

Norm Cates' **CLUB INSIDER**TM

The Pulse of the Health and Fitness Club Industry

Special Edition!



(L to R) Marc and Mike Grondahl and Chris Rondeau Boarding Jet to 8th Annual Planet Fitness Convention in Las Vegas

The Planet Fitness Juggernaut Keeps Rolling!
Planet Fitness' 530+ Locations Serve 3.5 Million!

MAY 2012



Want to own a successful business?

**Median Annual Membership Revenue:
\$1.7 million (Industry Avg: \$1.3 million)**

**Median Earnings Before Taxes:
\$546,000 (Industry Avg: \$320,000)**

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

Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

The Planet Fitness Juggernaut Keeps Rolling!

Planet Fitness' 530+ Locations Serve 3.5 Million!

By: Norm Cates

When I previously interviewed Mike Grondahl, one of the co-founders of Planet Fitness, for our January, 2008 CLUB INSIDER Cover Story, my first sentence read, "Juggernaut" is defined in Webster's Dictionary as 'A *relentless and overwhelming force or movement.*'" At the time, I was referring to a Planet Fitness that had just 18 company-owned stores and 185 franchisees, with 58 additional signed franchise agreements for new locations to be built. Today, Planet Fitness, which is co-owned by Mike; his brother, Marc; and Chris Rondeau, has 32 company locations, is partners in 35 New York City area facilities and is celebrating industry milestones of 3.5 million members and 500+ locations!

Juggernaut was a great description of their organization back then, and it's an even better description today, given

the disclosures in the very interesting interview with Mike Grondahl that follows. We're doing this second cover story to celebrate their milestone achievements and to provide an in-depth update on what is becoming the most powerful force and health and fitness brand in the United States. This report covers a lot.

Before we get into the interview with Mike Grondahl, let me give you some 2012 numbers that further support my description of Planet Fitness as a *Juggernaut*. Realize also that Planet Fitness is aggressively growing and might have an opportunity for you as a new franchisee, or perhaps, with some persuasion of the Planet Fitness guys, the conversion of your existing gym.

Current Planet Fitness Record Numbers

Here are responses from Mike Grondahl on questions I had on records

demonstrating how well the Planet Fitness model actually works:

- Most memberships sold at one club in a single day? **2,205**;
- Most memberships sold in a single month? **7,248**;
- Record for the most memberships sold during the first 30 days of a presale? **7,923**;
- Record for most members in one club (In 2008, it was 16,000 members in a 20,000 square-foot club)? **29,222 members in a 23,000 square-foot club**;
- Most clubs owned by one club owner(s)? **35 are owned by the Planet Fitness Corporate/Innocenti Partnership**; **32 are owned corporately**;
- Largest current EFT in one club? **\$419,294**; in November 2011, the same club's EFT reached **\$424,902**;
- How many open Planet Fitness gyms are you projecting to have **one year** from now? **A conservative guess is at least 625**.



Mike Grondahl

Moreover, I think that, at this point, it would also be appropriate to point out that in its 9-year history of franchise sales, only one Planet Fitness has ever

(See Planet Fitness Page 10)

Vertical Fitness Group Converting 11 Gold's Gyms In Wisconsin and Minnesota To New "Xperience Fitness" Brand

APPLETON, WI - Vertical Fitness Group (VFG) has converted 11 Gold's Gyms in Wisconsin and Minnesota to its new "Xperience Fitness" concept beginning May 1st. The Appleton-based health club management group recently reached an agreement with Gold's Gym International (GGI) to part company in order to launch its new brand.

VFG also has reached agreements with four Milwaukee-area Cardinal Fitness gyms to join the Xperience Fitness brand giving the new company a total of six metro Milwaukee gyms and a total of 15

Xperience Fitness locations throughout Wisconsin and Minnesota.

VFG is also in active negotiations with other existing health clubs and new project development throughout Milwaukee in efforts to expand the new Xperience Fitness concept.

VFG has been a franchisee of Gold's Gym International since 2003. The five Wisconsin gyms involved in the May 1st brand conversion include locations in Appleton, Green Bay, Hales Corners, Menasha and Racine. The six Minnesota locations are in Blaine, Brooklyn Park,

Buffalo, Monticello, Vadnais Heights and Woodbury.

"Xperience Fitness is all about fitness as it should be, on your terms," said VFG Partner Jon Barton. "No contracts. No gimmicks. Just fair and honest pricing and great facilities with topnotch amenities. We are built around a singular unifying concept. We believe that by actively participating in a fitness lifestyle, or "experiencing fitness," you will be affected in a way that allows you to get greater joy out of all the important moments in your life."

Barton said that, during the conversion to Xperience Fitness, current members would not experience a disruption to their normal gym routine:

- Membership rates will remain \$9.99 per month;
- Local gym staffing will remain the same;
- Vertical Fitness Group will continue to own and operate all gyms.

Beginning in May, members will receive a new key tag chain to check-in.

(See Xperience Fitness Page 24)

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Norm's Notes

•Hello Everybody! This is your CLUB INSIDER Publisher and Tribal Leader Since 1993 checking in! Where oh where to start?

•Let me start with: Is America a great country or what? Hmm... Hmm... Hmm!

•Now, I'm rolling with a comment on our cover story this month. **Planet Fitness**, and their alleged negative impact on some clubs in our industry, may be the most talked about subject there is in our industry every day. In **January, 2008**, CLUB INSIDER published a cover story on Planet Fitness. So, you may ask, "Well big boy, *WHY in the hell* are you doing another cover story on Planet Fitness?"

My response has several points: Planet Fitness has been our **Inside Front Page Advertiser** for the past five years, and we appreciate their support. But, READ THIS and clearly understand it... Until last month, the only franchise I ever sought advertising business from, after I realized that Gold's Gym was headed south, was Planet Fitness. Last month, I contacted former **Planet Fitness Franchise Director**, **BEN MIDGLEY**, to inform him that our premium **Outside Back Page**, had become available, and I wanted to know if Ben wanted to secure that spot for his company, **Crunch Fitness Franchising, LLC**. Ben immediately booked it. Planet Fitness and Crunch Fitness are the only franchises in

our industry that I have pursued or intend to pursue. That's because I firmly believe that IF you want to make money in this industry as a franchisee, you have the best chance to do so with Planet Fitness or Crunch Fitness. Yes, I carried World Gym ads at one time, but that was when Planet Fitness Founder, Mike Grondahl, owned that company, too, and we published a few World Gym ads for the new owners, the **CAMMILLERI Family of Southern California**. The truth is there are far, far too many health club franchises in business in our industry, and more are arriving every day. But, in my opinion, there's truly a lot of great risk for people who decide to get involved in any of these new, **upstart Low-Price Planet Fitness knock-offs** because those franchisors don't know what they are doing.

Beyond what I just wrote, I accept and publish Planet Fitness ads because they're opening doors to our industry to millions of people who've never even been in a health club before. They now have **3.5 million Planet Fitness Members**, more than any club group in the **United States**. The cover story this month is certainly not just about the 500-location milestone that Planet Fitness surpassed several months ago. It's also about the big industry news Planet Fitness is making with the sad fact that they were forced to sue their partners, Jeff and James Innocenti, on December 27, 2011 for alleged fraud and other bad

things. They're partners with the Innocenti brothers in **35 New York City-area Planet Fitness facilities**. The lawsuit has **13 Counts**, including **Fraud**. Beyond that, our cover story this month addresses the fact that Steve Borghi, the guy who recently acquired 39 Bally Total Fitness locations in Wisconsin and other States, **doesn't even own the trademarked name, Blast Fitness!** That's because Planet Fitness Founder, **MIKE GRONDAHL**, owns the **U.S. Trademark rights** to Blast Fitness, and Mike shares what's happening with that situation. Additionally, in this cover story I have updates on Planet Fitness' Annual Convention fresh out of Las Vegas, as they just completed their **8th Annual Planet Fitness Convention**.

In closing this note, I want to thank the following Planet Fitness vendors for their ads of congratulations to Planet Fitness on their 500th location: **Cyber International, Flynn Construction, Fusion, Hydromassage, Northeast Color, Spectrum Marketing Companies, Street King and Life Fitness**.

•**Body Training Systems** has entered into a partnership agreement with **NetSertive** to provide cutting-edge cooperative online marketing services via NetSertive's **Local Extend Program** that boosts qualified leads by providing turnkey, locally targeted online campaigns. Be sure to check out the story on **Page #26**.

•Reportedly, the **10th Annual IHRSA**



Norm Cates

Summit for a Healthier America, held in Washington, D.C. May 1st and 2nd, was a success. IHRSA members from across the country gathered at the Top of the Hill Banquet and Conference Center in Washington, D.C., eager to discuss the importance of primary prevention and positioning health clubs as leaders in the fight against unhealthy lifestyles. Members heard from **DR. EDDIE PHILLIPS**, who spoke about the relationship between physicians and health clubs. Additionally, representatives from the **American Heart Association**, the **Sporting Goods Manufacturer's Association (SGMA)** and many more organizations were in attendance. On May 2nd, IHRSA attendees met with their members of the **U.S.**

(See Norm's Notes Page 7)

Thank You to Our Contributing Authors

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About Club Insider

Established in 1993

19 Years and Counting!

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PRESIDENT and ASSISTANT PUBLISHER - Justin Cates

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

CLUB INSIDER

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Edition #221



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The “Insider Speaks”

America’s Costly Lifestyle

By: Joe Moore

A blog by IHRSA President/CEO, Joe Moore, on the Huffington Post:

While our politicians remain polarized on health care reform, and as the U.S. Supreme Court decides on the constitutionality of the Patient Protection and Affordable Care Act, perhaps the rest of us should look more closely at our health.

After all, the excessive cost of health care in America is the symptom of an underlying disease. While changing the system of how health care coverage is provided, purchased and paid for may help alleviate some of the symptoms, it won’t eradicate the fundamental sickness.

That requires a broader, much more deep-seated approach, one that takes a harder look at how medicine in America is practiced and at how we choose to live. It is, in the end, our nation’s almost exclusively reactive approach to medical care --atop a pervasive epidemic of physical inactivity and unhealthy lifestyles-- that has infected our health care system.

In their recent study projecting the future cost of health care, Richard A. Young and Jennifer E. DeVoe pointed out:

It is also well-known that the United States spends more on healthcare costs than any other country in the world but has worse health outcomes than all other developed nations.

That’s not surprising. After all, our health care system isn’t truly a health care system at all. It’s a “sick care system”

focused on addressing symptoms and treating illness, with little intent on keeping people well in the first place.

If America is to hold back the cascade of medical spending, dig out of the debt we are currently under and improve our potential for global economic competitiveness, we must realign the fundamental philosophy of how health care is practiced in America and establish public policies and community programs that promote and support primary prevention.

To be clear, when I speak of primary prevention, I am referring to beneficial lifestyle behaviors that deter the onset of disease before they occur, behaviors such as regular exercise, healthy eating, avoidance of tobacco and other controlled substances, stress management and routine medical exams.

According to the Partnership to Fight Chronic Disease (PFCD), almost one of every two adults has at least one chronic illness. People with chronic conditions account for 81% of hospital admissions, 91% of prescriptions filled and 76% of all physician visits.

To help put those numbers in perspective in terms of taxpayer dollars, consider these PFCD figures: Federal spending in 2008 in Medicare and Medicaid on patients with one or more chronic condition was 32 times the amount of money given to automakers in the 2008 congressional bailout and eight-tenths of the amount of money given to U.S. banks by Congress that same year.

Yet, according to the Centers for Disease Control and Prevention,

chronic diseases like heart disease, stroke, cancer, diabetes and arthritis are among the most preventable. In fact, they are largely attributable to four modifiable risk behaviors: physical inactivity, poor nutrition, tobacco use and excessive alcohol consumption.

In a recent study, Michael O’Grady and James Capretta examined and underscored the costs of obesity in the United States. According to 2008 statistics cited in their study, roughly one-third of U.S. adults are overweight, one-third are obese and 6% are extremely obese, putting estimated obesity-related medical costs in the United States at almost 10% of all medical spending each year. When you add in lost productivity, employees on full disability and absenteeism, the costs jump even higher.

It’s not startling, then, that researchers who recently published their work in the *Journal of Occupational and Environmental Medicine* found that obese workers now have even higher health care costs than smokers.

Primary prevention is the way forward for America, in the physician’s office, in schools, in the homes of families across America, in small and large businesses alike and in how politicians determine our public policies and publicly-funded community programs and planning.

In their study, O’Grady and Capretta describe how Congressional Budget Office (CBO) cost estimates, which generally cover a 10-year period, don’t capture the costly complications of chronic



Joe Moore

diseases, including those associated with obesity, complications that often take more than ten years to manifest themselves. They suggest that a 25-year budget window would be more appropriate and effective.

O’Grady and Capretta’s argument is just one example of the new approach America must take in caring for our health. But, every sector of society must take part in creating this new paradigm of care.

America is currently tied up in knots, feverishly awaiting a decision on the Patient Protection and Affordable Care Act. But, regardless of whether or not President Obama’s attempt at health care reform withstands the U.S. Supreme Court’s scrutiny, the health of America must still be brought under control. If we fail, it is unlikely that we will ever regain our financial health.

Bodytech Wins a New Partner In Brazil: Private Equity Fund of BTG Pactual

SAO PAULO, BRAZIL - Bodytech has won a new partner. In an unprecedented agreement, the *private equity* fund of BTG Pactual acquired a minority participation of the Bodytech chain of fitness gyms through the injection of primary resources, becoming part of the controlling block through a shareholder’s agreement. The original partners remain at the head of operations of the Bodytech Group under the leadership of the businessmen Alexandre Accioly and Luiz Urquiza who have as partners Joao Paulo Diniz and Bernardo Rezende (Bernardinho) among others. Bodytech is the biggest gym chain, in revenues, in Latin America. In 2011, they reached R\$167 million, and the forecast for 2012 is R\$280 million. The expectation is that of a robust and continuous growth

through the expansion of the existing units, new openings and acquisitions.

The Bodytech Group operates with two brands and today has 33 gyms in operation, existing 30 under the Bodytech brand and 3 under the Formula brand, which will expand through its own gyms and franchises, as well as managing the gyms of the Pinheiros and Paulistano clubs in Sao Paulo. Today, the group has 72,000 clients, 62,000 in the gyms and 10,000 in the mentioned clubs. Until the end of 2012, the expectation is to surpass the mark of 100,000 clients.

According to Alexandre Accioly, controller partner, Bodytech takes an important step getting associated with a financial group featuring the solidity of the BTG Pactual, “The association only

proves that we are on the right track. The partnership is part of our strategy toward the consolidation in the sector and in the search for the IPO. It’s worthwhile to mention that Brazil is the country of the World Soccer Cup of 2014 and of the 2016 Olympics, and therefore, our growth will occur in an absolutely favorable environment since the media is generally more and more turned towards sports themes and in your daily health. The population is more and more conscious about the importance of the practice of sports and the search for a healthier life.”

Luis Urquiza, Director President and partner of Bodytech, ratifies the success of the partnership, “The association with BTG Pactual will bring more speed to the growth, *know how* in business management

and *synergy* with other businesses in the health area already signed by the group.” With this association, BTG Pactual intends to achieve exposure in a market under plain growth: The number of users in Brazil grew by an annual rate of 12% since 2007, reaching 5.5 million in 2010. The country is the second biggest in the world in terms of establishments in the sector, but doesn’t reach 10% in terms of revenues, which illustrates its fragmentation and its potential for consolidation. BTG Pactual believes that the Bodytech Group is the ideal platform for its access into the fitness gym sector: Besides the strength of its brand, it features a competent administration aligned with shareholders interests, advanced control systems as well as excellent practices of corporate governance.

...Norm's Notes

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Congress, taking the industry's message of primary prevention to lawmakers, asking them to support policies that will make healthy lifestyle choices the easy choice for all Americans. IHRSA's 10th Annual Summit for a Healthier America was proudly sponsored by the **American Council on Exercise (ACE)** the **National Academy of Sports Medicine (NASM)** and **Spri Products**.

•**Correction:** Last month, I wrote about **STEVE BORGHI**, who was going to buy

what I incorrectly wrote as 30 Bally Total Fitness locations around the country. That was my error, and I should have written: **39**, pending landlord consents.

•**JOHN BRINSON**, club industry veteran, long-time **IHRSA Member** and Owner of three **Lehigh Valley 24-7 Fitness Clubs** in **Pennsylvania**, announced the resolution of his company's **Chapter 11** with this brief **Press Release**, and I quote directly from it:

“Today, April 18, 2012, 24-7 Fitness clubs filed to dismiss the Chapter 11 proceedings begun on March 5th. The clubs and NOVA Bank have reached an agreement satisfactory to all parties,

and thus, have asked the Federal Court to dismiss the case. It is expected that the dismissal will formally happen on April 26th. According to John Brinson, CEO of 24-7 Fitness, NOVA Bank was exceptionally helpful in reaching the agreement on debt restructure and reorganization. A formal announcement was made on April 26th.”

More news from Brinson's operation is that long-time industry veteran and **CLUB INSIDER** subscriber, **DOUG CASH**, has stepped in as CEO for Brinson's three clubs. Best of luck to Doug in his new role and certainly to John as his business now has a new lease on life. Visit www.24-7fitness.com for more information.

•Good news out of California as **IHRSA** reports that **Assembly Bill 2540**, the legislation to impose a California Sales Tax on personal training services has died in the **State's legislature**. On April 18th, IHRSA's alerts to members about the tax proposal resulted in 500 emails being sent to members of the California Assembly asking them to oppose any tax on healthy lifestyles. See the report on **Page #30**.

•**Cybex** has announced improved **1st Quarter results ending March 31, 2012**, with net sales increasing by **20.2%** to **\$37.3 million**, compared to **\$31 million** in the **1st Quarter of 2011**. Check out the story on **Page #28**.

•**The Iron Grip Barbell Company** and **Retro Fitness** announced on April 18th that RetroFitness has selected Iron Grip to be the preferred supplier of dumbbells, barbells, and Olympic plates to RetroFitness franchise locations nationwide. Check out the story on **Page #28**.

•If you checked out our **Page #3** report about **Xperience Fitness**, you already know that **JON BARTON** and his partners, **TOM DAVIDSON** and **JAMIE NELSON**, has joined the ever-growing lineup of Gold's Gym franchisees who've dropped the Gold's Brand and gone their separate ways with new brands. Barton changed the name of 11 Gold's Gyms to Xperience Fitness in Wisconsin and Minnesota and also is converting four **Cardinal Fitness** in the Milwaukee area, giving them 15 locations for their Xperience Fitness rapidly assembled chain.

•I have source on the ground in the **Milwaukee, Wisconsin area**, whose name will be withheld, who was a member of **Bally Total Fitness** there, and he tells me that “In all four of the Milwaukee-area Bally's clubs, all the Senior and Assistant Managers were fired on May 1st along with some support personnel, such receptionists, etc. **Blast Fitness** brought in their own people, but things are still in flux.” We will keep you posted, so **Stay Tuned** folks. And, thanks to my source for

the updates.

•**Good luck** to **MIKE MINTON**, the owner of **Minton's Sportsplex** in **Texarkana, Texas**, as he and his wife and business partner, **MARCI**, travel to **Washington, D.C.** for the **Small Business Administration's Small Business of the Year Awards Ceremony** to be held on **May 21st**. Let's all keep our fingers crossed for Mike, who's already the winner of the **SBA Small Business of the Year Award** for the great State of **Texas**!

•On April 30th, **The Rush Fitness Complex**, a **Knoxville, Tennessee-based chain of 25 upscale, multipurpose clubs** located in several cities in the **Southeast**, held a community event to raise funds for fallen officers. The event was held in **Lenoir City, Tennessee** to benefit the **National Law Enforcement Officers Memorial Fund**. Rush employees and members teamed up with **Loudon County Sheriff's Assistant Chief JIMMY DAVIS** and fellow officers for a ninety-minute spin bike ride. **Congratulations** again to **Rush Fitness Owner, LARRY GURNEY**, for continuing his long running chain of community service efforts.

•**Club Industry Magazine** and **Personal Fitness Professional Media (PFP)** have announced a Partnership to search for the “**2013 PFP Trainer of the Year**” Award. The call to entry for this 8th annual prestigious award is officially open to applicants and nominees, and the award will be presented at the 27th annual Club Industry conference and tradeshow at the Las Vegas Convention Center, October 10-12, 2012. Check out the story on **Page #26**.

•**Congratulations** to **PAT LAUS** as she's been named by **NJBIZ Newspaper** as one of the **Top 50 Businesswomen in New Jersey**! I would strongly argue that Pat should be honored as **New Jersey's Top Businesswoman**! Pat has enjoyed a long and distinguished career in our industry. Back in the 1990s, she served well on what was then the **IRSA Board of Directors**, and she was one of the Board Members who chose to place the word **Health** into the name **International Racquet Sports Association**, to become the **International Health, Racquet and Sportsclub Association (IHRSA)**. The addition of the word **Health** into the **IRSA** name caused a huge influx of health clubs and fitness centers to join **IHRSA**, and now, the 32-year running **Association** has over **9,000 member clubs** in over **70 countries** and has clearly become the world's most influential and helpful club owners trade association. Since those days, Pat's gone way beyond the call of duty with her work raising funds for **Augie's Quest to fight ALS** via her **Clubs for the Cure** organization that, over the past few years, has raised several million dollars. Her work with **IHRSA** and **Clubs for the Cure** are just two of many

(See Norm's Notes Page 8)

JLR Associates

Announces the placement of

Jeff Breit

General Manager

Stafford Hills Club

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...Norm's Notes

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charitable and community service-oriented projects which she supports and participates. Again, **Congratulations Pat!**

• Folks, be sure to check out **Page #18**, which contains **Special Thanks** to all of the companies who placed ads in this edition to **honor Planet Fitness** on its **milestone achievements of 20 years, 500+ clubs and 3.5 million members**. Special Thanks go to: **Cybex International, Flynn Construction, Fusion, Hydromassage, Northeast Color, Spectrum Marketing**

Companies, Street King and Life Fitness.

• I met **JOHN PAUL OUVRIER** at my **IHRSA 2012 Trade Show Booth**, and after speaking with him for awhile, I felt compelled to share his message with you. John Paul is doing great charitable work in California with his **Fitness 4 Charity** organization and invites you to become involved in this worthy effort by *donating your old fitness equipment to the cause*. **Way back in 1984, I donated 16 Nautilus machines** to my old high school in **Rome, New York**, and those machines are still in use in the new \$47 million Rome Free Academy. The truth is I still feel good every

time I think about that donation. Check out **John Paul's Article on Page #33**.

• **More Leaders Needed!** Folks, for the past ten years, you've read my **Norm's Notes** urging you to involve yourself and your club in **IHRSA's Industry Defense Fund**. Current and outgoing **IHRSA Board Member, CHUCK RUNYON**, one of the **Founders of Anytime Fitness**, sent the email below with the subject line reading: **More Leaders Needed**. And, I could not agree more! As you have read in this month's Notes, you know what IHRSA did to help California club owners fight off **Sales Taxes on Personal Training**. Examine the list below in Chuck's email, and you'll see the various categories IHRSA has helped clubs win in many States. So, giving to IHRSA Industry Defense Fund is an *awful lot like paying your club insurance premiums*. Hopefully, you will never need your club insurance or **IHRSA's legislative help**, but you sure will want them to be there just in case, should bad legislation hit your State! **Contact IHRSA's MEREDITH POPPLER** for information at (800) 228-4772, Ext. 1129.

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

• **God bless all of our troops, airmen and sailors and keep them as safe as possible in the War in Afghanistan and all around the world. God bless you and your family, your staff, your members and your club(s). God bless America!**

(Norm Cates, Jr. is a 38-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now in its 19th year of publication. Cates was IHRSA's 1st President, and a Co-founder of the Association with Rick Caro and five others, in 1981. Cates may be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com)

Industry Defense Fund Email From Chuck Runyon:

Norm,

March 28, 2012

It was a pleasure seeing you at IHRSA. I thought the show and venue was excellent!

As an influential industry icon, we need your help in recruiting more industry leaders to protect and promote the fitness industry.

As you know, the growth and success of our industry encounters a new set of challenges, specifically from organizations or government agencies that seek new ways to raise revenue. Or, they attempt to enact misguided consumer protection legislation that, if left unchecked, would severely impact the way our clubs do business. Over the last few years, the IHRSA public policy team has defeated 64 pieces of harmful legislation on issues such as: sales tax on membership dues, AED/CPR requirements, personal trainer regulation, membership contract restrictions, tax exempt competition, bonding requirements and privacy laws (see the list below). In addition, the public policy team continues to educate lawmakers on the benefits of exercise incentives to solve the growing problem of inactivity and obesity. In my opinion, it's only a matter of time before government understands the impact of an unhealthy nation, and in turn, provides healthy legislation to motivate employers and individuals to get moving!

If you want more details about the ongoing efforts of the public policy team or a list of state legislation that IHRSA is monitoring, please contact Helen Durkin (had@IHRSA.org) or Amy Banham (aeb@IHRSA.org) at IHRSA.

Please use your influence to recruit new leaders to grow and protect the industry, or if you are willing to provide me with contact information of club owners, I'm eager to make personal phone calls.

With a collective effort and shared resources, we can shape our industry, cast a wider net and positively influence the health of our country. If not, our future may be decided by the self-interest of a few.

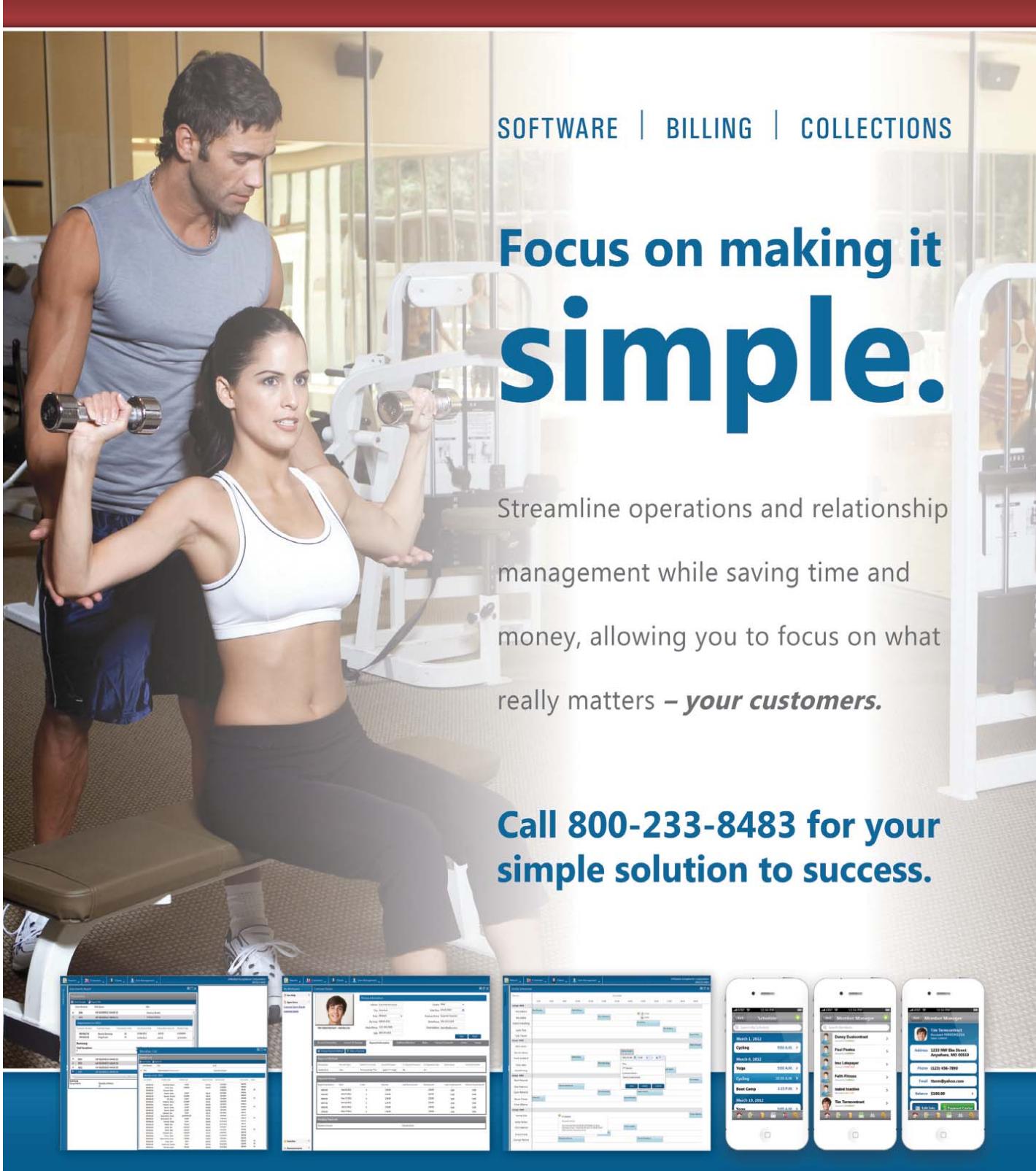
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...Planet Fitness

continued from page 3

closed its doors and gone out of business! Perhaps, this statement pulled from the Planet Fitness website best describes exactly why Planet Fitness is booming to the extent that it is: "As the most innovative health club brand in the United States, Planet Fitness is known for a lot of things; our absurdly low prices, our Lunk Alarm, and most of all perhaps, for our Judgment Free Zone® philosophy, which means members can relax, get in shape, and have fun without being subjected to the hardcore, look-at-me attitude that exists in too many gyms."

Now, here is a great interview with Mike Grondahl, Chairman and Chief Executive Officer of Planet Fitness.

A Special Interview With Planet Fitness Co-founder Mike Grondahl

CLUB INSIDER (C.I.) - Planet Fitness has enjoyed great success, Mike, what have been the key criteria you've used to screen for the best possible franchisees?

Mike Grondahl (MG) - We increased the amount of net worth and cash you need to have to qualify for a single Planet Fitness Franchise. Originally, our requirements were a net worth of \$1 million; now it's \$1.5 million. Originally, the cash-on-hand requirement was \$250,000, and we now require \$500,000. These minimums have provided us with well qualified franchisee candidates.

C.I. - Who opened the 500th Planet

Fitness Club?

MG - The 500th club was opened by Pete Ruggieri in Chicago in January, 2012. Pete also owns 13 Planet Fitness locations in the Philadelphia market.

C.I. - How many company owned stores do you have now?

MG - 32, and we're partners in 35 more in the New York City area.

C.I. - How many franchised centers do you now have open?

MG - 532 are now open now. We had another one open today (as of press time, they were up to 534).

C.I. - How many different individuals own Planet Fitness Franchises?

MG - We have about 130 franchisee groups, and the average group owns four Planet Fitness franchises.

C.I. - How many qualified and signed franchise agreements do you now have?

MG - We've actually recently taken some of them back, and I think we probably have around 1,000 now. We took some franchises back because some of them could not keep up with their schedule. In the past, we would be a lot more lenient, but now, there's so much demand for the product we're not being as lenient as we have in the past. You would have thought it would have been tougher, but actually, the new leads have increased with the higher financial requirements.

C.I. - What percentage of franchisees have sold their businesses so far?



Where It All Began: Planet Fitness Dover, New Hampshire, the Company's Flagship

MG - That's a very small single-digit number. We bought the first one that ever traded. That was in Belmont, New Hampshire.

C.I. What happens when a franchise is not successful? Do you buy it back?

MG - Not necessarily. We bought one in Denver, Colorado, rather than let it close. It depends on the situation, but we've only had one to ever close. That's it.

C.I. - That's more than pretty remarkable.

MG - Haha! But, people don't believe us when we tell them that!

C.I. - Let's drift back to your January, 2008 **CLUB INSIDER** Cover Story that we did. During that interview, we reflected back to 1992 when you first got involved in low-price memberships. You shared how you borrowed \$5,000 from your Mom to buy a Gold's Gym in Dover, New Hampshire. You told the owner selling the gym, and his Gold's members, that you were not going to assume the membership obligations. Then, you went in and started selling memberships for \$99 per year, and before you knew it, you had \$83,000 in your bank account. What did you think when that happened?

MG - Like you mentioned, that was back in 1992, and to be perfectly honest, I didn't know exactly what to think. I knew I was on to something. I wasn't exactly sure, but I knew that low-price was going to be part of my life somehow, some way. I knew that there was something very right about low-price. I thought it was going to impact me in ways that would make me rich forever, but boy, I was DEAD WRONG! I missed the mark on that one because the retention on \$99 pre-paid for the year was absolutely horrendous. When nobody rejoined at \$99 a year, that took the wind out of my sails. I think only 11% of the 800 memberships that we sold actually rejoined!

C.I. - So, you learned the hard way at that

point that the concept of low-price certainly didn't work on a prepaid basis. This ought to be a good lesson for any of our readers who are tempted to get involved with those membership promotion companies who sell two or three years for \$159 or \$189!

MG - It didn't work on a prepaid basis at all! But, if you fast forward five years, over that period, I had sold \$99 down and \$10 per month, \$99 and \$15, \$59 and \$20, \$25 and \$25, \$20 and \$29. I basically tried every membership combination I could think of. At that time, all the consultants in the industry said you have to charge \$39 a month to make money.

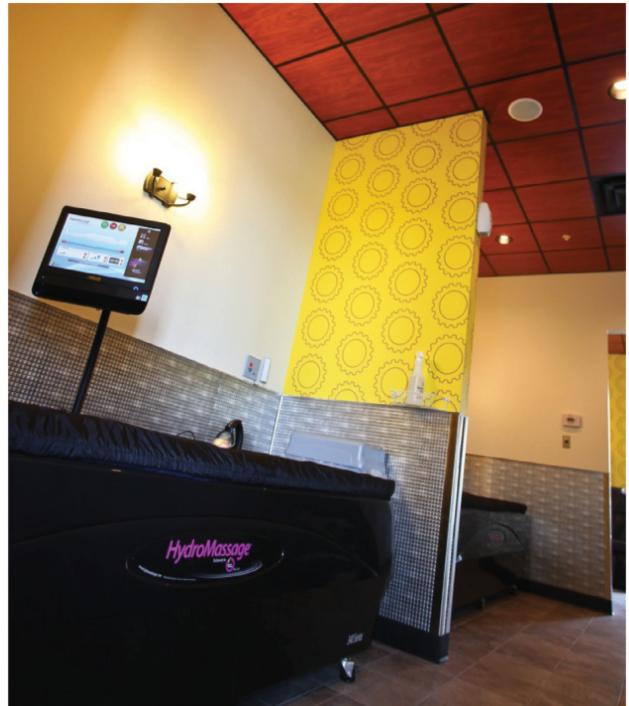
C.I. - Let's all talk about the copycats of Planet Fitness that are out there. How many are there? I've lost count! Let's look back to our January, 2011 **CLUB INSIDER** Norm's Notes where I listed what is an ever-growing list of low-price, Planet Fitness knock-offs. They were:

- **Blink Fitness** in New York;
- **Cardio Express** in Connecticut;
- **Crunch Fitness** in 4 states;
- **Fitness 19** in 26 states;
- **Fitness Evolution** in Maryland;
- **Fitness for 10** in 3 states and Canada;
- **Fit4Less** in Canada;
- **Fitness4You** in Georgia;
- **RetroFitness** in 10 states;
- **Spunk Fitness** in Maryland and New York;
- **Super Fitness** in Pennsylvania;
- **YouFit** in Florida;
- **Zip Fitness** in Illinois.

So Mike, my question is: Do you know of any more Planet Fitness knock-offs that we can add to the list above?

MG - Well, you left off Blast Fitness! But, as far as the copycats, there is one that I don't want to name outright because they paid me a compliment. They were originally a Planet Fitness Franchisee, and they changed names to their new name.

(See *Planet Fitness* Page 12)

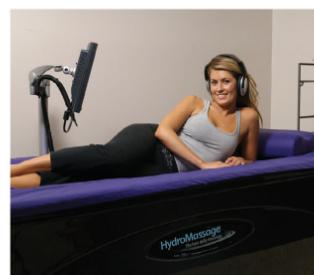


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...Planet Fitness

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That person sent me a letter last week that said, "I wished I would have listened to you. Being greedy will always get you in trouble. I just had to close one of my clubs. Competing with you was the dumbest thing I've ever done in my life."

C.I. - Okay, we will add Blast Fitness. But, let me ask you, Mike, since you own the rights to the trademarked name, Blast Fitness, do you plan to make them stop using the name?

MG - You can add Blast Fitness, but I think they're going to need a new name. We do own that Trademark. I came up with the name back in 2000. Mike Krassner, a good friend of mine, operated under Blast Fitness, since 2000, back before we were franchising. He was one of my managers and a good friend. He wanted to move to Connecticut and go out on his own, which I love to see people do even though I don't like to lose staff. If I am losing them for the right reasons, which to me, opening another gym is the right reason, I was happy. He asked me if I had any idea for any names, and I told him Blast Fitness. So, he started using that name, and once we got into franchising, about two years in, he realized we were going into Connecticut.

He decided it would be better to be a Planet Fitness than a Blast Fitness. So, he changed his name to Planet Fitness, but what he did was call the 30-minute circuit he used in his club Blast Fitness so it would keep the Trademark intact. You have to renew Trademarks every few years. Last year, he renewed his Blast Fitness Trademark, and I bought it from him at that point.

We were partners in the clubs in Connecticut. We just decided there was not enough profit to share in those clubs, so he bought us out. Part of the deal was I acquired ownership of the Blast Trademark. We use the Blast 30-Minute Workout in our locations. I thought it was a good trademark to own. I saw the handwriting on the wall, the more trademarks you control, the stronger your company. We've already sent Blast a letter telling them to stop using our Trademark. As of last Tuesday, we had yet to hear back. My attorneys told me that I was obligated to send notice to them as soon as possible after I became aware that they were using our Trademark name.

C.I. - Why did Planet Fitness Corporate form a franchise association, if it is to be the voice of the franchisees controlled by them?

MG - Well, there was no franchise association at Planet Fitness before this year. In 2011, we met with Dr. Stephen



Blast Fitness Sign Partially Covering Bally Sign in Wisconsin

Spinelli, who was a co-founder of Jiffy Lube and is now President of Philadelphia University. He went into academia after he made his millions with Jiffy Lube. I wish I had a teacher like him when I was in college. He spoke at our 8th Annual Convention in Las Vegas last week. After he joined our Planet Fitness Board of Directors last June, he asked me if we had a franchise

association. I told him there was not one. He said, "There is going to be one. So, if there is not one now, you might as well set it up now so that it will be put together and done in the right fashion. Because usually, the franchise associations come from guys who are disgruntled. Given you don't have one now, you should set it up."

C.I. - Tell us what you guys think about people who knock off Planet Fitness by dream up a new name and cutting their price to \$10 per month, erroneously thinking that's *all there is to it*?

MG - That makes me laugh! Because, you've got some real heavy hitters in the industry who think that they can cut the price to \$10 and build the same box that we have and just start making money. It makes me laugh because there's so much more to it than just putting the price at \$10. When you go into a Planet Fitness, you will see the desk in the right spot. We have to have the right type of flooring, the walls have to be wrapped with the right product and you've got to build the club with no offices. Without giving away all of our secrets, you have to figure out how to make that club run post-pre-sale so that, on a monthly basis, it's very, very easy to keep clean and very, very easy to run with very few employees.

What a lot of guys do is build clubs like they have in the past, and then, they lose control of the club. If you don't have the design exactly right from the start, you are pretty much dead from the start. What will happen is that, over time, your cap ex will kill you. Or, you won't keep up with it, which is even better for us. I mean, that's really the Bally story. There were really two major problems with Bally: 1) the way they sold memberships and 2) they did not keep up with their cap ex. Had they kept up with their cap ex, and had they not been so high pressure with their sales, they would still be alive. And, you know what? This conversation leads right into why we no longer have one-on-one Personal Training. I mean, one of the reasons we don't have PT is because no matter how much the owner says, 'we're not high pressure,' if you have to ask somebody to sign up for personal training, there is going to be a certain amount of pressure that needs to be applied to some people. That's why we didn't want it in our clubs.

C.I. - Well, I remember awhile ago when you told me about your reasons for that decision, your point was that personal training had become a nuisance with personal trainers

(See *Planet Fitness* Page 14)

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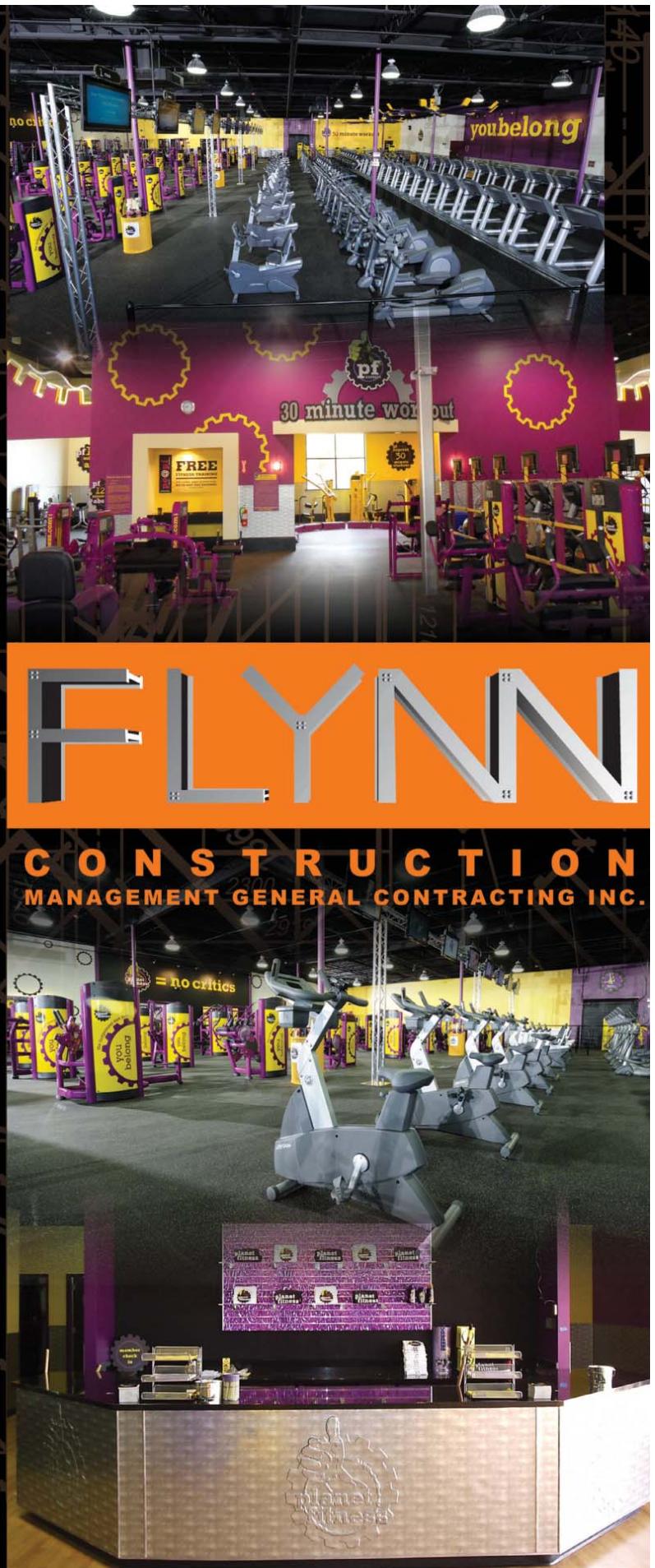
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...Planet Fitness

continued from page 12

saying over and over, 'Buy a package. Buy a package. Buy a package.' Plus, invariably, a personal trainer will be pushing losing weight, when a person may have come there to fight diabetes and is not focused on losing weight, per se.

Let's move on to perhaps the hottest and nastiest Planet Fitness news, and that's your lawsuit against your New York City area Planet Fitness partners, Jeff and James Innocenti, Gino Laverghetta and Vito Raguso, who allegedly were involved in some dirty dealing behind your backs. Please tell us what you can about that lawsuit?

MG - The only comment I can make with respect to that is I considered Jeff one of my best friends in the world. It really, really hurts sometimes to be a franchisor. But, in this case, this is not a franchisee problem. This is a partnership problem. They don't believe they did anything wrong. I sure as hell would not be spending \$300,000 a month in legal fees if I didn't have strong proof that they did something wrong. I've never been so hurt in all my years of doing business. Emotionally, it has really taken a toll. It's too bad because we had a great, great thing going. That's really all I'm comfortable commenting on now.

C.I. - I know the IPO has been set back a lot by this lawsuit. What's the status on that?

MG - The IPO is off the table. We've given up for now on the idea of the IPO. The lawsuit not only hurt us in a personal sense, it's also been a setback as far as the IPO is concerned. We can't go public for probably a number of years to come. What we have to do is get the problems caused by the lawsuit fixed, controlled and contained. It's now possible that we could choose a different route than an IPO.

C.I. - Let's look ahead, Mike. You just told

me you have 532 Planet Fitness Franchises now open, a great achievement in itself. Congratulations Mike! How many open gyms are you projecting to have one year from now? Five years? How many signed franchises do you have now?

MG - We've got 1,000 clubs committed over the next seven years. This year, we're going to do 130. I believe that next year we will do at least 25% more because we're growing exponentially now. But, there are a lot of variables, such as building permits, etc. But for next year, 162 plus or minus 10 for the year. Then, if you want to talk five years out, if we are able to complete the negotiations for the big line of credit we are working on, we should do 200 a year. The problems we have right now is that we have guys out there that are just knocking the cover off of the ball. I will give you one example.

Down in Lafayette, Louisiana, we have Kevin Windham who has over \$160,000 on EFT. So, Kevin opens his second club two months ago and his EFT in that one is now \$155,000. He can't get financing from the banks because they've said he's opening the clubs too fast. But, I have to shut up because they're bankers, and I hope to make friends with them eventually. A guy like that guarantees that his next club is going to be successful. So, what we're doing is seeking out a bank that Planet Fitness Corporate will guarantee all of their loans through. That's what a franchisor should be working on. If we're able to pull off a \$100 million loan for our franchisees, we'll do 200 clubs next year, easily.

Interestingly, Windham and our franchisee in Oklahoma City, Trey Canard, are both professional Motocross racers. I feel really good about it because most athletes as a whole don't invest their money during their career. Some blow it, and by the end of their career, they are penniless. So, to be able to start investing while they're in the middle of their career, those athletes

(See *Planet Fitness* Page 16)



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...Planet Fitness

continued from page 14

who do that will be multimillionaires for the rest of their lives.

C.I. What were your Planet Fitness Corporation 2010 and 2011 revenues?

MG - 2010 was \$103 million, and 2011 was \$148 million.

C.I. - Is Planet Fitness planning to go international? If so, when? What has held you back from doing so thus far?

MG - Yes. We're already in Puerto Rico, but that's not truly international. Neither is Canada, but we're having a lot of conversations about Canada. We had guys looking in Panama now and in the Dominican Republic. So far, the performance of our club in Puerto Rico is something that nobody in the industry in America will ever believe. They sent us a picture because we didn't believe it. The picture was of an hour long waiting line to get in the gym! Our problem there is that real estate in Puerto Rico is impossible. They have an incredible amount of members, and they actually broke our then record for most membership sold in one month by selling 6,114 memberships in September, 2011! The gym is only about 12,000 square feet.

The primary reason we've not

gone international more aggressively, though, is because of our amazing growth here in the U.S. But, I believe that, when we focus on South America, we'll be going there big time in the future. As far as Canada is concerned, David Patchel-Evans knocked off some of our Trademarks. He registered our Trademark slogans as if they were his own. I know he tried to do the McFit brand in Canada. I doubt that the McDonald's people like that very much. He's tried to do the low-price model, but he's not done many.

Publisher's Note: The history on this is amazing because, according to Mike Grondahl, David Patchel-Evans came in to their Planet Fitness offices and talked about becoming a Planet Fitness Franchisee. Then, he took what he learned and went back to Canada to create his own brand he called McFit.

Mike Grondahl Continues: He shouldn't have done that because now I'm mad. He picked my brain and acted like he was going to become a Franchisee. I wasn't mad before he did that, but he set up a meeting with me through Tom Behan and acted like he wanted to be a franchisee. Basically, he came in and took all our info and went away to do his thing, registering our slogans, etc. in Canada.

C.I. - Please tell us about your 8th Annual Planet Fitness Convention in Las Vegas that you guys just produced and attended. How many people attended? What were the most interesting happenings during the event? What was the 'Pulse' of your franchisees?

MG - We had about 600 in attendance. As far as the main happenings, we made the introduction of our new software system called Visionary, which is going to revolutionize Planet Fitness. It would revolutionize the fitness industry if we would share it, but this is going to create a barrier to entry for some who try to compete with us. We invested \$2 million, and we took it to a level that nobody in the industry could ever imagine! Let's put it this way, the very first day we showed it in Las Vegas, we had 160 clubs sign up for it. The Visionary System will help the gyms run smarter and easier. It'll also help us benchmark data and essentially drive the behaviors of your gym staff so that, even when you are not there, you'll know everything that's happening.

C.I. - Well Mike, that's great to hear! That reminds me of June, 2005 when, after the New York City Club Industry Show, I jumped in my car and drove north out of the city until I came to the first Planet Fitness Center I could find. I don't remember where it was, but I went in and shopped

it. I was amazed at the spotless cleanliness of the place. So, this new system is going to help franchisees make that happen 24/7.

MG - The industry pays commissions on sales. Planet Fitness pays commissions on cleanliness. We know that, at our price, our facility will sell itself. Planet Fitness Staff are trained to be very low-pressure in their sales efforts. We actually know that, if somebody leaves and says they are going to go look at other locations, we just smile, knowing that they will be back because everybody else is going to pressure them. But, people love the fact that we have so much confidence in our product that we don't have to hold a gun to their head to get them to join.

C.I. - Well, that's great, Mike! You are commenting about my #1 issue in this industry for years now: Cleanliness. That's surely what I experienced in my shopping visit.

MG - Well, I've got five people waiting to see me, so I've got to run. But, before I do, let me mention this in response to your question, 'what was the 'pulse' of your franchisees?' Certainly, the launch of Visionary was very positive and energized many of the folks that were there. But, I was thrilled with the turnout and the overall vibe. Seeing people excited about the future of Planet Fitness and talking

(See Planet Fitness Page 18)



**Congratulations to Planet Fitness
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Life Fitness is the global leader in providing fitness equipment. The company manufactures and sells strength and cardiovascular equipment under the brand names Life Fitness and Hammer Strength and distributes its equipment in more than 120 countries. Headquartered outside Chicago, in Schiller Park, Ill., Life Fitness is a division of Brunswick Corporation (NYSE: BC). Life Fitness products and services deliver the enhanced user experience and reliability facilities need. Offering the largest breadth of cardio and strength-training products in the industry, Life Fitness provides value added services, including facility layout, flexible financing and ongoing service and support, to help you create the perfect solution for your facility.



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...Planet Fitness

continued from page 16

about ways to improve our business gets me fired up!

I owe a big thank you to our Franchisee Advisory Council (FAC) for all their hard work. The FAC is doing a great job of communicating with us and with the rest of the franchisees. The group has outstanding leadership, and I think that, by working together, franchisor and franchisee, we'll create an even stronger company.

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• • •

We've just flat run out of time, but Stay tuned, folks!

CLUB INSIDER would like to thank Mike Grondahl and Jamie Medeiros of Planet Fitness for all of their time and effort on this Planet Fitness Special Edition. And, we would especially like to thank the following Planet Fitness vendors for their ads bearing congratulatory messages to Planet Fitness: Cybex International, Flynn Construction, Fusion, Hydromassage, Life Fitness,

Northeast Color, Spectrum Marketing Companies and Street King.

And last, we want to thank you all for reading this special edition cover story!

(Norm Cates, Jr. is a 38-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now in its 19th year of publication.

Cates was IHRSA's 1st President, and a Co-founder of the Association with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. Cates may be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com)



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Why Your Health Club Should Be Run More Like A Dojo

By: Andy Graham

Why your health club should be run more like a dojo... or, "I'll rest when the IHRSA statistic of '2-4% of members' represents the percentage of members *not* working with a coach/trainer."

I'm positioning the conclusion of this article at the very beginning so I have your full attention. If you want greater profitability per square foot in your health

club, a greater return per training dollar, much higher retention, a community that loves you, members who want to become your employees and ambassadors and to know that the vast majority of people who walk through your door are physically better and more capable than before they entered, then your club should be run more like a **dojo**.

What is a dojo, just in case you don't know? Wikipedia says a dojo is, "a

school or practice hall where karate, judo, or other martial arts are taught."

Disclaimer: I realize that people join clubs for a myriad of reasons; training, weight loss, community, stress-release, and each of these reasons are valid. This article is not suggesting that large clubs cannot serve their members as well as small clubs. What this article is suggesting is, whether large or small, by far the majority of all new members signing a membership agreement in almost every fitness facility around this globe have specific goals in mind and specific needs required to meet those goals. For that same vast majority of members, the money and time invested has little or no return. Or, maybe I should say the psychological benefits of their memberships greatly outweigh the physical benefits.



Andy Graham

equipment is not your competitive edge.

In your mind, you're probably thinking of the many members you personally know whose lives have been changed in your club. That's wonderful, *but they are in the minority*. In most clubs, it's a very tiny minority. In many clubs, it's an endangered minority. In the martial arts world, and the clubs I interviewed, they would be in the majority. The following is my opinion of why we need to start changing the equation:

Does this describe your club? "Everyone that walks in our door has one or more fitness goals in mind, and they've come to us because they don't have either the knowledge or discipline to do it on their own. What kind of business would we be if we simply gave them access to the tools but left them alone to figure it out? How successful would they be? How successful would we be?" This quote came from **Rick Mayo** of **NorthPoint Fitness**, but the same message (almost verbatim) came from the lips of everyone that I interviewed on this subject. For the record, that would be:

- **Rich Boggs** - CEO of Body Training Systems (BTS);
- **Rick Mayo** - Owner of NorthPoint Fitness and President of NorthPoint Personal Training Systems;
- **Phil Dozois** - Owner of Breakthru Fitness in Pasadena, California;
- **Eddie Camden** - Owner of the Tiger Academy of Martial Arts;
- **David Bartow** - Owner of two Karate USA Family Martial Arts studios.

I had five thought-provoking conversations with five very successful business people, and their opinions were so similar, that each quote, each opinion could easily be interchangeable. They are each in agreement that, like a dojo, people thrive in small supportive groups, the emphasis must be on the programming and the instructors, everyone is following the same training philosophy and no one should be left on their own. While every club likes to showcase their newest ipod-connected cardio, there's a bit of bad news. Maybe you've already seen the IHRSA statistics or the BTS presentation; your "machine members," who currently represent approximately 80% of your members are the least loyal and the most likely to jump when the new club opens across the street. *Your*

Reason #1: The great majority of your members have absolutely no idea of how to train efficiently towards their goals. Look around. Most of your members are clueless, *just like you would be in their industry*. If you don't believe me, have your very best trainer (the one with the trail of alphabet certifications after their name) tour you through the club during prime time. If you don't shed a tear, I'll be shocked. Here's a quick description of *most* new members and *most* new personal training clients: Middle-aged women who want to lose weight. Tell me honestly if you really believe she's going to lose substantial weight while training at an intensity low enough to watch television or read a book?

Reason #2: The great majority of your members will *not* succeed without coaching. Asking David Bartow and Eddie Camden what percentage of new martial art clients could reach their goals without an instructor, they each smiled and replied, "not one." What do you think that number would be in your club? Rick Mayo, Rich Boggs and Phil Dozois collectively would tell you, "two... *maybe* three." When Rich observes that, "we want members to pay us... but not bother us," is that really a recipe for long-term success? We all know that making lasting behavioral change is really hard. We also intuitively know (and can document) that members are mostly successful when they're involved with a

(See Andy Graham Page 23)

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Membership & Business Management Software

...Andy Graham

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trainer or group programming. Your members are *craving* to be part of a supportive community and need a lot of quality help.

Reason #3: Once we have the new member involved with any level of training, there *cannot* be different training philosophies from different trainers. When a club member gets five different opinions from five different trainers, credibility is the biggest loser. There is only one sensei (or master) who sets the training philosophy and designs the programs, and all instructors reflect that direction. Period. Want to teach a different form? Open your own studio. How many trainers work with their own trainer? Why not?

Reason #4: Getting paid for your expertise. If the public's perception of your expertise would be as great as my opinion of an airline pilot or my dentist, would it be possible to charge more than \$10-20 per month? When I walk into a dojo, *I know* that I cannot succeed without instruction; *I trust* that the master instructor will know how to take me from flab to fighter, and *I know* that I will not be asking for a discount.

Have you ever gone to a dojo and told the instructors that you did not want their help? Did you confidently declare, "Don't worry 'bout me, I took a few Taekwondo classes back in junior high?" Maybe you overheard someone explaining, "Where did I learn my Kung Fu? A friend of my big brother was a black belt." Or maybe, you asked for a greatly reduced rate since you were planning to follow your own training program and would not be bothering the instructors.

While these questions sound incredulous when visiting a martial arts center, they're everyday responses in today's health club. Why? Could it be as simple as saying that most members don't believe you know that much more about fitness than they do? Eddie Camden of the Tiger Academy in Atlanta gave me one of my favorite quotes. When I noted that most visitors to a dojo seem humbler than visitors to a fitness facility, he responded, "Maybe that's indicative of their expectation of expertise." Ouch. Do your members *really* respect your knowledge and expertise? Are they beating down your doors for answers

to weight loss? Or, are they spending their money at the QuickMed weight loss center down the street? Is Mr. Smith still ignoring you and continuing with his behind the neck presses and side crunches with 50-pound dumbbells?

A quick word regarding credibility: When joining a martial arts studio, David Bartow tells me that, if an individual cannot commit to a minimum of two days per week, they will ask them not to join at this time. Similarly, we *know* what's required for our members to succeed. Does our knowledge match our actions?

Reason #5: More revenue, less overhead, greater profit. The marital art studios that I spoke with have monthly revenue that would be the envy of many much larger clubs, each of which are carrying a much larger debt load. And, they accomplish this with very Spartan interiors, which have nothing to do with entertaining but everything to do with training.

Can this programming-centric/minimalist design model work for health clubs as well? For Phil Dozois of Breakthru Fitness, the real test would be if he could make the same or more money with a smaller membership base. The answer would be a very big yes. Today, Phil has 1,400 members in a 14,000 square-foot facility, and he plans to cap the membership at 1,800. Almost 20% of his members are involved in fee-based programming (including Parisi's, Pilates, personal training and their Peak 10 program). His monthly revenue (in excess of \$200,000) is an almost perfect 50/50 split between membership and programming.

Similarly, Rick Mayo of NorthPoint Fitness has maintained an almost 78% retention rate over the last ten years with a monthly draft that shocks most club owners when they visit. He accomplishes this in a 6,000 square-foot facility with 330 members. Each of the martial art studios I visited are operating at near capacity, while charging in excess of \$100 per month per student.

As Phil stated, "Our industry tends to think purely in volume; more people equals more profit, but *results* are what drives retention, referrals and profit." Using slightly different words, each of these five told me that, from the very start, they decided to focus their energy and money to reflect their values. They value nothing more than effective programming and the quality of their instructors.

This dojo equation of creating *more revenue from fewer members, allowing us to provide guidance and instruction to the great majority of our members, can* be accomplished in today's fitness industry. But, it requires a training-centric culture where the primary focus and drive is results for every new member who walks through our doors. We should accept nothing less. In the words of the very passionate Rich Boggs, "If you're not in the business of serving the customer, go do something else."

I'm convinced that health clubs who more closely mimic the model of the dojo will finally be able to flip our industry's

model right side up and eventually report that only 2 - 4% of members are *not* involved with some level of training. Until then, I'm not resting.

(Andy Graham, Founder of NEXT Fitness, searches for and provides innovative equipment and services designed to take advantage of emerging trends in the fitness industry. Over a 24-year career, he's represented some of our industry's major companies, including Cybex and FreeMotion. He can be reached by phone at 678-315-2590 or email at andy@nextfitness.co)

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How to Be More Productive in Less Time...

Eat That Frog!

By: Donna Krech

"If the first thing you do when you wake up in the morning is eat a live frog, then you'll have the satisfaction of knowing that's probably the biggest, worst thing that could possibly happen to you all day long. Your frog is your biggest task."

- Brian Tracy

I am honored to call Brian Tracy, the foremost author and trainer on business and human potential, a friend. In a recent interview with him for a book I'm writing, I realized our industry could reach our potential of helping more people fall in love with fitness (and we'd make more money) if we applied his *Eat That Frog* principles.

There are a lot of time management programs out there, but I have never found anything that speaks to it better or more practically than *Eat That Frog*. Apply what it says and you'll prioritize like a champ.

The premise is simple. If you have two frogs to eat, eat the ugliest one first. This will have the greatest impact on your life and will release the most endorphins, setting you up for the rest of the day. Secondly, if you have to eat a frog at all, it doesn't pay to sit and look at it for too long. Get on with it.

Time management is simply the ability to control the sequence of events in your life; to decide what to do first, second and not at all. Successful people choose a different sequence of events than unsuccessful people.

Brian realized he had enormous potential he wasn't using by thinking on something we've all heard many times, that we only use 10% of our brain. He said, "If you could just use 20%, you could double or triple the quality of your life, your income, solve all your problems and achieve all your goals. Einstein, the greatest genius of the 20th Century, only used 15% of his at the highest peaks of his work!"

The way you use your time very much determines the quality of your life. Improve the way you use your time and change the overall quality of your life because time management is really life management. It's "you" management. The most successful, happiest people are the ones who use their time at the highest level. As a result, they achieve much more of their potential.

Select your most important task and then do only that until it's done. If you can do that, you can control the world.

If you can't, you will always be playing "catch up."

Prioritization of tasks starts with knowing your values, vision, mission, purpose and goals. Your values are what you believe in. Successful people are clear about their values; they don't compromise them. Based on your values, if you could create a perfect future for yourself with regard to your work, family, health and finances, what would that look like? A mission is what you want to do to help others within the constraints of your vision. People and companies with very clear missions are vastly more successful than those just operating day to day.

Your purpose is why you do what you do. If your purpose is money, you may or may not know success. If your purpose really makes a difference, you'll know success and be happy.

Lastly, what are the goals you want to achieve so the values, vision, mission and purpose of your life are lived? Time management comes down to asking, "What activities do I have to engage in to achieve the goals, to fulfill the purpose, to complete the mission and to create the vision that's consistent with my values? It's easy to set priorities when you know who you are and what you want, even if you have multiple tasks in front of you for the day, week or month.

How do you know what to do first, second, third and on? Make a list of everything that needs to be done today. Review the list with the A, B, C, D, E method. As are things you "must do," Bs are "should do's," Cs are "would be nice, but don't really matter's," D means delegate, E means eliminate. Assigning a letter to each will create prioritization. Now ask, "If I had to choose only one thing to get me to where I want to go, which would I complete?" Start with that.

Resist the temptation to clear up small things first. We say, "I'll just get these little things done," and suddenly, the day's over. What happened? Little tasks multiply like rabbits. If you start on little tasks, the list grows, phones ring, computers beep, people walk in, and at the end of the day, you haven't gotten anything done.

Discipline yourself to do the most important thing at the beginning of your day and complete it 100%, and for the rest of the day, you'll produce two or three times more than normal. When you complete a big, important task, you dramatically increase your potential. This is a life changer. What this does to your performance is almost uncanny!

Science shows the height of

human success is having joy, peace of mind, happiness or elation. When you complete a task, your brain is designed to release nature's happy drug, endorphins, as a way of saying, "well done," and encouraging you to complete things.

It is in completing things that you dramatically enhance the quality of your life. Do something as small as putting away all the groceries, you get a shot of endorphins and feel happy. Check all your emails, you feel happy. Do anything that has a beginning, middle and end, you feel happy. The more important things you do, the more endorphins you get.

When you complete your most important task, you get a rush of endorphins which makes you laugh and feel more creative, personable, loving and kind! Successful people organize their lives so they're continually starting and completing important tasks because it's a source of joy, enthusiasm and confidence.

We understand endorphins, so it's obvious how a positive addiction could occur with getting the big things done first. The hardest step is always the first, but once you get into the rhythm of starting and finishing important tasks, you feel wonderful about yourself and get better at the things you do. As a result, you produce more, get paid more and get more respect. Your whole quality of life improves by deciding the most important thing to do and then doing them.

Maslow showed only 2% of people do what they love. The whole world opens up for them. The other 98% are struggling, wasting time and dealing with their life problems; they're not well



Donna Krech

organized or disciplined, they don't have clear goals and they don't plan their days.

You have extraordinary potential and can do marvelous things with your life if you use your God-given talents. The more you use them, the more competent and happy you'll be, and the better results you'll get. You'll get onto an upward spiral of life.

As Carlisle said, "A great business is not to see what lies dimly at a distance, but to do what lies clearly at hand."

Do what lies clearly at hand with your whole heart and everything takes care of itself. If you would like a copy of the entire interview with Brian, call (866) 240 - 8446.

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

...Xperience Fitness

continued from page 3

Clubs will be refreshed with a new, motivating design and colors.

"Our facilities are topnotch and our equipment and amenities among the best," said Barton. Most Xperience Fitness gyms feature basketball and swimming.

Not Your Grandfather's Gym

"Xperience Fitness promises to our members to be a future-leaning, technology-facing fitness center built for 2012 and beyond," said Barton. "In addition to our low rates and no long-term contractual commitments, we will offer fast, technology-based procedures with self-managed capabilities so members have the ability to direct their own fitness

experience if they so choose. We have developed tools that deliver on the promise to help our members lead an active lifestyle and bring the experience with them wherever they go."

The Xperience Fitness website (www.myxperiencefitness.com) will serve as a member "user manual," offering relevant content, expert advice and the ability for members to track fitness progress through a Member Profile, make online payments and participate in helpful live chats.

Xperience Fitness members will enjoy the added benefit of being part of IHRSA's Passport Program that grants members access to health clubs throughout the world at discounts of 50 percent or more depending on the individual health club's policy.

advice, etc.

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I wanted something that was a business inside my business, that would complete the health club as a full program, and I have found that with Thin&Healthy's Total Solution. I can sleep at night knowing I am doing everything in my power to give my members the tools to reach their potential.

- JOHN DAMINATO



I have been in the fitness industry for over 25 years and I've seen lots of people come and go. But never in any health club have I seen a good weight loss program that really works and that I can stand behind, that promotes exercise, healthy living and a long-term fix. That was my main objective when looking to add a weight-loss program to my club.

This club is a real passion of mine. I'm always trying to improve it with services, equipment and design, but one piece of the puzzle was always missing. The fact of the matter is that 90% of the people who come to our club come here to lose weight, but the majority of people who join a club don't lose weight just by being members of the club.

I've tried to bring programs in to help people with that, but nothing has really worked the way I wanted

it to work. I wanted something that was a business inside my business, that would complete the health club as a full program, and I have found that with Thin&Healthy's Total Solution. I can sleep at night knowing I am doing everything in my power to give my members the tools to reach their potential. I'm really comfortable with our club now because there's nothing I feel we need to add anymore. Thin&Healthy's Total Solution completes the puzzle.

Thin&Healthy's Total Solution is a great program for your members. We give them all the tools, and the majority of your members on this program will have success. The people who've been on the program for 2-3 months are into the program just as much now as they were into the beginning, and that rarely happens on any program. Over 75-80% (possibly even higher) of the members are doing phenomenally well and are on track or ahead of schedule to hit their goal weight by their goal date.

The bottom line is that this is about weight loss, and this program will give your members the best results. And because the program is great, you will see financial success with more and more members. Plus, the turnkey marketing tools provided help build that EFT base. I can't say it enough, this program is great, as well as the systems.

I use the Thin&Healthy's Total Solution marketing materials they provide to market to our whole club, and we've seen an increase in not just weight loss members but club memberships as well. I've been running the same Thin&Healthy ad once a week since the middle of January, and it's pulled better than anything else I've ever tried for the club.

The Thin&Healthy program has increased our membership dues by 2 1/2 times at least. Comparing last year to this year, our membership is up 10-15% because of the addition of Thin&Healthy's Total Solution. Our EFT base has increased 25-30% and it's still growing. We've also seen an increase in our PT clients because

of Thin&Healthy's Total Solution and the product sales have gone up for sure. These numbers are just going to continue to grow and I can't see it ever getting stagnant.

We've got one employee strictly for Thin&Healthy's Total Solution and at this point our EFT base more than covers her salary, advertising costs and any other expenses associated with the license. I'm in a positive cash flow already and I'm only 4 months in. Now that's a great ROI!

It's been really rewarding for me, the pride I've felt with members getting results. It's worth it just for that. I'm looking forward to big things for the future. Within a year we are going to be known for weight loss in Lethbridge, not just as a nice health club, and that is truly awesome. X

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Body Training Systems and Netsertive Partner To Provide Cutting-Edge Online Marketing

MARIETTA, GA and RESEARCH TRIANGLE PARK, N.C. - Body Training Systems (BTS), a leading supplier of group fitness programs, announced a new partnership with online ad technology company, Netsertive, to provide its customers with cooperative online marketing services. Netsertive's Local Extend program uses patent-pending "Learning Engine" technology to provide turnkey, locally-targeted online marketing campaigns preloaded with high-impact

display (banner) ads to direct qualified sales opportunities to health clubs.

According to a 2011 study from the Pew Research Center, consumers use online search tools more than any other source to research products and services in their local area before making a purchase. Netsertive is helping BTS and its fitness club partners embrace this new reality by efficiently funneling online discovery into sales and membership opportunities.

"In my 45 years in business, this

is the first credible system to measure the effectiveness of advertising," said Rich Boggs, CEO of BTS. "This partnership will provide our customers with a decided edge against their competition by improving the effectiveness of their advertising expenditures."

Netsertive and BTS customer Cascade Athletic Clubs, with four locations in Oregon and Washington, knows firsthand how easy it is to put Netsertive's Local Extend to work. "We

used to do a lot of print advertising," said Greg Eisenzimmer, Sales Manager for Cascade. "What I really enjoy about the online advertising that Netsertive runs for us is that everything is super trackable. I'm starting to see each month that the impact from this campaign has increased, so I'm really looking forward to where we're going to be in another six months." To see more about how Netsertive is helping Cascade meet its goals, watch a short video at <http://bit.ly/Krt7aw>.

PFP Media and Club Industry Announce Partnership and Search for the "2013 PFP Trainer of the Year" Award

MADISON, WI - PFP (Personal Fitness Professional) Media, a leading industry resource for personal trainers, is pleased to announce a partnership with Club Industry, the premier magazine and event for fitness and wellness professionals, to search for the **2013 PFP Trainer of**

the Year award. The call to entry for this 8th annual prestigious award is officially open to applicants and nominees, and the award will be presented at the 27th annual Club Industry conference and tradeshow at the Las Vegas Convention Center, October 10 - 12, 2012.

"It's always exciting to begin the search for our next **PFP Trainer of the Year**," said PFP Media Publisher, Josh Vogt. "This competition helps to showcase many of the outstanding achievements in our industry, and it provides the winner with a once-in-a-lifetime opportunity to

advance his or her personal fitness career."

All personal trainers are encouraged to enter by August 3, 2012 at www.fit-pro.com/traineroftheyear. The **PFP Trainer of the Year** is awarded to a fitness professional who is an exemplary

(See Club Industry Page 27)

...Club Industry

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leader in the industry and who demonstrates a strong commitment to his/her clients, career and community.

The winner receives:

- \$500 Power Systems gift certificate;
- \$200 in spending money for their time at Club Industry 2012 from Power Systems;
- Free flight to Club Industry 2012 in October in Las Vegas courtesy of Power Systems;
- Free BodyMetrix Professional System - Ultrasound Body Composition (\$1,895 value);
- Free two-night stay at Club Industry 2012 Show Hotel;
- 2013 PFP Trainer of the Year trophy;
- Winner announced on stage at Club Industry 2012;
- Cover and Journey to Success spotlight in an issue of PFP;
- And more to be added.

"Personal trainers are a growing and integral part of the fitness and wellness industry," said Adam Andersen, Show Director for Club Industry. "Club Industry is excited to partner with PFP Media and their experts to bring the industry a dynamic award that recognizes the best in the industry."

Personal trainers continue to be at the core of the evolving and growing fitness industry. The PFP Trainer of the Year award offers the industry an opportunity to recognize these leaders and highlight a standout trainer who embodies the spirit of fitness and health.



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Iron Grip and RetroFitness Announce Partnership

ORANGE COUNTY, CA - Iron Grip Barbell Company, a manufacturer of free weight equipment, and RetroFitness, a fitness chain, announced that RetroFitness has selected Iron Grip to be the preferred supplier of dumbbells, barbells and Olympic plates to RetroFitness franchise locations nationwide.

"After much research and comparison, we determined Iron Grip free weights to be the best fit for our franchisees," said Matthew Schultz, Vice President of Operations for RetroFitness.

"As we've continued our aggressive national expansion, we realized that choosing the right equipment partner was critical in every category, and with Iron Grip's long-standing reputation for quality, reliability and outstanding customer service, they were the logical choice."

RetroFitness features a full collection of top-of-the line strength equipment and cardio machines complete with individualized LCD television monitors. Each RetroFitness location houses a RetroTheatre where members

can work out in a darkened room on cardio machines while watching movies. In addition, members can enjoy personal training, tanning, full-service locker rooms, a RetroBlends juice bar and onsite chiropractic and massage therapy services.

"From the member perspective, Iron Grip equipment offers several user-friendly features that are sure to enhance our members' fitness experience," added Schultz. "For our franchisees, Iron Grip provides an excellent value to the gym operator because it's extremely durable and

requires little-to-no maintenance, which helps our franchisees reap the benefits of lower operating costs down the line."

"We're very excited to be working with the RetroFitness team," said Michael Rojas, President of Iron Grip Barbell Company. "Having high-end equipment in the gym sends the message to members that the club cares about their experience. This attention to detail will help RetroFitness' rapidly growing franchisee base attract and retain members."

Cybex Announces First Quarter Results

MEDWAY, MA - Cybex International, Inc. (NASDAQ: CYBI), a leading U.S. manufacturer of fitness exercise equipment, reported results for its first quarter ended March 31, 2012. Net sales for the first quarter of 2012 increased by 20.2% to \$37.3 million compared to \$31.0 million for the corresponding 2011 period. The Company reported a net profit for the first quarter of 2012 of \$0.5 million,

or \$0.03 per diluted share, compared to a net profit for the first quarter of 2011 of \$0.4 million or \$0.02 per diluted share. Included in the results were charges of \$93,000 and \$356,000 for 2012 and 2011, respectively, related to the Barnhard v. Cybex International, Inc. product liability suit. As previously reported, a settlement of this litigation was consummated during the first quarter of 2012.

Cybex Chairman and CEO John Agialoro stated, "We were pleased with revenue growth in Q1, which was strong in all markets. Led by sales of our new treadmill models, the 770T and 625T, the new products introduced during the last six months have been well received by our customers. While optimistic for the long-term, we are experiencing a degree of sluggishness in Q2 orders, which we believe

reflects the general economic uncertainty both in the USA and internationally."

Cybex President and COO Art Hicks stated, "Gross margins were lower than 2011 as expected, due to product mix and to higher initial costs of the new products. We expect to be able to lower the costs of these products in the second half of 2012."



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Maximize Your Follow Up Efforts!

By: Karen Woodard-Chavez

The best way to maximize follow up is to increase your first time closing ratio. Yes, that is stating the obvious, but we forget the obvious sometimes. Outside of increasing your first time closing skills the best way to maximize follow up is to have your next step of action planned out and committed to before the prospect leaves the club.

When you invite the prospect to join (on the tour), and they express a concern, your goal is to handle it effectively on the tour so they join today (increasing first time closing skills).

If they do not join today, then the next step is, before they leave the club today, invite them to be your guest to do something they told you they wanted to do. These are the things you discovered in the pre-tour conversation.

By having your next meeting already scheduled, you will maximize your follow up efforts to get them back into the club and minimize the time you spend following up. Do this, and you will shorten your sales cycle. The caveat here is that nothing works 100% of the time. You may schedule them, and they may not show, so you have to follow up. The following tips will be your backup in the event of more follow up being needed:

1. Remember, the purpose of a phone call, text or email is to schedule an appointment to get the prospect into the club, not sell the club over the phone.

2. Begin your efforts within 24 hours. Do not wait 72 hours or a week to initiate follow up efforts.

3. Utilize all the numbers they have given you, home, cell, work. If you do not close the sale on the first visit, be sure to ask the following: "Bob, what are the best ways and best times to reach you?"

4. With phone calls, maximize your efforts with the 3-round call system. Prioritize the calls by hot, warm and cold, and make calls in the morning, afternoon and evening. By making multiple calls throughout the day, you will get in touch faster.

5. Do not leave a message on the first call. We often times feel we are being *efficient* by leaving messages, but instead, you want to be *effective* by actually contacting them. You might be thinking to yourself, "this person is going to see that I have called three or four times and be annoyed." Don't fool yourself, you can be honest when you do get in touch or leave a message with the next point.

6. When you do leave a message, leave the "Something Interesting" message:

"Hello there Bob, this is Karen with the _____ club. I have tried several times to get in touch with you and have not been able to so I'm going to leave a message. I think you will like this. I was thinking about what you shared with me on Tuesday, and I have been able to arrange a service for you at the club that I think you will realllly like! It is important that we speak by 6PM tomorrow. Please call me at (303) 522 - 2892. Soooo looking forward to hearing from you."

Notice how the call starts positively, avoids mentioning anything about their

objection, offers mystery/intrigue and a reason to call you back. Think about all of the follow up prospects you have and make a "Something Interesting" list before you call them. Remember, it has to be specific to their needs, offer value and should not disclose exactly what it is in your message. Otherwise, there will be no need to call you back to find out.

7. How often should you follow up? Until you reach them or until they say they are not interested. *Do not make an assumption* that they are not interested. People lead very busy lives, and we may not be their top priority. *Do not personalize a lack of response and give up*. If you are gracious and offer value in your calls, you have nothing to lose by being persistent and continuing to call. If you are calling to simply hound them to join, you will be perceived as a pest, but if you are inviting them to club activities and events as your guest, then that has a completely different and gracious tone. Your persistence will make them want to contact you when they are ready to make a decision.

8. Set the appointment with the prospect. Never, ever, suggest they "stop by." That sets you up for potentially terrible service, a missed opportunity and horrible time management. You can create distinction between "stopping by" or a request for a guest pass by explaining the following: "If you would like for me to arrange a guest pass for you, I'm happy to do so. Our guest pass fee is \$25; however, if you would like to be my guest, that is by appointment only, and there is no fee for that. Which do you prefer?"



Karen Woodard-Chavez

9. Reinforce all of your phone efforts by applying all of these points to emails as well. When you do leave a message, also send an email that reflects the voicemail.

In closing, remember that, when you are following up, you have to make every effort count. Your time is money, so do not think about being simply efficient by leaving messages and then thinking, "Well, I've made all my calls for the day." The goal is to be *effective* and get all your prospects back into the club to join.

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

An IHRSA Public Policy Update

Publisher's Note: The following letter is from Helen Durkin, J.D., IHRSA's Executive VP, Public Policy (had@ihsra.org) and provides an update on IHRSA's Public Policy Initiatives.

Dear Norm,

As most have seen, IHRSA's State advocacy team has an impressive three-year record with 69 wins and 2 losses, defending the bottom line from burdensome government regulation. How do we do it? Let's take a look at a victory you may have read about in the Capitol Report.

On April 17th, IHRSA's California

lobbyist, paid for by IHRSA's Industry Defense Funds, alerted the team to a California bill that sought to impose a sales tax on personal trainers' services. The team, led by Amy Banham, knew just what to do. Tim Sullivan drafted a legislative alert that was sent out to California clubs on Wednesday, April 18th and began drafting testimony for a hearing scheduled for April 24th. On Friday, April 20th, thanks to the work of Tim and Lilly Prince, IHRSA launched a grassroots lobbying effort, emailing clubs asking all California fitness professionals to speak out against the tax and using the link provided, send an email to each person's elected officials.

Over the weekend, over 500

emails were sent to members of the California Assembly asking them to oppose any tax on healthy lifestyles. IHRSA staff really appreciate it when our members respond so quickly and decisively to speak up to protect our industry and defeat harmful disincentives for exercise. Thanks to quick and decisive action, we learned that the hearing on the sales tax, scheduled for Tuesday, April 24, was going to be cancelled. So, one week from when we first notified IHRSA members of the sales tax threat, we were able to send out on Wednesday April, 25th the following legislative alert:

The Revenue and Taxation Committee hearing on Assembly Bill



2540, legislation that would impose a sales tax on personal training sessions in California, was canceled prior to the hearing's scheduled start yesterday. With a Friday deadline for Assembly committees to hear bills assigned to them, Assembly Bill 2540 is likely dead.

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The Fitness Industry Is In Good Shape

By: Darice Britt

Publisher's Note: This article was provided courtesy of IHRSA President and CEO, Joe Moore.

Fitness has been a growth industry during the past couple of decades. U.S. health club industry revenue reached \$21.4 billion as memberships totaled 51.4 million in 2011, according to the International Health, Racquet & Sportsclub Association (IHRSA). Industry revenue increased from 2010 by 5%, while memberships grew by 2.4%. After growing from 26,830 in 2009 to 29,890 in 2010, the total number of health clubs saw a marginal increase to 29,960 in 2011.

Although there has been growth, fitness centers, health clubs and gyms are highly cyclical and competitive businesses.

"It is definitely seasonal, especially in areas where weather is determining factors," says John Byrnes, President of X Shadyside and Butler Health & Fitness, both located in the Pittsburgh area. "January, February and March are the biggest months for us because of New Year's resolutions, and the winter weather has people choosing to work out indoors."

Because of its location near Pittsburgh universities, X Shadyside also gets a membership spike in August when students return. The summer months are slow because people are on vacation or participating in outdoor activities.

Growing Gym Membership

According to the Gym, Health & Fitness Clubs Market Research Report, by IBIS World, the demand for gyms and health and fitness clubs will continue to rise over the next five years, as the general public becomes more health-conscious and the aging population places a greater emphasis on staying fit.

The rise in memberships can lead clubs to expand their offerings, suppliers to design and create new equipment and more professionals to be attracted to careers in fitness.

"If a club has more members, they have more money to reinvest into new equipment and programs and has the ability to hire more trainers," explains Meredith Poppler, Vice President of Industry Growth at the IHRSA. "If a club reinvests into products and programs, the equipment manufacturers have money to invest into research and design."

"Now that consumers are once again joining clubs, it has a very positive effect on the rest of the industry, and we are looking forward to seeing the new programs, products and services that come out of this growth."

Population-specific Programming

Fitness businesses offer individuals supervision, assistance and motivation for all fitness levels. There

are many reasons people choose to join a gym, rather than work out at home. Common reasons are equipment, programs and socializing.

IHRSA has identified the most significant health club trends for 2012. On the list is population-specific training programming. Health clubs are providing specialized programming and trainers that are specifically trained and certified to work with older adults. There are also more youth programs as health club members younger than 18 grew from 3.8 million in 2007 to 6.1 million in 2010.

The gyms and centers that do best are the ones that know who they are and do not try to be all things to all people.

X Shadyside and Butler Health & Fitness offer a fitness program called SilverSneakers for older adults who are eligible for Medicare or to group retirees. The program encourages physical activity and offers health education for members. "It is a good program that is paid for by their insurance," Byrnes said of SilverSneakers. "It gives them a social environment and they love it."

Butler Health & Fitness also offers classes for youth ages 14 to 18. "With the growing obesity levels among children, the fitness market for children/teen/youth programming will continue to grow," Poppler says. "Until schools have the ability to put real physical education back into the curriculum, health clubs and fitness professionals are very willing and

able to fill the need."

Gym Technology

Gym-goers are staying motivated with the help of new technology. Interactive workout programs incorporated into gym equipment are helping exercisers track mileage, speed, number of workouts, calorie burn and more.

Technological advancements have allowed more people to take advantage of exercise options. "Gym technology has done great things to get more people working out and fit," Poppler says. "Take the original treadmill that got a lot of people walking or running who couldn't exercise outside due to time or weather. Now, expand that technology to ellipticals that help people who cannot handle the weight bearing of running on a treadmill."

Staying Strong

Competition in the fitness industry is fierce with large, all-inclusive clubs vying against smaller independent gyms. There is also competition coming from other recreational activities and home fitness programs, such as the popular P90X.

According to Byrnes, competition is good. "It means more people are working out, and that motivates us to serve them the best way we can," he says. Byrnes' X

(See *Darice Britt* Page 33)

Daily Physical Activity Protects Against Alzheimer's

CBS News - By 2030, the number of people with Alzheimer's disease worldwide is expected to double to 80 million. But, a new study finds daily physical activity might provide a person's best chances of staving off the degenerative brain disorder, even if they're over 80 years old.

The best part is older adults might not even need to break a sweat to get the protective effects. Activities such as cooking and cleaning led to a protective benefit.

"Our study shows that physical activity, which is an easily modifiable risk factor, is associated with cognitive decline and Alzheimer's disease," study author Dr. Aron S. Buchman, Associate Professor of Neurological Sciences at Rush University Medical Center in Chicago, said in a written university statement. "This has important public health consequences."

For Buchman's study, published April 18 in the journal, *Neurology*,

Rush researchers monitored 716 adults, average age of 82, with a device called an actigraph for 10 days. An actigraph is worn on a person's non-dominant wrist and measures levels of daily activity, similar to a pedometer. Participants were also asked to self-report their physical and social activities.

Over a follow-up period that averaged 3.5 years, 71 of the adults developed Alzheimer's disease. The researchers determined participants in the bottom 10 percentile of daily physical activity where 2.3 times more likely to develop Alzheimer's, compared with older adults who were in the top 10 percentile of physical activity. What's more, participants in the bottom 10 percent of activity intensity were 2.8 times more likely to develop Alzheimer's as people who were most intense during physical activity.

Which activities were tied to better brain health? The actigraph showed

"activities like cooking, washing the dishes, playing cards and even moving a wheelchair with a person's arms were beneficial," Buchman said. "These are low-cost, easily accessible and side-effect free activities people can do at any age, including very old age, to possibly prevent Alzheimer's. These results provide support for efforts to encourage all types of physical activity, even in very old adults who might not be able to participate in formal exercise but can still benefit from a more active lifestyle."

In an accompanying editorial, Dr. Michal Schnaider Beeri, an Associate Professor of Psychiatry at Mount Sinai School of Medicine in New York City and Dr. Laura Middleton, Assistant Professor of Neuroscience at the University of Waterloo in Toronto, Canada, wrote that the new study advances Alzheimer's research because previous studies relied on self-reports of physical activity, but this study

backed up its results with an actigraph.

"These results may have substantial pragmatic implications for public health; motivating the elderly to be physically active, even if mobility is limited, may decrease their risk of developing (Alzheimer's)," they wrote. "In a world that is becoming progressively sedentary, and in the context of very limited success of the currently available medications to treat or delay Alzheimer's, physical activity provides a promising, low-cost, easily accessible and side effect-free means to prevent the disease."

Earlier research suggests there are seven "modifiable" risk factors for Alzheimer's that patients should avoid to protect themselves against dementia, including smoking and eating unhealthy, HealthPop reported.

Fitness 4 Charity

A New Home for Old Equipment

By: John Paul Ouvrier

What does the gym and club industry do with all the old exercise equipment that it has? More often than not, most of it goes to waste and is thrown away. Fitness 4 Charity is an organization that answers the question what to do with this equipment: Give it to those in need by starting a not-for-profit charity.

To introduce ourselves, Fitness 4 Charity gives to schools, organizations and individuals used exercise equipment and needed instructional material. We do this at no cost to the recipients, and we provide a tax deduction for our patrons.

We are so blessed in this country that we actually throw away perfectly good exercise equipment every day of the week! We know that, in this industry, many of us have thrown equipment away ourselves or turned it away. Yet, in every city, there are dozens of organizations that will gladly come by and pick up your older equipment

up and put it to good use. Not only that, they desperately need it.

There's only one way to successfully address change in this current state of affairs, we must embrace one of our oldest sales tools: Give before we get! Retail sales people, close that deal by taking the customer's older equipment in trade and finding a new home for it. Gym owners can give your equipment away to schools and fire stations and get some free press! Manufacturers can make wonderful equipment that lasts forever and don't want to have anything to do with it when someone doesn't need it anymore. You can change the lives of tens of thousands of people if you offer a service to help them.

Let's send equipment to schools, overseas to our troops, to rehab centers, women's shelters, foster homes and so on. Let's get everyone involved! There is no reason the United States can't be the healthiest country in the world!

Last year, with one volunteer

and myself, Fitness 4 Charity outfitted 6 high schools, 12 fire stations, 2 colleges, 3 rescue missions, 2 drug rehab centers and dozens of other institutions and individuals nationwide by providing over \$300,000 dollars worth of used gym equipment at no cost to the recipients! All we did was connect A to B and provide tax relief. We did this with only a telephone! How much is this worth in *free press*? What could we all do together? We could change the planet!

Okay, "be practical," you say. No way! My wish is that everyone, of every age, race, ability and economic standing has access to high quality exercise equipment. We can do this! Our trash proves it. This industry can make more sales and help more people than ever by embracing giving. It's universal law. Our gift is health, and health is forever.

Thanks Norm for sharing your dreams at IHRSA Los Angeles. Your dreams helped me refocus mine!



John Paul Ouvrier

(John Paul Ouvrier started Fitness4 Charity.Org 2 years ago. He sold exercise equipment before that, and is now a geriatric fitness trainer in Los Angeles at WizardofYouth.Com He can be reached at john@fitness4charity.org)

President's Council on Fitness, Sports and Nutrition Announces 2012 Lifetime Achievement Award Recipients

WASHINGTON, D.C. - In honor of National Physical Fitness and Sports Month, the President's Council on Fitness, Sports & Nutrition (PCFSN) will pay tribute to the 2012 Lifetime Achievement Award winners at their annual meeting on May 1, 2012.

Presented annually since 2007, the Lifetime Achievement Award is given to individuals whose careers have greatly contributed to the advancement or promotion of physical activity, fitness, sports and nutrition-related programs nationwide. Recipients are selected by members of PCFSN based on the span and scope of an individual's career, the

estimated number of lives they have touched and the impact of their legacy.

2012 PCFSN Lifetime Achievement Award Recipients

Linn Goldberg, M.D. - Dr. Goldberg is Professor of Medicine and Chief of the Division of Health Promotion and Sports Medicine at Oregon Health and Science University. His groundbreaking programs for young athletes (ATLAS for boys and ATHENA for girls) utilize exercise and nutrition alternatives to prevent the use of alcohol, performance enhancing and illicit drugs.

Thomas McKenzie, Ph.D. - Dr. McKenzie is Emeritus professor in the San Diego State University School of Exercise and Nutritional Sciences. Dr. McKenzie has authored or co-authored over 170 publications and co-founded SPARK, a nationally recognized research-based public health organization dedicated to improve health through physical activity. In March 2012, he was awarded a Hall of Fame Award from the National Association for Sport and Physical Education.

Jacki Sorensen - Sorensen is the originator of Aerobic Dancing, the complete fitness program that combines health and toning benefits of jogging with the fun of dancing. Sorensen is the President and Founder of Jacki's Inc.

Charles Sterling, Ed.D. - Sterling is Chairman of Youth Initiatives at The Cooper Institute and Chairman of the FITNESSGRAM Board of Trustees. Dr. Sterling is best known professionally as the founder of the widely-used FITNESSGRAM, a health-related testing and feedback system for youth.

Pat Summit - Summit is Hall of Fame University of Tennessee Head Women's Basketball Coach Emeritus. Summit has won more games than anyone else in NCAA college basketball history, winning eight national titles and 1,098 games at Tennessee.

Thanks to Marc Onigman's Stone Hearth bulletins for this information.

...Darice Britt

continued from page 32

Shadyside operation was expanded last year to include more space, more equipment and a Planet Smoothie franchise. "In this business, you have to stay up to date," he adds. "We also know that, along with exercise, people want to eat healthy, so we opened a Planet Smoothie."

To stay strong in a competitive industry, health club operators must focus on what makes their club stand out

from the crowd.

"The gyms and centers that do best are the ones that know who they are and do not try to be all things to all people," Poppler says. "They reinvest in their physical plant, equipment and their staff. They do not compete on price alone. And most importantly, they truly focus on customer service and making sure they deliver an environment and services that will help their members meet their wellness goals."

Make It Fun!

Ask Sandy!

By: Sandy Coffman

**Launching A New Career
Getting Off On The Right Foot**

Dear Sandy,

I am graduating from university with a business major. I've been teaching a Step Class and working at the front desk of a club close to school for almost two years. I have really enjoyed it and was surprised but happy when they asked me to work full time as a Program Director. I think I will be very good at teaching classes and running programs, and I have lots of good ideas for new programs. But, I'm not sure about how

to get enough members to participate in new programs. I don't want to be a failure. The club gets CLUB INSIDER every month. Can you give me some suggestions to help me be successful?

Hoping to hear from you,
Vicki from Florida

Dear Vicki,

Thank you for your letter. Your question is great, and I'm sure it is shared by many others like yourself. Congratulations on your graduation and for choosing our industry to begin your career.

Our industry is in need of new energy, new ideas and good business

people like yourself. A good programming calendar attracts new members, and professionally run programs keep members coming back. Remember this: "The goal of programming is retention!" and "It costs six times more to get a new member than it does to keep one!" The Program Director can truly be the most positive force to the bottom line of a club's business. Now, to address your question specifically...

How can I be sure to get enough members to participate in a new program?

As a new program director, introducing a new program, I suggest you choose a program for your new members. Your new members are those who have joined your club in the last 90 days. They are wanting and needing to get involved in the club more than any other member. Here are some tips for success:

1. Long term commitments are often the first objections by new members. A single session, introductory experience will more likely be successful than asking for a 6-week commitment or even one with no ending at all (A "lifetime" commitment at this time is really daunting).
2. Make the introductory program a group experience. You must create a "club" environment, a social atmosphere. Most people find exercise a very lonely activity, which is why they are seeking out a club in the first place. Provide an opportunity to cultivate friendships, and you will provide members an opportunity to exercise together on a regular basis.
3. A successful Program Director must be an expert in communication. You must personally invite your new members to the program, and be sure to give them a confirmation call 12 to 24 hours in advance of the program.
4. In the introductory program



Sandy Coffman

(examples: a group exercise class, a circuit training class, a cardio workout or even a chair exercise class for your 55+ members), your members must have a social experience, enjoyment, a feeling of achievement, and most of all, the desire to return for more! So have fun, be fun and deliver fun.

5. Give praise and recognition whenever and wherever possible to everyone at some point. Recognition makes people feel important, and they will always come back for more.

6. Have a 6- or 8-week session of the introductory program ready to launch. Since retention is your goal, promotion is an ongoing quest. The introductory program is the springboard to promoting a new activity. Always use one program to promote another.

Follow these tips to the letter, and I guarantee you will run a successful program. Then, you will be on your way to becoming a professional Program Director.

(Sandy Coffman is still the Dean of Club Programming. Send your questions to Sandy at SLCoffman@aol.com or Norm@clubinsideronline.com)

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Very Sincerely,

Norm Cates, Jr.

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CONVERTING WORKS

- World Gym, Wayne, NJ went from an average of 50 sales a month to 567 its first month.
- Fuel Fitness, Laredo, TX went from an average of 50 sales a month to 1300 its first month.



WHY CRUNCH?

Our innovation has made us one of the most respected brands in the fitness biz and we are primed for explosive growth. This year alone, over 150 media outlets covered Crunch, including NBC's Today Show, E!, SELF, Glamour and the NY Times.



EXPERTISE & SUPPORT

Our management team of industry vets has assembled every element to help you thrive: fully integrated training programs, streamlined operational systems and back office support, national marketing campaigns and public relations exposure.



OUR FRANCHISE MODEL

From expert personal trainers and awesome group fitness classes, to complimentary tanning and pressure free enrollment, you'll have more to offer than your competition and all at an unbeatable price.



Get in on the action by visiting CrunchFranchise.com or call 1-800-669-7162 for more info!

