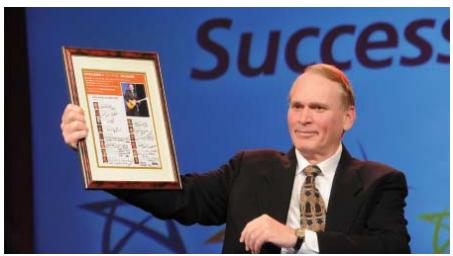


Norm Cates' **CLUB INSIDER**TM

The Pulse of the Health and Fitness Club Industry



IHRSA President & CEO, Joe Moore, Recognized by IHRSA Board



IHRSA 2012 Drew Huge Crowds for Keynote Speakers, Including Simon Sinek



Dr. Art Curtis, IHRSA Board Chairman, Speaking at IHRSA 2012



Anita Lawlor and John Doyle, 2012 Dale Dibble Distinguished Service Award Winner



Zumba for Augie's Quest at IHRSA2012 Raises over \$200,000!



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IHRSA31 Los Angeles a Huge Success!

MARCH 2012

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*Figures obtained from the median performing corporate store with more than 12 months of operating activity as published in Item 19 of our 2009 Franchise Disclosure Document (FDD), and as adjusted for audited financials completed after filing of the FDD. A new franchisee's results may differ from the represented performance. There is no assurance that you will do as well, and you must accept that risk.

Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

IHRSA31 Los Angeles a Huge Success!

By: Norm Cates

It all started 31 years ago when we had our first IHRSA Convention and Trade Show at the Tropicana Hotel in Las Vegas. There, a handful of club owner/operators came together from the tennis (NTA) and racquetball club (NCCA) worlds to form what was then called the International Racquet Sports Association (IRSA). There were less than 1,000 attendees and vendors in attendance at that event in Las Vegas in 1981, but we were off and RUNNING! And, the Association has been running, and getting stronger every year since then, under the great leadership of Big John McCarthy for the first 25 years and Joe Moore for the past 6 years! This 31st Annual Convention and Trade Show offered, by my count, 161 seminars, sessions and meetings and 174 speakers and panelists from all over the world!

In 1993, the IRSA Board of Directors, led by President Cecil Spearman,

with input from the membership, wisely decided to add the word Health to the name, IRSA. The addition of that "H" to the Association identity caused thousands of health and fitness club owners from North and South America and around the world to join this progressive club owner/operator-owned trade Association. IHRSA now proudly boasts of over 9,500 member clubs in over 70 countries!

Fast forward to March 13 - 17th, 2012 as IHRSA members gathered from countries around the world for what may have been the biggest and greatest IHRSA convention and trade show ever.

The best place to start when summarizing this great event would be to heap lots of kudos and praise on Joe Moore and his entire IHRSA Team who've worked for a whole year preparing for this great event. So, as just one witness and participant, I must say to Joe and Team

IHRSA: **GREAT JOB!**

(See *IHRSA Los Angeles Page 14*)



Welcome to IHRSA 2012!

Gold's Gym International Acquires 11 Spectrum Athletic Club Locations in San Antonio

SAN ANTONIO, TX - Gold's Gym International (GGI), one of the world's leading authorities on health and fitness, announced that it has signed an agreement to acquire all 11 Spectrum Athletic Club locations in the San Antonio area. With nine clubs already serving residents throughout the market, Gold's Gym will now have a total of 20 locations in the Alamo City.

"We are thrilled to bring these 11 Spectrum Athletic Clubs into the Gold's Gym family and feel this acquisition was a natural fit," said Jim Snow, President of Gold's Gym International. "Both of our organizations are built around a strong culture of service and a brand promise

of delivering an outstanding fitness experience to our members. With 20 locations to choose from, it will now be more convenient than ever for San Antonio residents to stay in shape and reach their fitness goals. No matter where you live, chances are there's now a Gold's Gym right around the corner."

As part of the deal, the 11 Spectrum Athletic Clubs will rebrand under the Gold's Gym name. All current Spectrum memberships will be honored. In addition to having future access to current Gold's Gyms in San Antonio, Spectrum members will gain travel privileges to (See *Gold's Gym Page 8*)

Mike Minton Selected as 2012 SBA Small Business Person of the Year for Texas

FORT WORTH, TX - Mike Minton, Owner of Minton's Sportsplex Family Fitness in Texarkana, Texas, has been selected as the U.S. Small Business Administration (SBA) 2012 State Small Business Person of the Year for Texas.

Mike Minton founded Minton's Sportsplex in 1987 in a leased 3,000 square-foot adult fitness only shopping center gym and has grown it into a six-acre, 70,000 square-foot multipurpose, family-oriented, athletic, sports and health and fitness complex. Minton's Sportsplex is 9,000 members strong, has created 200 full and part-time jobs and generates \$750,000 dollars in taxes annually.

SBA Administrator, Karen G. Mills said, "Mr. Minton's hard work, innovative ideas and dedication to his community have helped him succeed. The SBA is pleased to recognize his achievements and his role in driving our nation's economic growth."

Mike Minton is honored and humbled by the award and said, "this would not have been possible without the continued support of our wonderful community and the hard work of our dedicated staff."

Minton has been invited to Washington, D.C., along with winners representing the 50 states, the District of Columbia, Puerto Rico and Guam, May 20-22.

Inside The Insider

- The "Insider Speaks" - Who Am I? Why Am I Here? - **By:** Norm Cates
- 101 Tips for Being a Great General Manager - **By:** Jeffrey Keller
- Should You Invest in Sales Training for Your Health Club Staff? - **By:** Jim Thomas
- Sell More With Greater Rapport! - **By:** Casey Conrad
- How to Tap Into the Next Trillion Dollar Industry - **By:** Donna Krech
- Senior Day With A Beginning - **By:** Sandy Coffman
- Cybex Announces Lawsuit Settlement... Stock Jumps
- IHRSA Announces Fourth Quarter and Full Year Results
- IHRSA's 16th Annual Financial Panel
- 19% of Gen-Y Americans Were Health Club Members in the 4th Quarter
- Newtown Athletic Club Big Build Bash Grand Opening
- And of course, *Norm's Notes*

Norm's Notes

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

•Is America a great country, or what? IHRSA 2012 in Los Angeles, Hmm... Hmm!

•I'm very sad to report to you that one of our longtime industry veterans, **DAN BLOCK**, passed away on **Sunday, March 11, 2012**. Dan had been suffering from an awful back injury for as long as I'd known him, which was about 15 years. Every time I had a chance to see him at trade shows, he was always struggling with his back. As the years passed, even walking was a big challenge for Dan, and he was only able to do that with severe pain. Dan spent the last part of his working career with **InTek Strength**, but he left the company about a year ago. Dan leaves several children, including a 16-year old son. Reportedly, he finally gave up his struggle with the relentless agony he was always experiencing and decided to proceed to **Heaven** on his own. **God Bless Dan Block's soul**. I am very thankful for him now, knowing he is no longer suffering and has passed on to a much better place. **May the really good guy, Dan Block, Rest In Peace.**

•Who am I? Why am I here? is the title of my "Insider Speaks" editorial on Page

#6 this month. I wrote and published this piece because I felt like it was a perfect time, right after the IHRSA Convention, to give you some special food for thought. Thought that will help you build a purpose-driven life if you have not already done so... My bottom line goal is to make CLUB INSIDER better and even more helpful to you and your club business(es). So, if you will be so kind as to take the time to read my short editorial on **Pages #6 and #7**, you will find a brief survey for our CLUB INSIDER readers, and I would greatly appreciate your input on what we are doing and how we are doing it. By the way, disclosure of your identity on our Survey is totally optional. No worries! So, no matter

what you have to say on the Survey, *you do not have to disclose your identity unless you chose to do so*. Thank you in advance for completing the survey and mailing it in or for going to www.clubinsideronline.com/survey to complete the survey. Our goal is to have all survey responses in ASAP, but for sure, by **May 1, 2012!** My son, Justin, and I will then carefully study your input and make changes in CLUB INSIDER that addresses your input. I also found it very interesting that **IHRSA Keynote Speakers, WILLIAM TAYLOR** and **SIMON SINEK** made comments that made me think they had already read this editorial and re-enforced the moves we've made with CLUB INSIDER over the past **19 years and 5 months: 219 months of publishing. Stay Tuned!**



Bill McBride



Norm Cates

ART CURTIS, after the great job as Chairman he's done for the past two years. Best of luck, Bill, in this huge IHRSA leadership role, starting July 1st.

•Did you notice my little **Ad and Announcement Note** in our **February Edition**, in which I provided you with **my new phone numbers** and invited you folks to become **CLUB INSIDER Reporters**? If not, my new **Office Phone Number** is **(770) 635 - 7578**; our **New Fax Number** **(678) 826 - 0933**; and just in case you don't have it, my **Email Address** is **Norm@clubinsideronline.com**. So, please get in touch with me whenever you have news about your club or special or interesting events happening in your market!

•**Congratulations to Club One's BILL McBRIE**, as he's been elected as IHRSA's next Chairman by the IHRSA Board of Directors, stepping in for **DR.**

•**Congratulations** to outgoing IHRSA Board Members: **KILLIAN FISHER**, (See Norm's Notes Page 8)

Thank You to Our Contributing Authors

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About Club Insider

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19 Years and Counting!

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The “Insider Speaks”

Who Am I? Why Am I Here?

By: Norm Cates

You may be thinking, “Norm, why in the world are you asking these questions here and now, and how do your questions relate to me, a health club owner/operator/manager?”

Here's my response. First, this is not a political message in any way. Second, this **Insider Speaks** is short and sweet this month, and it's about you and me. The idea for this story was triggered by an event in politics, but it's **NOT** about politics. Following politics as I do, I was recently thinking back on the 1992 Presidential election when Bill Clinton was elected President. In the view of many, Clinton won at least partially because H. Ross Perot, the diminutive, yet really big man in business in Texas, ran for President as an Independent candidate of the Reform Party. Perot pulled away millions of votes from incumbent President Herbert Walker Bush, votes that he needed to beat Clinton and be re-elected.

Perot's pick for his running mate was Retired U.S. Navy Vice Admiral James Bond Stockdale. Vice Admiral Stockdale was a former Navy Fighter Pilot who spent seven years as a prisoner of war in Vietnam and was one of the most decorated officers in the history of the United States Navy. But, even before the news that Stockdale had been chosen as Perot's VP running mate became well known, the little chart-watching businessman pulled out of the race! A few months later, he reentered the race, and again, retained Vice Admiral Stockdale as his running mate (Even though Stockdale

had originally been selected and announced by Perot as a temporary VP candidate choice). With virtually zero preparation for the first debate of the candidates for Vice President, Vice Admiral Stockdale began his comments in front of nationwide TV with these two now infamous questions:

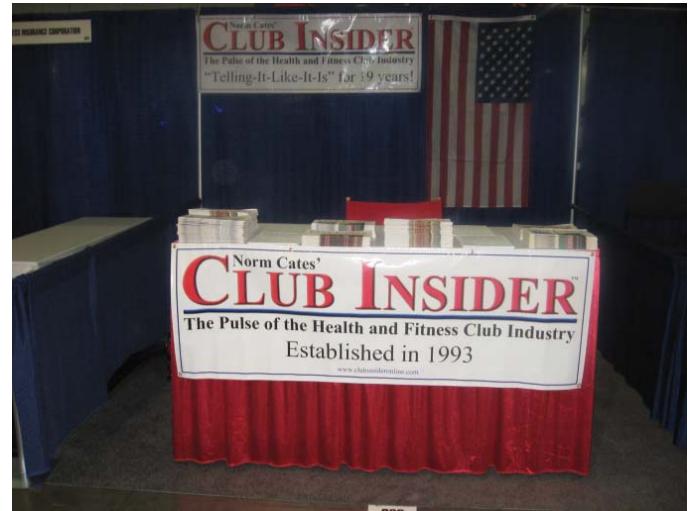
Who am I? Why am I here? These questions surprised and shocked the world. These questions also provided me with the idea of producing this article to investigate potential changes in **CLUB INSIDER** and to assist you in finding your path to a purpose-filled life, if you have not found it already. So, here goes...

Who am I? That's easy! I'm The **CLUB INSIDER**! **Why am I here?** That's also easy! I'm here because the **Mission** of **CLUB INSIDER**, as stated on our website, www.clubinsideronline.com, is: To help the owners and operators of health, racquet and sports clubs professionalize their clubs and gain the trust and business of their community. I have three clear purposes for this article:

Purpose #1: I want to solicit and receive input from you about the future of **CLUB INSIDER**. What do you like? What do you dislike? What would you like to see done in the future that we have not done in the past? And so on...

Purpose #2: I want to stimulate you to actually ask these two questions of yourself, so you may advance your career and personal life. It's pretty simple, really.

Purpose #3: I want to write to you about our industry **Family**.



Club Insider World Headquarters, IHRSA 2012: March 15th and 16th, 2012

The real answers to these two questions could be very illuminating for you and your career. Don't be fooled! The answers to these questions are not nearly as simple as they might appear. The questions and their answers also have multiple applications in our business and personal lives.

The answers to these two questions may serve as input for you as you move the rudder guiding your life: left, right, or straight ahead. From the perspective of **CLUB INSIDER**, my goal is to receive feedback and guidance from you about the direction we will take this publication as we finish our 19th year of Publishing this coming November.

Importantly, these two questions may also be recycled as time goes by. The beauty of periodically recycling by asking yourself these questions of yourself later in life, assuming that you're giving (or receiving) honest answers, is that you open up vast doors of clarity for your true purpose in life as time goes by (To assist this process of illumination, there's an excellent book by Rick Warren entitled, *A Purpose Filled Life*, that you might want to read).

Sadly, there are millions and millions of people around the world who live their entire lives without a clear, articulated purpose and path to follow. The truth and reality of this statement is glaring and sad. DON'T BE ONE OF THEM!

The CLUB INSIDER Survey

So, while I have this opportunity to pursue clarity and redirection in my

CLUB INSIDER business life, I want to take advantage of it. That's why I've produced the survey that appears at the end of this article on **Page #7**. Please take a few minutes to complete the survey by going to www.clubinsideronline.com/survey. Or, cut out and/or photo copy the survey printed on **Page #7**, fill it out and send it to me via the U.S. Mail at the following address:

CLUB INSIDER
 P.O. Box 681241
 Marietta, GA 30068-0021

With your help via feedback on the survey, I intend to huddle with my son, **Justin**, to discuss how we can improve **CLUB INSIDER** for you pursuant to your input. However, please note that while we will sincerely appreciate your kind input on the survey, there may be things you suggest that we just can't do, for a variety of reasons. But, I pledge that we will carefully study and consider your input, and to the extent possible and affordable, we will employ your ideas.

Now, before we get to the survey, I want to write briefly to you about my favorite subjects: **You and our family**.

You and Our Family

We in the health and fitness club industry are an ever-growing family; however, we're not always a happy family that's always in complete agreement. We are a family, nonetheless, though.

(See *Insider Speaks* Page 7)



(L to R) Sandy Coffman, Joe Moore and Ray Gordon

... "Insider Speaks"

continued from page 6

For a successful future, our family must conduct our club business operations in a manner that reflects well on our entire family. One black sheep bad actor club owner in our industry can set back the future of our industry for thousands of clubs. I strongly argue here that such bad actor family members in our industry --those who are ethically and legally challenged-- really diminish the reputation of our industry for everyone. Take, for example, the sad story of the recent Bankruptcy of John Cardillo's 25+ club Premier Fitness chain in Ontario, Canada and the multiple back office offenses for which Cardillo's Premier Fitness operation has been charged with and fined. The bad reputation that Premier Fitness has left in the minds of the people in the Ontario, Canada marketplace will cause lost membership sales revenue for years by all of the clubs in that market!

It's important for all of us to know, and acknowledge, that our family has a truly important purpose worldwide, and that purpose gets bigger everyday. Our family will continue to save hundreds of thousands of lives in America and around the world every year. Our family is going to change governments around the world. Our family is going to make a huge difference in making a tough world a much better world.

Since we can't all sit down for Thanksgiving or Christmas Dinners together and discuss our personal and business lives, alternatively, our family can connect through CLUB INSIDER. In case you don't already know, CLUB INSIDER is different from all other publications. CLUB INSIDER is different because of you, the people, who have our back. CLUB INSIDER stands strong on important issues for this industry because of people like you who stand strong with CLUB INSIDER to support this cause.

All of us in this industry should know full well by now that *our clubs must have good reputations in their respective marketplaces to be successful*. That's because the **TRUST** generated by a good industry reputation makes people comfortable entering our club doors to do business with us. Our club businesses require consumer **TRUST** in several areas of expertise. Consumers must be able to **TRUST** our industry to have experts in teaching exercise and nutrition. Consumers must be able to **TRUST** us to be qualified to help them safely master regular exercise and help them achieve the end result they seek from their exercise, **their own personal fitness**. Consumers must be able to **TRUST** our industry to have experts in all areas of operations. Consumers must be able to **TRUST** our clubs to operate with ethical behaviors by all club employees in day-to-day operations. Consumers must be able to **TRUST** our clubs to provide

experts in the clubs' back office operations, where our customers have trusted us with their financial data. Consumers must be able to **TRUST** that we are experts in making the club experience one that causes the member to look forward to returning often. Consumers must be able to **TRUST** US if we want business success. It's as simple as that.

Our industry, as a family, has a potential future the likes of which very few of us have yet to fully comprehend. For those of you who were not there, over 10,000 of us from over 60 countries just attended the world's greatest health and fitness club convention and trade show held at IHRSA 2012 in Los Angeles, March 13 - 17th. This event was and will continue to be the best networking and expertise-building event of the year anywhere, every year. If you were there, you already know this event is the single most important networking and learning event of the year in our industry. Yet, there are those who've not learned the value of IHRSA, both to our industry, and to America's future. That value is plain for me to see, but as IHRSA's 1st President and Co-Founder in 1980/81, I'm a bit biased.

If you're as happy as a lark to have the job in our industry that you have, to be who you are doing, what you're doing and you look forward with great anticipation to going to work, then you're among the very small, fortunate minority of Americans who can say they do **LOVE** their work. Fortunately, that's something that the vast majority of us in our industry family can say. To say that we're very lucky would be a major understatement. If that's you, I say Hooray! If it's not you, I simply say without equivocation: **Move on and find something that you really love to do!** You will someday thank me if you do. *Your old and new bosses will, too!*

If you do know who you are, and why you're here, then you're way ahead of the game. If you don't know, then it's important that you remember these questions: **Who am I? Why am I here?** and that you think about them everyday until you find the answers. You'll be glad you did! So will I!

Now, check out the **Survey Below**, and why not write up your own survey for yourself and answer all the questions you can come up with. The exercise might open your eyes a bit.

(Norm Cates, Jr. is a 38-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now in its 19th 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 770-635-7578 or email at Norm@clubinsideronline.com)

The CLUB INSIDER Reader Survey

1. Are you a **Paid Subscriber** to CLUB INSIDER? _____ Yes _____ No
2. Do issues you receive have **Promotional Copy** printed on the mailing label above your name? _____ Yes _____ No
3. If "Yes," to Question #1 above, approximately when did you subscribe?

4. What is your job in the health and fitness club industry?

5. What is your favorite part of CLUB INSIDER?

6. Do you read our CLUB INSIDER cover stories completely each month? _____ Yes _____ No
7. Which medium do you prefer to receive and read each month? _____ Print _____ Online
8. What other industry publications do you receive *and read* each month?

9. Compared to other industry publications, please rate CLUB INSIDER on a 1 to 10 scale (please circle one): 1 2 3 4 5 6 7 8 9 10
10. CLUB INSIDER serves as a "Club Business Watchdog" in our industry. Do you support CLUB INSIDER and stand with us in our efforts to expose unethical or illegal operators, or do you object to this aspect of the CLUB INSIDER Mission? _____ Yes _____ No
11. What do we do with CLUB INSIDER that you like?

12. What do we do with CLUB INSIDER that you dislike?

13. What would you like to see us do with or add to CLUB INSIDER?

14. Please use the following space for specific comments to us:

15. **Optional:** What is your name and contact information so we may follow up with you?

Please Mail to:

CLUB INSIDER
P.O. Box 681241
Marietta, GA 30068-0021

Or Fax to:

(678) 826 - 0933

Or, to complete this survey online, go to www.clubinsideronline.com/survey

...Norm's Notes

continued from page 4

DAVID PATCHEL-EVANS, DAVID HARDY and CHUCK RUNYON, as they've finished their Board terms and leave the Board on July 1st. Thanks for your Board service, folks!

•**Congratulations** also to incoming **IHRSA Board Members: MOLLY KEMMER** of Lakeshore Athletic Club, Broomfield, Colorado; **MARK STEVENS** of Houstonian Clubs and Spas, Houston, Texas; and **ERVIN ZUBIC** of Lifestyle Family Fitness, Tampa, Florida.

•**Congratulations** to my friend and the founder/owner of the Gainesville Health and Fitness Clubs (3) in Gainesville, Florida, **JOE CIRULLI**, as he will be honored in Las Vegas this Fall with Club Industry Magazine's Lifetime Achievement Award! Joe is one of the all-time greatest club owner/operators to ever live, and he's even found time to serve IHRSA as a past Board Member and the 20th IHRSA President. Mark your calendar for October 10 - 12th, 2012 for the Club Industry Show where the Keynote Speaker will be **JOHN DiJULIUS**.

•**SKUNK ALERT!** I find it very interesting to note here that one of **Les Mills International's** own regional leaders, **BRYAN O'ROURKE**, partner of **ROBERT DYER** in the company they call Fitmarc, is suing **Les Mills International (LMI)** because **LMI is promoting a multi-level marketing scheme through a company called BeachBody.com to consumers that's competitive with and detrimental to your club business!** The

BeachBody.com offering of the Les Mills Pump DVDs is direct competition from LMI with their very own LMI clients across the country.

So, get this... For some reason, LMI feels it's perfectly fine for them to be selling their Les Mills Pump training program, along with the necessary hardware, barbells and plates, via BeachBody.com to American consumers for a 30-day trial for just \$14.95! As clearly shown on the BeachBody.com website, Les Mills International is essentially **taking health club members right out of your clubs** with the following announcement on their website promoting their new multi-level marketing Pump workout scheme: **"Now, for the first time ever, you can get in the best shape of your life at home with the complete LES MILLS PUMP workout system."**

Let me be clear here. There are hundreds of club owners, and perhaps you're one of them, who are paying expensive program fees to Les Mills International for their group exercise program training and marketing. Does it bother you that your very own group exercise programming provider, Les Mills International, at the same time they are collecting money from you, is peddling their Les Mills Pump DVDs (which is the very same program they are licensing to you!) and the necessary barbells and plates to American consumers, some of whom just happen to be your very own members? To me, such a move *stinks like an angry skunk! Such an offer makes your members much more likely to cancel their membership with your club. In the ultra-competitive commercial health club industry today, it seems to me that Les Mills International is way out of line with what they are doing.*

Every time one of you club owners writes a big check to Les Mills International for their Group Programming services, you, at the same time, are *feeding a new competitor of your club(s), Les Mills International online Pump program on DVD.* I'm in the process of acquiring this lawsuit from the public record, and I expect to have an update for you on it by next month. However, in the mean-time, I've learned that the lawsuit Plaintiff, Fitmarc (Bryan O'Rourke), is seeking an **Injunctive Hearing in U.S. District Court** for the purpose of *immediately stopping LMI from continuing this unfair competition with their very own customers, the club owners who buy their program and training, etc.* Bryan O'Rourke had no comment when I contacted him about this lawsuit, but if you go to www.BeachBody.com, you will see the **Les Mills Pump Program** offered right there in their **Home Fitness Programs** section for consumers. **Stay Tuned!**

•The 2012 IHRSA Convention and Trade Show kicked off with a **BIG BANG** this year when **DARON ALLEN** and his **Visual Fitness Planner Team** co-hosted one of the very best seminars of the 31st annual convention with **SCOTT JOHNSON** and **In Touch Follow-up!** Daron put together an *absolute powerhouse panel* to discuss **The Next Big Thing** in regards to generating revenues for your club. The panel included **DAVID PATCHEL-EVANS** of Goodlife Fitness, **BRYAN O'ROURKE** of Integerus, **JAMIE NELSON** of Vertical Fitness, **MARK MILLER** of Merritt Athletic Clubs, **RICH DRENGBERG** of Gold's Gym - LA, and **ROB RHETMAN** of The Rush Health and Fitness.

Daron informed me that every single one of these panelists is a *great customer of Visual Fitness Planner*. The panel discussed *trends in social media for 2012, ideas on how to generate revenues and ways to leverage technology*. The general theme was that technology is not only here to stay, but it's now essential to embrace in every aspect of your operation or you will be left behind. The seminar drew what appeared to be the biggest crowd of the day at nearly 450 attendees with standing room only.

Daron said, "I have always had a passion for the industry, and with that, I always want to provide great value in any session. This seminar was a great opportunity for Visual Fitness Planner and In Touch to provide amazing insight and education through our panel of customers. We highlighted several of our seven new products during the seminar, but the purpose was to provide *value to the attendees... and the panel absolutely delivered!*"

•**JOHN AGLIALORO**, **Chairman and CEO of Cybex**, had a big smile on his face at **IHRSA Los Angeles** for a lot of reasons, and my bet is two of those were that, not

long before the show, he had successfully negotiated a settlement of a personal injury lawsuit settlement for \$18 million after the Court had awarded the Plaintiff a \$60 million judgment. This triggered a jump in the Cybex stock, thus the smiles on Mr. A's face (**See Article on Page 21**).

•**Congratulations** to our friend, **MIKE MINTON**, as he's been named the **Small Business Person of the Year** in Texas by the **Small Business Administration** (**See Article on Page #3**). In May, Mike will be heading to Washington, D.C., where he will be vying with other State winners for the **National SBA Small Business Person of the Year Award!** Best of luck, Mike!



Mike Minton

•**MIKE GRONDAHL**, the head man of **Planet Fitness**, announced last month that some **Planet Fitness Franchisees** had established an independent franchise association. In response, **Planet Fitness' Management Team** started a company-operated franchise association at no charge to franchisees. I hope to have an update on those developments next month, so **Stay Tuned!** Also, it was nice to see **Planet Fitness' glossy ad** in the program for **Augie's Quest 7th Annual Bash!**

•**JOHN CARDILLO**, Founder and Owner of **Premier Fitness Centers**, a chain of 25 upscale fitness centers in the **Ontario, Canada region**, has filed for **Chapter 11 Bankruptcy** for the company. Cardillo, a former award-winning body builder and 25+ year health club industry veteran developer, owner and operator, has often been under fire as local TV and other news outlets have produced exposés of his company's alleged illegal activities in their back office. The heat came because, during his career, Cardillo allegedly ran his back office operations in such a manner as to collect untold numbers of consumer complaints. In 2004, the chain faced a fraud investigation from Hamilton police over allegations that Premier clubs routinely withdrew money from accounts of people who had canceled their memberships. Cardillo's company was also allegedly dealing dirty with its own employees. There were lots of complaints by (**See Norm's Notes Page 10**)

...Gold's Gym

continued from page 3

Gold's Gym's network of 700 gyms in 43 states and 30 countries. For Gold's Gym members, plans are being developed for a tiered membership option that would allow access to former Spectrum locations.

"We're confident that our members and our employees will be in good hands and will continue to enjoy the high level of service they've come to expect from us," said Bud Rockhill, Chief Executive Officer of Spectrum. "We think it's a great fit and that the transition will be seamless. This deal will allow us to strategically invest in our 12 Spectrum locations in Southern California, a business that we will continue to operate going forward."

Spectrum members will now be serviced by a strong ownership group with years of award-winning customer service experience. GGI is one of the largest and most respected companies in the fitness industry. Founded in 1965, the company has more than 47 years experience delivering life-changing results

for its members and is universally perceived as an authority in fitness.

In addition, GGI has invested heavily in club enhancements and development in recent months. This includes investing more than \$20 million in club improvements, new gym development, franchise growth and acquisitions, all of which demonstrate the momentum behind the company. The company plans to build additional gyms in San Antonio.

"We are very bullish on San Antonio. It has truly become a fitness-conscious city in recent years, and the demand for health and fitness services has grown rapidly," continued Snow. "This acquisition is a testament to our enthusiasm about the city and its potential. San Antonio is now the biggest market in our corporate portfolio and the second biggest Gold's Gym market in the country, right behind Washington, D.C. We look forward to growing with the San Antonio community for years to come."



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...Norm's Notes

continued from page 8

employees who alleged that they had not been paid as promised by Premier Fitness.

In January, 2012, a judge in Brampton fined the company, and director **NEIL PROCTOR, \$130,000** after they pleaded guilty to violating the **Employee Standards Act**. Those charges came from complaints by 38 *Premier employees* stating that the company hadn't paid them wages *totaling \$75,000*. Two weeks after receiving that fine for short-changing employees, Premier Fitness Clubs went into receivership. The complaints were

filed between June, 2009 and September, 2010 and prompted a Ministry of Labor investigation. Additionally, in 2007, Premier Fitness was **fined \$200,000** by the **Competition Bureau** over alleged misleading promotions that claimed to offer free 30- to 90-day memberships.

With Premier Fitness now in receivership, BDO Canada has been named the receiver, authorizing the firm to manage Premier's business alongside **PM Management Systems, Inc.**, the company that took control of Premier's assets late last year. **CLUB INSIDER** has learned that in January, 2012, PM Management took over 25 Premier locations, rebranding them

as **PhysioMed Fitness**, a *chiropractic services company*. But, before the two companies could finalize their deal, a long list of Premier's creditors, including landlords, utility companies and the **Canada Revenue Agency**, intervened, complaining they hadn't been paid. **Stay Tuned!**

• **OCTANE FITNESS** has promoted **DAN KENNEDY** to **Director of Commercial Direct Sales** and added **KURT PARKER** as **Commercial National Accounts Manager**. Best of luck to Dan and Kurt!

• It was so nice to see my long time friend and **CLUB INSIDER** Subscriber from Japan, **MR. TOSHIKAZU SAITO, Chairman of Japan's Renaissance, Inc.**, **Mr. Saito** tells me that **Renaissance now has 100 clubs!** Best wishes Mr. Saito, and thanks for coming to IHRSA 2012!

• A Tribute to **SANDY COFFMAN** by **HOWARD RAVIS**, former **Club Industry Conference Manager** follows. First, let me admit that I messed up and failed to contact Howard for comment last month for Sandy's cover story, even though she had placed his name on her list. So, Howard contacted me, and I asked for his comments for this edition. Howard wrote:

"I was delighted to see your most appropriate and well deserved tribute to Sandy Coffman in last month's issue. And, if I may, I'd like to add some of my remembrances of this remarkable woman, whom I consider to be one of my dearest friends. I first met Sandy when, as the Club Industry Show Conference Manager, I booked her to speak at the first Club Industry show in 1986. Through my tenure in this post, which ended in 2006, Sandy was one of only two individuals who spoke at every Club Industry show. In the succeeding five years, I believe she achieved the status of being the *only person ever* to speak at every Club Industry show! It is an accomplishment that illustrates just how vital a part of this industry she has been. Over the past 25+ years, I have many fond memories of Sandy, both personal and professional... her warm and infectious smile... her exuberant personality... her caring nature... her many, many talents... her incredible communication skills.

Ah, yes, her communication skills. I vividly recall the time we were both speakers at an Italian fitness conference in Milan, Italy. Neither of us spoke much Italian. For me, it was a struggle to get my message across to the audience, hoping that they could understand at least some of what I was saying. Sandy had no such problems. Her communication skills crossed all language barriers, and the audience was with her from the start, reacting and cheering from the get-go as she bounced across the stage. My favorite Sandy experience? It occurred about 20 years ago in **Long Beach, California** during a Club Industry show. She and I were sitting in the first-floor lounge of the hotel when an



(L to R) Sandy Coffman, Michael Pribil and Helena Schwaskupt at Sandy's Last Seminar

earthquake struck. Amazingly, neither of us felt a thing. When someone asked Sandy about the earthquake, she smiled and said, 'When I'm with Howard, the earth always moves!' So, tell me, how can I *not* love this woman!"

Howard, thank you for sending these comments about Sandy. So you know, we all miss you at the Club Industry shows every year! The next one is in Las Vegas. Why don't you come and see your friends and have some **FUN!**? Check out the photo of Sandy above, as she receives a **farewell gift** from **HANS MUENCH**, delivered to Sandy at her last IHRSA training session by **MICHAEL PRIBIL** and **HELENA SCHWASKUPT**.

• **JEFFREY RANDALL**, Owner of **JLR Associates**, and my friend, told me in **Los Angeles** that he was looking for three women to fill job openings he has for experienced multi-club operations and sales managers in **Los Angeles, Miami and Boston**. So, check out Jeff's **JLR Associates Ad** on **This Page** and get in touch with him ASAP if you're interested and qualified.

• Congratulations to my long-time friend, **JOHN DOYLE**, as he was honored by IHRSA with its **DALE DIBBLE Distinguished Service Award** (See Cover Photo). There is no better choice for this honor. However, John will tell you that his wonderful wife Jan, deserves equal credit and to you, Jan, I also say, "Congratulations, because were it not for your vision and hard work with John at Belmont Athletic Club, he wouldn't be holding that nice glass trophy!"

• Congratulations to **LINDA MITCHELL**, **Director of Marketing, Public Relations and Charitable Giving** at the recently hugely expanded **Newtown Athletic Club** in Newtown, Pennsylvania, as she was honored by IHRSA with the **JULIE MAIN Leadership Award**. Linda brought her own cheering section, who greeted her introduction with great energy and loud cheers! Check out **Page #29**.

• Congratulations to **TRINA GRAY**, (See Norm's Notes Page 12)

JLR Associates Announces the placement of Chris Brown Social Media Director Train Boston

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...Norm's Notes

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as her **Bay Athletic Club** in Alpena, Michigan was honored by IHRSA with its **Community Service Award**.

• **Congratulations** to the folks at **Polar Electro**, as they were named **IHRSA's Associate Member of the Year!** **VESA TORNBERG**, **Director of Marketing** and **JESSE HARPER** accepted the award on behalf of Polar Electro.

• **KEITH ALBRIGHT**, formerly with **Gold's Gym International, Inc. (GGI)** in franchise development is now with **World Gym International** in the same capacity. Best of luck at World Gym, Keith!

• **Correction:** On Page #4 of Norm's Notes in our **February Edition**, I wrote, "Plus Bernie, if you prove me to be wrong again, and do get involved in future activities that need my attention, please do understand that even though I don't enjoy this aspect of my job, *I will be back.*" **It should have read**, "Bernie, I know your activities in the future won't need the industry's attention. I'm glad of that. I again want to emphasize to everyone that I don't enjoy this aspect of my job, but I'll continue to watch the industry carefully on behalf of everyone."

• To close, I've got to tell you a funny story. To say that the venue at LA Live, where IHRSA 2012 took place, was a bit spread out would be an understatement. On the third day of hiking that concrete at what I would estimate to be at least 4 or 5 miles a day, I was trundling along on my way to a party in the JW Marriott in the evening. As I was walking along, I was thinking in my weary 66-year old mind how doggone **Rode hard and put up wet** I was. I actually was. Let me point out that I have been dealing with leg injuries for the past year and had not been doing my normal 3 to 6 miles a day walking that I'd normally done for years (I actually walked over 9,000 miles from 2000 to 2008!). Plus, once again, I am sad to say I've gained back more weight than I would like or will continue to tolerate. So, for you all that were there, I sincerely apologize for my *"eye-pollution"* that I caused you! LOL! I digress. So, I overheard a comment from a young man walking along beside me who said to his buddies, "WOW! I've walked miles and miles, and my feet feel like they are going to fall off!" I turned to the kid, and laughing, I asked, "Dude! How *OLD* are you?" He said, "I'm 18." I then stuck my hand out to shake his hand while I said, "Man... I'm 66 years old and have been walking my big ass off, too, and I'm about to drop! So, I just want you to

know that you've **MADE MY DAY** with your comment just now! Thanks!" We all laughed and kept on walking to the next party. What a great time for our industry IHRSA 2012 was!

• **Some** may not know that **CLUB INSIDER** is a **Paid Subscription-based Publication**. Are you a **Paid Subscriber**? If the words **PROMOTIONAL COPY** appear above your name and address on the cover of this month's edition, you *are not a Paid Subscriber* and are *not* enjoying the *full benefits* of a **Paid Subscription** to **CLUB INSIDER**. Don't delay, subscribe today by going to www.clubinsideronline.com/subscribe.

• **God bless** all of **our troops**, **airmen**

and **sailors** and keep them **safe**. **Congratulations** and **Welcome Home** to all of our troops who served in **Iraq** and have now come home! **God bless you and your family, your staff, your members and your club(s). God bless America!**

(Norm Cates, Jr. is a 38-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now in its 19th 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 770-635-7578 or email at Norm@clubinsideronline.com)

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...IHRSA Los Angeles

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Joe Moore also commented on Monday, March 19th, "Hey Norm, the big story is how great the show was. Since IHRSA is owned by the members, the pirates are hurting the people who they want as customers. Stupid of them." Joe also commented in a March 19th email to me that, "I didn't mention we are verifying the attendance numbers now, but it is safe to write we beat last year." As I wait for those numbers, I recall the 2011 IHRSA Convention and Trade Show attendance in San Francisco was well over 10,000.

IHRSA's outgoing Chairman, Dr. Art Curtis commented on his IHRSA experience as a Board Member and Chairman for two years: "Norm, my service as a Board Member, and my two terms as Chairman, have been one of the most rewarding experiences of my 35+ years in the industry because of the people who I have gotten to know and work closely with over these past six years. I have had an opportunity to get to know and work closely with Joe Moore and a number of the IHRSA staff. We are fortunate as an Industry to have such a talented and committed group of individuals operating our industry trade association. I have also had the opportunity to work with and serve on the Board with a group of industry leaders who have given freely of their time to advance the industry that we all love. Finally, I was able to meet and get to know so many industry leaders from around the world. These are relationships that I value greatly and are one of the things that makes Board service so rewarding. I look forward to continuing to serve the industry at the conclusion of my board service."

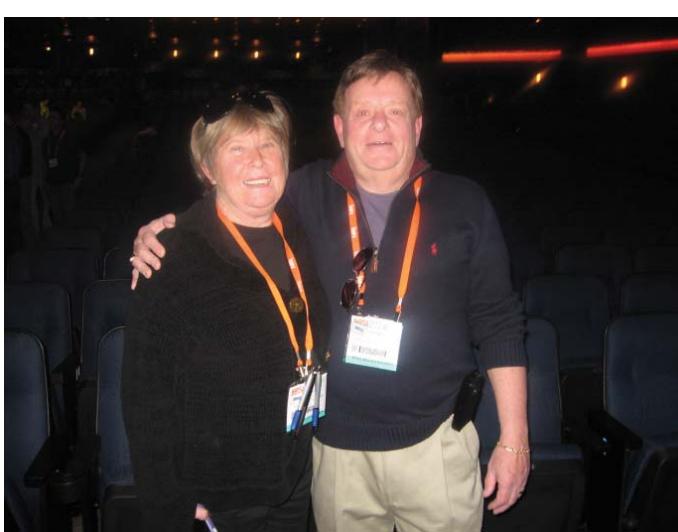
Regarding the LA Convention and Trade Show: "I thought the event was spectacular on many levels. The energy of the LA Live venue was outstanding. Our

keynote speakers were fantastic. Each of them had messages that should resonate with everyone and can be acted upon as we return to our clubs. I have also heard very positive feedback about many of the educational sessions conducted during the convention.

The Trade Show was the largest we ever had, and from the feedback that I have received from suppliers, they were thrilled with the activity they saw on the trade show floor.

Finally it was very gratifying to see the industry's ongoing support for Augie's Quest. Augie continues to be an inspirational leader for all of us. The \$1.4 million raised at the Bash is a testament to both Augie and a great industry that cares about helping people."

IHRSA's incoming Chairman, Bill McBride commented: "This year's IHRSA conference and tradeshow was simply a stellar event representing the best and brightest our industry has to offer. The alignment with keynote speakers and session speakers may have been the best I've seen in my career. The tradeshow was represented by our valued Associate Members, vendor partners and equipment manufacturers and was impressive to say the least. We thank all of our Industry Suppliers for making this a progressive and growing industry. I believe Joe Moore as President, Art Curtis as Chairman, the IHRSA staff and our valued member leadership have done a wonderful job in positioning the organization for the future. I'm honored to be elected by my peers to serve this Association and Industry as Chairperson of IHRSA (beginning in July). I look forward to working with our Members, Board and Staff to Protect, Promote and Grow this wonderful community. It's all about Public Policy, Activity/Health Promotion and sharing for growth and innovation. Together, the IHRSA community can indeed change the world! We have a great 'Why!'"



Roberta and Lloyd Gainsboro, Founders and Owners of Dedham Health and Athletic Complex



(L to R) Bruce and Johanna Carter, Sandy Coffman, Casey Conrad and Dr. Kevin Steele

Joe Moore's State of the Industry Report

Joe Moore provided a 30-minute *State of the Industry* report at the IHRSA Opening Session, and it had some excellent numbers to support Joe's assertion that the "State of the Industry" is "Strong!" Among other things, Joe mentioned the following in his speech:

- The Industry Defense Fund needs your support. Your contributions protect your club business, promote your business and promotes the industry.
- The industry blew the doors off the former goal of 120 million members by 2010!
- Via the IHRSA Library, you have access to great resources, including: 2011 Global Report, 2011 International Report on Size and Scope of Markets and the 2011 Profiles of Success.

Joe also provided some encouraging numbers that, given the recession and ongoing very slow recovery, were remarkably good overall:

- U.S. Membership was up to 51.4 million by the end of 2011.
- Industry revenues are up to \$21.4 billion!
- Annual visits to clubs hit an all-time high of 104.5 visits per member.
- The industry has grown for seven straight quarters, a remarkable feat given the economy.

Joe also shared some figures from IBIS World, an Industry Research Report company that provides powerful business tools for strategic insight and analysis on over 700 U.S. industries. **IBIS World** stated:

- The health and fitness club industry has remained remarkably resilient.
- The health club sector will grow 2.8% each year through 2017.
- Personal training revenue will increase at an average annual rate of 3.8%.

- Pilates and Yoga studios will post annual growth rates of 5%.

From Harvard, Joe reported, "Every dollar spent on wellness programs saves \$6 in medical costs and productivity."

Joe closed with, "What is the "State of the Industry?" **Strong!**"

**IHRSA 2012
World Class Keynote Speakers!**

The next stop for this review is a summary of the three excellent IHRSA 2012 keynote speakers.

The first Keynote Speaker, William Taylor, Founder of Fast Company (which, by the way, he sold for \$346 million after just six years), was just terrific. His presentation was entitled, *Practically Radical: Transforming Your Company and Challenging Yourself*. Of particular note to me were his comments about the three key things you must do to build a great and enduring brand, a "brand of the future," says Taylor. They are (1) Offer something that's hard to come by; (2) Your product must embrace a big idea; and (3) Your product and business must be intensely human, in tune with the people. Thinking about those particular comments since I heard Taylor speak I've concluded that our brand, **CLUB INSIDER**, has nailed all three! Not only have we nailed each of the three criteria Taylor mentioned, we've done it consistently for 19 years and 4 months as this is our 219th monthly edition!

The second Keynote Speaker was Simon Sinek, Founder of Simon Sinek, Inc., and Author. Simon talked about what he refers to as the "Golden Circle" and great companies like Southwest Airlines, Lexus and Apple. He explained that those companies work from the center solving the "Why?" question for business first, while others often focus on the "What and the How" of business. He spoke of the "Tipping Point" of business and how you

(See *IHRSA Los Angeles* Page 18)



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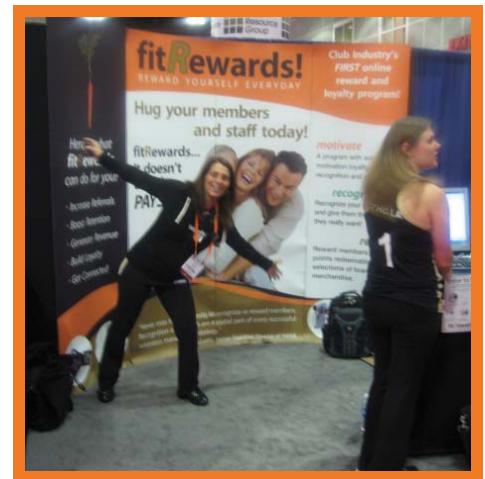
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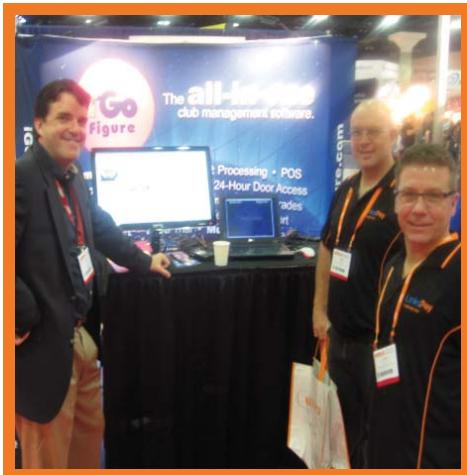
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...IHRSA Los Angeles

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must exceed the 15 - 18% penetration level to ultimately reach much higher true market penetration. Of particular note to me were Sinek's comments about fulfillment in life. He said, and I quote, "Fulfillment is a right, not a privilege. 90% of people are not fulfilled." This comment made me feel like Sinek had somehow obtained an advance copy of my "Insider Speaks" article this month entitled, *Who am I? Why am I here?* because his comments so closely matched the comments that I had written two weeks ago! Sinek also spoke in depth about a topic on which I published a cover story by the same name in August, 2009: **Trust**. So, yes, by the time this second keynote speaker had finished, I started to get a strange feeling that he'd been on our website, www.clubinsideronline.com, studying up!

The third great keynote speaker at IHRSA31 was Guy Kawasaki, Co-Founder of Alltop.com, Founding Partner of Garage Technology Ventures and Former Chief Evangelist of Apple. Guy spoke on a topic dear to his heart, "The Art of Changing Hearts, Minds and Actions." He summarized ten tips to being enchanting, and among those, he included:

•Achieve Likeability

•**Default to "Yes"** - Whenever you have a chance in business, think: How can I help this person?

•**Invoke Reciprocation** - Don't expect, or use as your motivation for reciprocation, an immediate response.

•**Presentations** - Customize the introduction, sell your dream and limit your presentation slides to ten. He then joked that we might be saying "What about you?" in that he had 50 slides. Then, he said, "But, you are not me!" He also suggested that font sizes on your slides should be 30 points. Clearly, Guy Kawasaki, just like William Taylor and Simon Sinek, was a

world class keynote speaker.

I would argue to anyone in this great industry that the IHRSA Keynote Speakers the past two years were worth the price of admission!

Additionally, IHRSA had An Open Forum with the President's Council on Fitness, Sports and Nutrition with Shellie Pfohl, M.S., Executive Director.

IHRSA Award Winners!

Congratulations to the following **IHRSA 2012 Award winners**:

•**John Doyle**, Founder and Owner of the Belmont Athletic Club in Long Beach, California, was honored with the **2012 Dale Dibble Distinguished Service Award**. What a great guy John Doyle is! He and I served together on both the last National Court Club Association Board of Directors and the first IRSAs Board of Directors (Yes, it was IRSAs then!). A past **CLUB INSIDER** cover story about John and Jan Doyle's conversion of the Belmont Movie Theater to the very special Belmont Athletic Club 32 years ago is truly a heartwarming story. The Doyles and their Belmont Athletic Club are true assets to the Long Beach community. Congratulations John and Jan! Our good friend, the late Dale Dibble, surely is smiling down on you both right now!

•**Linda Mitchell** is the Director of Marketing, Public Relations and Charitable Giving for the Newtown Athletic Club in Newtown, Pennsylvania. The Newtown Athletic Club was featured as **CLUB INSIDER**'s May 2010 cover story. Linda began in 1981 as the Group Exercise Director. A 30-year veteran with the club, Linda is so special that the club held a special Linda Mitchell Day! Linda was honored with IHRSA's **Julie Main Leadership Award**. Congratulations Linda!



Linda Mitchell



Trina Gray

•**Trina Gray**, Founder and Owner of the Bay Athletic Club in Alpena, Michigan was honored by IHRSA with its **Community Service Award**. Trina, an extremely articulate speaker, shared her reasons for success. Trina successfully built and opened her Bay Club in Alpena, Michigan in 2006 and now serves 3,000 members in her community of just 15,000! Check out her website at www.trinagrayfitness.com to find out what she and her club are all about. Congratulations Trina!

•**Polar Electro** was the IHRSA **Associate Member of the Year Award** winner. Director of Marketing, **Vesa Tornberg**, and **Jesse Harper**, accepted the honor for Polar Electro.

The Monster IHRSA 2012 Trade Show Had Vendors Mostly Smiling!

The 2012 IHRSA Trade Show was a true monster, and based upon comments from the exhibitors I spoke to, may have been the best IHRSA Trade Show since IHRSA's 25th Anniversary Trade Show in Las Vegas in 2006! That's a really good thing! Credit and huge kudos go to IHRSA's Tom Hunt and Jeff McNally and their Team for the great lineup of vendors. However, the attendance/traffic on Thursday was better than the traffic on Friday because of guess what? Friday, IHRSA again, in my opinion, lined up too much seminar competition during the afternoon trade show. I repeat to IHRSA, and I will continue to repeat this over and over until changes are made.

The Trade Show exhibitors are mostly Associate Members who pay dues for IHRSA Associate Memberships, and these companies deserve trade show hours WITHOUT conference seminar sessions competing with them during trade show hours. Of note, the Pirates I wrote about, and Joe Moore mentioned, circulating flyers to get people to go to their exhibit that was set up in an offsite location, did

no damage to the trade show at all. As far as this huge IHRSA crowd was concerned, these Pirates weren't even there!

Public Policy Meeting Attendance Same As Usual

It seems that the attendance number of 40 happens over and over for IHRSA's Annual Public Policy Meeting that's held at each year's convention. Highlights of this year's meeting included:

1. IHRSA Board Member, Chuck Runyon, Co-Founder of Anytime Fitness, pledged to contact one club owner per day to request that they get involved and start supporting IHRSA's Public Policy efforts.

2. Chuck Runyon also mentioned that he had spoken to Peter Taunton, Founder of Snap Fitness, and to Bahram Akradi, Founder of LifeTime Fitness, and they had both pledged to get involved in supporting IHRSA's Public Policy thrusts.

3. Ray O'Connor, Co-owner of Wisconsin Athletic Clubs, suggested that IHRSA go to its Associate Member base and seek contributions from them because they have a real interest in the success of clubs fighting off government intervention and legislation detrimental to the health and fitness club industry. Good idea! But, a better idea is for all health and fitness club owners to chip in at least \$100 a year for the IHRSA Industry Defense Fund.

4. Lloyd Gainsboro, Co-owner with his wife Roberta, of the Dedham Health and Athletic Complex, in Dedham, Massachusetts, indicated that he and Roberta had met with 49 State Legislators and showed them how they could achieve \$6.5 billion in savings! Oddly, nothing happened, yet.

5. Kevin McHugh recollects for the group (See *IHRSA Los Angeles* Page 19)



John Kersh and John McCarthy After Another Great Augie's Quest Bash for the Cure Success Raised \$1,452,000!

...IHRSA Los Angeles

continued from page 18

how he had received a phone call from IHRSA's Amy Banham about a Legislator who wanted to change the New Jersey Membership Contracts for health clubs because one of her constituents had a bad experience with a dance studio, not a health club! Kevin recalled how he had met with the New Jersey State Legislator who was proposing this negative legislation, and after explaining to her what was going on, the woman reversed her position and told Kevin she would not pursue the legislation. Moreover, and very importantly, the

Legislator told Kevin she was also going to try to help New Jersey health clubs repeal the sales tax on memberships that had been installed a few years earlier! So, the moral to this story is that Legislators are human, and if you will make an effort in your State to get to know them and explain your industry's need to avoid such negative laws, it can go a long way. Kevin emphasized that "Showing Up" is the key! Way to go, Kevin!

6. IHRSA's outgoing Chairman, Dr. Art Curtis, expressed concern that attendance at this very important meeting held at the convention each year was so low, again.

He said, "It scares the heck out of me to see that we can only get this many to turn out." Well, Dr. Art, I could not agree more, but this attendance is what it is. Importantly, I think everyone that attended can still make a difference by contacting and recruiting just three other club owners in their area to get involved and contribute to this very important cause.

7. Rodney Steven II, Founder and Owner of Genesis Health and Fitness Clubs in Wichita, Kansas, mentioned that in Kansas, "We are through the Senate Tax Committee and on the floor this week," in their effort to repeal the property tax on health clubs in Kansas. **Stay Tuned!**

8. The group was reminded by Helen Durkin that the next IHRSA Legislative Summit in Washington, D.C. would be May 1st and 2nd. The meeting was adjourned.

Rick Caro's 16th Annual Financial Panel

Rick Caro's 16th Annual IHRSA Financial Panel was well attended, as always, with over 200 in attendance. The panel was very upbeat, with projections for substantial merger and acquisition activity. Check out a summary on **Page #28**.

Party... Party... Party!

Just so you don't think this 2012 IHRSA event was all work and no play, let me quickly summarize the party schedule. Of course, there was the Opening Reception, attended Wednesday night by thousands from around the world. Going at the same time was the President's Reception. That same night, there were

several other private parties. Thursday night brought the Regional Reception at the ESPN Bar for what was probably a crowd of 500+ from Regional Associations across the country. The Planet IHRSA International Reception was also held on Thursday night as were numerous parties hosted by the big manufacturers. Then, on Friday night, the biggest party of the them all, the 7th Annual Augie's Quest Bash for the Cure attracted 1,000 and raised a record \$1,452,000 for ALS research for the cure. In short, there was a great deal of FUN for all!

Thanks to All Involved!

To close this report on IHRSA 2012, I want to thank Joe Moore, Team IHRSA, Dr. Art Curtis and the IHRSA Board of Directors for a really great, actually awe inspiring, convention and trade show. An enormous amount of preparation and hard work went into the setup and execution of this event, and I'm thankful for such excellence in the name of this great Association called IHRSA. I also want to ask all of you to mark your calendar for IHRSA32 to be held at the Las Vegas Convention Center, March 19 - 22, 2013.

(Norm Cates, Jr. is a 38-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now in its 19th 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 770-635-7578 or email at Norm@clubinsideronline.com)

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101 Tips for Being a Great General Manager

By: Jeffrey Keller

Everyone likes tips. They're simple, easy to digest, and sometimes for some people, earth shattering. General Managers (and Owners) get so caught up in putting out fires, dealing with employee issues and worrying about making their budget that they forget that even their jobs can be broken down into the simplest of tasks. Below are 101 nuggets to help you be a better General Manager. You may know some of these, or even a lot of these, but odds are you haven't used them in quite some time. So, read, learn and be successful. As always, I'd love to hear your advice. Email me with your nuggets of wisdom.

1. Treat your great employees like gold. They're your best asset.
2. Set the bar high for customer service. Then, show your employees what you mean by living it.
3. Survey your members for expectations. Design programs that exceed them.
4. Consistently read fitness industry journals and magazines for new ideas.
5. Make customer complaints easy to file, and never miss a chance to follow up with the member.
6. Share your ideas with people in different lines of work. They may have great suggestions.
7. Reward those employees who challenge the status quo.
8. When launching a new service, plan, plan, plan, rest and then plan some more.
9. Always have debriefings after seasonal events to learn how to do them better.
10. Never lose sight of your goal. Tailor anything you do to meet that goal.
11. Remember, the "next great thing" may be the "next great failure." Always ask, "Will it help me meet my goal?"
12. Don't just ask your employees what they think. If the ideas are good, act on them.
13. Hire people whose skills complement your strengths, not just those who agree with you or fill the qualifications.
14. Create performance evaluations that link your employees to the facility's goal.
15. Learn about technology, and watch for new trends that will help you.
16. The best-laid plans fail when you don't have the courage to execute.
17. Create milestones for achieving goals, and publicly acknowledge those who contributed most to hitting those milestones.
18. When changing things, employees can tolerate almost any what or how if they know why.
19. If you ask everyone for three suggestions for a problem, never accept two. That's not what you asked for.
20. Use local networking groups to

advertise your services to other businesses.

21. Have an actual marketing strategy. Don't just try to increase sales the way the guy down the street is doing it.
22. Reward members for good attendance. They will refer new members without any other encouragement. It's amazing how giving a free t-shirt will inspire referrals.
23. Send your best employees to an employee-coaching seminar so they can learn how to teach others how to be great.
24. Use multiple media mediums for marketing, not just mailers.
25. Volunteer to write articles for local newspapers and magazines. They may give you free advertising on top of it. At the *very least*, ask for it.
26. At your next networking meeting, ask someone you respect and admire if he or she will be your mentor, even if he or she isn't in the fitness industry.
27. Never let a possible new member leave empty handed. If he or she isn't going to join, then offer a free guest pass or personal training session to get him or her to come back.
28. Create and invest in an amazing New Member Booklet that has several guest passes, some coupons and tips on being successful at achieving fitness goals.
29. Train sales staff to ask questions about a perspective new member's goals. Make sure those goals are recorded and passed on to the Fitness Department. Let the trainers help bring the prospect back in the door.
30. Create small spending accounts for your Fitness Department staff to spend on supplement, smoothie or drink giveaways to clients.
31. Discuss corporate agreements with as many local physicians as possible. Referrals like this have more punch, and you'll know the prospects' hot buttons when he or she walks through the door.
32. Don't be afraid to reward new members who prepay an annual membership. A lot of money is spent each year chasing bad debt.
33. Send a Welcome Letter to all New Members within one week of joining. Make sure it's hand-signed by you.
34. Send a Checking Up on You Letter to all New Members one month after they join. Put a couple of guest passes in with the letter.
35. Follow-up with all New Members six months after joining to make sure they are happy.
36. Review member check-ins to determine those who haven't attended in the last three weeks. Send an email to them encouraging them to return. Members don't value what they aren't using.
37. Sell themed t-shirts to members who attend themed classes like Bootcamp.
38. Give your best local suppliers a free month membership in exchange for their supply suggestions based on their experience as a customer.
39. Don't be afraid to barter for good deals with vendors. Plenty of privately owned businesses still do this.
40. Send Holiday cards or emails to your members with a 1-week FREE pass or link they can send to friends and coworkers as gifts.
41. Create unique, branded gift bags for New Members.
42. Partner with local realtors to bring their clients by for a tour and a FREE smoothie.
43. Host a Charity EXPO with the local chapters of a couple dozen non-profit organizations. Piggy back a free guest day onto the EXPO and collect the contact information of all the friends your members bring.
44. Host a local physician for a free-to-the-public seminar on the medical specialty of the physician.
45. Always remember, people hate to be sold to, but they love to buy stuff.
46. When a New Member joins, that's the best time to ask for a referral. At that moment, the New Member is totally committed and will want to share with a friend.
47. Interruption marketing doesn't work anymore. Permission marketing does. Develop relationships, not just sales strategies.
48. Gain a potential customer's trust and he'll buy almost anything from you.
49. Don't try to differentiate yourself on price. It will just make you and your immediate competition race for who can go the lowest.
50. Customer satisfaction is the bare minimum. Customer loyalty should be your goal.
51. Make sure your Sales Staff knows the characteristics of potential customers who will be coming in the door. This will help them overcome customer objections.
52. Never blame someone, or something else, for not meeting a goal. Be accountable.
53. Carrying business cards may be antiquated, but it's embarrassing to be caught without one. Never leave the office with an empty pocket.
54. Make a full walk-through of your facility at least once in the morning and once in the afternoon. Carry a checklist or notepad to write things down.
55. The best way to sell a New Membership is to be friendly. People like to do business with friends.
56. Encourage your Sales and Fitness Staffs to use Facebook and other similar online services to market themselves to friends and friends of friends.
57. Success in business is not who you know. It's who knows you.
58. Create an infomercial about yourself for networking situations. Rehearse it.
59. When networking, be the first one in the door and the last one to leave.
60. Hold regular feedback sessions to make sure employees are on track.
61. Whether you use the advice or not, ask your staff for it in situations they have expertise in.
62. Never lose sight of your goal. Always think in terms of meeting that goal.
63. Be inspirational. Others can contribute a lot to the success of the facility.
64. Publicly share the credit for successes. Most of the time, you didn't do it alone.
65. Address difficult "issues" not difficult "people."
66. The number one thing you can say to an employee is "thank you." Say it at least ten times a day.
67. Generally speaking, you need to reach a customer on average ten times to make a sale. Use as many possible approaches as you can to stay in front of a customer.
68. Proof read ALL emails. Nothing makes you look more incompetent than grammar and spelling errors.
69. Manage your time effectively. There's plenty of new technology out there to help you.
70. Make a commitment to respond to everyone within 24 hours. You'll be amazed at what it does for your reputation.
71. Over invest in your employees' development. Their growth is as important as your customer's loyalty.
72. If possible, prepay an annual amount for a service rather than monthly installments. Usually, it's cheaper and you won't spend time every month paying an invoice.
73. Get an email address from EVERY New Member. Email invoices and late notices to save on stamps, paper and envelopes.
74. Don't have a staff meeting unless you need a staff meeting.
75. Offer a FREE smoothie coupon for members who go online to your website and fill out a Customer Experience Questionnaire.

(See Jeffrey Keller Page 23)



Jeffrey Keller

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Cybex Announces Lawsuit Settlement... Stock Jumps

MEDWAY, MA - Cybex has announced that it reached an agreement in the Natalie M. Barnhard case that significantly reduced the amount of the damages initially awarded.

The announcement had a meteoric effect on the company's stock price, which jumped more than 100% virtually overnight, shooting from \$.64 to \$1.39, eventually peaking at \$1.55. "Cybex International Momentum Continues, Hits 52-Week High," reported [tickerreport.com](#).

There was also a sharp increase in shares traded, making Cybex one of the NASDAQ stocks recording large volume increases. "Approximately 1,539,300 shares changed hands, a 1,492% increase over its 65-day average," [cbsnews.com](#) reported on February 6th.

"As we move past this lawsuit, Cybex remains a healthy business and a leader in the fitness industry," observed John Aglialoro, the company's chairman and CEO. "We are confident of our future as we move forward with our Cybex team."

In other good news for the company, Cybex has been chosen as

the exclusive equipment supplier for SportHouse, London's newest megaclub and sports training/conditioning facility. Scheduled to open in March, SportHouse has already been chosen as a training site by, among others, British Weight Lifting, the Football Association, the British Handball Association and the England Senior Futsal Team.

Cybex Now Nasdaq Compliant

Other positive news at Cybex includes the announcement by Nasdaq on February 28th that Cybex is now in compliance with all required standards for continued listing on the Nasdaq Global Market. As previously reported, the Company had failed to comply with several Nasdaq listing standards as a result of a product liability judgment, which has since been settled, all of which deficiencies have now been cured. "Cybex is pleased to report that it is in full compliance with the requisite Nasdaq listing standards well before the stated deadlines and in excess of



(L to R) Cybex Chairman and CEO, John Aglialoro, with IHRSA Team at IHRSA 2012

the minimum requirement amounts," said John Aglialoro, Cybex Chairman and CEO. "With these achievements now behind us, we look forward to concentrating our

efforts on continuing to build the world's most innovative and respected fitness products and to bringing value to our shareholders, employees and customers."

Should You Invest in Sales Training for Your Health Club Staff?

By: Jim Thomas

Health club sales training is a must for any fitness facility wishing to secure a competitive advantage in their marketplace. This has always been important, but it's even more important now than ever.

The ability to sell memberships, personal training, etc. is fundamental to success in the fitness business, and the full

effort of the sales team is essential. The health club sales team brings in the revenue that writes the checks for everybody in the gym, from the administrative staff to the cleaning crew and owner. Unless a health club can generate membership sales, there is no revenue, and there is no business.

The only thing worse than training your health club membership sales staff and having them *leave* is *NOT* training your membership staff and *having them stay*.

Here are some thoughts about why health clubs and gyms should consider investing in regular sales training:

•**Improve membership sales and productivity:** Just a 10% increase in the membership sales of one membership rep would offer a quick return on investment.

•**Gain a competitive advantage over other health clubs:** Many fitness facilities do not properly train their membership sales team. Health clubs and gyms that train and invest in their employees are also strengthening their own competitive position. A competitive advantage could mean the difference between success, survival or disappearance. New sales ideas and strategies learned from a proven health club sales training program give your fitness facility a strong advantage against other gyms in your area; even a slight advantage can make all the difference in that next membership sale.

•**Increase employee satisfaction and staff retention:** All want to feel good in their jobs. Health club sales training develops the abilities of membership sales personnel and encourages them to use their natural talents and abilities in the membership sales process. This helps to establish better relationships with guests and members.

•**Confident membership sales staff:** Confidence is a must when it comes to health club sales. A confident membership sales rep feels good about what he does, speaks with authority about the fitness facility's services and products and transfers the same confidence to guests and members. This confidence is crucial in making membership sales and in getting guests and members to join your health club.

•**New creative ideas and inspiration:** Implementing the new ideas and strategies learned in health club sales training makes selling memberships more exciting and simplifies the process. Working in fitness sales should be fun, as well as providing an



Jim Thomas

exciting daily challenge and opportunity. The idea is to create an atmosphere that allows a motivated person to act. Health club sales training will help to do this.

•**Motivated membership sales team:** Membership sales reps are always more motivated when they can see a positive outcome as a result of their actions. This combination of confidence and motivation is a very powerful mixture in any health club situation.

Health club membership sales reps who have the motivation and confidence in themselves will sign up new members who are not only satisfied members but members who will also refer their friends. We all know that there is no better way of marketing your health club than word-of-mouth advertising. We instinctively have more confidence in a fitness facility when it has been recommended by somebody we know. This is particularly the case where the health club we are selling is a more expensive one. For those of you competing against lower-priced competition, this can be the difference-maker.

Now, go get some
health club sales training!

(Jim Thomas is the President of Fitness Management, USA and may be reached at 800 - 929 - 2898)

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GO VIRAL!

...Jeffrey Keller
continued from page 20

76. Keep in mind, good employees leave bad managers, not clubs.
77. Choose your measurements of success carefully, then pay attention to them. Religiously!
78. Categorize your members by zip code or residential development. Research the total households in your market and target areas you seem to not be reaching.
79. Create a member participation incentive program that has a "bring a guest for double points" day.
80. Learn more about yourself. Take the Myers-Briggs Personality Profile quiz. You can find it online for free. You'll learn a lot about yourself.
81. Buy an employee lunch at random and ask to pick his or her brain for ideas.
82. Recite the mantra every day, "It's not what you make, it's what you keep."
83. Hang a dry erase board over your desk to track ideas as they come to you.
84. Spend at least an hour every week strategizing on how to adapt your plan to what is happening in the marketplace.
85. Learn to understand the stock market and the indices. They'll tell you a lot about the economy and what to expect in the long term.
86. Break down the price of a smoothie into the costs of all its ingredients. Standardize the recipe for employees so you know exactly what the profit will be.
87. Statistically speaking, if you make a compelling reason for someone to join your club, approximately 5% will join. Speaking to large groups will maximize your time. A group of 100 equals 5 New Members for an hour's work.
88. Commit to selling the best possible product you can, rather than focusing on providing the lowest cost to the customer.
89. Invest more money in a "pre-qualified" mailing list rather than a lot of money in a fancy mailer design. The list you can keep and use over and over.
90. Rent a CFO once per month or quarter. They can seem expensive, but the amount of money you'll reap in return will be 10-fold.
91. Stop the membership revolving door.

Spend half of what you spent on selling new memberships last year and put the remainder into member retention efforts.

92. Find one of your Front Desk Staff who has a great memory for names and make them Customer Service Liaison. Give him or her a raise to greet every member by name. It will make your members feel great.

93. Ask your website provider for a way to track an email forwarding function for your email blasts. Give members a 10% off coupon for forwarding to a friend.

94. Use a "FREE Download" as a way to get website visitors to sign up for your mailing list.

95. Track the demographics of your members coming in at certain times of the day. Have the desk staff change the overhead music to age appropriate when necessary.

96. Make the effort to personally visit with members. They want to know you're available to comment to.

97. Make an impression. Dress like an executive, with a jacket and tie if necessary.

98. Buy a smart phone and set up a Google account. It's free and you can keep the phone on your hip for reminders.

99. Sign up for multiple email newsletters from marketing and sales consultant websites, even outside the health club industry. Learn what others are doing.

100. Sales is work. Break down the sales process for your staff. Understand their personal performance indicators, then reverse engineer their goals for the day and hold them accountable to them. It adds up.

101. Pay it forward. Help others be successful and they'll help you.

Jeffrey Keller is the Founder of the Independent Health Club Networking Association (IHCNA), a club manager and a speaker on the conference circuit. His experience ranges from hospital-based wellness, to corporate fitness, to non-profit and commercial clubs. He's always eager to help owners and managers in need of advice. You can reach him at jeffrey_keller@msn.com)



iHCNA
INDEPENDENT HEALTH CLUB NETWORKING ASSOCIATION

Sell More With Greater Rapport!

By: Casey Conrad

Whether you are a club operator or a membership salesperson, your goal is to sell more memberships. With the economic and competitive challenges that most clubs face, everyone is looking for that "one thing" that can help them convert more prospects into paying members.

When I'm speaking at conventions, salespeople often request more seminars on "closing" skills. Of course, closing skills are important to sales success. Every good salesperson must know the eight steps to selling memberships, and that includes the basic steps for overcoming any objection. The steps and objection scripts (as well as many other scripts) should be memorized to ensure a good foundation of skills before a salesperson every gets to work with a prospect. This should be a given. It's **Sales Training 101**.

The reality, though, is that with today's savvy consumers, good closing skills will only get you so far. Prospects want salespeople who are professional, know their stuff and are highly personal. Gone are the days of pushy salespeople; success today requires more. Top salespeople have the perfect combination of sales skills and rapport skills, combined with an acute understanding of human behavior and psychology. This article is going to focus on the *power of rapport skills*.

Rapport

Webster's Dictionary defines it as a "relation marked by harmony, conformity, accord or affinity." If you ask a salesperson to define rapport, they usually say things like, "You know, when someone likes you," or "when you are in alignment with someone." Neuro Linguistic Programming (NLP) defines rapport as, "a feeling of commonality," and spends a lot of time teaching therapists about communication styles and matching and mirroring.

Personally, I believe that rapport is all of the above. There is no question that humans have a tendency to like people who are like them, but there are lots of situations where we feel a rapport with someone who isn't like us. In those instances, it is usually some other factor that helped to establish rapport. There are many different things you can consciously do to gain greater rapport with a prospect. Let's outline three of the easier strategies that you can immediately begin using in your sales presentations:

1. Bring up a mutual interest. I mentioned earlier that NLP Practitioners believe that rapport is nothing more than a feeling of

commonality. That is, when people feel they are *like* someone else, there is a greater psychological connection. Think back through your tours. No doubt you have had a time where you greeted a prospect and began to go through the normal qualifying process. There was nothing special that sparked a connection with this person; they were just another tour. Heck, you may have even thought to yourself, "This person is weird, or unfriendly or isn't going to buy." Then, somewhere in the conversation, you discovered that you both went to the same high school and were only a few years apart. Instantly, the tone of the conversation changed (and probably the physiology, too). The tempo picked up, and you began to ask questions about teachers and students that you both may have known. You laughed, you told some stories and it became easier to interact. That one connection changed everything, and the rapport level skyrocketed. Whether consciously or unconsciously, your brain said, "This person is like me."

As simple as it may sound, because rapport is so quickly established when commonality is discovered, your goal is to try and find a mutual interest early in your tours. Now, let me be clear about something; you are *not* going to sit there and drill a prospect with questions trying to find a mutual interest. This is where the understanding of human psychology comes into play. You must discover these things in a natural, almost covert way. Yes, of course you are going to ask questions, but you want to ask them in a way that they are naturally woven into your conversations, not forced. It actually is simple once you put your attention on it. If I see someone driving up in a unique car (or perhaps the type of car I drive), I could say, "Was that you in that Jeep Wrangler?" Or, if you see they are wearing a shirt from a particular event or sports team, you can find ways to mention those types of things. If they discuss past sports activities they played in high school or college, there might be some commonality there.

Bottom line is that your goal is to try and find some mutual interest that can create a bridge to greater rapport. When you put your mind to this it can really impact your closing percentage. Not only will your tours become more interesting and fun but the greater connection with prospects make them feel more comfortable buying.

2. Give them a compliment. I know; it sounds so simple and old fashioned, but it works. The reason is that it taps into a psychological principle called reciprocity. Reciprocity is basically the law of give and take. So, I do something for you and (if your brain is wired with societal norms),

you will feel more compelled to return the favor. What you might not know is that the simple act of giving someone a compliment is a form of giving. Okay, it's not like giving a gift, but when most people are given a compliment, they are conditioned to say, "Thank you," "I appreciate your saying that" or "That's nice of you to say." As small as it appears, the compliment often induces a feeling of reciprocity. I'm not saying that the feeling will compel them to buy a membership --of course not-- but it won't hurt!

Another aspect of the simple act of giving a compliment has to do with the principle of *anchoring*. In psychology, anchoring refers to the feelings one associates towards other people, places and things. If your father made you eat brown beans until you threw up, you would probably have a bad anchor to them (like me). I see brown beans and feel nauseous. Of course, this works in the opposite way as well. If you have a great first date at a particular restaurant, and even though the food is marginal, you have a wonderful anchor to that place.

What is important to recognize in sales is that anchoring happens very quickly in humans. Anyone who has kids knows this. You bring them to the bank, and the teller gives them a lollipop. Now, every time they are in a bank (or even another store that has a similar counter setting as a bank), and they are asking for a lollipop. The opposite is true as well, though. One unpleasant visit at the doctor's office or emergency room, and the next time you have to go, they start screaming before they get through the door! What this means for sales is that you want to ensure that your prospect creates a positive anchor to you and the club. Giving a compliment is just one of the ways you can accomplish this.

One final word of caution as it relates to compliments: Don't make something up, and don't compliment something that probably doesn't deserve it. This will only be seen as a "sales tactic." For example, "Oh, that's such a nice shirt," and it's a blue, button-down oxford! That will backfire.

3. Be a good listener. When some people read this *strategy*, they think, "Well that is so basic, do you really need to mention it?" The answer is a resounding *yes!* There are several reasons why most salespeople need constant reminders about good listening skills. First, the type of personality that is attracted to sales tends to be outgoing, boisterous and a talkative. You can either be talking or listening at any given moment in time. All too often, I see salespeople giving the *bobble-head* tour. This is where the salesperson is doing



Casey Conrad

all the talking and the prospect can be seen just nodding their head throughout the entire tour! Hence the nickname.

In today's fast paced society, where we often don't know the names of our neighbors, many people are starved for human interaction and attention. Many prospects visit the club because they aren't happy with their current state of health and fitness. They want to make a change in their life, both physically (their body) and emotionally (how they feel about themselves). This can be an emotional process and one they need to express. If a salesperson is not *aware* of this and talks too much, then the prospect never feels heard.

We have all had an experience where you were trying to explain something to a salesperson, or maybe a customer service agent. They were *hearing* your words, but you could tell they were not really *listening*. This is aggravating and results in a lack of rapport. You have two ears and one mouth for a reason; you should listen twice as much as you talk!

One great way to discover whether or not you are following this 2:1 ratio is to literally calculate the percentage of time you talk versus listen during an average tour. You can accomplish this in one of two ways. The easiest is to covertly audio record yourself on a tour and then go back and listen to the entire conversation with a stopwatch. Calculate how many minutes you and the prospect each talked. A less accurate but easier way is to have a salesperson quietly observe your entire tour and make rough calculations. Either way you do it, I will guarantee that it will shock you.

The good news is that listening skills can be developed. Being conscious of the goal is the first step. Outlining questions to ask is another good strategy. Practicing eye contact and learning to summarize and repeat back what you have heard to the prospect are also keys. Simple (See Casey Conrad Page 25)

...Casey Conrad

continued from page 24

things like facial expressions and non-verbal signs like nodding help as well because they show you are engaged in listening. The bottom line is that people want to feel heard. When they feel as though someone has listened, they feel better. It's almost like a form of therapy!

By working on your rapport-building skills, you will accomplish two significant things. One, you will develop a stronger sales process, and ultimately, sell more memberships. Two, you will be cultivating better life skills, which can be applied to your personal life as well.

Every day, you meet lots of new people in your work and social life. If you look back over time, what is really cool to recognize is that, when you met your best friend, you had no idea that they would become such an important part of your life. When you have better rapport skills, you approach every introduction to a new person with an attitude of, "Hmmm, I wonder if this person will become a good friend." That makes every interaction a little more fun.

(Casey Conrad, BA, JD, has been in the health and fitness industry for 26 years. She is the author of numerous club sales and marketing products. To access her free sales tips and videos please visit www.HealthClubSalesTraining.com. She can be reached at Casey@CaseyConrad.com)

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Or, stick your head back in the sand and hope your competitors don't read this and beat you to the punch!

Make It Fun!

How to Tap Into the Next Trillion Dollar Industry

By: Donna Krech

The game has changed. Our industry is not what it used to be. Based on my trips to Washington D.C., CDC definitions say we are perfectly set to be the wellness solution that businesses, government and individuals are looking for. You may need to change the way you do business, depending on whether or not you know the five keys to trillion dollar industry success, wellness success, that is.

1. You have to know how to get truly qualified wellness leads, not just from your community, but from your club database as well.

Good news; generate those member leads the right way and you'll know which wellness solutions are being looked for.

A simple survey asks them, "Have you achieved what you thought you would achieve when you became a member of this club?" Give them choices. They may have wanted to lose weight, increase energy, shape their body, feel better about themselves, reduce stress or get help with nutrition or lifestyle. In addition to what you put on your survey, allow them space to share other things they'd like you to provide, things they'd like you to sell to them.

Qualified leads from your club database will increase your income. Remember my summary last month on marketing? Marketing 101 says: Market first to the people who are buying from you, second to the people who once bought from you, third to the people who thought about buying from you but didn't and last to the people who haven't thought about buying from you yet.

But, what do we typically do? We spend our time, effort and money on the fourth group, people who haven't thought about buying from us. I propose that the first key to tapping into this trillion dollar industry of success is talking to our member base and offering them other things for purchase.

When we applied this survey in our facility, we literally doubled our income without ever leaving the building.

2. The second key to trillion dollar industry success is to convert those leads into the maximum sales dollars possible.

Do so by offering the main components to wellness in a system:

A. Weight Loss - Go from charging \$19 a month to \$69 - \$119 a month, depending upon where you are in the country.

B. Nutritional Products - Fitness members should all be purchasing something when they walk out the door, like a protein supplement that helps them keep burning

fat and building muscle. To sell product, simply educate them on the product. Do so when you're talking to them during their workout and during group orientations and, they'll buy product.

C. Wellness Choices for People Visiting the Club - When a person comes to join the club, tell them the other things you have available immediately, wellness choices, and 50% will purchase something more than just a gym membership. They'll purchase another component, too.

D. Wellness Choices Offered to Your Community - Bring the outside in. The government, as well as other businesses, will send you business when they know you offer wellness components. Ancillary sales can go through the roof! People will invest in purchasing something besides the club membership. In our facility, we have programs like lifestyle coaching and stress management where people are investing \$200 to \$440 more a month.

Austin Thomas, who owns *Fitness Unlimited*, a club we're privileged to work with, tells us that these systems are completely transforming his facility. He's a great operator to begin with, so that's pretty humbling because he thanks us all the time. This tells us that what we have isn't just working for us, it's duplicable and others are using our systems successfully, too.

3. The third key is for you to stand out from your competition.

They'll become unnoticeable when you become noticeably different! If you're like me, competitors would open and you'd sweat, thinking, "Oh, no, how do I keep up now?" Well, I learned that you have to stand out, you have to be different. How do you stand out? *Wellness!* Either market a full wellness program, or market pieces of wellness, and you'll stand out.

I assure you, your competition won't be doing it right now; this trend is still new, and it's something you can get in front of... Plus, some of them are simply not willing to change from business the way it used to be. Don't worry too much about them. If they won't change, they won't be there to compete with for long anyway.

4. The fourth key to getting in front of this trillion dollar industry of success is allowing the numbers to talk to you.

Selling for maximum dollars comes as a result of the fourth key. Have a proforma which forecasts the dollars you're going to do and a P&L which shows the dollars that you actually did. Scan your facility 4 - 8 times per day to see how the numbers are doing. If you're watching that (relative to the components of wellness), you're going to be making more money.

5. The fifth key to trillion dollar industry success is being the kind of leader people want to follow.

Are you passionate about wellness? When you're passionate, people want to follow you. When you're watching your numbers, you're passionate because those numbers tell you how to adjust them so you can make more money. When highly qualified leads are coming in, you're passionate because you know you're reaching out and you're touching lives. When the sales are happening, you're passionate because, well, it's a lot easier to be passionate when you're not stressed about money!

Trillion dollar industry success is guaranteed when we're growing ourselves, our teams, our members and our community into all we were created to be. We're not just human beings walking around being human. We're human beings that are supposed to be interacting. We're in an industry where, when we interact with one another, we make more money. Go make people well, my friend, you'll make more money.



Donna Krech

Visit us at www.TotalClubSolution.com for free training videos on how we make money with wellness in our club.

(Donna Krech is the Founder and owner of Thin & Healthy Total Solutions and may be reached at donna@donnakrech.com)

IHRSA Announces Fourth Quarter and Full Year Results

Commercial Clubs Continued Robust Performance in 2011

BOSTON, MA - The International Health, Racquet and Sportsclub Association (IHRSA) announced the release of the IHRSA Index results for the fourth quarter and full-year 2011, which reports the financial performance of a sample of the commercial health club industry. Results from 15 leading U.S. health club companies, representing a total of 511 facilities, indicate increased performance in key metrics. Same-store clubs recorded modest improvements.

"In the fourth quarter of 2011, the IHRSA Index posted strong results for total revenue, membership dues revenue, and non-dues revenue," said Jay Ablondi, Executive Vice President of Global Products for IHRSA. "This marks seven consecutive quarters of steady growth for the Index, demonstrating once again that IHRSA health clubs continue to provide consumers with the health and wellness solutions they crave at affordable prices. We anticipate solid performance to follow in the first quarter of 2012, which is historically when health and fitness services are in high demand and health clubs are at their busiest."

On a quarter-to-quarter basis, total Index revenue improved by 8.4%. Membership dues revenue and accounts grew by 7.6% and 7.8%, respectively. Non-dues revenue saw the greatest increase for the quarter, posting an improvement of 10.1%. EBITDAR grew from a company

average of \$11.8 million to \$12.7 million, an improvement of 7.4%.

For the full year ending December 31, 2011, the IHRSA Annual Financial Index improved performance in revenue, membership dues revenue, non-dues revenue and EBITDAR. Total revenue increased by 7.6% over 2010. Membership dues revenue grew by 6.1%, and non-dues sales improved by 11%.

"Although the robust performance of the Index provides us with a favorable snapshot of the commercial club industry at-large, equally important is the performance of mature clubs," said Melissa Rodriguez, Senior Manager of Research. "Over the fourth quarter and full-year, these same-store clubs recorded modest improvements."

In the fourth quarter, same-store total revenue increased by 1.4%, while non-dues revenue grew by 2.1%. Marginal increases were also noted in same-store membership dues revenue and same-store membership accounts. Same-store membership dues and accounts increased by 1.2% and 0.9%, respectively.

For the full-year 2011, same-store revenue increased a marginal 0.9% over 2010. Same-store membership dues revenue and non-dues revenue also improved slightly by 1% and 0.8%, respectively. Same-store total membership accounts saw a modest increase of 0.8%.

advice, etc.

Small Training Studio... Big Opportunity!

I own a PT studio with mostly one-on-one personal training and a couple small groups, for a total of about 40 clients. I was doing fine but not growing at the pace I wanted. I had been teaching weight loss for awhile, working at Jenny Craig and Nutri-System in the past, as well as teaching behavior modification. I was helping people one-on-one, but I was looking for a sound program that I didn't have to invest the time or money to develop.

I read an article in Club Insider about Thin&Healthy's Total Solution and saw how it was exactly what I was looking for! I didn't have to recreate the wheel, they did all the work for me and I just had to plug in the systems! This program uses real food, it is applicable to real people, and I knew the program would be a great fit for my studio. It has the piece all other programs are missing—the motivation.

I already was aware that many of my training clients would leave here and go to Weight Watchers to get the components of weight loss I was not offering. Also, I found with personal training I was spending too much time and effort customizing programs for each individual client, so the rate of return was not profitable for me.

Since adding Thin&Healthy's Total Solution, I have systems in place that are taking me to the next level of success! Thin&Healthy's Total Solution is a tried and true method. It's not just MaryAnn; it's Healthy Body, Fit Mind and a licensed weight-loss program with a good reputation behind it, so it makes the sales part easier. And it's creating a buzz, which is a sales tool in itself. We didn't have a buzz before adding Thin&Healthy's Total Solution.

My clients are selling themselves and their friends on doing the program. Actually, 1/3 of my clients have already gotten on the program in the first six weeks, after only talking it up internally. I've found that it's easier for my clients to refer their friends for weight loss than for actual training. Now my receivables are building and my referrals are increasing every day.

My clients are all bragging about the support that comes with the Thin&Healthy's Total Solution program. It's really brought a sense of camaraderie amongst the members, and they are seeing immediate results! One member said, "I've been trying to lose weight for 40 years and this is the best @#!* program I've ever been on! It's so easy!"

Thin&Healthy's Total Solution added the whole wellness component we were missing. It's not just the physical part or just the eating part that's helping them

lose weight and keep it off; it's the feeling better about themselves, taking care of themselves part. They are learning to change the things we all do wrong, collectively, as humans.

Small training studios are missing a huge opportunity. When you are smaller like my studio, you can really affect more people faster and more individually. And then your clients are like your little sales people, so you don't even need to hire extra sales people. A smaller studio or gym is the perfect model to add the Total Solution to and be successful. Smaller places need it more than bigger places. It distinguishes us from the big guys. And you big gyms, it's a no-brainer for you! You've got all those people walking around on your floor just waiting to give you money!

As for ROI, on paper I projected myself to lose money the first month because of the added investment of the license and hiring the coaches, but I've actually netted a couple grand! The short-term expenditure of getting started with Thin&Healthy's Total Solution has already come back to me in this first month and I spent zero money on advertising!

Thin&Healthy's Total Solution has provided immediate gratification for me as a business owner. It has re-energized me, which has allowed me to re-energize my clients. X

I think small training studios are missing a huge opportunity. The short-term expenditure of getting started with THTS came back to me in the first month, and I spent zero money on advertising!

- MARYANN MOLLOY



MARCH 2012

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IHRSA's 16th Annual Financial Panel

Moderated by Rick Caro, President of Management Vision, Inc.

The Financial Panel session this year, in particular, was one not to be missed. With more recent transactions in all segments of the industry, the Financial Panel was a most important place for all senior club company executives to gain a financial update and outlook on the club industry. The session was moderated by **Rick Caro**, President of Management Vision, Inc. It was ideal for CEOs, CFOs, club owners, GMs, investors, suppliers and all who are interested in the economy's impact on the changing health club market, both in the U.S. and the UK.

2011 Club Industry's Financial Headlines

Rick Caro led the comments with his annual Club Industry Financial Headlines. Caro's 20-item summary follows:

1. U.S. Economy In Slow Recovery From Recession With 2011 Better Than Previous 3 Years But Nowhere Near 2007 Levels

- 2.** Recession Resilient:
 - Same Store Sales Up Slightly
 - Net Memberships Up Slightly
 - Non-Dues Revenue Up
 - EBITDA Margins Steady, Increasing Over 2009 and 2010. Still Attractive But Less Than 2006 - 2007 Levels
- 3.** U.S. Debt Markets Limited and Hard to Access
- 4.** Overall Industry Membership Levels Increased With Number of Clubs About The Same
- 5.** Number of New Builds At Lesser Rate, Despite More Attractive Landlord Deals
- 6.** Cost of Construction Down. Cap Ex Necessary But At Reduced Levels
- 7.** Some Recent Consolidation In U.S., But More Independents/Studios Trying To Exit
- 8.** Increasing Number of Franchised Clubs
- 9.** A Major Club Deal In U.S. (LA Fitness/Bally) and Few Smaller Deals; A Major Deal In UK (CVC/Virgin Active)
- 10.** No New Major Equity Players Entered Club Industry
- 11.** Small Regional Club Companies Growing
- 12.** No Increase In U.S. Club Ownership By International Companies and Vice Versa
- 13.** No Real Investment By Strategic Partners From Analogous Industries
- 14.** Silver Lining: No Growth By Non-Profits, Hospital Wellness Centers, Parks and Recs - But Some Major University Fitness Centers
- 15.** Diet Centers Still Not Working Alone Without An Exercise Component, But Diet Pills ("Magic Bullet") Are Going Through FDA Approvals
- 16.** No Major Positive Change In Government Influence, HMOs or Corporate or Insurance Involvement
- 17.** More Legislative Pressures From States
- 18.** No Major Exit Stories By Major Companies and Their Investors
- 19.** No Likely IPO Stories In The U.S. Near Term
- 20.** 2012 Looks To Be A Slightly Better Year Vs. Recent Past; Until Unemployment Lessens and Debt Is More Available and Attractive, There Is Optimism For Industry-Wide Improvement but Still Not At 2007 Levels.

The four presenters who comprised this year's Panel each provided a unique viewpoint on the industry and the financial factors influencing it. It had a very upbeat feeling, with projections for
(See *Financial Panel* Page 29)

19% of Gen-Y Americans Were Health Club Members in the 4th Quarter

IHRSA Trend Report Analyzes the Gen X & Y Health Club Consumer

BOSTON, MA - The International Health, Racquet & Sportsclub Association (IHRSA) released *The IHRSA Trend Report: Fourth Quarter 2011 Executive Summary* on February 28th. Conducted in partnership with the Leisure Trends Group, Boulder Colorado, the report examines why Americans join, stay and leave their health clubs. The fourth quarter installment analyzes Generations X and Y (See **Definitions on This Page**) consumer attitudes towards health club membership.

"By examining six months of data, we are able to look more closely at consumer behavior and trends. In the third quarter, we discovered that Gen X and Y are more likely to belong to a health club than any other generation," said Jay Ablondi, IHRSA's Executive Vice President of Global Products. "Fourth quarter results show that Gen Y Americans are the most likely to be former members, while Gen X is more likely to be a former member than the Eisenhower Generation. The IHRSA Trend Report delves into why Gen X and Y are joining, leaving and how club operators can keep and regain these consumers."

For the quarter ending December 31, 2011, 17% of Generation X and 19% of Generation Y were health club members. The following were the top five reasons they continue to use their club:

- Overall health/wellbeing;
- It's in a convenient location;
- To make progress with my personal goals;
- Access to group exercise and fitness professionals;
- To have fun.

"Both Gen X and Y are more likely than Baby Boomers to select 'to have fun' as a reason for remaining a health club member," said Melissa Rodriguez, IHRSA's senior research manager. "Knowing this and the importance these two segments place on access to group exercise and fitness professionals, club operators can consider offering a variety of trendy and entertaining fitness programs, which may go a long way in retaining Gen X and Y members."

Consistent with results from former members overall, cost is the number one reason Generations X and Y cite for leaving their health clubs. "I moved/the location was no longer convenient" was another common reason for leaving, with Generation X more likely to cite this reason than Generation Y.

The *IHRSA Trend Report* for the quarter ending December 31, 2011 also provides insight into the barriers to joining a health club and opportunities for owners and managers in targeting Generations

X and Y. The report is available in PDF format at www.ihsra.org/research free to IHRSA members and to non-members for \$49.95.

Methodology

Leisure Trend Group's Leisure-TRAK tracks behavior in over 240 leisure, travel, sports and recreational activities. This ongoing, quarterly study of Americans (4,000 annual interviews) began in 1989 and gives Leisure Trends Group deep insights into how Americans spend their leisure time. Each quarter, 1,000 online interviews are conducted using scientific sampling and a random online methodology to reach a representative sample of the American population, age 16 and over.

Each quarter, IHRSA commissions the following questions:

- 1.** Are you currently a member of a health club (A dues paying member with a daily punch, monthly, seasonal, or annual pass)?
- 2.** What keeps you coming back to use the health club you currently belong to?
- 3.** Which of the following are personal goals for using the health club you currently belong to?
- 4.** What keeps you from joining a health club now?

5. Why did you leave/quit your former health club?

A disproportionate stratified random sample by census region and gender is used for the study to ensure accurate representation from these subgroups. If necessary, weighting is used to match census data for age. Only Americans age 16 and older are interviewed. Interviewing for the LeisureTRAK is spread over 14 consecutive days in each quarter. The overall results are projectable to the United States population, age 16 and over, with a margin of error of +/- 3.0% at a 95% confidence level.

Definitions

Generation Z: Those between the ages of 16 and 20;

Generation Y: Those between the ages of 21 and 30;

Generation X: Those between the ages of 31 and 45;

Baby Boomers: Those between the ages of 46 and 65;

Eisenhower Generation: Those 66 and older.

...Financial Panel

continued from page 28

substantial merger and acquisition activity.

Matt Shafer is a Partner at Vision Capital Americas, a private equity firm that has a partnership with New Evolution Ventures (NeV), a club company led by Mark

Mastrov and his various brands of clubs.

DJ Belock is a Senior Vice President in Real Estate Investment Banking at Goldman Sachs. This is the first time a senior executive of Goldman Sachs has presented at IHRSA. He is involved in the real estate area of major hotel/resort deals as well as residential developments.

Goldman Sachs did a recent financing for Bally Total Fitness.

Brian Maier is Vice Chairman of Investment Banking and Capital Markets of Wells Fargo Securities. He has provided strategic advice to such clients over the years as Equinox, 24 Hour Fitness, LifeTime Fitness, Carnival Cruise Lines, Heinz and McDonald's.

Mark Harms is Chairman and CEO of Global Leisure Partners, a leading advisory and private equity boutique merchant bank. He led the two largest club deals in



(L to R) Mark Harms, Brian Maier, Matt Shafer, DJ Belock and Rick Caro (standing)

the UK, the buyout of Fitness First, and most recently, Virgin Active.

Thanks to Rick Caro and the IHRSA 2012 Financial Panelists

Thanks to Rick Caro, Matt Shafer, DJ Belock, Brian Maier and Mark Harms for their time invested in preparation, travel and their presentations in Los Angeles. Stay tuned for IHRSA 32 in Las Vegas where the 17th Annual IHRSA Financial Panel will again take place on March 22, 2013.

Goodlife Fitness Honored

GoodLife Fitness was recognized on the Canadian national stage in February with Platinum Status for Canada's 10 Most Admired Corporate Cultures Award. This award recognizes best-in-class organizations across Canada in categories ranging from finance to transportation to fitness.

"As a Platinum Winner of Canada's 10 Most Admired Corporate Cultures Award, your organization represents a legacy of excellence to our program and sets the standard for our current and future winners and nominees," said Marty Parker, Chairman and Chief

Executive Officer, Waterstone Human Capital Ltd.

David Patchell-Evans (Patch), GoodLife Founder and CEO commented on the significance of this award, "Culture is one of the most important factors in building a successful business. At GoodLife, we champion a culture of caring that infuses all elements of our company from associates to members to partners and beyond. It is an honor to be recognized year-after-year by such a reputable organization as Waterstone Capital and their prestigious Board of Directors, as a leader in corporate culture in Canada."

Newtown Athletic Club Big Build Bash Grand Opening of New 12,000 Square-foot Fitness Center Addition

NEWTOWN, PA - The Newtown Athletic Club (NAC) is proud to announce the Grand Opening of the 12,000 square-foot Fitness Center addition on Saturday, February 18, 2012. Over 2,000 guests enjoyed an evening of entertainment, dancing and fine refreshment in honor of the completion of the new Fitness Center. This addition boasts 25-foot ceilings with a floor-to-ceiling glass enclosure and a balcony overlooking the center to allow members to enjoy a view and the largest fitness floor on the east coast.

Local dignitaries along with the club owners, members, builders, planners and designers were present to view and celebrate this amazing space. Congressman Mike Fitzpatrick was in attendance and shared a few congratulatory words with the guests.

This is the first step in the Big Build expansion plan the NAC will undertake over the next two years. An indoor athletic field house will be built along with an outdoor resort style pool complex featuring four individual pools.

When the NAC completes this Big Build, it will easily be among the Top 5 Health Clubs in the entire country. Jim Worthington, NAC owner, commented, "This Big Build is a dream that has been

developing for 30 years. To be able to provide this community with recreation, health and fitness all under one roof is the culmination of a vision we have stayed true to for essentially a lifetime."

It is very important to us to thank the sponsors who stepped up to support this event beginning with TD Bank and First Priority Bank, who were Platinum Sponsors. Silver sponsors were Granahan Electrical Contractors, Renninger's Cabionetworks, RRR Contractors, Inc. and Passerini Construction. Bronze sponsors were Alderfor Glass, Cairone & Kaupp, Inc., Guldin Painting Company, Huntington Mechanical contractors, Jerry Wagner Plumbing, Kieran McKenna Flooring, Inc. Langan Engineering, Michael Antolino Construction and Spinieo, Inc.

In addition to celebrating the Grand Opening of the new Fitness Center, the Big Build Bash was the culmination of a 6-month membership drive for the NAC. Individuals who joined or referred a membership to join from September 1, 2011 to the day of the Bash, February 18, 2012 were eligible to win major prizes.

The Grand Prize was a 2-year lease on a Lawrence Lexus ISO250 Sedan that was won by Kristin Kind. Second Prize was a 1-week vacation in Cabo San Lucas for



Newtown Athletic Club Members Celebrate Expansion

two and was won by Zachary Feldman. Finally, third prize was an iPad that went to Sabrina Agnoli.

The very next day, the NAC started a new membership drive contest with the same eligibility guidelines to win a Grand Prize of a choice of a trip for two

to the Amalfi Coast of Italy or a Disney Family Vacation Cruise for four. This new contest will culminate on October 15, 2012.

For more information about the Newtown Athletic Club, its programs and facilities as well as the Big Build Bash visit www.newtownathletic.com.

Programming Tip of the Month:

Senior Day With A Beginning

By: Sandy Coffman

The success of our business can be attributed to successful *NEW BEGINNINGS!* May, which is coming fast, is National Senior Fitness Month, and a great reason for a new beginning program for seniors.

Senior Day With A New Beginning is a 1-day special event designed for clubs that want to increase their membership, grow their senior programs and provide visibility to the community as well.

The program will reenergize the existing senior program in your club, reenergize its existing participants, encourage existing members to bring a guest for the day, get inactive and new members involved in scheduled programming and encourage potential members to become new members. The day's event will include many activities and experiences, but the core event of the program will be

the fun and fitness chair exercise class (Full choreography presented in *Successful Programs for Fitness and Health Clubs: 101 Profitable Ideas*).

Program Description

The day's agenda: 9AM to 3PM

1. The day begins at 9AM, when the entire staff comes together for a short pep rally to instill team spirit. Learn how to do this and practice it! It works.
2. The participants enjoy coffee and cookies at a reception gathering.
3. Various booths and health screenings are set up throughout the club for participants.
4. Small groups of participants attend 15-minute seminars to learn how to use specific equipment for the knees, back and shoulders. The groups listen to the trainer's educational material, watch the trainer's demonstration and try each piece

of equipment.

5. A light lunch is provided for all.
6. Door prizes are given out.
7. Pictures are taken... everywhere and of everyone.
8. Demonstrations of programs (many already scheduled) go on throughout the day, such as aquatics, group exercise and Tai Chi.
9. An added feature can include a non-fitness event, such as flower arranging or a sketching or painting class.
10. Fitness assessments should be offered throughout the day, either free or for a fee.
11. The event of the day is the chair exercise class, scheduled from 10:30 to 11:30AM.
12. Most important, a membership table and a program table are visible, accessible and staffed for the entire day!

Tips for Success and Points to Consider

• This program is an excellent way to get your staff involved. Encourage all the staff members to personally invite someone they know to attend this event.

• Promotions to your existing senior members to come to the event with guests must begin three weeks before the event.

• Include a line dancing class.

• Include a sing-along segment.

• Include a 20-minute demonstration of a class performed with your club's existing active senior members.

• Several marketing strategies can be used to entice people to health screenings.

Often, the title of programs can help attract participants: *Oh, Say, Can You See?* (vision screening) or *Say What?* (hearing screening). Remember, **MAKE IT FUN!**

• Invite the media --radio personalities, TV reporters and newspaper reporters-- to the



Sandy Coffman

event. Offer to give pictures and on-site interviews. Radio stations will be happy to come on site to talk about the activity, live.

• Ask the police and fire departments to provide booths where attendees can receive safety tips (This will entice the media to attend as well).

• Follow up! Follow up! Follow up!

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

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