

Norm Cates'

# CLUB INSIDER

CELEBRATING 26 YEARS OF TRUST

## Stevenson Fitness *Where Everyone Leaves Feeling Better Than When They Arrived*



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Norm Cates'

# CLUB INSIDER

CELEBRATING 26 YEARS OF TRUST

## Stevenson Fitness

*Where Everyone Leaves Feeling Better Than When They Arrived*

By: Justin Cates

Go, Go Power Rangers! Mighty Morphin' Power Rangers! Growing up in the 1990s, I can still remember the refrain from this classic kid's television show, and at my then young age, this group of world savers was as big as it got. Well, maybe with the exception of the Teenage Mutant Ninja Turtles, and now, the Avengers. As I prepared for this month's cover story on **Stevenson Fitness** and my interview with **Owner, Chris Stevenson**, I learned he was a stunt performer for the internationally touring Power Rangers Live Show, eventually becoming the Red Power Ranger himself. The flood gates of nostalgia opened wide, and later, our talk on the subject was a lot of fun. Don't

worry, though, I will spare you from those details to focus on the more important topic at hand: *the story of Chris Stevenson and Stevenson Fitness.*

Chris Stevenson grew up in Cleveland Ohio, and at a young age, he excelled at martial arts. So much so that, in his early teen years, he was a Black Belt and teaching adults! In his mid-to-late teen years, he was managing the studio in which he learned his craft. Being an all-around-athlete, he also played basketball, football and soccer, but during his time at the private *St. Ignatius High School*, he made the difficult decision to drop his other sports to focus on martial arts. It would be a decision that had lifetime ramifications, and as you learn his story, you will find it was a bold, yet correct, decision for a then-

teenager to make.

Following high school, Chris attended college at *Baldwin Wallace University*, earning a degree in business. Having been in cold climates all of his life, following college, Chris made the decision to make the move to warmth. He settled in Los Angeles, and eventually, as so many before him, after a lot of hard work and a variety of jobs, he found his way into entertainment, becoming part of the *Power Rangers Live Show*. This, of course, led to other stunt work on TV and the silver screen. Living that life, though, required flexibility, and he found it in once again teaching martial arts.

That is where we will pick up the story of Chris Stevenson in his own words, and I invite you to read on, (See *Stevenson Fitness* Page 10)



Chris Stevenson

## Life Fitness to Be Acquired by KPS Capital Partners for \$490 Million

ROSEMONT, IL - Life Fitness, a global leader in commercial fitness equipment, announced that its parent company, Brunswick Corporation (NYSE: BC), has entered into a definitive agreement with KPS Capital Partners, LP ("KPS") under which KPS will acquire Brunswick's Fitness business and related brands, including Life Fitness. KPS is a leading investment firm focused on manufacturing and industrial companies across a diverse array of industries.

"We look forward to our future with KPS and are excited about this incredible opportunity to collaborate with a firm with a tremendous track record of working with

similar companies," said **Jason Worthy**, *President of Life Fitness*. "KPS recognizes our world-class brand positioning, the value of our customer relationships, our iconic standing within the fitness industry and our long-term earning potential. We will work closely with KPS to develop and execute a focused strategic plan centered around our mission to inspire healthier lives. We will build upon our long and successful history of product development and technology leadership, with the goal of providing the highest-quality solutions and services for a broad range of fitness facilities and fitness consumers."

**Jay Bernstein**, a *Partner of KPS*,

said, "We are very excited to invest in Life Fitness, the leading global brand in fitness equipment. Life Fitness has the largest globally installed base of equipment, with approximately two million pieces of cardiovascular and strength equipment used regularly by over 60 million people worldwide. We look forward to working with President Jason Worthy, his management team and Life Fitness employees globally to build on this great platform and the company's strong design, innovation and product development heritage. KPS' track record of leveraging its capital, global platform and commitment to investing in technology, innovation, growth and



customer service presents a tremendous opportunity for Life Fitness. We are exceedingly confident that Life Fitness will thrive as an independent company."

Under the agreement, which was approved by Brunswick's Board of Directors, KPS will pay approximately \$490 million in cash to acquire the Fitness business and its brands. The transaction is expected to close during the second quarter of 2019, following receipt of regulatory approvals.

## Inside the Insider: Edition #305

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- Synergy Capital Investments Makes Growth-Oriented Investment in Fitness Holdings Northeast
- And, of Course, *Norm's Notes*

## Norm's Notes

■Hello Everybody! This is your Club Insider Publisher and Tribal Leader Since 1993 checking in with our 305th monthly edition! Can you believe it's already May? WOW! I don't know about you, but I'm amazed at how FAST TIME'S FLYING BY! Next thing you know it'll be Christmas time... again!

■Is America a GREAT COUNTRY, or what? This month, I'm going to add some countries to this monthly salutation to you all, so that hopefully, those of you reading our Club Insider in another country *have not been and will not be upset at me for not mentioning your country!* So, here goes: Are Canada, Mexico, England, Germany, Italy, France, Spain, Mexico, Ireland, Japan, Greece, Turkey, Sweden, India, China, Australia, New Zealand, Egypt and ALL others I've NOT mentioned, GREAT COUNTRIES, or WHAT!? Yahoo! That ought to do it! THANK YOU ALL for reading CLUB INSIDER! We appreciate you making Club Insider part of your life every month. Don't forget now folks... Club Insider subscriptions are just \$89 for one year, and that gives you 12 printed editions of Club Insider, along with online access to all 305 past issues of Club Insider (over 10,000 pages of content)! In essence, for just \$89 you get what amounts to an excellent history of the past 26 years of our industry. So, I urge you to subscribe today if you have not already! See Page #7 for our subscription form.

■This month's Cover Story, written by my partner and son, JUSTIN CATES, is the amazing result of a nearly two-hour telephone interview Justin had with CHRIS STEVENSON, a great, young, truly up and coming entrepreneur in our industry who was just elected to IHRSA's Board of Directors in March. If you would like some new and refreshing ideas that you may be able to adopt to your club operations, then I recommend that you DO take the time to read this story in its entirety! I predict that YOU WILL BE GLAD YOU DID! Great job on the interview and cover story production, CHRIS and JUSTIN!

■In honor of the recently celebrated National Small Business Week, we're presenting a special article by MS. KRISTEN DEAZELEY, a Public Affairs Specialist with the Internal Revenue Service. She dropped by our Booth at the IHRSA Trade Show in San Diego in March, and during our conversation, the idea of her writing an article for you, our Club Insider readers, came up. She's been very efficient with her follow up on this since then, and I want to THANK her for her contribution of this well-done article! Folks, check out Ms. Kristen Deazeley's Article on Page #26.

■I bank with several banks, including Wells Fargo, and I write this today on behalf of all of you club owners and suppliers out there

who very likely will feel the same way that I do about the TV Ads Wells Fargo ran during the Kentucky Derby coverage. Essentially, in a very badly conceived Wells Fargo TV ad promoting an app for their customers that allows them to view all their online relationships with suppliers, such as you health club providers, they outright suggested to millions of Kentucky Derby viewers that, if they were health club members, and they were not using their health club membership regularly, that their app on their phone will allow them to quit the health club without even going there!

As you may know, I owned, built/developed and operated health clubs for 20+ years before I started Club Insider 26 years ago. Instead, I produce and publish Club Insider to help you, my friends, our readers out there. Following the Kentucky Derby, I'm upset on Your behalf, and I'm hoping that somebody at Wells Fargo gets FIRED for this! To coin a well-known American phrase, that TV Ad really sucked, and Wells Fargo should produce another one apologizing to health club owners and the other businesses across America the ad also suggested could have business dropped by consumers using the app they were peddling. B.S. I say! If you bank at Wells Fargo, I urge you to make a copy of this Norm's Note and give it to your Wells Fargo Bank Manager. When you do, tell him that YOU AGREE with me, NORM CATES, and that



Norm Cates

Wells Fargo owes the ENTIRE HEALTH CLUB INDUSTRY NATIONWIDE a very sincere APOLOGY!

■The IHRSA Institute is set for August 6 - 9, 2019, and it will be held at the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill. Sponsored by ACE, The American Council on Exercise, ASF and MyZone, the IHRSA Institute provides health and sports club industry professionals the opportunity to improve the State of the Art of their club businesses and make their clubs better through learning and application of advanced knowledge in the field. To get (See Norm's Notes Page 7)

### About Club Insider

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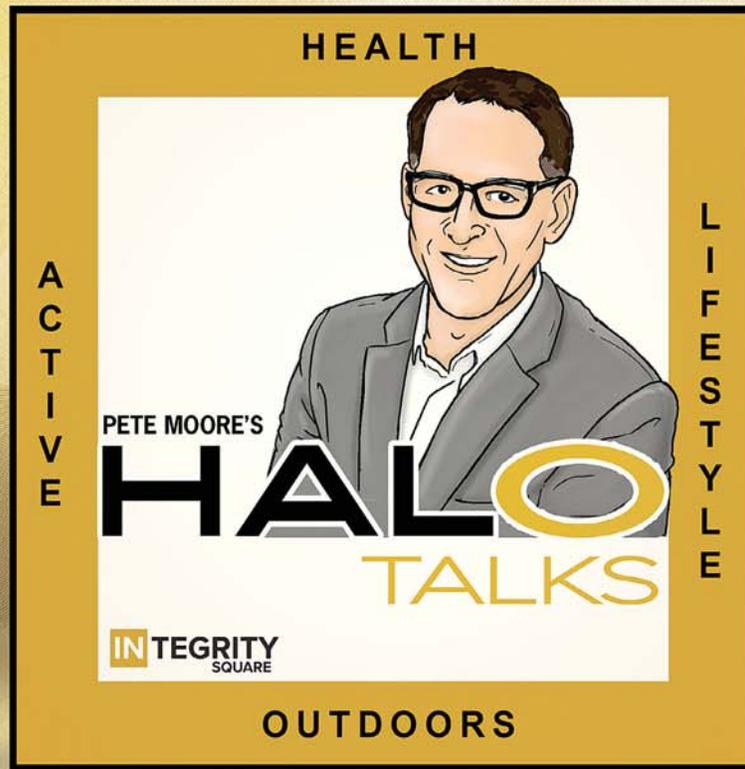
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# Exercise IS Medicine!

By: Mike Alpert

Exercise is a very powerful tool for both the treatment and prevention of chronic disease, for mitigating the harmful effects of obesity and for lowering mortality rates. In fact, there is a linear relationship between activity level and health status. People who maintain an active and fit way of life live longer, happier lives. In contrast, physical inactivity has an astonishing array of harmful health effects. People who are sedentary and unfit very predictably begin to suffer prematurely from chronic disease and die at a younger age. This association between disease and an inactive and unfit way of life exists in every age group: children, adults and the elderly. The results of studies consistently show that those who are active and fit are healthier. For this reason, many have suggested that physical inactivity is the major public health problem of our time.

In 2012, the journal *Lancet* published a series of articles that highlighted the strong connection between physical activity and health. The series reached the following conclusion, "In view of the

prevalence, global reach and health effect of physical inactivity, the issue should be appropriately described as pandemic, with far-reaching health, economic, environmental and social consequences."

Years of research have provided irrefutable evidence for the benefit of exercise in the primary and secondary prevention of diabetes, cancer (especially of the breast and colon), hypertension, depression, osteoporosis, dementia and coronary artery disease. In addition, regular exercise has also been shown to dramatically lower all-cause mortality rates, and especially, cardiovascular-related mortality. Beyond all this, exercise has also been shown to significantly mitigate the harmful health effects of obesity. Most importantly, regular exercise has been shown to significantly improve the overall quality of life. People who maintain an active lifestyle are able to maintain a high functional capacity for much of their life.

With all these facts, I am at a loss for why so many people are not taking the most powerful medicine that is available to them, *Exercise*. If it were a pill, every doctor would prescribe it, and it would be the main

topic of every news channel in every city in the world. We hear all the reasons that people avoid exercise: lack of time due to competing demands; responsibilities to their children and spouse; long work hours; physical limitations that prevent them from doing regular exercise; and some simply say that exercise is boring. In addition, we have taken physical activity out of our schools and have fed children a steady dose of the internet and cell phones. If most kids spent half the time they do on their phones and tablets being active instead, we would cut the obesity epidemic significantly.

Wellness is defined as the pursuit of physical, mental, emotional and social wellbeing, and I would include spiritual as well. It is a \$4.2 trillion-dollar industry and is growing faster than the global economy according to the Global Wellness Institute (GWI). We, the Health and Fitness Club Industry, need to be at the forefront and driving this. If we don't, others will.

Are you positioning your club to be able to compete in the wellness market? Do you offer educational lectures; support groups; programs for special needs members and is your club inclusive?



Mike Alpert

## Exercise IS Medicine!

(Mike Alpert is the CEO and President of The Claremont Club in Claremont, California. Mike can be reached at [malpert@claremontclub.com](mailto:malpert@claremontclub.com).)

# A Letter to The Claremont Club

**Publisher's Note:** Mike Alpert, the President and CEO of The Claremont Club in Claremont, California, shared the following letter from one of his associates, and it truly is a sincere and moving account of one person's survival battle with cancer. May God Bless Ruth and her daughters!

Here's what Mike wrote to our good friend, John McCarthy and me:

*"I want to share this email from Ruth Castro with both of you (I consider you both mentors who mean a lot to me). I'm not sure what to say other than this is the reason that every single health club in the world should be offering this program for free to people in their communities who are struggling with cancer."*

- Mike Alpert

Dear Denise,

I am writing in regard to the *Living Well After Cancer* program that I am participating in at the moment. I am beyond words in how to express how much this program has changed my life. In 2013, I was informed that my Neuroendocrine Cancer of the lung had metastasized to the bones in my spine in various parts, from my cervical spine to my sacrum. I received radiation, which relieved my pain for about one year. Just when I thought I was ready to start 'getting back my life' in 2014, I began suffering from excruciating bone pain. Again, I was informed the bone mets were now in my hips, femur, additional spots along my spine and liver.

Hoping for something new, I participated in a clinical trial that, unfortunately, did not work, and again, it was back to radiation, along with chemo pills this time. My rare cancer does not have a cure, only treatments that will prolong my life. Of course, I believe it will be many more years. The last few years, I have been robbed of being the person I've always wanted to be to my daughters, now 13 and 15 years old. We used to do many things together, but being a single mother and with my limited mobility, I'm not able to do the fun things we once did, like ride our bikes, hike, camp, visit museums, etc.

When I learned of your program, I was very excited, yet reluctant, since I didn't know how my body would handle any physical activity. I had been telling my oncologist to refer me to a physical therapy program because I wanted to strengthen my body. I felt like

a wilting flower. He agreed with this program and completed my paperwork. When I first started in the weight room, I felt embarrassed that the weights were just five pounds, and I was struggling to do one rep of any machine. After these last two months, I am so proud of myself for doing 3 - 5 reps of various machines with weight ranging from 15 - 40 pounds and feeling my body getting stronger.

I have enjoyed and benefited from all the various activities, such as the weight room, cardio, boxing and two things I honestly did not think I would enjoy will probably be my new favorites: Pickleball and Aquafit class. I felt great after these two activities because I realized how much more I was moving my body like 'old times.' In addition, I realized how much we take our bodies for granted and how important it is to remember with or without cancer that our body needs physical activity. It needs to be part of our daily lives. 'While I still can, I will do all I can,' is my new mantra thanks to this program. Another special thing I want to mention is that I get to work out with my daughters. This really means a lot. They get to see me being physically active, and we are having fun again.

Please feel free to share and thank ALL your donors and your staff who have worked with us... Especially Chris and Sean, who's encouraging words kept me and the other participants returning every Tuesday and Thursday, as well as other days on our own; Diane for my intro to Pickleball; and Joy for the Aquafit class. I'll be back!

I am so grateful to have had this opportunity. Thank you again,

-Ruth Castro



## ...Norm's Notes

continued from page 4

involved if you are not an IHRSA Member Club, **JOIN IHRSA NOW!** Then, go to [ihrsa.org/institute](http://ihrsa.org/institute) to sign up for the IHRSA Institute! You will be GLAD you did!

■ Folks, this month is **ALS Awareness Month**, and we hope you're involved with helping **AUGIE** and **LYNNE NIETO** find the cure for ALS through **Augie's Quest!** Learn how to do more today at [www.augiesquest.org](http://www.augiesquest.org).

■ **Congratulations to everyone who participated in the Team Quest4ALS Nashville Rock 'n' Roll Half Marathon & 5K April 27 - 28!** The support led to **\$455,000** in critical fundraising for innovative ALS research. **Congratulations to the top fundraisers: Rosalyn Yellin and Susie McLaughlin; Marc Masso; Paul Stabile; Vincent Zambrotta; Adam and Kaitlyn McHugh; Molly McHugh; Diane Karpus; Chrisy and Ashley Coon; Mark Lowder; and Alexis Arena.**

■ **PLANET FITNESS** has announced that, starting on **May 15th**, and going through **September 1st**, they're giving teens from **ages 15 to 18 totally free access to their**

**clubs.** They call the program "**The Planet Fitness Teen Summer Challenge.**"

■ **Atlanta, also known as The ATL**, has every kind, shape and description of health and fitness club you can imagine. But, the one I'm writing about in this **Norm's Note** is more than quite interesting. *It sounds amazing!* A recent **Atlanta Journal Constitution Newspaper** article announced this newcomer that's scheduled to **open in Atlanta on June 3rd.** The name of the **30,000 square-foot club is: The No18 Club.** Consider this: the club will be located on prime real estate in **The Shops of Buckhead Atlanta** and is being built by founder **MICHAEL GORDON.** It will offer a high-end gym, private meeting rooms, a swanky spa area, concierge services, private offices, co-working spaces and business lounges. Plus, permanent desk and office space is available for \$750 per month. The club will also provide a daily lunch service, including healthy and fresh seasonal buffet style dishes, and a complimentary breakfast will be served on Monday mornings.

Gordon described Atlanta this way, "**Atlanta is a very appealing city as a new market for us.**" He built his first No18 location in **Stockholm, Sweden in 2012**, and it was so successful, he built a second

one very quickly. Well, he's apparently pretty good at picking locations that will boom and that will be able to support his **Club No18 membership dues of \$300 a month.** To describe Atlanta as a true boom town would be very accurate, even back to when I arrived here fresh out of the U.S. **Air Force when I came to town to be an airline pilot way back in 1973.** Back then, the Metro Atlanta population was 1.2 million and encompassed only six counties. Now, the Metro Atlanta area consists of 18 counties with over six million people!

■ **It's really nice to see IHRSA's CBI Magazine feature RANDY HETRICK on their May 2019 Cover!** Randy's a young man who's served our country as one of the **most well-trained and prepared warriors on Earth, the United States Navy Seals.** In the 1990s, Randy invented and developed TRX, a suspension training system that has taken the world by storm. Amazingly now, TRX has over **50,000 clients generating over \$50 million a year in sales, and that makes me very happy for Randy and his Team.**

(See Norm's Notes Page 8)

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- Private Health Club Owner Client of Two Sites in the Midwest, U.S.

"I highly recommend Bill McBride/BMC3 on all challenges club operators face with their business. He relates well with the on-site team, ownership and is collaborative in delivering best practices. His expertise, authenticity, integrity and follow-through are beyond reproach. I trust him greatly."

- Private Health Club Owner Large Commercial Club in the Pacific Northwest, U.S.

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### ...Norm's Notes

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So, the purpose of this Norm's Note is to say **Thanks to Randy Hetrick** and to emphasize to him that **we truly appreciate his service in the U.S. Navy**, and of course, **we appreciate him providing our industry with a great training aid for its members.**

■ **ACTIVE WELLNESS** announces that **MICHELLE WONG** has been promoted to *Chief Operating Officer*. Michele has been with Active since inception, and she's

excelled in all categories of performance and contribution. Michele has delivered exceptionally on operations and she's been instrumental in client relationships, new site acquisition, and infrastructure improvement. **Good Luck Michelle!**

■ **MINDBODY**, a leading technology platform for the wellness industry, announced the promotion of **JOSH McCARTER** to *President*. McCarter joined MINDBODY as *Chief Strategy Officer* following the company's acquisition of **Booker** in 2018, where McCarter served as *CEO*

and *Co-Founder*.

■ Just in case you missed it, our **2019 IHRSA Convention and Trade Show Slide Show** can be viewed by going to [www.clubinsideronline.com/ihrsa2019](http://www.clubinsideronline.com/ihrsa2019). **WOW! What a Convention and Trade Show IHRSA brought to the world this time!**

■ **BEAU BOCK** is a **local sports aficionada, radio guy and writer** who had a stroke last month, but thankfully, he's rallied and is back writing his daily online column. Recently, Beau remembered his good friend, **DAN FRY**, who passed away on **April 19th**. Beau wrote, "Dan Fry was my Co-Founder of the **Old White Rugby Club** in 1974. It was our idea to create a rugby team that would put Southeastern rugby on the national map. We did that, consistently, and this week, **Old White is three games away from a National Championship**. Dan was a man of impeccable character and integrity. He was an athletic entrepreneur who was the first in the country to throw in with **Nautilus inventor, ARTHUR JONES**, opening the nation's first ever **Nautilus gym on Copeland Road in Sandy Springs**. From there, Dan opened **TERMINUS**, our town's first prestigious tennis club, and then, the **General Recreation Corporation**, a supplier of exercise equipment to schools and gyms throughout the South. **May DAN FRY Rest In Peace.**" Credit to Beau for this Note.

■ **JUSTIN** and I want to say **THANK YOU** for reading **Club Insider!**

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■ **God bless our troops, airmen and sailors worldwide and keep them safe. Thank you, Congratulations and Welcome Home to all of our troops who've served in Iraq, Afghanistan, and around the world. God bless America's Policemen and women and Firemen and women and keep them safe. God bless you, your family and your club(s). God Bless America! Laus Deo!**

*(Norm Cates, Jr. is a 43-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of Club Insider, now in its 26th year of publication. Cates was IHRSA's First President, and a Co-Founder with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. In 2017, Cates was honored with Club Industry's Lifetime Achievement Award. Cates can be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com)*



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## ...Stevenson Fitness

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because Chris is a very charismatic and funny, yet powerfully driven person who has paid his dues, learned the craft of his industry from the ground up and is now giving back to that industry. With that, *Go, Go Chris Stevenson!*

### An Interview With Chris Stevenson, Owner of Stevenson Fitness

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

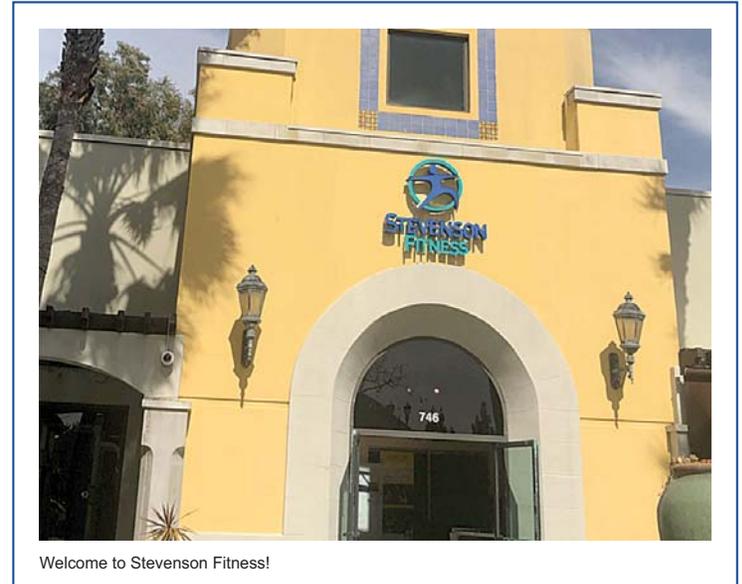
**CS** - When the first Power Rangers tour (Power Rangers) came to an end, I knew there would still be work, but it would be more sporadic. I needed some sort of regular job. I had my degree in business, but a corporate job wasn't going to work because it wouldn't give me the flexibility I needed to do Power Rangers. I also had a handful of stunt work on other movies and television shows, so I had to identify something that would allow me to continue to do Power Rangers and the other stunt work. I was doing martial arts training with a friend in Woodland Hills, and he told me he had a buddy who had just opened up a gym in Agoura Hills. He was a martial arts guy but couldn't teach the classes and needed someone to help. It was perfect, so I started teaching martial arts again at this health club. With the exception of a pool, racquetball and steam/sauna, it was a full-service club.

However, there were only so many classes I could teach in a week; there are only so many students. So, I went to the General Manager at the time and asked if there was a way I could teach more or do something else to make additional money. Los Angeles is expensive, and I needed to progress and do more. He said, 'Why don't you teach group exercise and be a trainer?' I said, 'That sounds great. How?' He explained, 'With group exercise, we will

have you take the class. You have a martial arts background, so you'll take it once and be fine. You'll know how to teach it.' I go in there and take the class from one of their best instructors, and I am terrible. I can kick and punch, but I don't have an ounce of rhythm. You've got to have rhythm to teach rhythm-based classes, so I am all off beat and I stink. The manager and instructor see this, and both of them say, 'You know what... Maybe training is a better fit for you.'

I knew I was bad, so I didn't take it personally in terms of them being wrong. But, I knew I could learn it. So, on the group exercise side, what I did was, after each martial arts class I taught, I asked everyone to stay after for 15 minutes, and I gave them a free cardio kick class. I kept practicing, and it took some time for me to dial it in. I always thanked them for staying later and helping me get better. I was very appreciative, and I started to teach a little better. I started to get the hang of it. I started to get the rhythm, and I became a decent instructor. Eventually, I got better and got bigger classes. I started to have a following in group exercise. I always asked for feedback. What did you like or dislike? What can I do to be better? I believe that is important for growth.

My manager at the time also said I should train. At the time, I was 21 or 22 and super fit because I was coming off of Power Rangers. You've got to be really fit to do that kind of work because you're kicking and punching, and you're wearing red, Japanese spandex as your work uniform, so being out of shape won't work (laughing). Again, I said, 'That sounds great. How?' He explained, 'Well, you're a fit, young man. You're doing something right. Just do that for everyone.' With as naive and ambitious as I was, it didn't matter if you were a grandma or a high school basketball player or you just had a baby or knee surgery, you were doing the 22-year-old, young, fit, white male workout... Bench, incline, decline, pec flies, dumbbells, pushups, a



Welcome to Stevenson Fitness!

bunch of other chest exercises, maybe bicep curls, crunches and some squats. So, everyone got the same program, which was absolutely terrible (laughing). To this day, I feel guilty about how I started and for being so bad.

However, I built a client base because I taught group exercise. When you teach group exercise, you've got a microphone, you've got some swagger and people are attracted to that. Some asked, 'Do you train?' I replied, 'Yes, I train too,' so even though I really shouldn't have been training, I was able to build up a client base. I had good energy and a good attitude, just terrible training knowledge. So, we get a new general manager in there, and he says, 'Hey, you've got a good client base, and you're teaching some good classes. I think it's time for you to get certified.' Once again, being the naive young man from Ohio, I said, 'That sounds great. What is it?' He explained, 'It's where you go to an organization that works within the industry, and it provides you with the education. You will actually learn what you are doing. Then, you have to pass a test.' Well, that did sound appropriate (laughing).

At the time, I went to the National Academy of Sports Medicine (NASM) and got my first certification as a personal trainer.



My eyes couldn't have opened wider. Not only was I doing this poorly, but so was every other trainer at our facility because they were all just popular group exercise guys. It was not safe. I was grateful for the opportunities and the environment overall, but now that I knew what I was doing a little bit, this was not the place I wanted to be. I couldn't do it.

### Stevenson Fitness 1.0

**C.I.** - So, how and when did Stevenson Fitness come to be?

**CS** - At that point in time, I had a big stunt job coming up. I had hurt my back, so someone sent me to a chiropractor. I was getting treated, and when I was there, the person who owned the facility, which was called the *Chiropractic Sports Institute*, said, 'You have great energy. You're young, ambitious and in good shape. Do you want a job?' I asked, 'A job doing what?' He explained, 'A job working for me. I have an injury rehab clinic, and I am losing my main rehab guy. We also train athletes, and I think you'd be a great fit for this team.'

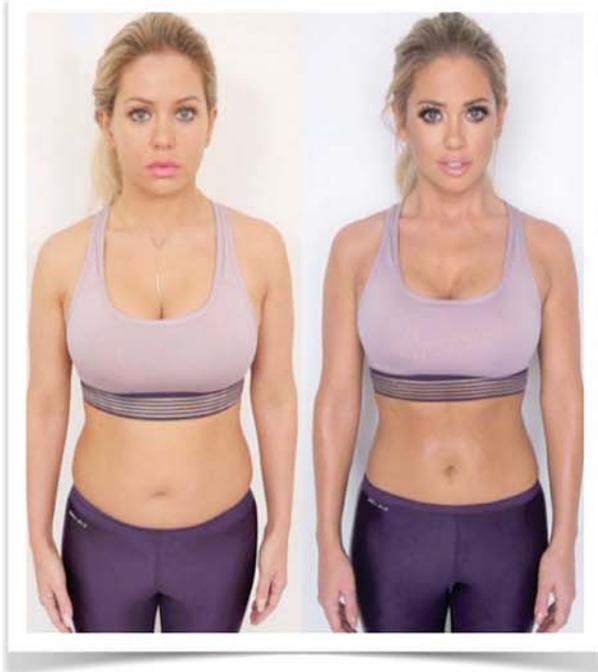
I was very interested because I wanted to get out of where I was, but I was concerned I didn't have the knowledge. He asked, 'Are you a hard worker, and can you learn?' I told him I thought so and that I prided myself on my work ethic, so he continued, 'Then, I will train you. I will teach you how to do the injury rehab, and I will teach you how to work with the athletes. We will send you to the National Strength and Conditioning Association (NSCA) to become a Certified Strength and Conditioning Specialist (CSCS), so you will have all that knowledge as well.' So, I moved over to the clinical environment, and it changed my life and my approach to training.

At this point, I've worked with general fitness, general weight loss, chronic (See *Stevenson Fitness Page 12*)

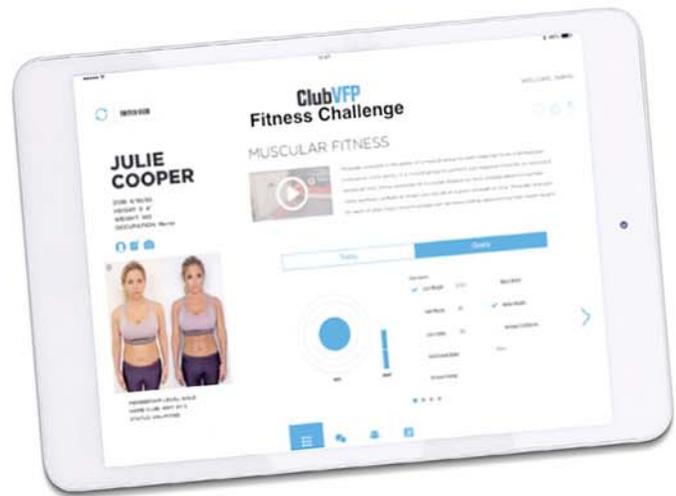


Chris Stevenson Teaching Group Kickboxing

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## ...Stevenson Fitness

continued from page 10

pain management, post-surgical injury rehab and training athletes, and that really got me well-rounded in understanding the industry from a technician standpoint. And, I was still teaching group exercise at a bunch of different clubs. I began to outgrow that environment because there wasn't a lot of room for vertical growth. I approached the owner and explained, 'I have loved this experience, and I couldn't be more grateful. I will always refer people to you, and I will always help you when you need it. But, it is time for me to move on because I have just outgrown the space and want to do a little bit of my own practice.'

He replied, 'I totally understand. It's totally cool. How about we do this: Why don't you sublease our injury rehab area (about 1,000 square feet with a handful of equipment) and build your own practice however you want. You can do contract work for me, so you can still do injury rehab and train some of our athletes. But, then, build your own practice out.' This was an awesome opportunity. So, I subleased the space and paid rent, and this was the first version of Stevenson Fitness.

### The Evolution of Stevenson Fitness

**C.I.** - Please take us through its evolution into the facility it is today.

**CS** - It really evolved nicely. I had built a full client base, and I was doing work for the doctor. I hired one person, and at that point, though I was subleasing, we were too big for this facility. I started looking around for a space. Of course, I had my degree in business, but I had been a technician for so long that I hadn't really practiced any of the business skills. I found a 2,000 square-foot space in Oak Park, California, and that became the second version of Stevenson Fitness. It was my own. It wasn't a sublease. I leased the facility for five years and put as

much equipment in there as I could afford, which wasn't a lot (laughing). There were a few cardio pieces up front, a few functional pieces throughout the room and a bunch of open space in the middle. So, about 16 years ago, I basically opened a personal training studio.

It's kind of neat because, now, I always joke that the reason I did that was because it was all I could afford and all I could mentally anticipate and manage. All we sold were 10- or 20-packs, nothing bigger because I couldn't, for the life of me, figure out how to manage financials any further out. But, I could handle this simple model, so jokingly now, I say, 'You see, I basically invented the studio market.' (laughing) *Obviously, that is not true*, but it's fun to say because it was all I could handle.

We had that place for the five-year lease, and we actually extended the lease for a year or so. At the five-year point, a 7,500 square-foot place opened across the street. So, I thought: You know, I'm still teaching group exercise everywhere; I train out of here with a team of six trainers who are phenomenal; we are really busy; we've got a great client base... Why don't we just bring it all under one roof? In my mind, at the time (though we would quadruple in space), all we were doing was a little bigger place with classes. Right? That's how I looked at it in my head. So, I said, 'Let's do this. It's time.' We surveyed all of our clients because I wanted to make sure they wanted what we thought they wanted. After surveying them, a lot of them would love classes and would love to be able to come work out on their own because we were training only. We did more research and determined it was the right move. So, we did it!

There is a woman who was working for me at the time, and she is my *General Manager* now. Her name is **Marisa Hoff**, and she's a rock star. The reason I mention her is because she is phenomenal, and she's one of the keys to our success.



Personal Training at Stevenson Fitness

She really does a great job running the club with me. Going back, she was a client at the training studio. It was funny because she came in one day and said, 'There's a lot of stuff here that could use some work.' I exclaimed, 'What?' She explained, 'Your merchandise sucks; your filing system sucks; the way you're running your books is terrible; you're doing this weight loss program, which is a cool program, but the manual is terrible... My kids are a little older now, so I have some time if you're looking for help.' By the way, she was absolutely right on all of it (laughing)! We were just trainers, so our merchandise sucked, our organization was terrible and all of that stuff. So, she came in, revamped all of it and got us working at a higher level. It made everything look better and feel better.

At the time, she did most of this out of the kindness of her heart, and we bartered some training in exchange because I wanted to give her something. I told her about the idea of expanding to a bigger space, doing what we were doing and adding classes, so I asked her if she wanted a part-time job. Then, we realized we accidentally opened a real health club (laughing). I can't stress this enough. We

thought we were opening a slightly bigger place with a few extra things. No, no, no, we opened a health club, and as soon as we realized that, the little part-time job I offered her evolved into her becoming the General Manager. On a side note, her kids recently went to college, so she's an empty-nester now. I joked with her, 'When I tell you this, I'm only half-joking, but I'm so glad your kids are going to college... because now you have 24 hours a day free.' (laughing) She said, 'Yea, yea, yea,' shaking her head. She is phenomenal.

So, we now have this 7,500 square-foot facility. We've got locker rooms, showers, group exercise, general membership, personal training and small group training, which we didn't have at the start, but we added it as we grew. It's basically a full-service facility. There were no manuals, no anything. It wasn't franchised; it was a start-up. So, we are sitting there thinking, 'Wow, we have to make up everything!' Again, coming from a small studio, and though I had worked at bigger clubs teaching classes, I never worked on the management side or really understood operations to a high level. We had to make up prices. We had to make up a cancellation policy. We had to make up

(See *Stevenson Fitness* Page 14)



Small Group TRX at Stevenson Fitness



Marisa Hoff



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**"...in the first month, we made over \$250,000 just with the 20/30 program!"**

We had just gotten back from IHRSA. The week before that, Aaron was sitting in bankruptcy lawyer offices. It was very scary at the time. We didn't know what our future was going to be.

I was terrified. We didn't have the money to do this license, and then the home office wanted me to come and ask these people that didn't have any money, to drop this amount of money on a 30-day program, because

at the time I didn't know it was a long-term program. They wanted me to do this and I thought, "Who's going to work this stuff and we're going to run a boot camp and I have a son, and we have a marriage. I don't even understand. Where is your mind in all of this?"



Jennifer Stafford - 20/30 Fast Track Licensee

**...now we have people that would have never stepped foot into a gym."**

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**"Within the first year, we put over 1,500 people through the program..."**

You actually get to DO the program before you introduce it to your club. So, I said, "If I lose 15 pounds, it would be a win. The first week I was down 13 pounds and super excited, pumped! and They said to me, "Oh, you've only got two pounds to go and you'll be at your goal." Of course, I'm competitive, so I thought, "Oh no, we'll see how far we can take this!" By the time I got to training, I was already down 20 pounds in two weeks!

**"We produced 1.6 million the first year! It's just been phenomenal."**

From that point, we got introduced the 20/30 program and in the first month, we made over \$250,000 just with the 20/30 program!

Our clientele now is completely different than the clientele we had before. We had people that were

interested in fitness, and now we have people that would have never stepped foot into a gym. They would not have even considered it. It was the last thing on their mind. They wanted to lose weight before they got into the gym.

Within the first year, we put over 1,500 people through the program, and it's just continued to progress. We produced 1.6 million the first year! It's just been phenomenal.

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## ...Stevenson Fitness

continued from page 12

a class schedule. We had to make up all of our systems manuals. It was a very big challenge. Thankfully, with a great presale and some cool strategies, we were able to open profitable on day one, which was amazing.

### Stevenson Fitness Today

**C.I.** - What are your market demographics?  
**CS** - We are in Oak Park, California. The population is around 15,000, so it's not massive. We do border cities like Agoura Hills (20,000), West Lake (8,000) and North Ranch (8,000), so we do have populations near us. Median income is just over \$120,000, so it's a fairly affluent neighborhood. I will tell you, though, that it's an affluent yet money-conscious area. We've seen other businesses come and go because of this. For example, we had a high-end coffee shop come in just assuming, because they looked at the demographic numbers, that people will spend money like crazy... and they don't. They are frugal with it, so you still have to provide a really good service, and people need to perceive value for them to spend money.

**C.I.** - Do you have an initiation fee? If so, what is it, and do you ever use it as a discount incentive?

**CS** - We have a one-time enrollment fee of \$60. That's for our flexible, month-to-month membership. For a 12-month, committed membership, the enrollment fee is only \$20. So, we heavily incentivize people to commit. People who commit... stay. You came in here to get healthy, so let's incentivize you to get healthy. We will play with it occasionally, but we try not to do too many sales or discounts. We are in a small community so what we don't like is when someone stops in and says, 'My friend just joined and only paid this...'

For example, studios are what they are. You wouldn't go into Orangetheory or SoulCycle and say, 'Yea, I know its \$25 a class, but how about \$20?' (laughing) But, occasionally, we will play with it. That said, one of the unique things we do is our member rewards program. Because we want to get people coming in regularly for the first 90 days, we tell people, 'If you come in eight times in your first month, you get your next month free.' So, when someone asks if we can waive the enrollment fee, the quick response is, 'No, but you can.' People then ask, 'What do you mean?' And, we explain, 'If you come in eight times within your first month, your next month will be free, so that will basically cover your enrollment fee.'

However, I will tell you that we are tempted. When we first opened, there were less than 20 facilities in a five-mile radius. Four of those were big clubs, then you'd have a boot camp here and a boot camp there. Nothing serious. But, now, our market is so saturated that we have well over 125 competitors within five miles. So, I will tell you that I do anticipate running a few more deals and specials. We do try to do value-add specials as opposed to discount specials, but I can't totally rule it out. As good a job as we are doing, we are competing with a lot more people now, so we've got to make sure we are staying on top of things and incentivizing people to choose us, especially competing against other clubs that do that all the time.

**C.I.** - What are your dues rates/categories?

**CS** - We are pretty simple. We have a flexible membership and a committed membership. Flexible is \$65 a month, month-to-month, no commitment. You pay your first and second month up front. The committed membership is \$50 a month, because we heavily incentivize commitment. Recently, we wanted a bigger gap, so we raised the flexible and lowered the committed. It has been very effective in getting people on the committed membership.



Zumba Class at Stevenson Fitness

### Members First

**C.I.** That does sound simple, convenient and fair.

**CS** - Here's an insight into how we do things. Our *Mission Statement at Stevenson Fitness* is: **Everyone leaves feeling better than when they arrived.** So, we truly use that as a guideline for decision making.

For example, some clubs will do enrollment, as well as first and last month's dues. What we noticed with that is we couldn't give the customer a good reason to collect their last month. What we believe is that, if we can't explain why we are doing something, then we can't do it. We understand that it takes time, though. We will take time and hold their hand in the first 90 days. They need to commit for at least two months to see results and enjoy the club. So, we have them pay first, second and enrollment so we know they are committed. They will at least give us a shot for two months, and people are completely cool with that.

Another example is with a typical club's cancellation policy; it's two months' notice, and you have to go in and give a blood sample, your first born, etc. (laughing) We looked at it and opened with a 30-day cancellation notice because

it was the shortest in our area. Then, we thought: Does it really take us 30 days? We realized that, as long as we had five days' notice, we were good. So, we have a five-day cancellation notice. That way, if it's a holiday weekend, or over the weekend and we can't process something, it gives us those days. Our goal and purpose as a company is empowering people to live healthier lives. Nowhere in our core values, mission or purpose is milking an extra month of dues out of someone. That's not our goal. We can do it safely in five days, so we have a five-day cancellation policy. Members can come in and quickly fill out a form, or they can email us because we have to have proper documentation. We want to make sure the process is done correctly and there is a receipt. We couldn't explain 30 days, so we made it less.

**C.I.** - You mentioned only selling 10- and 20-packs back in the day. Do you still offer class packages separately?

**CS** - Yes. With personal training, first, we have something we call *Best Start*, which is a 4-pack, and a new member can only do it once. Then, we have an 8-, 12- and 24-pack. We also have monthly options where you can subscribe. So, if you're willing to commit, you get auto-billed every month, and you get X amount of sessions based on the package you choose.

The more direct answer is that we do have a class pack where someone can buy a pack of 12 classes and use them. When we say 'class,' it can also just be gym use or whatever. We get people who may work in the city, so it's hard for them to get here for class time. But, they love coming on the weekends or another time they can occasionally pop in for. It's funny, but we have one guy who rides his bike outside all the time and buys the class pack so he can come in and shower (laughing).

One thing we believe in with the  
 (See *Stevenson Fitness* Page 18)



The Stevenson Fitness Run Club



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## Tips and Strategies For Increasing Member Retention

It's that time of year again. The time where you notice that your gym, which was once bustling with motivated new faces, has begun to revert back to its state of mostly "the regulars." The New Year likely brought with it a surge of new memberships, and while your regular members may be grateful they aren't having to fight over machines anymore, you are getting nervous about all the new additions that have been jumping ship.

Research shows that almost a third of all resolutions are related to health and fitness, which can lead to a big spike for the fitness industry. Unfortunately, data also shows that people are likely to give up on those resolutions as early as mid-January.

So, what can you do to not only attract new members but also to keep them? The following are our key strategies to help you keep your members satisfied, successful and coming back for more.

### Personalize the Experience

It all starts at the front desk. Your members have done the hard part; they've put on their workout clothes and made it to the gym. Now, it's your turn to

make sure they don't walk right back out the door. Make sure your front desk staff is ready to greet members and guests with a smile when they come in and learn their names. Creating a welcoming and familiar atmosphere that let's your members know that you care about them and are invested in helping them achieve their goals.

Take the personalization a step further and utilize your member data to reach out to them at the right time of their journey. Collecting data such as check-ins, purchases, goals and milestones can help you hone in on when certain members might be in need of a little extra encouragement and when the best time is to send them offers about your profit centers or referrals. Noticed a certain member hasn't been coming to the gym lately? Send them a friendly email or call them to try and get them back in the groove before it's too late and they cancel.

### Create New Challenges

Though a regular routine can be a great thing, too much routine can lead to boredom. Make sure you're keeping things interesting for your members with regular challenges and events that keep

them engaged. Having regular fitness or weight loss challenges will not only get your members back on track with their goals, but they also help build the sense of community that truly drives retention.

Another great challenge is based off of number of annual check-ins where those who achieve a certain threshold receive recognition and a t-shirt. Challenges offer the opportunity for members to get to know each other, to motivate each other and to cheer for each other's accomplishments.

### Listen to Your Members

The best way to find out what members want out of your club is to ask. A traditional paper survey or a more sophisticated digital survey on your website or sent via email can provide insight on the areas you need to improve. It could be that your facility needs more regular cleanings, or that the music is too loud, or it could be that you don't offer classes at times that accommodate a variety of schedules.

Repeat the survey several times throughout the year to ensure that you are continuing to provide the best experience possible, and don't be shy on following up personally with those who give you



feedback, letting them know you appreciate it and what you will do to address their concern.

At the end of the day, your members are what make your gym what it is. The community that you build is what takes your facility from being somewhere your members have to go, to somewhere they look forward to going. By showing that you know them, you are rooting for them, and that you are always looking to improve for them, you will build solid relationships with your members that can last long beyond their resolutions.



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## ...Stevenson Fitness

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sales process, and I tell my sales staff this: *don't oversell*. Sell people what they need. For example, if you're sitting down with someone and they see themselves coming in X amount of times just to take Zumba... but their schedule is crazy because they travel a lot, don't try to drop them into a monthly membership. Their best bet is the class package so they can use it at their own leisure. Or, let's say someone relocates often so they don't know how long they will be here, we won't push them towards a committed membership. We will do the flexible membership.

Here's a little more insight into our culture. With the committed membership, the penalty for cancellation is just converting it into what would have been the flexible membership and having the member pay the difference. So, for example, you have a committed membership, and you're there for six months at \$50/month. Then, you have to cancel... So, we pretend it was flexible at \$65/month. So, that would have been an extra \$15/month for six months... \$90. As opposed to having a cancellation fee of \$X or whatever it is, we just do that. We try to do best by our members, and we truly put them first.

### The Membership

**C.I.** - That's great to hear! So, with Stevenson Fitness 3.0, a real health club, how many members do you have? How do you go about attracting new members? And, how about retaining current members?  
**CS** - We tend to fluctuate between 1,700 to 2,000 members.

So, let's start with attracting members. Up until about a year and half ago, we didn't really have to do anything, which made us a little bit lazy and complacent. We were all word-of-mouth, location, drive-by, etc. Really, we rarely did any sort of

marketing at all, and we were fine. Once we had some major competitors come in, we had to sit down and re-strategize how we were going to market. With that, it's a lot of social media... good content marketing as well as paid ads. Content, content, content, then ask for the sale. Repeat. We built out a good email list that we provided a lot of content to, so again, it's a lot of content marketing. Then, we ask them to buy.

Recently, we just finished a plan to do more frequent direct mail pieces. And, one other thing we slacked a little bit on was that we had always had a big presence in our community. I mean we still do. Before, we sponsored some races and then stopped. So, now, we are back into sponsoring races, participating in them and returning to giving back heavily to our community. Finally, even though we have a pretty decent sales team, one big thing we have always been kind of weak on are in-house referrals. So, we have taken some steps at point-of-sale to make sure we are getting more referrals, and we are doing an in-house referral campaign.

Those are the things we are doing now to attract new members, and in retrospect, we were lucky that we didn't have to do a lot of that for years. But, we probably should have been doing it the entire time.

As far as retaining goes, that's one of the biggest topics I speak on all over the world. The simplified answer is: **Diversified Member Engagement**. Basically, it means someone needs to come to you for more than one thing. Right? If they just come to you for one thing, then if someone does the same thing a little better or a little cheaper, you have a good chance of losing to them. But, when someone comes to you because they love your classes, *and* you host social events that they really enjoy going to, *and* you're engaging them through social media, *and* they are part of your Run Club, then they are more likely to stay... even when the new shiny, cheaper place opens down the street. So, you want to get your members



Chris Stevenson at the 18th Annual IHRSA European Congress - Lisbon, Portugal

involved in as many ways as possible.

It also allows for secondary membership. Our Run Club is a great example. They are one of our most loyal groups; they work hard and are really tight-knit. A few years ago, when a certain competitor opened here, we had the initial loss of members. But, even though some joined that club, some kept us as a membership because they didn't want to give up the Run Club. Because some people like certain aspects of what we are doing so well or they are involved in multiple ways, when they do try something else for six months, they still stay. *That is diversified member engagement.*

Get them in classes. Get them in ancillary services. Create social events. Get them involved in your social media. Create charity events because people love when you are the facilitator of their doing something good. The more ways you are able to engage, the more likely you are to keep them because they are a bigger part of your brand.

The flipside to retention is that you have to heavily train your staff on being outgoing. Stealing this from my good friend **Luke Carlson** at *Discover Strength*, make sure that, every time someone walks through the door, *you greet*

*them with a warm welcome and a fond farewell.* I always coach, 'Eyes and teeth. Eyes and teeth. Shoulders back. Navel in. Good body language. Use their name and engage them in conversation.' On the way out, there are two questions that we ask. First, 'How was your workout?' Because that gives instantaneous feedback on how their experience was that day. Second, 'When are we going to see you again?' So, we make them commit to coming back. Or, we say a statement-question like, 'See you tomorrow!?' By the way, if you ask that on a Monday, they say, 'No, no, Wednesday.' (laughing)

So, from body language to luxury language... We have a rule called, **'The World Stops'**, meaning that, if a member is present, whatever you are doing stops, and you engage with that member. We build real relationships and train our staff to introduce themselves to everyone. We have postcard plans where our staff are enabled to send postcards to members whenever they want for whatever reason. These are the day-to-day engagements you have to heavily train your staff to do.

With staff, you have to onboard them, then train and lead them consistently on how they are to always provide the highest level of member engagement. I remind our staff that, 'We are that weird business that can mess something up five times a week. Most businesses you don't frequent that often. Your hair stylist can only mess up a relationship once every 3 - 6 weeks. We are in the wonderful position where we can mess this up five days a week.' That's why we can't have one staff member who is not culturally on board or not on board with providing that extra level required for a great experience.

### The Future

**C.I.** - What is on the horizon for your company?  
(See **Stevenson Fitness** Page 19)



Chris Stevenson Giving a Presentation



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### ...Stevenson Fitness

continued from page 18

**CS** - That's a great question. Since nothing is solidified, I'll be a little bit vague. My goal is to continue to operate this club at an extremely high level, but I know we are capable of more. So, we are exploring options right now to potentially do other locations of this specific brand. We've also been talking with another company about potentially working with them on co-branding a larger scale expansion. We know that we provide great value, and it really does improve and change people's lives. So, more has to be done. As I mentioned earlier, being in the highly competitive area we are in, there will always be work to be done here. The club never runs itself. You've got to evolve; you've got to change; you've got to operate; you've got to be there. But, we also know we can bring it to and help a lot more people if we expand what we are doing. So, we are looking at those options to add multiple locations over the next few years.

**C.I.** - Please tell us about E3 consulting. How did you get into speaking and coaching? How many events a year do you do?

**CS** - I was interviewed a long time ago by an industry trade journal that was inquiring

about our high NPS. It was that moment that it crossed my mind I could maybe present on this topic at conferences. We were doing some pretty cool things in the member experience area, and I truly wanted to share. I applied to speak at IHRSA, and out of all of the applicants, they chose me. To this day, I am not sure why, but I am sure glad that they did. From there, I started getting requests to speak at other industry events as well as events outside the industry. Finally, two years ago, I was asked to do my first international speaking event. I am proud to say that it went really well and has led to me speaking in countries all over the world. The exposure of speaking led to inquiries about coaching and consulting. And, coaching and consulting has become a passion for me. Most people get into the fitness industry to help people, and often times, they struggle with the business aspects. When I can step in and help them, I feel really fulfilled. I always like to say I am either directly helping people with their health via Stevenson Fitness or helping other clubs who help people with their health. I am grateful to be in this position. It is pretty awesome!

**C.I.** - What is the California Health and Longevity Institute? How are you involved?

**CS** - The California Health and Longevity Institute (CHLI) is an executive wellness

center based out of the Four Seasons in Westlake Village, California. I worked as a regular faculty member from July 2013 to September 2018, and I still do occasional work for them. CHLI performs studies and trials in the fields of prevention, proactive health, wellness and longevity. They also conducted immersive executive wellness programs. They are a great organization that helps a lot of people, and I am grateful to be a part of it.

**C.I.** - Thank you for your IHRSA Board service. Please tell us about that experience so far.

**CS** - My pleasure. I am thankful and pumped to be a part of the IHRSA Board. I have been speaking for IHRSA since 2014 and have gotten to know the IHRSA staff really well. I thought I had a good beat on all that they did. I have only been to one meeting (and I was still a nominee at the time), but I was blown away by everything that IHRSA does for our industry. There is so much more to it than what most people think. They produce incredible data and research. They do so much in the way of industry promotion worldwide. And, what they do on the advocacy side to protect our industry is unbelievable. We are so lucky to have them in our corner. I look forward to my four-year term and plan on making the biggest impact possible!

■ ■ ■

Thank you to **Chris Stevenson** for his extensive time on the phone interviewing for this story and other assistance producing and bringing it to you. Thank you also to **Marisa Hoff** for her assistance making it all come together. And, my sincere thanks and appreciation to them both for their love and service to our great industry. Finally, thank you for reading! Stay Tuned!

*(Justin Cates is a Partner and the Assistant Publisher of Club Insider and grew up in the health and fitness club industry. Justin was born into a club business family in 1985, and from the age of eight, he spent his non-school and sports hours in a home that doubled as Club Insider Headquarters. He has lived and breathed this industry for 34 years, since his own day one. Cates graduated from the Terry College of Business at The University of Georgia in 2007 and then went on to two years at The Art Institute of Atlanta, where he studied Interactive Media Design. Now, he is an integral part of the "Story" of Norm Cates and Club Insider. Justin can be reached by phone at 423-314-4310 or email at Justin@clubinsideronline.com)*

# Selling in a Hyper-Competitive Market

By: **Casey Conrad**

**Publisher's Note:** For 20+ years, Casey Conrad has been a Contributing Author for Club Insider, and she has provided many excellent articles like this one. We urge you to be sure to read the following article, as well as Casey's Press Release for her new book: *Selling Against the Low-Cost Club*. You will find the **Press Release** and **Casey's Ad on This Page**.

■ ■ ■

"With no discernible difference in product, consumers will always buy on price." You hear some version of this quote all the time in sales and marketing

books, and it's true! For example, walk into a retail store to buy some electronics. There are ten versions of what seemingly appears to be the "same" product. Upon further inspection, and perhaps education, you discover the differences that help you justify buying something more than the least expensive.

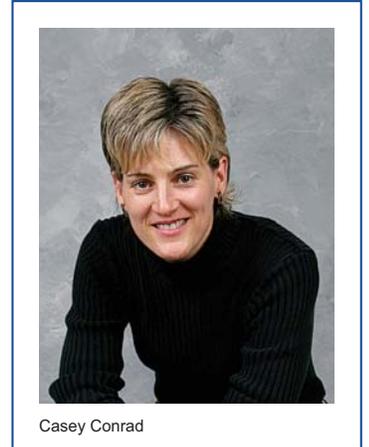
Although we are more of a service than a product, the health and fitness club industry deals with the very same product differentiation issue. The average consumer doesn't know the difference between one facility over another. From the outside, to the novice, they all have lots of torturous looking machines and a variety of similar classes. Of course, WE, those of us in health and fitness, know the differences,

but most prospects do not.

The question becomes, in a hyper-competitive market, with low-cost clubs on one end and the more expensive boutiques on the other, how do the rest of the health and fitness facilities compete? The answer is a combination of product differentiation and improved sales skills. In this article, we will focus on the sales skills.

## Belief in Product

I know it sounds cliché, but one of the most important aspects of successful selling is a strong belief in ones' product. Specifically, as a salesperson, do you have absolute conviction that your facility provides a significant advantage to the prospect? Confidence sells. When the salesperson displays a high level of confidence, it transfers to the prospect. Although it's more of an unconscious



Casey Conrad

element to selling, it has a big impact.

When training, I will ask each  
(See **Casey Conrad** Page 21)

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## Casey Conrad Releases New Fitness Sales Book Targeted at Helping Clubs Compete

**WAKEFIELD, R.I.** - Casey Conrad, long-time health and fitness industry consultant, has just released a new book entitled, *Selling Against the Low-Cost Club*. The 172-page book focuses on providing advanced, very specific strategies and skills for fitness salespeople who have a low-cost competitor in their market.

When asked how this book was different from her previous sales books, Conrad stated, "The level of sales skills necessary to successfully compete with a low-cost club is much higher than the basic eight steps to selling that I've been teaching for 30+ years. Unless consumers are fully educated as to the pros and cons of different fitness options in their market, they will too often buy on price alone. Mid-tier clubs are in a very difficult space; they aren't the lowest, and they aren't the highest. Learning how to work with prospects at a deeper sales level is critical. This book discusses the mindset, the strategies and the skills, and it provides detailed scripts."

The book has 13 chapters, including, *Why You Should Love the Low-Cost Clubs*, *Know Thy Enemy*, *Qualification Secrets*, *Differentiate or Die*, *Slay the Dragon* and *Dare to Be Great*. It was designed to be utilized as an interactive workbook with the goal of getting industry salespeople to feel good about having a low-cost competitor in their market.

Conrad notes, "Low-cost clubs are great for our industry. They provide an entry level for many consumers, as well as a great value for fitness enthusiasts. Mid-tier clubs also provide an important level of product

for consumers, and unless salespeople learn to identify what a prospect really needs and then clearly articulate how their club might be a better fit, the mid-tier clubs will continue to struggle and close. This would be unfortunate because consumer choice is important."

The initial responses from a handful of operators who are familiar with selling against low-cost competitors has been good:

**Mike Gelfgot**, a long-time multi-club owner with the Anytime Fitness franchise says, "LOVE this book! Casey is on the money with the points she makes. A must read."

**Beth Saroka**, who has owned and operated Onslow Fitness in Jacksonville, N.C. for 30 years states, "I've been a Casey Conrad fan for decades and have all her materials. This new book is exactly what my sales team needs for the current competitive landscape. Psychology, skills and action. Our closing percentages are up already. Thank you, Casey."

Casey Conrad has been a worldwide industry consultant for over 30 years. She is the author of numerous books, including *Selling Fitness*, *Selling Personal Training*, *Internet Marketing for Health & Fitness Clubs*, *The business of Yoga*, and *Hidden Profits; The real truth about making money in the fitness industry*. In addition, Conrad has numerous online training programs. Her materials, including the new book can be purchased at [CaseyConrad.com/products/books](http://CaseyConrad.com/products/books).

## ...Casey Conrad

continued from page 20

salesperson to tell me why I should join this facility over the competitors. It is shocking how many cannot clearly articulate any unique selling advantage. Even more disturbing is the bad non-verbal behavior that is displayed while they struggle to, "Make a case." If the club does not have a one-page document that outlines all the unique selling advantages of their facility over the competition, then take the time to make a list and review it regularly until you can easily recall all the points. This one thing will have a dramatic impact on any salesperson's success.

### The Magic Formula of Qualifying

Although rapport is a critically important foundation for any sales interaction, it is the qualifying process that will ultimately determine whether a prospect will buy. Some people question that comment, asking, "How can qualifying be more important than closing?" Simply, without understanding why someone wants to join a fitness facility and why that is important to him right now, it is impossible to give him a highly motivating tour that builds value. Without a high perceived value in what you are selling, the prospect won't buy, no matter how nicely you ask!

Qualifying is nothing new to health and fitness club sales, but selling in a highly competitive market requires salespeople to take their qualification skills to the next level. This means asking more engaging questions of the prospect. Although there are many details throughout the process, to make the process easier to understand, I've created a "Magic Formula" for salespeople to follow. There are four steps:

**1. Have the prospect get clear on his goals.** This means getting very specific with him. For example, if he wants to tone and firm, are there any areas of his body that are more of a concern than others? Why is it important for him to attain those specific goals? On a scale of 1 - 10, 10 being most, how important is it for him to reach these goals? What will it mean to him in his life? For instance, how would his life be better, happier, etc. Each salesperson can incorporate his own language which suits his personality. The key is digging deeper to understand the emotion behind the goal.

**2. Work with the prospect to uncover what he perceives to be his biggest obstacles.** All too often, salespeople don't like to bring this up. They fear that, if they discuss roadblocks, the prospect may talk himself out of buying. Nothing could be farther from the truth! When a salesperson brings up obstacles, it actually improves the likelihood of the sale happening. Here's why. The prospect who is new to fitness is already questioning whether he will stick

with an exercise habit. If he has had past failures, these are also running through the back of their mind. By uncovering potential roadblocks and talking through them, the prospect basically handles his own objection. Furthermore, the salesperson is seen as more of a professional because he proactively helped the prospect find a solution to something that was a concern.

**3. Together, talk through and agree on a fitness/wellness plan with the prospect that includes one or more of your facility's unique selling advantages!** It's interesting; you go to the doctor for an issue and a specific process is followed. He asks lots of questions, a "diagnosis" is given, and then, a plan is recommended. Together, the doctor and patient agree on the plan. I am shocked at how many fitness salespeople don't understand their role as a "Dr. of Fitness" with a prospect. Specifically, the prospect has reached out to a professional for help. Most want to be told and shown exactly what he needs to do in order to attain his goals. When the "Plan" includes elements of your facility that a competitor does not have, it makes those other options irrelevant! Of course, I'm not talking about touring the fitness enthusiast who knows exactly what he wants in a facility and how to use the equipment; I'm referring to the average prospect who walks through the doors. Be the professional, create a plan WITH him, and get him to agree that the plan is acceptable. In sales, we call this "Buy-in."

**4. Finally, get the prospect to visualize his future with and without your product.** Human nature is very predictable. When a person wants something bad enough, he finds a way to make it happen! Examine any goal-setting program and visualization of the future is one of the most fundamental elements. When a person can fully associate with the future (emotionally, physically, spiritually, financially, etc.), attaining that goal becomes more real and more important. Of course, the opposite holds true as well. If the pain of something happening in the future is great, the motivation level for avoiding it also becomes greater.

Most fitness salespeople are very comfortable asking prospects questions about how great his life will be when he attains his goal. Very few even ask the prospect to consider what will happen if he doesn't. This is a big mistake because human beings are more motivated to avoid pain than they are to gain pleasure. Hence why so many people procrastinate exercising! Therefore, it's important to ask prospects, "Let's assume you do nothing. What will happen? Where will you see yourself five to ten years from now in terms of your health and wellbeing?" Yes, those questions can initially be intimidating for a new salesperson to ask. However, not asking him is worse for both the prospect,

who loses valuable motivation, and the salesperson, who loses possible sales.

Following the Magic Formula helps prospects gain a deeper understanding of why he is wanting a fitness program and assists the salesperson in discovering valuable aspects of customer motivation.

At the end of the day, a prospect walks into a facility because he wants help with his fitness program. It's easy to find out some basic personal information and head out on a tour, but that is doing a disservice to the prospect. The reason most people fail at sticking with exercise is because he loses motivation. Let's face it, for most, exercise is not fun. By taking the time to really uncover

the deeper motivational factors driving a prospect's decision to join, and then helping him create a clear vision for the future, everyone wins. It takes practice to become good at this type of qualifying, but in the end, it's not just more successful but also more satisfying.

*(Casey Conrad has been a sales and marketing consultant in the fitness industry for over 30 years. She is the author of numerous books and online training programs. Her newest book is entitled Selling Against the Low-Cost Competitor, and it can be purchased at CaseyConrad.com/products/books.)*

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# How Can Edmund Burke Help You Grow Your Small Group and/or Team Training Programs?

By: Ron Alterio

First of all, you might be asking... "what the heck is Edmund Burke?" According to [www.goodreads.com](http://www.goodreads.com), "Edmund Burke was an Anglo-Irish statesman, author, orator, political theorist and philosopher who served for many years in the British House of Commons as a member of the Whig party. He is remembered for his support of the American colonies in the dispute with King George III and Great Britain that led to the American Revolution and for his strong opposition to the French Revolution." However, statesmen Burke is probably most well-known for coining a very popular quote which purports, "Those who don't know history are doomed to repeat it."

I will never forget an interaction I had with a gym owner friend of mine many years ago. First, and for the necessary context here, I must preface this story by noting that the nature of the gym business at that time was simply about selling memberships. The idea of driving ancillary revenue through profit centers had not yet been borne. Okay, back to my friend. Over a cup of coffee at the gym, my friend was complaining about how he was struggling just to pay the bills and keep his gym afloat. Moments later, one of his independent contractor trainers (for the sake of protecting the innocent until proven guilty, let's call him Fabricio) pulls up to the gym in his sparkling new Corvette to train his 10:00AM client. After just a few hours of work, Fabricio packed up and went home. I asked my friend, "Do all of your trainers work this way?" The answer was "Yes!" Fabricio, and the rest of the trainers were simply showing up when they wanted, making all the money they wanted from training my friends' members in his gym, and then leaving when they saw fit while my friend was dealing with all of the stress and headache of running a business.

Not surprisingly, it was not long after my cup of coffee with my friend that a new trend started to emerge in our industry. Competition started to pop up everywhere, and everyone from the "Mom and Pops" to the larger commercial gym chains woke up, learned from their mistakes, kicked out the "Fabricio's" of the world and brought the business of personal training in-house.

For the first few years, many operators struggled. This notion of having a business within a business was new to many, and it took time. However, after consistently educating both the staff and the members on the benefits of working with a trainer, this new profit center took off. Personal training was now the industry's first real "big revenue gift" and quickly become the primary mechanism for gym operators to drive a higher return

per member.

Okay, you are probably thinking, wait... I thought this article was about Edmund Burke and driving more small-group and/or team training revenue? Well, here is the connection: instead of just continuing to repeat the same old mistakes year after year, many gym operators finally decided to reflect on their past mistakes (*history*), they made adjustments (*refused to repeat said mistakes*), and the outcome was a tremendous advancement in the way a health club could now drive more revenue from more members.

Fast forward to today, and I could probably have a similar conversation over a different cup of coffee. But, this time, the topic would be centered around small-group and/or team training. There probably isn't an operator reading this article who does not offer some semblance of paid group training in their facility right now. Yet, very few of you are actually making it work. When done properly, small group and/or team training can be the industry's second real "big revenue gift," and should allow your facility to meet three critical objectives:

1. Achieve a higher percentage of your dues paying members who participate in paid programming (*Drive more revenue*).
2. Reduce your cost-to-service ratios (*Spend less to service more of your members*).
3. Dramatically increase your paid programming margins (*Keep more of what you have collected*).

In fact, many of you are struggling just to achieve the first objective. As such, the aim for the rest of this article is to serve as your *Edmund Burke "moment"* and highlight the top mistakes many operators are making and repeating when trying to drive more small group/and or team training revenue.

**Mistake #1: "Build it, and they will come."** The evolution here was simple. The concept, or at least the theory of, paid group training made sense. Let's just create a space, throw down some turf, get some cool toys and convince a group of people to all work out together. Easier said than done right? What many club operators failed to realize is that, as much as we may have embraced the notion of small group and/or team training, many of our members simply haven't got a clue. They are creatures of habit. They have their favorite treadmills, they have their "must-attend classes" and some will even fight you tooth and nail if you try to remove their favorite piece of equipment. You think the new stuff you just bought is cool, but they are thinking, "heck no!" Your members will need a clear and convincing reason to change behaviors.

Additionally, the "*Build it, and they will come*," makes it much harder to offer quality programming since you are now forced to build your programming around the equipment you have just purchased rather than being intentional about program design and then procuring the right equipment to support said programming. The bottom line is, the "*Build it, and they will come*," approach simply helps you create a new space in your facility, but it does nothing to serve as an agent for change.

**Mistake #2: Merging your paid group training schedule with your group exercise schedule.** One of the most common objections you will hear from your members when trying to promote your paid group training is: "Why should I purchase small group or team training when I can just take your group exercise classes for free?" We know this can be frustrating to hear, but this objection should serve as a huge red flag for your business. What the member is really trying to tell you is that, by merging both offerings onto one "class" schedule, you have not established a clear enough demarcation line that answers three critical questions:

1. What is the difference between true programming that progresses and a workout?
2. What is the difference between a class and a session?
3. What is the difference between someone who simply instructs a large class and someone who intentionally coaches a smaller group?

The bottom line is: to get more of your members engaged in your paid group training, you must clearly answer these three questions. You can't do this when your paid group training sessions and your group exercise classes occupy the same schedule.

**Mistake #3: Not going "All In."** Going "All In" means more than just carving out some new space, buying some new equipment and creating some new workouts. Remember, you are not just competing with the equipment and classes you are already offering, but you are now competing with the small boutique studio across the street or down the road. Boutique studios are 100% intentional about what they do and the programs they offer. They shout it from the roof tops. Their programming (Not just workouts.) and how it's offered becomes their identity in the marketplace. To truly go "All In," you have to decide if you are willing to answer the following key question:

**Will your group training program be**



Ron Alterio

**just a program, or will it become "THE" program?** To be "All In" means your group training becomes part of your identity. It is the differentiator in your market. It helps define who you are and separates you from your competitors. This means that your paid group training moves from a back corner in your club and on to the center stage. Going "All In" means you start to offer a membership at POS that includes your paid group training. This means that your sales team starts to promote your paid group programming on the tour as one of, if not, the key areas of the club. Going "All In" means you are not afraid to actively sell it alongside your traditional one-on-one offering as a viable solution to results in your new member onboarding process. Going "All In" also means that you are actively promoting it to your existing member base, and everyone on your staff can clearly and consistently explain what it is and encourage your members to get involved.

There you have it, the top mistakes we see operators make and repeat when it comes to driving more paid group training revenue. We gave you the history, and now it's your job to listen to Edmund Burke and not repeat it. Build your programming first, and then, buy the right equipment to support it; decouple your group training from your group exercise class schedule; and make sure that your group training goes from the back of the line to the front. By doing these things, you will be well on your way to driving more paid group training revenue.

(Ron Alterio is the Vice President of Operations for XGT Fitness, the industry's most complete team training system. If you any questions, or need help getting out of the "middle" Ron can be reached by calling 833-TEAMXGT, ext. 803. Or, you can email him at [ron@xgfitness.com](mailto:ron@xgfitness.com).)

## Lawsuit Involving Transgender Locker Room Policy Can Go to Trial

By: **Paul R. Bedard, Esquire**

The lawsuit against Planet Fitness involving their transgender locker room policy has been given the green light to go to trial. As part of what has been a lengthy matter of litigation spanning all levels of Michigan's courts, Planet Fitness went to the Michigan Supreme Court and applied for leave to appeal from the *July of 2018 Court of Appeals Order* allowing the case to be tried. On April 2nd, Michigan's highest court declared that it would not intervene. The decision of the Court of Appeals will stand.

The lawsuit against Planet Fitness has raised significant legal arguments and continues to be a case worthy of following. As I've previously reported, the lawsuit at issue did not originate from a transgender person's allegation of a violation of rights. Rather, the suit was filed by a member who disagreed with Planet Fitness' transgender-friendly policy.

Planet Fitness' transgender locker policy allows transgender individuals to use the locker room that corresponds with their gender identity. **Yvette Cormier**, the *Plaintiff Member of Planet Fitness*, complained to Planet Fitness about the locker room policy after discovering a transgender woman in the women's locker room. Cormier communicated the policy to other female members, allegedly after Planet Fitness had asked her to stop doing as such. Ultimately, Planet Fitness terminated Cormier's membership and declared her behavior to be disruptive to other members and in violation of the membership agreement.

Cormier filed suit, alleging invasion of privacy, breach of contract, intentional infliction of emotional distress and violations of the Elliott-Larsen Civil Rights Act and the Michigan Consumer Protection Act (MCPA). In response to Cormier's lawsuit, Planet Fitness argued that they, "enacted an inclusive policy that recognizes the extraordinary difficulties that transgender individuals face with regard to public restroom and locker room usage." The trial court ruled in favor of Planet Fitness, and Cormier's lawsuit was dismissed. In its ruling, the trial court stated that it was not called upon to determine whether transgender people have any protected rights for the use of a locker room facility. The issue was whether the plaintiff had stated any valid cause of action against a business allowing transgender people to use the locker room that corresponds with their gender identity. Planet Fitness' policy was deemed non-discriminatory since there was no disparate treatment of men and women by allowing biological males who identify as females to use the women's locker room and by allowing biological females who identify as males to use the

men's locker room.

Cormier appealed the trial court's decision. In June of 2017, the Court of Appeals affirmed the trial court's ruling. However, Cormier pressed on and appealed to the Michigan Supreme Court. In April of 2018, the Michigan Supreme court held that the Court of Appeals had erred when it failed to consider Cormier's claims under the MCPA. The case was affirmed in most respects but was remanded to the Court of Appeals to address the MCPA claim.

While analyzing the plaintiff's MCPA claim on remand, the Court of Appeals referenced language within the MCPA which prohibits, "failing to reveal a material fact, the omission of which tends to mislead or deceive the consumer, and which fact could not reasonably be known by the consumer." The Court of Appeals opined that, "a material fact for purposes of the MCPA would be one that is important to the transaction or affects the consumer's decision to enter in the transaction." It is worthy of noting here that many aspects of a health club membership could qualify as "material" by this definition.

The Court of Appeals noted that the transaction at issue was Cormier's membership agreement and the representations by Planet Fitness in this regard. "The allegations in the plaintiff's complaint indicate that defendants made a representation of fact in a positive manner when they informed her that the gym had separate locker rooms and restrooms for men and women. And, according to the complaint, when plaintiff joined the gym, defendants failed to reveal the fact that they had an unwritten policy whereby an individual may use whichever locker room or restroom corresponds with the gender with which that individual self-identifies."

The Court of Appeals made clear that a health club's locker room policy as it relates to usage is "material" to the membership agreement. "To be material, the representation need not relate to the sole or major reason for the transaction, but it must relate to a material or important fact." The court further declared that Cormier's actions, "indicate that she strongly preferred a locker room and a restroom in which individuals who are assigned biologically male are not present, and it is thus reasonable to infer that defendants' failure to inform plaintiff of the unwritten policy affected her decision to join the gym."

Following the order of the Court of Appeals, Planet Fitness went to the Michigan Supreme Court and applied for leave to appeal from the Court of Appeals order. On April 2nd, the Michigan Supreme Court decided that it would not intervene and that the decision of the Court of Appeals to allow the trying of the case will stand.

In addition to providing legal insight as it relates to what may be deemed material within a health club membership agreement, the Cormier case remains a relevant case to follow within this age of expansion of locker room usage policies. However, this area of law continues to be rapidly developing and quite murky in many respects. Many state and local governments have enacted laws that explicitly provide for non-discrimination in public accommodation when based upon gender identity. In the absence of these express provisions, many courts have increasingly interpreted that various federal and state anti-discrimination laws do protect transgender people.

Widely varying state and local laws coupled with rapid case developments within this area of law prohibit the ability to analyze any one case or scenario when formulating legal strategy here. **This article provides only a highlighted version of one state's analysis and is therefore not intended as legal advice. Please consider these comments as merely a guide to help you when you consult your attorney for specific direction.**

*(Paul R. Bedard, Esquire, has nearly twenty years of management, leadership and operations experience in the health and fitness industry. As a practicing attorney, Paul's health and fitness industry experience provide him with a unique perspective when advising health clubs*



Paul R. Bedard, Esquire

*regarding employee training, handbooks, policies, contracts, disputes or premises liability claims. When not practicing law or spending quality time with his wife and daughters, Paul strives to be active in his local community. Paul serves as the current Assistant Town Attorney for the Town of Southington, Connecticut and has previously served on the Southington Zoning Board of Appeals and the Board of the Central Connecticut Regional Planning Agency. Paul is also a partner at Sheffy, Mazzaccaro, DePaolo & DeNigris, LLP, in Southington, Connecticut. You can reach Paul by email at [pbedard@smddlaw.com](mailto:pbedard@smddlaw.com) or phone at 860-620-9460, x109.)*



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## Follow These Six Critical Steps Before Designing a New Club or Renovation

By: **Bruce Carter**

Whether you are opening a new higher-price club, a low-price model, a specialty/boutique club or plan to renovate an existing club, design is more important than ever in contributing to a club's success. Most clubs are costing more per square foot to build than ever. The days of a mid-level club costing \$40 - \$60 per square foot are being replaced by \$50 - \$80 and more per square foot. Many boutique clubs are in

the \$100 - \$250 square foot range to build, and renovations follow this upward pattern. As a result of these trends, it is imperative to take key steps before designing a new club or renovating an existing club.

What is driving the increased costs? First is the obvious rising costs of building materials and labor, but that is not the *only* reason. The overall image and inviting environments of clubs are having to be better than ever. Getting a "WOW" or "OMG" response from members and

guests alike should be the goal, no matter what your budgets are. Yet, so many clubs still fall behind with average presentations. The critical steps involve asking a number of right questions that will lead to increased success.

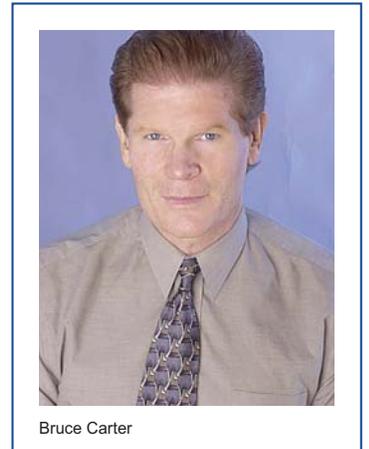
**The first critical step** is obvious but often done inadequately, and that is: *create a plan*. Start by asking these questions. How will your design affect profits? Know specifically how the design you create will affect revenues and profits. Will you add more revenue-producing programs and need the space to do so? Are you offering the most "in demand" facilities and programs? Do you want to have higher dues or to increase dues in an existing club? If so, how will the design help justify the higher amounts?

**Second, ask the question**, "How will your design make you stand out from the designs of your competitors?" Is there new competition and you want your club to stay competitive and maintain profits (which can be a solid plan)? Or, are you planning to stand out from the crowd?

**The third step** is being aware of the latest design trends in clubs and the hospitality business in general. What will be your colors, lighting and finishes? Will you have a turf area or go with the increasing popular LVT (luxury vinyl tile) for cardio and machine areas? One of the best ways to get a start on this step is to Google a variety of things, such as, "health club design, fitness center design, locker room design" and then go to images. Lots of ideas come from this productive approach. Make sure to check out your competition, especially if there are any new clubs or renovations in your market. Obviously, designers and architects who specialize in clubs can make a significant difference. Whatever your visual end result is, it should stand out and get people talking about your design. If you are renovating, the renovation should make the club look significantly different. Why go through the trouble of change unless it really looks like changes have happened? Why open a new club without it looking dramatically different than what is currently in the market place?

**After the first three critical steps, now you are ready for the fourth: create a budget.** Cost out everything you plan to do. This takes time and effort and cannot be done effectively without working with detailed plans. However, initially, it is good to work with a range for your budget. You may have a number you cannot exceed and work from that. Keep in mind, any and every design ends up having to prioritize certain choices over others. If you are working from a plan, you will make better decisions.

**After budgeting, the fifth step may result in asking the question**, "Can everything be



Bruce Carter

done initially, or will it be done in stages?" If so, plan for the stages in the beginning, so when they are made, they fit productively into your plan.

**The sixth step is critical if you are doing renovations.** Based on the scope of your renovations, will you need to apply for a building permit? If so, you will then need an architect to do so. Often, "facelift" renovations where you are only changing finishes and colors will not require a permit. Often, there is a "gray area" with this question. When mechanicals get involved, electrical, plumbing, HVAC and sprinklers, then a permit will be needed. This will add to cost and time. Also, consider this potential aspect of permits and renovations. Often, when a club goes to make changes and a permit is needed, the building department at that time may require that the club become current with all building codes (such as ADA or Life Safety), even though they may not be part of the scope of the renovations. Learn about this ahead of time, for it can significantly change the scope and cost of what you plan to do. Start by checking with a local builder or architect to get an understanding of how the building department will "view" what you plan to do.



Design can get people talking and remembering who you are. Design can make you stand out from the competition. Design can help justify the fees you charge. Design can get people to come back for more. However, taking a disciplined step-by-step approach can make a substantial difference in the success of all your hard work and money spent.

*(Bruce Carter is a veteran in the club design business and the principal of Optimal Design Systems International, and he can be reached by phone at 954-888-9560 or by email at bruce@optimaldsi.com. You can also learn more at www.optimaldsi.com.)*

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## IRS Highlights Expanded Tax Benefits For Depreciation and Expensing

By: **Kristen Deazeley**

In recognition of National Small Business Week happening this month, the Internal Revenue Service is highlighting tax reform changes that impact depreciation and expensing for nearly every business. In some cases, these changes allow small business owners and the self-employed to write off the cost of machinery, equipment and other property more quickly. Here is some key information to keep in mind:

### 100%, First-Year "Bonus" Depreciation -

The bonus depreciation percentage is now 100% for qualified property acquired and placed in service after September 27, 2017 and before January 1, 2023. This means that businesses can often write off the full cost of most depreciable property in the first year they use it in their business. Depreciable business assets with a recovery period of 20 years or less and certain other property usually qualify. This means that machinery, equipment, computers, appliances and furniture generally qualify. Special rules apply for longer production period property and certain aircraft.

### Businesses Can Immediately Expense

**More** - Businesses may elect to expense all or part of the cost of what is often referred to as Section 179 property and deduct it in the year they place the property in service. The maximum deduction is increased to \$1,000,000, and the phase-out threshold is increased to \$2,500,000. These amounts, adjusted annually for inflation, apply to property placed in service in tax-year 2019. Section 179 property includes

business equipment and machinery, office equipment, livestock, and if elected, qualified real property. Taxpayers can elect to include certain improvements made to nonresidential real property after the date when the property was first placed in service.

These improvements include:

- Changes to a building's interior;
- Roofs;
- Heating and air conditioning systems;
- Fire protection systems;
- Alarm and security systems.

Improvements that do not qualify include:

- Enlargement of the building;
- Service to elevators or escalators;
- Internal framework of the building.

These changes apply to property placed in service starting in 2018. More information can be found under the *new rules and limitations for depreciation and expensing under the Tax Cuts and Jobs Act* page on [irs.gov](http://irs.gov).

### Depreciation Limitations On Luxury Automobiles -

The *Tax Cuts and Jobs Act (TCJA)* changed depreciation limits for passenger vehicles placed in service starting in tax-year 2018. If a business doesn't claim bonus depreciation, the greatest allowable depreciation deduction is:

- \$10,000 for the first year;
- \$16,000 for the second year;

- \$9,600 for the third year; and
- \$5,760 for each later taxable year in the recovery period.

If 100% bonus depreciation is claimed, the greatest allowable depreciation deduction is:

- \$18,000 for the first year;
- \$16,000 for the second year;
- \$9,600 for the third year; and
- \$5,760 for each later taxable year in the recovery period.

These amounts apply to property placed in service starting in 2018.

### Applicable Recovery Period for Real Property -

TCJA keeps the general recovery periods of 39 years for nonresidential real property and 27.5 years for residential rental property. TCJA changed the alternative depreciation system recovery period for residential rental property from 40 years to 30 years. Qualified leasehold improvement property, qualified restaurant property and qualified retail improvement property are no longer separately defined and no longer have a 15-year recovery period under the new law. Also, under TCJA, a real property trade or business electing out of the interest deduction limit must use the alternative depreciation system to depreciate any of its nonresidential real property, residential rental property and qualified improvement property. These changes apply starting in tax-year 2018.

Updates on the implementation of the TCJA can be found on the *Tax Reform*



Kristen Deazeley

page of [irs.gov](http://irs.gov). Business owners can refer to the *Tax Reform Provisions that Affect Businesses* page for updates.

(Kristen Deazeley is a Public Affairs Specialist in the Tax Outreach, Partnership and Education office of the Internal Revenue Service Communications & Liaison Division. She currently partners with employers, industry and trade associations to deliver tax outreach and education. Kristen joined the IRS in 2004 as a Revenue Agent where she performed examinations of sole proprietorships, C Corporations and flow through entities. She has also held assignments as a Stakeholder Liaison, Taxpayer Advocate Service Group Manager and performed details with the National Research Program. Kristen graduated from The University of Toledo with concentrations in Communications and Accounting. She is a NASM Certified Personal Trainer.)

## Synergy Capital Investments Makes Growth-Oriented Investment in Fitness Holdings Northeast, One of Crunch Fitness' Largest Franchisee Groups

**NEW YORK, N.Y.** - Fitness Holdings Northeast, LLC ("FHNE" or "the Company"), a leading franchisee group in the Crunch Fitness network in the Northeast region, announced that Synergy Capital Investments, LLC ("Synergy" or "the Firm"), a diversified private equity firm based in Atlanta, Georgia, has completed a growth-oriented investment in the Company.

Headquartered in Greenwich, Connecticut, FHNE's mission is to launch a network of Crunch gyms across the northeastern United States. The Company currently operates 18 locations in the New York, Pennsylvania, New Jersey and Massachusetts area, and is set to open four more locations in 2019. FHNE's

partnership with Synergy will enable the Company to expand not only regionally but also nationally through a mix of acquisitions and new development to achieve its 50-club growth plan.

**Bob Cooke**, FHNE's *Chief Executive Officer*, will remain in his current role and continue to lead the Company.

"In seeking a partner, I wanted to find someone who shares FHNE's ambition of becoming the largest franchisee group in the country with at least 50 clubs in its name," said Mr. Cooke. "It was apparent during talks with Synergy that they indeed share this vision. Our alignment in culture and values will make for a long-term, fruitful partnership."

"FHNE's outstanding leadership team, along with leading marketing and financial analytics, have provided a great foundation to this point," said Murad M. Karimi, Director of Synergy Capital Investments. "It is a tremendous organization that has built exceptional clubs with top customer service for Crunch members. Its success is a result from the talented people that are a part of the Company."

**Munir Karimi**, *Chief Executive Officer of Synergy*, will be joining FHNE's board in conjunction with the firm's investment. "The Company's results to date and growth model attracted our firm and we are thrilled to work alongside their group



and be a part of the Crunch network," said Munir. "We intend to support the Company in all aspects of growth to accelerate the Company's expansion nationally along with Latin America rights in the pipeline."

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# 2019, A Year of Significant Disruption: Divergent Prognostications for the Remainder of 2019

By: Stephen Tharrett & Mark Williamson

On the eve of each New Year, industry experts and fortune tellers hunker down over their computers, or in some instances, smart phones, studying fitness industry trends, such as those produced by ACE, ACSM and ClubIntel, along with cultural and socioeconomic disruptions. Using the information they glean from these various sources, the proclaimed experts proceed to forecast, or at least predict, what may happen in the upcoming calendar year. For these experts, the goal is to be the voice of the future, an industry prophet of hope, and to provide a degree of clarity on what might be expected in the upcoming year, or as T.S. Eliot so eloquently said, *"For last year's words belong to last year's language, and next year's words await another voice."*

As we steadily move through 2019, our objective with this article is to lend an informed and divergent voice to the fitness industry language of this year, offering up predictions as the year continues that, in some instances, wander from mainstream thought. We understand our prognostications are as likely to be right as wrong, and with any luck, they will bring forward insights to help fitness industry professionals map out their expectations and strategies for 2019 and beyond, including those that, at the moment, might be unforeseen. Mark Twain said, *"Prophecy is a good line of business, but it is full of risks."* So, it is with humility, and a touch of thoroughly modern intellect, that we offer up our prognostications for the remainder of 2019 and assume the risk that we may be as wrong as we are right.

## Seven Divergent Prognostications for the Remainder of 2019

**1. Too much of a cheap thing is now a reality.** Ever since the great recession of 2008, budget clubs, or as some prefer to call them, high-volume, low-price clubs (HV/LP), have grown exponentially compared to more traditional industry segments. According to data from IHRSA's *2018 Health Club Consumer Report*, approximately 40% of health club members report being members of these "Dollar Club" versions of fitness. Since 2014, the percentage of U.S. health club members who report belonging to these clubs has consistently hovered around 40%. Recently, we did some exploration of the budget market using data from IHRSA, the U.S. Census Bureau, and some plain old-fashioned detective work on the internet. Here is what we found:

■ Over the past three years, the total population of Americans who claim to be members of commercial budget clubs (we removed all non-profits) grew by 16% compared to the overall industry average of 12%. Among the various industry segments, the total growth in budget club membership was the lowest in the industry other than for non-profits and YMCAs/YWCAs/JCCs.

■ As of YE 2017, there were 14 million members of commercial budget clubs, representing 4.7% of the total U.S. population over the age of six.

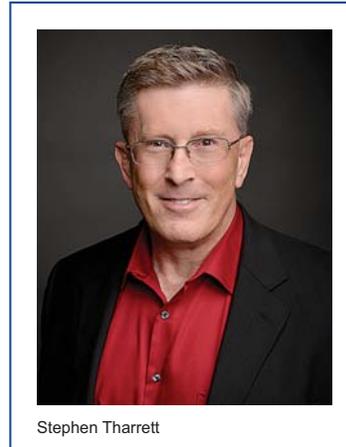
■ As of the fall of 2018, there were approximately 2,815 budget clubs in operation in the U.S., representing approximately 7.3% of all U.S. clubs (total club count based on 2018 IHRSA data).

■ There is an average of 5,528 health club members per budget club in the U.S. (based on total U.S. member population and total budget club counts).

■ Depending upon the state in which one resides, the estimated club members per existing budget club ranges from as few as 2,259 to just over 12,000. If you look at the 30 Metro markets that IHRSA has member penetration data for and then take the actual Census counts for those areas, it shows that the number of members per existing budget club ranges from a low of 2,500 in Raleigh-Durham, North Carolina. to as many as 15,000 in Minneapolis-St. Paul, Minnesota.

■ Depending upon the state or metro area in which one resides, the total population over the age of six per existing budget club is approximately 10,000.

The story behind these data points is simple: the budget sector is presently oversaturated. Most budget clubs need at least 5,000 members and preferably closer to 7,500 members to be a profitable venture. Yes, there are Planet Fitness franchises with well over 10,000 members, but that is the exception and not the rule. What this



Stephen Tharrett



Mark Williamson

data is showing is that budget clubs are sprouting up significantly faster than the number of consumers who are likely to use them. The total number of consumers, and in particular the total number of health club members, is insufficient to support the continuous addition of new budget clubs without something changing. The data foretells a cleansing of the budget segment where many won't be sustainable, and others will need to consolidate if they are to survive. Over 90% of existing budget clubs are operated by the Top Ten franchisors, and our guess is that it may be the story of the Top Five holding close to 100% in the near future.

**Our Prognostication for 2019:** *Budget clubs are headed for a serious showdown with the forces of supply and demand, and as investors say, it may be time to, "Sell short unless you are one of the top five."*

**2. Just having a mobile app will no longer be enough; having a binge worthy app will be the story in 2019.** According to research reported by *eMarketing.com* in 2018, U.S. consumers spent approximately four hours a day on their phone, of which 90% of that time was spent in an app (3.6 hours). Furthermore, 81% of their time using mobile apps was spent engaging with their top five. A quote from Thomas Husson

of Forrester Research said of mobile and its impact on businesses, *"Mobile is becoming not only the new digital hub but also the bridge to the physical world. That's why mobile will affect more than just your digital operations; it will transform your entire business."*

If that isn't enough to get you on the mobile bandwagon, consider a report generated by Flurry Analytics for the period extending from late spring 2015 to the late spring 2017 that showed mobile health and fitness app sessions grew 9% on an annual basis over the two-year period, and content from studios and related grew at the rate of 49%. Finally, according to a recent study by Luth Research entitled *ZQ Intelligence Platform Digital Movement 2017*, nearly 60% of Americans downloaded a fitness app to their smartphones in 2017. The story is simple: consumers connect with their world via mobile apps. The "Cliff's Note" version of this story is even more powerful: most consumers spend over 80% of their time in their five favorite apps, meaning there isn't much room in their life for an ineffective app!

So, how is the health and fitness club industry responding to this phenomenon? According to our *2018 International Fitness Industry Trend Report - What's All the Rage*, the adoption of mobile apps by the fitness industry in 2018 was 34% in the U.S., with Europe at 40% and Russia at 58%. What this data tells us is that the fitness industry is falling behind when it comes to making apps an integral part of their business strategy. It's not just about having an app; it's about having an app that is among our members' five favorites.

**Our Prognostication for 2019:** *2019 will be the year that clubs/studios disciplined (See ClubIntel Page 29)*



## ...ClubIntel

continued from page 28

enough to offer a highly engaging and dynamic app will have a distinct competitive advantage. Meanwhile, those who have an average or mediocre app will struggle, and those forgoing an app will succumb to the forces of creative destruction.

**3. The franchising frenzy.** Over the past several years, the fitness industry's growth, both among more traditional clubs and boutique fitness studios, has been framed almost entirely by franchise business models capitalized by private equity. In the traditional fitness club sector, many of the most prominent and largest players in the industry are franchise models [e.g., Anytime Fitness, Snap Fitness, Gold's Gym, Retro Fitness, Planet Fitness, Crunch, Blink Fitness, UFC Gyms, Fitness 19, Ms. Sporty, World Gym and Workout Anytime]. In the world of boutique fitness studios, franchise models are capturing headlines, attracting private equity and enrolling consumers [e.g., Orangetheory, Xponential Fitness (Pure Barre, Cycle Bar, Club Pilates, Row House, Stretch Lab, Stride, Yoga Six and AKT), Bar Method, 9Round, F45, Title Boxing Club, Madabolic, Fit 36, and numerous others. In 2018, we calculated that the Top Ten boutique franchises operated over 3,500 locations, and the Top Ten traditional club franchises operated well over 6,000 locations.

Read any of today's esteemed industry publications, such as *Club Insider*, *CBI*, *Club Industry*, *Club Solutions*, *Health Club Management*, *Mercado Fitness* and *Gym Factory*, and you can't help but notice the number of franchises promoting their wares or entrepreneurs announcing the newest franchise venture. Just this past year, *Club Industry* published its *2018 Franchise Guide*, another testimony to the influence of franchise models in today's club industry.

What most may not realize is the accelerated growth in franchises is not as much the result of fitness entrepreneurs entering the market; instead, it is the entry of investor groups (Private Equity) and non-fitness serial entrepreneurs who have reaped success in other franchise-driven businesses and see the enormous potential of franchising in the fitness world. From an investor perspective, 2018 was a bull market for franchising. A recent conversation with a partner in a leading PE group indicated there are a lot of signed franchise agreements that have yet to open. What is the implication of this conversation? Consumer demand for these franchises may be waning.

**Our Prognostication for 2019:** 2019 will continue to see the emergence of more franchise models and the expansion of existing franchise models, especially in the boutique segment. Concurrently we foresee the ratio of actual franchise sites open as a percent of sites signed to decline, especially in the U.S. Like budget clubs, many of the franchise models will find their market appeal and market

share challenged.

**4. Mobile 24/7 virtual fitness content is jumping the chasm.** The health and fitness club industry is well-versed in the virtues of in-club virtual group fitness as a value-add; at least that is the narrative being communicated by suppliers such as Fitness on Demand, Les Mills and Wexer. What we've not heard enough about is how customized mobile virtual coaching and group fitness are emerging as critical engagement and monetization tools for fitness operators.

Research conducted by Cardlytics in 2017 showed consumer spend for on-demand/streaming content reached nearly 8% of the average consumers spend on fitness in 2016, a percentage we imagine was considerably higher in 2018. The same study showed that first-time users of fitness on-demand content in 2016 spent 37% of their fitness dollars on on-demand/streaming content compared to 40% on gyms... *Ouch!* Don't believe it? Today, Beach Body, Daily Burn and Peloton have close to 4.5 million subscribers between them (Daily Burn has 2.5 million subscribers alone). Peloton has just expanded its digital platform beyond group cycling and now offers on-demand content across a variety of training regimes. Icon Health and Fitness, which makes NordicTrack, offers an enormous array of on-demand content with its home equipment.

This demand for virtual content hasn't gone completely unnoticed by the health and fitness club industry. When we asked operators as part of the *2018 International Fitness Industry Trend Study* whether their clubs offered either on-demand or streaming group exercise classes or self-guided fitness instruction, we discovered that, depending where they did business, 5% to 12% reported offering on-demand/streaming group exercise content, while 8% to 18% offered virtual self-directed fitness programs to their members.

Club operators such as Crunch (Crunch Live), Gold's Gym (Gold's Amp), Basic Fit (GXR by Basic Fit), McFit (Cyberobics by McFit) and 24 Hour Fitness (24Go) have created their own branded on-demand and streaming content that allows members to connect 24/7 for group classes and/or personal instruction and coaching. Not to be outdone are studio operators such as Core Power Yoga (Core Power Yoga On Demand), Physique 57 (Physique 57 On Demand) and Flywheel (Fly Anywhere). If you are an independent club or studio, or just not capitalized enough to build your own personalized on-demand/streaming content, don't despair. Firms such as FORTE out of New York and FitCloudConnect out of Canada have built platforms that allow a single studio or club to broadcast their classes and workouts in real-time, thereby giving them the same 24/7 on-demand and streaming reach as the big boys. One of the more unique aspects of this particular digital platform, and we imagine soon on others, is the ability for members to interact in real-time with the instructor or fellow members taking

the class. In talking with operators who have embraced this new technology, we've learned it has enhanced member/client engagement and retention, not to mention provided additional supportive revenues for the business.

**Our Prognostication for 2019:** 24/7 on-demand and streaming content will emerge from the early adoption stage to the early majority stage in 2019, bringing it to the forefront as a critical programming element for clubs and studios that want to remain relevant to their members and the market going forward.

**5. Membership and the Amazon Effect.** Just as Amazon disrupted, and in many cases, creatively destroyed the traditional world of retail sales, digital middlemen/digital aggregators will reshape the traditional model of membership sales. In 2018, according to the *2018 International Fitness Industry Trend Report - What's All the Rage*, the percentage of operators who had entered into an arrangement with a digital middleman to help market and sell their value proposition ranged from a low of 4% in Australia to 32% in Latin America. Even the U.S., traditionally a slow adopter, reported double digit adoption levels at 10%. When considered by business model, luxury clubs and boutique group exercise studios both had adoption levels of 20% or greater in 2018.

The digital middleman effect isn't just a direct-to-consumer phenomena; it's now a player in the corporate membership arena. The most recognized platforms in the direct to consumer arena include: ClassPass, based in the U.S. with 14,000 partners (mostly studios); Zeamo, based in the U.S. with 1,500 partners (all clubs); Fit Reserve, based in the U.S. with over 500 partners (all studios); PayasUgum, based in the U.K. with over 2,700 partners (variety of facilities); MoveGB, based in the U.K. with over 6,000 partners (variety of facilities) and Urban Sports Club, based in Germany with 3,000 partners in Germany, Spain and Italy (variety of facilities).

While most of the industry is aware of these B-to-C middlemen, it's the B-to-B platforms selling to corporations and insurers that have fostered disruption in Latin America and to a lesser degree in Europe. Their disruptive impact has yet to be felt in the U.S. The leading players in this arena include Gympass, based in Brazil with over 40,000 global partners (clubs and studios); Zeamo, based in the U.S. with 1,000 partners (clubs); GlobalFit, based in the U.S. with over 10,000 partners (clubs and other facilities); and the newest entrant, ClassPass.

What each of these digital access platforms offers consumers, and now corporations, is an alternative approach to accessing and using a fitness club, fitness studio or related fitness offerings. Besides offering fitness access at a lower rate than traditional approaches, they also offer significantly greater flexibility for consumers in respect to being able to sample a variety of fitness experiences rather than be chained to one (IHRSA's

*2018 Health Club Consumer Report* indicates that approximately one in four club/studio members frequent more than one facility, and for some business models, the percentage is as high as 90%). As Millennials, and soon Generation Z, both digital native generations, exert their influence on the way the health and fitness club industry does business, Internet Middlemen will become more the norm than the outlier; just look at Latin America where nearly a third of operators are engaged with digital middlemen.

**Our Prognostication for 2019:** In 2019, fitness consumers will continue shifting toward digital middlemen, especially fitness studio users as a means of acquiring access to the fitness experience. Partnering with digital middlemen in some manner or form will become part of the marketing playbook for most studio operators and to a lesser degree for many HV/LP clubs in 2019.

**6. Mobile Wallets and Digital Payment Systems Supersede Wallets and EFT.** The health and fitness club industry, like many retail and hospitality businesses, find themselves overly dependent on "heritage" payment systems (EFT, credit card processing, debit card processing and cash) in an era where consumers are moving toward digital payment platforms (e.g., PayPal, Authorize.com, Skrill, Stripe and Square Cash) and mobile wallets (e.g., Android Pay, Samsung Pay and Apple Pay). In a 2016 report by Accenture Consulting, they defined this era of digital payment solutions as "The Edge of a New Frontier." According to their study, consumer awareness of digital payment solutions is at an all-time high, and according to their analysis, we are now at a point where there is no turning back. Furthermore, the report indicates that Millennials and Mass Affluents (the fitness industry bread and butter) are setting the path for these new digital payment options.

According to data shared in our *2018 International Fitness Industry Trend Study*, the percentage of clubs by global region who reported accepting mobile wallets ranged from 8% to 34% while the percentage by region who used digital payment gateways ranged from 15% to 28%. These statistics show that, in some regions, both mobile wallets and digital payment gateways are becoming more of the norm. Digital platform Mindbody accepts Stripe, a digital payment gateway; and Virtuagym, another large digital platform, accepts PayPal. We believe that operators who aren't already accepting these newest forms of consumer payments will find themselves slowly losing customers and sales.

**Our Prognostication for 2019:** In 2019, studios and clubs will find mobile wallets and digital payment gateways an essential payment platform. The failure to implement them, or at least plan to implement them in the near future, will be a strategic mistake.

**7. Price-Parity and e-commerce is the**  
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**name of the game.** In today's consumer world, people want to be able to find your price at the swipe of their finger, and if they like what they see, pay for it right then with a simple touch of their fingertip. This shopping and purchasing dynamic are referred to as price-parity (making the price transparent online and elsewhere) and e-commerce (selling your offering online). For many operators, this might seem like heresy, as the practice of not sharing pricing information online has been a strategic marketing decision to drive traffic into the club for the hard sell. Well, that time is quickly coming to an end. As one budget operator shared, over 90% of their sales take place online. So, how is the industry faring in this world of e-commerce and price-parity? According to data collected as part of the *2018 International*

*Fitness Industry Trend Study*, it is a mixed bag. For example:

■ Between 36% and 51% of operators based on region of the world provide online pricing of memberships and ancillary services.

■ 15% to 28% of operators accept payments online (e.g., 51% of U.S. operators have embraced price-parity, but only 16% have adopted e-commerce).

■ Between 15% and 84% of operators based on business segment provide online pricing (e.g., 15% of private clubs, 59% of budget clubs and 84% of boutique group exercise studios).

■ Between 8% and 45% of operators based on business segment accept membership payments online (e.g., 32% of luxury clubs and 45% of budget clubs).

It appears that operators are more inclined to be price-variant than actually sell their offering online. That said, when you compare the fitness industry adoption of these business practices, it represents a perfect portrait of Digital Darwinism, where business adoption of technologies lags behind the changes in technology and consumer use of technology.

**Our Prognostication for 2019:** *Posting prices, memberships and ancillary services online, along with conducting e-commerce in regard to membership and ancillary services, will emerge as critical in 2019. Those who take the plunge will thrive, while those who resist will become today's version of the slide rule.*

■ ■ ■

As indicated in the opening to this article, our prognostications will either

be right or wrong, or as this quote that appeared in *Control Magazine* says, "It is said there are two types of forecasts... lucky or wrong." Why share this as part of our final thoughts? We want to be forthright in saying that our prognostications, or whatever you want to call them, are risky business. We've tried to minimize the risk of being wrong by framing our speculations around data: broad industry data, socioeconomic data and our own internal data. As a result, we are confident in saying that our predictions for 2019 hold merit as a bellwether for what the fitness industry can expect in 2019 and beyond.

(Steve Tharrett and Mark Williamson are Principals of Club Intel and can be reached at [SteveT@club-intel.com](mailto:SteveT@club-intel.com) and [MarkW@club-intel.com](mailto:MarkW@club-intel.com).)

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## Thanks and Appreciation

At **Club Insider**, we are excited to be in our **26th Year** of this home-based health and fitness club trade publication! The thought that this publication was *founded to serve an industry I truly love*, and so that *I could become a Mister Mom for my son, Justin*, is still *intriguing and amazing* to us. I wish to extend our most sincere **Thanks and Appreciation** to everyone that's made this amazing 26-year run possible.

A very sincere **Thanks and Appreciation** go to **Rick Caro, Dr. Gerry Faust** and the **Faust Executive Roundtable #1** for helping me decide in 1993 what my home-based business would be. **Thanks and Appreciation** to my long-time friends, **Ron Hudspeth** and **Cathy Miller** of **Atlanta's Hudspeth Report** for the tremendous assistance they provided us during *our first eight years of publication*. **Thanks and Appreciation** to all of the folks at **Walton Press** in Monroe, Georgia. They've done an absolutely excellent job for us all these years and have printed every one of our **305** monthly editions! **Thanks and Appreciation** to all of our **READERS**. Sincere **Thanks and Appreciation** to our **Club Insider Advertisers**, past and present, for their kind and dedicated support of this publication. It's amazing to know that we have several advertisers with over a decade of continuous advertising with us. We also want to say sincere **Thanks and Appreciation** to all of our **Club Insider Contributing Authors**, past and present, who've contributed *thousands* of excellent articles to help our readers with their Best Business Practices. **Thanks and Appreciation** to **IHRSA** for all it does.

Sincere **Thanks and Appreciation** to my son, Justin, who started working part-time for **Club Insider** when he was just 8 years old (helping with mailings). This young man, pretty much behind the scenes for 26 years now, has truly been a fantastic partner for his Dad in **Club Insider**. Justin does our editing, publication layouts, all of our website design and maintenance, all of our bookkeeping and subscription processing work, as well as archive management and anything else that needs doing, including writing a majority of our cover stories each year.

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

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

*Norm Cates, Jr.*

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