

Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry



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Jack Tawney...

A Passionate Focus on Results in the Northwest

MARCH 2014

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Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

Jack Tawney...

A Passionate Focus on Results in the Northwest

By: Justin Cates

Many years ago, when I was a young kid green to the world, I was taught many important lessons that have served me throughout my life. I am still learning to this day, and I always will; however, two of these lessons in particular have made a real difference in molding me into who I am today.

The following interview with Jack Tawney, Co-founder and owner of Harbor Square Athletic Club in Edmonds, Washington and a partner in numerous Peak Health & Wellness locations across Idaho, Montana, Washington and Wyoming, reminded me of two lessons I learned at an early age: (1) the great importance of having a passion for whatever task I might be involving myself with, and (2) then converting that passion into results. This initially happened when I began to play

football. My dad explained to me that, in order to be good at the sport of football, or any sport for that matter, I must have a true passion for it and love it in my soul. If I don't, dad taught me, I wouldn't give it my all and could easily get injured because football is a violent and tough game. I LOVE football, and my passion for the sport drove me in the weight room and on the track during the offseason, and I always gave 110% during practices and games. I was nowhere near the biggest guy on the field, but I was the fastest (4.4-second 40-yard dash), strongest (pound for pound with a power index of 6.5) and I played like there was no tomorrow, earning one of the starting varsity running back slots. When my football experience was over, I found my passion manifesting itself elsewhere across many endeavors, such as school, music, and now, my career serving our industry with CLUB INSIDER.



We humans are a competitive species, and if we are not achieving results in something we are dedicating our effort to, it can be problematic and frustrating. Passion transformed me from a 90-pound kid into a 170-pound starting varsity running back in just a few years. Passion enabled me to earn an academic scholarship to the University of Georgia when I knew football wasn't going to work out on the college level. For twenty years, passion has brought CLUB INSIDER to our readers, and it always will. These are the results, and they are important because, if not for results, what is the point of the endeavor?



When I had the privilege of speaking with Jack Tawney, I learned this would be a story about passion and achieving results for the members he serves. As a 23 year-old just out of college, Jack had a passion for clubs, racquetball and tennis, so he started to work for a family friend in the industry in order to learn the ropes. He moved on from there, and in 1982, Jack and a partner started the Ironwood Athletic Club in Coeur d'Alene, (See Jack Tawney Page 12)

High Five! Planet Fitness Announces Five Million Members and Celebrates With Special Thank You

NEWINGTON, NH - Planet Fitness, the innovative health club franchise known for its Judgement Free Zone and affordable prices, announced that the company has achieved a significant milestone of reaching five million members. Planet Fitness owns a 10% market share of the 50 million card-carrying health club members in the United States according to IHRSA's 2013 Global Report.

To celebrate, through March 20, Planet Fitness is hosting a special "thank you" online sweepstakes and is also randomly surprising members throughout the United States with \$1,000 and a free (See Planet Fitness Page 6)



Active Sports Clubs Completes Asset Acquisition With Club One, Inc.

SAUSALITO, CA - Active Sports Clubs, a new health club brand launched late last year by Club One's co-founder, Jill Kinney; former President and COO, Bill McBride; and former CFO, Carey White, has assumed the majority of Club One, Inc.'s asset portfolio. This includes its Bay Area Club One Fitness locations and its community center, hospital and corporate fitness and wellness management operations.

Club One and Active Sports Clubs are working in partnership to seamlessly transition operations. The highest priority for both companies remains its people. Active Sports Clubs will retain essentially



all of Club One's site-level employees; approximately 2,400 jobs will remain intact. Additionally, Active Sports Clubs will assume approximately 145,000 members across its commercial health club, community, medical fitness and corporate fitness centers with minimal disruption to their healthy routines.

(See Active Sports Clubs Page 6)

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Norm's Notes

•**Hello Everybody!** This is your **CLUB INSIDER** Publisher Since 1993 checking in, fresh out of sunny and beautiful **San Diego, California** with a bunch of news from **IHRSA 2014!** We welcome you to read on!

•**JOE MOORE**, and his fabulous **Team IHRSA**, just pulled off one of the *greatest conventions and trade shows* ever, in my book. *BUT, that's my opinion.* I welcome your thoughts and comments. Please send them to me at **Norm@clubinsideronline.com**. Be sure to include your name and phone number so I can call you, if appropriate, and we can chat about your thoughts. Joe and Team IHRSA have

become extremely good at delivering **World Class Conventions and Trade Shows**. This is all happening now for several reasons:

1. Joe Moore is one hell of a great guy and an **absolutely terrific President and CEO for IHRSA**. This Association was extremely fortunate to have Joe Moore step into the huge shoes of **Big John McCarthy** when he retired.

2. **Big John McCarthy** had built a terrific Team IHRSA before he retired. John had one of the most wonderful and glorious 25-year runs as IHRSA's Executive Director that any organization could possibly have hoped for. Most of his

great Team, including veterans **CATHY McNEIL, ANITA LAWLOR, PAM O'DONNELL, JAY ABLONDI, CRAIG WATERS, BILL DUSSOUR** and several other veterans, have continued to improve their IHRSA Convention and Trade Show performances.

3. The **IHRSA Trade Show is booming**, and clearly, **great credit for that is due to TOM HUNT**. However, it's important to realize that, as Big John McCarthy said to me at the IHRSA 2014 Trade Show last week, **"This huge IHRSA Trade Show is the House that CHUCK LEVE built!"** I'd add: Tom Hunt is very fortunate to have inherited Chuck Leve's previous 27 years of hard work growing the IHRSA Trade Show bigger and bigger each year.

Best wishes and sincere **CONGRATULATIONS** to Joe Moore and Team IHRSA on another great success! Folks, please *do make plans* now for the **34th Annual IHRSA Convention and Trade Show**, to be held in **Los Angeles, California, March 11 - 14, 2015!** Stay tuned!

•**The Bravest person in the health and fitness club industry, AUGIE NIETO**, kept his promise and walked onto the stage, across it and back at **The 9th Annual Bash for Augie's Quest** on **Friday night, March 14th** (See the **Photo of Augie** and his wife, **LYNNE**, on **This Page**). Prior to Augie's dramatic and assisted walk onto



Norm Cates



Augie Nieto Walks at 2014 Bash!



2014 Bash Raises \$1,700,105!

the stage at The Bash, it was announced that **MIKE GRONDAHL** had made a **huge contribution of \$250,000**, and the crowd of over 1,000 cheered the announcement. The Bash was another huge fundraising success for Augie's Quest, this time generating **\$1,700,105** in one fabulous evening, which unless I am mistaken, is one of the best Bashes yet (See **Photos on This Page**)! Let me mention now that, when Mike first informed me about a month ago that he'd donated \$250,000 to Augie's Quest, he said then that he wanted to keep the donation private. However, just a couple of days before I left for IHRSA 2014 in San Diego, Grondahl, the
(See Norm's Notes Page 7)

About Club Insider

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21 Years and Counting!

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Rick Caro's 18th Annual IHRSA Financial Panel Summary

SAN DIEGO, CA - Rick Caro produced and moderated the 18th Annual IHRSA Financial Panel at IHRSA 2014 in San Diego. These were Caro's opening comments: "The club industry gets more exciting each year, and our presenters are significantly involved in it. We are most fortunate once again this year to have an impressive set of presenters, each with a different financial perspective of the club industry. Once again, all four of the presenters are active participants in the club industry, some because of recent transactions. The format was similar to previous years. Each panelist presented his views. Then, questions from the audience were saved until the end. At that point, there was a dedicated and expanded Question-and-Answer segment for your participation. This is an All-Star Panel. Before we begin with our first presenter, I will continue the tradition of introducing our Panelists and then sharing the Top Club Industry Financial Headlines for 2013."

Caro then introduced the panelists:

Pierre LeComte - Pierre is a Managing Director of TSG Consumer Partners, a 27-year old private equity fund. TSG invests solely in established consumer brands, including organic foods, ethnic foods, the personal care sector and luxury fashion and jewelry segments. Some of their investments include: Pop Chips, Met-RX, Mauna Loa macadamia nuts, Terra Chips, Smart Balance, Famous Amos, Vitamin Water and now, Planet Fitness. Pierre was formerly with Bain & Company, Yahoo and Nabisco. He has a B.S. from the Wharton School at the University of Pennsylvania and an MBA from the Kellogg Graduate School of Management at Northwestern University.

Sean Naughton - Sean is a Vice President and Senior Research Analyst with Piper Jaffray. It is a full-service investment bank. Piper served on both IPOs for LifeTime Fitness and Town Sports International (who does business under the name, New York Sports Clubs, Boston Sports Clubs, etc.). Sean is an equity analyst covering the consumer sector, specifically focusing

on companies contributing to active and healthy lifestyles. He has been recognized by the *Wall Street Journal*, and others, for his significant role as a public company analyst. Sean received a B.A. from Lafayette College and a Master's from the Carlson School of Management of the University of Minnesota. He is a chartered CFA.

Ben Chapin - Ben is Vice President of GE Antares Capital, which has been a major lending source to the club industry for years. They typically lend to private equity-backed club companies as well as a large variety of other industries. They have lent to owner/operators, franchisors, franchisees, and regional and national companies going back to the 1990s. Ben has 13 years of leveraged finance experience with GE Capital, involving senior debt, mezzanine loans, asset-based deals and unitranchees. He has a B.S. from John Carroll University.

Nathan Chandrasekaran - Nate is a Principal at the TZP Group, a private

equity firm, with focus on franchising companies. Some of these are in the resort vacation ownership, IT and the home maintenance and repair categories. Recently, TZP acquired Lift Brands, which includes SNAP Fitness, Kosama, 9 Round Fitness and Steele Fitness. They currently are located in 9 countries and 47 states. Nate has previously worked at Deloitte Consulting, inCode Wireless and Merrill Lynch. He has a B.A. from Bowdoin College and also an MBA from the Kellogg School of Management of Northwestern University.

Caro then reviewed his annual **Top 20 Club Business Headlines**, and they were:

1. U.S. Economy In Slow Recovery From Recession With 2011-2013 Better Than Previous 3 Years, But Nowhere Near 2007 Levels.

2. Recession Resilient:

•Same Store Sales Up Slightly;

(See *Financial Summary Page 7*)

...Planet Fitness

continued from page 3

Planet Fitness membership for one year.

Anyone who visits the *Thank-o-Matic* 5,000,000 micro-site at **www.5MillionThankYous.com** can receive a personalized "thank you" video and be entered into a sweepstakes for the chance to win a variety of prizes along the theme of "five." Each day, five people will be randomly selected to win \$500 and at the end of the promotion, five grand prizes will be awarded including:

- Mazda 5;
- Five-day cruise;
- Five-day trip to Hawaii;
- 50" smart TV;

•Five year PF Black Card® membership.

Additionally, to celebrate this exciting milestone in clubs, Planet Fitness will be randomly surprising five members throughout the United States with \$1,000 and a free membership for one year as a thank you for their continued loyalty to the brand.

"I'm extremely proud that Planet Fitness has reached this exciting milestone of five million members, which we believe is more than any other national fitness chain in the industry," said Chris Rondeau, Chief Executive Officer of Planet Fitness. "This is a testament to the affordable, high quality and non-intimidating fitness experience that Planet Fitness provides its members that is truly unmatched by any

other gym. We could not have reached this milestone without our members, franchise partners and employees, so we are thrilled to launch this campaign to thank everyone for being a part of the Planet Fitness family and encourage new members to experience the brand."

Planet Fitness prides itself on offering extremely affordable memberships at just \$10 or \$19.99 a month and a unique Judgement Free Zone unlike any other gym where members experience a hassle-free, non-intimidating environment. Each club also features the brand's iconic "Lunk Alarm," a purple and yellow siren on the wall used to gently remind people that grunting, dropping weights or judging others is not permitted.

Planet Fitness memberships

include a variety of benefits, including unlimited small group fitness instruction by a certified trainer. In addition, as a member appreciation gesture, Planet Fitness provides free pizza on the first Monday of every month, and free bagels on the second Tuesday of every month.

Planet Fitness also offers the PF Black Card membership. For \$19.99 a month, this premium membership includes access to all 750+ clubs in the Planet Fitness chain, the ability to bring a guest every day at no additional charge, as well as the use of massage chairs, HydroMassage beds, Total Body enhancement booths, tanning, 50% off all cooler drinks and more. Black Card benefits vary by location.

Planet Fitness is the proud gym sponsor of NBC's *The Biggest Loser*.

...Active Sports Clubs

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Active Sports Clubs is a new, well-capitalized fitness and wellness company led by a strong and experienced team of fitness and hospitality professionals, including many familiar Club One employees. Jill Kinney serves as Active Sports Clubs' Chairman, Bill McBride is acting President and Chief Executive Officer and Carey White is Chief Financial Officer. Active Sports Clubs, along with its Active Wellness Division, is committed to not only continuing to deliver operational excellence in all of its product areas and on its clients' behalf, but to significantly improving the customer experience, quality of programs and a healthy return on investment for both its members

and clients.

"I'm thrilled to reengage with Club One and bring the next level of fitness and wellness to the communities we serve," Kinney says, adding that her commitment is to building great community-based fitness centers and having a meaningful impact on health-related issues. "Active Sports Clubs and Active Wellness is eager to provide members with the next level of service and healthy solutions, and where possible, extend our programs to reach complete families and communities. We have scalable programs and systems and can adapt our best practices to each partner's varying needs and interests."

The mission of Active Sports Clubs' Active Wellness Division has been and continues to be about creating an inspiring environment to help people make

positive changes in their lives.

"Our model enables Active Sports Clubs to provide an enhanced, sophisticated, and in many cases, a technology-supported offering with a personalized touch," says Bill McBride, President and CEO of Active Sports Clubs. "We're excited to unveil our improvement plans and a cadre of cutting-edge programs for our clients' choosing, including internationally-recognized Itrim weight-loss solutions."

Kinney and her husband, John, first opened Club One's doors in the heart of San Francisco's Financial District in an effort to make fitness fun, convenient and accessible. She recruited McBride in 2003 to manage club operations. Now, more than 20 years later, Club One operates 85 fitness centers across 15 states and serves more than 145,000 members

nationwide. In 2007, Kinney stepped away from Club One to launch Clubsource, a development company specializing in community centers. She also opened the 40,000 square-foot health club in Petaluma and hired Club One to manage it for its first five years. Kinney recently launched Itrim, a healthy, active and sustained weight loss business that was founded in Sweden. She serves as the CEO and plans to bring Itrim programs to the Club One locations.

Active Sports Clubs will continue to operate the Bay Area health clubs under the Club One Fitness brand for the time being and will evaluate each location over the next month to develop site-specific improvement plans to better reflect the local needs of each community.

...Norm's Notes

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talented and big-hearted multi-millionaire entrepreneur, sent me an email saying he'd changed his mind and had decided to go public with his donation with hopes that his disclosure of his gift would help other club owners decide to **open up their wallets to help Augie and Lynne find the Cure for ALS**. Check out **Mike's Ad** on our **Outside Back Page**, and if you didn't attend The Bash and give to this worthy cause in San Diego, please do give to Augie's Quest today to help Mike and the terrific Augie's Quest Team top \$6 million this year. The amount of **\$6,000,001** would make it the biggest year of donations ever. **Stay tuned, Folks!**

• **Is America a great country**, or what? **Hmm... Hmm... Hmm!** These words have more meaning to me than ever after having enjoyed the treat of seeing a young fellow named **GARY VAYNERCHUK** give a **truly terrific Keynote Speech at IHRSA 2014**. At **age 3**, Vaynerchuk was a **Belarus immigrant**, and he went on to make the most of being an America! At **age 6**, he created a chain of lemonade stands and went on to establish a lemonade stand franchise! Then, at **age 12**, he was making **\$2,000 or more every weekend selling baseball cards!** Not to be denied more growth in his

income production, Vaynerchuk created a website, **www.winelibrary.com**, and he's grown that business to be a **\$45 million a year enterprise!** But, enough about Vaynerchuk's amazing background. Fast forward to **IHRSA 2014** where Vaynerchuk dazzled the **IHRSA crowd of 5,000 club business professionals** on **Friday morning, March 14th**, with his message about how club owners in our industry are marketing their clubs as if they're still in the dark ages of 2004 or 2005 and what they should do now to fix that problem. Then, after getting their attention with that opening comment, he went on to teach the knowledge hungry crowd a thing or twelve about club marketing in the 21st century. Actually, he taught us a whole lot more than a "thing or twelve." His presentation was a whirlwind of cyber facts and figures presented in a manner that entertained and just mesmerized the crowd. **His work was awarded with a standing ovation by the standing-room only crowd.** Upon completion of his speech, Vaynerchuk went backstage and I was right behind him. I was the first person to shake his hand and speak to him after his great IHRSA presentation, and I introduced myself. I told him I'd co-founded IHRSA, had been the first President of the Association, had been to all 33 IHRSA Conventions, and in my opinion, he was one of the **Top 3 Speakers in IHRSA history!** Then, I

invited Gary to be an upcoming **CLUB INSIDER Cover Story** subject, and he said **YES!** So, please **Stay Tuned** for his **Cover Story** in the near future!

• **IHRSA 2014 had four terrific Keynote Speakers: SALLY HOGSHEAD** on **How to Fascinate From First Impressions to Lasting Value**, **DAN HEATH** on **Decisive: How to Make Better Choices in Life and Work**, **GARY VAYNERCHUK** on **The Thank You Economy** and **LUKE WILLIAMS** on **Disrupt: Sparking Business Transformation with Innovation**. Please note that while we had to miss Mr. Williams' presentation in order to get back to Atlanta and this Keyboard for our **March Edition** of **CLUB INSIDER**, we'd welcome feedback from any of you who attended.

• Before I get too far along in this **243rd Edition** of **Norm's Notes** and **CLUB INSIDER**, I just want to take a moment to tell everyone I had the pleasure of encountering at **IHRSA San Diego** that it was great to see you! If you were there, and I did not have a chance to see you, rest assured that I wish our paths had crossed. After 33 Annual Conventions and Trade Shows, **IHRSA** has become so big that it's impossible to see everyone that is in attendance. Let me end this Note by saying that I, for one, (See **Norm's Notes** Page 8)

...Financial Summary

continued from page 6

- Net Memberships Up Slightly;
 - Non-Dues Revenue Flat;
 - EBITDA Margins Up Slightly, Increasing Over 2009-2011, Still Attractive But Less Than 2006-2007 Levels.
3. U.S. Debt Markets Much More Available and Offering More Leverage At Very Attractive Rates.
 4. Overall Industry Membership Levels Were Flat With Number of Clubs Slightly Increasing.
 5. The Number of New Builds Is Increasing, With More Attractive Landlord Deals and More Niche Facilities.
 6. Cost of Construction Flat/Cap Ex Spending Increasing Slightly Per Club.
 7. Some Consolidation In U.S. Beginning In 2012, With More Independents Trying To Exit.
 8. Increasing Number of Franchised Clubs (Variety of Types).
 9. Several Major Club Deals In U.S. and Few Smaller Deals; Franchise Deals Increasing.
 10. No New Major Equity Players Entered Club Industry In U.S.
 11. Small Regional Club Companies Continue to Grow.
 12. No Major 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 & Recs - But Some Major University Fitness Centers
 15. Diet Centers Still Not Working Alone Without An Exercise Component, But Diet Pills ("Magic Bullet") Are Still Going Through FDA Approvals.
 16. Government Influence Is A Real Story With The Affordable Care Act; All Related Industries Trying To Determine The Significance and Opportunities For Them (Insurance Companies, Corporations, Hospitals, etc).
 17. More Legislative Pressures From States.
 18. 2012 Saw Some Major Exit Stories By Major Companies and Their Investors, But Few In 2013.
 19. Club Corp Went Public In 2013 But No Other Likely IPO Stories In The U.S. Near Term.
 20. 2014 Looks To Be A Slightly Better Year Vs. Recent Past; Until Unemployment Lessens and Clubs Determine How To Benefit From ACA, There Is Optimism For Industry-Wide Improvement But Still Not Exceeding The 2007 Levels.

Caro then opened the Panel for their comments. Unfortunately, we do not have space for those comments in this edition.

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...Norm's Notes

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am extremely proud of what IHRSA has become, and what it stands for. You folks who are IHRSA members and attend the Annual Conventions and Trade Shows are the very best collection of *outstanding and great people in one place that I've EVER seen! Years ago we called IHRSA: "The Association of Quality Clubs!"* Today, I wish to rename IHRSA to be known as "The Association of Quality People!!!"

•Thanks and best wishes to outgoing

IHRSA Board Members: **BILL McBRIDE**, **CAROL NALEVANKO**, **SCOTT GILLESPIE** and **RICHARD BILTON**. Welcome to incoming Board Members: **GUSTAVO BORGES** of Academia Gustavo Borges, **DEREK GALLUP** of New Evolutions Ventures and **Jim ZUPANCIC** of the Stafford Hills Club, introduced to the membership on Friday, March 14th. Best wishes to all new Board Members, as they take on this great challenge of IHRSA Board Service.

•Special Congratulations to **ROBERT BREWSTER** of the Alaska Clubs,

and former CLUB INSIDER Cover Story Subject, as he's been elected to serve as **IHRSA Board Chairman** for the next term! Thank you to **BILL McBRIDE** for his hard work and IHRSA Service!

•Speaking of **QUALITY PEOPLE**, **RICK CARO**, my longtime friend and the brilliant fellow I was honored to work with when we *Co-founded IHRSA* way back in 1980/81, continues to do great things for the Association. As usual, he created, produced and served as the **Moderator of the 18th Annual IHRSA Financial Panel** (See Press Release on Page #6.) But, this year Rick also arranged a *special Press Conference* announcing the new team of **ACE** and **GENAVIX**. Of course, ACE is the acronym for **The American Council On Exercise**. But, you've probably not heard of **GENAVIX**... yet. **GENAVIX** is a wellness network of clubs who serves the deconditioned and the typical non-joiner of health clubs. The **GENAVIX Wellness Network** is currently comprised of **24 health clubs** throughout Massachusetts, New Hampshire and Maine, with plans to expand. It's a **HealthyCARE 90-Day Commit to Get Fit Program** that includes four components: **nutrition, fitness, stress management and behavioral modification**. Speaking for ACE were **ACE President and CEO, SCOTT GOUDESEUNE**, and **ACE Chief Operating Officer, JANET FRENKEL**. Speaking for **GENAVIX** was **MICHAEL BENTON, President/CEO**. **GENAVIX** is something for all of you to look into. The truth be told, however, this is an exclusive group of clubs and acceptance into the **GENAVIX Group** will have special requirements because of the nature of its mission of serving the deconditioned and typical non-joiner of health clubs. For information, call (603) 232 - 4894 and go to www.genavix.com. Stay tuned!

•Congratulations to: **PATSY McLEAN** of The Adelaide Club in Toronto, as she was the 2014 Winner of the **Julie Main Woman Leader Scholarship**. And, congrats to The Outstanding Community Service Award Winner: **Dutchess County Gold's Gym, Fishkill, New York** with **KIM KENYON** and **BILL AUSTIN**. Last, but not least, congratulations to **JIM BOTTIN's ABC Financial Services Company** as they were honored with **IHRSA's 2014 Associate Member of the Year Award** (See Press Release on Page #22).

•Here's a Norm's Note that I should've written in January, and it's my mistake that I'm just now writing it! This Norm's Notes is to say **Congratulations to RED LERILLE** and his lovely wife, **EMMA**, and their **Team in Lafayette, Louisiana**, because they celebrated the **51st Anniversary of their great club on January 13, 2014!** Now, it's simply called **RED's**. Red and Emma didn't make it to IHRSA 2014 this year. But, I did see Red's son, **MARK LERILLE**, and **RED's**

long-time employee, **BUDDY LeBAS**. I challenge anybody out there to find a club anywhere with a more tenured staff than the Team at Red's.

•It was a pleasure seeing my long-time friend from Canada, **JACK DENNISON**, at **IHRSA 2014** in San Diego! Jack has a mega 200,000 square-foot club called **Cedar Springs Health, Racquet and Sportsclub** that he's owned and operated for many years in **Burlington, Ontario, Canada**, and the club is now for sale. Jack has provided me with his email address so you can contact him if you might be a prospective buyer. The club has been appraised at **\$16 million**, and Jack's asking price is **\$10 million**. You can reach Jack at jack.dennison@burlington.ca or learn more about Cedar Springs at www.cedarspringsclub.ca.

•I enjoyed attending the **Women's Leadership Summit** at **IHRSA San Diego**. Kudos to **DEBORAH SIENA**, who put the event together, and to her guest speaker, **AMY MORIN**. It was well attended with about 100 ladies from our industry in attendance. The title of the 3-hour session was: **13 Things Mentally Strong People Don't Do**, and we will provide an article summarizing those 13 things in a future edition.

•Congratulations to my pal, **DARON "ROCKETMAN" ALLEN**, as he and his terrific **Visual Fitness Planner Team** put together a terrific seminar entitled: **90 Minutes with the Most Connected Club Owners in the World**, featuring **Rocketman Allen** as the **Moderator** with **Panelists: BILL McBRIDE, IHRSA Ex-Officio Chairman; DAVID PATCHELL-EVANS, owner of 300+ GoodLife Clubs in Canada; BRENT DARDEN, IHRSA Chairman; MARIA PARRELLA-TURCO, owner of Eclipse Fitness, five Crunch Fitness Franchises, New Paradigm Partners and fitRewards; and J.P. GREEN, President and owner of four Axiom Fitness Centers in Boise, Idaho**. There was an enormous amount of great information shared by these veteran panelists, and I want to congratulate them all on their candid sharing and openness with what really could be described in some cases as "Trade Secrets."

•**IHRSA's 2014 Industry Leadership Council Meeting** was held early Friday morning, March 14th, starting at 8AM, and it was amazing to see the *early bird energy in the room* among this dedicated group of club business leaders. The **Mission of the Industry Leadership Council** is to help clubs prevent bad laws from being passed by State and other Legislators and to foster club industry positive legislation, instead. If you own and operate a health and fitness club, but you do not chip in to help this cause, it's kind of like you're saying, "Well, I don't" (See Norm's Notes Page 10)

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...Norm's Notes

continued from page 8

think I'll buy car insurance because I've got good luck and nothing bad is going to happen." Well, the truth be told... the ILC produces the best insurance possible for the job of preventing bad legislation that could harm, or even destroy your club business, by employing their lobbyists to fight legislation that will be harmful and will hurt your club(s). IHRSA, over the past five years, has an **ILC Track Record of 96-2 with only two losses!** So, IHRSA's ILC Team have **truly earned and definitely deserve your support.** To help, call

IHRSA Vice President of Club Growth, **MEREDITH POPPLER**, at (800) 228-2772, Extension 129.

• **Congratulations to GARY JONES** and his **Hammer Strength Team**, as they're celebrating their **25th Anniversary!** Nice seeing you in **San Diego, Gary!**

• **IHRSA** has launched a new campaign called: **Why Get Active?** It involves **YouTube** and a white board held in front of the camera. **Stay tuned!**

• It was terrific to see the gentleman that for years now I've called, "**The Big Kahuna,**"

my pal, **DAVID PICKERING!** Dave has decided to write a new book entitled: **How to Capture and Keep the Corporate Market.** I assure you that Dave is the most experienced and highly credentialed individual on **Mother Earth** in the realm of corporate membership sales, and when his upcoming book is ready to go, I'll be sure to let you know. So, **Stay Tuned!**

• It was great seeing **Dr. ART CURTIS** in **San Diego**, and I'm very happy to report that this consummate professional, and former **IHRSA Board Member and Chairman of the Board**, has agreed to join our **Club Insider Contributing Author Team.** So, **Stay Tuned!**

• I enjoyed seeing old friend, **LEE GUTHRIE**, now **President of reACT**, a very interesting exercise machine that simulates surfing extremely well. **FYI... Google: CocoReact** to see what Lee's machine is all about. **For info on reACT**, you can **contact Lee** by phone at **(888) 700-6882** or email at **lee@reacttrainer.com.**

• **Anytime Fitness'** line-up of **Honors and Awards** is *impressive*, and I'd like to **CONGRATULATE** **Anytime Fitness** owners, **CHUCK RUNYON** and **DAVE MORTENSEN** on their honors!

• **MIKE ALBERT**, **President and CEO** of the **Claremont Club** in **Claremont, California**, stopped by our **IHRSA Exhibit**, and it was nice to be able to say **Thanks to Mike** for the amazing work his club is doing for the *unfortunate people who have experienced crippling spinal and other debilitating injuries.* This is a story in progress and one, as I told Mike at our Booth, will be told someday by **CLUB INSIDER.** However, as most of our cover stories are done long-distance, so to speak, we cannot do this story without being there, because this one deserves and demands the presence of the Author on the **Claremont** site in order to fully grasp and report on the story. We will make plans to make this happen in the future. In the meantime, **STAY TUNED**, and we'll keep you posted on developments at Mike's **Claremont Club.**

• **CONGRATULATIONS** to my pal, **JOHN MICKELSON** of **Petra Hygienic Systems**, for growing his hair real long so it could be cut and made into wigs to help people with cancer (See **Photo** on **This Page!**)

• Terrific seeing my old pal, **PAUL GRYMKOWSKI**, one of the **previous co-owners of Gold's Gym International!** Keep those emails coming, Paul!

• Great seeing **MIKE ARTEAGA** and his handsome (like his Dad) son, and **RAY** and **SANDY GORDON**, along with **STEVE VUCOVICH** and **ROBBY DENNING!**

• **Very Special Thanks and Appreciation**

to my wonderful son and Partner in **CLUB INSIDER**, **JUSTIN CATES**, who is my sidekick at **IHRSA Conventions** these days. Justin, it was just great being at **IHRSA 2014** with you and hearing, first hand, the rave reviews about your **February Cover Story on Club Marketing!**

• To all others whom I've not mentioned here, rest assured it was **TERRIFIC** to see you in **San Diego**, and **JUSTIN** and I already looking forward to seeing you all in **Los Angeles** next **March** for **IHRSA 2015!**

• Go to **www.clubinsideronline.com/ihrsa2014** to check out our **IHRSA 2014 CLUB INSIDER Slideshow**, featuring many photos from the event.

• **Akron General Health System** was honored at the **2014 Medical Wellness Forum** with the **"Best of Medical Wellness" Award** at the 14th annual meeting of the **Medical Wellness Association** on **March 12** in **San Diego, CA.** The **Medical Wellness Association** is an international professional organization whose mission is to promote and integrate professional development of medical/wellness programs, professionals, facilities and services.

• Here in my hometown of **Marietta, Georgia** (a suburb of **Atlanta**), I've learned that **The Olde Towne Athletic Club** has changed hands.

• **Long-time CLUB INSIDER** subscriber, **Tennis Club and Industry veteran**, **DOUG CASH**, told me that he's put together a new educational event for tennis club owners, managers and operators that will be held at the **Marriott in Charleston, South Carolina, April 3 and 4th.** Prominent industry operators, such as **CLIFF BUCHOLZ** and **ED WILLIAMS**, were mentioned by Doug as planning to attend. This is the beginning of a new focus on tennis by a fledgling tennis trade association. If you want to **rally your club's tennis program**, check this event out and try to be there. For information and (See **Norm's Notes Page 29**)



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...Jack Tawney

continued from page 3

Idaho. In 1985, they expanded with the opening of Harbor Square Athletic Club, and the rest is history.

These are Jack's results; however, when asked what he is most proud of, he brought up the *results of members*. What a great answer because this industry is all about the members we serve. If members are not getting results, then what is the reason for the existence of our industry? We aren't doing it for us; we are doing it for them. As I mentioned to Jack in our interview, I don't hear that answer near as much as one would think, so it is very refreshing. With that, let's meet Jack Tawney. Enjoy the interview!

An Interview With Jack Tawney

CLUB INSIDER (C.I.) - Jack, please tell us about yourself. Where were you born, and where did you grow up? Where did you go to school, and did you play any sports?

Jack Tawney (JT) - I was born in Missoula, Montana and grew up there. I'm a fourth generation Montanan. I started out at Carroll College and had a football scholarship there. Then, I transferred to University of Montana. I had a great experience growing up. We had about 160 acres just outside of Missoula, so I grew up with horses, did a lot of riding, camping and outdoor stuff. It was just a great upbringing. I still have a lot of great ties back there. We actually have clubs in Missoula, Montana now, so in some ways, I feel I have gone full-circle coming back there. I love being back and involved with the community of Missoula.

C.I. - Please tell us about your family.

JT - I have been with Megan Wood, my significant other, for 14 years. Megan is the Fitness Director of Harbor Square Athletic Club, so we have a lot in common and work at making Harbor Square great every

day. I have one daughter, Jackie (21), who works in our club business in sales. Megan has two kids, Nick and Callie, who are both in high school and very active, so we are doing a lot of kid's things these days.

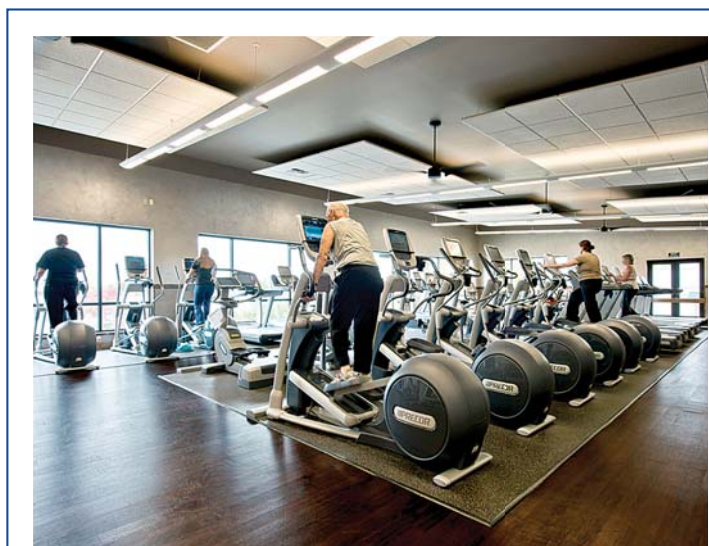
I grew up having two sisters, a brother and great, loving parents. We did a lot of outdoor things and a lot of fun things together. I have lost my mom and my brother to cancer, so that has been a challenge. But, I've learned a lot of things about myself through that process. It made me much more appreciative of what I have and my health. It has also influenced our clubs and how we look at things. When you are here and doing things, take advantage of them and do them the best you can because life is short, and you never know when you might not have that opportunity.

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

JT - I started right out of college when I was 23 years old. I was going to follow in my dad's footsteps --my dad was a dentist in Missoula-- and he kind of talked me out of it and gave me some options on things to do. I had a real passion for the clubs, racquetball and tennis at the time. Jim Mayes, an older gentleman who was a good family friend and had a club in Missoula, took me under his wing a little bit, showing me the ropes. I worked for him and grew this passion. That was my first introduction to the club business.

Later, with a couple of partners, Chip Althen and Jack Remien, we started to look around the Northwest for a location, and we settled on Coeur d'Alene, Idaho. We built our first club there in 1982. It was called Ironwood Athletic Club (it's now called Peak Health and Wellness), and it was a great success. It worked out well, and we have been able to grow from there. Chip, Jack and myself are still partners in Harbor Square.

C.I. - When and how did Harbor Square



New Cardio Floor at Harbor Square Athletic Club

Athletic Club come to be?

JT - As I mentioned, things had worked out well for my partners, Chip, Jack and myself in our Coeur d'Alene operation. Our membership had grown, and we became profitable, so we started to look around for another location. In 1984, I moved to Edmonds, Washington and started Harbor Square. We looked at a lot of commercial sites in the greater Edmonds area, and the harbor location just had a lot of things going for it. It was easy for us to get into and develop, and all the pieces just fell into place. It can be a challenging location because 180 degrees of it is all water, so we aren't pulling any members from that. But, downtown Edmonds is a destination and a great location because of it being on the water and being a charming downtown area, so there are a lot of advantages to it as well. I'm glad we picked it, and it has worked out very well for us.

C.I. - Please tell us about the Harbor Square Athletic Club.

JT - Harbor Square is a full-service facility and is about 113,000 square feet. We have added on to it numerous times over the years. It has eight indoor tennis courts, five racquetball courts, three squash courts, a swimming pool, a basketball court, a large weight room, cardio space, three group exercise studios, nice locker rooms, a daycare, a children's activity center with outdoor play areas, a small cafe with lounge and a spa.

C.I. - How did the \$2 million expansion you completed in 2012 come about? Was it just a natural evolution for your facility?

JT - It was a natural evolution, but we also knew a brand new LA Fitness was coming in within about two miles of us. There had also been a brand new YMCA built and

the Lynnwood Community Rec Center opened, so we felt we needed to upgrade our property as much as possible. We also added some spaces, like a new cardio room with about 3,000 square feet, and we put a lot of glass into the structure. Originally, when Harbor Square was built, it was back in the day where there were not a lot of windows, and you didn't look outside a lot. So, we changed that and tried to bring nature in a bit. We felt we had to do this to stay competitive.

C.I. - You mentioned a lot of competition, so what are some of Harbor Square's primary market differentiators?

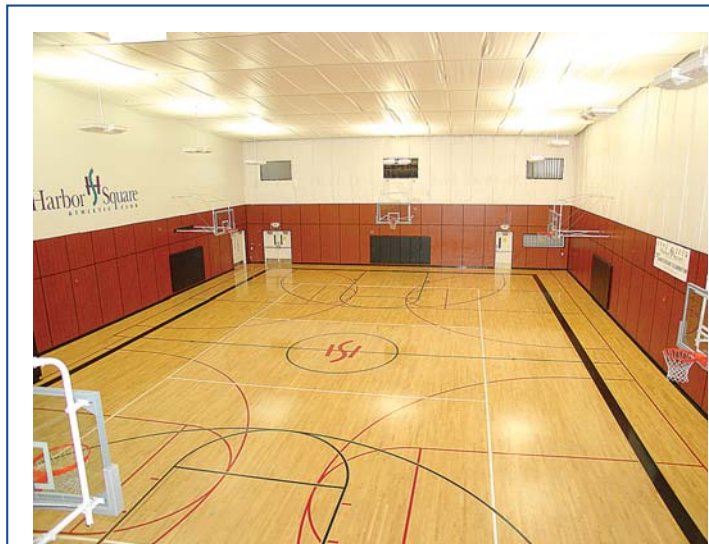
JT - We have a great staff that has been with us 20+ years, along with the amenities we have. We are also the only indoor tennis facility in the immediate area. We have a strong tennis program at Harbor Square. We also do quite a bit with kids' programming and offer club programs for kids. We have a really great group exercise program. I also feel we are a pretty big part of the community. We give back to the greater Edmonds community a lot. Overall, I believe the quality of our staff and facility are great.

C.I. - What is your price point? How many membership accounts do you have, and how many total members does that convert to?

JT - Our basic club membership, which includes everything but tennis, is \$87 a month for singles and \$123 for a couple. Memberships that include tennis are \$123 a month for singles and \$178 for a couple. We have around 6,500 members and about 4,400 accounts.

C.I. - You are involved with a variety of clubs in Montana and Idaho. Please give a quick history and describe the typical facility.

JT - We started in Coeur d'Alene, Idaho and expanded out from there. Now, in
(See Jack Tawney Page 14)



Basketball Court at Harbor Square Athletic Club



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...Jack Tawney

continued from page 12

Idaho, we are in Coeur d'Alene, Hayden Lake and Post Falls, which are basically all in the greater Coeur d'Alene area. We've pursued opportunities and have grown. I was very excited about getting the opportunity to go back into Montana where I grew up and be closer to my family. I am in partnerships in Missoula with my family and a long-time friend.

Between eleven clubs, we have almost 30,000 members and are grossing around \$25 million a year. Harbor Square is the largest at 113,000 square feet, and our smallest is in Jackson Hole, Wyoming, which is less than 10,000 square feet. Our typical size is closer to 50,000 square feet. They all operate and have amenities similar to Harbor Square. We do have tennis in Coeur d'Alene and Missoula; just three locations are big into tennis.

C.I. - What makes these clubs different, and how do they compete against non-profits? What is it like to compete with the huge KROC Center?

JT - When the KROC Center came into Coeur d'Alene, it was definitely a serious competitor and made us change our mode of operation a bit. It made us sharpen our pencil. Our partner and General Manager there, Gary Retter, has done a really good job competing with the KROC. We have survived and are coming back now. When they first opened up, we lost about 25% of our membership base, but we grown back to where we were originally. We have tried to differentiate ourselves from the KROC by offering better service and better amenities.

C.I. - How do your Reciprocal Locations work? Is this a major selling point/benefit for potential and current members?

JT - I am a partner in eleven facilities, and they are across four states: Idaho, Montana, Washington and Wyoming. We

are spread out, so Harbor Square members don't get a lot of out of reciprocal use because the distances are so far. But, in our four Montana clubs (Missoula - 3 and Great Falls - 1), there are a lot of people using other clubs. There are four clubs in the greater Coeur d'Alene, Idaho area, so there is a lot of cross-use there as well.

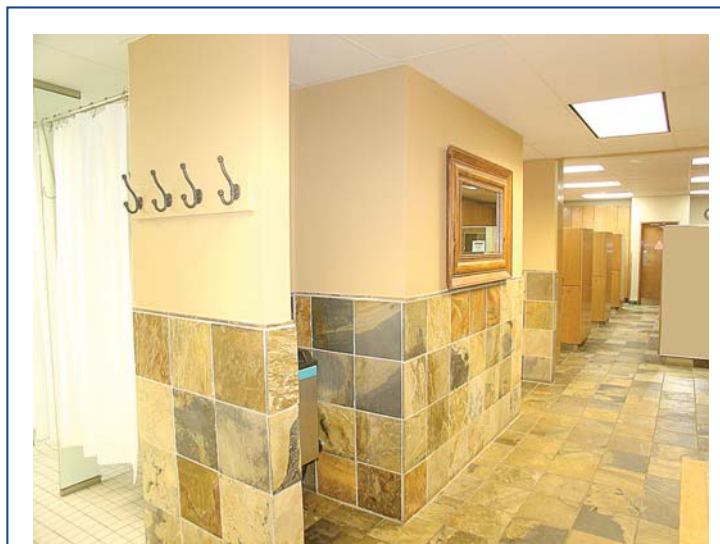
We've now named most of the clubs Peak Health & Wellness. The Missoula, Montana locations are all Peak; the Great Falls, Montana location is Peak; the Coeur d'Alene locations are all Peak; and we have one Peak club in Everett, Washington (the Jackson Hole club is called Jackson Hole Health and Fitness). We are also members of FitLife, an Association of clubs in the Pacific Northwest, and the IHRSA Passport Program. We get a lot from those programs.

C.I. - On your website (www.harbor-square.com), there is a page dedicated to listing your Community Partners. What does being a Community Partner entail, and how do you attract companies to partner with you?

JT - We try to cross-advertise with each other and cross-promote each other. We've just recently started to get into it. We haven't pushed really hard yet, but we try to do things with 'like' businesses, say bicycle shops, or anything that is health and wellness or fitness related. We do have a close relationship with some physical therapy clinics, and that has been a win-win. Our expertise is increased when they come in to do injury screenings and things like that. For the most part, it is cross-promoting each other, and discounts are offered on both sides.

C.I. - What other Trust- and Community-Building activities is Harbor Square involved with?

JT - We are big advocates of the community. We donate a lot to charities in our community and to the local food bank. We help support local high schools and



Locker Room at Harbor Square Athletic Club

community colleges through donations every year. We always do a big Christmas toy drive, donate items to auctions and sponsor many of the larger fundraising events that go on, so we try to give back as much as we possibly can.

C.I. - What benefits do you receive from IHRSA membership?

JT - We get a lot. It is a great tool for us to keep current on the ever-changing environment in our industry. It gives us a look into new things that are coming and help with legislation. We weren't able to defeat it -- Washington pays sales tax on dues-- but IHRSA helped us fight that battle. The reciprocity with other clubs is a great benefit for members who travel, and we go to the conventions. We all know how the industry is changing. It just helps you to stay on top of your game and meet with other club operators around the world that have great insight. It's a great place to share ideas.

C.I. - Where is the health and fitness club industry going in Montana, Idaho, Wyoming and your part of Washington?

JT - It is evolving, and we try to get better every day. We try to offer better service and better program quality. It's an exciting time because more and more people are aware of the benefits of exercise. You can't pick up anything anymore that doesn't talk about the benefits of exercise. We are really trying to get people in, offer them a great product, take good care of them and help them achieve *results*. As we move forward, the industry will evolve more and more, and to retain members, we have to show them that they are getting results. Technology is helping with that, and it is improving all the time. We try to leverage technology to show members what they are

doing, the results they are achieving and to motivate them to live healthier lifestyles.

C.I. - What are your future growth plans? What are the key opportunities and challenges headed forward?

JT - We will definitely grow more, but we don't have any sites that we are targeting right now. As opportunities come up, we would like to move forward and continue to grow. We are privately owned, so we have to work around our own capital, which keeps our growth slower. But, that hasn't been a bad thing either; there are some positive things to that, too. We want to be the #1 provider in the communities we serve, so we are focusing on great service and helping members get results. We are constantly remodeling, changing our product and upgrading it. I think that's a big part of our challenge... staying on top of things and making sure we have the best facility in our markets.

C.I. - Who are your key senior executives?

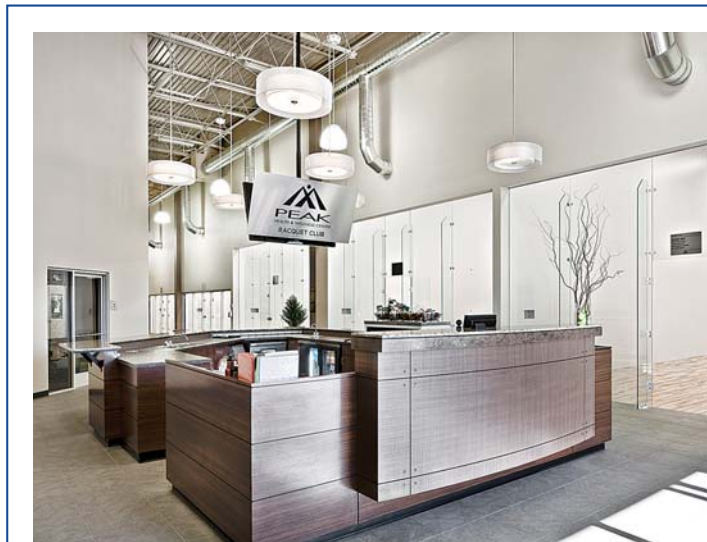
JT - Our General Managers are:

Harbor Square AC - Jeff Bahm;
Jackson Hole H&F - Terry Johnson;
Peak (Everett) - Brandon Warnock;
Peak (Great Falls) - Lynn Compton;
Peak (Missoula) - Susie Turner;
Peak (Coeur d'Alene) - Lyle Gadin.

Our Partners are:

Harbor Square AC - Chip Althen, Jack Remien and myself;
Jackson Hole H&F - Jan Harms, Chuck Lakovitch, and myself;
Peak (Everett) - Charlie MaryLynn Eisman, Brandon Warnock and myself;
Peak (Great Falls) - Doug Mahlum, Benefis Hospital and myself;
Peak (Missoula) - Charlie MaryLynn Eisman, Doug Mahlum and myself.
Peak (Coeur d'Alene) - Chip Althen, Jim Doty, Gary Retter and myself.

(See Jack Tawney Page 16)



Entrance at a Peak Health & Wellness Location

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...Jack Tawney

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C.I. - What are you most proud of during your career in this industry?

JT - It would be the great staff we have been able to attract and help grow into great leaders. Also, it would be the ability to give back to our communities and be a great partner. I don't really have a particular 'proudest moment' that jumps out at me, but I feel it every time I see someone whose life we have changed. Because of health and wellness, and living a more active lifestyle, they can live a much more fulfilled life. We get told that all the time. The other day, we had a member come back who had had a heart attack in the club, and we had saved him. His doctor said, 'You are a 67 year-old man. If you weren't in such good shape, this probably would have been the last breath of your life. Because you were in good shape and take care of yourself, you survived it.' Things like that are very rewarding.

C.I. You've said something here that I don't hear as often as I would expect, and that is the reason that our industry exists. It's for the people we serve. If not for them, there is no point, so I am really glad to hear that.

JT - Absolutely. When we first started out in Coeur d'Alene 32 years ago, there were less than 30,000 people living there. We built a 45,000 square-foot facility, so we felt we could not churn and burn people. Instead, we had to get people in, take good care of them and make them long-term members. So, we are constantly working on retention and how to keep people in our facilities. If a person receives great service, has a great experience and sees results because of your staff and facility, they are going to stay members. We have had good results with retention. As a company, we are over 70%, and some of our locations over 80%.

C.I. What advice would you give to younger owners and managers?

JT - I think it's all about finding your niche and passion, then following through on it to provide people with great service and results. As our industry moves forward, we are seeing all the specialty people coming into the markets. I guess a lot of our locations are 'big boxes,' so I believe we have to learn how to offer that specialty experience in a 'big box.' At Harbor Square, we see 1,600 people a day, so how do we make a majority of those people feel like they are special and have had a great experience? There is a fine line to do that. You have to stay on top of things, on the cutting edge and offer products that people enjoy.

C.I. - Jack, thank you for this great interview. Are there any closing comments you would like to make?

JT - I've truly enjoyed being in this industry and hope to be in it for a long time. Hopefully, my kids will get into the industry and enjoy it, too.

...

Thank you to Jack Tawney for his time in sharing his story with us, and of course, for his great service to our industry. An additional thank you goes out to Brandon Warnock for photos and graphics that accompanied this story.

(Justin Cates is the President and Assistant Publisher of CLUB INSIDER and grew up in the health and sports club industry. Justin was born into a club business family in 1985, and from the age of eight, he spent his non-school and sports hours in a home which doubled as CLUB INSIDER Headquarters. He has lived and breathed this industry for 29 years, since his own day one. Now, he is an integral part of the "Story" of Norm Cates and CLUB INSIDER. Justin can be reached by phone at 423-314-4310 or email at Justin@clubinsideronline.com)



Running Track at a Peak Health & Wellness Location



Locker Room at a Peak Health & Wellness Location



Harbor Square Athletic Club Management Team (L to R) - Jeff Bahm, Manager; Kathy Hauer, Tennis Center Manager; Therese Kroon, Office Manager; Sandy Fahey, Marketing Associate; Kelli Terry, Daycare Manager; Krista Pentz, Accounts Receivable Manager; Ryan Irwin, Maintenance Director; Troy Johnson, Night Manager; Greg Boland, Sales Director; Ann Petschl, Aquatics Director; Jack Tawney, Owner/General Manager; Lyle Gadin, Peak Health and Wellness Director, Idaho; Megan Wood, Fitness Director; and Rick Buren, Head Tennis Pro

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Youth Fitness:

Why It's More Important Than Just Being Fit

By: Karen Jashinsky

Like many personal trainers, I became passionate about fitness after it changed my life. As a kid, I swam and played tennis, but asthma and allergies made some activities tough. In high school, running the mile had me wheezing like a withered chain smoker, to say nothing of running it in under 12 minutes. I took up weight training instead. My first surprise was that I really loved strength training. My second was it made cardiovascular activities, including running, much easier. Fitness became my avid hobby and my favorite stress reliever in high school, and it continued into college. Then, when I was hit by a car and fractured my back, my strong core saved my life. I may have graduated with a business degree, but fitness is my passion, and youth fitness is my specialty. Over the last dozen years, I've seen how fitness influences adolescents. In my experience, the unique value of fitness for young people is the act itself.

Amidst documentaries on sad-eyed tubby children and stern statistics about America's obesity problem, the idea of fitness gets repackaged as a buzzword, just as glossy on laminated PE posters as on daytime health shows. As personal trainers, the fellows in the trenches, so to speak, there is a need to separate the lacquer from the reality of getting fit.

Most Americans, school-age and

adults, know the major ways obesity impacts their health: cardiovascular and respiratory problems, increased risk of various diseases and physical pains to name just a few. Something seems to be sticking. The year 2013 recorded the first slight decrease in childhood obesity in decades. At the same time, the Centers for Disease and Control Prevention maintain that one in eight American preschoolers is obese, and obesity continues to be a national problem.

Adolescents benefit in immense ways from physical activity and developing early exercise habits. Studies from groups, including the American College of Sports Medicine, have linked exercise and higher grades to university and middle school students. In my experience, the act of developing these habits is just as important for adolescent health and development as the exercise. Making a commitment, setting a goal, working to achieve that goal and experiencing the benefits serves to empower youth and helps them recognize their own abilities and agency.

As a personal trainer, I can guide them through workouts, but ultimately, it's the girl or boy who does the exercise and chooses the healthier lunch. Inducing change through work and commitment establishes the link between setting a goal and achieving it. This link doesn't just change one's healthy habits, but one's entire mindset.

Neuroplasticity is a general term for how the brain changes in response to behavior, surroundings and mental processes. The brain changes at every age, but it is at its most changeable during adolescence. Children are just more malleable; they recover better from brain injuries, don't break bones as easily and can learn languages far more quickly. Likewise, habits formed at an early age have a way of hard-wiring themselves. Personally, I have to make myself clean my kitchen, but there's no internal coaxing to brush my teeth, something I've done since before I can remember.

A significant portion of my clientele are in college or younger. While we redefine ourselves throughout our lives, adolescents are doing so at a faster clip. Confidence and self-esteem are especially influenced during early development. Just think of how some kids take a peer's grouchy mood to indicate sudden dislike, or a breakup as an earth-shattering tragedy. Often in media, fitness is correlated with a better self-image because of improved appearance. In my experience, however, a significant part of fitness-derived confidence comes from fulfilling self-set goals and establishing consistent constructive habits. The journey, in other words, not just the destination.

Low self-esteem, depression and poor body image certainly correlate with obesity in youth and adults. Poor health and social discrimination often punctures self-esteem. At the same time, how many people embark on fad diets and extreme fitness regimes only to fail and feel worse? Failing again and again leads to vicious cycles of self-loathing, self-medicating with destructive habits, vowing to "do it right next time" and making the exact same turn on a depressing merry-go-round. Plus, it's using the mind's plasticity in a bad way, by training it to repeat failing processes. It's not just the *Sex and the City* age bracket that does this.

Every year high school students, often thinking about a prom, ask me about mystical detoxes and exercises that laser away muffin tops. *Work consistently and stick to your goals* isn't a sexy or fast answer, but when my young clients do this and see how it works, and how good they feel, it's no longer a question of willpower or dedication but doing something out of habit and genuine desire. When this is reinforced with early education on health and fitness, the lessons are even stronger.

Due in part that miraculous youth neurology and fewer preconceptions, adolescents absorb knowledge. What happened in 1492? Columbus sailed the ocean blue. Knowledge is always evolving.



Karen Jashinsky

Columbus also reportedly committed genocide and saturated fat doesn't clog arteries, but early education has a way of sticking. When children and teens learn how the body works, how fat is burned and muscles are built, how to properly run and do push ups, it's a buffer against fad diets and Shake Weights.

Many of my clients want to get fit for events like a prom. I use this as a motivator, a tangible finish line that comes decked in a corsage. We set realistic goals, and through use of education, accountability and workout plans, I offer the resources for them to take their health and fitness into their own hands. Most often, even after they felt amazing on prom night, they stick to their habits because they want to feel amazing every night. Thus, when they go to college, they not only have good habits to fall back on, but the knowledge they are perfectly capable of staying fit and healthy because they've succeeded before.

The results of youth fitness are many. Active children are more likely to grow into healthy adults who save money on healthcare and eventually join the ranks of active seniors who skydive in their 80s. An important reason to start exercising early is health, but the process of becoming fit, especially in youth, is what enables these habits and their continual benefits.

(Karen Jashinsky is the founder of O2 MAX, a fitness + media company that creates personalized lifestyle fitness programs for busy students and professionals. She graduated from USC with a Master's in business. In 2007, Karen was named by IHRSA as one of the 25 most influential young leaders in the fitness industry, and in 2009, she was honored by IHRSA with its First Annual Julie Main Emerging Female Leader Award.)

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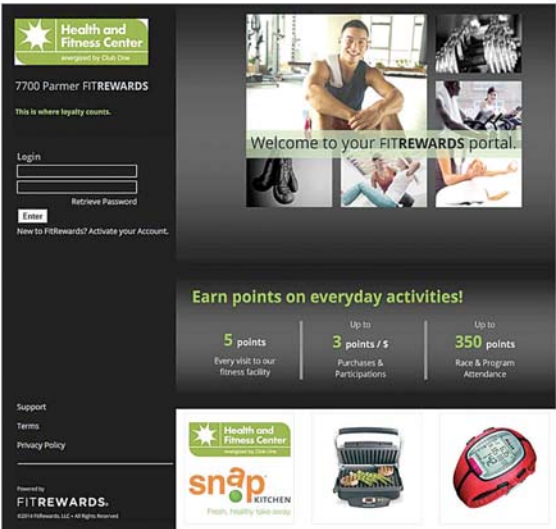
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Catching Up With Club Business Dynamo...

Maria Parrella-Turco On FitRewards

By: Norm Cates

CLUB INSIDER recently had a chance to catch up with club business dynamo, Maria Parrella-Turco. She is busier than ever with some very exciting companies and products in the industry, some of which could help your club business if utilized. We welcome you to read on.

CLUB INSIDER (C.I.) - Maria, for our readers who've not been introduced to fitRewards, please tell us about your company and the programs it offers.

Maria Parrella-Turco (MP) - fitRewards is a reward and loyalty program specific to the health and fitness industry. For nearly ten years, fitRewards has been building member reward sites for hundreds of clubs coast to coast. The program drives a club's brand and member loyalty by rewarding members for their usage, purchases, referrals and fitness activity.

C.I. - How does a rewards program help retain members, and what are the results

seen in the field?

MP - Reward programs are easy to implement but challenging to make stick. Stickiness is a metric used in the reward and loyalty industry to measure engagement. We average 53% of ongoing member engagement. We provide our clients with a return-on-investment report that measures engagement, redemptions, club program and product participation, top spenders and referral generation.

C.I. - fitRewards has recently gone through a rebrand, with a new logo, new website, new advertisements, etc. Please tell us about this. And, how's it going so far?

MP - Outstanding! We acquired the assistance of Phil Bonomo, industry marketing expert, in addition to our developers to create something spectacular. We are now able to customize a club's reward and loyalty program that's branded with the club's name for less than the cost of one member.

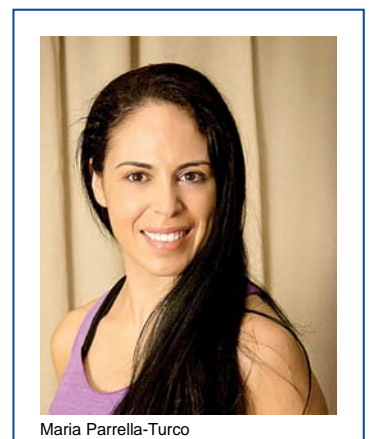
C.I. - Who are your competitors?

MP - fitRewards has been the first and only reward program specific to the health and fitness industry for some time. A few companies tried to penetrate the space, previously, yet failed. Imagine being the first and only health club chain and no one else surviving... We are happy to say that we finally have some competition, which is refreshing. It has brought much more awareness to the importance of reward and loyalty programs as a standard for good business.

C.I. - Besides fitRewards, you're also very busy with New Paradigm Partners, Eclipse Fitness, several Crunch Fitness Franchises, as well as other ventures. Please tell us about those efforts.

MP - Norm, I wear a lot of hats. In addition to those mentioned, I have also started a yoga studio venture named Honor Yoga, and most importantly, I'm a mom and mentor.

C.I. - Maria, what will success for fitRewards in 2014 look like for you?



Maria Parrella-Turco

MP - Our goal this year is to double the amount of clubs we service, and we are on track. Our goal at fitRewards is to continue to partner with smart club operators who desire to truly create a culture of lasting member loyalty.

Contact fitRewards at (888) 762 - 8156.

Boost Your SEO With Video

By: Casey Conrad

We all know the importance of search engine optimization (SEO) in business. The more optimized your website is, the greater the chance that new prospects will find you during their search for a solution to their fitness challenges and concerns.

Unfortunately, although there is a high level regarding the need (and desire) for good SEO, there is a lot of confusion as to how to attain it. Let's face it, Internet marketing is complicated, and to make matters worse, it is constantly changing. Keywords and phrases, meta tags, quality and timing of posted content, as well as word order all play a significant role in whether or not you achieve better optimization and how quickly it can happen.

One strategy that is critical to today's search engine optimization is video. Google, the world's largest search engine, is video friendly. One reason is that their goal is to make searchers happy. Because of its interactive nature, video gets more clicks and typically keeps viewers longer. A second and obvious reason as to why Google likes video is because they own YouTube, the world's largest video uploading site.

From a business owner's perspective, aside from video being preferred by Google helping to obtain better search rank, consumers and prospects love video. Videos get shared on social media platforms like Facebook, Twitter and Pinterest and have a greater chance of receiving backlinks from other sites. Video is more personal, which allows a business to create a greater connection with both prospects and members. And, video can create a level of credibility on the Internet that doesn't happen with blog postings alone. All of this means it is important that your club is leveraging the power of video in your Internet marketing efforts. In order to maximize your video's quality and effectiveness, let's go through a checklist of the things you must pay attention to when creating your video.

Camera Choice

Smartphones and iPads have revolutionized video creation. iPhone users can take HD video footage, and with Apps like iMovie, Magisto, Video Editor, Reel Director and Splice, they can edit right on their device (albeit a small screen to work with). And, if for some reason you don't have or don't want to use a phone or smart device for recording the video, USB video cameras are inexpensive and simple to use (Of course, for those of us who are Baby Boomers, there is a bit of a learning

curve!). The bottom line is that you want to record with any device that: (A) allows for high definition quality (HD) and (B) can easily be edited to mix clips, remove footage you don't want, and quickly add music, voice overs and intros and outros.

Screen Capture

There are times when clients will say to me, "I can't get anyone at the club who is willing to be recorded and put on the Internet." If that is the case, and you don't want to be the star, no problem; screen capture software will make your life easy. Simple software programs make it easy to create online movies from still pictures. For example, Windows Movie Maker or PowerPoint both allow you to turn your photos into a streaming video collage. You can easily add voice, music and subtitles to make it quite compelling. It comes free with your Windows applications when you buy a computer or your Microsoft Office software, and both are quite simple to work with. Each offer lots of options for creating fades, subtitles and fancy transitions, but sticking with the basics can produce a really nice video.

If you have a Mac, you can use iMovie or Keynote the same way. One benefit to using any of these "still picture" formats is that it completely avoids the "Lights, Camera, Action" element, which often causes people to freeze as soon as they try to record themselves.

Another option is to use screen-capture software, which is exactly what it sounds like: Software that lets you record the images on your screen along with your voice. Anyone who follows my blog (www.caseyconrad.com) is already familiar with this format. With this software, you can record a PowerPoint presentation, a tutorial of how to log in and use the club's member portal for reserving classes or a series of pictures that create an instructional video.

You can record anything you want, for example: Suppose we wanted to show you how to log onto your Facebook account.

With the screen capture software, we can record the screen in real time, showing you all the steps taken. That recording can be saved and then formatted into a movie (<http://youtu.be/0iZTxMu9DzM>).

As is the case with all technology, you have many different options to accomplish screen captures. If your recordings are five minutes or less, you may use free software called Jing (www.techsmith.com/jing). For projects that run longer, or need more editing and production, we use a popular program called Camtasia, which has both a Windows and a Mac version. You have to purchase this, but it is invaluable if you're going to produce longer informational products. Another option for Mac is ScreenFlow.

Audio Quality is Key

Regardless of whether you choose to shoot live footage or use some kind of screen capture software, one component to making good video is audio quality. Use a line-in microphone or keep the person speaking very close to the camera's microphone. A line-in microphone is a device that feeds your audio directly into the recorder, ensuring the highest quality sound. You can buy an inexpensive line-input microphone from Radio Shack or Amazon for less than \$25 or buy a more expensive model from Audio Technica for a professional quality sound. We suggest that you use cameras, phones and iPads that have line-in microphone capability.

Have the recording level high enough so that sound can easily be heard on the playback. These tips are particularly important because when you publish a video online using YouTube, the file size will be reduced to permit quick streaming. This automatically reduces the sound quality somewhat; starting with poor quality sound will be frustrating for the listener.

Time Considerations

As a general rule, you should be



Casey Conrad

making videos that are 2 - 3 minutes in length because viewer's attention spans are notoriously short. You want to get your point across and make a call to action quickly. Of course, there may be times when you create longer videos. In situations where you are providing valuable content, such as answering your prospects and customers specific questions, they might listen, even for long periods of time.

Lighting Makes a Difference

Bad lighting results in really poor video. The easiest way to ensure good lighting is to shoot outdoors during daytime, in good light. When shooting indoors, find a brightly lit room with high, overhead lighting. Canister lights recessed into the ceiling are perhaps the worst, because they can leave light and dark sides to your face.

You can supplement poor lighting with something as inexpensive as shop lights or portable painter's lights. If you plan on lots of indoor shooting, your local camera shop sells entry-level umbrella lights for around \$150. Shooting indoors, even with supplemental lighting, you'll often get shadows. We know from personal experience that, if the content and presentation are the best you can do, they will compensate for the "homegrown" style video.

If you are focusing on one person for a long time, it's a good idea to use a tripod to hold the camera steady, making it less distracting to the viewer. But, if you're shooting any type of movement outside, a handheld camera sometimes offers more authenticity. If you question which style would be better, try both ways and see which one looks better on your computer screen.

Upload and Share

Now that you have taken the
(See Casey Conrad Page 21)



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...Casey Conrad continued from page 20

time to create your masterpiece, it's time to let it do its magic on the Internet. That means uploading your video and sharing it on as many platforms as possible so you get views. Be careful to title and name your video correctly, using the proper keywords and phrases you are trying to optimize. Next, make sure you upload it onto your YouTube channel (or Vimeo if for some reason that is what you use) and share it across as many platforms as you can. Embed it into your website blog, post it on Facebook, Twitter, Pinterest, etc. and be sure to ask others to share it as well. The views will drive the optimization.

Personally, I find making video easier than writing. In some ways, video is much more forgiving. If you post an eBook with any errors, an endless number of people will email you, "This word on Page #97 is spelled wrong." But, seeing a goofy mistake on video, people seem more apt to laugh and actually support you. At the end of the day, your goal is to connect with viewers who like your video, share it with others and ultimately help your search engine optimization. By following this recipe for success and consistently creating new content, you will be on your way to higher SEO rankings.

If you would like a copy of my newest book, Internet Marketing for Health and Fitness Clubs, please visit www.caseyconrad.com/bookoffer.

(Casey Conrad has been a sales and marketing consultant in the health and fitness industry for 25 years. In addition to her new book, she has many other publications and products. Visit www.caseyconrad.com for more information.)

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IHRSA Award Recipients Honored For Making the World Healthier and More Active

SAN DIEGO, CA - IHRSA, The International Health, Racquet & Sportsclub Association honored three award recipients during IHRSA 2014, the Association's 33rd Annual International Convention & Trade Show in San Diego, California, March 12-15, 2014. Introducing the 2014 Award recipients:

• **The Associate Member of the Year** was presented to ABC Financial on Wednesday, March 12th.

• **The Julie Main Woman Leader Scholarship** was presented to Patsy McLean of the Adelaide Club in Toronto on Thursday, March 13th.

• **The Outstanding Community Service Award** was presented to Gold's Gym Dutchess County on Friday, March 14th.

"On behalf of IHRSA and the entire industry, I commend each of these three outstanding IHRSA members for their exceptional commitment and service to their communities, their customers and of course, to the betterment of the health

and fitness industry," said Joe Moore, IHRSA President and CEO.

Julie Main Woman Leader Scholarship - IHRSA celebrates the legacy of Julie Main by awarding the Julie Main Woman Leader Scholarship to a woman who exemplifies what Julie stood for: courage, perseverance, excellence, and professionalism. Patsy McLean, Director of Group Exercise for the Adelaide Club in Canada, is the winner of the 2014 Julie Main Woman Leader Scholarship.

Like Julie Main, Patsy also faced the adversity of a cancer diagnosis. Now a Melanoma survivor, she launched a Cancer Specific Exercise program at the Adelaide Club, and leads wellness seminars where she shares her message that life's challenges can be overcome through healthy living. In all aspects of her work, her warm, caring and motivating approach is helping more people to get active and live healthier, happier lives.

Outstanding Community Service - The Outstanding Community Service Award

is presented to an IHRSA member that has made a longstanding commitment to making a difference in, and beyond, their community. Gold's Gym Dutchess County is the recipient of this year's Outstanding Community Service Award.

The reach of Gold's Gym Dutchess County extends far beyond the walls of the two clubs; Kim Austin Kenyon and her team have seen many of their greatest successes when touching the lives of people outside their clubs.

Gold's Gym Dutchess County is a regular supporter of organizations like the American Heart Association, American Diabetes Association, and The Renegades' Pitch for Kids, a local foundation that focuses on strengthening children and families.

Associate Member of the Year - The Associate Member of the Year Award is presented annually to recognize an IHRSA Member for their significant contributions to the advancement of the health club industry, as well as their support of



IHRSA, its members and its mission through program and event participation, advertising and sponsorship.

ABC Financial, an IHRSA member since 1986, was selected as this year's honoree due to their decades of outstanding achievements, innovations and support of the health and fitness industry, their continued investment in leading-edge technology, marketing programs and software solutions, and their unwavering support of IHRSA and its members.

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



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The Cycle of Life At Your Club

By: Karen Woodard-Chavez

The cycle of life, as you see in the visual of this article, is a very simple cycle and is the same for many businesses. I use this as a very visual example for my clients in the health and wellness industry as well as other industries. The only difference is that the language may change for each stage in the cycle based on the business. Let's briefly walk through it together, and then, we will break it down further to enhance the outcomes for your long-term success.

You see at the very top of the cycle is *Prospect*; the club gets a prospect through it's marketing mix. Or, perhaps a member refers them. They come into the club. They meet with your membership staff, see a beautiful facility, experience terrific programming, the membership staff is *informative, inspirational and persuasive* and the Prospect moves to the next stage in the cycle, which is *Member*.

Because the membership staff did a terrific job of asking questions to understand precisely what outcomes the Member wants to achieve and was *not only informative but inspirational and persuasive as well*, she was able to immediately get the new Member to the next stage of the cycle, which is

Engaged. By getting them involved in programming, this speaks to their results at the point of sale. The Engaged level was achieved. Because the new Member is *immediately engaged* in the club, they are using it more frequently and with directed intention. So, they are moving to the next stage in the cycle *faster*, which is *Results*.

When Members are using the club more frequently in a structured/programmed way they are connecting with more people, building relationships and getting results. When these things happen, the Member then moves to the next stage in the cycle, which is *Referrals*. Members using the club who are delighted, and getting results, are the ones that refer new Members. Members who are not using the club and are not getting results do not provide referrals. So, notice when we hit the stage of referrals, we start the cycle all over again because that leads to *Prospect* again, and we have the opportunity to continue the cycle of life at the club. Pretty basic, isn't it?

Let's look at what makes the cycle work smoothly and what can mess it up. The only way the cycle of life can continue is if each step is successfully completed. In other words, we cannot create a prospect unless we have a great reputation,

members are happy, using the club, getting results and referring new members. They will not be happy, get results and refer if they are not immediately engaged. If your membership staff does not know precisely what outcomes the prospect seeks are, as well as what would possibly make them hesitate to join and build solutions into the conversation, the prospect will not become a member. Each previous step has to happen flawlessly to advance to the next step.

Several questions are important to answer now:

1. Does this cycle happen every time and consistently with every new member?

2. If not, where does your club get stuck in the cycle? This is important to identify and resolve.

3. Is the entire staff aware of this cycle? This is crucial; you may initially believe that it is just the membership staff that drives the cycle. That would be partially correct. The reality is that it is ALL staff members who drive the elements of this cycle. Introduce this at your next all staff meeting.

Getting the cycle down con-



Karen Woodard-Chavez

sistently is critical to the growth of what I refer to as your **Indispensable Three: Results, Retention and Revenue.**

(Karen is President of Premium Performance Training in Boulder, Colorado and Ixtapa, Mexico. She has owned and operated clubs since 1985 and now consults with and trains club staff throughout the world. She provides her services on-site, online, by phone and through her books, CDs, DVDs and manuals. She can be contacted at 303-417-0653 or karen@karenwoodard.com)

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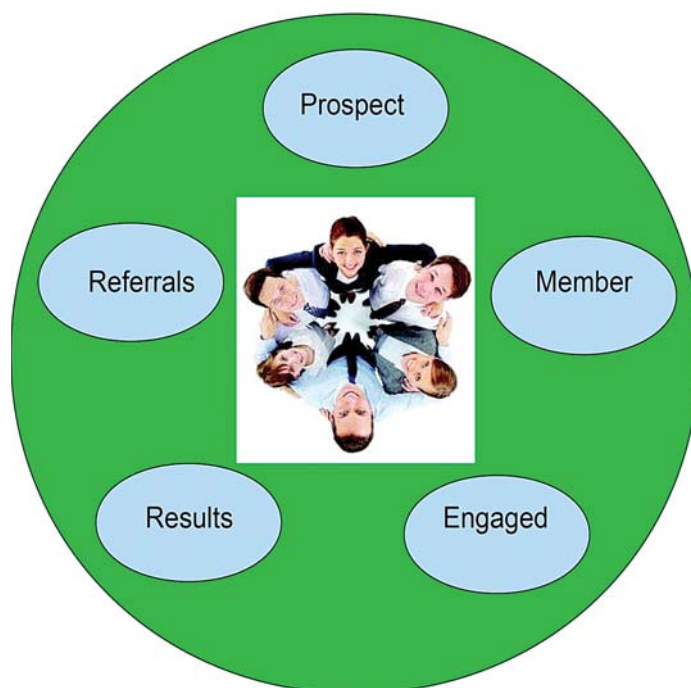
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Total Woman Gym + Spa Announces Innovative Holistic Platform for Flagship Property Opening in Westlake Village

WESTLAKE VILLAGE, CA - Total Woman Gym + Spa, California's largest full-service gym and day spa, has announced plans to introduce an innovative holistic platform that will facilitate transformative experiences for members, beginning with its brand new flagship facility currently under construction in Westlake Village.

Scheduled for completion in summer 2014, the 13,000 + square-foot property located at 30800 Russell Ranch Road will be the first of the 16 Total Woman Gym + Spa locations to adopt the new platform, which will create a uniquely female community that empowers members to achieve optimal health and wellness by adopting integrative,

holistic solutions.

With a collaborative approach to wellness as its cornerstone, the platform will provide members with skilled facilitators to help them determine personalized health plans. The gym will feature an impactful combination of group fitness, personal training, wellness coaching and distinct spa services, which will include Pilates, Reiki and acupuncture, among other original offerings.

The new Westlake Village facility will house three group fitness studios, a full-service spa, including a Jacuzzi, steam room and dry sauna and an expansive exercise floor featuring state-of-the-art fitness and cardio equipment, each with its

own personal viewing screen.

"Total Woman Gym + Spa has helped empower the women of Westlake Village and Thousand Oaks for more than 20 years, and we look forward to providing them with an elite new facility and thoughtful programming that will facilitate monumental strides in personal wellness goals," said Gene Lamott, Chief Executive Officer. "We are extremely appreciative of the support of our existing members, staff and the greater community as we excitedly await the opening of our signature property this summer."

Total Woman Gym + Spa is California's largest full-service gym and day spa with 16 locations throughout the

state. Offering a shared vision that *within every ordinary female is an extraordinary woman*, the facilities empower women to live their best lives by providing them with life-transforming tools to achieve total wellness in a supportive, motivational environment. Headquartered in Westlake Village, CA, the company currently has female-friendly franchise opportunities available. For more information, including locations, visit www.totalwomanspa.com.

Editorial media inquiries can be directed to Stephanie Musso at On the Horizon Communications: stephanie@theprssroom.com or (805) 773-1000.

Make It Fun!

PR 101: Building Your Brand With Ambassadors

By: Nancy Trent

Once upon a time, companies that wanted to sell their services or products hired authentic experts, authority figures and frequently authors with advanced degrees who seemed incorruptible, ethical and thoroughly reliable. They possessed a high degree of credibility, and their own notoriety rubbed off on the brands they endorsed either blatantly or subtly. They were, and many still are, powerful influencers of human behavior.

A lightning fast Darwinian evolution has taken place, and those dependable credentialed "spokespersons" have been supplanted like weeds in a flower garden that could be called "the new mavens." They are an amalgam of uncredentialed and credentialed authorities that are curating their fiefdoms, their own tight little worlds, for micro-audiences on social media. Frequently, they are passionate individuals who are completely absorbed in their fields of interest. Don't make the mistake of overlooking their power.

Smart brand managers pursue them for third-party endorsements that

tap into their core audience, the same way journalists' "endorsements" are constantly sought after.

Things are not always as they seem or as we think they are. The old saying, "perception is reality," continues to ring loud and clear. We are not who we think we are. Instead, we are who others believe us to be. What they see and hear is what they know and believe to be accurate. The same holds true for brands.

Your brand is not what you tell people it is. It is what others tell people it is. Brand advocates are 70% more likely to be seen as solid, dependable sources of information by the people around them. When they are liked and respected, they are seen as friends, and whom do we listen to as much or as frequently as our friends? Who is more influential than those we see as our friendly "mentors," peers and those who give us advice we trust and can rely on? Consider these recommendations:

- For your brand, you need to be able to identify who the genuine influencers are. Who do the media quote? Those who pop up frequently in stories and articles or appear as commentators on TV are

influential thought leaders.

- How can you partner with those influencers to become brand ambassadors? Look for the synergies. Discover where the common ground is and what your brand's mission blends with what they are trying to accomplish. Use that to your advantage.

- What are the incentives that will resonate with your ambassador followers to lend their support to the brand? Many relish the opportunity to gain even greater notoriety and would be happy to be an ambassador in exchange for the opportunity to obtain added publicity. In other words, they will say great things about your brand if you arrange the media interview.

- How can you increase sales through an ambassador program? Many ambassadors would love to increase their own income by selling products. Develop a system for tracking sales that are based on the ambassadors' direct referrals. It's easy for them to get credit if the consumer says your ambassador sent them.

(Nancy Trent is a writer and speaker, a



Nancy Trent

lifelong health advocate, a globe-trotting trend watcher and the founder and President of Trent & Company, a New York-based marketing communications firm. She is a recognized expert in PR with more than 30 years of experience creating and managing highly successful campaigns. Nancy can be reached at 212-966-0024 or by email at nancy@trentandcompany.com. You may also visit www.trentandcompany.com.)

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How A Club Keeps Changing To Stay The Best in Their Market

By: Bruce Carter

The need to renovate a club is like the need to renovate your body. No matter what, if you do not keep up with the latest exercise and nutrition, your body ages and becomes a shadow of what it once was, and you are not able to effectively be the most productive you can be. So it is with a club. Not renovating lessens your competitive ability, and slowly, your club can "whither" away. Oh sure, maybe you can hang on... but the profits are never the same.

Then, there are clubs that are continually proactive in a changing marketplace. They do not wait and let competition come and then react. They know that they need to keep making changes with their club, sometimes small changes, and other times, more significant changes.

The Weymouth Club in Weymouth, Massachusetts has been in business since the 1970s and was the subject of a **CLUB INSIDER Cover Story** in April 2012. They have grown, space by space, to over 150,000 square feet. Their service and member programming is clearly exceptional. Yet, with many new clubs opening, including lower-priced models, once again, they decided to follow a plan for renovations in different phases to stay at the top of the marketplace and maintain their healthy prices.

As always, in any renovation, decisions have to be made as to where to prioritize the expenditures. Usually, this is divided into three categories. One is looking how to add more revenue as a result of the renovation, including creating new spaces that can add dues revenue but also non-dues revenue. The second area is the all important interior environment and décor of the club. The goal here should be to create new levels of the "wow" factor.

This obviously affects new membership sales but also motivates people to retain their memberships. The third decision is to decide what to do first and how to best divide up what needs to be done into phases so renovation expenses do not overwhelm the club.

"Impact dollars" is a term that is used to help create a plan and set priorities. High impact dollars will get the highest return on investment, create the most excitement and increase member satisfaction. Low impact dollars means spending renovation dollars unwisely, misjudging what will do the most good. It should be noted that, at times, a renovation calls for "unglamorous" expenses, such as fixing an HVAC system or getting rid of mold, but these are absolutely necessary.

The Weymouth Club looked at their competition, the trends with fitness and what they felt would have the most favorable effect on new and existing members. This led to a priority list. Then, costs were determined for the different changes, and this resulted in what things would have the most impact and end up being part of the first phase. Then, a second phase was determined with possible future phases based upon how well revenue was affected by the first two phases.

This is a good process to follow in renovating a club because this works with any budget a club will have to spend. Even if it is a small amount, prioritize how to get the most "bang for the buck" with that amount. Then, plan what will be in the next phase relative to timing and budget. So often, some type of renovation change is better than none.

The Weymouth Club felt the priority for the first phase was making the lobby and locker rooms more upscale while doing new colors and finishes for the workout and group exercise areas.

The second phase would involve the conversion of a tennis court to more mind/body space, such as hot yoga, Pilates, a spa and expanded lounge and social areas.

For the first phase, budget did not call for complete changes, so certain things in those areas would remain while other things having a higher impact dollar effect would change. For example, in the locker rooms, changes were made with vanities, new granite, accent lighting, carpet, lockers and floor tile, but the wall tile and most of the lighting remained, yet the result looked as if they created beautiful new locker rooms.

To get "more" space, The Weymouth Club had to go through a process all clubs should do in deciding what they may have to get rid of to get more space. This involves looking at the revenue per square foot a space is currently making, and with changes, project what the increased revenue per square foot would be. For example, they converted a tennis court but assumed that more revenue could be produced (and more members could be served) changing that space.

Often, when a club does not have the ability to convert space to other uses, it still may make sense to remove certain areas to reduce the amount of outdated equipment. For example, this can leave more space for more functional training, leading to increased group and personal training revenue (these areas can potentially be the highest revenue per square foot areas in a club). It often comes down to what makes more revenue per square foot and will make you more competitive.

It should be noted that the Weymouth Club did a lot of planning so the renovation would minimize member inconvenience and misinformation about the renovation. So, it is recommended to regularly communicate to your members the benefits of the renovation. Also,



Bruce Carter

members often think renovations will mean more dues. So, it's good to let them know it will have minimal or no effect on their dues. Controlling the "rumor mill" by training your staff properly is important in a renovation.

Regularly making upgrades to your club is a must. Even small amounts of dollars, if planned properly, can have a substantial impact. Always looking to see how changes can increase the average revenue per member is clearly a trend in the club business. Simply knowing that most people do not like exercise means you need to provide a beautiful environment to "help" people want to join and keep coming back for more. Exercise alone will not do this for so many in your marketplace. As an example, the Weymouth Club has been doing this for almost 40 years. It is clear that the one thing they will not change is knowing that they need to continually change.

(Bruce Carter is the Founder and President of Optimal Designs Systems International, Inc, a Florida-based design firm. Bruce can be reached at bruce@optimaldsi.com)



Weymouth Club Locker Room (Before)



Weymouth Club Locker Room (After)

Trend Watching May Fuel A Visionary Growth Strategy

By: Stephen Tharrett and Mark Williamson

In a recent article published in the *New York Times*, the author brought forth one of the more interesting economic phenomena that have occurred as America and the world have risen from the bowels of the recent economic recession (2008 to 2012). The author indicated that, since 2009, when the recession hit rock bottom, inflation-adjusted spending by the top echelon has risen 17%, compared with 1% among the bottom 95%. In broader terms, this means that 90% of the overall increase in consumer spending from 2009 to 2012 was generated by the top 20% of households based on income. In 2012 alone, the top 20% of earners accounted for nearly 40% of domestic consumption, up from 28% in 1995. Luxury brands are seeing increased demand and revenue growth that significantly outperforms those brands serving the midscale and less affluent demographic sectors.

During this same time period, low-cost business models focused on serving the "budget" minded consumer have grown, but the overall revenue growth of this sector pales in comparison to the growth the luxury segment has experienced. According to John G. Maxwell, Head of Global Retail and Consumer Practice at PricewaterhouseCoopers, "As a retailer or restaurant chain, if you are not at the really high level or low level, that is a tough place to be." This economic dynamic, where economic opportunities are unequal, is reflected by the GINI Index, a measure of income inequality. In the case of the United States, the GINI Index has consistently grown each year since 1967, and since the onset of the recession through 2012, the GINI Index has continued to grow, indicating further disparity in income inequality in the United States. It now appears this phenomenon is creating an oncoming tsunami for those in the hospitality, retail and service sectors.

Are commercial health club industry trends going the wrong direction? Why are we focusing on this domestic and global economic phenomenon? Well, in IHRSA's 2013 *Health Club Consumer Report*, there were a few consumer and industry trends that indicate the commercial health and fitness industry may have missed the "boat" when it comes to leveraging the spending power of the top 20%, and more specifically, the top 5% to 10% of household incomes. The commercial health club trends we speak of include:

- Since 2008, the percentage of health club members who come from households earning over \$100,000 annually has declined from 39% to 35%. During this

same time period, the percentage of United States households with incomes over \$100,000 has increased.

- Since 2008, the percentage of members who come from households earning less than \$50,000 annually has grown from 27% to 33%.

- Since 2009, the percentage of club members who are 45 years of age and older has declined while the percentage of members who are 18 to 35 has increased. This despite the still powerful Baby Boomer generation (50%) that controls approximately 67% of the nation's wealth, whose net worth is 3x that of the younger generations and whose spending has increased by 45% in the past decade (Bureau of Labor Statistics).

- Since 2010, miscellaneous nonprofits and boutique-style fitness studios have garnered a larger share of market, while more traditional consumer models have declined, particularly fitness-only clubs.

The aforementioned data would indicate that the commercial health club industry's approach has been to focus on business models that attract younger consumers at the expense of Baby Boomers, and it attracts consumers with lower household incomes at the expense of those with higher household earnings. This indicates that newer business models, such as single-offering boutique studios and miscellaneous non-profits have managed to garner a larger share of the health club consumer market, leaving the core of the industry chasing the 80% to 95% of the market that accounts for less than 50% of all consumers spending.

Since the recession took hold in 2008, the number of operators who have entered or expanded their businesses into the high-volume, low-price sector has grown significantly (e.g., Bally's, Blink (Equinox), Crunch Fitness, Fitness Connection, Gold's Express, Planet Fitness, You Fit). During this same time period, many operators lowered their price points to retain members and to compete with the new budget models. Interestingly, during this same time, period boutique fitness studios offering focused experiences, such as barre, cycling, personal training, yoga, etc. (e.g., Pure Barre, Bar Method, Flywheel, Core Power Yoga, Orangetheory Fitness, Iron Tribe Fitness and Soul Cycle) grew exponentially, and non-profit fitness centers such as those offered by private clubs continued to grow. These new boutique offerings have monthly price points for unlimited access to classes and small group training that range from \$120 a month to over \$300 a month, with most



Stephen Tharrett



Mark Williamson

falling in the range of \$150 to \$225 a month, three to four times the average price point for the commercial club industry (\$49 a month) according to IHRSA's 2013 *Health Club Consumer Report*. The price points for some of these non-profit country club fitness and wellness experiences are well over \$500 a month. These boutique fitness studios are attracting an older and more affluent population, individuals who are prepared to pay more for an experience that aligns with their needs and psychographic personality.

Why haven't commercial health clubs been leaping on the growing wealth gap and luxury experience market?

Individuals with earnings and net worth that fall in the top 20% tend to be older and/or more educated (e.g., Baby Boomers). These demographic and psychographic groups are prepared to spend more for a luxury experience; one that is highly personalized to their interests and needs and gives them the opportunity to socialize with others who have similar interests. They don't see themselves as part of the herd; instead, they see themselves as having earned the right to pursue what they want. In the case of fitness, they are prepared to spend a lot of money on fitness experiences that align with their personality. If you are into cycling why deal with the crowds at a commercial club when you can hang with others who are passionate about cycling. The same can be said for individuals who are passionate about barre, Pilates, functional training, high intensity training or yoga. It is not just the uniqueness of the offering that attracts those of greater wealth and/or education; it is about receiving caring and personalized service in a nurturing and inspirational environment. Finally, these individuals want to feel valued, rather than treated as another sale.

Attracting and retaining this "luxury" audience requires an entirely different mindset and operating model.

These individuals expect a comfortable, nurturing and inspirational environment where they come first. They want to be valued and cared for. They want to be among peers with similar passions and interests. They want an experience that challenges them and is delivered by educated and passionate professionals such as themselves. They want to receive those little things that tell them you pay attention to the details that make their experience more enjoyable. They want to have a program that is built for their unique needs, both physically and emotionally. They want to get results and be recognized for doing so. According to a White Paper entitled, *The Affluent Consumer Purchase Path*, published in 2010, the authors indicated that these "luxury" customers are seeking uniqueness along with a provider who focuses on their special needs. These individuals are the ones who will stay at an upscale hotel, purchase a high-end retail product and pay \$300 a month to belong to a boutique fitness studio.

So, why isn't the commercial club industry jumping on this opportunity? After all, does it not make sense to sell your offering to the 20% that spends close to 50% of every consumer dollar and is prepared to spend more on an experience than the other 80%? Maybe it is easier to focus on the 80% who have less to spend and who will always be watching their dollars. After all, the 80% tends to buy on price and expects considerably less in return. Focusing on the 80% requires you to be outstanding at marketing and sales, while reaching out to the 20% requires attention to detail and the ability to tailor your experience to the needs, wants and personality traits of a demanding audience. Walmart has been incredibly successful pursuing this model, but even they are seeing growth inch upward ever so slowly. As stated at the beginning of this article, it appears that offerings which appeal to the 20% hold the greatest potential for revenue

(See *Club Intel* Page 29)

Leaders Needed to Grow, Promote and Protect the Fitness Industry!

BOSTON, MA - IHRSA is looking for a few great, forward-thinking, strategic-minded club owners, operators and industry suppliers who value the benefits of advocacy and health promotion; who appreciate being part of something bigger than themselves and their immediate business; and who understand the benefits of collaborating, even if it's with a competitor, to grow opportunities for the entire fitness industry.

"Members of IHRSA's ILC see beyond the front doors of their clubs and understand the importance of investing their time and resources in advocacy to elevate the entire industry," said Brent Darden, Owner of TELOS Fitness Center in Dallas, Texas, and current chair of the IHRSA Board of Directors. "We need more club operators to join us (the ILC),

to make us stronger, to increase our voice and to share their passion beyond their immediate business."

In addition to expertise and experience, ILC members contribute funds to ensure that IHRSA, as the sole protector and advocate for the health club industry, has the financial resources necessary to protect fitness clubs against harmful legislation and taxation and to keep the fitness industry at the forefront of health promotion and wellness policy.

These financial contributions support IHRSA's efforts to track, monitor and act on both positive and negative legislation in all 50 states; educate lawmakers on the industry and particular issues; provide expert testimony at local, state, and federal hearings; forge alliances with influential health promotion

organizations and business leaders; lead advocacy campaigns whenever and wherever needed; and fund lobbyists in battleground states.

Over the past five years, the ILC's contributions of more than \$4 million have enabled IHRSA a **96 and 2** success rate in preventing harmful legislation. "If not for the generous contributions from ILC members, clubs across the country would be operating in an industry riddled with imposing regulations and devastating taxes," said Meredith Poppler, IHRSA's Vice President of Industry Growth. "And, these contributions also allow IHRSA to support state and federal legislation that incentivizes exercise in health clubs, improves physical education, increases workplace wellness and promotes healthy lifestyles."

"As important as it is to be smart business owners, it is even more important to our future to be engaged industry leaders," said Chuck Runyon, Co-founder and CEO of Anytime Fitness. "The years ahead present an unprecedented opportunity for the health club industry to become a substantial part of the solution to our nation's current health and economic problems. By pooling our resources --our passion, creativity, intelligence, expertise, funding, and willingness to collaborate-- we can positively change the landscape for our clubs, our members, our communities and the entire industry. With the influence we bear as an industry pulling together, we can make America a better, healthier place."

Mountainside Fitness Expands With \$40M in Funding

PHOENIX, AZ - Mountainside Fitness, the Arizona-based health club chain, will be able to expand thanks to a new partnership with PNC Mezzanine Capital.

Mountainside could see a growth capital of up to \$40 million, enabling the company to add to its 10 locations. Mountainside projects it will be able to add

1,500 to 2,000 jobs as a result.

Billy Malkovich, CEO of Mountainside Fitness, said there will be a new brand created with the funding, but according to a story in the Phoenix Business Journal, he couldn't elaborate.

"We are extremely excited about our partnership with PNC Mezzanine

Capital," said Tom Hatten, President of Mountainside Fitness, in a press release. "This is the next step in our ability to grow not only locally, but in markets across the country."

For more on Mountainside, go to www.mountainsidefitness.com.



...Club Intel

continued from page 28

growth. As income inequality continues to expand so will the need for offerings that can appeal to both ends of the spectrum.

We believe the commercial health club industry has done an outstanding job appealing to the 80%, but it has failed, with some exceptions, at creating viable business models that can leverage the expanding upper echelon of high net worth households. Obviously, some of the new

boutique offerings and private clubs have gotten the inside track on the affluent and older demographic and psychographic segments. However, there remains a significant opportunity for some of those in the commercial segment of our industry to modify their value proposition and capture a greater share of this high-value segment.

Was the industry's defensive strategy at the onset of the recession shortsighted (e.g., reacting immediately to the recession by lowering prices and creating new budgeted models) or visionary

(i.e. creating a value proposition that will generate the greatest long term growth for the industry)? The authors believe the industry may have been more shortsighted than visionary when moving to the budget model and ignoring the development of "luxury" models, and consequently, has opened the door for value propositions that appeal to the 20%, and even the top 5%. As the macroeconomic, demographic and psychographic data shows, the wealthy are getting wealthier and consequently, are spending more to enrich their lives.

Not only are they spending more, but they are prepared to and will spend more on experiences that cater to their unique interests and passions.

(Stephen Tharrett and Mark Williamson are the co-founders of ClubIntel, www.club-intel.com, a brand insights firm. Together they have over 50 years of experience in the club and hospitality business. They can be reached by email at stevet@club-intel.com and markw@club-intel.com.)

...Norm's Notes

continued from page 10

to **contact DOUG CASH**, go to www.thetomconference.com or call (313) 927 - 2274.

•Check out www.northpoint7.com, email germano@northpoint7.com or call (858) 442 - 7934 to speak to my long-time friend, **KEN GERMANO**, about the new things he and **JEFF BENSKY** are up to with their new company, **Northpoint 7! Stay tuned, Folks!**

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

sailors and keep them safe. Thank you, Congratulations and Welcome Home to all of our troops who've served in **Afghanistan** and around the world. **God bless you and your family, your club staff, your members and your club(s). God Bless America!**

(Norm Cates, Jr. is a 40-year veteran of the health, racquet and sportsclub industry.

Cates is the Founder and Publisher of **CLUB INSIDER**, now in its 21st year of publication. Cates was IHRSA's **First President**, and a Co-Founder with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its **DALE DIBBLE Distinguished Service Award**, one of its highest honors. Cates may be reached by phone at **770-635-7578** or email at Norm@clubinsideronline.com)

Make It Fun!

Programming For The “Fun Of It!”

Increased Participation Guaranteed With This Easy-to-Implement Program

By: Laurie Cingle, M.Ed.

Here's a motivational program modeled after the game *Monopoly* that is easy to implement and draws big numbers of participants. Brand it to your facility by renaming it to include your club's nickname, for example, *MAC-opoly*. Or simply call it *Fit-opoly* or *Well-opoly*.

Goal: Keep members motivated to walk in your door.

Length: Three weeks.

Materials needed: •Foam board, 1" thick, enough to make one 5' by 5' game board;
•White Butcher Paper to cover the foam board;
•Giant Fuzzy Dice (pair) from auto supply store or Amazon;

•Orange Card Stock for “Chance” cards;
•Yellow Card Stock for “Community Chest” cards;
•Game Pieces - T-pins and colored paper cut into triangles put together to make a flag upon which members write their name;
•Prize drawing slips - Name, Email, Phone, Trainer Name, Group class usually attended, etc. Any information you wish to capture. This is a great way to update member records;
•Fishbowl from which completed prize slips will be pulled.

Big Prize: Only one member will win. This is what will guarantee huge participation so choose well! Examples: One year of free dues donated by the club owner or \$750 worth of groceries donated by a locally-

owned organic grocery store.

Additional prizes: Any service provided at your facility: Personal Training Packages, Massages, Wellness Coaching, etc.

Fee: Free

How to Play: A 5' by 5' Game Board is placed in the lobby near the reception desk so staff can monitor it. Members roll giant fuzzy dice and move their game piece around the board. No sign up is necessary; they only need write their name on their game piece and begin. The program is played similar to *Monopoly*. Replace the four railroad spaces with whatever your big prize is and advertise the prize in big, bold letters at top of the board.

Every time a member lands on “Prize,” their name and information is written on a prize slip and placed in a fishbowl. They are now eligible for the drawing, which is held at the end of the program. “Chance” and “Community Chest” cards contain things like “go to jail,” “move forward 3 spaces,” “one free chance in drawing,” etc. Members may have one roll per day. Exercising is not required, but checking in at the front desk is required. The more they play, the greater



Laurie Cingle

their chance of winning.

Advertising is not necessary; the giant Game Board should say it all. Pepper a few flyers around the facility on the day the program kicks off. That's it! **Have fun!**

(Laurie Cingle, M.Ed., is a fitness business success coach, club consultant and a member of the Leadership Team at Akron General LifeStyles. Contact her at laurie@lauriecingle.com)

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The Pulse of the Health and Fitness Club Industry

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Thanks and Appreciation

At CLUB INSIDER, we are excited to be celebrating our 21st Anniversary of this home-based health and fitness club trade newspaper! The thought that this newspaper was *founded to serve an industry I truly love*, and so that *I could become a Mister Mom for my son, Justin*, is still *intriguing and amazing* to us. I wish to extend our most sincere **Thanks** and **Appreciation** to everyone that's made this amazing run possible.

A very sincere **Thanks** and **Appreciation** go to Rick Caro, Dr. Gerry Faust and the Faust Executive Roundtable #1 for helping me decide in 1993 what my home-based business would be. **Thanks** and **Appreciation** to my long-time friends, Ron Hudspeth and Cathy Miller of Atlanta's Hudspeth Report for the tremendous assistance they provided during our first 8 years of publication. **Thanks** and **Appreciation** to all of the folks at Walton Press in Monroe, Georgia. They've done an absolutely excellent job for us all these years and have printed every one of our monthly editions! **Thanks** and **Appreciation** to all of our READERS. Sincere **Thanks** and **Appreciation** to our CLUB INSIDER Advertisers, past and present, for their kind and dedicated support of this publication. It's amazing to know that we have several advertisers with over 15 years of continuous advertising with us. Plus, we have one advertiser, National Gym Supply, with over 18 years advertising with us and one, Affiliated Acceptance Corporation, with over 19 years as they have advertised in every single edition of CLUB INSIDER since the first month that we sold advertising in June, 1994! We also want to say sincere **Thanks** and **Appreciation** to all of our CLUB INSIDER Contributing Authors, past and present, who've contributed *hundreds* and *hundreds* of excellent articles to help our readers with their Best Business Practices. **Thanks** and **Appreciation** to IHRSA for all it does.

Sincere **Thanks** and **Appreciation** to my son, Justin, who started working part-time for CLUB INSIDER when he was just 8 years old (helping with mailings). This young man, pretty much behind the scenes for 20 years now, has truly been a fantastic partner for his Dad in CLUB INSIDER. Justin does our editing, publication layouts, all of our website design and maintenance, all of our bookkeeping and subscription processing work, as well as archive management and anything else that needs doing, including writing eight cover stories per year.

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

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

Norm Cates, Jr.

IF IT'S TRUE WE'RE JUDGED BY THE COMPANY WE KEEP... WE'RE MIGHTY GLAD!

Introducing our new partner



XBOX ONE

and introducing our new name



MOSSA™

LET'S MOVE!

For over 24 years BTS (Body Training Systems) has been delivering innovative and popular products and group fitness classes for health clubs around the world. Xbox One has recognized our commitment to engaging club members and creating an exciting atmosphere that gets people moving and, more importantly, gets results. Xbox One wants the same things for its new Xbox Fitness. We have welcomed Xbox One's desire to get people healthy and fit, whether it's in the comfort of their own home or in our customers' gyms.

BTS, through Xbox Fitness, is proud to launch MOSSA. Call it a hipper, cooler, more relevant name than Body Training Systems, but MOSSA still comes with your longtime friends, our dedicated team, and our never-ending commitment to giving you the best group fitness classes on the planet!

For more information visit www.MOSSA.net or call
800.729.7837 from US & Canada. Everywhere else 770.989.4700



Secrets Everyone Should Know About ALS!

- Every 90 minutes, someone is diagnosed with ALS in the United States;
- The incidence rate is nearly identical to Multiple Sclerosis (MS);
- However, unlike MS, there are no effective treatments for ALS;
- Funding for ALS therapy development is urgently needed to move promising research forward.

Augie Nieto, the bravest man in the fitness industry, after eight years of not being able to move his arms, legs or breath on his own, is winning! His legs and arms are moving!

For anyone who has made \$1 in the fitness industry, we owe Augie Nieto, the trailblazer. Without men like him, we would not have an industry such as ours in which to thrive.

Augie brought the Life Fitness Company to the world!

All cardio grew from there.



I know a little bit about today's industry, where 80% of usage comes from treadmills, bikes, ellipticals and arc trainers. Where I used to work just hit 5 million members and 700 units. Everyone in the fitness industry, from independents to chains and manufacturers, needs to show financial support.

YOU HAVE TO GIVE TO GET AND WHAT BETTER CAUSE!



THE GOAL

I asked Augie, "What is the most ever raised for ALS?"

He said, "\$6,000,000."

Then what should our goal be Augie? Knowing the answer any champion would give, he goes with, "\$6,000,001."

By March 14, 2015, we will raise \$6,000,001!



www.augiesquest.org