage of this upbeat season and give a little upbeat to your spring programming menu. This is the perfect opportunity to get **WALKING CLUBS** and **RUNNING CLUBS** started. Don't whine that people won't come to work out at your facility because the weather is nice; give them a *club within your club* to keep them coming back for more... all year long.

Description

The purpose of any walking or running program is to get people moving and helping them to create an active lifestyle both in and out of the club:

1. Encourage and promote the walking or running programs as clubs, more specifically, *clubs within your club*.

2. Form walking and running clubs with niches in mind:

- Time periods: Early morning, noon hour or early evening. Title the groups: "Early Birds," "The Nooners," "Happy Hours" or my favorite, "Walkie Talkies"

- Skill levels: Beginners, intermediates or advanced walkers and runners

- Age groups: 30-somethings, over 40, baby boomers, over 60, 70...

3. Give the walkers guidelines that teach the correct walking stature and stride for optimum results (See the CD-ROM for Walkers' Workout Teaching Guidelines, included in *Successful Program for Fitness and Health Clubs: 101 Profitable Ideas*).

4. Be sure that an instructor or trainer will walk with the group and throughout the group to remind the participants of the guidelines.

Tips for Success and Points to Consider

Walking and running programs encourage group participation, resulting in retention and commitment:

- Promotion for the walking clubs can include a map of a specific route that will change monthly. The map of the month would be displayed on the walking and running club bulletin board.

- Formal start times and ending dates give you the opportunity to provide recognition or prizes as incentives.

- Athletic shoe retail stores in your area may sponsor your running or walking club and give healthy discounts to your participants.

- Program cards for each participant to keep track of the date, time, distance and speed will encourage retention and provide pride and satisfaction with the program.

- Prizes for participants can include discounts on apparel from your club's pro shop.

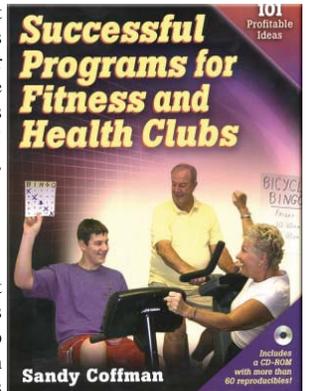
- Very Important:** Don't forget to take pictures of the participants and proudly display them on your bulletin boards. An added feature is to put little progress reports on the board as well. Promotion! Promotion! Promotion! And, congratulations along the way.

Variations

- A walking group would meet at a specific time two to three times per week and walk as a group for 30-45 minutes. The program should run six to eight weeks maximum. A prize can be given to those who attend 80% of the classes.

- A fee for the program could be justified if each participant receives a pedometer. A fee may also be justified if the members receive a T-shirt at the conclusion of the program and if an instructor or trainer leads the group and gives educational materials and tips for success along the way.

- A running club from your club could train together for a marathon in your area, or the group could



run a 10K race wearing your club's T shirt and representing (and thus promoting) your club.

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

Norm Cates' **CLUB INSIDER** The "Pulse" of the Health, Racquet, and Sports Club Industry 1993 Established 1993

Advertising Team

The excellent companies below bring **CLUB INSIDER** to you every month, so please take a minute to see what they can do for you. To learn more about them, or about joining The **CLUB INSIDER** Advertising Team, go to www.clubinsideronline.com today!

ABC Financial - Pg 21	www.abcfinancial.com
Affiliated Acceptance Corporation - Pg 9	www.affiliated.org
Apex Fitness - Pg 32	www.apexfitness.com
Body Training Systems - Pg 31	www.bodytrainingsystems.com
CatesFit Media - Pg 5	www.catesfitmedia.com
Cybox International	www.cyboxintl.com
Fiserv - Pg 14	www.clubs.fiserv.com
fitRewards! - Pg 13	www.fitrewards.com
iGo Figure - Pg 12	www.igofigure.com
Iron Grip Barbell Company	www.iron Grip.com
JLR Associates - Pg 8	www.jlrassoc.com
Medical Fitness Association - Pg 18	www.medicalfitness.org
National Gym Supply - Pg 11	www.gymparts.com
NFBA - Pg 27	www.jointhenfba.com
NFPT - Pg 14	www.nfpt.com
Planet Fitness - Pg 2	www.planetfitness.com
Rountables for EXecutives - Pg 22	www.rexonline.org
Sports & Fitness Insurance - Pg 20	www.sportsfitness.com
Susan K. Bailey Advertising - Pg 29	www.clubads.com
The Step - Pg 25	www.thestep.com
Thin&Healthy's Total Solution - Pg 19	www.thinandhealthy.com
Visual Fitness Planner - Pg 23	www.visualfitnessplanner.com

Grow in 2010 Advertise Today

- Support In Print
- Support on the Web
- Support Through Relationships

Join Our Team Today!

To download our
2010 Media Kit, go to:
www.clubinsideronline.com/advertise

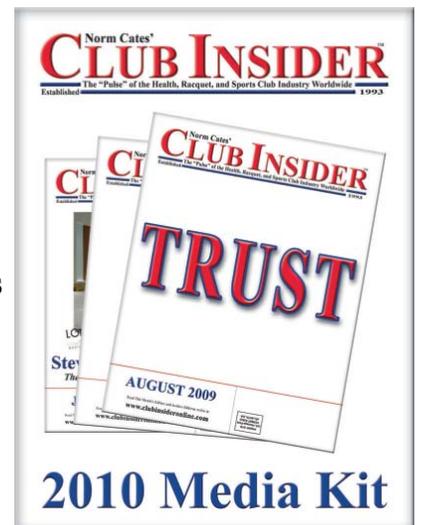
To Subscribe, go to www.clubinsideronline.com/subscribe

Sincere Thanks and Great Appreciation To:

All who have advertised, purchased subscriptions, pitched in as Contributing Authors and read **CLUB INSIDER**! We are now in our 17th year of publication! All of you are on the "Team" that makes this publication, and we will be grateful to you forever. **I appreciate and LOVE 'Ya!**

Very Sincerely,

Norm Cates, Jr.



bodytraining systems



"I have never seen anything else in the industry have such a high impact on guest traffic, member retention, member satisfaction and profits. With BTS we've increased monthly group participation from 800 visits to 6,000 visits, added over 2,600 new members increased retention from 50% to 73% and increased profits by over 400%!"



John Bonica
Co-Owner, Global Fitness Centers

BTS Will Double Your Profit. Guaranteed!

"We have learned the impact that marketing BTS programs can have on driving traffic into our clubs. We have advertised FREE classes to non-members in various media which has increased traffic by over 25%. On top of that, 90% of prospects who visit WOW! and experience a BTS program, join that day!"



Stephen S. Roma
Owner, WOW! Work Out World

"We began working with BTS in 2006 and within two years we had dramatic impact on our business. We went from only servicing 9% of our members in Group to 37%. Our retention rate for Group members has skyrocketed to 93%! And amazingly, by executing one of BTS' management principles of integration, we have developed a cohesive team of instructors and personal trainers. This has resulted in our PT revenue increasing by over 55%!"



Mike Silva
Owner, The Edge

"BTS is the single best investment I have ever made, not only in Group Fitness, but also for my club as a whole. It services our members, sells memberships, markets our club and motivates our members and staff, including me! BTS has enabled me to increase my membership price from \$30 to \$49 per month, and we no longer compete on price."



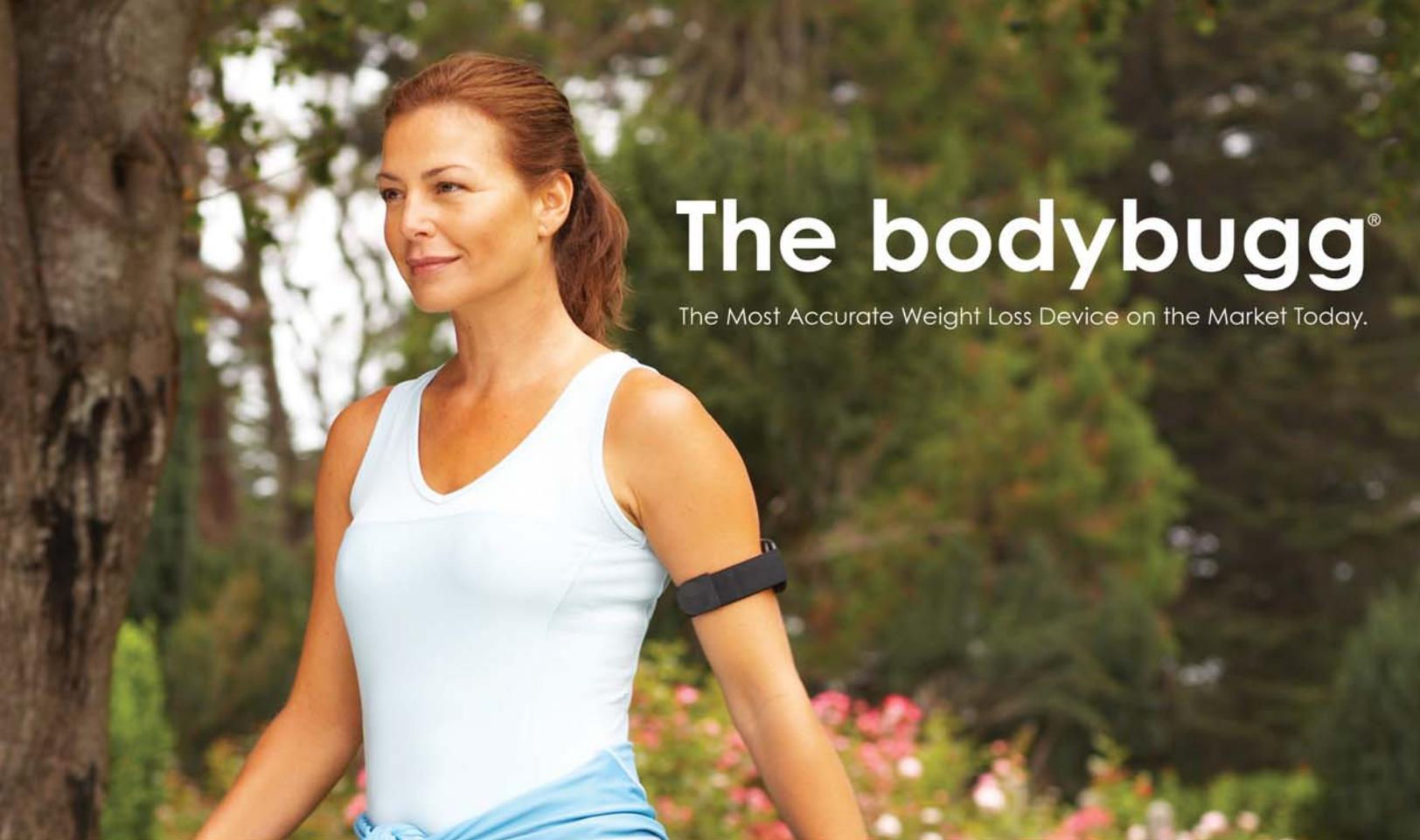
Jason West
Owner, Gold's Gym Elite

LET'S MOVE!

800.729.7837

bodytrainingsystems.com





The bodybugg®

The Most Accurate Weight Loss Device on the Market Today.

Apex and the bodybugg... What we can do for you!

- Give you great margins
- Provide the next level of service that health clubs need
- Increase client/member retention by giving better results
- Attract a completely different clientele
- Serve as a profit center with "two prongs" – programming and products
- Bullet proof your business in a challenging economy
- Help your club stand out from the rest

Call and let us show you how we can make you more profitable!

The **bodybugg** as seen on
NBC's *The Biggest Loser*

Call for more information
1.800.656.2739 ext. 4067

powered by apex business solutions™!

bodybugg
www.bodybugg.com

apex |
www.myapex.com