

Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry



Tom Hatten, Founder and CEO of Mountainside Fitness

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Tom Hatten *and The Mountainside Way*

APRIL 2015

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Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

Tom Hatten *and The Mountainside Way*

By: Justin Cates

Entrepreneurship is a powerful thing. Like any great power, though, not just anyone can effectively wield it. It takes a very specific type of person to do so. In the world of business, so many have tried, but only a fraction of those who have done so can say they have truly succeeded in taming the beast that is business. Like any beast that is cornered, though, it will try to find a way to change the game in order to escape. Those who cannot adapt to that change are then sometimes consumed by it, even if the future looked bright and they were comfortable just beforehand.

Throughout my life, I have been very fortunate to grow up in and be

involved with various family businesses. I have seen firsthand how much work it takes to tame the beast, the fragile comfort that can follow the taming, the stress and difficulty of having the game changed and the renewed sense of vigor in once again finding a new path to success. Like many things, business is circular. You can never rest; you can never quit adapting. The wheel must keep turning to get to where you want to go.

This month's CLUB INSIDER Cover Story Subject, Tom Hatten, Founder and CEO of Mountainside Fitness, is a true entrepreneur at heart, and even more, one who has tamed the beast time and time again. As you will read in the interview with Tom that follows, at an early

age, Tom learned and embraced that being an entrepreneur is not a 9 - 5 affair. It takes that and so much more: heart, soul, mind, body... In his own words, Tom constantly, 'fed the beast,' and still does so today.

Today, with 11 locations in Arizona, several more on the way and national expansion on the horizon, Mountainside Fitness is successful. But, Tom is not resting on his laurels. As he has numerous times before, he is leveraging those victories and successes to further grow his company, or the beast, so to speak.

So now, I welcome you to read on as we speak to Tom Hatten, Founder and CEO of Mountainside Fitness.

(See **Tom Hatten** Page 12)



Tom Hatten, Mountainside Fitness Founder & CEO

The Claremont Club...

An Amazing Story of Club Innovation and Differentiation

By: Norm Cates

Part II

Publisher's Note: Part II of this amazing 9,500-word CLUB INSIDER Cover Story carries on where we left off last month with a continuation of our in-depth interview with Claremont Club President and CEO, Mike Alpert. Also, to close this amazing cover story, we will hear from

Gary Jones. His comments can be found in the Sidebar on Page #24, as he shares the experience he had helping Augie Nieto connect with The Claremont Club and the results Augie achieved.

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

CLUB INSIDER (C.I.) - How does the

Be Perfect Foundation tie in with The Claremont Club and Project Walk?

Mike Alpert (MA) - SCI Business Solutions, Inc. is The Project Walk Franchisor and the developer of their online services is SCI Business Solutions, Inc. As far as the source of funding, it's fundraising and what we do on our own and do through joint partnership with the Be Perfect Foundation. The Be Perfect Foundation owns the franchise, and we

operate it. Almost all of the clients who are in Project Walk Claremont are paying. Be Perfect sponsors them for a period of 90 to 180 days. We help out where we can as well. Then, they have to pay from there.

C.I. - Mike, you mentioned Dardzinski previously. What is the Dardzinski Method?
MA - Okay, let me explain that. Traditional medicine treats the Spinal Cord-injured
(See **The Claremont Club** Page 20)

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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! And, speaking of countries, I'm very happy to report that **IHRSA Los Angeles, held March 11 - 14th, attracted over 8,000 attendees from 84 countries!** How's that for a great world-wide conference!?

•**Amazing and Wonderful People!** Those are the *best words* this wordsmith can find to describe **all of you** who were in attendance in **Los Angeles for IHRSA 2015**, and **truth be told... all of you in our great industry!** My son, and excellent **CLUB INSIDER partner, JUSTIN CATES**, and I, were pleased to be with you all at IHRSA... **our friends from around the world... amazing and wonderful people all!** During the convention and trade show, I had **not ONE** but **TWO** epiphany experiences.

The first was during a conversation with my old friend and **CLUB INSIDER Contributing Author, DEREK BARTON** (See his great **Article on Page #6**, entitled: **Cool People Like Cool Things**). Derek wrote this article after a conversation I had with him at a party at the big show during which I said to him, **"Our industry should be more important to America."** I said that to Derek because I believe that the **VALUE of what our industry does for people, not just in the United States, but around the world, is huge... huge...**

huge! *What other industry do you know of that can make people happier? What other industry do you know of that can change people's lives for the better? What other industry do you know of that can actually save people's lives and give them a happier, new, more positive outlook on life after it has been saved? What other industry do you know of that can help you sleep better? What other industry do you know of that can help you lower your body weight, your blood pressure, your cholesterol and help you prevent or even eliminate diabetes?* And, I must repeat: **What other industry can make you happier? WOW!!! That's an amazing list!** And, it amazes me even more to realize that people, at least in America, do not appreciate our industry enough, nor do they realize how important our industry is. So, as Derek describes it, **Cool Things** are, more often than not, **physical things. And, being fit for physical things clearly is cool.**

My other epiphany in Los Angeles was that each and every one of you are CLUB INSIDER's Eyes and Ears, and we need to hear more from you much more often! It dawned on me at the show that it was, and always has been, totally impossible to see and talk to everyone that you want to who are in attendance at these events. It's just impossible because the show has gotten that BIG. But, with YOUR eyes and ears and your keyboard or phone, you can be in touch before, during and after conventions! As Nike says: **Just DO IT!** Please reach out to me at

Norm@clubinsideronline.com or **(770) 635 - 7578** or **both**. And, **Stay Tuned** as I begin to hear more from all of you, and you begin to share your great stories and make announcements about what you're up to!

•**STEVE BORGHI** is a name you've heard from me many times before if you've been a **CLUB INSIDER** reader for at least 4 or 5 years. Suffice it to say that Borghi has done enough bad stuff that's detrimental to our industry that he's been on my **bad guys list** for a long time. So, the latest news on Borghi, this time reported on **www.clubindustry.com**, is that **Borghi is closing 10 Blast Fitness Centers**. Maybe closing clubs doesn't put Borghi into the bad guy category. But, when someone, in this case Borghi, reportedly is continuing to sell memberships in clubs he knows he's going to close; well... there you go again... proving that you're still a guy damaging our industry with your actions (See **News Report Video** at <http://bit.ly/clubinsider6>)... **Stay tuned as the stories from the 10 clubs Borghi's closing come rolling in.**

•**Congratulations to AUGIE and LYNNE NIETO, Big JOHN McCARTHY** and the **Augie's Quest Bash Committee** for the huge success of the **10th Anniversary Bash for Augie's Quest!** The event was held in Los Angeles at IHRSA 2015 on Friday night, March 13th and raised over **\$1.8 million** for research to find the cure for ALS. The total raised for Augie's Quest



Norm Cates

in the first 10 years is over **\$44 million** thanks to amazing people like **PATRICIA LAUS**, who spearheaded **The Clubs for the Cure** component of Augie's Quest that has raised over **\$5 million**. **Stay tuned** as Augie's Quest presses on and on to find the cure for this dreaded disease, **ALS**. God bless you, Augie and Lynne, Big John and everybody involved in one of the most challenging efforts our industry has ever seen!

•**In Albuquerque, New Mexico, CURT CHAVEZ, Owner of Evolv Fitness**, advertised a membership special in the newspaper and was reportedly selling special paid-in-full membership deals right up until the day he shut down his club. **TV** (See *Norm's Notes Page 7*)

About Club Insider

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“Insider Speaks”

Cool People Like Cool Things

By: Derek Barton

So, I was talking to my long-time friend, Norm Cates, at IHRSA 2015 in Los Angeles. I always enjoy his passion for the health and fitness club industry. In the course of our conversation, he says, “Our industry should be more important to America.”

That is a very profound statement, one that caused me to reply, “How, ‘bout if I tackle that subject in my next article for you?” Our beloved Publisher and Editor welcomed it with great enthusiasm.

What echoes in my mind since that conversation is what my Creative Director friend, Jack Fund, said to me, “Cool people like cool things.” So I had to ask myself, is the health and fitness club industry a “cool thing?” I first had to define, what is a “cool thing?”

I started writing things down that I thought were cool when I did them: Riding a dirt bike in Australia; skydiving; making a hole-in-one in golf; going to a Springsteen concert in New Jersey; diving off a waterfall in Hawaii; bungee jumping off a 224' crane; acting and doing stunts with James Garner in The Rockford Files and Bret Maverick; watching Steve Jobs give his famous keynotes live at MacWorld; meeting my baseball hero, Mickey Mantle; jumping into an alligator pen at the San Diego Zoo when I was in college (okay, that was stupid, but my friends thought it was cool at the time)...

I stopped at ten “cool things.” Out of that list, 7 out of 10 were physical things. For each of those seven, I had to be in good physical shape in order to achieve and enjoy them, from which I guess, we can conclude that being in good shape is important when it comes to doing those physical things we love to do.

One could also conclude that, to get in good physical shape, all one has to do is go to any of our 30,000+ health and fitness clubs in the United States. Only 15% of the population agrees with that. The other 85% disagree. They don't see anything “cool” about going to a gym. Even the ads they see are boring, with no emotional connection. The majority of the 85%, according to statistics, could benefit from being in better shape. So, why would these people NOT go to a gym? It can't be the price because we have made health and fitness club memberships the cheapest of all things we do. Well, not all clubs. My wife pays \$215 a month for her club here in LA, and she hardly ever goes. That is NOT cool. Feel free to tell her that for me (*wink face*).

I have said it before, and I guess

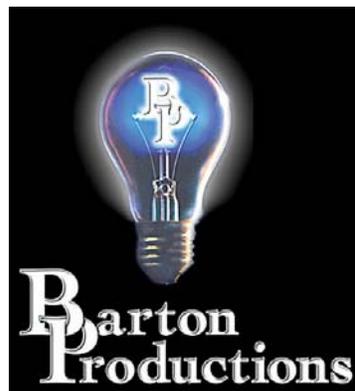
I will continue to say it, there is no “thing” that is more important than our health and fitness, but the health and fitness club industry has trouble making it a “cool thing” to attract and keep members. Yet, companies and organizations outside our industry are able to make their products and services... cool.

Remember when I talked about the Milk Advisory Board and the California Raisins? (<http://bit.ly/clubinsider8>) Once they stopped lecturing to us on the benefits of their products and how important it was for us to buy them and consume them on a daily basis, they took another approach. Yep, they made them “cool.” The milk moustaches appeared, and those ads resonated with us. And so, we “Got Milk.” Then, once those “cool” raisins danced across our TV screens to the song, *I Heard it Through the Grapevine*, we started dancing up to the checkout counter with them because they emotionally connected with us.

How many gyms have you been to that really truly impressed you? I'm willing to bet that you have seen more bad ones than good ones, right? I can't say that I have seen a bad Apple Store, or Nike Town, or Hard Rock Café or a Ritz Carlton. Very cool, every single one of them.

So, what is a health and fitness club owner to do if they want to attract members and keep them? Simple. Brand yourself like the successful billion dollar companies do. As marketing guru Scott Bedbury said, “Branding is about taking something common and improving upon it in ways that make it more valuable and meaningful.”

Kudos to those rare owners who have taken the “common” gym and made it more valuable and meaningful by adding basketball courts, swimming pools, climbing walls, golf simulators, full service bars, restaurants, lounges with computers and free WiFi, pinball games, video arcades, saunas, Jacuzzis,



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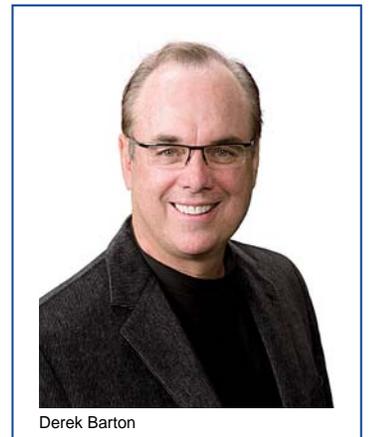
masseuses, sports medicine, pool tables and Ping-Pong tables.

There's always room for something different. A simple Foosball table would have both my brothers going into the gym everyday. How 'bout a game of darts or a trampoline? Five minutes on a trampoline is fun and one heck of a workout. I've heard of a couple of gyms putting in bowling alleys. Yes, bowling is back bigger and better than ever. The members train hard then relax and have fun bowling afterwards. That's cool!

I have seen gyms with lots of wasted space outside. How 'bout a beach volleyball court or an obstacle course? My niece showed me an obstacle course, a 3-story jungle gym if you will, inside their local shopping mall. It was very popular with both parents and kids alike. My wife and I saw one outside while skiing at Vail, which was a very cool thing. We've come a long way from those jungle gyms we used to play on as kids. By the way, we didn't even know we were “working out” or “exercising” on those jungle gyms because it was fun. We were playing.

I'm just like everyone else. I know the importance of “working out” and “exercising,” but I'd still rather play. So, try to bring those “cool things” into your club. Start with hiring cool people, especially if they are personal trainers and group fitness instructors. There's a reason we keep seeing newer and cooler group exercise classes, more exciting fitness programs, and equipment manufacturers making cooler looking pieces.

I heard a successful gym owner say that people really don't need health clubs to get in shape. You have to admit



Derek Barton

he's right. So, if the health and fitness club industry is to be more important to America, we have to make them want us. Successful brands understand that we buy more things that we want, than things that we need because the things that we want are much more cool than the things that we need.

Case in point, I will be wearing the new Apple Watch by the time you read this. It's not that I need one, but I absolutely, positively want one because it is the ultimate in cool. And, the Apple Watch will have some cool health and fitness apps on it. Time to play and get in shape too!

Yep, cool people like cool things.

(Derek Barton is the President of Barton Productions, Inc. based in Southern California. Derek can be reached at derek@bartonproductions.com)

LoDo Denver Home To New Colorado Athletic Club

DENVER, CO - Colorado Athletic Club announced that it will occupy the entire second floor of 1601 Wewatta, a new Class A, 300,000-rentable-square-foot office building located in the Central Platte Valley district of Lower Downtown (LoDo) Denver.

As part of the Wellbridge family of clubs, the 38,000 square-foot location will be the eighth Colorado Athletic Club along the Front Range and the third in downtown Denver. Featuring specialized studios to accommodate everything from small group training and indoor cycling to hot yoga and Pilates, Union Station will soon have a full-service, flagship athletic club.

“With all of the growth happening in LoDo, we are very excited to offer

our members yet another convenient location in the metro area,” Wellbridge President and CEO Ed Williams said. “We will cater to the active and vibrant lifestyle that embodies the Union Station neighborhood and will provide a wide variety of programs, first-rate amenities and 5-star service.”

“This club will complement our Tabor Center and Welton Street locations,” Williams added. “Members and guests will have more options, as they can choose a class from another group fitness schedule, or enjoy everything from basketball to swimming.”

Construction is expected to begin by August, with a pre-sale center opening September 1.

...Norm's Notes

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Station KRQE provided a report on this event. But, they could not get a response to their requests for an interview with him. I called a number I had for him, and like the TV station, I've not gotten a reply to my message for a callback. **Breaking News! CURT SAVAGE** called back and told me he had every intention of honoring the prepaid memberships he sold right before he closed, but "Everything went crossways!" **I now want to go on record as withdrawing my mention of his name on my infamous people list.** Folks, remember that, **IF** you must close your club, you should always stop selling memberships as soon as you realize that you're going to have to close. Then, you should make every effort to arrange alternate fitness locations for your members to attend, and if you cannot do that, you should refund prepaid membership fees. For more ethical steps to take if you must close your club, check out a piece from the **CLUB INSIDER Archives: The "Insider Speaks" - Got to Close? Professional Standards For Closing a Club, March, 2009** (<http://bit.ly/clubinsider7>).

•I want to **Thank MIKE ALPERT** and **The Claremont Club's Membership and Marketing Director, SHANNON MALOOLY; AUGIE NIETO** and **GARY JONES** for their comments for our 2-part cover story with **Part I** presented in our March edition. This is a truly an amazing story, so don't miss **The Claremont Club - Part II**, starting on **Page #3!** Mike also informed me that a blog of his appeared in the **Huffington Post** recently, and he hopes you'll read that at <http://bit.ly/clubinsider5>.

•And, it's great to read **this month's Cover Story** by **JUSTIN CATES** about **TOM HATTEN, Founder and CEO of Mountainside Fitness based in Arizona.** Tom is a dynamo of a guy, and the **cover story this month is truly amazing.** Be sure to check it out, starting on **Page #3!**

•I'm pleased to announce that **JAROD COGSWELL** has joined our **Contributing Author Team.** Jarod's a fitness industry veteran, consultant and professional speaker and author. For 20 years, he's had a dream of operating his own fitness facility, and that dream is finally a reality! In January, 2015, Jarod and business partner, **JACK TAWNEY (CLUB INSIDER's March 2014 Cover Story Subject),** opened a new fitness company in the **Pacific Northwest** called **FIT Academy.** Jarod comments, "My time with Leisure Sports was super rewarding. We built something special that the Northwest had never seen before. Our teams accomplished a ton of business victories, but I really wanted to get back to my roots, my passion... training, speaking and coaching other industry professionals." After writing his book,

Work Like An Athlete, polishing his professional speaking skills and starting a new consulting business called **Enterprise Athlete,** Cogswell still felt like something was missing. "I love helping transform failing businesses, but I really missed being in the trenches of the fitness business. I grew up in the industry as a trainer, and I have always been super passionate about helping people improve their lives physically and emotionally. I also needed desperately to get back to working with my own team. The fact is, I still love *playing* the game as much as *coaching* the game." **Stay tuned folks!**

•**Congratulations to IHRSA's new and incoming Board Members!** They include:

•**MISSIE MOSS, General Manager of Nike Athletic Centers, at Nike's World headquarters in Beaverton, OR.**

•**RAYMOND O'CONNOR, Co-owner, Wisconsin Athletic Clubs, West Allis, WI.** Ray's a 30-year industry veteran and member of IHRSA; he owns seven clubs and manages six corporate fitness centers.

•**JIM WORTHINGTON, Newtown Athletic Club, Newtown, PA.** Jim's the **Owner of two clubs,** including the **Newtown Athletic Club and Horsham Athletic Club.** He's been involved in the industry for 36 years growing Newtown from a 15,000 square foot racquet club on three acres to a 250,000 square-foot health, wellness and recreation complex on 22 acres. He was **CLUB INSIDER's Cover Story Subject in May of 2010.**

•**LARRY CONNOR, Stone Creek Club and Spa, Covington, LA.** Larry is the **President and General Manager of the Stone Creek Club and Spa in Covington, Louisiana.** He joined Stone Creek in 2008 and was involved in the design, build out, hiring and management of this resort style club. Larry and Stone Creek have been involved in a wide variety of community outreach events and projects. Larry's a licensed CPA and has been involved in the industry for 26 years. He was **CLUB INSIDER's Cover Story Subject in May of 2013.**

•**Thanks and Appreciation** are two words that come to mind when I think of what to say to our **outgoing IHRSA Board Members: Brent Darden, Jasmin Kirstein and Christain Piarar,** as they leave the **Board on July 1st.**

•I've got to give **MAGNUS LINDVIST, a talented Swede,** great credit and kudos for mesmerizing the audience when he was one of **four keynote speakers** at **IHRSA Los Angeles.** The other keynoters were: **ARIANNA HUFFINGTON, ADAM BRYANT and KELLY MCGONIGAL.** Stay tuned for keynote speaker and other news about **IHRSA 2016** to be held in **Orlando, Florida, March 21 -**

24, 2016. But, there's good news for the exhibitors already...

•**Thanks to BILL McBRIDE of BMC3** for hosting his **4th Annual Connections Party and to World Gym's GUY CAMMILLERI** for hosting their **World Gym Reception, Thursday Night during IHRSA 2015.**

•**MashUp Conditioning... Remember that name** because this company, **MashUp Conditioning,** and the *people* behind it have messed up! Or, let me put it this way. I don't like, nor do I take kindly to, any company who has not registered and is

not exhibiting at the **IHRSA Trade Show** coming onto the Trade Show floor after hours, mind you, when nobody's there, to place their marketing materials on top of the counter at our Booth. In doing so, **they pushed away other materials, specifically the Augie's Quest 4-color brochures I had placed there.** So, let me close with this. These people **owe Augie's Quest an apology,** and I hope one of my readers out there will pass this **Norm's Note** on to whoever it is that's behind this behavior at **MashUp Conditioning** and will copy me on who they are. **Stay tuned** as we hope to follow-up on this.

(See Norm's Notes Page 8)



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...Norm's Notes

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• **Congratulations to PAUL SCHALLER**, as ABC Financial Founder, **JIM BOTTIN**, announced last month that he's promoted Paul to be the new **CEO and President** of ABC. I wish Paul all the best as he moves on in his new role. The past two years have been great for ABC Financial and Paul, as last year, ABC Financial was named IHRSA's Associate Member of the Year at the IHRSA Convention in San Diego.

• **RICK CARO** presented his 19th

Annual IHRSA Financial Panel and it was very well attended with several hundred at the session. Rick served as the Panel Moderator, and panelists included: **ANAND PHILIP**, Managing Director, York Capital Management (Invested In The Bay Club Company); **ERIK MORRIS**, Managing Director, Roark Capital (Invested In Anytime Fitness); **MARC MAGLIACANO**, Partner, Catterton Partners (Invested In Flywheel and Core Power Yoga); and **RON KANTOWITZ**, Managing Director, Benefit Street Partners (Provided Debt for Sport & Health, UFC Gyms & Atlanta Fitness). Check out the Press

Release on Page #18, which contains Rick Caro's Annual Financial Headlines for the industry.

• **At IHRSA 2015 in Los Angeles**, Visual Fitness Planner put together another of their 90 Minutes With the Top Club Operators in the World Sessions, featuring Panel Moderator, Visual Fitness Planner's **DARON "ROCKETMAN" ALLEN**; **PERRY LUNSFORD**, Founder and Owner of Fit For Life Centers, Midland, Texas; **ROBERT BREWSTER**, current IHRSA Chairman, and President of The Alaska Clubs with locations all over the State; and **DAVID PATCHEL-EVANS**, Founder and Owner of over 375 Good Life Fitness Centers in Canada. A couple of hundred club operators attended this session, and again, the attendees this year went away with many NUGGETS of WISDOM from the experienced panel. See the VFP Ad on Page #13.

• **Also at IHRSA 2015 in Los Angeles**, FitRewards presented The Member Loyalty Panel, and it included Co-panel Moderator, **Maria Parrella-Turco**, a Senior Partner of New Paradigm Partners, a health club industry consulting firm, and COO of FitRewards, the fitness industry's leading rewards and loyalty program; and Co-panel Moderator, **BLAIR McHANEY**, who has been a club owner for 30 years and is currently the President of Confluence Fitness Partners, Inc., which owns two Gold's Gyms in central Washington. McHaneY is the only Gold's Gym franchisee to ever receive Franchisee of the Year, Visionary of the Year, The Presidents Award and be inducted into the Gold's Gym Hall of Fame. The panelists included: **MELISSA CHRISTIE**, Director of Member Experience and Integration at Newtown Athletic Club; **CHRISTOPHER MONTOYA**, Owner of Thrive Fitness; **MATT REMICK**, President and Owner of Rochester Athletic Club; **MIKE DUFFY**, President of Match Play Tennis Centers; and **SHARON SPORMAN, MS**, Regional Executive Director, Wellness for Franciscan Alliance.

• Be sure to check out the 2015 IHRSA Photo Slideshow on our website at www.clubinsideronline.com/ihrsa2015.

• **CAROL NALEVANKO**, President of DMB Sportsclubs, d/b/a Villages Clubs, is based in Scottsdale, Arizona. Carol told me they opened a new club on April 11 called Ocotillo Village Health Club and Spa, and we want to wish Carol and her Team all the best with the new venture. The new 82,000 square-foot club is a \$25 million investment for DMB Sportsclubs and will feature many amenities, including: 2 pools and a children's splash pad; 7 tennis courts; a full-service spa; salon and med spa; café and outdoor patio; kid's club and nursery; kid's gym;

men's, women's and family locker rooms; an indoor basketball court and running track; 2 racquetball and 2 squash courts; cardio, weight and functional training rooms; hot yoga studio and traditional yoga studio; and Pilates, indoor cycling and group fitness studios. The Ocotillo Village also boasts a full service spa featuring multiple treatment rooms, retail area and relaxation room. Services offered include massages, facials and body care treatments, while the full-service salon offers everything from hair to nail services. The spa also offers cosmetic beauty procedures, including microdermabrasion and professional PCA corrective treatments and peels. The Ocotillo Village Health Club and Spa brings DMB Village's award winning clubs count to four. **Congratulations Carol and the DMB Team!**

• **TRACY BOURDON** of Susan K Bailey Advertising and Marketing (See the SKB Ad on Page #17) sent me a memo about a client of hers that she believes may have one of, if not the oldest gym/health club in the United States. However, there seems to be a disagreement about who has the oldest gym in the United States. Tracy's client is Wareing's Gym in Virginia Beach, Virginia. But, she also sent me info on Doug's Gym in Dallas, Texas, founded in 1962, making it one year older than Red's. So, rather than write an article on only her client, Wareing's Gym, I'm reaching out to you all to ask if you or anybody you know of has a really old gym or fitness center, so I could feature the Wareing's Gym, Doug's Gym and anybody else out there who has a gym that's survived the test of time in my upcoming article. So, please send info to me on your gym, or a tip on a gym you know of and think might be the oldest in the United States. With your tip, I'll be happy to research and include their gym/health club in that upcoming article. Of course, anybody who reads CLUB INSIDER will know of Red's in Lafayette, Louisiana, and they just celebrated their 52 Anniversary on January 13, 2015. **Stay Tuned, folks!**

• **TONY deLEEDE**, Founder of Atlanta's Australian Body Works back in the 1980s and who sold his 22 locations to LA Fitness, is continuing his entrepreneurial life back in his home country of Australia. Tony now has a chain of 18 Fit'nFast Clubs down under, and if history is any indicator, he's doing very well with them. He is also in the fitness resort business, with his 9-year running Gwinganna Lifestyle Resort, located in the hinterland of Queensland's Gold Coast. He also told me about his new business called Komune with two resort locations opening in Bali and the Gold Coast. To get caught up on one of the world's top club entrepreneurs, **TONY deLEEDE**, go to www.fitnfast.com.au, www.gwinganna.com and www.komuneresorts.com. Last, but not least, Tony's launched what he calls the

(See Norm's Notes Page 10)



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...Norm's Notes
continued from page 8

Komune Health Hub. Stay tuned, folks, as we hear more from Tony in the future!

• **IHRSA Institute reminder!** Don't forget to make plans to attend The IHRSA Institute to be held at **The Kenan-Flagler Business School Rizzo Conference Center** at the University of North Carolina, Chapel

Hill, August 4th through 7th. To enroll, go to www.ihrsa.org/institute.

• A long line of club business news stories are happening out there that aren't covered in this edition, and you can read and keep up with most of these on our new **Club Insider Weekly** coverage (www.clubinsiderweekly.com). Here's some of those headlines: **Planet Fitness Opens Second Canadian Location**

In Brampton, ClubCorp Completes Acquisition of Multi-Club Portfolio; Vida Fitness and City Center DC To Present Toned Up Tuesdays In April and May; Gold's Gym Expands Global Presence With New Deals in Africa and Asia; Honor Yoga Starts New Therapeutics Program; ECORE International Adds New Senior Staff Members; The Bay Club Company Enters Los Angeles, Expanding Its

Southern California Presence With Acquisition Of Spectrum Athletic Clubs; Anytime Fitness Will Offer "Free Workout Saturdays" Throughout May and Life Time Fitness to Bring Jillian Michaels BODYSHRED Class to Destinations Nationwide.

• I'm a member of **American Legion Post #29 in Marietta, Georgia**, and on **This Page**, as a favor to some of my friends and American Legion Members, **REGGIE STOUT, TOM BELL and PEGGY BEASCOECHEA**, we've published an enrollment form for the upcoming **Veterans Memorial 5K Run/Walk** to be held on **Saturday, May 23rd**. If you live in the Atlanta area, or are going to be here that weekend, you might want to sign up for this event.

• **Lost Sunglasses!** Someone left their sunglasses at our **CLUB INSIDER IHRSA Booth**. We have them safely stored. To have your sunglasses mailed to you, just call or email **JUSTIN CATES** at (423) 314 - 4310 or Justin@clubinsideronline.com. Please identify the **brand name** and **gender** of your lost glasses, and he will mail them to you.

• **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 and online) and **online access to all previous years of CLUB INSIDER's 256 archived monthly editions**. 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 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 40+ 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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American Legion Post 29 presents the
Veterans Memorial 5K

For Those That Can, For Those That Can't and For Those That Have Fallen



Saturday, May 23, 2015

        	<p>Start Times: 5K Run/Walk – 7:30 A.M. 1K Run/Walk – 8:30 A.M. Tot Trot (Ages 5 & Under) – 8:45 A.M.</p> <p>Purpose: All proceeds will go to support the charities of the American Legion which benefit Veterans and their families and will stay in the State of Georgia.</p> <p>Start/Finish: Marietta Square, 1 Cherokee St., Marietta, GA. Free parking in Public Decks near the Square.</p> <p>Register: Online by midnight Thursday, 5/21/15 at Active.com or Mail entry form below and check payable to VM5K to: Georgia Runner, Inc., PO Box 2062, Mableton, GA 30126 by Thursday, 5/21/15.</p> <p>Fees: 5K/1K - \$25 through 5/1/15, \$30 through 5/21/15 \$35 on race day (cash or check only) Phantom Runner - \$25 (Can't participate but want to support the cause. T-shirt will be mailed) Tot Trot - Free. Ages 5 & under, no T-shirt.</p> <p>Packet pick-up: Thursday, 5/21/15, 12:00 Noon - 8:00 P.M., American Legion Post 29, 921 Gresham Rd., Marietta, GA 30060</p> <p>Awards: Male and Female Open and Masters. Top three finishers in the following age groups: 10 & Under, 11-14, 15-19, 20-24, 25-29, 30-34, 35-39, 40-44, 45-49, 50-54, 55-59, 60-64, 65-69, 70 & Over. Ribbons to all 1K and Tot Trot finishers.</p> <p>Qualifier: Official, certified Peachtree Road Race qualifier with chip timing!</p> <p>Post-race: Plenty of food, fun and beverages will be provided!</p> <p>More information: Gary Jenkins at 678-214-5294 or gary@georgiarunner.com or Tom Bell at 770-331-5580</p>
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Complete the entry form below and mail to: Georgia Runner, Inc., PO Box 2062, Mableton, GA 30126. Checks payable to: VM5K

Name: _____ **Age:** _____ **Male:** _____ **Female:** _____

Address: _____ **City:** _____ **State:** _____ **Zip:** _____

Phone: _____ **Email:** _____

T-shirt (circle one): Youth M Youth L Adult S Adult M Adult L Adult XL Adult XXL (add \$2.00)

Race (check one): 5K 1K Tot Trot Phantom (I want a t-shirt, but I choose not to run)

Registration Fee: \$ _____ **+ Additional donation:** \$ _____ **= Total:** \$ _____

In consideration of acceptance of this entry I waive any and all claims for myself and/or my heirs for any injuries I may incur as a result of my participation in the Veteran's Memorial 5K, thereby releasing all sponsors and volunteers associated with this event from liability. I understand that jogging/running is a strenuous sport and I further state that I am in proper physical condition for this event.

Signature (parent or guardian sign if under 18): _____



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STEPFITNESS

...Tom Hatten

continued from page 3

An Interview With Tom Hatten, Founder and CEO of Mountainside Fitness

CLUB INSIDER (C.I.) - Please tell us about yourself. Where were you born and where did you grow up? Where did you go to school and what did you study? Any family and/or children you would like to mention?
Tom Hatten (TH) - I was born in Minnesota but grew up here in Arizona since I was about six months old. I'm as close to a native as you can possibly get here. Arizona is home; it always has been. I went to ASU until my junior year. I was studying Education and was going to be a teacher and a coach. That was the plan at the time. Then, I left my junior year, after the spring semester in 1990, to start Mountainside. I have a soon-to-be 17-year old son named Brady. He's a great kid and an aspiring Division I golfer with incredible drive and determination. This is a fun time for us, as he is being recruited by several schools across the country.

C.I. - You first got involved in the health and fitness club industry right out of college, opening your first Mountainside location. Please tell us about that experience.

TH - It really started with just an idea. I had a vision, so to speak, and I saw myself running a gym. I painted houses through college; that's the way I paid my way through school, so I had some experience of working on my own. I actually owned my own condo by that time, so I had some adult responsibilities at a young age. But, owning my own business was something different. I didn't really know what I was getting into. I just thought it was something that was intriguing. In fact, in those days, the fitness industry didn't really know what it was going to be. Back in 1990, I don't think anyone really took it seriously. So, for me, I thought it was something I could

do for maybe 3 - 5 years and then go figure out what I was going to do the rest of my life. I was looking to get some experience, have some fun and really challenge myself to see if I could keep a business open for a couple years. That was the number I had heard as the big line in the sand to prove yourself successful. So, that was my goal when I started Mountainside Fitness.

I didn't have much money, about \$2,000 in cash. That was a little bit difficult, so at the beginning, it was really done with pure energy. I did receive a \$15,000 loan from a credit union my family and I were members of, and my parents co-signed it for me. Then, a family friend loaned me another \$15,000 at 15% interest with a 5-year call. That was a lot of pressure, but I had \$32,000 to start with. It was interesting because my equipment purchase alone was around \$20,000, so that didn't leave much. My roommate and I built a lot of the equipment. We welded it, powder-coated it and upholstered it. We built the front desk. My father and I painted the whole place and did the entire tile work. My grandfather and I put up all of the mirrors. So, it was a family affair getting the club open trying to save as much money as possible.

We pre-sold memberships as best we could until we opened. We sold about 300, which wasn't too bad for a 5,000 square-foot space. We were just able to make do. I didn't take a salary or any money from the business for two years. I painted houses on the weekends when I could, and that's what paid for my living expenses. That's how we gutted through, and every dime I was able to net out of the business went to either the bank or to update something. We'd buy another piece of equipment, add more payroll because we were having successful classes, we'd add more classes, things like that. I just kept doing what I call, 'feeding the beast,' at the time. So, that's how we got things rolling out of the gate with very little money.

C.I. - How did you learn to build your own



Welcome to Mountainside Fitness

equipment in those early days? You sure sound a lot like Red Lerille!

TH - We didn't do anything crazy. We built a lot of our dumbbell benches, Olympic benches and stuff that was pretty straightforward. I really can't take any more credit than my roommate at the time, Mike. He was really an expert on welding. We'd take a picture of a piece of equipment, get the 2x2 steel and weld and powder-coat it. I was kind of in charge of the upholstery. We just made it work. In addition, Paramount was the first line of equipment we had, which was great. It was perfect for us.

C.I. - In 1994, you were able to open your second location. How did this come about?
TH - Back in those days, the market was down-turning with the savings and loan scandals here in Arizona. I was able to find a good location for pretty cheap rent, and it was almost three times the size of the first location. We were lucky. I got it open for relatively cheap dollars with an SBA loan for \$90,000 at the time. That was nice. I had kind of gotten my foot in the door with banking and really understanding getting a loan, a bigger purpose loan like SBA and what it meant for entrepreneurs, etc. This really led to future endeavors as I grew the company.

First and foremost, we figured out that we (the business) needed to have a



soul. As I mentioned, back then, the health club industry just kind of was what it was. You just had this small gym mentality, the bigger racquet clubs, and there wasn't much in between. You had a lot of contract sales and high-pressure sales. We just decided to go do it our way, which we affectionately call the 'Mountainside Way.'

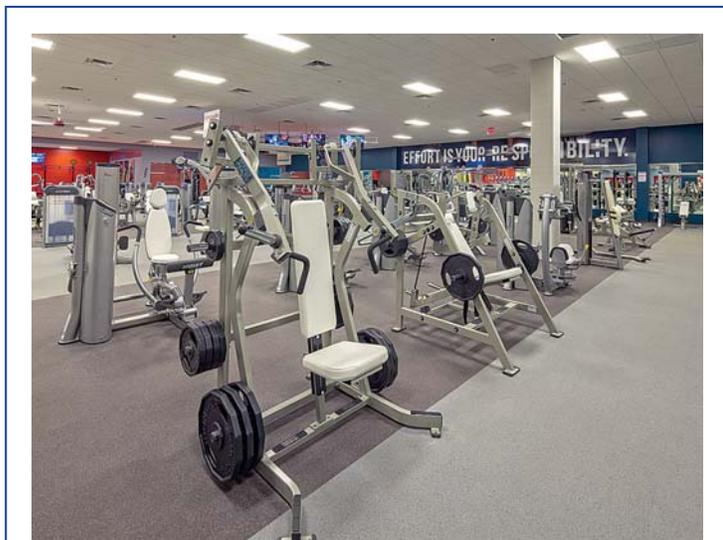
That's when I started our free towel service, which was interesting because we didn't have a washer and dryer, so I was washing the towels at home. It made for a long day. Basically, I would get home around 11:30PM after I closed the gym and have all the dirty towels from the day with me. I'd start the laundry in a little stacked washer and dryer. I'd do the laundry until about 2AM, go to bed, get up and get to the club somewhere between 7:30 - 8AM with all the clean towels. We'd fold them there at the club, and that would last us through the whole day. Then, I'd do it again. I did that for a little over a year and a half.

It was an arduous process, but it set us apart from what our competition was doing at the time. 'Today, we're going to give you more.' Then, we started to do some fun things. We'd have Club Member Appreciation Days once a month where I'd bring in a keg of beer and free pizza for all the members. It's something you probably wouldn't do nowadays, but we did it back then to create a community atmosphere, and it worked for us. I think that really spawned the mentality that we were different.

C.I. - I think that towel experience really defines why you are here and a lot of others aren't. You were willing to do what it took, and some people, when they go into a business, just don't realize that it is not all glamour. You have to work your tail off.

TH - It's definitely that. It still is, but it's just a different kind. It was pure energy for the first five years. After that, it started to become more mental. My role had

(See Tom Hatten Page 14)



Traditional Equipment Floor at Mountainside Fitness



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...Tom Hatten

continued from page 12

changed. I was so young that the hard part was, when I wanted to grow, we didn't have a strong enough balance sheet to do what I really wanted to do. So, growth became slow and my only way in without partners or investors was real estate.

A new plan began. I took the very first 5,000 square-foot location I opened in 1991, and in 1995, I bought two acres about a mile away and turned that into an 18,000 square-foot club that I built from the ground up with a \$1 million SBA loan. That allowed a couple of things. First of all, we were able to go from 1,500 active members to 4,500 active members almost overnight, and we started to evolve into what Mountainside is today: basketball courts, steam rooms, multiple group fitness rooms, etc. Second, especially in Arizona back in those days, the real estate was my business partner. Having the real estate as an equity play allowed me to leverage more deals to grow the company. That's basically what I did for the first ten years. I'd buy some acreage, do another loan, build that building, have equity in that dirt, refinance or sell the building with a leaseback and use that equity to go on to the next one.

As the cash flow was starting to grow with more locations, it still wasn't as fast as the equity that was growing in the buildings and land. Each club size grew as well. They went from 18,000 to 25,000 to 31,000 and then to 36,000 square feet. We also started getting better corners. Instead of a C corner, we were going to B, and now, A location corners. By the time 2002 came around, we were building 40,000 square-footers on A corners, and that's about the time the health club industry looked like it was here to stay. My national competitors were really coming to town, but we had a pretty refined product with a balance sheet that could warrant us competing and staying power.

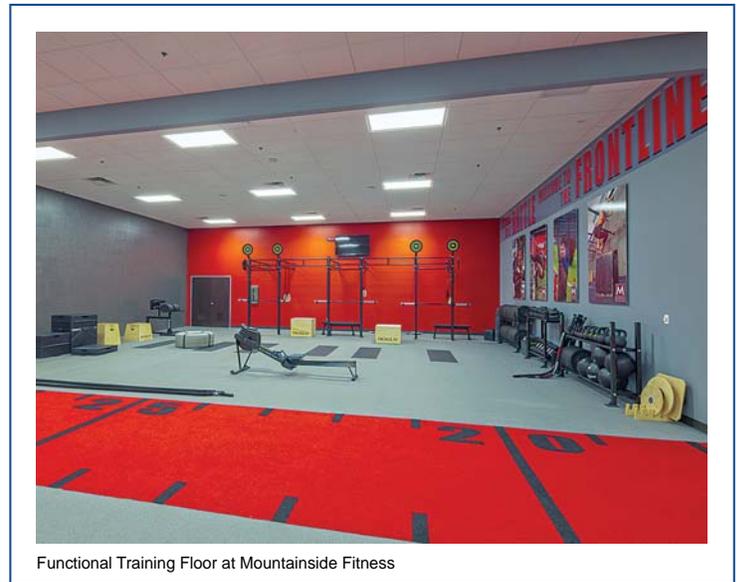
C.I. - Please describe the typical facilities you now open (square footage, services, amenities, etc.).

TH - We have two products. The new one that just opened and has been our product for the last ten years is right at 40,000 square feet. We still use the mentality that I had back in 1990, which is to make every inch count. We start off with a 10,000 square-foot strength area that has 90 - 95 pieces of cardio with personal entertainment on them. We have three separate studios: cycle, 1000 square-foot average; Yoga, 500 square-foot average; and group exercise, 2,500 square-foot average. We dedicate about 2,000 square feet to open training where you will see indoor sprinting tracks and have equipment like you would in CrossFit. We also have a separate TRX training area and a half basketball court.

We really try to incorporate our clubs to address the question, 'How is the industry progressing?' I feel that is one of our biggest claims to fame here in Arizona. This is really important, because sometimes, you can get too big to evolve. I think that's happened with some of my competitors, and I feel like that has always been part of our mission. We don't fear going back and retrofitting clubs that may be eight years old. We spent almost \$3 million in capital expenditures across seven facilities in the past three years. Simply put, it will always be part of what Mountainside is.

C.I. - You mentioned you also offer different types of facilities. Please elaborate.

TH - We have what we call our Platinum facilities. And, really, Platinum is determined by the location. We feel there is an opportunity for us to go into locations where you really couldn't put a big box, either a Mountainside or our competitor. However, it really isn't a location where a low-price or small box competitor could go either. We try to find very unique locations. For example, we have a location that is about 15,000 square feet in Chase



Functional Training Floor at Mountainside Fitness

Field, which is the home of the Arizona Diamondbacks baseball team. We have our own on-site private parking, even available during game days. It's a very unique product you can actually walk right out the doors into the center field concourse.

The other one we have is an 18,000 square-foot facility in the Alltel Ice Den, which backs up to a sheet of ice where the Arizona Coyotes Hockey team practices. These are unique boutique facilities that are specific to a smaller demographic. We haven't announced it yet, so this will be the first time it comes out, but we are putting our 3rd Platinum facility on the Tempe Town Lake in what's called Marina Heights. There's over 1.1 million square feet going in for State Farm, Banner Health and us, right on the lake and directly in front of ASU stadium.

We've also just opened up our 11th location at Desert Ridge (Phoenix). This is 'Mountainside 5.0' as I like to call it. In this location, we really looked at the open space and how we designed it. It has some very unique situations inside where we really felt it was progressive to the industry. Its sister club in Peoria breaks ground this month. Then, we will be coming right back with Queen Creek, and finally, Tempe Town Lake, which I already mentioned.

C.I. - What are the key market differen-

tiators of Mountainside Fitness?

TH - It sounds funny, but we were built by the people. Because I was a kid and didn't have any money, we had to create this loyalty to the brand. With that, we had to decide what the brand was. It wasn't just the fact that we had a lot of amenities in the club. It really had to be the heart and soul of the people who worked there. So, I think it really started with the mentality of everyone we hired. We didn't necessarily think you had to come from the health club industry to be able to work for a health club. *We looked for friendly people, and I figured that, if people liked you and realized you really cared about their health, they might look past all of what you don't have and thank you for what you give.* As a company I have felt it was most important to keep your attention on what you can do. Control what you can control the best, and the rest will take care of itself, so to speak. There are some really great ideas in the industry. So, we'd take a look at those and see how they fit within our model, and how we do things so we can grow and create an atmosphere that is unique. It's definitely a lot of work; but I think, in some cases, it's more stable. There are some brands that you just associate as progressive and innovative. I'd always like Mountainside to be thought of in that manner by our members, combined with friendly caring team members.

C.I. - How many members do you have?

TH - We just went over the 49,000 active member mark.

C.I. - What are your typical initiation fees and dues rates? What are your annual system-wide revenues?

TH - We do not charge an enrollment fee. That's something we don't believe in, and our highest rate is \$43 per month for a single membership and slides down from there with our couples and family memberships. As far as company revenue,

(See Tom Hatten Page 16)



Mountainside Fitness at Chase Field

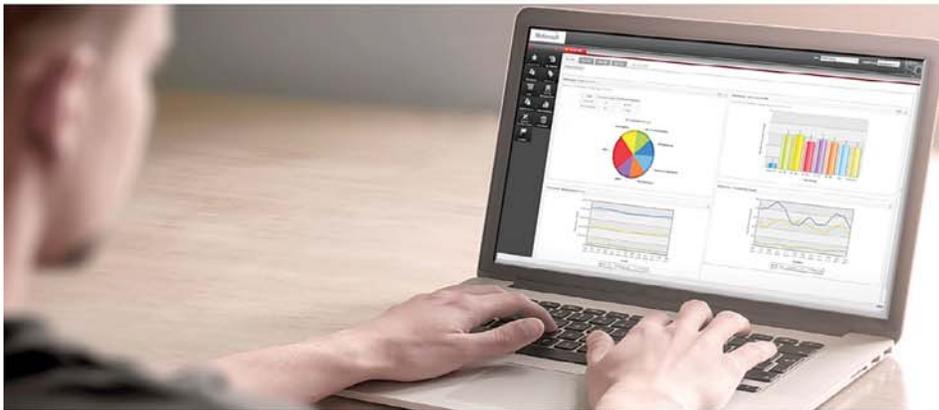




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...Tom Hatten

continued from page 14

that's one I'd like to keep close to the vest, but there is a big smile on my face.

C.I. - What are some of the ways Mountainside interacts with the community?
TH - Our big passion is the Make-A Wish Foundation in Arizona. That's been a big part of my life for five years now, and I will be taking over as Chairman of the Board in June. That's the number one charity that we give to. Next in line is the Arizona Diamondbacks Foundation, as I sit on that board as well, and it's a lot of fun as we distribute the funds raised in the form of grants to schools and organizations that help children here in Arizona. For both charities, Mountainside participates in fundraisers every year. It's just a great way for our 1000+ employees and 49,000 members to participate; we do it together.

Then, we get into our community actions as I believe its each club's responsibility/mandate to be a part of their community. So, the schools, churches and neighborhood organizations are strong areas of focus for us, promoting good health and an active lifestyle.

C.I. - You recently became the company's CEO, in addition to other roles. Please tell us what that role is like and where you might take it.

TH - I've always been involved in the sense of the CEO role, but I decided to go ahead and officially use that title. The title of President is now held by Craig Cote, who we brought on in February of this year. I believe Craig is someone whom the industry will hear more about as time goes on, and we are excited to have him on board. I'm an entrepreneur at heart, and I believe that, if you are not growing, you're dying. However, experience has taught me that growing doesn't necessarily mean by locations. A mentor once told me a long time ago, 'You don't need to grow

locations to grow revenue and better your company.' That's something that has really stuck with me. We are always making sure we are looking inward and not getting caught up in the emotions of the next location and what it can do. *Are we the best we can be in all of our areas today?* That is a question we constantly ask ourselves. We have to be cognizant of the way the industry has changed, how we've changed, what our customers are looking for and how our practices are today and if they are still effective.

C.I. - Please tell us about your key staff members (name, position, tenure, etc.).

TH - I've been really fortunate. My role as the CEO is certainly not to have all the best ideas. It's to make sure I garner all the ideas from everyone in the company, and I mean everyone. When those ideas come to fruition, it's my job to make sure everyone knows where they came from. Our strength has always been the ownership everyone feels, not just me. If you helped create the next best version of Mountainside in any way... in a sense, you own a part of it.

•**Craig Cote - President;**

•**Tracy Taylor - Chief Financial Officer,** 13 years;

•**Robyn Klawitter, Chief Operating Officer,** 10 years;

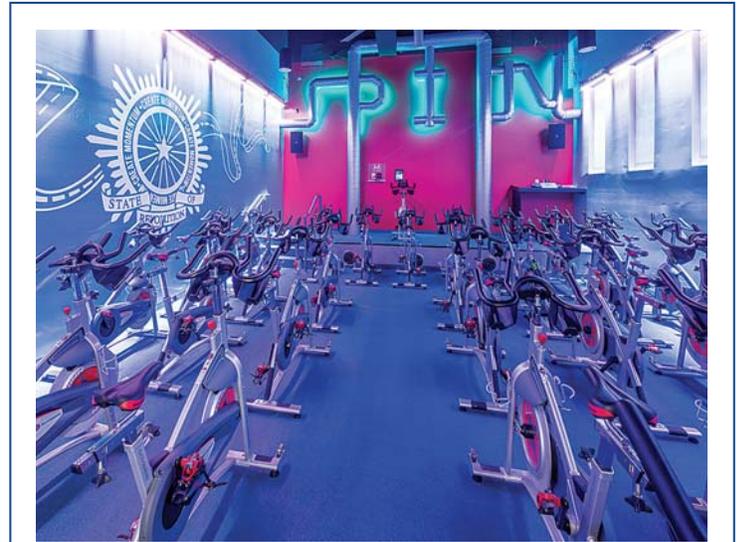
•**Mario Arce, Senior Vice President of Sales and Development,** 8 years;

•**Adam Petropolis, Senior Vice President of Operations for Core Concepts,** 10 years;

•**Chance Pearson, Senior Vice President of Sales for Core Concepts,** 12 years;

C.I. - What are some of the key opportunities and challenges you see on the horizon for Mountainside? How about the industry as a whole?

TH - We've got two interesting things that are coming up. I think there is going to be growth regionally for our Platinum brand. Then, there's our new product, which I haven't talked about too much, called *Fit*



Spinning At Mountainside Fitness

Republic, where you're not a member, you are a Citizen (citizenoffit.com). It's a completely new concept that we started in June of last year. Essentially, it's five separate studios all under one roof. It's almost a hybrid of a studio and a fitness center and is very high end. This brand I plan on taking national, in fact, we've hired the Greenberg group out of New York to do our rollout. Steve Greenberg's company is best known for the national rollouts of Gucci, Eddie Bauer, Crocs, Puma and Lacoste. **CLUB INSIDER and its readers are the first to hear about this, as we've been keeping it 'hush hush' while we locked down some of our launch cities.**

C.I. - With those thoughts in mind, what is Mountainside's vision for the next 3 - 5 years?

TH - It is certainly to grow the company. In February of 2014, we concluded a deal with PNC Bank out of Pittsburg to provide growth capital of just over \$31 million. They have been a great ally as a minority partner and one of the best decisions I've made in the last decade. Along with Scottsdale, AZ has been our main real estate lender. In fact, Store Capital just recently went public, a fact in which we share a great pride in. Both PNC and Store Capital believe in Mountainside, and that

has been a great confidence boost for us as a company. Now, we are poised to grow with equity rather than relying on my real estate deals to provide the capital. Suffice it to say, that is music to my ears!

C.I. - As a Member of IHRSA, what benefits has the Association contributed to your company?

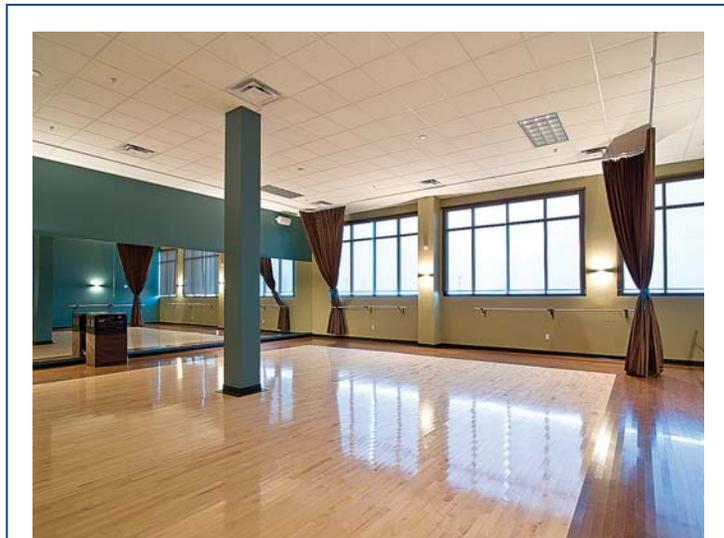
TH - IHRSA has been a great support and resource. For example, I took my Executive Team to IHRSA 2015. We went to a lot of the seminars and met many industry people exchanging ideas and best practices. That never gets old. We listened to David Patchell-Evans speak (Founder of Good Life in Canada). If he can't get you motivated, then well maybe you shouldn't be in fitness (laughs). Every year, I meet for a bit with Rick Caro Co-Founder and a former President of IHRSA. Rick has been a mentor for years and someone I've always reached out to for advice.

Those are just samples of what IHRSA is all about, but there is so much more. For us as a team, it gives us a chance to see the outside world, so to speak. We definitely live in the Mountainside way, but it's important to hear different ideas and thoughts through meeting people because there are a lot of great companies out there with great people and great ideas. We want to make sure we are open to that, and I feel IHRSA provides that opportunity for all of us. I will always be grateful for that.

C.I. - Please tell us about your motivational speaking. When and how did you first get involved with that? What has the feedback been?

TH - Well, it has been a lot of fun! It's something that has grown and picked up some momentum over the last 3 - 4 year as I started speaking to small business groups, then graduated to speaking at the Northern Arizona College of Business. From there, I was asked to speak to and do case studies for the WP Carey School of Business at ASU.

(See Tom Hatten Page 17)



Group Exercise Studio at Mountainside Fitness



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...Tom Hatten
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Now, I regularly speak to the undergraduate classes and the graduating MBA classes at ASU. With my roles in Make A Wish and the Diamondbacks charities, I have spent more time promoting and leading those causes as well. What was once a twice-a-year commitment has me speaking every month now.

From entrepreneurship and management, to leadership and community involvement, the speeches always seem to evolve, just like the clubs. The motivational theme is always the same though and comes from a place of success and failure and not having all the answers, just learning to never give up on finding them. I hope to continue to see that part of my career grow, as I love it.

I think the feedback has been good since they keep asking me back (laughs). But, it has culminated in the completion of my first book, *Dream On*, which will be out by year's end and will give a more detailed description of my 25 years in business as an entrepreneur starting as a 22-year old college dropout. Also, I will be featured in a chapter in Dr. Christopher Neck's (one of the professor's at ASU) new textbook on Entrepreneurship, being released to business colleges across the county next year. With my great team at Mountainside, it should allow to free up more speaking opportunities in the future. For now, I'm just thankful I even had the opportunity!

This entire journey of Mountainside has been amazing, and thank you for letting me share a piece of it with CLUB INSIDER.

...

Thanks and much appreciation to Tom Hatten for his time interviewing with CLUB INSIDER. Thank you also to Annie Johnson for her assistance and coordination with Tom and Grace Koval for photos/graphics for this article. Now, go out there and tame the beast! But, always adapt and never let up because you can rest assured that it never will.

(Justin Cates is the President and Assistant Publisher of CLUB INSIDER Justin can be reached by phone at 423-314-4310 or email at Justin@clubinsideronline.com)

Rick Caro's 19th Annual Financial Panel A Big Draw At IHRSA 2015

LOS ANGELES, CA - The annual IHRSA Trade Show and Convention is the key networking and knowledge-building event in the health and fitness club industry each year. This year, for the Association's 34th time, this once again rang true for the 8,000+ in attendance from 80 countries, March 11-14, in Los Angeles. As in years past, one of the anchor sessions was Management Vision President, Rick Caro's 19th Annual Financial Panel.

With several hundred in attendance on Friday, March 13th, Caro began the session with his annual financial headlines for the previous year. This was followed by a panel discussion of topics moderated by Caro. The panel included:

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

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

•**MARC MAGLIACANO**, Partner, Cat-

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

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

Following the panel discussion, Q&A followed.

Rick Caro's 2014 Financial Headlines

1. U.S. Economy Has Heated Up, Clearly Recovered From The Recession and Reminding Many of 2007 Business Levels.

2. Recession Resilient:

- Same Store Sales Up Slightly;
- Net Memberships Up Slightly;
- Non-Dues Revenue Up Slightly;
- EBITDA Margins Up Slightly, Increasing Over 2009-2011. Still Attractive But Less Than 2006-2007 Levels.

3. U.S. Debt Markets Are Very Strong



(L to R) Ron Kantowitz, Benefit Street Partners; Marc Magliacano, Catterton Partners; Erik Morris, Roark Capital; Anand Philip, York Capital Management; and Moderator, Rick Caro, Management Vision

Girls On The Run Is #50kStrong

NORTHERN VIRGINIA - With a mission of inspiring girls to be healthy and confident, Girls on the Run Northern Virginia is celebrating 15 years of building strong girls. In total, the campaign has impacted more than 50,000 girls in Northern Virginia (and over a million nationwide). On Friday, March 27, the Northern Virginia 2015 campaign kicked off with the message, "Together, we are #50kSTRONG."

The effort envisions, "A world where each girl knows she has the ultimate power to be her best!"

Part of the campaign includes encouraging the girls and their coaches to

take a picture of #50kStrong: Strong Girls

(fill in the blank) and post it on social media.

Allison Flatley, COO of Corporate Fitness Works and current IHRSA Board Member, serves on the Board of Directors for this cause and shared her "Strong Girls Make it Happen" message with IHRSA:



**Make
 It Fun!**

and Offering More Leverage At Very Attractive Rates.

4. Overall Industry Membership Levels Are Increasing With Number Clubs Also Increasing; The Profile of A Fitness Facility User Remains Similar To Previous Years.

5. Number of New Builds At Increasing Rate, With More Attractive Landlord Deals and More Niche Facilities.

6. Cost of Construction Slightly Increasing/ Cap Ex Spending Increasing Again Per Club.

7. Some Limited Consolidation In U.S. Beginning In 2012, With More Independents Trying To Exit; More Interest From Private Equity Firms.

8. Increasing Number of Franchised Clubs (Variety of Types).

9. Several Club Deals In U.S. and A Few Smaller Deals; Franchise Deals Increasing.

10. Several New Major Equity Players Entered Club Industry In U.S.

11. Small Regional Club Companies Continue to Grow.

12. No Major Increase In U.S. Club Ownership By International Companies and Vice Versa.

13. No Real Investment By Strategic Partners From Analogous Industries.

14. Silver Lining: No Growth By Non-

Profits, Hospital Wellness Centers, Parks and Recs, But Some Major University Fitness Centers.

15. Diet Centers Still Not Working Alone Without An Exercise Component, But Diet Pills ("Magic Bullet") Are Still Going Through FDA Approvals.

16. Government Influence Is A Real Story With The Affordable Care Act; All Related Industries Trying To Determine The Significance and Opportunities For Them (Insurance Companies, Corporations, Hospitals, etc).

17. More Legislative Pressures From States.

18. Previously, Over Last 3 Years Saw Some Major Exit Stories By Major Companies and Their Investors But Few In 2014 (Except For Bally).

19. Club Corp Went Public In 2013, None In 2014 and Rumor of At Least One Likely IPO In 2015.

20. 2015 Looks To Be A Slightly Better Year Vs. Recent Past With New Builds Involving Studios & High-Value, Low-Price (HVLP) Clubs; Clubs Trying To Determine How To Benefit From ACA; There Is Optimism For Industry-Wide Improvement But Still Not Exceeding The 2007 Levels.

• • •

Stay tuned in 2016 for Rick Caro's 20th Annual Financial Panel.



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AMERICAN TO THE CORE.

...The Claremont Club

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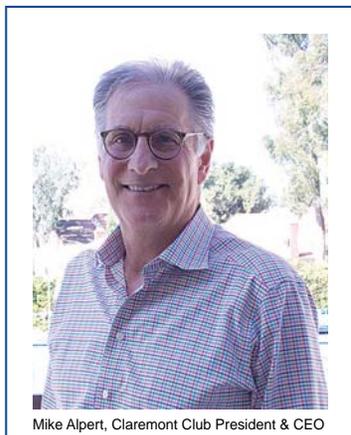
client above the level of injury. So, if a person is paralyzed from the neck or the chest down, they will work with them above the level of injury. And, if they have a little tingling in their toes or fingers, they might work their toes or fingers for a while. The Dardzinski Method is quite different. It treats people *below* the level of injury. What it tries to do is get the neurons and the nerves in the brain to reconnect signals to the nerves below the level of injury using what we refer to as active nervous system recruitment using load bearing-weight bearing exercises. In layman's terms, active nervous system recruitment (they refer to it as ANSR) is constant recruitment, muscle movement and memory. Thousands and thousands of constant muscle movements and memory with load bearing exercises.

So, when a Spinal Cord-injured client comes in to us, after their assessment and when they are released from their Physiatrist, Neurologist or their family doctor, we treat them just like we were treated when we came out of Mom's stomach. We lay them on a mat and we see if they can roll. If they can roll, we teach them to crawl. If they can crawl, we teach them to kneel, then to sit, then to stand, and in some cases, to walk. That's kind of a quick answer to the Dardzinski Method, and what we do here. When you come into the studio of Project Walk, you won't see any wheelchairs because everybody is out of them. So, where traditional care will work with them and then send them home and say, "Learn how to live in your wheelchair," we say, **'No, no, no! Learn to live outside of your wheelchair as much as possible!'**

C.I. - WOW!

MA - Norm, also regarding the evolution and expansion of Project Walk --before we move on-- I should tell you that, when we first opened the Project Walk Studio on February 1st, 2013, it was 3,000 square feet. In August of 2014, less than a year and a half later, we almost doubled it and added another 2,100 square feet, so we have 5,100 square feet now.

The video you saw ended with comments by a young lady named Amanda Van Esch. She's 6'1," and she was a volleyball player (before her car accident) at Los Osos High School in neighboring Rancho Cucamonga. The injury was so devastating. Let's talk about what happens to adults and children who have spinal cord injuries. Adults lose everything. Most of the adults who go through this injury cannot work any more. They lose their jobs. In many cases, they lose their homes. They lose their cars. They lose their purpose. There is a lot of depression. And, financially, it's just an absolutely devastating injury. Children and young adults, as you can imagine, deal with something so horrific it's hard to explain. Every week, I get questions from parents,



Mike Alpert, Claremont Club President & CEO

such as: 'Will my daughter have a love interest in her life?' 'Will my daughter be able to have children of her own one day?' 'Who will be there to take care of my son when we're not living?' It's horrific, and it's devastating. We do the best we can for everyone. For Amanda Van Esch. Or, for little Katie McRae, a 10-year old now. She had brain cancer when she was five. And, at eight, during treatment again due to a recurrence of that brain cancer, she had a stroke. We've been treating her for two years for free. There are people whom we try to help with free scholarships for a period of time or for our cost.

So, what's our cost? I pay my specialist for Project Walk \$31 per hour, and then, there is about \$6 per hour in payroll-related expenses. We may say to someone like Amanda Van Esch that we're going to help you learn how to fundraise, and we're going to treat you for the next 3, 6, 9 or 12 months for just \$36 per hour. All it has done is pay the specialists. The club actually loses money on this because it doesn't cover any of the aids that have to help the specialists, as they earn about \$12 per hour. It doesn't cover the receptionist, any maintenance and repair or part of my Wellness Director's salary. But, that's what we do. And, actually, that's what we did with Augie for 90 days until we knew that our methodology would help him.

C.I. - I believe that The Claremont Club may be the best example of a club with the most amazing market differentiator that there is anywhere, i.e. its Project Walk Claremont operation, mixed in with 19 acres of world-class indoor and outdoor facilities. I find your story very intriguing, and I wonder if there's the potential for other clubs to adopt Project Walk operations for their mega-clubs?

MA - First, I very much appreciate your compliment. As I told you, Project Walk Corporate has made it very easy for any good IHRSA Club that has as little as 1,000 to 1,500 square feet of space available to open a Project Walk Studio. They will put in the equipment, hire and train the Specialists, run the studio and give the owner 30% of net profits with virtually no downside risk. Their pro-forma shows a significant upside potential to the club. So,



Lynne and Augie Nieto at The 10th Annual Bash For Augie's Quest

it's very easy for a good club to do this if they wish and have the inspiration to do so.

C.I. - Mike, what's the contact information for someone who'd like to investigate becoming a Project Walk Franchisee?

MA - Norm, they can contact me by phone at (909) 625 - 6791 or Tim Yates, CEO of Project Walk Corporate at (760) 431 - 9789.

C.I. - Please tell us about The Claremont Club's focus on helping folks with Cancer.

MA - Nine years ago, we started a program called *Living Well After Cancer*. Julie Main, a friend of mine whom you knew well, who was a past Chairperson of IHRSA, and unfortunately died of cancer, started a program in Santa Barbara called *The Cancer Wellfit Program*. I had taken my Wellness Director to a presentation Julie did at IHRSA ten years ago. We were so impressed with what she was doing that we went up to Julie after her presentation, and I asked her if she would be interested in letting us look at her template and customize it for Claremont to start a program here. Of course, Julie, as wonderful a human being as she was, said, 'Absolutely!'

We started this program with Pomona Valley Hospital Medical Center, working with their Robert and Beverly Lewis Family Cancer Care Center nine years ago. As of today, we have helped over 630 women and their families going through this amazing 13-week complimentary program. The last two times we ran the program, we also had our first two men's groups. It became evident to all of us the first time we ran it that this program wasn't just about the woman who had cancer. It was also about the 7- or 8-year old boy or girl at home who was scared to death that they were going to lose their mother. It was causing them to stop interacting with their friends at school and causing them to stop doing their homework. They became withdrawn. So, we knew this program had to address

the entire family. Again, with this program, the whole family has use of the club seven days a week. They get free child care if they need it. And, it gives the family time during the week to have fun and get away from their worry. All of this resulted in our establishing a relationship with The City of Hope, something I've been trying to do for 17 1/2 years. There's a lot more to this effort, but you get the picture.

This YouTube video (<http://bit.ly/clubinsider1>) is on our Living Well after Cancer program that we do with Pomona Valley Hospital Medical Center's Robert and Beverly Lewis Family Cancer Care Center. Most of the women who have gone through the program are struggling with and survivors of Breast Cancer, but we have women with Uterine, Cervical and other cancers, including a woman you will see in the video (Linda Johnson) who has Stage 4 Metastatic Cancer. By April, we will begin our 1-year long Pediatric and Young Adult Cancer program that we are doing in collaboration with City of Hope and Kaiser Permanente.

I've been very fortunate, Norm. I don't know why; I just really think it's been an opportunity and a door that's been opened by the Lord for me to do this work. Last March, I was able to speak three times at IHRSA. Two of those were to the All-Day REX Roundtable Conference the day before the convention. At the Medical Wellness Association, we put together a presentation with Dr. Bob Sallis, myself, Augie and Lynne Nieto and Gary Jones. Bob gets up and shows the science and data behind *Exercise Is Medicine*. I get to go up and show the audience an audio/video PowerPoint presentation about what we're doing at Claremont, focusing on the chronically injured, chronically ill and changing life daily. Then, Augie and Lynne got up, and Lynne spoke, and Gary got up and did his talk. From that, we met some interesting people. And then, I met some people who said they would like to
 (See *The Claremont Club* Page 22)

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...The Claremont Club

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invite me to go to Israel in May and do my presentation at the *Exercise Is Medicine Israel Conference*. The other speakers in Israel were Dr. Steven Blair, who works out of the University of South Carolina, and Katherine Schmitz of the University of Pennsylvania. This past February, Dr. Sallis and I were invited to go to Italy to do three presentations. And, I was recently invited to speak at the University of California Riverside to their Healthy Community Living and at their School of Medicine. I will be going to Madrid, Spain in September to speak to club owners in 15 different European countries. So, that's just kind of what's happened to a guy running a health club.

C.I. - Mike, the other videos you sent, and are shown below, were not only very informative, but they were very emotionally challenging for me. I wasn't even able to watch the first video with dry eyes:

•<http://bit.ly/clubinsider2>
 •<http://bit.ly/clubinsider3>

What will the future bring for The Claremont Club, Project Walk Claremont and your Living Well After Cancer Program? What do you hope it will be known for then?

MA - Norm, my passion and goal for the future is that I want to be one of the players, and I hope a significant player, that helps bring the health club community and the medical community together to seriously promote *Exercise Is Medicine* in the right environments in our better clubs. And, in doing so together, being able to reach millions of people and really change the world that way. That really leads me back to the question you asked about how others can get involved. I'm willing to help any good club that wants to put in a Project Walk Studio and/or our Cancer Programs, I'm willing to do a lot. I will host their people here at The Claremont Club... or go to them... We'll give them operations manuals, the job descriptions, we'll help train their specialists, we'll help with it all. We're not looking to get money from it.

C.I. - How can other clubs begin such a process on a small level to begin to help those with medical issues, even if the local expertise is not there?

MA - You know, what we realized with spinal cord injury, in particular, is the people who suffer from this injury lose so much of their purpose. Certainly, part of their depression comes from a lack of functionality. But, a big part of that comes from a loss of purpose. You're in a wheelchair or Power Chair. Somebody gets you out of bed in the morning to take you to the toilet, to get you dressed, to brush your teeth, to get you back in your chair. Later, they take you out of the chair to go to the toilet again, back in the chair, and then

they take you out of the chair to put you to bed at night. It just occurred to me because of a wonderful client by the name of Jason Smoot who is a C-5, C-6, C-7 complete. He can only move his power chair by blowing through a straw. He was in our studio about a year ago, and his father was there with him. I went and started talking to his dad. He said, 'Mike, I'm really worried about Jason because, through his therapy here at Project Walk, he's starting to get some of his arm movement back. He's so depressed I'm worried that, if he gets use of his hands back, he might try to take his own life.'

So, I went over to Jason, and it just hit me. I said, 'Jason, how would you like to come to work at the Claremont Club?' Without even thinking, he looked at me, he thought about it for a second and he said, 'I can't do anything.' I asked him if he could read stories. Without hesitation, he said, 'You know Mike, I think I can read stories.' So, Jason comes in twice a week on Tuesdays and Thursdays for 2-hour sessions at Project Walk, and for an hour and a half before each of his sessions, he goes into one of our childcare areas and reads stories to 4- to 7-year old boys and girls. The kids love him. All of a sudden, the parents are now coming to us, and they're thanking us. And, it's always the same: 'My 5-year old son is learning about acceptance, empathy and tolerance. He's learning it from Jason. He's not learning it at school. He's learning it at The Claremont Club!'

Now, if you and I were working three hours a week, we'd be pretty depressed. But, for Jason, it's huge, and the members see this. And, most importantly, he's teaching citizenship and very, very serious life stories to children who are going to grow to be better boys and girls because of him. So, this year, we're hoping to add a few more jobs for our Spinal Cord-injured clients. I can tell you that not more than a week goes by that a member doesn't either catch me in the club or goes up to my office to tell me how proud they are to be a member here because of what's going on. It's really hard to explain... but I think it's given us all a much, much deeper purpose in life and the opportunities that we have through the wonderful venue that we have.

C.I. - Tell us how you've engaged your membership and how that's changed lives?

MA - For the longest time, Norm, I didn't, nor did I allow any of my managers or staff, to talk about our community outreach. I think, spiritually, I was scared and worried about getting noticed in the newspapers or on TV, and often, you start doing things for the wrong reasons. I was very nervous about that. It's never been about money for me. This portion of our business has never, ever been about money. You can ask any of our managers, our owners, our Board Members... It's really been not about looking at the bottom line but *looking at what moves the bottom line* and looking at what we could do to really save people and help people. And, in doing so, how I

could help to inspire all our associates and our managers to get involved doing things that nobody thought we could do and to really take our company from being really good to being really great. What I found is that it blossoms from giving great people meaningful, purposeful work.

Like many clubs, we've been trying to do focus groups for the 17 1/2 years I've been here at Claremont. We've struggled to get 10 to 15 people at any one of them. It hasn't mattered if we did them before work, at lunchtime or after work with free breakfast, free lunch or free dinner; it just hasn't mattered. So, because of my passion and desire to gain awareness for the Be Perfect Foundation and to raise funds for them a couple of years ago, I decided that we needed to tell our story. This last December, we put a large tent over a couple of tennis courts, and we held our Holiday Party in there. I decided to leave the tent there for an extra week or so and tried something different. I thought, 'It's time to tell our story! How are we going to get a lot of our members to show up? Not 20, but a lot...' So, I fudged and I did two things. I told our members that we were going to have five Town Hall Meetings. We did two on the first Saturday, one at 9AM and one at 1:30PM. Then, we did one each night, Monday, Tuesday and Wednesday, at 7:30 in the evening. I called it a Town Hall Meeting, and I would make an offer to the members that any #1 or #2 player on the membership that was at least 21 who attended one of the Town Hall Meetings would be guaranteed that they would not see a dues increase or an assessment from The Claremont Club until, at the earliest, May 1st, 2016.

Well, **2,000 members showed up for these Town Hall Meetings!** We had 400 at each one. Some of them showed up and were angry because it wasn't really a Town Hall Meeting... I fudged on that. But, I didn't want it to be like politics... back and forth why do you do this... I don't like your answer, etc. We did that at the end, and I stayed and answered every question that anybody had. But, I did the presentation that I do, and I wanted to let people know that there was a higher purpose to this club and to being a member in this club than just coming in and perspiring and paying dues. Don't we all do the same thing in our operations? We all paint our walls. We rotate equipment in and out frequently so members see new things. We preach customer service and how to treat each other. And, our locker rooms are so clean you could eat a sandwich off the floor. So many of us in the industry do the same things. We paint our walls, bring in new equipment annually, have spotless locker rooms and coach constantly on customer service and how to treat each other. So, what's the **differentiator?** Does it really boil down to size and cost? For us, it's always been community outreach. You know, I could buy from HP, or I could buy from Apple, but Apple has values and supports things that are deep to my heart.

So, I'm going to spend more money and buy the MAC. And, that's what we have tried to accomplish.

The interesting thing was that we had 3 to 5% of the members who were mad, wrote nasty things and wanted it to be a complaint session. Really, the truth was they came to save money. But, it was tough because, as I gave these presentations, tears were running down about 95% of their faces. They left emotionally inspired, and 98% of the 95% told us they had no idea what The Claremont Club was doing. So, that's how we are engaging our members. Again, it has not only changed the lives of the staff, the management team and myself, it's changed the lives of the members and the communities that we live and work in. I could take another hour and tell you things that have happened since those Town Hall Meetings that would just blow you away...

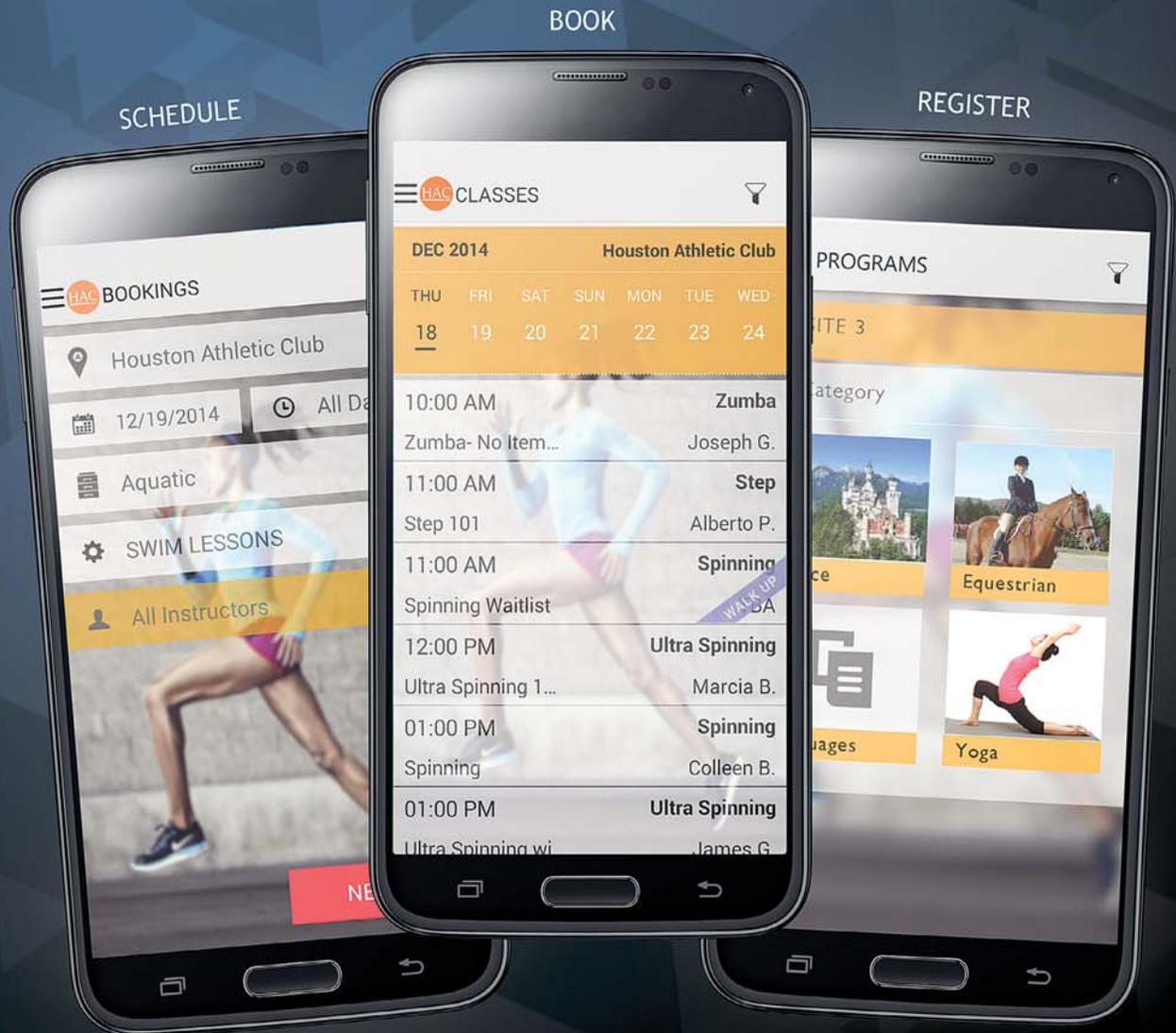
C.I. - Mike, please tell us about your involvement with IHRSA.

MA - My involvement with IHRSA is very simple. I started with IHRSA in 1989 or 90. I was truly blessed at an early time in my career to meet John McCarthy, and I know thousands of people who will say what I say. But, John and people like Rick Caro were so helpful, so inspiring and so motivating to me. Whenever I had a problem, such as when I lost my ownership in the club in Oregon, John helped me so much. Rick Caro is someone that I have so very much respect for. I'm not a big player at IHRSA. I've just been a member. And, I want to give a huge, huge shout out to REX Roundtables, whom I've learned more from than anybody. Both Will Phillips and Eddie Tock are two people that I have so much respect, appreciation and love for that it would be hard for me to say more.

The closing comment I want to make, and I'm praying that you will print it, is really about you. I've only met you in passing and saying 'Hi' at the conventions. So, this is my first time to really talk with you, and I feel blessed to have that opportunity. I know the role that you've played in IHRSA... period. In getting IHRSA started and in getting it to the level it is. And, I know from your correspondence that you are a man that has a deep faith in the Lord... you do the right things, and it's been a pleasure. You're the kind of person I want to have as a friend, and it's been a pleasure to be able to talk to you about this. To have you print something in **CLUB INSIDER** is just a really wonderful thing, and I'm very appreciative and grateful for it. We need more people like you in the world and in our industry. So, I hope you will print that because I feel that very deeply in my heart.

Norm Cates - Well Thanks, Mike. I appreciate that kind comment very much. Very, very much. You know, the word 'heart' has come up a few times in our conversation. That's really, really what it's all about. The love that you have for
 (See *The Claremont Club* Page 24)

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...The Claremont Club

continued from page 22

the people you're helping and the people you're seeing that need your help and the things that you're doing for them... you know, Mike, it's from your heart. The guts it has taken for you to go through what you've been through to get where you are now is just phenomenal. What a great story! Thank you for your kind comments, and I really enjoyed this interview. I'm going to do the best I can to make this a story that will fit into the archives of our industry because I think I've successfully instilled in my son, Justin, a vision for the future, which is to say that, when the Lord calls me home, Justin is going to grab the torch, he's going to run real hard with it and keep **CLUB INSIDER** at the forefront of the health and fitness club industry publishing world, where it is now. This cover story

you've been so generous with your time to share with and help us produce is a huge contribution to **CLUB INSIDER**, our readers and the entire industry worldwide. Thank you and God bless you and your Claremont Club Team, Mike!

(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)



Gary Jones Comments On Project Walk Claremont and Helping Augie Nieto

CLUB INSIDER reached out to Gary Jones, Founder and Inventor of Hammer Strength (and son of Arthur Jones, the inventor of Nautilus) to hear how Augie Nieto was introduced by Gary to Mike Alpert and The Claremont Club Project Walk and became a client at Project Walk.

Gary Jones (GJ) - When I first started talking to people about helping Augie, I found that everybody wants to help him, of course. Mike Alpert has been a huge help! But, nobody would do it in writing. Instead, they would call me and say things like, 'What the hell are you smoking? Augie's got ALS! There's nothing you can do for him!'

But, I would reply with, 'Well, we can make the quality of his life better.' All I thought at that time was that we could accomplish improving the quality of his life and give him some psychological goal that would make him feel better both physically and psychologically. But, it's turned out to be much more than that. I didn't have any grand vision... I just thought we were going to make Augie's life better for however much longer he was going to be with us.

CLUB INSIDER (C.I.) - I don't think anybody projected that Augie would live ten years! Did you?

GJ - No, we didn't. But, as it's turning out... I believe we're going to rehabilitate Augie! (laughing happily)

C.I. - Well, Gary, I couldn't believe my eyes. Here we were at the Augie's Quest Bash at IHRSA 2013, and all of a sudden, Augie came out on the stage, was set up on the leg press machine and started cranking out reps! I got tears in my eyes. I could not believe what I was seeing! Here he was in the throws of death, and he shows up at the 8th Annual Augie's Quest Bash and knocks out 30 reps with 100 pounds! Then, the next year, he stunned us all in San Diego at Bash #9 when he walked out on the stage with one of his assistants helping him. Then, last Summer, Augie walked his daughter Lindsay down the aisle at her Wedding on July 5th... another stunner.

GJ - Norm, on a good day now, Augie can do 130 pounds for up to 60 reps. Actually, though, I'm encouraging him to do that less often. Because the natural application of force is standing, and while in transition, we are focusing more of Augie's rehab in the direction of natural motions using one limb at a time in what we call coordinated complex motion. I'm pushing Augie to use the Iso-lateral leg press machine that we built for him... where he does one leg at a time. He can't use as much weight, which is a ding to the ego. But, Augie understands that most of his future progress is going to come from working on and practicing the things that he is not good at yet.

Mike Alpert has been a huge, huge help. But, even Mike took some convincing when I first told him that I wanted to work out Augie. But, it was clear that, first, we had to get past all the negative things about ALS that would hold Augie back. People would say he's got ALS, he's in a wheel chair, he's on a respirator, etc. The doctors had sent him home to get his things in order. I said, 'I know all that.' Then, I said, 'Forget all that... we're going to work him out anyway!'

Augie's and my involvement with Project Walk Claremont actually began because of a video that Greg Highsmith sent me, where they were working with Spinal Cord-injured patients using my Hammer machines. I noticed that, in the background

of that video, the therapists were working with clients on a mat, and they had counterbalanced their limbs so that they could work with them. Whoa! This is exactly what I wanted to do with Augie! So, I sent the video to Augie. And, I sent it to some friends of mine, Bob and Ann Hood. As it turned out, they knew Mike Alpert. So, they introduced me to Mike, and I called him up on the phone and said, 'Hey, this is what I want to do with Augie.' And, I was able to talk him into doing it after we got past the initial objections. Initially, even Augie was on the fence. He had the money, and he was flying all over the world visiting specialists and doctors, visiting everybody and they're all kept telling him, 'Go home and get your things in order.' It was a very small group of us that started this journey, and we were focused on making Augie's life just a little bit better each and every day.

C.I. - What do you see in the cards for the future as Augie progresses with this fight?

GJ - We don't know! *We have a case study of one!* Who knows? It goes back to when I was also a fireman in the early days of Nautilus. When you roll up to a burning building as a fireman, guess what... We don't schedule a meeting. We don't order parts. *And, they teach us that it's not our job to try to make things perfect.* Our Mission is to make things better for the people who are in need, right here, right now, and we're going to use the equipment that we brought with us in the big red truck! You start by putting water on the fire. So, my whole approach to helping Augie was that I'm just going to start putting water on the fire! I didn't have a plan. I'm just going to put water on the fire, you know what I mean? So, that's been the *entire approach*, and that's been the approach I've been pushing, if you will. Of course, Project Walk has the same philosophy with rehabilitating people with spinal cord injuries. So, it wasn't like it was a tough sell, other than the fact that they had never had an ALS patient before.

Once again, I talked to Augie about being a patient. We are continually looking for areas where we can get even the slightest amount of muscular reaction, and then, we start to challenge his capability. So far, every time that we can find even the slightest amount of capability, we have been able to build upon that. Even with counter-balanced body parts... we don't care... now we can add resistance. Once we can start adding resistance, he can start building up that musculature again. And, it's working!

Now, it's not working as fast as we would like it to work, but remember... Augie is supposed to be **DEAD!** You know, **being better** is a whole lot nicer than **being dead!** So, that's basically what it is... **Augie is getting better.** Very gradually, but he's *continuously getting better*... underline the word, *better*. Not worse. What are we doing? Everything we can. If we counterbalance his torso... He can do sit-ups. He can do back extensions. He can do side bends. He can't quite lift the weight of his torso yet, but all the things he's doing are just unbelievably amazing!

I kept going back to this, and I apologize for getting excited, he was supposed to be **dead!**

C.I. - Well Gary, I can testify to the fact that Augie's complexion and general appearance of good health at IHRSA Los Angeles was significantly better than it was last year in San Diego. Last year, he didn't appear to have good circulation as his face was white and ashen in color. This year, his complexion is rosy, and he looks healthy. So Gary, I can say along with you for sure, '**Augie IS getting better!**' **God bless you, your family and Augie and Lynne!** Gary, what an amazing story! Thanks for sharing it with us.

LifeTime Fitness Enters Into Definitive Agreement To Be Acquired by Affiliates of Leonard Green & Partners and TPG

CHANHASSEN, MN - LifeTime Fitness, Inc. (NYSE:LTM), The Healthy Way of Life Company, along with Leonard Green & Partners and TPG, announced that they have entered into a definitive merger agreement under which affiliates of Leonard Green & Partners and TPG will acquire LifeTime in a transaction valued at more than \$4.0 billion. Other key investors include LNK Partners and LifeTime Chairman, President and Chief Executive Officer, Bahram Akradi, who will remain in his role and has committed to make a rollover investment of \$125 million in LifeTime common stock.

LifeTime's Board of Directors unanimously approved the merger agreement and recommends that the company's shareholders vote in favor of the transaction.

Under the terms of the merger agreement, the investors will acquire all of the outstanding shares of LifeTime Fitness common stock for \$72.10 per share in cash. This price represents a significant

premium to LifeTime's closing share price of \$41.60 on August 22, 2014, the most recent trading day before the company announced that its Board of Directors and Senior Management Team had initiated a process to explore a potential conversion of real estate assets into a Real Estate Investment Trust (REIT).

The merger is subject to approval from LifeTime's shareholders and other customary closing conditions. The transaction is currently expected to close in the third quarter of 2015.

"Following a comprehensive review by LifeTime's Board of Directors of strategic alternatives to enhance shareholder value, we are pleased to have reached this agreement, which provides our shareholders with immediate and substantial cash value representing a significant premium to our unaffected share price," said Akradi. "There are no words to describe my gratitude for the confidence and significant commitment Leonard Green & Partners, TPG and LNK

Partners have made to LifeTime and our management team."

"We look forward to working with Bahram Akradi, the LifeTime management team and all of its talented and passionate employees," said John Danhaki, Managing Partner of Leonard Green & Partners. "We are confident that we will have a long and successful partnership as we continue to serve LifeTime's many loyal members and customers."

"LifeTime is a differentiated market leader with a long history of consistent performance and significant growth potential," said Jonathan Coslet, Chief Investment Officer at TPG. "We are excited to partner with Bahram Akradi and his team on the next chapter of the company's growth."

"It's great to be back partnering with Bahram Akradi and his terrific management team in continuing to build LifeTime's extraordinary business," said David Landau, Partner of LNK Partners.

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Wells Fargo Securities are serving as the Company's financial advisors. Skadden, Arps, Slate, Meagher & Flom LLP and Faegre Baker Daniels LLP are serving as its legal advisors. Latham & Watkins LLP is serving as legal advisor to Leonard Green & Partners and Ropes & Gray LLP is serving as legal advisor to TPG. Fully committed debt financing is expected to be provided by affiliates of Deutsche Bank Securities Inc., Goldman, Sachs & Co., Jefferies, BMO Capital Markets, RBC Capital Markets, Macquarie Capital and Nomura, who also are serving as financial advisors to Leonard Green & Partners and TPG. Kirkland & Ellis LLP served as legal advisor to LNK Partners.

The Bay Club Company Enters Los Angeles, Expanding Its Southern California Presence With Acquisition Of Spectrum Athletic Clubs

SAN FRANCISCO, CA - The Bay Club Company, a California-based active lifestyle corporation, announced the acquisition of Spectrum Athletic Clubs, marking the company's highly-anticipated entry into the Los Angeles area. The Bay Club Company will apply its unique model to the newly acquired four campuses across 11 locations, creating the first modernized country club network in Los Angeles --balancing fitness, sports, hospitality and family-- the key pillars of The Bay Club Company's Four Quadrant Playbook.

The Bay Club Company will add over 33,000 members to its growing family with the addition of the new campus sites in Santa Barbara, Thousand Oaks/West Hills, plus two campus sites within Silicon Beach (covering Pacific Palisades, Santa Monica, Marina Del Rey, Playa Vista, El Segundo, Manhattan Beach, Hermosa Beach, Redondo Beach and the Palos Verdes Peninsula). The Bay Club Company's campus concept consists of a variety of locations within a sub-geographical area that include fitness centers, athletic clubs, swim and tennis complexes and country clubs.

With the acquisition of Spectrum, The Bay Club Company now operates 23 locations across ten California campuses: five in Northern California (Marin, San Francisco, Redwood Shores, Silicon Valley and Los Gatos) and five in Southern

California (Santa Barbara, San Diego and three in Los Angeles). The Bay Club Company has additional plans to expand, both within its core California markets as well as attractive markets outside of California over the next twelve months.

"We are thrilled to expand our Southern California footprint as a natural extension of our well-established presence in Northern California," said The Bay Club Company President and CEO, Matthew Stevens. "We're looking forward to introducing our unique model to the Los Angeles and Santa Barbara markets. We've built this model to truly engage with our community by focusing on what matters most to our members: a safe place to enjoy friends and family; a place where everyone can be happy."

Over the next twelve months, The Bay Club Company plans to invest over \$10 million in its newly-acquired Los Angeles area clubs to mirror its signature lifestyle amenities found at its current twelve locations in the San Francisco and San Diego markets. Members can expect to see hospitality upgrades including the introduction of The Bay Club Company's Seventy-Seven Social Club, Connect Business Suites, boutique retail shops, full-service Sanctuary Spa, plus the expansion of their partnership with Los Angeles-based Café Vida. The Bay Club Company will also expand the Southern California

sports offering to include tennis, golf, squash, basketball and indoor/outdoor aquatic complexes.

In June 2014, The Bay Club Company was acquired by management along with an investment group led by York Capital Management. "As part of the Spectrum Athletic Clubs acquisition, we are pleased to announce that Continental Development Corporation of El Segundo has decided to join The Bay Club Company equity ownership group," said Stevens. Richard Lundquist, Owner and President of Continental Development Corporation said, "We are excited to be participating in the next chapter of The Bay Club Company's expansion and continuing the current momentum. We look forward to assisting The Bay Club Company in building the active lifestyle membership experience to enhance customer engagement and loyalty." Continental co-



developed, and for nearly thirty years, has co-owned the Spectrum Athletic Club's South Bay flagship fitness facility in El Segundo's Continental Park.

For more information on The Bay Club Company, please visit www.bayclubs.com.

Make It Fun!

The Fate and Fortune of the Health and Fitness Industry

By: Stephen Tharrett and Mark Williamson

Part I

The health and fitness facility industry is an evolving entity, both domestically and internationally. While it is more of an accepted part of the American culture and lifestyle than it was 40 years ago or even a decade ago, the industry remains somewhat susceptible to the whims of evolving global demographics, trendy popular culture and macroeconomic conditions. The fate and fortune, or destiny if you like, of the health and fitness facility industry is now being influenced by these evolving cultural, demographic and economic forces. How the industry perceives and interprets these influences and correspondingly responds to them will determine the industry's destiny over the next few decades. The more attuned club operators are to these powerful forces of capitalistic evolution, the greater the chance, as a collective community and as individual operators, is the ability to craft a fate of prosperity.

This white paper is the first in a 3-part series that delves into what we believe are seven of the most powerful forces impacting our industry in 2015

that are positioned to influence its destiny for decades to come. **Part I** will explore the impact of the shifting generational tides and global income inequality. Next month, **Part II** will explore the impact of global health status, narcissistic capitalism, karaoke innovation and environmental consciousness. Finally, **Part III** will conclude the series by exploring how globalization and technology are likely to impact the future of the health and fitness facility industry.

The Generational Wars: The Struggle for Supremacy Among Baby Boomers, Generation X, Y and Z

The next three to five decades of the 21st century will be impacted significantly by a few age-related or generational demographic trends.

The first is the aging of the "Baby Boomers," 78 million U.S. adults and over 600 million global adults who were born after 1946 and who, collectively, are the wealthiest population in the world. Baby Boomers represent an aging and affluent generation of "me"-oriented adults seeking the fountain of youth. This population is willing and able to spend the money necessary to strive for their goals.



Stephen Tharrett



Mark Williamson

This demographic wave also represents the largest population segment in several nations, such as the United States, England, Germany, Italy and Japan. According to global statistics, it is estimated that, by 2050, there will be approximately two billion people age 60 and older.

The second influential generation is a population referred to by demographers as Generation Y, or Millennials, a group of young adults who were born after 1977 and prior to 2000. It is estimated that there are now slightly over 80 million of these young adults in the U.S., making them the single largest generation in the country. This demographic powerhouse is not only more expansive in its count than the Baby Boomer wave, but is also 20% larger than Generation X, a group of adults born between the Baby Boomers and Millennials. Hard to believe, but one in four Americans can be classified as a Gen Y. This group grew up in the era of technology, social media, instant celebrity and multitasking. Millennials are highly attuned to the environment, wary of the damage that Baby Boomers wrought on the planet and are tech savvy, having grown up with computers, tablets, smart phones and the worldwide net. This group is socially connected but culturally isolated, and possibly more significantly, are rebelling against many of the institutions created by the Baby Boomers.

The third of these generational powerhouses are those born into Generation Z. Generation Z are the cohort of individuals whose birth and emergence occurred sometime between 1995 and 2000. Due to their young age, those in Generation Z remain somewhat of an enigma to demographers and marketers. The pervading sense is that, despite their being the smallest of the three "influential" generations, their influence might eventually exceed that of the Baby Boomers and Millennials due to the global environment, which has served as their incubator. As one might suspect, this

generation is significantly more tech savvy than its predecessor, more highly connected in the virtual universe, emblematic of instant or real-time gratification, possibly more attuned to social justice and injustice than previous generations, potentially less adept at personal relationships than previous generations, and as some demographers have coined, digitally native.

According to global demographers, nations can be classified into one of four core age profiles based on the percentage of their population that is under the age of 30 (Millennials and Generation Z): very young (66% of the population under age 30), youthful (60% of the population under age 30), transitional (between 45% and 60% of the population under age 30), or mature (less than 45% of the population under age 30). To a degree, these classifications indicate that the very young, youthful and even transitional markets are resolutely influenced by the millennial wave, while nations that have substantial transitional and mature markets are more heavily influenced by Baby Boomers. It is interesting to note that all of North America, Europe (including Russia) and Australia have substantial mature populations, in which Baby Boomers significantly influence purchasing behavior, as well as other cultural and societal trends. On the flip side, most of Asia, Latin America, and Africa feature markets that can be defined as being very young or youthful, and in a few cases, transitional. In these markets, the Millennials, and even their siblings from Generation Z, are the predominant demographic influences.

Potential Business Implications of Serving Boomers, Millennials and Generation Z

The potential business implications for the health and fitness club industry of serving three highly diverse (See *Fate and Fortune* Page 27)

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...Fate and Fortune

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demographic populations, such as Baby Boomers, Millennials and Generation Z, may include:

Business Implications Influenced By The Baby Boomer Population:

- Exercise for health and wellbeing is taking center stage. While Baby Boomers want to extend their lifespan, more importantly, they want to enjoy life as long as they can. This population wants to age gracefully. As the saying goes, *60 is the new 40!*

- Fitness programming will need to focus on creating tangible results for those with growing physical limitations and increased disease states. It is not about, "How high I can jump, but how can I walk without the aid of a cane?" The functional value of an experience for this group is critical.

- Health and fitness professionals will need to be educated in working with individuals who have special conditions, with a focus on creating exercise progressions (not the workout of the day) that accommodate the interests, needs, and goals of those with health-related problems.

- Member service will become essential to the overall member experience, as aging and affluent members seek more personalized encounters. A trusted friend to a Baby Boomer is not someone who liked them on Facebook or follows them on Twitter, it's someone they've had physical contact with and someone they have shared a meaningful experience with.

- Medical-oriented services will have to merge with fitness programs as the lines between fitness and medicine blur. For example, medical spa services (i.e., Botox, liposuction and microdermabrasion and hormone therapy) and physical therapy services will likely become an essential component of many health and fitness clubs.

Business Implications Driven By The Millennials and Generation Z:

- Clubs will need to incorporate new programs and services that encompass virtual platforms. Member blogs, virtual personal training sites and virtual communication will become necessary in attracting this generation. Social media sites, such as Facebook, Instagram, Twitter and YouTube, will become essential tools to communicate with and market to this population.

- Entertainment will take on greater importance, since Generation Y (Millennials) and Z have grown up being constantly stimulated and entertained.

As a result, clubs will need to redefine entertainment, since Generations Y and Z connect entertainment to technology.

- Providing motivation, and consequently the inspiration to be fit for these two generations will become incredibly challenging, since they are accustomed to real-time gratification and instantaneous notoriety.

- Clubs will need to re-think how they deliver the club experience because Millennials and Generation Z prefer to be involved in the service-delivery process.

- Clubs will need to provide members and clients tools and resources to share their feedback in real-time, and more importantly, be prepared to respond honestly in real time.

- Transparency, especially in pricing, will be essential. In a world where you can get the price for nearly everything online whenever you want, the industry's continued reluctance to provide transparent pricing online will lead to rapid extinction.

- Coaching skills will become a critical part of management's arsenal, since employees from this generation have a higher degree of social consciousness and respond less favorably to Baby Boomer management techniques and motives.

- Boutique offerings will become more popular as the Millennials pursue their individual interests and pursuits, preferring not to do the same as the generations before them.

The Wealth Gap and Income Inequality

According to a variety of leading economic sources, approximately 1% of adults hold 40% of the world's wealth, while another 40 to 50% of the population has another 1% of the world's wealth. It is estimated that approximately 10% of adults hold 85% of the world's wealth, which means that the remaining 90% of adults hold only 15% of the globe's wealth. Regionally, the U.S., Japan, China, England and Germany hold over 50% of the world's net worth. This enormous disparity in the distribution of wealth is referred to as income inequality and is reflected in a quotient called the **Gini Coefficient (or**

index), where a score of zero represents perfect equality and 100 represents perfect inequality.

Since the mid-90s, the disparity between those who have money and those who don't has continued to grow. This trend of wealth inequality is not limited to the U.S.; rather, it is an international trend. Most of the nations in Latin America and many in Europe and Asia have serious income inequality issues. The Gini Index for the U.S. is around 44, making it one of the worst offenders, only surpassed by nations such as Brazil, Columbia and South Africa. According to recent government data, over 100 million Americans are classified as being below the poverty line. This growing disparity represents a significant challenge to those in the health and fitness club industry worldwide.

On one hand, the industry must balance between its need to appeal to a larger audience of prospective members, many of whom have little disposable income, while on the other hand, depending too heavily on the wealthiest segment of consumers in order to operate profitably. The enormity of this challenge can easily be seen in the data from the U.S. health and fitness industry (2014 IHRSA Health Club Consumer Report), where the income demographics of club members are even more skewed than the U.S. population as a whole (a higher Gini Index). The same can be said for member income demographics in other nations. The potential business implications of wealth disparity in the health and fitness club industry may include:

- Owners and operators will need to create new business models that provide an appealing and results-oriented environment for those individuals with relatively low levels of discretionary income. While the emergence of budget clubs appears to be one answer; it is not likely the only one. Budget clubs, until recently, have focused entirely on opening facilities in densely populated areas where the average household income, and consequently, the level of disposable income is above the U.S. average. The mantra has been to poach members from existing models rather than innovate and attract those consumers for whom their value proposition actually aligns. Budget club operators of the future will need to rethink this strategy, especially

if the industry as a whole wishes to attract a larger segment of the world population.

- Clubs may have to adapt their current business model to accommodate a new delivery model that focuses on providing club-like experiences over the Internet and through less expensive virtual environments, such as cloud-based applications. Because the use of virtual-training environments will continue to evolve, club operators will need to find a way to employ these non-traditional training platforms to reach out to new audiences, especially those with lesser disposable income (this group still owns smart phones and tablets).

- Clubs may need to adapt to becoming resource centers that provide fitness and physical activity outside their physical facilities. Appealing to the less affluent will require a less asset-oriented approach. Smart phones and other "high tech wearables" will become the means by which fitness advice and guidance is delivered to those with less expendable income.

- Owners who understand how to deliver transformational experiences built on a foundation of authenticity will be able to create niche business models that are appealing to the most affluent, and thus, generate significant profitability by serving a relatively small, but affluent, audience. The recent emergence of boutique fitness studios might represent the beginning of this approach to offering more transformational services to those who want personalized experiences and can afford it.

Reflections:

Edward Weyer, Jr. was quoted as saying, "The future is like a corridor into which we can see only by the light coming from behind." In this white paper, the first in a trilogy, we have explored the light shed by generational shifts and economic forces. In the second and third segments of our trilogy on the fate and fortune of the health and fitness industry, we will explore what we believe to be five other sources of background light illuminating the health and fitness industry's future. Among them are globalization, the obesity epidemic, social and environmental consciousness, narcissistic capitalism and technology.

The content for this white paper and the other two chapters of the trilogy were derived from a chapter in a new book to be published later in 2015 by Healthy Learning and authored by Stephen Tharrett and Jim Peterson.

(Stephen Tharrett and Mark Williamson are the Co-Founders of ClubIntel and can be reached at www.club-intel.com)



Tips To Immediate And Exponential Facility Growth

Even With \$10 Clubs All Around You

By: Donna Krech

We all have competition all around us. Many of us are producing higher profit than we ever have, even with those clubs down the street... while some clubs close their doors due to their new neighbors. Ever wondered what the difference is between a club that consistently and predictably realizes

extraordinary growth and another one that struggles just to make ends meet?

Two health clubs that operate in the same marketing area, offering the exact same services, for the exact same prices, can have two completely different bottom-lines. Why can one continually grow and prosper, with the owner spending a good portion of his or her time on vacations, while the other owner spends an inordinate amount of time working

harder and longer just trying to pay the bills and never taking any time off?

In this series of articles, you're going to learn a handful of practical ideas that have worked for some of the world's largest and most prestigious businesses, that will work for you in your business, as well. How do I know? Because they've worked for us in our businesses. These strategies are ones you can begin to use immediately to quickly and easily take your club to the next level and begin increasing profits.

There's no reason you can't improve your club or increase your profits as long as you adhere to four simple fundamental principles:

- First, you must have a product or service that is beneficial to those who buy it, not just a membership. With this in place, you rise above your "Dollar Down" competitor.
- Second, your product or service must be wanted or needed by the end user. Remember, people want results, not a membership. Again, you rise above. **Case in point:** Kim McClendon, one of the licensees we get to work with had five \$10 clubs around her, and because she implemented a unique program that produces results as opposed to continuing to offer just a membership, she is the strongest club in her state.
- Third, you must effectively make your prospects aware of the availability of your result-producing product or service. Even if you believe you're club is different, better and more unique, if you don't tell the prospect how you're different, they'll assume you're the same.
- And fourth, you must make your prospects an offer that is enticing, compelling and in their best interest to purchase from you.

The first two areas, having a beneficial product or service that your prospects want or need, are areas you either have in place or will need to develop. If you're still offering only a membership, make the switch immediately to a program. Remember, you want a "result-producing" program, so measure results. Or, get involved with a program that already offers proven results. There are many options. This move alone provided us with triple the income! If you're looking for help in doing this, we're happy to talk you through the system we used in our own club.

The third and fourth principles, letting your prospects know about what you have to offer and then compelling them to buy from you, is where the following ideas can be of enormous assistance to you. When you get right down to it, there are really five basic ways your club can increase its business:

- First, you can increase the number of new members you have.
- Second, you can generate more income from your existing members.
- Third, you can increase the efficiency of your operation, cut your expenses and



Donna Krech

improve your margins.
 •Fourth, you can determine and then *ethically* exploit the Lifetime Value of your members.
 •And finally, you can create a clear, compelling and irresistible reason for your prospects and members to do business with you and not your competitors. This one is AMAZING! This way alone will explode your club's success, even with the \$10 club within proximity.

Each one of these categories on its own has enormous potential to dramatically affect the profits of your club, but if you combine two or more of them, they can have a synergistic effect and the results will be exponential.

Let's take a look at the **first principle** of growing your club... **Increase The Number Of Customers.**

Ask nearly any club owner what they would like to have more of, and most likely, you'll get an answer somewhere along the lines of, "We just need more members."

There's no denying that customers are very important to any business. Without an adequate number of people purchasing your goods and services, there wouldn't be any need for your business, and you would soon be out of business. Hence, the club referred to above that closed its doors.

But, getting customers begins with having someone tell a sales story to a prospect and then converting him into buying and profitable customers. Then, you must keep them from leaving and buying from the competition. You can get more prospects and convert more than you ever have simply by adhering to the principle of offering a unique program that produces results.

You absolutely *can* increase the number of members you have, and there are seven main ways to do that. In next month's article, we will cover those.

(Donna Krech is the Founder and Owner of Thin & Healthy Total Solutions based in Lima, Ohio. Donna can be reached at DonnaKrech@DonnaKrech.com)

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Programming For The “Fun Of It!”

Leverage Your Offerings For Small Group Training Management Success

By: Laurie Cingle, M.Ed.

Success with Small Group Training (SGT) is based on 7 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 **February 2015 Edition**). This article outlines three strategies for **Key #1, Leverage Your Offerings**.

1. Give People What They Want: To determine what type of programs to offer, pay attention to industry trends. Also, look at your current group exercise schedule to determine the type of workouts attracting the biggest number of participants. Then,

use commercial programming that matches both the trends and what members in your club are telling you they want.

Advantages of commercial SGT programs versus those created by individual trainers on your team are many:

- Quality; •Consistent experience that may be duplicated across multiple trainers;
- Guaranteed results; •Initial/on-going trainer up-skilling, education, certification;
- Regularly refreshed workouts and program updates; •Marketing and brand recognition; and •Ease of management.

Seen recently at the IHRSA trade show, here are a few commercial programs that could work well offered as fee-based small group training in any club:

- Tabata Bootcamp; •Fluidity; •Kettleworx;
- Booty Barre; •Jillian Michaels' Bodys shred; •TRX.

2. Simplify Your SGT Offerings: Choose one or two SGT program offerings that are commercial and get them going before adding more. Use less variety with SGT initially and focus on quality.

Do this by analyzing your current program offerings, both fee-based and free. It's not advisable to schedule a fee-based SGT program in competition with a successful free group exercise class. Choose wisely when deciding what and when to offer.

3. Give Trainers Program Ownership: “Who” delivers the program is a major success factor. Identify the top performing small group trainers and assign them program ownership, stacking the odds in favor of them growing participation and revenues. Put their name on all marketing. Work closely with them on the important decision of choosing optimal days/times to offer. Allow them to build the program for three consecutive offerings. Trainers must show participation growth to keep ownership of the program. Post-program review allows for improvement or changes as necessary.

Even when applying these



Laurie Cingle

strategies, some programs will work better than others. Decisions will be made ongoing to progressively get closer to your ultimate offerings (That sounds like Management, and that will be the topic of next month's article).

(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 Laurie 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 256 monthly editions! **Thanks and Appreciation** to all of our **READERS**. Sincere **Thanks and Appreciation** to our **CLUB INSIDER Advertisers**, past and present, for their kind and dedicated support of this publication. It's amazing to know that we have several advertisers with over 15 years of continuous advertising with us. Plus, we have one advertiser, **National Gym Supply**, with over 19 years advertising with us! We also want to say sincere **Thanks and Appreciation** to all of our **CLUB INSIDER Contributing Authors**, past and present, who've contributed *hundreds and hundreds* of excellent articles to help our readers with their Best Business Practices. **Thanks and Appreciation** to **IHRSA** for all it does.

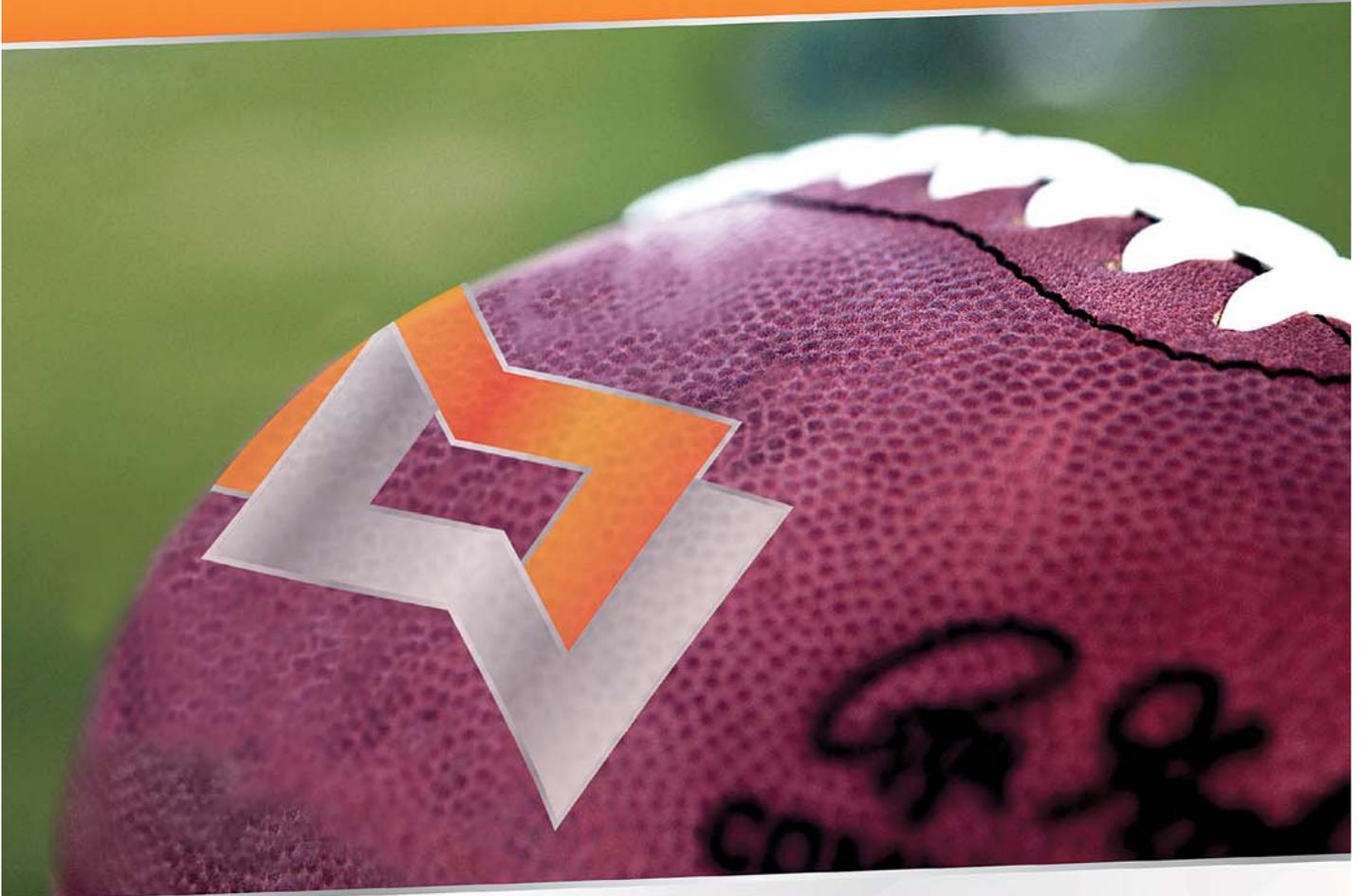
Sincere **Thanks and Appreciation** to my son, Justin, who started working part-time for CLUB INSIDER when he was just 8 years old (helping with mailings). This young man, pretty much behind the scenes for 22 years now, has truly been a fantastic partner for his Dad in CLUB INSIDER. Justin does our editing,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

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

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

Norm Cates, Jr.

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