

Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry



THE Claremont Club

INSPIRING A COMMUNITY OF HEALTHY LIVING



Front Row (L to R): Maggie Weeks, Shannon Malooly, Antionette Mara and Cathleen Garner Back Row (L to R): Philip Pandey, James Williams, Tracy Stepp, Mike Alpert, Lisa Copenhaver, Mike Boos, Shana Sobczak, John Ries, Denise Johnson and Barry Friedman

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The Claremont Club...

*An Amazing Story of
Club Innovation and Differentiation*

MARCH 2015

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Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

The Claremont Club...

An Amazing Story of Club Innovation and Differentiation

By: Norm Cates

Part I

The health, racquet and sports club industry is full of club owners and operators seeking to *differentiate* their clubs from their competitors. Unfortunately, the *actual achievement* of that *goal of true market differentiation* is far more easily *talked about* than it is *achieved*. **That is... unless you're Mike Alpert, President and CEO of The Claremont Club in**

Claremont, California.

Mike Alpert and his fantastic and dedicated Claremont Team have reached what I will describe, for this and future writings, the *pinnacle of market differentiation*. There is no other place in our club world quite like this place. There's no other club in the world taking on and achieving what they are achieving in the world of helping special needs people that this place is achieving. There are over 30,000 health and fitness clubs in the United States, not to mention an additional

35,000 small studios, spas and salons... But, nobody I've ever heard of in my 40+ years in this industry has even come close to achieving what Mike Alpert and his Claremont Club Team have achieved in terms of making *huge differences in the lives of some of the people they serve*.

You see... Mike's Claremont Club not only provides health, fitness and sports club facilities for his 10,500 members, but it also provides a place that will help those unfortunate souls who've experienced traumas with their spine to recover their lost ability to walk again... Yes...you read that correctly. The Claremont Club is helping paralyzed people recover their ability to walk again! And, along the way, *(See The Claremont Club Page 10)*



Mike Alpert, Claremont Club President & CEO

Dear Friends,

This is our **LAST CALL** to come to the Augie's Quest BASH (However, you'll still be able to sign up almost to the last days before the event). I have listed below 12 reasons why you should come.

The simplest way to arrange your participation is to email Augie's assistant, Gretchen Simoneaux, at gsimoneaux@als.net and tell her what you'd like to do, and she will make it easy for you (It's \$350 per tax-deductible seat, or \$3,000 for a table for 10).

Your Friend,

John McCarthy

12 Good Reasons To Come To The Augie's Quest Bash

1. It's the main social and fun experience at IHRSA 2015 in Los Angeles.
2. All of IHRSA's leaders, and EVERY industry leader will be there.
3. It's designed to be fun, uplifting and inspiring. **FUNDAMENTALLY, IT'S A CELEBRATION OF INCREDIBLE COURAGE.**
4. It concludes with a great band and a great dancing and socializing opportunity.
5. It supports a great charity and a great cause: the Cure of ALS.
6. It's led by fun and famous entertainers.
7. It's a fabulous networking experience.
8. It's a celebration of one man's (Augie Nieto) incredible courage and his leadership in the entire global ALS community.
9. It's an inspiration for all of us with our less serious issues and problems.
10. It's supported by almost every supplier and trade show exhibitor in the industry.
11. It's an incredible lesson for all of us on how one wonderful family (Augie's) deals with tragedy.
12. Above all, you'll be **PROUD AND HAPPY** that you came!

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Iron Grip Barbell	#1023
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Muscle Up Marketing	#637
Sports and Fitness Ins.	#2229
Visual Fitness Planner	#2514

Planet Fitness Franchisee Secures \$58.75 Million In Expansion Financing From GE Capital

SCOTTSDALE, AZ - GE Capital's Franchise Finance business announced that it is administrative agent on a \$58.75 million credit facility for PF Growth Partners, LLC (PFGP), one of the largest franchisees of Planet Fitness clubs. The funds will be used to refinance PFGP's existing debt and fund its growth plans. GE Capital Markets served as sole lead arranger and sole bookrunner on the facility. Based in Timonium, MD, PFGP operates 28 clubs in Maryland, Tennessee and Florida and has plans to open 8 - 10 additional locations per year. In November 2014, PFGP received \$35 million in financing from Alaris Royalty, a Calgary-based private equity firm.

(See Planet Fitness Page 6)

Inside The Insider

- What Does "Fred The Baker" Have In Common With PT Sales? - **By:** Ron Alterio
- Health Club Employee Non-Compete Agreements - **By:** Paul R. Bedard, Esquire
- How To Give and Receive Feedback - **By:** Karen Woodard-Chavez
- Stay Ahead of Your Clients - **By:** Nancy Trent
- Reevaluating Referral Systems At Your Club - **By:** Casey Conrad
- Define Metrics For Small Group Training Management Success - **By:** Laurie Cingle, M.Ed.
- Feel Like Adding Video Content Is Too Hard? - Think Value, Not Viral - Part II - **By:** Joe Imbrogno
- World Gym Bulks Up Millennial Membership With HIIT
- Planting The Seeds For Marketing Success - **By:** Tracey Bourdon
- Karen Woodard-Chavez to Host 2nd Annual Results, Retention and Revenue Summit

Norm's Notes

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

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

•Last month, right at **deadline** for our **February Edition** of **CLUB INSIDER**, **Reuters** published a report that **Planet Fitness was going public**. So, since this news by reporter, **OLIVIA ORAN**, had been published by Reuters on February 6th, and then echoed by **ClubIndustry.com**, I thought I'd go straight to the source and reached out to **Planet Fitness CEO, CHRIS RONDEAU**, to ask for a comment. I received the following reply from **Planet Fitness Director of Public Relations, McCALL GOSSELIN**, and I quote: "Hi Norm, I work closely with Chris Rondeau at Planet Fitness and wanted to follow up with you on his behalf as he is traveling this week. With regard to your question about a potential IPO, we have no comment. We continue to be laser focused on franchisee support, franchisee growth and our Canadian expansion. Thank you." There you have it, folks. **Stay tuned** and be sure to check out the **Planet Fitness Ad on Page #2!**

•This just in from **IHRSA's President and CEO, JOE MOORE**:

Will I See You At
 This Year's Financial Panel?

The annual financial panel moderated by Rick Caro is always one of the not-to-be-missed sessions of the convention, especially for CEOs, CFOs, club owners, GMs, investors, suppliers, press and all who are interested in the current business conditions effecting the health club market. This year's collection of panelists have all been involved in major recent industry transactions within the past year, to include the Bay Club, Anytime Fitness, Flywheel, Core Power Yoga, Sport&Health, UFC Fitness and Atlanta Fitness. Panelists include:

- Anand Philip**, Managing Director, York Capital Management;
- Erik Morris**, Managing Director, Roark Capital;
- Marc Magliacano**, Partner, Catterton Partners; and
- Ron Kantowitz**, Managing Director, Benefit Street Partners.

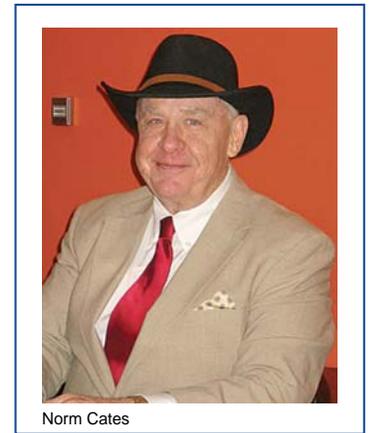
This session will be more interactive than in years past, so please feel free to participate in the Q&A portion. The 19th Annual Financial Panel will take place on **Friday, March 13, 11:00AM - 12:30PM** during **IHRSA 2015, IHRSA's 34th Annual Convention & Trade Show** in Los Angeles, California. All registered **IHRSA 2015** convention attendees are invited to attend. For more information and to register for the convention, please visit www.ihrsa.org/convention.

Regards,

Joe Moore
 IHRSA President & CEO.

•Also, let me **note** here that the **2015 IHRSA Institute** will be held **August 4-7, 2015 at The University of North Carolina at Chapel Hill Kenan/Flagler Business School/Rizzo Conference Center**. The 2015 Institute will produce graduate-level curriculum providing the business foundation and management tools you need to succeed in an environment that fosters long-term peer networking. Sponsors will include: **MindBody, The National Academy of Sports Medicine (NASM), Star Trac and SPRI**. **Learn more and Register at www.ihrsa.org/institute**.

•**Welcome to GUY CAMMILLERI, Managing Director of World Gym International**, and their **WGI Team**, as they've joined **CLUB INSIDER's Advertising Team**. Their **Full Page Ad** will occupy **our Outside Back Page for the next 12 months!** This completes our group of three club franchisor companies that is a limit I impose on our publication, and we've very happy to have the great quality that our franchisor group brings to **CLUB INSIDER** with **Planet Fitness** and **Crunch Fitness** rounding out the group. We will not accept any more club franchisor companies unless one drops out. Check out the **brand new World Gym International Ad** on our



Norm Cates

Outside Back Page starting this month.

•**It's with great pride, respect and appreciation for my son, JUSTIN CATES**, that I draw your attention to several facts about **CLUB INSIDER** and **our ever-improving online presentations each month!** In case you didn't notice it last month, our online edition now offers **authored articles** presented via audio. This special new service features the clear and concise voice of Justin Cates presenting all of our authored content of **CLUB INSIDER** each month... with the only current exception being Norm's Notes. If you are a **Paid Subscriber**, check it out when you receive your **CLUB INSIDER Online Notice email** every month. This
(See Norm's Notes Page 7)

About Club Insider

Established in 1993
22 Years and Counting!

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World Gym Bulks Up Millennial Membership With HIIT

LOS ANGELES, CA - World Gym, the iconic brand for bodybuilding and seriously fun fitness, has expanded its High Intensity Interval Training (HIIT) programs in response to millennial demand.

World Gym owners and operators have been riding the wave of popularity generated by the accelerated growth of HIIT. World Gym clubs that have always erred towards workout intensity and serious fitness have recorded significant growth in the 18 to 34 year-old membership segment

looking for high intensity workouts in a small group setting.

World Gym Pacific Beach owner, George Jackson, said, "We get through 1,100 workouts a day. HIIT is hot and driving growth of about 15%. Both our members and staff enjoy the camaraderie that it creates."

Furthermore, World Gym Managing Director, Guy Cammilleri says, "HIIT has stripped away the intensity and group segment from a lot of mainstream

mid-tier clubs with members migrating to training specific studio concepts. World Gym really caters to the specific needs of this very fitness conscious group. We are not necessarily your mom's gym, but we do provide some seriously tough, but fun, workouts for our members."

World Gym has produced an incredibly compelling video clip titled "Let's Rock!" to support their franchisee network that focuses on HIIT and the member demographic that this attracts. Available in 15-, 30- and 60-second clips, "Let's Rock!" is driving World Gym membership growth in Australia where it is currently featured on national TV channels with great success. "Let's Rock!" will be



featured on 22 screens at LA Live, Los Angeles, March 12 - 13th during IHRSA, the annual fitness industry trade show, as well as in Times Square, NYC on the same days. World Gym will start a social media campaign during IHRSA that will continue in the weeks afterward that utilizes the success of the "Let's Rock!" video to help our franchisees sell more memberships.

single year and the 2014 Brand Excellence Review Winner for having the highest-rated clubs in the system.

"As one of the largest lenders to franchise operators, particularly in the restaurant space, we're in a great position to extend our expertise to support growing fitness club franchisees," said Bill Kraus, a Senior Managing Director with GE Capital, Franchise Finance. "We've also worked through our GE Antares Capital colleagues to build a strong relationship with Alaris, which helped us provide a solution that works for all parties involved."

...Planet Fitness

continued from page 3

"This new facility with GE Capital improves our capital structure and positions us to significantly expand our presence across our development territories," said Victor Brick, CEO of PFGP.

Founded in 2008 by Victor and Lynne Brick, PFGP has grown to become one of the largest franchise groups in the Planet Fitness system, with more than 450 employees. PFGP was named the 2013 Franchisee of the Year, 2014 Developer of the Year for opening the most clubs in a



Dear Members of the 114th Congress-

The American Council on Exercise, which educates, certifies, and represents more than 55,000 fitness professionals, health coaches, and other allied health professionals, and advocates for extending the clinic into the community with science-based preventive services delivered by well-qualified professionals not necessarily thought of as health providers today, welcomes you to Washington.

As you likely know, the single most effective path to manage rising healthcare costs is to reduce the cost of managing chronic disease. This means that our healthcare system needs to shift from one almost solely focused on responding to people who are ill to investing in preventing people from getting sick in the first place, and empowering those with chronic conditions to help themselves when they can.

The American Council on Exercise encourages you to consider and adopt policies that:

- Make science-based, interdisciplinary coaching, counseling, and support for sustainable behavioral change a functional, integral component of the nation's healthcare system
- Extend the healthcare team into the community by tapping well-qualified health and fitness professionals to deliver preventive services and programming focused on behavior change directly in the community, reimbursable by health insurance
- Allow for financial incentives through tax policies to encourage increased participation in physical activity to reduce the chances of incurring preventable chronic diseases
- Incentivize investment in workplace wellness interventions that are rooted in science-based physical activity and sound nutrition and help employees establish lifelong healthy behavioral patterns
- Increase opportunities for engagement in physical activity in daily living through the reauthorization of current Acts impacting key areas such as transportation, education, and the environment

The American Council on Exercise is here as a resource to the 114th Congress. Visit us any time at www.acefitness.org or call us at (858) 380-3899.

Best regards,

Scott Goudeseune, President and CEO

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...Norm's Notes

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new service will allow folks who travel, folks who're very busy and folks who'd just prefer to listen to CLUB INSIDER content every month to do so. Also on our website (www.clubinsideronline.com), I want to draw your attention to the upcoming new CLUB INSIDER Radio feature, our new CLUB INSIDER eBooks Section and our expanded News content. Let me also mention that we will soon launch our brand new CLUB INSIDER Weekly Editions! ALL of these great advances in our CLUB INSIDER online presentations are attributable to the very creative mind and hard work of one JUSTIN CATES! Congratulations Justin on many jobs very well done!

• Hopefully you picked up a copy of this March Edition of CLUB INSIDER at our IHRSA Booth. You still have time to use the following list as a shopping guide for your show attendance and as a reminder for follow-up after you've gone back home. Don't miss dropping by and visiting with our CLUB INSIDER Advertiser Team at IHRSA 2015! These great companies will treat you right, and they'll take care of your needs very professionally. See you at the Show! Here's the DON'T MISS LIST!

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• Speaking of IHRSA Conventions, I was happy to see that IHRSA 2016, the Association's 35th Annual Convention and Trade Show will be held in Orlando, Florida's Orange County Convention Center, March 21 - 24, 2016. Stay tuned!

• Long time-industry friend, ED WILLIAMS, tells me that his Wellbridge Company is building a new 38,000 square foot Colorado Athletic Club at 1601 Wewatta Street in Denver. The facility will feature: Hot Yoga, Pilates, Group Cycling, Group Fitness, Functional Training, Energy Bar and Cafe', Strength Training, Personal Training, Small Group Training and Cardio Fitness. Construction will start in July/August, 2015 with presale beginning in September, 2015. The club is slated to open in early 2016. The new facility will add to Wellbridge's

line-up of 18 clubs that they own and manage in Colorado, Florida, Georgia, Maryland, Massachusetts, Missouri and New Mexico. Stay tuned!

• From JEFF RANDALL and DENNIE NOECKER, Principals in JLR Associates, a long-running executive search firm, as they explained The Cost of a Bad Hire:

"The cost of a bad hire is huge. Not just in dollars, but also in time wasted. Attorneys will tell you, "don't hire the walking lawsuit," and sometimes, you can't easily get rid of a bad hire without incurring costly legal fees. Bad hires are people who can't or won't do the work, don't fit your culture or can't get along well with others. A bad hire can also be someone who knows how to do the work but is not motivated to do the work. They have to be over-managed to achieve average results. Often, the individual making the hiring decision may overvalue the applicant's presentation skills in the interview, and then, they make a hasty hiring decision, typically causing a bad hire. Bad hires can be completely avoided by using an evidence-based assessment process and by also using the performance-based hiring system that we at JLR Associates have used to successfully place over 300 managers in the fitness industry, nationwide, over the past 13 years. Our executive search experience results in lasting partnerships with our clients and candidates. Let us help you hire the best!"

They can be reached at: Jeff: (781) 251 - 0094 or jr@jlrassoc.com. Dennie: (609) 430 - 8455 dennie@jlrassoc.com. Check out JLR's Ad this month on This Page.

• Our friend, GALE LANDERS' Founder and CEO of Chicago's Fitness Formula Clubs has announced that a new 10,000 square-foot, state-of-the-art fitness center will be built as part of a \$25 million capital improvement campaign launched by new ownership of the Chicago Board of Trade Building. "One of our goals was to breathe new life into the property by adding modern amenities for our tenants," said GlenStar Principal Michael Klein. "Fitness Formula is the premier owner and operator of high-end health clubs in Chicago and an excellent fit for delivering the kind of experience our tenants want." Located on the second floor of the CBOT Building's South lobby, the fitness center will offer members the latest Life Fitness cardiovascular equipment with personal viewing monitors as well as strength training, free weights, suspension training, Kaiser m3 spin bikes, massage therapy and selectorized equipment. Nationally certified personal trainers and group exercise program instructors will be on site. Membership is open to tenants of the building for \$49 a month. The facility will be staffed from 6:00AM to 7:00 PM, while members will have 24/7 key tag access.

Congratulations to GALE LANDERS and his Fitness Formula Club Team, as they're celebrating their 30th anniversary of enhancing the lives of members and guests by improving their overall health and wellbeing. This newest club at the Chicago Board of Trade Building is the company's 13th in the city. "We are pleased to partner with the Chicago Board of Trade Building's ownership team on this very unique opportunity," said Fitness Formula Founder and CEO Gale Landers. "There is a natural synergy between our organizations, both have built strong foundations in a city with a population we are both committed to serving."

• Congratulations to VICTOR and LYNNE BRICK, veteran club owners based in the Timonium, Maryland area, as they've secured a whopper of a financial commitment from GE Capital with funding of a \$58.75 million credit facility for PF Growth Partners, LLC (PFCP). PFCP is one of the largest franchisees of Planet Fitness. According to their Press Release on Page #3 and #6 of this edition, the funds will be used to refinance PFCP's existing debt and fund its growth plans. The Bricks operate 28 clubs in Maryland, Tennessee and Florida, and they now have plans to open 8 to 10 additional locations (See Norm's Notes Page 8)

JLR Associates

Announces the placement of

Rob Kram Director of Fitness California Family Fitness

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...Norm's Notes

continued from page 7

per year. Stay Tuned!

•It's great to see that the **American Council On Exercise (ACE)** is focused on communication with our **Federal Government** with the idea of **advancing exercise in the minds of those who govern America**. Check out the **ACE Letter on Page #6**.

•**KAREN WOODARD-CHAVEZ**, of **Premium Performance Training**, is hosting the **2nd Annual Results,**

Retention and Revenue Summit in Boulder, Colorado, June 10 - 12th. Karen is a former **CLUB INSIDER Cover Story** subject, an **industry veteran** and a **highly sought after club industry consultant**. The Summit will entail 2 1/2 days and is intended to bring **Club Managers and Sales Directors** together to advance the state of art of their best practices. Networking, best practices discussions and team-building activities will highlight the event. Sponsors are **Matrix** and the **National Independent Health Club Association (NIHCA)**. Check out Karen's **Press Release on Page #23**.

•My buddy, **JOHN MICKELSON**, of **Petra Soap Box Fame**, wants you to nominate a nonprofit you believe in for a **\$500 donation from Soapbox**. Check out John Mickelson's Soapbox by going to www.johnmickelsonwizard.com.

•Be sure to **Save the Date** and plan to attend the **2015 Club Industry Show**, which will be held in at **McCormick Place Lakeshore in Chicago, Illinois, October 7 - 9th**. *Be sure to make plans now to attend!* Check out www.clubindustryshow.com for information.

•**PETE BROWN's Athletic Business Conference and Expo** is heading to **New Orleans, November 19th and 20th, 2015!** **ADAM O'BRIEN, Exhibits Director**, can be reached to book your exhibit if you are a manufacturer or vendor. You can contact Adam at (800) 722 - 8764, Ext. 147 or (732) 747 - 4888 or adam@abshow.com. Also, check out www.abshow.com.

•**KELVIN EVERITT** and **ERIN SHARONI** have joined the executive team at **Inside Tracker**, a biomarker analytics service. Everitt, the former **Vice President of Sports Club/LA**, will join Inside Tracker as **Executive Vice President of Commercial Development** to deepen ties within the professional fitness channels, while **SHARONI** comes on board as **Strategic Advisor** to drive key client relationships with professional sports teams and deepening engagement with existing customers and everyday consumers. "We're pleased to have Kelvin and Erin join the InsideTracker executive team," said **RONY SELLAM** of InsideTracker. "Their insights into their respective industries will allow us to understand how to build stronger relationships with fitness professionals as well as existing and future clients."

•This from IHRSA:

IHRSA Releases 2015 Threat and Opportunity Reports

Every year, state legislatures propose laws that affect health club operations. Many of these proposals threaten club operations and profitability. Threatening proposals include sales taxes on memberships and/or dues, restrictions on membership contracts, unreasonable mandates and more. However, many states also propose laws that would promote physical activity and hence increase health club membership numbers. These proposals include financial incentives to exercise or join health clubs, sales tax repeals, and policies that would improve general wellness. **To help its membership understand, track and either support or fight bills in each state, IHRSA has released two advocacy reports, The 2015 Threat Report that shows where IHRSA's Public Policy Team expects to see proposed legislation that could harm**

the industry and The 2015 Opportunity Report that shows where IHRSA expects pro-industry legislation to be introduced.

To create these reports, which inform IHRSA's state legislative activity for the legislative session, the IHRSA team combs through thousands of pieces of legislation looking for bills that could affect health club operations. While most bills have no effect on our industry, the team's research digs up about 50 - 100 bills across the country that could impact club operations. And, in addition to researching every bill, the team works with each of IHRSA's state lobbyists to identify possible threats and opportunities. They then review every piece of relevant legislation that's been considered over the past several years to look for trends in each state. The results of all this research, trending and forecasting are the two new reports. IHRSA members are invited to download the 2015 Threat Report here and the 2015 Opportunity Report by going to www.ihrsa.org/advocacy. IHRSA members clubs are invited to attend the **Industry Leadership Council (ILC) Meeting on Thursday, March 12 from 11:45AM to 1:00PM** to discuss the opportunities and threats to the industry, as well as actions being taken to Grow, Promote and Protect the industry.

•**CLUB INSIDER** is a **Paid Subscription-based Publication with a money back guarantee on new subscriptions**. Are you a **Paid Subscriber**? If the words **PROMOTIONAL COPY** appear above your name and address on the cover of this month's edition, you are not a **Paid Subscriber**, and you are not enjoying the **full benefits of a Paid Subscription to CLUB INSIDER**, which includes **one year of new editions** (print, online and audio), **online access to all previous years of CLUB INSIDER's 255 archived monthly editions and our new eBook Series!** So, don't delay! Subscribe today for just **\$89 for one year or \$10 a month** by going to www.clubinsideronline.com/subscribe.

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

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

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...The Claremont Club

continued from page 3

with their Claremont Club Project Walk, they have aided our friend, Augie Nieto, Founder of Life Fitness long ago, to be able to work out with weights. And yes, albeit aided, they have helped Augie to the point of walking again, as evidenced at IHRSA 2014 in San Diego last year and last Summer at his Daughter Lindsey's wedding on the 5th of July!

The wonder of this story is huge. The wonder of seeing young people and older people alike get back something most of us never really think about because we take it for granted: the ability to walk. Please read on as we interview Mike Alpert, President and CEO of The Claremont Club.

An In-Depth Interview With Mike Alpert, President and CEO of The Claremont Club

CLUB INSIDER (C.I.) - What was your educational background and then your background in business before you became involved in the health and fitness club industry?

Mike Alpert - (MA) - I went to school at The University of California, Riverside. I dropped out in my senior year and went to work in a sales and marketing position for the company that my father had worked for. In 1986, I decided that I wanted to make a change, so I went to work for E.F. Hutton as a stockbroker and financial planner in Southern California.

I moved to Bend, Oregon in October, 1988. The following month my best friend, Jon Voget, who was running the Downtown Athletic Club in Eugene, Oregon for Rob Bennett came to my home to spend Thanksgiving with us. The day after Thanksgiving, we went to play golf at a golf course in Redmond, Oregon, and on the third fairway, I looked up at snow on Mt. Bachelor (and I was playing golf in shorts) and said to Jon, "Let's build a club here in Central Oregon." We both laughed about it because we had talked about it for 14 years while we were both living in Southern California but could not afford to buy land there and build. One thing led to another, and I left E.F. Hutton the following January and started working on the business plan that eventually became The Athletic Club at Bend.

We had gotten the business plan as far as we could. Rick Caro was coming out for the NACA Convention (the regional Association of IHRSA) and was good enough to spend three days with us. He did a marketing feasibility study for us. Then, he put it into more quantifiable budgetary terms. He did an economic feasibility study, and we went from there. I worked with a large land developer in central Oregon, Mike Hollern, who was President of Brooks Resources, and he agreed to sell me 8.5 acres of property on a handshake for \$1.50 per foot with the premise that we

would begin construction on the Athletic Club of Bend no later than January, 1993. We actually ended up opening the club on July 7th of 1991.

About eight months after we opened the Athletic Club of Bend, right across the street from us, a large development group from Portland, Oregon, led by Homer Williams and Bob Boboski, who were big developers, decided to begin construction of the first gated community in central Oregon called Broken Top, with a beautiful 18-hole Tom Weiskopf/Jay Morrish Golf Course. The day that they opened, our property was reassessed at \$8.50 a foot. So, that's how I got into the club industry.

C.I. - When and how did you become involved at The Claremont Club?

MA - I was one of the two Managing Partners of The Athletic Club at Bend. My best friend and I had a bit of a falling out with the other partners. I left and came home to Irvine, California. Before I left, John McCarthy was very helpful by getting me introduced to a lady named Linda Pejchar, who owned H & F Solutions at the time, an executive search company. And, she got me an interview with Steve Gilmour at Leisure Sports in Northern California to run a very large club in Irvine called Lakeshore Towers Sporting Club. It was an old Bob Dinerman/Jack Naiman club right across the freeway from Sports Club Irvine. The day after I came home to Irvine, I was offered the job to run that club, which I did for a little over two years. It was sold to 24 Hour Fitness, and in the process of closing that club sale, I was again contacted by Linda and asked if I'd be interested in interviewing for a job in Claremont. The owners were looking to retire, and they wanted to find someone who had experience running a club and also in development. They offered me the opportunity to be their President and CEO. So, on August 1st, 1997, I started in that position at The Claremont Club.

C.I. - Please share a little of the history of The Claremont Club. Who founded it and when? What were the main physical plant changes over the years? And, who owns the club now?

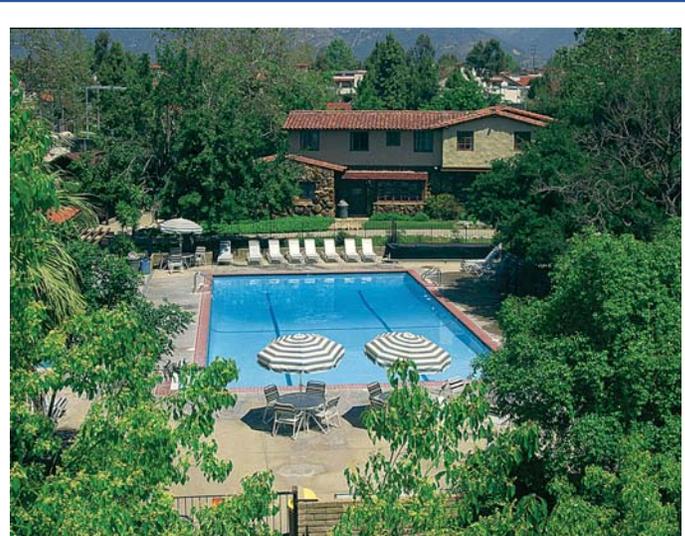
MA - The Claremont Club was started in July, 1973 by Stan Clark. Stan was a very successful practicing attorney in Sierra Madre, California, which is a city near Pasadena. He was a very avid and extremely talented tennis player, and he wanted to start a tennis club. He left his law practice and bought 18.8 acres of property, and at the time, there was only one building on the property. It was a stone house that is on the National Registry, and it was built in 1933 by three little old ladies. He bought that house and lived in it with his wife at the time while they put together what became The Claremont Club. It started with four tennis courts, a small little recreation pool and the stone
(See *The Claremont Club* Page 12)



(L to R): Philip Pandey, Tracy Stepp, Maggie Weeks, James Williams, Shana Sobczak, Mike Boos, Mike Alpert, John Ries, Lisa Copenhaver, Shannon Malooly, Denise Johnson, Barry Friedman, Cathleen Garner and Antionette Mara



The Claremont Club Entrance



The Claremont Club Clubhouse



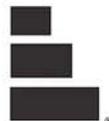
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...The Claremont Club

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clubhouse. Until this day, it is owned by Stan's second wife, Sue Hyland, who remarried, as well as his three sons, Stan Clark II, Geoff Clark and Kevin Clark.

It was amazing. When I arrived in August 1997, it was pretty much a disaster. Norm. Stan was a fabulous man, and he was a great entrepreneur, but he didn't have a lot of business sense. Stan had gotten the club into quite a mess, actually. We have 29 tennis courts, including a stadium center court that seats 2,200 people. The tennis courts had not been resurfaced in years and years; the chain link fences, light standards and water fountains were all rusted out; there was a very small fitness component to the club; and the staff had not had formal reviews or raises for years. It was pretty much a mess.

I made a big mistake, which turned out to be a great thing for me. In interviewing with Stan, I never asked for the most important report that you need to run any business, and that's the cash flow statement. How's money coming in, and how's money going out? I looked at the income statement and the balance sheet in detail, but I didn't ask to see the cash flow statement. When I did see it for the first time, I almost had a heart attack. As far as the club itself, two weeks after I started here, Stan catered a lunch in the old stone clubhouse to introduce me to our bankers and kind of turn over the reins to me. They came in from Glendale, shook my hand and said, 'Stan, we're calling your loan, and we recommend you put the club in Chapter 11. We had just come off of two years (1995 and 1996) where we had pretty significant net losses. We were losing more memberships than we were gaining. Our aged accounts payable were almost a year old. And, our aged receivables were probably in the worst 3% of our industry worldwide.

It was pretty tough. We lost our loan, and I literally went to every bank in the Inland Empire. No one would touch it. The last bank that I went to, which was basically the last stop on the train station, was an asset lender out of Anaheim, California by the name of Fremont Investment and Loan. They looked at the balance sheet, and they didn't like it. But, they saw a kind of safety net under the trapeze, which was almost 19 acres of prime property in Claremont, California, where at the time, there was no land available. So, they took our loan on very bad terms. It was tied to the LIBOR rate + 4%. It was adjustable daily. It was callable every five years. And, it had a floor of 8.5% and a ceiling of 14.5%. So as interest rates began to fall, we were still locked in at ridiculously high rates. It was terrible, but it was the *only* loan we could get, so it saved the club. We took that loan, and that's how we started out when I got here.

C.I. - How many memberships does the

club have now, and how many members are there in total? What's the enrollment or initiation fee? And, what are the club dues? **MA** - First, I should tell you that we capped our membership as of December 31, 2014. We closed it off. Right now, we have around 3,500 dues-paying memberships, and that works out to total members whose cards we swipe and who use the club without adult supervision at about 10,400. Currently, our initiation fees are \$500. If a new person joining signs up for and goes through a Visual Fitness Planner Health Assessment (See **Ad on Page #21**) within the first 30 days of their membership, we credit back \$200. I'm going to give you two dues rates for each category. The people who were members prior to January 1, 2015 before we closed membership off are paying a certain rate, and then, the new members that we are taking on as of January 1st of this year are paying a higher rate. So, as of January 1st, we only sell a percentage of the memberships who drop, and we have a waiting list. The single rates are **\$118** for existing members and **\$125** for new members. Couples are **\$172** for existing members and **\$185** a month for new memberships. And, families are **\$198** for existing members and **\$220** for new members. A family includes Mother and Father or Domestic Partners and as many children that they have that are under the age of 22 and living at home.

C.I. - What are The Claremont Club's annual revenues from the club, Project Walk and your other medical thrusts? **MA** - For 2015, we're working on an \$11.8 million operating budget. Of that, our **Spinal Cord Injury Studio Project Walk Claremont** is operating on a \$759,000 operating budget.

C.I. - Who are your key Claremont Club Staff Members?

MA - I want you to know that I feel that I have the 13 best managers in the industry anywhere. They're just unbelievable people! So much of the credit really should go to them. They're on the front line doing the work. The average time of employment of the 13 Managers at this club is 17 years! In addition to those 13 managers, I have a total staff of 271.

•**Philip Pandy**, CFO, 5 years; •**Mike Boos**, Facility Director, 19 1/2 years; •**Barry Friedman**, Tennis Director, 20 years; •**Denise Johnson**, Wellness Director, 17 years; •**Lisa Copenhaver**, Food & Beverage Director, 6 years; •**Cathleen Garner**, Childcare Director, 7 years; •**Shannon Malooly**, Sales & Marketing Director, 11 years; •**Antionette Mara**, Group Exercise Director, 11 years; •**John Ries**, Aquatics Director, 21 years; •**Shan Sobczak**, Front Desk and Activities Director, 12 years; •**Tracy Stepp**, Human Resource Director, 29 years; •**Maggie Weeks**, Day Spa & Salon Director, 17 1/2 years; and •**James Williams**, Safety & MOD Director, 11 years.

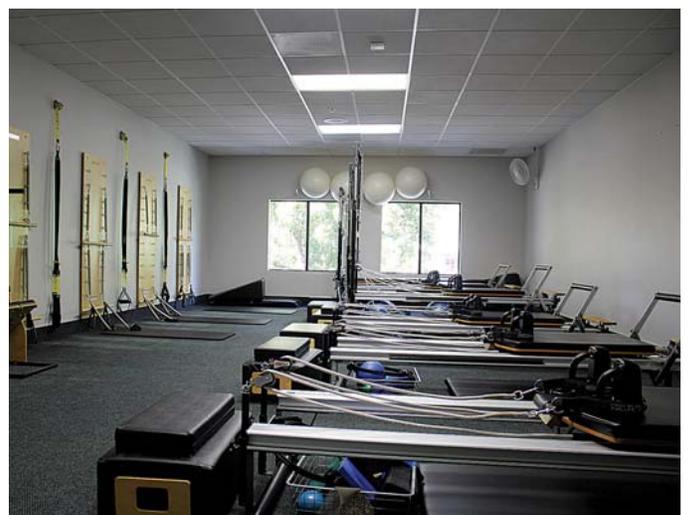
(See *The Claremont Club Page 14*)



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...The Claremont Club

continued from page 12

C.I. - What is The Claremont Club known for today in its marketplace (outside of Project Walk)? How is it positioned in its marketplace?

MA - The Claremont Club is really an institution in this marketplace. It has been here for almost 42 years and owned by the same family for all of those years. What makes it different is that it is not only a multi-use, athletic-tennis-aquatic-social and wellness facility, but it's in a resort setting. It's on almost 19 absolutely gorgeous acres. It's one of the few clubs in United States that has a 50-meter, 8-lane, 660,000-gallon pool plus a small recreational pool, 29 tennis courts, and then, everything else that every other main multi-use club has in the way of wellness and fitness. This includes two Pilates Studios, yoga/cycling studio, strength and conditioning, cardio room and three amazing areas for child care... I don't think there's a club in the country that does what we do in child care, such as complimentary enrichment classes with daily lesson plans. Kids are learning foreign languages and all kinds of things. Then, we have a full service Day Spa and Salon where we employ 92 people. It's a pretty large and well-established facility. We have five buildings, and the main building is 74,000 square feet. Then, of course, there are three child care areas that add another 7,500 square feet.

C.I. - Now that we've covered some of the questions on the history of The Claremont Club, let's move on to what I view as the *spectacular, market differentiating aspects* of the club, involvement with Project Walk. First, what is *Project Walk*, who created it and what's its *Mission*?

MA - Project Walk was actually started in 1999 by a husband and wife, Ted and Tammy Dardzinski. They owned a training center that specialized in functional and postural training. They were presented with a challenge when a friend of theirs referred a 56-year old man who was a quadriplegic. This is a devastating injury. Not only because the person loses functionality, but it also drains their finances as insurance will only pay for treatment as follows: Three days for acute hospital care; up to a total of eleven days for post acute care; up to six months of transitional living care (this is where they help you learn to adapt to living in a wheelchair; how to maneuver in your home, etc) and up to one year of outpatient care. So, you have one full year of treatment that insurance will cover. After that, you are told to basically go home and learn how to live in your wheelchair. So, you're kind of written off, and that's the sadness of all of this. So, Ted and Tammy took this challenge on, and they started working with this man. They started seeing improvements with him. The rest is a long story, but it evolved into Project Walk. Their Mission Statement

would be that, 'Project Walk is dedicated to helping people with disabilities improve their quality of life through intense activity-based recovery methods, science and education.'

C.I. - Mike, please share your thoughts and strong beliefs on *Exercise is Medicine* and your involvement with Dr. Sallis to help promote this. Why do you think it is the future of our industry?

MA - Well, this is one that's dear to my heart. Obviously, we believe very, very strongly in exercise and in *Exercise is Medicine*. As a matter of fact, I think that science and data shows that it is the most powerful medicine that we know of. There's been scientific data that proves that, no matter who you are or what level of lifestyle you have, whether you're an active athlete, whether you're a smoker, whether you drink, whether you're vegan, no matter what you are, exercising in a proper format improves your quality of life and the length of your life. There has been a lot of research by people like Steven Blair, who ran the Cooper Clinic for years and now works out of the University of South Carolina on that. There's been a lot of research done by people like Kathryn Schmitz, who works out of the University of Pennsylvania on exercise and cancer. So, we believe very, very strongly in that, and we see the improvements here at The Claremont Club on a daily, weekly and monthly basis.

So, what are my thoughts on *Exercise is Medicine*? I think that it's the future of our industry. I've been in the business since 1989/90, and I think back then when we were touting that we had about 8 to 10% of the population of the United States that belonged to any kind of club. We fast forward to 2015, and I think IHRSA Profiles of Success says now that it is in the 15 - 19% range. Let's take a conservative scenario: Let's assume there are 10,000 health and fitness clubs worldwide and that the average they spend on marketing monthly, including labor is \$3,000. That comes out to \$360,000,000 per year or \$9 billion over the past 25 years. *That's \$9 billion for an additional 7% penetration rate.* Not many CEOs would have jobs if they were delivering those kinds of numbers. How many hundreds of billions of dollars have we as an industry spent to try to bridge that gap? It seems to me that the best way to bridge that gap is to get someone's physician to say, 'Hey, you're in trouble here. You're borderline diabetic. You're borderline to have some kind of cardio respiratory problem if you don't have a major lifestyle change. And, part of that is exercise, and it needs to be in a better, IHRSA Member Club where there is the proper and professional kind of help and in the right social environment that gives people a reason to remain members. If your doctor gives you that *push*, it's kind of like if your doctor gives you a prescription for penicillin, and you decide (See *The Claremont Club Page 16*)



Project Walk at The Claremont Club



Workout Area at Project Walk Claremont



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...The Claremont Club

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not to take it. Well, maybe you should get a new doctor if you're not going to listen to what he recommends. It seems like that would be the thing.

Bridging that gap between medicine and fitness, the evidence proves that patients who're active and fit live longer and healthier lives. So, to me, shouldn't all doctors be prescribing exercise and fitness to their patients? I think the health club setting is the perfect environment, and I think that's the key, especially when you have these people who have these chronic illnesses and chronic injuries need us the most... the environment is critical. It would be very easy for me to open a Project Walk Studio of 3,000 to 5,000 square feet down the street and do a triple net lease for that. People would come in. They'd all be with the same kind of people who have spinal injuries, paralysis or neuromuscular disorders. And, they'd go home. That would be it. But, at The Claremont Club, they're part of a family here. All 54 of the people who are in the program now receive complimentary memberships to the club for as long as they're in the program. We treat their whole family, so the environment helps them spiritually and emotionally, as well as physically. No one else is doing this. So, shouldn't we all be doing it? I think there's a need to merge the fitness industry and the healthcare industry, and I don't understand why they operate so independently when we know that exercise has such a powerful effect on health. I've seen it first-hand over the past 25 years.

C.I. - Please tell us about Hal Hargrave, Jr. and the creation of the *Be Perfect Foundation*?
MA - In 2008, my daughter, Justene, was getting ready to go to college at Long Beach State. She was going to school with a young man she went to high school with named Hal Hargrave, Jr. He was going to try to walk on and play baseball there. In July of that summer, Hal, Jr. was delivering handicap accessible equipment to a client of his father's in Las Vegas in a very large truck. On his way, just outside of Banning, California, there was a large tire in the road. He swerved to miss it and rolled his truck four times. He broke his neck and was left as a C-5/C-6-level complete quadriplegic, which meant that he was paralyzed from the neck down.

He was airlifted to Arrowhead Trauma Hospital, near The Claremont Club and was then moved to Casa Colina, which is a world famous acute rehab hospital and is about seven miles from our club. Shortly after he arrived at Casa Colina, my daughter, wife and I went to visit him. He was very depressed and didn't come out of the hospital room. But, I noticed there were about 35 young men and women who had gone to school with him and were in the lobby sleeping overnight, night after night, in support of this young man. That really inspired me. A few weeks later, I

met with his mother and father for the first time since the accident. They'd been members of our club for a long time, but I had never met them. I just knew that they were a wonderful family that had done so much in our community. I told his mother and father that, when he is released from the hospital, we should get him out of this sick care environment and back into the club where he worked out six days a week. 'Let's get him back into a more electric and positive environment and back into the gym. Let's see if we can help him at the club.'

When I got in the car with my wife, Annie, I turned to her and said, 'What in the world did I just say to his parents? Where am I going to put him? And, what am I going to do for him?' Honest to goodness, I went home and thought about it and thought about it and prayed and prayed about it over and over again. I couldn't come up with an answer. The only thing I could think to do was to convert a racquetball court, put a second Pilates studio above and have an area below to work with him, and hopefully, with other Spinal Cord-injured people.

Then, the problem became where was I going to find the money to convert this racquetball court? It was not inexpensive. Well, we found the money. But then, none of my trainers would work with him because they were scared to death. They'd never worked with anyone who was paralyzed from the neck down. Their worry was this young man at the time couldn't even sit up in the wheelchair on his own. He had no core strength at all and had to be strapped into his chair. On top of that, Hal had no feeling below his neck. The trainers were worried that in moving him from one piece of equipment to another, they could break his femur, he could bleed out and die, and no one would know it. To say the least, the trainers had many concerns. But, eventually, we got two trainers, Lee Russo, who was a retired physical therapist, and Ricardo Salazar, to agree to go down to the Project Walk Headquarters in Carlsbad, California for a month and train on how to deal with people who have paralysis and are in wheelchairs.

They went down and came back. In the mean time, Hal, Jr. was referred to go down there by his Physiatrist (a Neurologist that specializes in Spinal Cord Injuries), Dr. Dave Patterson, who at the time, was the lead Physiatrist at Casa Colina Hospital. He was going down there at Christmas time and said to one of the other quadriplegics, 'Have a good Christmas, and I'll see you after the holidays.' The friend said, 'Actually, I won't be coming back after the holidays because I can't afford it. I have to figure out a way to feed my family or come to Project Walk. And, I have to take care of my children and my wife.' Upon hearing this, young Hal Jr., at age 18, decided to do something about it. He's an absolutely amazing young man. He took a good portion of his workers comp settlement



Augie Nieto Working Out After Progress With Project Walk

that he got from his accident, and he said to his mother, father and grandparents, 'I want to start a 501 (C) 3 Foundation.' He put his money up, his parents and grand parents matched it, and they started the *Be Perfect Foundation*.

So, when we converted the racquetball court, they donated the equipment for us to start treating him, and hopefully, other people. By the time we got the equipment in and a desk, we had about 500 square feet to work out of. The special equipment we needed included: electric stim bikes, Total Gyms that have been customized, hydraulic tables and upright gate trainers. We started out with just little Hal as our only patient.

But, we started out with Hal, and pretty soon, we had two clients. Then, we had five. Then, we had eight. Then, we had 17, and we couldn't take anymore. We had 14 specialists working with them. That's how it all started in 2004.

In 2004, I did a very large 23,000 square-foot expansion and remodel of the club. I had leased out part of that expansion, 3,000 square feet, on a very long lease to the Pamona Hospital Medical Center. They wanted to move their Physical Therapy annex to our club. At the end of 2012, I was able to persuade them to vacate their lease 21 months early and move it across the street to their new medical building, which enabled me to then go in there in January, raise the ceiling, put new flooring in, take all the treatment rooms and Jacuzzis out and put mirrors in.

On February 1st, 2013, we opened the first Project Walk Franchise in the world with 17 full-time Spinal Cord-injured clients. Today, we have 54, including our first client with Lou Gehrig's Disease, Augie Nieto. We are now treating people with Cerebral Palsy, Multiple Sclerosis, Parkinson's, ALS, Traumatic Brain Injury and stroke. And, that's where we are today.

•Dr. Robert Sallis has been one of the most highly respected family physicians at

Kaiser Permanente in Fontana, California, where he's practiced family medicine for 20+ years. He is the Past President of the American College of Sports Medicine. He Co-Chairs Kaiser Permanente's Sports Medicine Fellowship, and he travels all over the world setting up the protocol for *Exercise is Medicine*.

•We also work with Dr. Steven Bast, who is a highly-respected Orthopedic Surgeon in the area. He runs a mentoring program with us where we bring in high school students and teach them about working with people who have Spinal Cord Injuries. It is an amazing program, and the feedback from the students is just terrific.

•We're also working with Dr. Daniel Lu, the Head of Neuro at UCLA. Dr. Lu is doing a very interesting study on Spinal Cord-injured clients, where he takes a little device that's a little smaller than a pace-maker and inserts it into the back of a Spinal Cord-injured client, and it delivers electrical stimulation directly to the spinal cord. We're working with two of his patients currently doing gate training and weight bearing/load bearing exercise portion of his study.

•And, we are also working with the University of LaVerne. They are measuring quality of life outcomes in our Spinal Cord-injured clients using *Exercise is Medicine* with the hope that, over the next 18 months, they will be able to begin to publish outcomes that could eventually lead to third party reimbursement for these types of injuries.

C.I. - Please tell us about working with Gary Jones and how he was instrumental in introducing Project Walk Claremont to Augie Nieto, who's now a 10-year survivor of ALS, a/k/a Lou Gehrig's Disease. The video you provided showed him (See **Close of Article**) in therapy at (See **The Claremont Club Page 18**)

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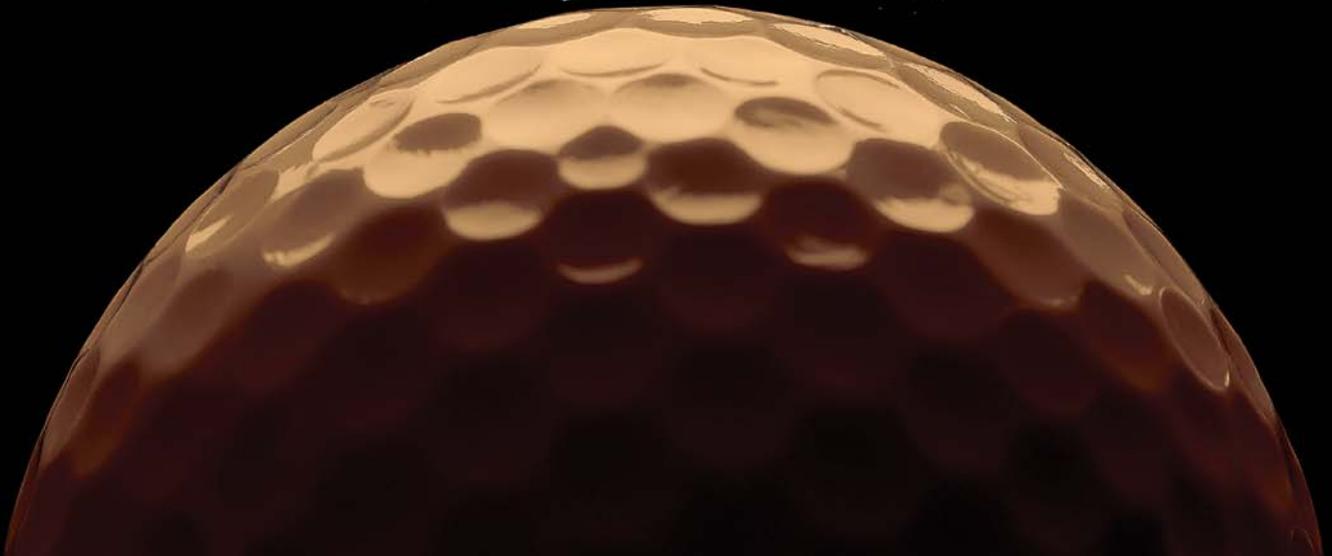
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...The Claremont Club

continued from page 16

Project Walk Claremont.

MA - I got a phone call from Gary Jones, Founder of Hammer Strength. Gary had called a woman I had done presentations with, Ann Hawkins, and said, 'Augie has told me that he's heard about a club in Los Angeles that's doing some interesting work with Spinal Cord-injured people.' Ann said, 'Well, that's not Los Angeles. That's The Claremont Club, where Mike Alpert works.' So, Gary called me and inquired about what we were doing and asked if he could come out and see it for himself. He came out, and to put it bluntly, I think he was impressed. He went back and talked with Augie and then called back. He said he'd like to come back with Augie, so he could see what we're doing. So, Augie came with his caregivers and Gary.

When Augie was here, one of our clients, John Surina, was walking on our Robomedica Gait Trainer in a harness. There was a rather large man standing behind Augie and me, who was watching John on the Robo. I turned around and asked him if he was John's caregiver, and he said that he was not. He told me that he was John's best friend and was with him right after his accident. When they brought

John to the hospital, they didn't know if he'd even live. They were worried about admitting him. Today, he's on a bowling league, and he's back to helping coach football at Chino High School. Augie's eyes lit up like a Christmas tree, and he wrote on his computer, 'I want to be here. I want to come here.' That's how I got involved with Gary and how I was fortunate enough to get involved in working with Augie Nieto.

Augie Nieto wrote this about his experience with Mike Alpert and Project Walk Claremont:

"I was encouraged by my friend and mentor, Gary Jones. Gary and his father, Arthur Jones, founded Nautilus. Gary then founded Hammer Strength. We purchased Hammer Strength and gave Gary a lifetime contract. Gary is an 'out-of-box' thinker!

With that as a background, Gary reached out almost three years ago. He said that he had read an article about the success that Project Walk was having with their spinal cord clients. Gary knew my preference was to work out at a club. I have known of Mike Alpert through his success with large multipurpose clubs. I knew that, if Mike Alpert was involved with Project Walk, there was no better endorsement!

Project Walk had never treated

someone with ALS. It was Mike Alpert who made the decision to make an exception. Project Walk has given me the hope of an entire recovery in 4 to 5 years. There is an elation of seeing progression vs. regression! I work out with Project Walk specialists nine hours a week. In addition, I have a custom Octane elliptical and a Power Plate. With Total Body, Octane and Power Plate, I'm gaining strength in my legs and upper body where there was none before!

I'm currently working out 14+ hours a week. I believe that Project Walk at The Claremont Club has been one of the most impactful decisions I have made since I was diagnosed with ALS. There is a reason that I have lived ten years with ALS. I strongly believe that exercising with the help of Project Walk specialist has given hope for the future!"

• • •

Ladies and Gentlemen, this concludes **Part I**, and as you might imagine, there's an awful lot more to this amazing story. In the mean time, I invite you to view these amazing videos provided by Mike Alpert:

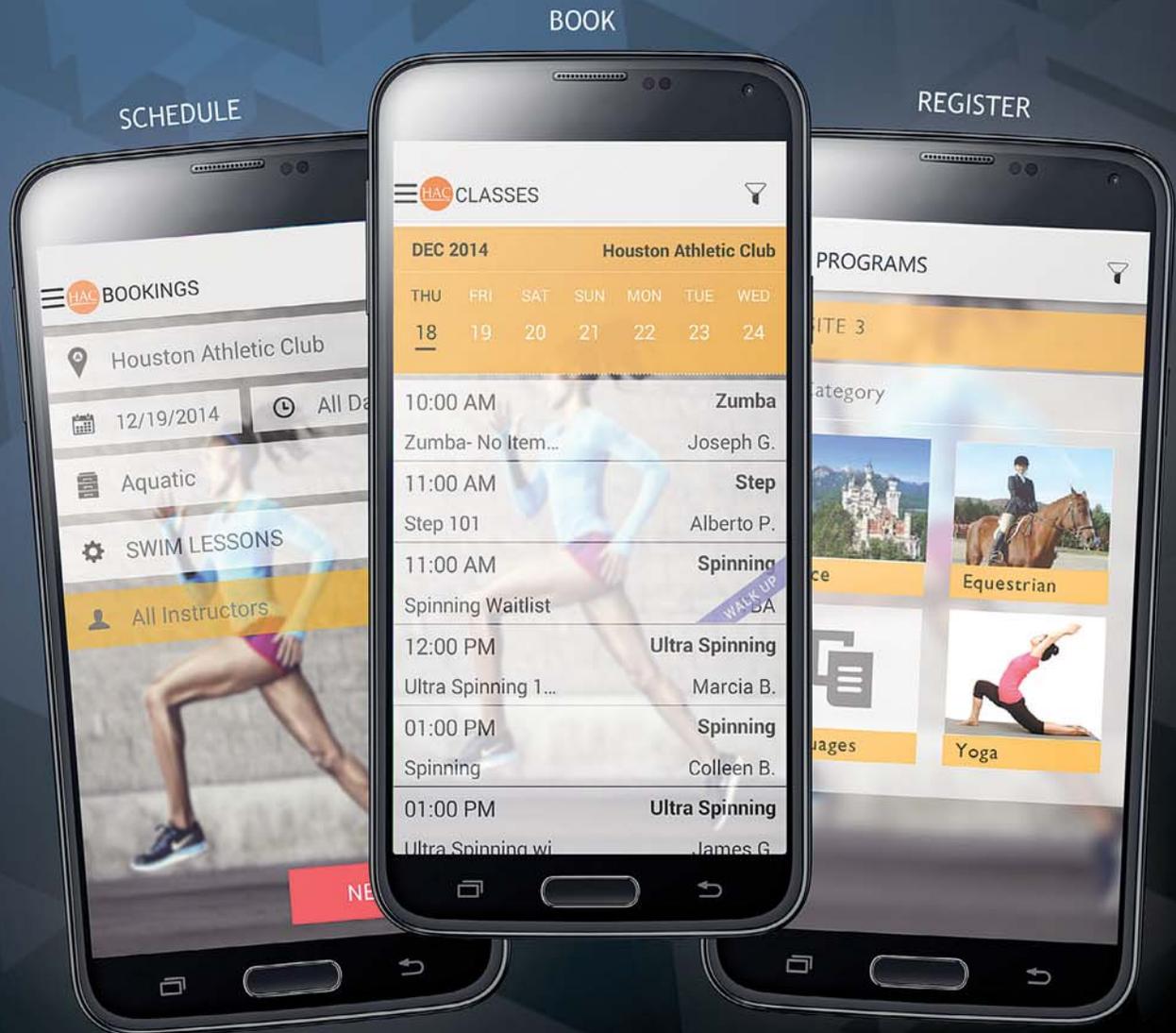
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So, stay tuned folks. Next month in **Part II**, we'll conclude this in-depth interview with Mike and hear from Gary Jones. And, we'll discuss: The "Dardzinski Method;" providing care for patients regardless of their ability to pay; possible Project Walk Franchises at your clubs; Children with SCI; job opportunities for some Claremont Club clients; the Claremont Club's focus on helping folks with cancer; the future for The Claremont Club and Project Walk Claremont; how other clubs can begin such a process on a small level to begin to help those with medical issues, even if the local expertise is not there; and Mike Alpert's contributions of his expertise and involvement with IHRSA.

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

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What Does “Fred The Baker” Have In Common With PT Sales?

By: Ron Alterio

If you have been in the industry as long as I have, you too should remember those classic Dunkin Donuts commercials where Fred the Baker dresses up like a woman, goes into the local supermarket, holding his finger over his mustache and inquires, “Were those donuts made fresh this morning?”

Poor Fred. No matter how hard he

tried, he couldn’t hide the fact of who he really was... Fred the Baker!

More often than not, club owners are repeating this exact same mistake. They are often in denial and are trying to “disguise” lagging PT sales by focusing on programming and technology rather than the sales process. Instead of fixing the problem (*in most cases, an outdated sales process*), they consistently get sucked into the lure of all the new programming

and technology that’s out there. From small group training systems to the latest apparatus in wearables, you can’t open your inbox without hearing about the “next big thing.” Make no mistake, innovation is a good thing; in fact, it’s a great thing. Innovation is the lifeline for any business to achieve long-term sustainability. However, innovation does not and cannot replace the fact that we are in a production-based business. What does this mean? It means that we drive revenue and participation through creating consistent and clear value. In other words, we need to sell something to someone every day.

However, prospects are more educated than ever before. They are used to getting information at the snap of a finger. They no longer come to the buying process “uninformed.” Technology, the Internet and all the apps that go with it have turned consumers into pseudo fitness experts. Today’s consumers are well aware of their problems. What they need is to be guided through a clear, efficient and relevant path to results. They don’t need or want quantifiers that tell them what they already know. They simply want a solution.

If you are ready to end the denial game and make your PT sales process more relevant, there are a few things you need to STOP doing immediately. If you want to better communicate with today’s consumer and sell more PT, there are three things that you need to change now:

1. Long Needs Analysis and Member Questionnaires - Look at the typical questionnaire clubs use for their needs analysis, and you will find it’s about 20-30 questions long. *Are you kidding me?* Especially in today’s information sensitive environment, if I meet with a professional (any professional for that matter) and they want to know my whole life story before they can determine if they can help me, I am out of there! Helping the new member get to his or her fitness goal(s) is NOT rocket science. People want to know that you are interested in them and their issue(s). All you need are the answers to a handful (5-7) of pertinent questions, and you should be more than capable of presenting a clear solution.

2. Intrusive Measurements - This one drives me insane! No one joins a gym without a reason. No one walks in unless they are damaged in some way. People already know how broken they are, and YES, they know just how much they weigh before they walk through your doors. They don’t need to be told to, “Come here Mrs. Jones and step on this scale.” They don’t want to be poked and prodded with skin fold calipers just to get a sticker on their very first visit that tells them their body fat percentage and their ratio of lean mass



Ron Alterio

to body fat. *New members don’t want numbers; they want hope!*

3. Lengthy Par Q’s - Oh wait, let me document just how broken you are and then tell you, “Oh, let’s not worry about where you are today... Let’s focus on where you will be?” Gee, that’s encouraging. Don’t get me wrong, I get the fact that we need to keep our members safe and give them appropriate movements. What we don’t need to do, however, is create a long and detailed list of problems they have in order to help them with a solution. One simple question will suffice; “Mrs. Jones, we are about to go out on the floor in a little bit to demonstrate some appropriate movements... Is there anything physically or medically that I should know about before we go have some fun?” As you can see, with a more humane approach, you can still get to the same end result without highlighting in painstaking detail what the member already knows.

Bottom Line: If you want to sell more PT, it really starts with the sales process. Your problem isn’t necessarily your programming and technology or lack thereof; chances are it’s your inability to be relevant with today’s buyers. As a result, you have been spending too much time pointing out the problem rather than focusing on providing a solution. The above selling modalities are nothing more than holdovers from the past and no longer meet the needs and desires of today’s more educated consumers. If you are serious about driving more PT, learn from *Fred the Baker* and realize that, no matter how well you try to “dress things up,” you can’t out-program or out-tech a bad sales process. *Disguising the problem with new programming and technology isn’t going to change or hide the fact that you still have to sell something to someone every day.* (Ron Alterio is the National Sales Director for the Visual Fitness Planner and can be reached at 717-645-3899 or by emailing him at ron@vfp.us.)

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How To Give and Receive Feedback

By: Karen Woodard-Chavez

Sometimes we feel like we are on eggshells when we need to give or receive feedback. This article will discuss why that is and how to eliminate the eggshells, the differences and detriments of a “culture of nice” versus a “culture of feedback” and how to give and receive feedback so it is helpful and not perceived as a personal attack. The goal of this article is to breathe new life into your professional and personal conversations. Lets start with some basics:

Basic #1: Defining the differences between feedback and criticism.

Feedback is defined as comments in the form of observations about and reactions to something, intended to provide useful information for future decisions and development.

Criticism is defined as the act or an instance of making an unfavorable or severe judgment or comment.

Some factors that can often make feedback feel like criticism is when it is *delivered* with a tone that creates a mixed message with the words, it is *received* with a defensive filter, the timing is not right or the place is not right.

Basic #2 The difference between a “culture of nice” and a “culture of feedback.”

A “culture of nice” (which I refer to as a “c.o.n.”) is a culture where no one feels comfortable giving anyone else feedback because they do not want to upset anyone or they are concerned that the feedback will be taken as a personal attack rather than professional perspective. A “c.o.n.” is very dysfunctional because it does not have the foundation of trust that relates to everyone in the organization being willing to help each other for the good of the organization. There is a lot of covering going on in this type of organization.

A “culture of feedback” exists when absolutely anyone and everyone regardless of position feels that their input is valued and will not be taken as a personal attack, but instead, as *helpful information* designed to help that person, department or organization at large be better. In a “culture of feedback,” when feedback is given, it is discussed and a genuine “thank you” is also given because the feedback is considered to be helpful. Think about it; when someone helps you don’t you say thank you? A “culture of feedback” exists when anyone in any department can give anyone in any department feedback, and it is received respectfully.

Given these two basics, how do you perceive feedback, as helpful or as criticism? And, in your organization, is it a “culture of nice” or a “culture of feedback?” Remember, culture means *everyone*; it is not just a few people in senior management that are good at it. It is pervasive throughout the organization. That is culture. It is important to objectively recognize the reality of these basics for your organization so you can move toward a higher functionality. It is also important to recognize that these changes do not happen overnight but instead with a commitment to changing *everyday habits everyday*.

The following are some tools to effectively give and receive feedback:

Giving Feedback

1. Do not let it go or build. Feedback should be given within 24 hours of an observation or incident. Be mindful that you are giving feedback at the right time so that it can be heard and received well. For example, if you are giving a staff person feedback on their delivery of a task, and it is during rush hour at the club, they are likely not to hear or receive it fully.

2. Appropriate space for feedback. Ask yourself, “will this be better received in a private space or even out on a walk?” Public space is typically not the best space for feedback. Sometimes, we think public space is the right space for really positive feedback, the praise perspective, but I encourage you to know who you are giving the feedback to; they may not want the public attention.

3. Communicate clearly. Go for clarity of understanding and state the specific facts, not what you “think.” There is a caveat here and that is if the feedback is second hand, i.e. someone has given you this to give to someone else (a hallmark of a culture of nice). In that instance, you have to start by saying, “I did not observe this; it was brought to my attention, so I may not have all the facts. I would like you to help me with this...”

4. Expand beyond the specifics to the ramifications/results of the behavior, which would sound like: “Susan, when you do not finish your work, it impacts the staff on the next shift and overall club operations in the following way... as well as the members who may not be served as well as they could be.”

5. Ask open-ended questions. These elicit more conversation. If you are in the habit of asking closed-ended questions, which most of us are, you will get *yes* or no

answers. Remember, this is a *dialogue*, not a *monologue*. It will be more helpful and beneficial as a dialogue and feel punitive if it is a monologue. Closed-ended questions start with *did you, have you, will you*, etc. Open-ended questions start with *how, when, what, who, why*, etc.

6. Acknowledge the other person’s perspective by asking them questions. Remember the dialogue. Avoid the *tell, tell, tell* and go for the *discuss, discuss, discuss*.

7. Come to an understanding of what you expect with a solution. Be clear what you want to see in terms of changed behavior or outcomes by what timeframe, as well as who will do what to make those outcomes occur.

8. Follow up. If you are the manager and have given your associate a specific outcome by a specific timeframe to master, do not wait until that timeframe comes to give them more feedback. Be prepared to check in with them along the way and let them know that they are showing signs of improvement or not and what to do about it. Start the very next day after your initial conversation. You may think that is micromanagement, but I would encourage you to consider this: If you are giving an associate helpful feedback to do their job better, and they do it, you want to congratulate them and let them know they are on the right path. Furthermore, you want to let them know that you appreciate their sense of urgency with the feedback. If you do not see any change or effort to change, would that not cause you to be concerned? If you were concerned wouldn’t you say something? We have to remember that *silence implies consent*. That means people will keep doing what they have always done because no one says otherwise.

9. Do not give feedback via email. There is wayyyyyyyyyy too much opportunity for misinterpretation.

Receiving Feedback

1. Remember that feedback is an opportunity to evaluate performance, and all feedback is a chance to grow. It is designed to be helpful. It is not a personal attack and should never be interpreted that way.

2. Feedback consists of praise or constructive comments.

3. Pause for a few seconds after you receive feedback. Avoid becoming



Karen Woodard-Chavez

defensive and disconnect your emotions from the comments. The pause allows you to digest what you have heard. It is absolutely appropriate to say, “*Let me pause for a second to digest what you have shared with me so I can respond appropriately.*”

4. Focus on the facts, not the words being used. Sometimes, we have words that push our buttons. For example, when someone says, “*you always...*” we only hear *always* and do not hear the rest of the message so we fight the *always*.

5. Listen to every word that is being said. Avoid thinking of your response while the speaker is speaking. That is when you will miss crucial information.

6. Tears are not appropriate. Why would you cry when someone is giving you helpful information? If it does not feel helpful or if it instead feels hurtful, you can say, “*That does not feel very helpful. It actually feels more hurtful. Can you please restate that in a way that allows me to know what to do with it?*” Tears are never professional. Give feedback on feedback; if it is helpful, say so. If it is not helpful, say so in a respectful, helpful way and coach the giver on how they can give you more meaningful feedback.

7. Utilize the H.I.E.R. Model to understand more fully. The acronym stands for **Hear, Interpret, Evaluate and Respond**.

Hear: Let them speak, no interruptions, no finishing sentences, whole body listening (ears, eyes, intellect, heart, gut).

Interpret: Know that words (7%), tone (38%) and non-verbal cues (55%) make up the whole message. Fail to pay attention to any of them, and you may miss the full (See Karen Woodard-Chavez Page 23)

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...Karen Woodard-Chavez
continued from page 22

message. Know what your own filters are and how they may be causing an inaccurate interpretation, such as perceptions, memories, biases, expectations, attention span, exhaustion, feelings, needs, etc.

Evaluate: Ask questions to clarify such as “Okay, am I correct in understanding that your observations are...?” or “Are you asking me to...?” etc. Analyze the information on all levels and avoid jumping to conclusions.

Respond: Execute the previous steps to be confident with the appropriate response rather than a reaction. By doing so, you assure the speaker that the message was heard and understood, and you can move the communication process forward.

Be mindful to avoid the natural tendency of going from Hear to Respond and skipping the process in between.

8. Take full responsibility if the feedback is accurate. Avoid blaming someone or something and show authentic eagerness to be better and improve performance. If

the feedback is not fully accurate, then you will need to explain the facts. This may sound like, “Karen, I appreciate you bringing this example to my attention, and I want to add to the facts so you have the whole truth of the matter...” You will also acknowledge the other person’s feedback with a genuine, “thank you,” for their willingness to be truthful and respect you enough to offer feedback.

9. Get feedback; use feedback. It is just that simple. If you do not use it, you do not get any better at what you do.

As you read through these tools on how to give and receive feedback, you may be thinking, “Oh my gosh, this could never happen in my workplace.” *Sadly, I do hear that* when I coach organizations on this function. What we all have to realize as stated earlier in this article is that cultural changes take a while to develop. They do not happen overnight. **BUT, they DO happen if the organization at all levels commits to nothing less than a culture of feedback rather than a culture of nice.** By the way, the two are not mutually exclusive.

It takes a commitment, daily practice, mistakes, feeling awkward, progress, mistakes, clumsiness, progress and then you do start to experience a more trusting,

Karen Woodard-Chavez to Host 2nd Annual Results, Retention and Revenue Summit

BOULDER, CO - Karen Woodard-Chavez is hosting the annual Results, Retention and Revenue Summit in **Boulder, Colorado, June 10 - 12.**

The purpose of the 2 1/2 day gathering is to bring Club Managers and Sales Directors together for the following 5 outcomes:

- Increase effectiveness of corporate sales and referrals;
- Increase your management and leadership effectiveness;
- Increase revenue with non-dues revenue sold through the membership staff;
- Increase retention of your sales staff; and

• Increase retention of your members.

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For more information and to register, contact Karen at **karen@karenwoodard.com** or **(303) 417 - 0653.**

functional and productive organization.

(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)

Revaluating Referral Systems At Your Club

By: Casey Conrad

Regardless of what business you're in, obtaining new customers through referrals is by far the best source of new prospects.

First, a referral is pre-sold on the company, the product, and perhaps, even the salesperson. Second, the cost of acquisition from a referral is typically less than any other form of marketing. Third, and perhaps one of the most important, is the energy generated because of others publicly endorsing your product helps to create a top-of-mind awareness that most companies can't afford to buy. For these, and other reasons, your club must find and maintain numerous ways to generate member-referral business. In this article, we'll take a look at the three categories of referrals available to club operators that will help them establish systems for creating "Referral Mania."

Basically, there are three different categories of club referrals. "**Gravy Train Referrals**," which are the ones that happen without any pro-active role on a salesperson's part; "**Point of Sale Referrals**," which are obtained during the new member paperwork process and "**On-Going Referrals**," which refers to any other referral obtained as the result of an in-club referral incentive program. Understanding the importance each of these referrals types has in the overall success of a club is the foundation for creating an environment of referrals.

"Gravy Train Referrals"

When a prospect enters the club and says, "My friend, John Doe, is a member here, and I'd like to find out about joining," a classic Gravy Train referral has just walked through the club doors! I refer to these types of referrals as Gravy Train, because in the world of sales, these prospects are the freebies that make selling club memberships a breeze for even a marginal salesperson. Of course, club operators love to get these types of referrals because they are often easy sales. The importance of Gravy Train referrals, however, goes beyond the actual membership. Specifically, when a club has a high number of Gravy Train referral sales, one of two things is happening. One, they have an incredible reputation in the community and the word-of-mouth is so good that people are just walking through the doors. Two, and more typically, the club is not pushing the other two types of referrals programs enough, which are more proactive. Let's discuss them both.

"Point of Sale Referrals"

The first type of proactive referrals are generated at the Point of Sale (POS), hence their abbreviated name, "POS Referrals." Any type of program that either elicits or encourages new members to give referrals during the enrollment process is considered a POS Referral. Although there are hundreds of variations, two basic POS Referral programs exist.

One is where the salesperson has the new member give the names and contact information of people they would like to refer and the salesperson contacts those individuals and invites them into the club. Typically, the new member is given special guest passes or an incentive to provide the names right at the point of sale. Because a salesperson is in control of creating contact with these referral prospects, this type of system is preferable for maximizing new memberships.

A less aggressive way of generating POS Referrals is when the new member is given a limited number of guest passes to give to friends and family members. The downside to this system is the referral becomes somewhat reactive, with the salesperson relying on the new member and the friend to take the initiative for coming in.

A hybrid between these two common practices is incorporating electronic systems with your POS Referral Program. Specifically, for any new member that does not provide names and contact information at the point of sale, the club can send him an email that has the link to downloadable guest passes. They can forward that link onto their friends, and when the pass is requested, the friend provides a name and email to receive the download link. This allows the club to build a database of interested prospects while allowing members who don't want to have the club call a friend to still take advantage of the free passes.

Value: Regardless of which type of POS Referral Program a club creates, three key components are necessary to ensure success. The first is "value" as to how the member and the referral perceive the program. For instance, if a club is giving away guest passes for POS Referrals, does the pass have a value to it that cannot be obtained with other passes that the club distributes? A specific example of creating value would be a club that normally makes 1-day passes available to members but only distributes 10-day passes at the point of sale; no exceptions. Another way that clubs can generate value in the members' mind, as well as the referrals' mind, is by

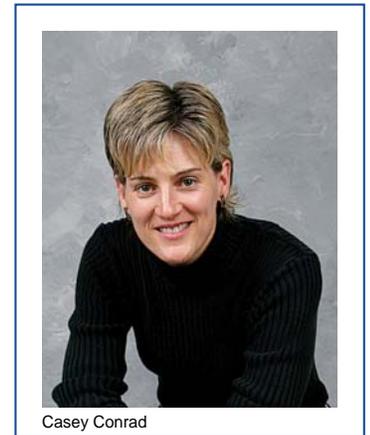
printing a value on the pass. Therefore, if the club truly charges \$35 for someone wanting to buy a 1-week pass, having this dollar amount displayed on the pass will help to convey value.

Urgency: The second key component necessary with any POS Referral Program is "urgency." Urgency refers to a state of mind where an individual feels compelled to take action immediately. Of course, it only makes sense that, if a club wants to get as many referrals from a new member during the point of sale paperwork process, some level of urgency is necessary. Although there are a number of ways to create urgency with prizes and incentives, perhaps the easiest and least costly way to create urgency is simply to convey to the new member that this program is for "new members" only and then present them with the appropriate paperwork for the referral program. Even if some prospects aren't motivated by such a strategy, the majority of them will comply.

Scarcity: The third key component necessary with any POS Referral Program is "scarcity," meaning there is only a limited number of what is being offered. Obviously, urgency and scarcity go hand-in-hand because having a limited number of anything always creates urgency in the human mind. For POS Referrals, creating scarcity is quite simple; limit the number of passes that any new member obtains. One example of how a club used scarcity to further qualify referrals is by giving the new member one 30-day guest pass, four, 2-week guest passes and five 1-week guest passes. Although it isn't 100% accurate, most new members will give the longest guest pass to the friend who is most serious about working out with them and then the 2-week passes to the next most serious friends. Therefore, the law of scarcity used in this example has a dual effect; it magnifies the urgency *and* gets the new member to almost pre-qualify their referrals. By combining value, urgency and scarcity, your club will greatly enhance the success of its POS Referral Program.

"On-Going Referral"

The final type of referral available to a club, which is also proactive, is called an "On-Going Referral." An On-Going Referral refers to any type of program a club offers that will encourage all members to refer new members. The primary difference here is that this program isn't exclusive to members during the enrollment process. A traditional type of On-Going Referral program would be offering members a



Casey Conrad

gym bag, attractive club sweatshirt or other gift if they refer a friend who joins. Another common incentive is one month's free dues. A more complex On-Going Referral Program could happen over multiple months and have a single grand-prize winner. For example, a club might purchase some new, popular electronic item worth \$1,000, and at the end of the three months, the person who referred the most members who joined wins the prize. Dozens of variations on how to run these types of referral contests can be created. Of course, the benefit of any On-Going Referral Program is that, when done properly, a club has hundreds of members simultaneously working on generating referral traffic. As a result, the club literally creates an army of recruiters out of new members.

Gravy Train Referrals, Point of Sale Referrals and On-Going Referrals:

They are all an important indicator of the level of success your club will ultimately have. Do you have systems in place that ensures your salespeople are maximizing referrals from your members? If not, take the time to go back through and evaluate your systems. Incorporate the strategies and tools necessary to tap into this valuable source of new members and be sure to provide your salespeople with the scripts and skills necessary to execute!

*(Casey Conrad is the President of Communication Consultants, a club consulting company that specializes in sales and marketing. She is the author of Selling Fitness, Selling Personal Training and Internet Marketing for Health and Fitness Clubs, among many other CD's, DVD's and online training programs. She can be reached at **CaseysHealthClubSalesTraining@yahoo.com** and her website is **www.HealthClubSalesTraining.com**)*

Feel Like Adding Video Content Is Too Hard?

Think Value, Not Viral

By: Joe Imbrogno

Part II

In **Part I** of this 2-part series, we hit on several important points:

1. The key to implementing a successful video content strategy is getting started!
2. Focus on creating value, and the rest will come! Too many people focus on “viral” vs. “value.”
3. The point of Instructional videos (the 1st of the four types) is to instruct someone on how to do something, a BIG opportunity for health clubs.

In **Part II**, I'll cover the other three video types: Informational, Entertaining and Sales.

Informational Videos

Informational videos are also just what they sound like, videos that provide your members with *valuable* information.

The mistake that's commonly made with Informational videos is that a sales objective gets mixed into the messaging. This automatically renders the video into a Sales Video (See **Sales Videos**).

Since the audience's value expectation is different with a Sales Video than it is with an Informational video, mis-categorizing the type of video you are creating will mean almost certain failure.

There's a fine line between wanting to get members interested in something and wanting to get members.

Good examples of Informational videos are:

- Virtual Club Tours;
- “What It's Like To Work Here” Videos (used for pre-employment screening);
- Group Fitness Class Highlights;
- Club Amenities;
- Personal Trainer Spotlights; and
- Member Success Stories.

Remember that, although revenue may be generated from an Informational video, it is a by-product, not the objective.

The value expectation for an Informational video is to effectively provide your viewer with valuable information, not to sell them something. This means that the production value for your video may require a bit more polish than an Instructional video.

Skill level: Intermediate;

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

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

Audio Accessories Needed: Wireless mic, Boom mic (preferred);

Editing Equipment Needed: Mac (iMovie) or PC (Windows MovieMaker), other online editing programs are available, audio editor;

Total Production Time: 12-14 hours (likely spread out over several days).

Entertaining Videos

Entertaining videos are, in my opinion, the most difficult of the four types to make. Since individual tastes dictate what is entertaining to one person and not to another, coming up with something that would be entertaining to a majority is not an easy task.

So, without boring you with a lot of details that you'll probably never need, just know that it takes the pros hours to come up with the script, storyboard, edits, rewrites and table reads. Unless you've got that kind of time to commit, don't try to create an Entertaining Video.

That doesn't mean that clubs are down for the count when it comes to Entertaining videos; it just means that the way that clubs come up with that sort of content is usually by accident.

Get started with your Instructional or Informational videos, and trust me, you'll have plenty of bloopers. Bloopers make for great entertainment, and bonus, it lets your members know that you've got a sense of humor.

Remember that “Charlie Bit My Finger” was clearly not scripted, BUT the camera was rolling. So, the biggest lesson to be learned? Get the camera rolling!

The value expectation for an Entertainment video is to entertain your viewer... **GENUINELY**. People can see right through poorly-staged videos, and they usually don't like them. This means that the production value for your video may require a lot more polish than an Instructional or Informational Video.

Either hire professionals for this type of video or get your footage by accident because you're working on other types of videos.

Skill Level: Advanced;

Total Production Time: Days (several, unless it's accidental footage from other video types).

Sales Videos

Sales videos are videos that compel the viewer to action, buying your product or service. These are also significantly more

difficult to produce effectively without the help of professionals.

Scripting, storyboarding, edits, rewrites and table reads are all part of the process with Sales Videos, so I won't go any further than to suggest steering clear of these types of videos without some help as well.

If the value expectation for a Sales Video is to motivate the viewer to want to purchase your product or service, poorly planned Sales Videos unfortunately do the opposite of what they are intended to do. They often just become a waste of time and money. This means that the production value for your Sales Video requires a lot of polish.

Skill Level: Advanced;

Total Production Time: Days (several).

What To Do Next

Armed with the knowledge of the four types of videos at your disposal, and the audience's value expectation for each type, you just need to spend some time thinking about what your members have been asking for most to get started.

Is there one particular machine that people seem to be perplexed by? If so, shoot an Instructional Video on how to properly use it and simply choose a delivery method.

Do people seem to be curious about that TRX contraption? Shoot an Informational Video that provides more detail about what TRX is and the benefits of that program.



Joe Imbrogno

And, when the “talent” messes up on the first few takes (and they will), don't throw that footage away. If it made you laugh, chances are it will make others laugh too. You've just created part of your first Entertaining Video.

Want to drive membership sales specifically with video? You'll probably want to bring in some help from outside your club.

The point is you don't want to approach video from the perspective of creating something viral. You have a boatload of content at your fingertips, and you now have the power to bring value because you understand the expectation. So film away.

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

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Planting The Seeds For Marketing Success

By: Tracey Bourdon

Marketing this time of year shouldn't be a "Spring Fling!" The arrival of spring is a welcome change for many of us, whether it is simply better weather or the promise of fresh starts, new growth and opportunity. For most, spring cannot arrive too soon... Unless you don't have a marketing plan!

The "New Year's Resolution" season is over for another year, and hopefully, your club business was able to take advantage of a huge wave of prospects that evolved into a wealth of new members or training clients. Even if this is the case, now is not the time to sit back and admire the fruits of your labors. It is time to dig deep and cultivate the next crop of new members.

Spring Clean Your Marketing Plan

Just because spring is coming and you feel like a change, don't abandon your entire marketing plan and strategy. Take a long, hard look and an honest review of what worked, what did not and what is still working. It will take some discipline to look back before you spring forward. However, the value of measuring the success or failure of your marketing can never be underestimated. It can save you so much time, and money, to repeat or maintain successful campaigns and to refine and improve less successful efforts and examine why they did not work. Often, you can sow the same seeds, and they will continue to yield a worthwhile return.

Perhaps, you were so busy helping your members achieve their New Year's Resolutions, your resolution to put together a solid marketing plan this year was buried in the snow.

The following is a list of programs that are the core of successful club marketing and some recommended messaging components:

Nurture

The Loyalty Program

Make constant connections with new and current members that inform, inspire and reward them. Send them emails on a regular basis. Make sure the messages are personalized and make the member feel special.

"Dear Tracey" resonates with Tracey so much more than "Dear Member." Keep the messages short, sweet and interesting, with plenty of "what's-in-it-for-me" news, "what's new" club updates, photos and exclusive members-only offers.

A new member who joins should receive a follow-up offer right away, and do not just ask for a referral but offer something of real value to them, like a coupon for \$50 towards training or a limited-time discounted membership for a family member or friend.

Develop ongoing, in-house campaigns that have some moxie, like frequent exerciser rewards programs and challenges that generate excitement within the club. Align your club with a charity or local sports or community effort and get your members involved with a great cause and an empowering opportunity to "give back" through their participation. It is great visibility for your club and instills a great sense of pride for your members.

Propagate

The Outreach Program

Prospects are essential to your club business. They are living and working all around you; the key words being *around you*. Plotting where your members come from is a vital tool that ensures you zero in on the prospects that are most likely to join. To let them know you are there, you have to reach out to them where they live or work. They are reading newspapers. They are on Facebook. They pick up their mail. They check their inbox. They drive by your club. Once you get in front of them, you must have a compelling advertising message that will gain attention and convince them to take action by visiting the club. Once the prospect visits the club, the work of the advertising is done. Other aspects of your marketing now take over, such as the look and feel of your club, the quality of your team and the sales process.

Harvest

The Welcome Back Program

Regain your former members and lost leads with a bright message for spring. Make certain not to make them feel bad for leaving, and keep your marketing positive. Remind them

that they are Very Important People (VIPs) by creating an exclusive offer. Your message can announce new and exciting changes at the club and explain how, this time, you will ensure they will enjoy successful results from their membership experience.

Fresh Market

One great advantage of spring is the feeling of wanting to breathe new life into every aspect of your club business. In advertising, stay true to your brand but think of fresh ways to make your marketing mark and mix it up in new places (everywhere you can imagine).

For example, building new relationships by co-operative advertising with other businesses you admire is a wonderful opportunity to mine prospects from a like-minded customer base. You carry their message; they carry yours. Just be careful to be strategic, discerning and make certain you share the same kind of customer demographic.

Polish up your phone answering script and give inbound callers a reason to smile. Be surprising, but be surprisingly good!

Now that your club has enjoyed a spring-clean sweep, hold a public open house. It will not only gain you some face time with prospects but also show an appreciation of your current membership. Publicity is a crucial aspect for the success of an open house campaign. From press releases in local media to sending invitations and advertising inside the club with posters, talk it up to make this event a perfect marketing opportunity.

Cultivating Campaigns

A Professional Spring Tune-Up

Finally, these two spring campaign themes are client favorites and proven marketing success stories:

1. You're Already a Member - This campaign is out-of-the-box friendly and welcoming as it invites prospects to the club as if they are old acquaintances and valued members before they even start. Breaking down barriers of intimidation and the threat of non-acceptance, the message is personal and direct. Marketing vehicles need to reflect that personal approach through direct mail and/or email if you have the



Tracey Bourdon

permission to intrude into the sacred inbox without reproach! The mailer includes an "official" membership card, and the offer is naturally a trial membership.

2. The Weight-loss Challenge - Timely, as people emerge from winter hibernation in search of their body that will fit into summer clothes, this campaign demands good planning and benefits from the participation of your personal training and nutrition centers. The theme, popularized by being trotted out by TV show reality, has meant that the potential for participants to anticipate successful results has been heightened, a good thing for a marketing campaign.

Host the challenge for a predetermined number of days. Open it to members with prize incentives. Market the challenge as a self-contained program to prospects who will love the short-term commitment and its single price-point before they decide to join the club. Nevertheless, the conversion rate to annual membership for these participants is high due to the personal attention, support and motivation offered by the program, especially when progress is measurable and results are evident.

Keep the theme lighthearted. Whether you call it *Skinny Jeans*, *Battle Of The Bulge*, *Lose To Win* or *Look Better Naked*, your prospects and members will join in the fun-spirited, healthy competition... and wear the t-shirt!

Promote internally with an email blast to your members and lost leads, post on your Facebook page and feature it on your website, display (See *Tracey Bourdon Page 27*)

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...Tracey Bourdon
continued from page 26

posters, ceiling danglers, banners in the club. Reach prospects using door hangers, take-ones, flyer inserts in your local paper and direct mail postcards. Keep in mind the newsworthy value of the campaign and take advantage of free publicity in local media.

The marketing possibilities are endless, so plan early, budget appropriately, execute beautifully and reap the rewards of your spring marketing!

(Tracey Bourdon is a Marketing Coach with Susan K Bailey Marketing and Design, and she can be reached at 888 - 349 - 4594.)

Make It Fun!

Health Club Employee Non-Compete Agreements

By: Paul R. Bedard, Esquire

It's no secret that most health clubs initially lose money. It typically takes months, and in some cases, years to painstakingly build a large enough membership base to turn a profit. As this membership base and the club's resulting goodwill are established, club owners and operators naturally pay close attention to member retention.

While it is usually easier to retain an existing member than it is to find a new one, this is often not the case when a valued employee leaves to work for, or becomes, your competitor. In my experience, issues involving departing employees and the resulting level of member retention can be particularly problematic when it comes to personal trainers and "their" clients. One focus that will help protect your club's hard-fought goodwill is to ensure that your former employees are precluded from capitalizing on it. Non-compete agreements are a valuable tool in this regard.

This article will provide an overview of non-compete agreements, also known as covenants not to compete, to help club owners and operators have a basic understanding of how these agreements relate to their clubs. It will explain who should sign a non-compete, how to manage the drafting and enforcement of these agreements and the factors a court will likely consider when determining an agreement's enforceability. However, this article is not intended as legal advice. Widely varying state and local laws and factors unique to every situation prohibit one-size-fits-all recommendations. Please consider these comments as a guide to help you when you consult your own attorney for specific direction.

Requirement of Consideration

Like all contracts in the United States, non-compete agreements require consideration. Consideration is a legal term meaning something of value given by the parties to a contract. Each party of a contract must receive some benefit. An offer of employment is considered sufficient consideration in exchange for the soon-to-be employee's promise to perform. However, for existing employees, many courts require that additional consideration, such as a bonus, raise or promotion is present. The employer's promise of continued employment is insufficient consideration in these jurisdictions. In others, the promise of continued employment for an existing "at-will" employee will suffice.

Know Your Jurisdiction

While most states have laws that allow for the enforcement of non-compete agreements, the level of enforceability varies widely across jurisdictions. What is deemed reasonable in one state may be considered unreasonable in another. The industry involved, the level of employment impact an enforced agreement would have on the employee and the facts specific to each case will further determine what is reasonable within each scenario.

As a matter of public policy, with limited exceptions, non-compete agreements are actually unenforceable in California. These limited exceptions typically apply to equity sellers and the sale of their business's goodwill and other assets. However, in a jurisdiction where a non-compete agreement is not a legally viable option for most employees, non-disclosure and non-solicitation agreements can often serve as the means required to protect legitimate business interests. An enforceable non-solicitation agreement will allow an employee to compete against their former employer without allowing them to solicit their former employer's customers or employees.

Assuming your jurisdiction allows for enforcement, it is important to narrowly tailor the scope of your agreement to protect legitimate business interests. Goodwill, customer lists, trade secrets and highly specialized training practices are just some of the business assets that can be protected. However, courts are generally disinclined to deny an employee's ability to earn a living. Therefore, a court will balance the legitimacy of the claimed business interests against the impact that enforcement would have on the employee or the overall reasonableness of the agreement. When an agreement is judged to be too broad in scope or grossly unfair to the employee, the court may narrow or even invalidate the agreement.

Executing and Enforcing

Ensure that the agreement is executed by both the employee and an authorized representative of your club. While this may seem like common sense, an agreement filed away with intent to sign but missing one or more signatures will likely not pass court muster. Yet, this happens more than you would think it should.

Be selective when it comes to which employees truly need to sign a non-compete. For example, while you likely believe that your managers and personal trainers need to sign these agreements, is there a legitimate business interest that's being protected should your childcare

providers do the same?

Once the appropriate employees have signed their agreements, enforce these agreements consistently. Although not typically an impenetrable defense, a former employee can point to abandonment of enforcement, which may characterize your selective enforcement as more of a personal effort to limit one person's future employment opportunities rather than the protection of a legitimate business interest.

Primary Factors a Court Will Consider

While what is viewed to be "reasonable" varies across jurisdictions, there are common key factors that courts consider to determine how reasonable an agreement is. The primary factors within the context of our industry are the duration of the restriction, the geographical scope and the specified employment activities that are restricted. These factors can also impact each other. For example, a restriction that includes an otherwise unreasonably lengthy duration may be deemed reasonable if confined to a very small geographical area and within minimal specified employment capacities.

From a duration standpoint, courts will often uphold health club employee restrictions that are effective for one year or less. However, this is a broad statement, and this varies across jurisdictions. Think about your business goals and the true level of protection that's appropriate in this regard, then tailor your agreement's time requirement as narrowly as possible. The shorter the duration, the greater the chance it will be deemed reasonable.

As for geographical scope, while this also varies across jurisdictions, radii of five to thirty-five miles tend to be deemed reasonable within our industry. A radius beyond this range may be judged to unfairly limit an employee's ability to find gainful employment within their geographic area. An employee's availability of future employment is often a major factor that a court will consider. Therefore, analyze your business's geographic footprint and narrowly define your restrictive radius to cover only the markets that you actually compete within. And, be specific in this regard as the lack of a specified area can be construed as a global restriction, which would be viewed as grossly unreasonable.

When it comes to specified activities, the work capacities detailed and prohibited should, at a minimum, somewhat align with the current employee's position and abilities. Declaring that a trainer cannot compete by training clients within your local market is reasonable, whereas declaring that a trainer cannot work in any fitness capacity within your local market may not be. Identify what potential future



Paul R. Bedard, Esquire

roles actually constitute a threat to your legitimate business interests and narrowly tailor the agreement language accordingly.

Uphold Your End of The Employment Agreement

You must uphold your employer responsibilities including any obligation to provide compensation, insurance, etc. Otherwise, a breach of any element of the employment agreement on the part of the employer will relieve the employee of all obligations under the contract, including adherence to an otherwise enforceable non-compete agreement.

Termination of Employment and Former Clients

Termination of an employee's employment, whether voluntary, involuntary or constructive generally will not invalidate a non-compete agreement. However, always execute a new non-compete when rehiring a previously terminated employee. Otherwise, the timeframe for the non-compete will likely be based on the employee's previous date of termination. Be aware that, absent specific language within the agreement, courts tend to rule that non-compete agreements do not extend to former clients.

In Conclusion

Non-compete agreements are enforceable to varying degrees in most states. They can serve as an effective tool for protecting some of your club's most valuable business assets, including the goodwill resulting from customer relations. However, to maximize enforceability, your non-compete must be narrowly tailored to protect your legitimate and identifiable business interests. Courts will typically afford a business no more protection than what is reasonably required, and

(See Paul R. Bedard Page 29)

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Stay Ahead of Your Clients

By: Nancy Trent

The fastest growing category at the 2015 Consumer Electronic Show held in Las Vegas, January 6-9th, was hands-down, *wellness tracking*.

You'll note that many of your clients are wearing trackers that give them instant feedback on their steps, sleep, heart rate and nutrition.

Now, there are mattresses, by Rest Performance, and devices, like Beddit, that track your sleep; UpRight Pose that trains your posture; SunFriend that tracks your sun exposure so you can get your Vitamin D; Alcohol and Breathometer that tracks your oxygenation and alcohol; Smart Mat that helps improve your yoga poses; the Tao Chair that works out your muscles; as well as the Innozen Chair that helps you relax them while you sit and trackers, like XY Findit and TrackR, that free up bandwidth so you never have to worry about losing your keys or phone.

All of this is great news for the fitness business. It's making fitness more mainstream, more accessible and Americans more knowledgeable.

How can the health and fitness

club industry take advantage?

Know what's new: Be the source of all that's new and what's next. Get educated on which gadgets are best and share your choices. Your clients will appreciate your expertise.

Work it into their workouts: Gadgets are not going to replace gyms and trainers, so make the gadgets work for your members by incorporating them into their workout regimes and recommendations.

Go beyond fitness: Everyone is on a different level on the health spectrum. Better fitness can be a gateway to better sleep, better nutrition, better productivity and vice versa. Get involved in all aspects of your client's health regime.

Gather testimonials: New technologies make it easier than ever to prove that your fitness programs are working. Let the apps and gadgets tell your story for you.

Get press attention: Tech companies are looking for partners and ambassadors. If you do incorporate technologies into your business, make sure you are getting attention for it. Reach out to your local media with success stories and share them with the technology companies as



Nancy Trent

well. They may want to use your stories for national press attention.

Don't be afraid of technology. Embrace it, get ahead of it and use it to your advantage.

(Nancy Trent is the Founder and President of Trent & Company, a New York-based marketing communications firm. Nancy can be reached at 212-966-0024 or nancy@trentandcompany.com.)

...Paul R. Bedard

continued from page 28

overreaching in this regard can result in an invalidated agreement. To maximize your agreement's enforceability, it is important to understand what is judicially reasonable within your jurisdiction and to engage an attorney as early as possible when implementing or enforcing any such agreement.

(Paul Bedard has nearly twenty years of experience in the health and fitness industry. He's currently a Partner and the Director of Operations for Crunch Fitness Connecticut. He's also a practicing attorney. Paul strives to be active in his local community and has served on the Southington Zoning Board of Appeals and the Board of the Central Connecticut Regional Planning Agency. He also volunteers and fundraises for various local charities. Paul can be reached at paul@crunchct.com)

Make It Fun!

Programming For The “Fun Of It!”

Define Metrics For Small Group Training Management Success

By: Laurie Cingle, M.Ed.

What does it take to become successful with Small Group Training (SGT) at your facility? The plan is based on seven keys: (1) Leverage Your Offerings, (2) Hire and Retain Champion SGT Trainers, (3) Define Metrics, (4) Identify a SGT Manager, (5) Create a Space, (6) Outline a Marketing Plan and (7) Develop a Budget (See the **February 2015 CLUB INSIDER Programming For the Fun of It** article for details). Let's focus on **Key #3, Define Metrics**.

For simplicity, a SGT “session” will be defined as 4 to 12 individual workouts grouped into a named SGT program into which clients pay a fee to enroll. We will not discuss “drop-in”

sessions, where people randomly drop in to a workout without enrolling.

Winners keep score! Establish measurable goals for your SGT team that are focused on revenue and participation. Then, track performance of each SGT session. Your team can't play to win if they don't know the score. And a SGT manager can't effectively manage the department if they are unable to measure its performance. Managing by numbers allows a department leader to make rational decisions.

Defining metrics means taking four actions:

1. Setting goals for growth - individual session enrollment targets;
2. Counting attendances in every session - both paid clients and potential clients

(**Example:** Complimentary demonstration session);

3. Analyzing the data collected, measuring performance against the session targets;
4. Publishing the results to your trainers.

When setting targets for an individual SGT session, consider the maximum capacity of your training space, quantity of equipment, past enrollment, number of members, trainer skills and experience, type of program, time of day, day of week, season and marketing actions. Set SGT session targets with the trainer to get their commitment. Help them understand how you will work together to grow enrollments. Each individual trainer plays an active role in marketing, selling and delivering results. Be sure the SGT session enrollment targets are aligned with your budget.

While there are many SGT key performance indicators to track and report, these four are important and a great place to start:

1. Monthly or weekly SGT session attendance;
2. Average attendance per workout within a session (client compliance);
3. Session performance - net revenue per head; and,
4. Rankings of all SGT sessions offered at the facility



Laurie Cingle

Keep in mind that measuring data will only have value if the data is used to identify opportunities for growth and to make decisions.

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

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Thanks and Appreciation

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

A very sincere Thanks and Appreciation go to Rick Caro, Dr. Gerry Faust and the Faust Executive Roundtable #1 for helping me decide in 1993 what my home-based business would be. Thanks and Appreciation to my long-time friends, Ron Hudspeth and Cathy Miller of Atlanta's Hudspeth Report for the tremendous assistance they provided us during our first 8 years of publication. Thanks and Appreciation to all of the folks at Walton Press in Monroe, Georgia. They've done an absolutely excellent job for us all these years and have printed every one of our 255 monthly editions! Thanks and Appreciation to all of our READERS. Sincere Thanks and Appreciation to our CLUB INSIDER Advertisers, past and present, for their kind and dedicated support of this publication. It's amazing to know that we have several advertisers with over 15 years of continuous advertising with us. Plus, we have one advertiser, National Gym Supply, with over 19 years advertising with us! We also want to say sincere Thanks and Appreciation to all of our CLUB INSIDER Contributing Authors, past and present, who've contributed hundreds and hundreds of excellent articles to help our readers with their Best Business Practices. Thanks and Appreciation to IHRSA for all it does.

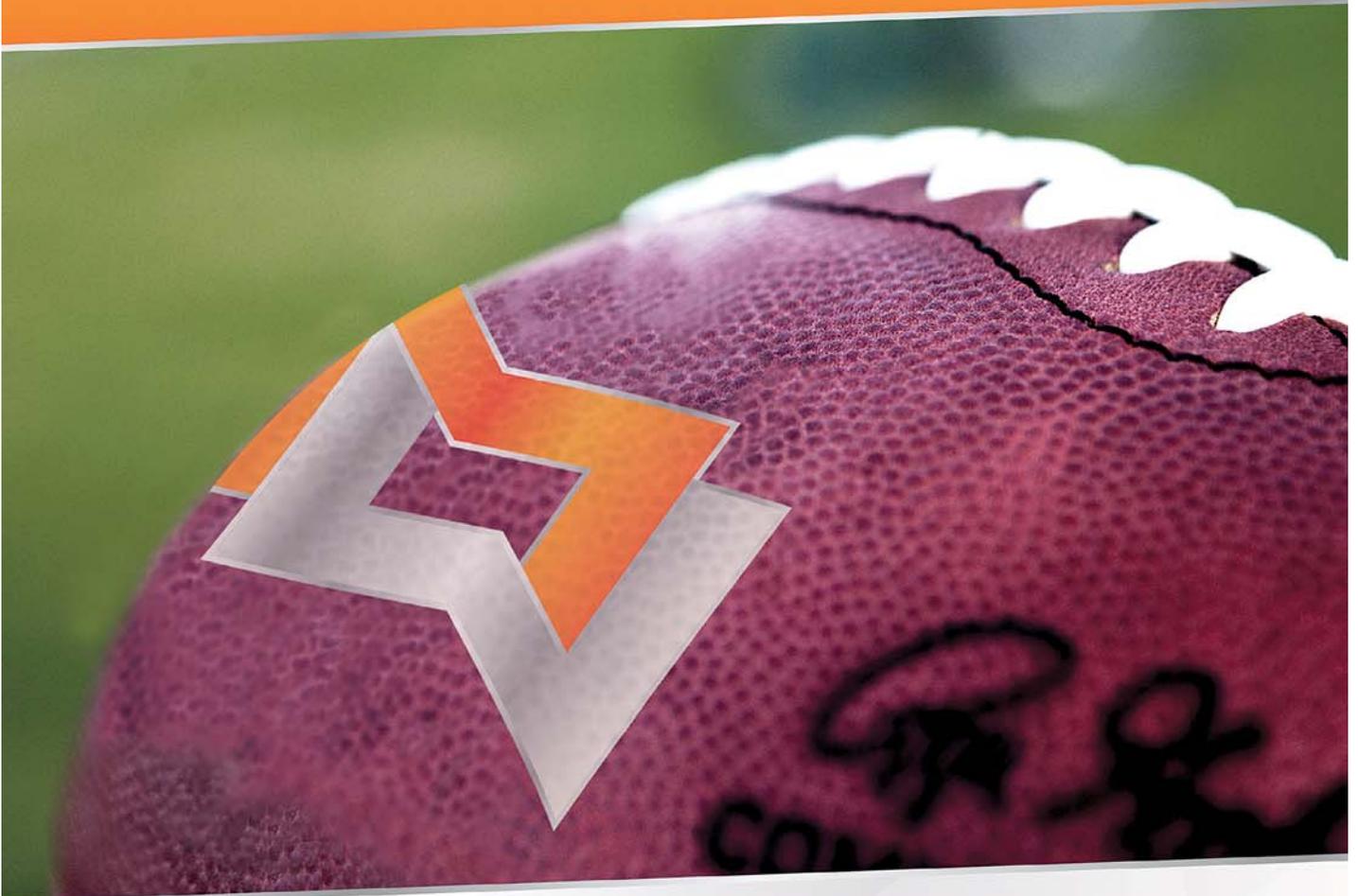
Sincere Thanks and Appreciation to my son, Justin, who started working part-time for CLUB INSIDER when he was just 8 years old (helping with mailings). This young man, pretty much behind the scenes for 22 years now, has truly been a fantastic partner for his Dad in CLUB INSIDER. Justin does our editing,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

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

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

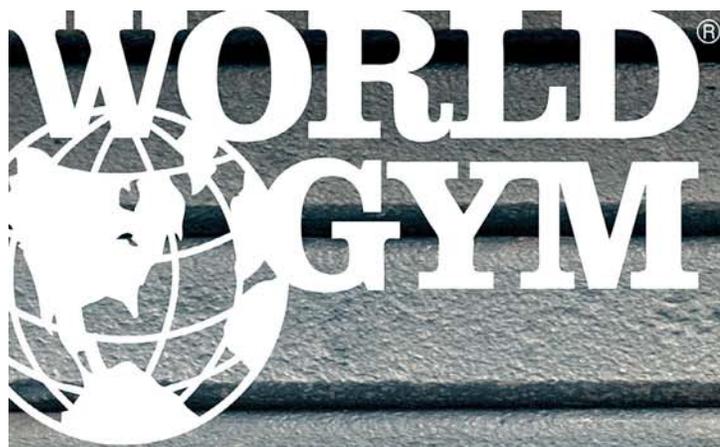
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* Restrictions apply. Contact World Gym for details. The World Gym franchise program is open to independent gym owners, as well as gym owners with other brands whose franchise agreements are expiring.
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