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The Pulse of the Health and Fitness Club Industry



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Todd Smith and Las Vegas Athletic Club *Continuing the Smith-Palluck Legacy*

JUNE 2016

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Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

Todd Smith and Las Vegas Athletic Club

Continuing the Smith-Palluck Legacy

By: Justin Cates

Among CLUB INSIDER's Mission and Objectives, being a reporter and guardian of the health and fitness club industry's history is paramount in supporting those tasks. In January and February of 2002, CLUB INSIDER Publisher, Norm Cates, reported on and forever locked into our publication's archives the story of Rudy and Virginia Smith across a 2-part cover story (check it out at www.clubinsideronline.com/archives). Already having completed a legendary career with more than 100 years of experience between them, Rudy and Virginia took on the task of transforming a 4-club chain known as Las Vegas Athletic Club (LVAC). Across the totality of their careers, their list of colleagues, business associates and team members reads like a *Who's Who* list of the most well known industry pioneers and legends, to whom we all owe so much. Todd Smith, along with his brother, Chad, were deeply entrenched in this industry from their own early days, and those whom they were exposed to and learned from during their developmental years ensured a long-term future in the industry their parents helped build and loved so much.

The great Rudy and Virginia Smith have since passed on, and Todd now leads LVAC as its Chairman and CEO. In this role, he represents the continuing changing of the guard our still young, but maturing, industry has been experiencing over the past decade. Dedicated to the work of their elders but possessing a vision of the future driven by the idea of what can be, these new generation leaders continue the legacy they have been tasked with protecting and evolving. Being a

second-generation industry participant myself, I admit my view is biased, but regardless, I do believe it is an interesting dynamic our unique industry possesses as a strength heading forward. As you will hear from Todd, LVAC is proud to be a multi-generational family company, and they do not shy away from it.

Compared to the LVAC of then, the LVAC of today is night and day, and the work to enable further progress continues. Contained in the following interview with Todd Smith are many lessons from the club management team and ownership group that literally has hundreds of years of industry experience behind them. I invite you to read on.

An Interview With Todd Smith, Chairman and CEO of Las Vegas Athletic Club

LVAC Then

CLUB INSIDER (C.I.) - Please tell us what you can recall about your parents, the late and great Rudy and Virginia Smith, when out of retirement, they acquired the then 4-club Las Vegas Athletic Club (LVAC) group and set about on an incredible transformation and turnaround of the business, even by today's standards.

Todd Smith (TS) - In 1990, my father

retired at the age of 65 after almost 20 years with Bally Total Fitness (formerly Health and Tennis Corporation). During the last 15 years with Bally, he teamed up with Andy Palluck, and together, they operated Bally's most profitable area in Southern California. The Holiday Spa Health Club region in Southern California eventually grew to 23 clubs, and nationwide, Bally grew to around 300 clubs coast-to-coast. One year after his retirement, the opportunity to acquire the LVAC clubs came up, and his interest was mainly based on continuing the Smith-Palluck team and for both of their second-generation family members. In 1970, when my father joined Bally with partners and industry legends Don Wildman, Jerry Kahn and George Jaconetti, they started with five smaller clubs and embarked on the same type of turnaround and growth. So, the LVAC opportunity was like starting all over again, this time with partner Andy Palluck. My mother, Virginia (aka Lady), was also involved in taking over the four LVAC clubs, but this time, playing more of an advisory role. This year marks our 25th Anniversary of Smith-Palluck Associates, after my father and Andy took over the LVAC clubs.

C.I. - Who was part of the initial ownership group? Whom does the ownership group



Todd Smith, Chairman and CEO

consist of today? And, please describe the various roles.

TS - The original ownership was just my father and Andy Palluck. Then, in 1995, long-time friend and business associate Don Wildman joined, and seven years after that, old partners Jerry Kahn and George Jaconetti joined the Board of Directors. Today, the Smith-Palluck family interests own approximately two-thirds of Smith-Palluck Associates, and Wildman, Kahn and Jaconetti, as well as one other senior manager, Bill St. George, own the remainder. Don Wildman, Jerry Kahn and George Jaconetti combined have upwards of 180 years of experience in the health and fitness club industry!

C.I. - Can you tell us about some of those original facilities? Size, amenities, services, etc.

TS - The original four clubs were half-racquetball facilities, and they averaged less than 25,000 square feet. The

(See LVAC Page 10)



Inside The Insider

- "Insider Speaks" - The Missing Sound Bite in the Presidential Campaign - **By:** Helen Durkin, J.D.
- What Do the New FLSA Exempt Pay Laws Mean for Fitness Business Owners? - **By:** Melissa Knowles
- A Simple Tip for "Selling Out" Your Club Programs - **By:** Karen Woodard-Chavez
- Summer Doesn't Have To Be Slow - **By:** Jon Butts
- Breathe Life Into Your Social Media - **By:** Nancy Trent

- Wellness Vs. Fitness: Do You "Get" the Difference? - **By:** Casey Conrad
- Racquetball: Alive and Well - **By:** Luke St. Onge
- Programming For The "Fun Of It!" - Step 5 of 7 to Becoming a Programming Professional - **By:** Laurie Cingle
- Microsoft Selected By Blink Fitness to Provide Club Management Software for Corporate and Franchise Gyms
- And, of Course, *Norm's Notes*

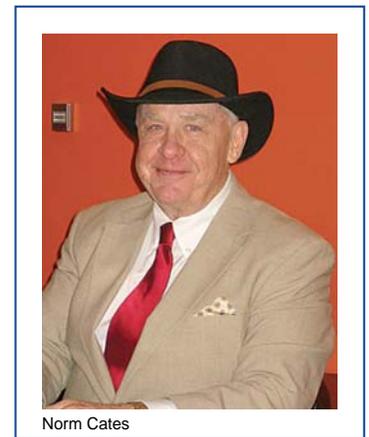
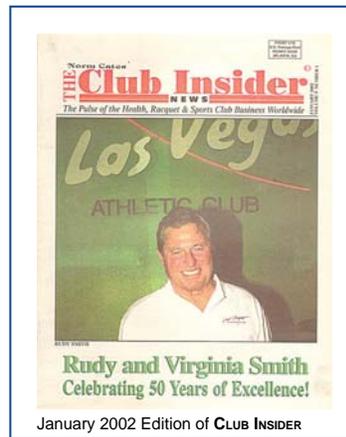
Norm's Notes

•Hello Everybody! This is your CLUB INSIDER Publisher and Tribal Leader Since 1993 checking in! YEP... this is our 270th monthly edition! To say this has been an interesting and challenging 23 1/2 years would be an understatement! We will celebrate our 24th Anniversary of CLUB INSIDER in Chicago at the Club Industry Show, October 12 - 14th, and I want to urge you to be there! People ask me, "Norm, what are the keys to CLUB INSIDER staying in the game for so long?" I always tell them the KEY is the people... YOU, the readers of CLUB INSIDER! So, my partner and son, JUSTIN CATES, and I want to Thank YOU for reading CLUB INSIDER! Please understand how much we DO appreciate YOU being a reader of our publication wherever you are on God's Beautiful Green Earth.

•Is America a great country, or what? And, as I've written before... in my monthly lead-off comment, I'm essentially saying that America IS GREAT in my own way. I write that every month because I BELIEVE America is GREAT... PERIOD! So, I lead off every edition every month this way. But, know this, too... This monthly praise that singles out America in these Norm's Notes is in no way intended to be insulting or offensive to our Canadian and Mexican subscribers or our other overseas subscribers around the world. I know you're proud of your country, too, as you should be.

•The late RUDY and VIRGINIA SMITH were an amazing couple! They spent a lifetime working together in the health and fitness club industry, and then, Rudy "retired" at age 65. However, his "retirement" didn't last long because an opportunity came along for them to acquire the then 4-club Las Vegas Athletic Club chain, and they just couldn't pass that up. In January and February of 2002, I wrote and published a 2-part CLUB INSIDER Cover Story about Rudy and Virginia Smith and their great careers in our industry. In their amazing cover story, we shared a lot including information about Rudy and Virginia and their family, sons TODD and CHAD, and daughters, GINNY and BARBI. Here's what I wrote about them at the beginning of their cover story: "Today, I write about another industry legend and icon, Rudy Smith, and his lovely and vivacious wife, Virginia. Rudy is 76. But, he looks and acts like he's 60. His lovely wife, Virginia, is equally youthful and energetic. These are two of the most terrific people that I've ever met! They remind me a lot of another legendary couple I've become friends with over the years after having dinner with them in Chicago about 15 years ago... JACK LaLANNE, and his lovely wife ELAINE LaLANNE." (Jack passed away on January 23, 2011, but I stay in touch with Elaine via Christmas cards every year.)

Folks, for me... one of the things in life that I've always placed very high



on my "rewards" scale of measuring potential value when I'm considering doing anything in business is, "what are some of the rewards... beyond financial" that one's role in this activity will provide? For example, I feel blessed to have been able to really get to know and write cover stories about people who are true icons in our industry... people like my friends, the late DALE DIBBLE, the late JACK LaLANNE and his wife ELAINE LaLANNE, and the late Brother CURT, and his late wife, JANE BEUSMAN, as well as and the alive and well RICK CARO and RAY WILSON, to name just a few of our cover story subjects over the past 24 years in our first 270 monthly editions. So today, I write this special Norm's Note and draw your attention to

the January, 2002 Cover image on this page. Then, I want to draw your attention to our really well done cover story this month where my son, JUSTIN CATES, has produced another terrific cover story interview with TODD SMITH... bringing us up to date with what's been going on with the now 7-location Las Vegas Athletic Club chain. So, enjoy reading Justin's work and Stay Tuned, folks!

•As we approach CLUB INSIDER's 24th Anniversary, which will be in Chicago in October, there's one thing I want to ask each of you to do for this great cause that is our publication. My request is that, whenever you get a chance, call me at (770) 635 - 7578 or send me an email at (See Norm's Notes Page 7)

About Club Insider

Established in 1993

23 Years and Counting!

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“Insider Speaks”

The Missing Sound Bite in the Presidential Campaign

By: Helen Durkin, J.D.

Publisher’s Note: This article was originally published by *Morning Consult* (www.morningconsult.com).

When the Presidential candidates are challenged with voter questions on how they’ll drive down the cost of healthcare, the word “prevention” should pop right out.

Personal tales of heavy premiums, rising deductibles and increased out-of-pocket healthcare costs are cropping up all along the campaign trail.

Voters are complaining that they’re spending more of their own money on healthcare than ever before. And, businesses have been saying for years that they can’t sustain current healthcare costs.

Over about a 10-year period, the percentage of workers enrolled in high-deductible employer-sponsored plans has more than quadrupled, from 10% in 2006 to 46% in 2015. And, a family of four now pays roughly \$10,000 in medical expenses, or about 19% of its yearly income, with deductibles between \$1,000 and \$3,000, according to the Commonwealth Fund.

At the same time, more than half of all Americans (59% or 190 million-plus people) have one or more chronic health conditions, which alone cost plenty.

Someone diagnosed with a chronic illness can expect a 12% drop in earnings at the time of onset, and that loss increases to a sustained 18% over time. Realize, too, that these lost wages are on top of the financial load these individuals already carry in disease-related medical costs. All told, treating people with chronic diseases accounts for 86% of our nation’s healthcare spending.

The thing is, a great deal of this economic burden could be alleviated if our healthcare system prioritized prevention and Americans followed healthier living habits. After all, many chronic diseases are avoidable or can be delayed and better managed.

At least 80% of all heart disease, stroke and type-2 diabetes, along with more than 40% of cancers could be prevented if we would take action to eliminate the four key risk factors known to fuel chronic diseases: **physical inactivity, an unhealthy diet, tobacco use and too much alcohol.**

A recent study by IHS, commissioned by the Partnership to Fight Chronic Disease (PFCD), put a dollar amount on the savings our nation could recoup **IF we made prevention a priority.** The study asserts we could save \$116 billion a year by assuming modest changes in healthy behavior and healthcare delivery, including increased physical activity, reduced smoking and obesity and improved treatment rates.

The bottom line is this: If something doesn’t give, chronic diseases could cost our country \$2 trillion in medical expenses and another \$794 billion in lost employee productivity each and every year between now and 2030.

For the next several months, all eyes will be on the Presidential candidates and Congress. We need them to use that window of opportunity to speak up on these issues. We want them to speak up on these issues.

In fact, most Americans (86%) think the next President and Congress need to find better ways to prevent, treat and cure chronic diseases like diabetes, cancer and Alzheimer’s, according to a *Morning Consult* poll. Half of voters even say prevention and better management of these diseases should be a top priority for reducing healthcare costs.

Creating an environment in this country that fosters prevention and a healthy American lifestyle requires the attention of our political leaders, supportive public health policies and meaningful legislation that makes it easier for every American to be physically active and sustain a healthy lifestyle.

So, let’s lay it out. Here’s what we need our national leaders to do:

Presidential Candidates: Talk about prevention and how we need to turn healthcare spending on its head. In the end, it will make no difference what the structure of the healthcare payment system looks like if we keep hemorrhaging money on lost wages, lost productivity and avoidable medical spending for the treatment of



Helen Durkin, J.D. IHRSA's EVP of Public Policy

chronic health conditions that could have been prevented in the first place. Chronic diseases create financial burdens that pull down American families, American businesses and the U.S. economy.

Members of Congress: Adopt health policies and legislation that support health-promoting lifestyles. Simple, bi-partisan legislation that makes it easier for people to adopt and maintain healthy living habits can affect a meaningful difference in the lives of all Americans. The PHIT Act (Personal Health Investment Today Act), for example, gives people a financial break on healthy habits by letting them pay for fitness equipment, exercise DVDs, health club memberships and youth sports league fees with pre-tax dollars from flexible spending (FSAs) and health savings accounts (HSAs).

The poet Virgil once wrote: **“The greatest wealth is health.”**

As we head deeper into this election year, we call on all political candidates and current political leaders to remember and act on this enduring truth. Our nation’s wellbeing depends on it.

(Helen Durkin, JD, is Executive Vice President of Public Policy, International Health, Racquet & Sportsclub Association.)

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...Norm's Notes

continued from page 4

Norm@clubinsideronline.com sharing your club's recent news on what's happening, especially any awards or honors you or your employees have received in your community or any news you think would be appropriate for our worldwide readership. With that sharing, you'll help us make **CLUB INSIDER BETTER**. And, to that end, each month when you share your latest news, please also share any thoughts or ideas about how we can make **CLUB INSIDER...** the cause... even better for you. **An idea never shared may become an idea lost... so DON'T BE SHY...DONT HOLD BACK!** I ask this now because **CLUB INSIDER** is not just celebrating our **24th Anniversary in Chicago**. While in Chicago, we will begin our **25th Anniversary Celebration**. Chicago will be an appropriate place to celebrate our 24th and start our 25th Anniversary because Chicago is where **CLUB INSIDER** was launched in the Fall of 1993. We look forward to serving you for many more years to come, and again, Thank You for reading **CLUB INSIDER!**

• **Book it now!** One of the many **IHRSA Benefits** is the **IHRSA Institute**. Perhaps you enjoyed **IHRSA 2016** and would now

like to learn even more, but in an intimate environment. Or, perhaps traveling to Orlando, Florida this year wasn't feasible, but you're still determined to enhance or add a skill set. Either way, you'll want to consider the **IHRSA Institute, Executive Education for Club Professionals**, which convenes **August 2 - 5**, at the **Rizzo Conference Center**, at the **Kenan-Flagler Business School**, at the **University of North Carolina**, in **Chapel Hill**. Past attendees attest to having learned about, and subsequently, implemented highly effective leadership and business strategies at their clubs. Call **(800) 228 - 4772** to sign up for the **IHRSA Institute**.

• **Speaking of learning... mark your calendar for October 12 - 14** for the **Club Industry Show** to be held for the first time at the **Hyatt Regency Chicago...** No longer will **Conference and Trade Show attendees** be required to commute on buses and taxi-cabs to **McCormick Place** because the **Conference and Trade Show** will all be under one roof at the **Hyatt Regency Chicago** at **151 East Wacker Drive**. Register at www.clubindustryshow.com. And, **BE SURE** to drop by the exhibits for our **CLUB INSIDER Advertisers!** They're great folks, and they'll definitely treat you the way you deserve to be treated! Here are the **CLUB INSIDER Advertisers** who've booked their exhibits:

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• **Congratulations to AL NOSHIRVANI, CEO, and his Motionsoft Team**, as they've been chosen to provide club management software for both corporate and franchise **Blink Fitness** locations. **Congrats to the Al and his Motionsoft Team** and to **Blink Fitness** for a smart choice! Check out the **Motionsoft Press Release** on Page #21.

• **IHRSA** announced the recipients of two scholarships to attend the **IHRSA Institute, August 2 - 5**, at **The University of North Carolina's Kenan-Flagler Business School** in **Chapel Hill**. The **JOHN MCCARTHY Merit Scholarship**, named for **IHRSA's** highly esteemed first Executive Director, and **The CURT and JANE BEUSMAN Institute Scholarship**, named for two of **IHRSA's** most passionate founders, are awarded to individuals who are able to demonstrate their passion for, and absolute commitment to, the health club industry's future and also for their leadership skills in club operations, sales or service. This year's scholarship

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recipients are **AZEEZ TESSERAU, General Manager at Wellbridge Athletic Club and Spa in Town and Country, Missouri**, and **BRENT GALLAGHER, Owner of Avenu Fitness & Lifestyle, located in Houston, Texas**. The recipients were selected by a judging panel of highly experienced and dedicated industry professionals that included **RICK BEUSMAN, President of Saw Mill Club** and the son of the late **CURT and JANE BEUSMAN** for whom one of the scholarships is named; **BILL MCBRIDE, President & CEO of Active Wellness & BMC 3**; **RICK CARO, President of Management Vision, Inc.**; **MICHELE MELKERSON-GRANRYD, General Manager of BB Fitness Studios**; and **BUD ROCKHILL, Owner of CW Strategic Advisors**. **Congratulations to AZEEZ and BRENT!** And, **congratulations to IHRSA** for providing this great learning opportunity!

• **This also from IHRSA with the arrival of their 2016 Global Report: 151.5 Million Members Get Active at More Than 186,000 Health Clubs**. In 2015, global health club industry revenue totaled \$81 billion, as 151.5 million members visited nearly 187,000 clubs, according to the just-released the **2016 IHRSA Global Report: The State of the Health Club** (See Norm's Notes Page 8)

...Norm's Notes

continued from page 7

Industry. The top 10 markets account for roughly two out of three health clubs and three out of four members worldwide. While the U.S. leads all markets in club count and memberships at 55 million and 36,180, respectively, Brazil is second in club count at 31,809 and Germany is second in number of members at 9.5 million. All three markets are also among the top 10 worldwide in revenue with the U.S. ranking first (\$25.8 billion), Germany second (\$5.4 billion) and Brazil seventh (\$2.4 billion). "This year's report shows collective growth in markets worldwide, with mature markets leading the way," said **JAY ABLONDI, IHRSA's Executive Vice President of Global Products. To join IHRSA, from which you may obtain the Global Report and many more membership benefits, call (800) 228 - 4772 today.**

• **In New York City, Blink Fitness has named DAVID COLLIGON as Vice President of Operations.** For the past three years, Collignon has served as **Vice President of Strategic Sourcing and Procurement for Equinox Holdings,** which include **Equinox, PURE Yoga, SoulCycle and Blink Fitness. Best of luck to David in his new role!**

• **Professional Tennis Registry (PTR) announced its new Tennis Technology Conference is set for November 3-4, 2016, at the Marriott Resort in Hilton Head Island.** The Tennis Technology Conference will feature interactive sessions covering the latest developments in products and software to help tennis coaches and club directors and managers to integrate this technology to run their businesses more effectively. Some of the topics that will be covered include: **Software Integration for Clubs; Digital Marketing; Match Analysis Video Software; Teaching Apps; Green Initiatives; On Court Technology; Racquet Technology with Software Integration and more.** For additional information and registration, please go to bit.ly/clubinsider17.

• **New rankings revealed Washington, D.C. is the fittest city for the 3rd consecutive year!** Washington, D.C., closely followed by **Minneapolis-St. Paul and Denver,** are the three fittest of the 50 largest metropolitan areas in the U.S., according to the **ninth annual American Fitness Index (AFI)** released by the **American College of Sports Medicine (ACSM)** and the **Anthem Foundation, the philanthropic arm of Anthem, Inc.** The three top metro areas showed increased walking by residents using public transportation, more parkland for exercise and lower cardiovascular and diabetes issues. The Washington, D.C., region's lower rate of smoking tipped the scales in its favor. Midwestern metro areas **Indianapolis, Oklahoma City and**

Louisville rank last in the index.

• **Seattle Business Magazine has named Precor Washington Manufacturer of the Year!** In its May 2016 Edition, *Seattle Business Magazine* named Precor as Washington's Large Firm Manufacturer of the Year. Employing 573 local workers, Precor has a commitment to lean principles and efficient production. **Precor estimates it spends \$1 million to \$2 million each year on machinery, equipment and automation to make improvements in machining, welding, tooling and production-line monitoring systems.** It expects still more spending as it adds to its line of cross-training and fitness machines and as it expands its networked-fitness service known as **Preva,** which lets equipment users track their workout histories and check progress toward goals.

• **What is your 'Ear Q?'** is how the *Marietta Daily Journal Headline* reads. Then, the author, **JENNIFER BONN,** asked a very valid question for this cyber day and age with people communicating electronically via emails, texts, tweets, and God only knows how many other electronic ways. She asked, **"How good of a listener are you? Do you focus on the person who is speaking to you or do you multitask while speaking, while trying to carry on a conversation while still getting other things done? Do you sometimes turn off and tune out when an associate or a family member is talking to you about something that really isn't interesting to you?"** She continues with, **"Those things, and more, contribute to what kind of listening skills or 'Ear Q' you have."**

You may be saying, **"HUH? Norm, what in the world does how good of a listener I am have to do with my health club business?"** So, let me count the ways, Ladies and Gentlemen... **IF** you have a low 'Ear Q,' a condition that I bet many folks have because of their deep involvement in electronic communication many have and don't even know it... you may be missing out on very important information in your business environment or you social environment, and the only way or time you will find out will be when you make a career damaging or relationship damaging mistake. So, consider these helpful tips from author, Jennifer Bonn, **What is your 'Ear Q?' article:**

1. Focus completely. When someone is speaking to you, stop doing e-mail, texting or thinking about the next thing that you want to do.

2. Don't make it about you. Being heard is not more important than hearing. Seek understanding before seeking to be understood.

3. Repeat and paraphrase. Repeat what someone says to you and summarize what you have heard. This shows you are listening for understanding, and repeating

back what you have heard encourages the speaker to continue to expound on the topic, which will give you greater context about what the speaker is trying to communicate.

4. Watch for non-verbal cues. Listening is more than just hearing words; it is also about being aware of body language and non-verbal communication. What is the person saying with the facial expressions or body language that is not coming through in words?

5. Ask questions. Ask questions about what you are hearing. Not only does this show that you are fully engaged in the conversation, but also, you will learn more about the topic being discussed and will make the person feel valued because you care about what he is saying.

6. Patience. Don't interrupt or jump to answer. Listen to what is being said and be patient.

7. Don't try to solve a problem. If someone has come for advice, realize that, sometimes, someone just wants empathy and understanding. Listening helps others reach solutions just by asking questions and letting them answer and work through the problem themselves. Sometimes, all someone needs to do is voice his problem and get it off his chest.

8. Learn through listening. Always remember... if you are speaking, you are not learning. During your next conversation or meeting, stay silent and observe while others do the talking.

9. Assess through stories. Listening to the stories that people reveal is an easy way to get to know people. It's a great way to find out more about a potential job candidate. All you have to do is listen.

10. Listen for need. Everyone needs to be listened to at some point. Even rock stars need encouragement and a chance to share. People will show you their need with body language or a simple sigh. When someone looks like they're carrying the world on their shoulders, ask them about it. Be that person who lifts people up because there may be a time when you need the same support.

11. Be available. Don't be too busy to listen to someone. It may be a lost opportunity that you will never have again. Your 14-year old might need to share something that is crucial even if only to his life. Stay open to those conversations and the possibilities for relationships that are all around you every day. Make eye contact, say hello, ask questions and then see where the conversation leads. As human beings, we need connections, and listening is a great way to connect.

Listening is a skill that some of us do not do very well. It is also a valuable

learning tool, as well as an excellent way to build connections and communications. It is a way to validate someone and a great interviewing method. Listening is a skill that we can practice and hone and the benefits impact both us and those around us. Experiment with listening completely without interrupting, without making it about you and see what you can learn.

(Jennifer Bonn is a freelance writer and resident of Kennesaw, Georgia.)

• **JUSTIN and I want to say Thank You for reading CLUB INSIDER!**

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• **May those who were killed in the Orlando Massacre REST IN PEACE, and may those who survived but were injured recover. GOD BLESS all those who were lost and those who lost loved ones in the worst domestic terrorist attack since September 11, 2001. God Bless Orlando. God Bless America!**

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

(Norm Cates, Jr. is a 40+ year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now in its 23rd year of publication. Cates was IHRSA's First President, and a Co-Founder with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. Cates may be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com)

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...LVAC

continued from page 3

newest club had a small pool, they all had very limited exercise equipment, and one of the club's even had a bar/lounge (serving alcohol). Today, only one of the original four remains, and it is by far our smallest club at approximately 30,000 square feet. In 1991, the four clubs had about 4,000 members and \$4 million in revenue, and back then, my father and Andy knew that they would be replacing two or three of the clubs in the immediate future.

C.I. - When and how did you first get involved in business with your family; was it at LVAC or one of your parents' previous ventures? What was your first role? And, can you take us through some of your key subsequent roles that have gotten you to where you are today?

TS - If you count my time working as a trainer/instructor and also sales, I began before college. Right after I graduated with degrees in Accounting and Finance, I went to work for Don Wildman as his Director of Real Estate. At that time, Health and Tennis Corporation (later Bally Total Fitness) had about 180 clubs nationwide, including the Holiday Spa chain in Southern California. I eventually got involved with club acquisitions and strategic planning and was promoted to Vice President of Corporate Development. In 1991, after 11 years with Bally and after helping my father and Andy acquire LVAC, I was recruited by another industry icon, Mark Mastrov and 24 Hour Nautilus (later 24 Hour Fitness), when they had only 13 clubs. During my tenure with 24 Hour, my main focus was real estate and acquisitions. I worked at 24 Hour Fitness for almost 15 years as their Vice President of Corporate Development and helped the company grow to well over 300 clubs. In 2004, 24 Hour Fitness was acquired by Forstman-Little, and thereafter, things started to

change pretty quickly. In 2006, I joined the family business (LVAC) with my father; brother, Chad; and Andy Palluck. I have been blessed with the opportunities to work with and have some of the best mentors to ever grace the industry, Don Wildman, Mark Mastrov, Andy Palluck and my father.

C.I. - Are your brother, Chad, and Andy Palluck still involved in the business? If so, what are their roles?

TS - Andy is the President and COO, and he oversees all the day-to-day operations of the company. Chad is the Executive Vice President wearing many hats including Chief Marketing Officer.

C.I. - Please tell us about the experience of growing up around and working with so many true industry leaders and legends, including your parents.

TS - This is a tough question because life is all about the experiences, right? And, this would read more like a novel than a short story. As a teenager, I came home after school to find a young Arnold Schwarzenegger, before winning his first Mr. Olympia, being muscle-tested (applied kinesiology) by my mother. Growing up in Malibu, I would play tackle football on the beach with neighbors Ray Wilson and family. My father and Ray were friends after being fierce war-like competitors for many years with the first two large health club chains (Vic Tanny's Gyms and the American Health Studios).

My parents were also good friends with Jack (the Godfather of Fitness) and Elaine (LaLa) LaLanne. My mother and Elaine first met on a synchronized swim team in Minnesota before Jack met Elaine. My father first met Jack down at Muscle Beach (Venice Beach) watching Jack perform his physical feats of strength and flexibility, like the human pyramid. My father asked Jack how he developed his muscles, and Jack told him, 'You have to train with weights.' So, Jack introduced my father to the health club business on the beach that



Rudy Smith On One of the Original Smith Machines (circa 1950s)

day. Jack LaLanne is also recognized as the inventor of the Smith Machine, and it was Jack who gave my father the idea for the Smith Machine when my father saw a machine that was rigged up at one of Jack's gyms. My father asked Jack if it would be okay to take his ideas, scribbled on a napkin so-to-speak, to an equipment engineer to see if he could develop a multipurpose machine.

The life experiences of our family were also forever shaped by industry legend and athletic icon, Don Wildman. For many years, Don invited our family to join his family skiing in Aspen for the holidays. My brother and I eventually went to college in Utah, in part, because of the world class skiing, and my parents shared a condo with Don in Utah during that time. My brother and I enjoyed many days of heli-skiing sponsored by and with Don while we were in college. It was Don who offered me a job while we were riding a chair lift and discussing my future plans, as I was finishing up my senior year of college. Chad and I both continued to spend lots of time in Utah after college, and both of us ended up marrying Utah girls.

Something I will never forget, and look forward to even to this day, is listening to Don Wildman and Jerry Kahn tell their amazing stories. These are the stories of true fitness legends. Our Board meetings are filled with old stories, and my father was pretty decent with the stories, too. So, Don and Jerry are not just Board Members or investors, they are extended family and friends. Don and Jerry are both in their 80s now, and you can see the benefits of lifelong health and fitness. At 83, Don is still snowboarding 70 - 80 days a year, mainly heli-boarding with his beautiful bride. Recently, he

was featured on *CBS This Morning* in a story about the creation and future of his invention, the Golfboard. He, along with his partner and good friend, legendary big wave surfer Laird Hamilton, morphed a skateboard and a golf cart to create a revolutionary new way to 'Surf the Earth' while playing a round of golf.

LVAC Today

C.I. - How many LVAC locations are there now?

TS - There are now seven clubs, with the seventh opening last year in May, and one more under development, which should open in May of 2018.

C.I. - As older locations have been replaced and new locations opened, was there a typical size and amenity/service offering you would plan for or did area demographics dictate the build-outs? Additionally, can you elaborate on the typical square footage, amenities and services of your current facilities?

TS - Over the years, we found that, as we started to build larger clubs, our core strength, or sweet spot, is operating larger clubs between 80,000 and 100,000 square feet. The area demographics didn't really dictate the build-outs, provided there was decent density of population in the trade area and income levels. The last five clubs, including the one under development, have the full array of amenities: racquetball courts, indoor track, two pools, two or more group fitness rooms, a cardio entertainment area and a very extensive selection of exercise equipment. As my father and Andy did with their Bally clubs, we put in a private women's workout area.

C.I. - Beyond the physical plant, how do you try to differentiate yourselves from local competition? And, what would you say are your key market differentiators, especially vs. HV/LP competitors and vs.

(See LVAC Page 12)



Don Wildman, 83, Trains By Mountain Biking Up and Down Ski Slopes

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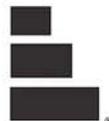
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STEPFITNESS

...LVAC

continued from page 10

high-end, high-service competitors?

TS - The physical plant is more similar to a high-end operation, but we have always had very moderate monthly fees. That said, the physical plant being more similar to a higher-end operation, our investment all-in, including land, is somewhere between \$22 - 25 million for each new club. As you know, rates are very difficult to lower once they have been increased, and our lower rates served us well during the great recession, as well as the dramatic increase in the number of HV/LP competitors. We are priced just above the HV/LP range because our rates are higher than \$10 - 20 per month. We like to be called, at least by our friend, Rick Caro, part of the HV/HV (high-volume/high-value) segment. We have amenities and services that exceed the HV/LP segment, and so far, we have done reasonably well supporting that value proposition with our \$10 - 15 per month higher rates.

C.I. - Speaking of local area competition, I can imagine there is an abundance. Please tell us about that and what you do to combat it.

TS - We, of course, have 24 Hour Fitness, which has the most clubs in the local market. I have always maintained a 24 Hour Fitness membership, and when I am not in Las Vegas, I will usually work out in their clubs. The local Gold's Gym operation converted to EOS Fitness, and I think they even have one or two more clubs than we do. EOS Fitness is a HV/LP operation, and under new ownership, they are building a few new clubs. In the last few years, we have seen Planet Fitness grow to eight locations, and obviously, they are one of the largest in the HV/LP niche. One of the main ways we differentiate from Planet Fitness is in the amenity/service area. We also have a lot of boutique studios, including Orangetheory Fitness and many

CrossFit gyms. Finally, we have Lifetime Athletic with two of their highest-end and highest-priced clubs.

All are solid competitors, and we have to continually move laterally to stay competitive and maintain our competitive advantage. When I am in Salt Lake City, which is much of my time outside of Las Vegas, I usually work out at Lifetime Fitness. I also maintain memberships at LA Fitness and Crunch. So, I have gained a lot of respect for all of the differing operations, and I like to think I am a connoisseur of a lot of club operations. This is one of the many concepts my father taught me at an early age: *to always be checking out the competition to stay ahead of the competition*. Speaking of non-local competition, until recently, I had a membership at Gold's Gyms of Southern California. My friend, Angel Banos, together with his brother, Willie, have been very successful in that market in the middle of an unbelievable concentration of clubs operated by 24 Hour, LA Fitness and Equinox, UFC Gyms and Crunch, just to name a few. I joined the club because of their feel and experience, as Angel has put his personality and character into the layout, equipment and finish of the clubs. These are well-managed gyms, and I admire the Banos Brothers for being able to rise above the competition in such a contested marketplace.

What's Old Is New Again

C.I. - While preparing for this interview, I reread the 2-part cover story that **CLUB INSIDER** had the honor of doing on your parents in January and February of 2002 (check it out at www.clubinsideronline.com/archives). So, speaking of key market differentiators previously, in that interview, a couple of things were mentioned that I would like to discuss:

C.I. - In **CLUB INSIDER**, we constantly

push the idea of *Making It Fun*, so I must ask, do you still have a 'Director of Fun and Frivolity.' If so, who is it, and what are their job responsibilities?

TS - We do not have that position any longer, as my brother and I felt that we could do a better job. So, as the CEO/Chief Experience Officer, this is one of the main areas that I focus on. Chad is very much the key leader in the entertainment features in the clubs, and as you know, it is more fun to be entertained (at least for most of us). Chad also oversees the Group Fitness area, and group fitness has to be as much about fun as it is about exercise.

C.I. - Industry legend, Bill Pearl, noted that, when he visited the clubs in the '90s, he noticed instructors walking the floor with bright yellow t-shirts that could not be missed, and they said 'Free Instruction (on front)' and 'Instruction Free, Please Ask (on back).' Is this something still offered in one form or another at LVAC?

TS - Yes, we still offer free instruction, and you can visit the LVAC website (www.lvac.com) and see this as the very first item called 'Free Coaching' in the Training section. The bright yellow became a little dated, though, so it is now a bright royal blue shirt with 'Coach' running vertically down the back. What has changed over the years is that we came to the realization that 'Free Coaching' is not that popular, and it seems like members don't value the free part of it. But, we are still old school and believe that it should come free with a membership and not something that you have to pay extra for. My father always believed it was best to give away more for less.

C.I. - One of the LVAC locations visited by our Publisher, Norm Cates, in the early 2000s had a high ceiling, and around the perimeter of that ceiling, there was a display of actual antique exercise and fitness equipment that truly gave the club a feeling of being in an authentic

museum for health clubs. Can you tell us about that location and the various pieces of equipment that were on display?

TS - It's still there in the Central Club, not far from the strip, and the museum pieces are displayed the same way. We have an original concept Lifecycle, an old chrome non-electric treadmill with waist belt, a jiggle vibrator belt and a wooden roller machine. At some point, we will change the display a bit and hopefully get one of the original chrome Smith Machines up there, circa 1950s.

C.I. - Also, while preparing for this interview, I extensively reviewed your website, and I found a few other things I would like to ask you about:

C.I. - In a city that doesn't sleep, Las Vegas, I see that most of your clubs are open 24 hours. That seems a little bit different for clubs of this size and stature. Can you tell us about that? And, do you get regular usage between 12AM and 6AM?

TS - When your number one competitor is 24 Hour Fitness, and you are in the city that never sleeps, this is a given. We would have done it the same way though, with or without 24 Hour Fitness, based on usage and demand. The usage falls off a lot in the graveyard hours, but it's much less than in other cities.

C.I. - I reviewed several editions of *LVAC Magazine*, and they are impressive. When did the publication begin, and can you tell us more about it? Additionally, is your Brother in Law, Bret Fitzgerald, still involved in the magazine's production?

TS - Thank you. The first issue was published in February of 1998 and has been going strong ever since. While we have questioned whether it is worth the cost for a small mom-and-pop operator to do a full-sized, 4-color publication, I am happy to report that we churn through all 25,000 copies we put in the clubs every quarter.

(See *LVAC Page 14*)



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...LVAC

continued from page 12

Bret is still involved as an Executive Editor, writing great articles. We also have a very talented woman now as the Editor-in-Chief, Kristi Prestwich Bowman, and she is the main person responsible for the publishing of the magazine.

C.I. - You also have a 'gym within a gym' with *LVAC Woman*. Please tell us about this.

TS - As my mother, Virginia, was involved in the business, this area has always been a very popular feature of our club. Contrary to popular belief, there are still a healthy percentage of women who prefer to work out in a more private setting. We believe there are personal and modesty reasons for the preference, and this area of our club gets as much usage per square foot as any other area in the club. My parents always set as one of their strategies to market and cater to women, and when you walk into one of our clubs, I think most people would find us catering equally to men and women.

C.I. - And, can you tell us about the Member Perks Program?

TS - These are for all the businesses that offer discounts to our members, which I personally take advantage of as often as I can. There are many different types of businesses, like nutrition stores, car dealerships, and one of my personal favorites, restaurants.

LVAC Membership

C.I. - What are your typical monthly dues rates for single, couple and family memberships? And, do you charge an initiation fee; if so, how much?

TS - We have two main memberships: One is called Fitness, which has all the standard services/amenities, and then, we have the Premier, which includes a menu of



different options that a member can choose from. The menu of amenities/services to choose from include towel service, racquetball, playroom for children, body composition testing, etc. The monthly rate on Fitness is in the low \$20s, and Premier is in the low \$30s. There is almost no enrollment fee to join, but it is usually \$5. We also have a month-to-month membership, no contractual term, which has an initiation fee of \$99 (same monthly rates as above depending on whether it is a Fitness or Premier membership). Since our prices are so low, we do not discount for a couple or family memberships.

C.I. - How many membership accounts do you have in all locations combined, and how many members does that equate to?

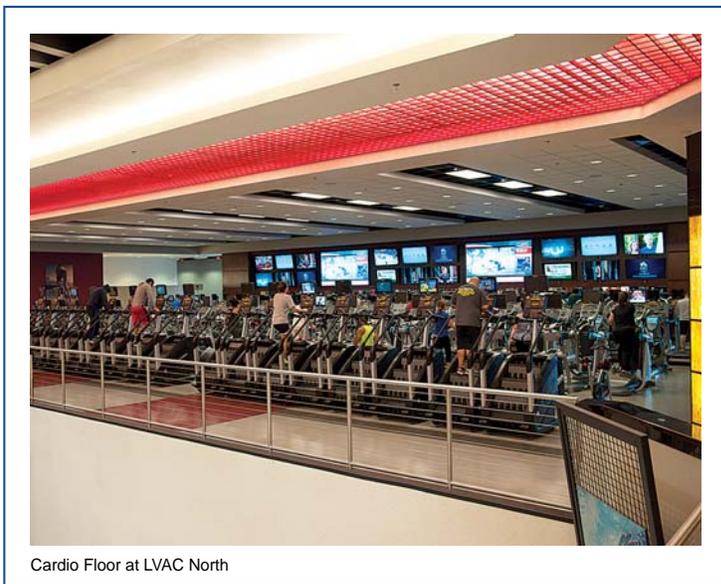
TS - We have over 100,000 members give-or-take a few thousand here and there.

C.I. - Do you offer any sort of corporate or medically-based memberships? If so, how are those structured?

TS - Because our pricing is so affordable, we offer regular low prices to everyone.

In Closing

C.I. - What are some of LVAC's methods



Cardio Floor at LVAC North

for interacting with and giving back to the community?

TS - Every year for the last 16 years, we are one of the main corporate sponsors for the Susan G. Komen Race for the Cure. We give out free t-shirts to all the LVAC-registered participants, and this year, we were actually the largest corporate sponsor of the event. This cause is near and dear to our hearts, as our mother had breast cancer before passing away in 2006.

C.I. - Who are your key staff members? What are their roles and tenures?

TS - Along with Andy and Chad, we have Tom White, our Senior Vice President and Chief Financial Officer with his 35 years of experience. He will be retiring at the end of the year and turning over the reigns to Andy's youngest son, Brent, who is currently the Vice President/Controller. We have two SVPs of Operations, another one of Andy's sons, Bryan, and industry veteran, Bill St. George. Behind them, we have two VPs of Operations, with Andy's oldest son, AJ, and another industry veteran, Gary Lembo. Both Bill St. George and Gary Lembo were part of my father's and Andy's team in Southern California with Bally/Holiday Spa Health Clubs. We have our VP of Human Resources, Melissa Peters, who is Tom White's daughter, and we have our VP of Member Services, Elana Toliver. We also have Bret Fitzgerald, our VP of Corporate Communications and Education, and the tenures of everyone mentioned are between 15 - 25 years. Our fitness programming leadership consists of Patricia Norman, our Group Fitness Director, and Lindsay Horne, our Fitness and Personal Training Director. Both Lindsay and Patricia are true physical specimens and represent the ultimate levels of health and fitness. So,

we truly have a family business here, and we don't make any excuses for it. One big happy **Family!**

C.I. - What are some of the opportunities and challenges you have experienced in 2016 so far? What do you expect as the year progresses?

TS - When you only have one market, the local economy can be challenging. Las Vegas is still recovering, and most would say it was the city most impacted by the Great Recession. At the same time, the economy has been improving, and we are seeing some new growth and development again. Also, the current push by the HV/LPs present both opportunities and challenges, as we need to always build the value of our brand. We continue to expect more growth and development in the local market in the foreseeable future, but it will not be what it was like prior to 2007 - 2008.

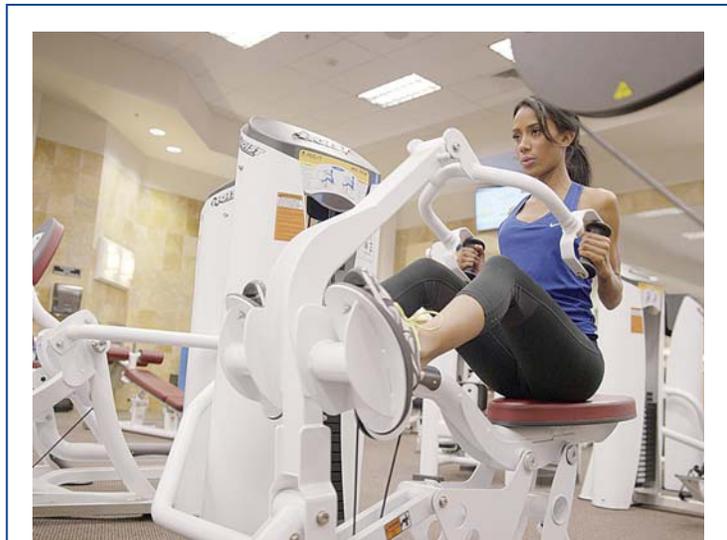
C.I. - What was a significant 'win' for the company in 2015-16? And, are there any new thrusts or directions for 2016-17?

TS - The very successful grand opening of our new North Las Vegas club in May of 2015, and now in 2016, with our new Henderson location, which should break ground by the end of the year. We are going to try and play to our strengths and improve on our weaknesses. As my father used to say, 'There is no such thing as staying the same. You are either striving to improve or allowing yourself to get worse!'

C.I. - Longer term, what is your vision for LVAC in the next 3 - 5 years? Is further expansion on the horizon?

TS - We, of course, have as our guiding visionaries, my father and mother. Other than the Henderson club in development and scheduled to open in 2018, we will look to see if there is one more new club that we can do in the next 3 - 5 years. After that, we will keep it close to the vest for now, as we will be evaluating all of our

(See LVAC Page 16)



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...LVAC

continued from page 14

options. We also know that, in the next 3 - 5 years, our leader, Andy Palluck, is set to retire, and we have already set up the Succession Plan, which is in the works right now. We do know that we have no interest in exiting, and there is no other industry we would rather be involved with. There is no shortage of visionaries in our company and within the Smith-Palluck Associates family. Certainly, my brother is always pushing the limits on his visionary powers, and one of my main roles is to turn that vision into reality. We also have John Wildman, Don Wildman's son, with his 30+ years of industry experience, who joined our Board of Directors last year. Don and John Wildman have this marketing genius in their DNA, and they are both visionaries for LVAC with all of their industry experience from which to draw.

C.I. - As a member of IHRSA, please tell us about the benefits and value you have received from IHRSA membership over the years. Also, can you tell us about when your Dad, Rudy, was awarded IHRSA's Dale Dibble Distinguished Service Award in 2002, presented by my Dad, Norm Cates, at the IHRSA Convention in Phoenix, Arizona?

TS - My father was a very humble guy, and I know he was really honored to receive the Dale Dibble award from your father and IHRSA. I do recall that he did his 'sell for the love of selling' battle cry for the audience in Phoenix. IHRSA has been a very positive influence for LVAC and the industry, and we had another true visionary in John McCarthy leading the way at IHRSA. One of the main benefits

of IHRSA is their annual convention where you can see old friends, like your father and John McCarthy, and test all the new equipment and products. Since they shortened the trade show to two days now, it doesn't leave a lot of time for going to seminars and panel discussions. IHRSA does a great job with their *CBI magazine*, with its wealth of news, information and stories. And recently, we had a

discussion with IHRSA's Helen Durkin, seeking guidance and counseling on the transgender locker room issues. Now, that is a challenging environment, and it looks like that discussion is going to be at the forefront for some time to come.

• • •

I want to sincerely thank Todd Smith for his time and candor with this in-depth interview. Additionally, sincere thanks to Bret Fitzgerald for assistance with photos and graphics to accompany this cover story.



Part of TEAM LVAC at Susan G. Komen - Race for the Cure - (L to R) Chad Smith, Bill St. George & Bret Fitzgerald

(Justin Cates is 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 31 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)



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What Do the New FLSA Exempt Pay Laws Mean for Fitness Business Owners?

By: Melissa Knowles

Just when you thought that navigating the landscape of wage and hour laws was challenging enough, another mountain to climb has popped up on the horizon! On May 18th, the Department of Labor announced major changes to the standard salary level for employees classified as exempt. Under this new ruling,

the salary threshold increases to \$913/week (\$47,476 per year) from \$455/week (\$23,660 per year). It was also announced that the DOL intends to automatically update the threshold every three years to adjust it to scale with exempt wage earners in the 40th percentile of the region with the poorest salary demographics (currently the south).

As the new law goes into effect on

December 1, 2016, business owners have some time to decide what adjustments should be made to their pay policies and staff structuring in order to comply. Employers can:

- Raise exempt employees' salaries above the new threshold.
- Switch exempt employees to hourly and limit their hours to 40 per week.



- Pay time-and-a-half (double time in some states) for overtime work.
- Some combination of the above.

What does this mean for the health and fitness club industry? The major impact will be to roles we've typically classified (in most cases correctly) as exempt, yet have consistently paid low base wages: General Managers, Assistant Managers and Fitness Directors. It's important to note that any commission or bonus pay may only account for up to 10% of the employee's pay if it's nondiscretionary. Nondiscretionary incentives are tied to published goals and stipulations such as sales goals and profit targets. Discretionary incentives, ones which are awarded on a purely subjective basis, may not be included. In all likelihood, our industry will handle the change by moving most team members to hourly pay and requiring them to track work hours. Here are a few key guidelines to consider as you make this shift:

Policy Changes - Make sure your employees are notified of the change in the method in which you intend to pay them and *do so in writing*. Ideally, you have an Employee Handbook that addresses pay policies and practices. Ensure all team members get an updated copy of this policy. Be sure to clearly outline your policies for time keeping and scheduling. Any change in the rate of pay should be documented and require employee signature. Finally, address overtime approval requirements and include a statement of how overtime will be paid.

Overtime Payment - Speaking of overtime pay, it's vitally important that any and all overtime worked is promptly (on the appropriate pay date) and properly paid. If an employee is paid an hourly rate
(See Melissa Knowles Page 20)

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A Simple *Tip* for “Selling Out” Your Club Programs

By: Karen Woodard-Chavez

When I ask my clients how their programs are doing, they often respond with disappointing results. They report that they're just not getting the participation they expected. Does this sound familiar? When they implement the following tool, they see very different results.

Often times, when planning a program, what is thought about is the title or the activity... rather than the desired outcome. *If you're planning with outcomes in mind that your population has expressed a desire to achieve, it will make it easier for them to recognize that you're providing a solution for their needs.* Ensure that at least one of your outcomes is incorporated into the title of the program so it's simple to understand what the program is about, and what the participant can expect, without having to read through a lot of marketing material. Naturally, we think of a title first, and we need to go into a bit more depth to include the *outcomes and who the program will best serve.*

Once this is done, it makes it amazingly simple to identify the people of your population that you will target to engage in the program. This is a critical step because, if you can name 30 people in your business (for an 8-person program) that the program will serve, then you can

contact them to give them the first crack at the program and sell the program out. When you can contact a resident/member/customer because you were thinking of how you have a solution that will meet their needs, that is very powerful for not only filling your programs but for relationship building with your residents/members/customers.

By contacting and *verbally inviting* these people to participate, rather than simply placing visual ads in your business or on your website, you make the program very visible and in the forefront of people's minds. If you simply rely on flyers, posters, emails, etc., people become blind to those things and literally have low or no awareness of the offering. **VERBAL communication makes your programs VISIBLE.** Additionally, this provides the opportunity to connect with your residents/members/customers affecting results, retention and revenue. See the following example for outlining concept and outcomes:

Title: Six Weeks to Rev Up Your Metabolism and Burn Fat Faster for Women Over 55

Who the program best serves: Women between the ages of 55 and 70 who've been active but are noticing that they are

not getting the results they expect or want from their exercise. Most of these women will have a desire to lose between 5 and 15 pounds, have been members of the (or a) center for at least a year and need to *shake up* their exercise program. Many are participating in group exercise only or are cardio equipment users only.

Outcomes/Results: (1) Increased metabolism; (2) Weight loss of between 5 and 7 pounds during program; (3) Nutritional tools to help them increase energy and calorie burn and (4) A new approach... a more effective approach to how they maximize their exercise time.

Time of day/duration: 6:30AM - 7:30AM M & W and 5:30PM - 6:30PM TU & TH, 6 weeks (twice per week as an instructor lead group, one independent structured workout on own - 18 workouts)

Number Limited to: 8 women.

List 30 People by Name That Would be Interested in Purchasing This Program: “Luisa Gomez, Susan Wilson, Joan Gulley, Patrice Williams...” until you reach 30 women. After completing the exercise on program concept and outcomes, doesn't it make it easier to now understand who you will be targeting in your conversations,



Karen Woodard-Chavez

your marketing, etc? All of this translates to selling your programs out faster.

(Karen is President of Premium Performance Training in Boulder, Colorado and Ixtapa, Mexico. She has owned and operated businesses since 1983 and now consults with and trains staff throughout the world. She provides her services on-site, online, by phone and through her books, CDs, DVDs and manuals. She can be contacted at 303-417-0653 or karen@karenwoodard.com.)

...Melissa Knowles

continued from page 18

only and has no other method of increasing their earnings (commissions or bonuses), the calculation is simple; any hours worked in excess of 40 should be paid at 1.5x their hourly rate. However, if, as with most of the positions mentioned at the beginning of this article, an employee earns commission and bonus, this pay must also be taken into consideration to determine an employee's regular rate and to calculate overtime pay.

Example: An employee has an hourly rate of \$12/hour. He also earns commissions totaling \$250. He works 46 hours for the week.

$46 \text{ hours worked} \times \$12/\text{hour} + \$250$
 (commissions) = \$802 (total ST compensation)

$\$802/46 \text{ hours worked} = \17.43 (regular rate)

$\$17.43 \times 1/2 = \8.72 (half-time premium)

$\$17.43$ (regular rate) + $\$8.72$ (half-time premium) = $\$26.15$ (overtime rate)

The employee's pay for the week would be:

40 (straight time hours) \times $\$17.43$ (regular rate)

= $\$697.20$ (straight time earnings)

6 (overtime hours) \times $\$26.15$ (overtime rate) =
 $\$156.89$ (overtime earnings)

Total earnings for the week: $\$854.08$

As you can see, calculating overtime pay when other incentives are involved can be somewhat tricky and labor intensive. It's important to develop a system to ensure this is done correctly.

NOTE: Some states have additional requirements for the payment of overtime wages. For example, California requires an overtime premium matching the employee's regular rate (2x) and tracks overtime for the week (40 hours) and the day (8 hours). It's recommended that you consult with an attorney or HR professional who is well-versed in your State's wage and hour laws.

Time Keeping Software - The most vital aspect of ensuring that you are paying

accurately on all hours worked is your time keeping software. The system should be easy to set-up and implement, provide for quick clock-in/out and track all changes made to the time record with notes. Not only is this system going to allow for painless payroll entry, but it will also be key to your defense should a wage and hour claim be brought against you. As the employer, the burden of proof to provide documentation of all hours worked falls on you.

ClubReady has a great time keeping system embedded within their club management software. Along with tracking training sessions logged, it also allows for the tracking of all hours worked. This is important for both the FLSA changes mentioned previously, but also, the swing we are seeing in most states requiring gyms to pay trainers based on hours worked vs. sessions trained (see recent cases against Gold's Gym (TX), Equinox, and Life Time Fitness). The system can be set-up to allow the time clock to function in parallel

with the same method used for club check-in or training session tracking: key tag, finger print or PIN number. Supervisors may make adjustments and add notation documenting the reason for any adjustments in the system (very important for pay disputes). The time clock also displays as a widget on the employee's dashboard, so they can easily keep track of their current status and hours worked for the week.

Major changes in wage and hour laws are challenging to implement and can be majorly impactful on your businesses. What's most important is that you make thoughtful decisions on pay policy development and implementation. Planning makes perfect. Some time spent now on system selection and development will save you significantly later.

NOTE: While the latest FLSA change to exempt employees did nothing to modify the duties test for exempt status, now is the perfect time to audit all team members currently classified as exempt. If you have any misclassification issues, changes can easily be made without alerting staff to previous errors.

(Melissa Knowles is Vice President of Gym HQ - A ClubReady Company, and she can be reached at mknowles@clubready.com)





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Motionsoft Selected By Blink Fitness to Provide Club Management Software for Corporate and Franchise Gyms

ROCKVILLE, MD - Blink Fitness, a premium-quality, value-based gym chain, has selected Motionsoft to provide club management software for both corporate and franchise locations. Motionsoft's MoSo solution, an enterprise software solution designed for large fitness operators as well as franchise chains is now implemented across all 44 Blink Fitness locations.

"Blink Fitness has selected MoSo for the flexibility our cloud-based software provides to both corporate and franchise run facilities as they continue with their national expansion plans," noted Al Noshirvani, Chairman and Co-Founder of Motionsoft. For clubs considering high-value, low-price (HV/LP) business models, MoSo is a great fit for supporting highly automated operations. In addition to club management software, Blink also chose to utilize Motionsoft's Full Service solution to support accounts receivables and member services.

Blink has created a unique *Feel Good Experience* at every club to enhance each member's visit and make Blink unlike any other gym chain. This includes respectful and friendly staff, bright and open gym design using colors that are scientifically proven to enhance mood, spotlessly clean facilities and music specifically selected to motivate members. Best of all, memberships start at only \$15 per month.

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Summer Doesn't Have To Be Slow

By: Jon Butts

Summertime is here, which means several things: the weather is warm, children are out of school, family vacations are in full effect and club owners nationwide are worried about keeping their membership numbers up during this historically slow time of the year. Club owners ask me all the time what they should do during the summer in regards to marketing. My answer? Keep going!

Marketing is not a "sometime" thing; it's an "all the time" thing. Any club owner that believes otherwise will see less than desirable results with their membership numbers. The most successful clubs I have worked with over the years stay consistent and market every month; *this is not a coincidence.*

Yes, it often makes sense to scale the marketing budget back a little during the summer months, but marketing is something that needs to happen at all clubs every single day of the year. The good news is there are many options out there to keep the membership numbers strong without breaking the bank. One of my favorite ways to do this is through a well-executed member referral campaign.

How It Works

Set up a referral campaign that runs through the end of August where friends and family members can get 30 days free, risk free. When they come in to use it, collect their billing information and tell them they can cancel the membership anytime in the first 30 days during their trial period. If they don't cancel, they will be billed the next month. This is the same structure as Amazon Prime, Netflix and other companies, and it's becoming more and more commonly practiced.

At the end of August, hold a Member Appreciation Party with music, food and prize raffles. A grill or a bike are perfect grand prizes to giveaway this time of year. In addition, you can give away smaller prizes, such as t-shirts, a free month of membership, free training sessions and gift cards (find local businesses to donate in exchange for good publicity). Every member that brings in a guest will automatically receive an entry into the raffle. If the guest joins, both the referring member and new member get five entries into the raffle.

Marketing Materials Needed

Printed Referral Passes. Hand 3 - 5 to each new member at point of sale for them to give to their friends and family. Have a stack on the desk by check-in so staff can grab and hand these out to members as they leave the club to ensure they make it to the car with them.

Email. Send out a series of three emails to members over the course of the campaign. One letting them know about the referral program, how it works, and to come into the club to get their referral passes (or set up a landing page where they can enter their friends contact info). Another one a few weeks later with a reminder. A few weeks later, send a "last chance" reminder message, which also includes information on the Member Appreciation Party.

Direct Mail. Scrub down your member base to send one per address. Include all of the details of the referral campaign, along with a few passes to give to friends/family. Direct mail is a necessity and the most important part of the referral campaign, as this is the only way to ensure all members know about the campaign. Email alone will only get the message to 15 - 30% of the members. Not even the best email campaign will get opened by half of your members. In addition, you can also add a personal training offer for the member.

Posters. Hang posters inside the club in high traffic areas explaining the promotion and telling members to stop by the front desk for passes.

Text Messaging. Send out a couple of texts. One after the direct mailer hits and then another as the campaign is ending. **Note:** *make sure your members have opted in to receive text messages from you and you don't text them without their permission first. This is illegal, and there have been several lawsuits stemming from this practice.*

Facebook Ads. Upload your members' email addresses to Facebook and create a Facebook Ad that will be shown to your members.

Investment

Excluding the direct mailer, all components of this campaign can be executed for **LESS THAN \$1,000 COMBINED!** The direct mail investment will be tied in to the number of members you have, so that will vary from one club to another. **Note:** *it is imperative to make sure everything above is designed to mirror one another and there is a consistent look and message throughout. Do not try and cut corners by using old collateral materials*



Jon Butts, Founder and President of Muscle Up Marketing

you might have that is off message.

Although this is a cost effective way to have a successful member referral campaign, it is important not to only focus on the referral campaign and forget about prospects. There are many cost effective prospect campaigns that can also be done.

Not only does marketing during the summer help your membership numbers, but this also helps your club stay **TOP OF MIND** with the prospects in your community. Let's face it, not everyone that sees one of your marketing pieces is going to be ready to join a club that day. However, each impression they see gets stored somewhere in that prospect's brain and increases the stickiness of your brand. The key is that, whenever the prospect does decide they are ready to join a health club, yours will be the first thing they think of and the first place they go.

Advertising is everywhere these days, making it harder and harder to break through the "mind clutter" of your prospects and get your club remembered. If you stop marketing during the summer, all the momentum you have going will fade away, and you will essentially be starting back from square one in the fall.

Persistence always pays off, and this is no different with marketing. Keep pushing hard through the summer, and you will reap big rewards come fall.

(Jon Butts is the Founder and President of Muscle Up Marketing. He has a decade of marketing experience in the fitness industry, specializing in lead generation through integrated print, online and mobile campaigns. Direct Marketing News named Jon as one of the Top 40 Marketers Under 40 in the United States. Muscle Up Marketing was also named as the #40 Fastest Growing Company in America in the 2015 INC 500, with 3-year revenue growth of 5,967%. In addition, Muscle Up Marketing was named as a Best Place To Work In Atlanta in 2015. Visit www.muscleupmarketing.com or call 800-516-4480 to learn more.)

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Breathe Life Into Your Social Media

By: Nancy Trent

Some brands thrive on social media, while others consider it a necessary evil. Those brands that are doing social media as a chore are doing what we call “check-the-box” social media. They need to start engaging, genuinely, to thrive in today’s competitive marketplace.

Social media supports the human need for social interaction. It has the ability to take a message from dozens to millions. That is power!

It is the democratization of knowledge and information. At its best, it can transform consumers into actual journalists and producers for your brand.

Facebook, Twitter, Instagram, Pinterest and others are all platforms to build your reputation and increase your odds of being discovered by the masses. Use them to network and learn. Here is how:

The art of research:

•In a culture where instant gratification is in demand, we often make the mistake of running with our impulses. Response time on social media is fast; be prepared for that. So, you need to be more prepared and methodical before you start.

•Like traditional marketing, disseminating a message is only effective once you know your audience.

•See what they look like, hear what they sound like and explore what they like before you reach out to them.

Linking to followers:

•If you know who your customers are and who influences your customers, you know whom you should be following. Now... *how do you get to them?*

•Put social and share buttons on everything you do so that people know how to find you on the platforms they check. Add it to your website, packaging, business cards, email signatures, blog posts, ads and press releases.

•Actively find new followers by searching similar social media handles and inviting like-minded people to join your community.

•Tell interesting stories, host contests, offer giveaways and other incentives to get people to want to hear more of what you have to say.

•Give people consistent, quality content that keeps them informed and entertained and motivated to come back for more.

Mirror your marketing:

•Remember that social media is an extension of your traditional media messaging. Know what has worked for

your brand in the past and stick to it to maintain a successful track record.

•Make sure that your social media department not only understands digital communications but understands your brand.

Find your social media halo:

•Managing your online presence is most effectively done once you have established your offline message.

•Develop a voice, express it effectively on your social media platforms and stay true to them. *Authenticity is key!*

Finding ways to relate:

•Accruing the right followers is important. But, engaging your following is paramount.

•Encourage interaction and drive conversations for example: *Challenge yourself! Visit FitCity for our new selection of boot camps. VS. What is your best workout? Share a tip or photo with us #FitCity VS. What do you love more, shopping for boots or your favorite boot camp work-out? Tell us what you love most about your boot camp habit, and we will send the winner a pair of really sexy black boots!*

Effective posting:

•Play around with different types of content to determine what will work.

•People love sharing their opinion, so polling your audience on a regular basis will keep them engaged.

•People are voyeurs by nature. Give them a snapshot of your day to keep them intrigued.

•People want free expertise. Share insider tips and tricks, and they will find value in your posts.

•People want to be recognized. Give fan or customer “shout outs” as much as possible to stroke the ego.

•People are interested in what other people are talking about. Piggyback on what’s already trending to feed them more.

Use your tentacles:

•Celebrities, experts, micro-celebs, journalists and mavens are all enthusiasts who can spread your message further with a third-party endorsement that is as easy as hitting “like.”

•You can find ways to connect with influencers, online and off, but however you reach them, you will have to appeal to their hearts and minds even if you have a budget for endorsements. People don’t buy into endorsement deals that aren’t backed by passion.

Attracting endorsers:

•You can wait around for unsolicited endorsements, but you are better off asking for them.

•Every satisfied customer should be incentivized to share an experience online.

•Invite new people to experience your services, treatments and products in exchange for a public review.

Controlling the conversation:

•People check into social for entertainment. They check their social media platforms in their spare time or when they want a break. Be there to amuse them, and they will come back for more.

•They check in for engagement. They want to be heard. They want to see that someone is listening and responding to what they have to say.

•They want information. They want to be part of the buzz. What is everyone talking about? What are the most popular hash tags? How can you get in the conversation? How can you involve them in your conversation?

•They are not checking social media to be sold to, lectured or bored.

•If you have a promotion, you need to wrap it up as a gift for them.

•Using avenues for self-promotion can be effective, so it pays to be strategic and play on each avenue’s strengths.

•You’re working in real time. In days, hours, even minutes, information can become outdated. If you meant to comment on a new trend or news story, but you’ve missed the boat, skip it. Interaction is valuable, but don’t confuse it with bothering people or seeming too dependent on specific relationships. Every social media channel has an audience, so you’re often interacting with multiple people, even if you’ve only sent a message to one.

What else to be prepared for this year:

Likes may boost your ego, but shares boost your popularity - Interactions, meaning liking, sharing and commenting is the holy grail of social media. Likes may be easier to gain, but shares are what you are really after and what is needed to be viral.

Visuals have started to trump words - Find the right image for your words because original written content gets more response with a visual content. Expect for this to keep evolving.

Real Time Engagement (RTE) - Dialing a phone number for customer service is a pain that no one wants to deal with, which is why turning to social media for questions and concerns has skyrocketed. Asking companies for help through social media



Nancy Trent

continues to grow as more customers want real-time engagement. This term will less likely be something of a nuance and more of a staple in any business-to-consumer (B2C) strategy. While the majority of consumers expect responses during regular business hours, after hours and on weekends, an increasing number expect to hear back within 30 to 60 minutes.

Go live - Live streaming, such as SnapChat, Periscope Facebook Live Broadcasts are increasingly popular this year. It builds trust, creates connections and is fun!

Fan duds - The people who love you most probably aren’t as loved as you’d like. Accordingly to the social monitoring website, *Mention*, 91% of mentions come from people with fewer than 500 followers.

Timing - Early morning, late night, weekends, Fridays, Sundays... It’s not a gamble. It’s a stat! People check social in their free time, so be there when they are.

Social’s effect on your rank - Together, social and Search Engine Optimization (SEO) can influence sales. Social alone won’t, and you have to make your social work for your SEO through post optimization, earned followers (not bought), diverse content and more.

(Nancy Trent is a writer and speaker, a lifelong health advocate, a globe-trotting trend watcher and Founder/President of Trent & Company, a New York-based marketing communications firm. She has written seven books on healthy lifestyles, serves on the editorial boards of several magazines and travels around the world speaking at conferences and trade shows on trends in the marketplace. She is a recognized expert in PR with more than 30 years of experience creating and managing highly successful campaigns. Nancy can be reached at 212-966-0024 or nancy@trentandcompany.com. You can also visit www.trentandcompany.com.)

Wellness Vs. Fitness: Do You “Get” the Difference?

By: Casey Conrad

It's 2016, and there are more fitness facilities in any given market than ever before. Americans are more obese and overweight than any other time in history. The United States ranks as one of the highest in the western world for all chronic diseases and spends more on prescription drugs than do ALL the people of Japan, Germany, France, Italy, Spain, the United Kingdom, Australia, New Zealand, Canada, Mexico, Brazil and Argentina... **COMBINED!** Still, only about 16% of the U.S. population are members of commercial health and fitness facilities. Furthermore, it's clear that our citizens aren't foregoing a facility because they are doing it on their own.

Contrast that with the amount of money that is spent on diet products alone, which dwarfs our health and fitness club industry by billions, and one question should be jumping out at you:

WHY!? When people clearly want the benefits of what our industry has to offer, why can't we get more people to join a fitness facility?

The answer is actually quite simple. Human beings are naturally adverse to exercise. I know... a club consultant saying that about our precious industry borders on blasphemy. What can I say except that I'm simply stating the truth. Walk by any local health club and you will not see people lined up outside the door to get inside. Yet, on any given summer night, the local hand-made ice cream store has a line that wraps around the building!

A Secret is Brewing

Five years ago, a personal health issue threw me into the world of wellness that was completely outside my awareness and comfort zone. I grew up in a house with a surgeon father and RN mother, I went to school for business and law and I have been a business consultant my entire adult life... I was shocked to discover that there was a large and growing population of people who are returning to a more holistic and natural approach. Like becoming aware of all the car advertisements when you're in the process of buying a car, as soon as you put your awareness on wellness, you begin to see the signs.

Look at the growing backlash to Monsanto and genetically modified foods (Did you know that Russia has banned the

growing of GMO products in the entire country?). Consider the re-birth of farmer's markets and food co-ops across the entire country. Pay attention to the generation of new moms who are going back to cloth diapers, chemical free cleaning and personal care products and using homeopathic remedies for their babies.

I attended my first natural wellness convention in 2011. There were about 1,200 people in attendance. In 2012, that number grew to 2,000. In 2013, it went to 6,000. In 2014, it went to 9,000. In 2015, it was just shy of 20,000, and they had to hold two different sessions because they couldn't find a location that to hold everyone. In 2016, it has sold out at 30,000 people! Hellooooooooooooo! Same convention, same organizers, same natural wellness approach... Compare that with the attendance at our fitness conventions over the past five years, and I hope the lights begin to turn on for you.

Here's the interesting part for us: the people attending these conferences aren't health club people! They are highly interested in health and need a lot of money in themselves, but fitness is not necessarily on their radar screen.

These people are the very prospects that are ideally suited to become members of our clubs, but they won't walk through our doors on the promise of fitness alone!

So, what's the brewing secret? The growth of our industry --of YOUR business-- is not fitness, it's wellness. Topics like digestive health, autoimmune issues, sleep management, ADD, chemical free homes, natural first aid, adrenal exhaustion and organic cooking are hot topics. This is what people want to learn about and participate in, not another exercise class or walk on a treadmill. Yes, they might be convinced to do those things, but that is not what will attract them to your doors.

The Wellness Magnet

I don't expect you to simply take my word on this, so let me provide you with some real world outcomes. A few years ago, I converted my administrative offices into a wellness center. We aren't open to the public like a retail location, but people book appointments to have a variety of wellness treatments. Without any traditional advertising, we built a nice following of people (predominantly

women 40 - 60 years of age) who are highly interested in getting themselves and their children healthier.

We run monthly seminars on wellness topics, and after two years, we had to move these seminars out of our offices and into a local hotel because the demand outnumbered the seating. Now, we charge \$10 per lecture and will typically get 40 - 75 people to attend, depending upon the subject matter. Although the promotion of exercise often occurs during many lectures, it is **NOT** the focus.

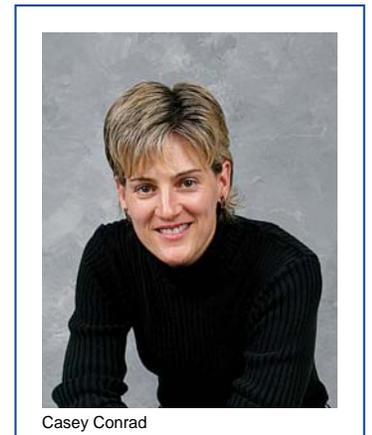
Watching this unfold was a huge “Aha” moment for me. I have discovered that wellness **IS** a marketing magnet! People are sick of big pharma and having doctors throw medications at them like “no biggie.” They are fed up with food manufacturers and now look for products that are GMO free. The movement is growing at a rate the fitness industry has never seen. **The only question for club operators is, “Will you wake up to this and begin incorporating wellness into your facility offerings?”**

Wellness Partnerships

Of course, partnerships with medical and wellness professionals are not new to our industry. We have long attempted to have chiropractors and dieticians either work out of the facility or provide workshops. Although some clubs have had success with these, the vast majority reports minimal participation. Some of this could be attributed to the topic, but often, it is the result of inconsistent promotion.

Experience is proving that creating wellness partnerships takes time. You start with a small, engaged group and build off of referrals. Another way to grow attendance is finding off-site locations to hold seminars. Sometimes, non-fitness people are intimidated by having to come to the club. In addition, in-club activities will usually result in attracting club members. Your goal with wellness is attracting those who are **NOT** currently members. Yes, you can start with wellness-minded members, but then, you want to build out, not just in.

An easy launching point is to use Survey Monkey and poll members about the types of wellness topics they would be interested in. Digestion, energy, sleep, mental acuity, detox programs, thyroid, autoimmune are all hugely popular topics. Within each of those, there are multiple sub-topics that can be a single



Casey Conrad

seminar focus.

Begin networking with local health professionals who have an expertise in an area. Like any joint marketing venture, make sure the relationship is reciprocal. Find ways to help promote partners outside of the seminars to ensure they see the long-term value of a relationship with your facility.

Like any new offering in your business, building a wellness business within your facility will take time. Consistency is key. By branching out of the fitness space, you will watch exiting, interested members engage at a higher level while building an entirely new prospect profile to your club. Progress, not perfection is the goal, and know that, “Yes, there is a pot of gold at the end of the wellness rainbow.”

If you would like to know more about natural wellness and how the market can be incorporated into your facility, you may buy either of my newest books for just shipping and handling. *Vibrant Health Now* (about natural wellness and essential oils) for **\$5.95** or *Hidden Profits; the real truth about making money in the fitness industry* for **\$5.95**. Or, both for a total of **\$9.95**. Contact CaseysAssistant1@gmail.com, and she will send you a link.

(Casey Conrad is a long-time sales and marketing consultant in the fitness industry. She is the author of Selling Fitness, Selling Personal Training, Internet Marketing for Health & Fitness Facilities, The Business of Yoga and her most recent book, Hidden Profits; the real truth about making money in the fitness industry. Casey can be reached at CaseysHealthClubTraining@yahoo.com)

Racquetball: Alive and Well

By: Luke St. Onge

I have been involved with the sport of Racquetball for 44+ years now, and I have lived through the days when many gave up on the sport, calling it a fad. I am happy to share with you that Racquetball is definitely alive and well.

Many things have contributed to the popular belief that the sport has gone away. However, based upon the latest Sporting Goods Manufacturing figures, there are over 4,000,000 active players in the United States, with a core of 1,250,000 who play up to 30 times per year.

The following is a little background for those who are not familiar with how the sport was born, how it has grown and where it is today. This brief history does not address everything that took place...

The Past

The sport began in the early '70s and was an outgrowth of Handball. Robert Kendler actively promoted racquetball, along with Handball.

Racquetball caught on with multitudes jumping in to build courts and trying to capitalize on the latest fitness fad. Many, many private clubs were built with little understanding of how to make a profit. There is no question that overbuilding was occurring.

At one time during this period, it was reported that there were over 14 million players; however, no such figures could be substantiated. Chuck Leve of *Racquetball Magazine* conducted a survey, and based upon the number of courts that existed as of the early '80s, there would have to have been 500 players per court if the number was 14 million. There is no possible way it was that high!

A new industry was born mostly on poor information. At the Sporting Goods Manufacturers Convention, held in New York in 1978, there were 256 Racquetball displays. The following year, after reality set in, there were fewer than 70.

Indeed, there were clubs that did make money, but as time went on and the revenue per court reached its maximum potential, owners looked to diversity. The National Court Club Association merged with the National Tennis Association and became the International Racquet Sports Association (IRSA). (IRSA added the word *Health* to its name in 1993, making the acronym IHRSA.)

Several other factors changed the landscape for Racquetball. There was a major recession in the early '80s that affected disposable income. Would money be spent on recreation or family needs?

Family needs naturally won out. And, somewhat controversial was the industry's move to market to the Big Box Retailer and the de-emphasis of the Club Pro Shop.

Significant turnover at the club level resulted in managers and owners who did not understand the sport. Opportunists jumped in and promoted whatever was the latest and greatest thing for which 800 square feet of club "real estate" could be utilized. The Racquetball industry did not react to this threat, and by the late '90s, no one other than the United States Racquetball Association (now USA Racquetball) was promoting the sport to club owners.

The Present

Despite all of these issues, the sport continues to have a place in the health and fitness club industry:

- Racquetball and racquet sports have one of the highest retention rates of members in a club.
- Racquetball, promoted properly, returns a much higher return per square foot than fitness.
- Racquetball has a built-in player pipeline coming from well over 1,200 universities that offer Racquetball clubs, courts and courses.

In the United States, USA Racquetball, the sport's national governing body operating under the auspices of the United States Olympic Committee, several key manufacturers and suppliers and three professional tours (two men's/one women's), comprise the backbone of Racquetball.

USA Racquetball, in partnership with its state associations and independent tournament directors and clubs, sanctions over 500 competitive events annually. National Singles and Doubles Championships are offered as well as events for Junior, High School and Collegiate players. The U.S. Open of Racquetball, heralded as the sport's premier event, takes place each October. The U.S. Adult and Junior Teams compete alongside numerous other countries at their respective World Championships.

USA Racquetball's continuing strategy for the sport's growth involves outreach and support to clubs and universities, retention of competitive players and strengthening connections with recreational players. The continued health of Racquetball will be directly connected to success in bringing the sport to the next generation and beyond.

As an example, Life Time Fitness, based out of Minnesota, and operating in the U.S. and Canada, employs Racquetball programmers in many of its locations. These individuals provide instruction, coordinate leagues and organize both formal and informal events. In fact, the aforementioned U.S. Open is competed at several Life Time clubs in Minneapolis. A strong Junior program in Minnesota has contributed to Life Time being named as the site of the 2016 USA Racquetball Junior Olympics in June of 2016 that will determine the members of the U.S. Junior Team who will compete in Mexico this November.

Internationally, Racquetball is booming in North, Central and South America, with significant development in Asia as well. The International Racquetball Federation (IRF), connected to the International Olympic Committee, strives to support a growing number of developing countries on every continent. It offers several events each year: the IRF World Seniors Racquetball Championships (age 35 and above), the IRF World Juniors Championships (ages 10-18), and biennially, the IRF World Championships (adult elite level).

The Future

Indeed, Racquetball has to be able to generate revenue opportunities for clubs that provide the field of play (courts) and programs accordingly. The sport can and should be a viable part of the fitness mix, a lively pursuit that affords a high-calorie burning, competitive, social, interactive, fun, never-boring experience. If a club backs up its significant real estate investment (courts) with an experienced employee who will concentrate on optimizing that space, the result will be loyal members and increased profits.

Many clubs have made the decision to "re-purpose" court space in



Luke St. Onge

an attempt to bring something new and different to the attention of its members and potential members. Often, this re-purposing results in making the court no longer playable as such. The fact is, if that space can remain viable for Racquetball, and perhaps, also be utilized for Paddleball, Wallyball, Handball and even a version of Basketball, the "new and different" can be brought to the forefront for players who haven't yet experienced how much fun and fitness can be discovered in a 20' x 20' x 40' area!

(Luke St. Onge is Secretary General of the International Racquetball Federation. Luke began playing racquetball in 1972 and became a Board member of the original USA Racquetball in 1977. In 1978, St. Onge became CEO of that organization and served there until 2001. He then became a club manager as well as Secretary General of the International Racquetball Federation (IRF) that fosters the international development of the sport, serving over 70 country federations under the International Olympic Committee. The IRF offices are located in Colorado Springs, Colorado.)



Programming For The “Fun Of It!”

Step 5 of 7 to Becoming a Programming Professional

By: Laurie Cingle, M.Ed.

A programming professional is a person who is an expert at the skills required to implement and fill programs. What does it take to become a programming professional in your facility? There are seven steps or skills: (1) Find program prospects, (2) Invite them to learn about and understand your program, (3) Present the program, (4) Follow up with program prospects, (5) Enroll them in the program, (6) Ensure success in the program and (7) Grow programs by promoting events and additional programs. Let's discuss **Step #5, Enroll Them In The Program.**

The consequence of following up professionally with program prospects (Step #4) is program enrollment. If program prospects are walked through exposure after exposure --conference call,

webinar, face-to-face presentation-- the goal of education and understanding will be accomplished. This may not mean they will ask you outright for an enrollment form; your job is to get them to a decision.

The key to getting them to a decision is by having good posture each time you are in front of program prospects and by asking good questions. Your words and actions will help them either feel more confident about enrolling or will plant seeds of doubt. Rather than trying to “sign them up,” focus on the goal of education and understanding to help your program prospect come to a decision that will positively affect them. Do this by:

1. Emotionally detach from the outcome.
2. Be assumptive in your approach because your belief that the program will benefit the prospect is so strong.

3. Promote yourself as much as you promote the program. Help them make a decision by saying “you get me!”

4. Always be prepared to get them started on the spot.

5. Ask question after question after question, and be a great listener. Act like a consultant helping a person with a problem. Questions are our most powerful tool.

Here's a 4-question close to use on those who are ready to get started in the program:

1. If you were to get started in this program now, what goal(s) would you want to achieve in four weeks in order to feel that it was worth your time?
2. How many hours can you commit each week to realize that goal?
3. How many months would you commit to those hours in order to realize that goal?
4. If I could show you how to realize the goal spending X hours per week over the course of X months, would you be ready to get started?

(Laurie Cingle, M.Ed., is Regional



Laurie Cingle

Program Manager at Cleveland Clinic Akron General LifeStyle, a fitness business success coach and club consultant. Her specialties include creating successful club program champions through coaching, developing and operating non-dues revenue profit centers, establishing club market differentiation and designing programs that result in profit and retention. Contact her at: laurie@lauriecingle.com.)

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Thanks and Appreciation

At CLUB INSIDER, we are excited to be in our 23rd Year of this home-based health and fitness club trade newspaper! The thought that this newspaper was founded to serve an industry I truly love, and so that I could become a Mister Mom for my son, Justin, is still intriguing and amazing to us. I wish to extend our most sincere Thanks and Appreciation to everyone that's made this amazing 23-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 270 monthly editions! Thanks and Appreciation to all of our READERS. Sincere Thanks and Appreciation to our CLUB INSIDER Advertisers, past and present, for their kind and dedicated support of this publication. It's amazing to know that we have several advertisers with over 15 years of continuous advertising with us. Plus, we have one advertiser, National Gym Supply, with over 21 years advertising with us! We also want to say sincere Thanks and Appreciation to all of our CLUB INSIDER Contributing Authors, past and present, who've contributed hundreds and hundreds of excellent articles to help our readers with their Best Business Practices. Thanks and Appreciation to IHRSA for all it does.

Sincere Thanks and Appreciation to my son, Justin, who started working part-time for CLUB INSIDER when he was just 8 years old (helping with mailings). This young man, pretty much behind the scenes for 23 years now, has truly been a fantastic partner for his Dad in CLUB INSIDER. Justin does our editing, publication layouts, all of our website design and maintenance, all of our bookkeeping and subscription processing work, as well as archive management and anything else that needs doing, including writing eight cover stories per year.

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

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

Norm Cates, Jr.

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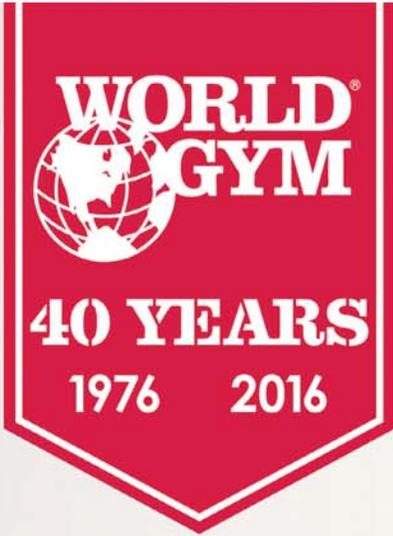


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