

Norm Cates'

CLUB INSIDER

CELEBRATING 26 YEARS OF TRUST

FitLife Celebrates 40th Anniversary!



NACA Transitions to FitLife - 1997 - Founding Board of Directors: (Front Row L to R) Dean Wallace, Karen Gearhart (Executive Director) and Jennifer Harding (Back Row L to R) Randy Huber, Dale Pullin, Wayne Westwood, Jack Tawney, Chuck Richards, Mark Eisenzimmer, Jim Kushneric, Janelle Klashke and Steve Shapiro



JUNE 2019

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CELEBRATING 26 YEARS OF TRUST

FitLife Celebrates 40th Anniversary!

By: Norm Cates

Club Insider is very pleased to present this Cover Story in honor of FitLife's 40th Anniversary that will be officially celebrated in July at the FitLife Summer Conference, to be held in Bend, Oregon. The following interview was conducted by yours truly with FitLife Executive Director, Neal Simpson, and long-time FitLife leaders and member club owners, Mark Eisenzimmer and Chuck Richards.

An Interview With Neal Simpson, Mark Eisenzimmer and Chuck Richards

Club Insider (C.I.) - Mark and Chuck, let's start with this question primarily targeted at

you because of your long tenure with FitLife, formerly known as the Northwest Athletic Club Association (NACA): When and how was NACA founded and by whom? Why was the Association created?

Mark Eisenzimmer (ME) - What I remember is that we met at Griffith Park Athletic Club. I remember six or eight us meeting in that room, because we thought we needed to prepare to compete with some of the incoming big box competition that was arriving. We felt like we needed some sort of an advantage, and we thought that, by coming together, we might be able to come up with something that was better than independent ownership out there.

Chuck Richards (CR) - Yes, I recall

something that had happened a little bit ahead of that. Wayne Westwood had called four or five of us together because there was an issue where they wanted to lower the temperature in the hot tubs.

ME - Ahhh, that's right, Chuck! Good memory!

CR - They wanted to limit hot tub temperatures to 102 degrees. Frank Eisenzimmer was there, and I think Jennifer Harding and Molly Nelson, at Lloyd Center, myself and Wayne Westwood. And, that was about it. So, we had a conversation about the hot tub issue. Someone was able to reach the hot tub bill sponsor to invite him to attend the next meeting. We also asked a fellow who was



one of the co-owners from the Courthouse Athletic Club to come. Wayne Westwood was in the restaurant business, and he also owned the Griffith Park Athletic Club. And, Wayne belonged to the Oregon Restaurant Association, so Wayne kind of guided us. He was familiar with the world of associations, and we ended up getting back together, as Mark described, to form an association (See FitLife Page 10)

Warren Wertheimer Passes Away After Tragic Fall December 6, 1933 - April 20, 2019

Warren Wertheimer, 85, of San Rafael California, passed away on April 20, 2019. He lived a full and active life until his very last two days when he suffered a tragic fall and died peacefully after being wished farewell by many of his friends and family.

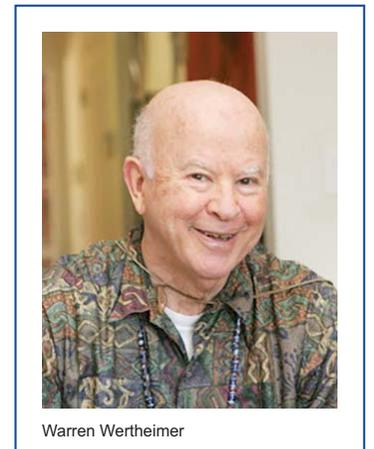
Warren described himself as a father of two, grandfather of four, student of A Course In Miracles, Harvard Lawyer, millionaire former owner of a multisport family club business, psychic, firewalker, motivational speaker and consultant. Warren was born on December 6, 1933 in Brooklyn, New York, to Mildred and Irving Wertheimer. He received an A.B. Degree in Psychology from the University of Michigan in 1956 where he was an active member of Sigma Alpha Mu ("Sammy") Fraternity, an LL.B from Harvard Law School in 1959

where he was a member of Harvard Law Review, and an LL.M. in Taxation from New York University in 1960. He was a talented athlete who excelled at every sport he participated in. He was the All Intramural Quarterback for his fraternity championship football team at University of Michigan and an avid tennis player. He was also a huge sports fan who always watched his home teams, the Giants and Warriors. Warren moved to San Francisco with his first wife, Judie, in 1960 and practiced Tax and Business Law there for 14 years.

While in San Francisco, his interest in sports continued, and he spent many years refereeing local basketball games. As an avid tennis player, he was a long-time member of the California Tennis Club. During the beginning years

of the Virginia Slims Women's Tennis Tournaments Warren was instrumental in organizing the ball boys/girls and lines people for the matches. Warren was a member of the United States Professional Tennis Officials Association, and he umpired matches at the very highest levels of the sport on the World Team Tennis Tours. Following a life-changing experience in 1972, he decided to leave the practice of law and subsequently acquired Rolling Hills Club in Novato, California, in 1974, which he operated until his retirement in 2002. Under his ownership, the club grew from about 400 to over 6,000 members. The club developed a national reputation for being innovative and unique in the way it did business, and at one time, it was described

(See Warren Wertheimer Page 6)



Warren Wertheimer

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- And, of Course, Norm's Notes

Norm's Notes

■Hello Everybody! This is your Club Insider Publisher and Tribal Leader since 1993 checking in with our 306th monthly edition of Club Insider! Yahoo!

■Is America a great country, or what? It was great to see PRESIDENT DONALD J. TRUMP, and his wife, MELANIA, in England dining at a posh State Dinner with England's Queen ELIZABEH II. Also, radio reports today say that President Trump's D Day speech was phenomenal, and some British journalists are even describing his D Day speech as "one of the best speeches ever given by a President of the United States." I didn't hear his D Day speech yet, but I hope to hear it at some point. That being said, never forget the Greatest Generation.

■I'm sad today for a couple of reasons, and one is because I must report to you the loss of two of our industry's most prominent participants: WARREN WERTHEIMER and BOB FITZGERALD. Please see Pages #3 and #6 for their obituaries.

■I'm also sad today because, as I write this, it is "D Day" - June 6th, 2019, which marks the 75th Anniversary of that hugely important day in American history: June 6th, 1944. Folks in my generation, which is known as the "Baby Boomer Generation" who were born from 1946 to 1964 know about it because our parents lived it, and they told us about

it. They, and the history books, told us about when, on June 6, 1944, "the Allied Invasion" as it was called, included 156,000 troops with 73,000 Americans and the rest from Canada, England and other countries, and invaded the coast of Normandy, France. Wave after wave of troops landed there to banish the German Army from that country, which they had occupied for years. D Day was the largest seaborne invasion in history. It involved 11,590 planes and 7,000 ships! And sadly, there were 4,414 verified deaths of Allied Troops, including the deaths of 2,499 American Troops! Extremely sadly, and amazingly, the first wave of the Allied Troops lost 92% and the second wave lost 88%! This huge operation began the liberation of German-occupied France (and later Europe) from Nazi control, and it laid the foundations of the Allied victory on the Western Front. If you're not familiar with D Day, you may find the history of it interesting. Google "D Day," and you can then make the history of D Day part of your increased knowledge of American history. Again, let us never forget the Great Generation.

■The 2019 Club Industry Show is coming up fast! So, be sure to grab your calendar and mark October 9 - 11th. And, while you are there, be sure to make plans to attend the Club Industry Trade Show scheduled for Thursday, October 10th from 10:30 AM to 5:30 PM and Friday, October 11th from 10 AM to 2 PM. Check

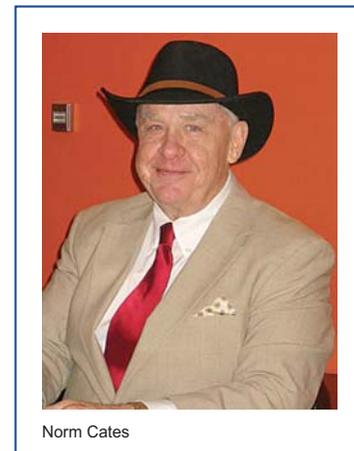
out www.clubindustryshow.com for more information. And, Stay Tuned!

■Book it NOW! IHRSA's 39th Annual Convention and Trade Show, which AGAIN will be held in gorgeous San Diego, March 18 - 21, 2020. Check out hub.ihrsa.org/ihrsa-2020 for more information. And, Stay tuned!

■IHRSA has a lot of good news this month. Check out the Press Releases on Pages #7, #8 and #23.

■G. PELLITERI is the owner and instructor at The Pilates and Gyrotonic Institute of Scottsdale, Arizona and Paradise Valley, and she's celebrating 20 years there. She sent me a nice letter sharing some facts about her operation. She's been in the teaching and fitness fields for over 45 years, and she recommends the Gyrotonic Expansion System to all of her clients. She's been a Certified Gyrotonic Teacher since 2004. She was also among the first group of instructors to pass the American Council on Exercise, as well as the Pilates Method Alliance and the Cooper Clinic Institute in Dallas, Texas. Her website is www.pilatesofscottsdale.com, and she can be reached at (480) 250 - 2025.

■The international kickboxing franchise, 9Round, has been ranked by Entrepreneur Magazine as #18 out of 100 brands included in the magazine's 2019 list of



Norm Cates

the best franchises to start for less than \$150,000. SHANNON HUDSON, Founder and CEO of 9Round, commented, "The 9Round brand prides itself on providing a quality system at a relatively affordable price by fitness industry standards. This has opened the doors to a diverse and impressive range of quality franchisees eligible to join our global network, thus accelerating our international growth to have reached more than 800 studios open and operating to-date.

■Here's a good one! Goku, the popular "Sleeping Time Machine" in Japan, opened its first location in New York City on (See Norm's Notes Page 7)

About Club Insider

CELEBRATING 26 YEARS OF TRUST

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Exercise IS Medicine!

By: **Mike Alpert**

For my article this month, I want to write about our *Living Well After Cancer Program*, and specifically, the medical research study being conducted by the *City of Hope*. As you will see, the results are pretty phenomenal and certainly support the title: **Exercise IS Medicine**.

Cancer treatment is becoming more effective, and the number of cancer survivors is increasing exponentially each and every year. There are currently 16.9 million cancer survivors currently living in the United States, which constitutes 5% of our total population. This number is expected to increase to 21.7 million people by 2029 and to 26.1 million by 2040.

Many people with cancer experience physical and psychological symptoms related to cancer treatment. While some of these symptoms go away soon after treatment, others persist long-term (coined "collateral damage of successful treatment"). Some of these long-term symptoms may include pain, neuropathy (debilitating numbness with nerve pain in limbs), fatigue, weight gain, depression, anxiety and cognitive concerns (referred to as chemo brain).

What is less known is that, after cancer treatment, a lot of people experience metabolic syndrome, which is a cluster of conditions that occur together, increasing a person's risk of heart disease, stroke and type 2 diabetes. These conditions include increased blood pressure, high blood sugar, excess body fat around the waist and abnormal cholesterol or triglyceride levels. Metabolic syndrome has also been linked to an increase in cancer recurrence as well as mortality.

According to the lead researcher of the study, **Jessica Clague DeHart**, "the FANTASTIC news is that exercise, even a small amount of moderate level activity, has been shown to not only alleviate both short-term and long-term treatment-related symptoms, but it has been shown to also reverse metabolic syndrome. In fact, we evaluated our *Living Well After Cancer Program* over the past year and saw dramatic changes among the participants. After 12 weeks of participating in the *Living Well After Cancer Program*, the conditions related to metabolic syndrome were alleviated in the majority of participants and metabolic syndrome was reversed."

After successful cancer treatment, men and women are asking, "Now what?!"

Most are tired of being labeled, "survivors," getting used to a new normal" and want to be, "thrivers," flourishing in life."

"The *Living Well After Cancer Program* provides an environment of healing and wellbeing, social support with other cancer "thrivers" and exposure to multiple forms of exercise. It has proven to not only increase physical health but quality of life and wellbeing."

Last August, my article in **Club Insider** focused on the *Cycling for Parkinson's Program* we have been offering at our Claremont Club and the results from the first group that completed it. That study is being done by Kaiser Permanente and is a multi-year study like the *Living Well After Cancer* study. The results are so compelling and are coming from two of the leading medical institutions in the country.

We should all be asking ourselves this simple question: "If we can treat people with exercise and reduce or eliminate the necessity of costly medications and procedures that often either do not work or have serious side effects, why is it not mandated that health care systems reimburse for what we offer? In addition, our health club environments help with anxiety and depression: we are able to



Mike Alpert

improve emotional and social wellbeing. Clearly, **Exercise IS Medicine!**

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

...Warren Wertheimer

continued from page 3

as one of the top 15 clubs in the country by *Shape Magazine*. His employees at Rolling Hills often commented that he was the best boss they had ever had. Warren and his second wife, **Barbara**, were together for over 12 years.

He was a long-time member and teacher with *A Course In Miracles* and co-founder of *A Center For Inner Peace*. His spirituality was incredibly important to him and was the driving force behind almost everything he did for the second half of his life. He had a lifelong love of playing Bridge and was an ACBL Life Master. He was active in Bridge tournaments in Marin for many years.

Warren is survived by his son, **Steven Wertheimer** (Sherry Antonoff); daughter, **Janna Rudolph**; grandchildren, **Erica Rudolph**, **Alexander (A.W.) Antonoff-Wertheimer**, **Rachel Rudolph** and **Sydney Antonoff-Wertheimer**; and brother, **Fred Wertheimer** (Linda). He is also survived by his first wife, **Judie Wertheimer**, and his second wife, **Barbara Cochran**, both of whom he continued to have cordial relationships with, and also his stepson, **Ben Cochran** (Sara) and stepdaughter, **Emily Cochran**.

Remembrances for Warren can be posted at www.forevermissed.com/warren-wertheimer. A memorial for Warren was held at 10:30 A.M. on *Sunday, June 2, 2019* at *Monte's Chapel of The Hills*. Donations in Warren's name can be

made to a charity of your choice.

Peers of Warren Wertheimer Comment

John McCarthy, *IHRSA's Executive Director, Emeritus*, commented: "An unforgettable wonderful man, Warren was the longtime owner of the Rolling Hills Tennis Club in Novato, California. The governing principle of Warren's life and work was that all of it was an ever-changing and ever-interesting opportunity to love... Warren was a delightful and remarkable man. Rest in Peace"

Mary Beth Bradley commented on her long-time good friend, "As the GM at Warren's club, he would often tell me (among so many other "pearls" of wisdom) that we could sell all of the exercise equipment and essentially close off the club but keep the lobby open. When I questioned his thinking, he went on to explain that we could hug members when they entered the club, tell them we loved and appreciated them, and they would gladly pay their monthly dues! Further, I remember Warren telling me that he didn't care *what* the club turned into; in fact, he said we could turn it into a supermarket if we wanted to (true story) as long as we lived up to our mission statement, which was 'To create an environment in which people feel loving and loved.' I will miss him dearly."

Jim Gerber commented to John McCarthy: "Son, Jim, and I spent a good deal of time with Warren about four years ago. He

was consistently himself... an honorable, selfless, sweet man who lived his life as much as possible living the teachings of *The Course In Miracles*. Many lessons learned by just being around him. He will be missed."

Ben Emdin commented to John McCarthy: "Thanks for sharing the info about Warren. I did get to know him. One summer, he flew to Grand Rapids to spend some time with me. It was a most interesting few days. I remember he shared the rough (very rough) draft of a book he was writing. We will miss Warren. I hope you are doing well. Thanks again for including me in the

'Senior Colleagues' fraternity!"

Norm Cates commented to John McCarthy: "Thanks Big John and Mary Beth, I'm very sorry to see this sad news. Thinking back on Warren, I recall that he was one of our industry's greatest thinkers about what we were supposed to be doing in order to give our members what they had come to give our clubs for in the first place. And, he gave all of us something to shoot for when it came to creating fun, special, unique and happy club environments for our members. May Warren Wertheimer Rest In Peace. Warmest regards to you both, John and Mary Beth."

Robert "Bob" Fitzgerald Passes Away

Robert W. Fitzgerald, Age 77, passed away on *May 7, 2019*. He was preceded in death by his amazing wife, **Jane L. Fitzgerald**. He was the father of **John (Agnese) Fitzgerald**, **Kevin Fitzgerald**, **Robert (Kathy) Fitzgerald** and **Julie (John) Nimesheim**. He was the grandfather of ten. Services and interment private.

John McCarthy, *IHRSA's Executive Director, Emeritus*, had this to say about our friend, Bob Fitzgerald:

"Bob was a warm and friendly man whom everyone liked. In business, he was focused on opportunities rather than on threats. As

a boss, his focus was on building a person's strengths rather than on correcting their weakness. On a personal level, he had a unique gift to lead from the heart as much as from the head... This was what made everyone around him so comfortable with his ideas and suggestions.

At IHRSA, I had the privilege to have him as my boss for one memorable and unforgettable year, which led to 35 years of respect and friendship. For me, as for many others, Bob was, and will always be remembered, as a person who knew how to bring out the best in everyone who had the pleasure and privilege of knowing him and working with him."

...Norm's Notes

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May 20th. One of Goku's most requested services is their "**Zeccho Sleep**," which aligns the hands and fingers to provide perfect pressure on the scalp, a Japanese head massage therapist releases tension in muscles around the head and eye areas, promoting good blood circulation. As a result, the mind and brain become totally relaxed, leading to improved health, focus and lower stress levels. When it's over, individuals will emerge with a euphoric feeling, released from stress. The quality

of your sleep may also improve for the next few nights after the treatment. This massage is especially beneficial for people with brain tiredness caused by stress, over-work, worry and/or constant computer use. Another service offered at Goku is "**The Kamiwaza Technique**." This head massage technique was developed and refined over time with the help of Japan's top health care professionals, from diverse fields, including neuroscience, acupuncture, psychology and massage therapy. This is a dry treatment; no water, lotion or oils are used. "Zeccho Sleep has been satisfying people especially who suffer

stress and insomnia in Japan. As New York is the city that never sleeps as well as the world capital of finance and business, we are thrilled to open our spa here," said **Momoka Yamazaki**, a *Goku spokesperson*.

■ **The TIA Tennis Forum** will present the latest news about the state of the tennis industry, including participation, marketplace trends, grassroots initiatives, updates from TIA, ITF and USTA leadership and more. Also joining this year's event will be **ANDREW LaFIOCCA of Nielsen Sports**, who will share player and consumer insights, and **TOM COVE**, *President &*

CEO of the Sports & Fitness Industry Association, with insights on the sports and fitness trend. A new feature at this year's forum is "**The Discovery Challenge**," an online competition designed to showcase innovation and solutions around a problem facing the tennis industry: **retention of tennis players**. The challenge will be moderated by **CARLOS SALUM of Salum International** and joined by **LENA BELOGOLOVA**, behavioral science expert and former Facebook product manager. It's designed to be an interactive and solutions-producing session with a panel of experts.

(See *Norm's Notes Page 8*)

IHRSA Report: Worldwide Health Club Membership Now 183 Million Strong!

BOSTON, MA - The International Health, Racquet & Sportsclub Association (IHRSA) released *The 2019 IHRSA Global Report*. According to the publication, global health club industry revenue totaled \$94 billion (USD) in 2018, as more than 210,000 clubs served 183 million members. A perennial IHRSA bestseller, *The IHRSA Global Report* provides a comprehensive overview of the health club industry.

"*The IHRSA Global Report* details performance indicators for 65 markets worldwide," said **Jay Ablondi**, *IHRSA's Executive Vice President of Global Products*. "Around the globe, the fitness industry continues to help consumers lead healthier lives as steady growth was recorded in key markets. The industry is on pace with IHRSA's global initiative, announced last year, to reach 230 million health club members worldwide by 2030."

The top 10 markets around the world account for more than two out of three health club members and 71% of total industry revenue. While the U.S. leads all markets in memberships and revenue at 62.5 million and \$32.3 billion (USD) respectively, Germany was second in both metrics with 11.1 million members and \$6.3 billion (USD). The UK was third in the number of members and revenue at 9.9 million and \$6.2 billion (USD), respectively.

Health club performance is also strong in the global economic powers of India and China. Based on data gathered in *The IHRSA Greater China Report*, the combined revenue from the top 10 cities ranks that region fourth among all global markets at \$3.9 billion in annual revenue (USD), while the number of club members ranks it ninth in the world at 4.5 million. *The IHRSA Indian Health Club Report* ranks that country fifth in market size among Asia-Pacific health club markets at \$821 million in annual revenue (USD). The number of health club locations puts it third in the region at 3,813 sites, while the country's two million members rank it fifth among observed markets in the region. Opportunities for growth remain in both markets as well as the Asia-Pacific region

as a whole. The member penetration rates for China and India are 2.98% and 0.15%, respectively.

The new report is divided into four parts:

■ **The Industry Overview** section details the industry's performance in 2018, along with analysis and insights from industry experts and leading club operators.

■ **The Industry Research** section includes data on revenue, number of facilities and number of club members for 65 global markets. New this year are updated statistics for 14 Asia-Pacific markets and 20 European markets. For the U.S. market, there is a breakdown of data for the number of health clubs by state and infographic insights for consumer growth and member visits.

■ **The Company Profiles** section highlights more than 300 leading health club companies from around the world. New for 2019: profiled companies are organized by geographic region.

■ **The Supplier Profiles** section features a variety of fitness industry suppliers, whose innovative products and services help club operators to be more profitable.

The 2019 IHRSA Global Report is available for \$74.95 for IHRSA members, and \$149.95 for non-members. Related research: Additional comprehensive analysis can be found in *The IHRSA Latin American Report (Second Edition)*, sponsored by Hoist Fitness, *The State of the Mexican Fitness Industry Report*, sponsored by Movement, *The IHRSA Asia-Pacific Health Club Report*, sponsored by Perfect Gym, *The IHRSA Greater China Health Club Report* and *The IHRSA Indian Health Club Report*. Detailed health club consumer demographic and fitness usage information for the United States can be found in *The 2018 IHRSA Health Club Consumer Report*.



Don't Miss The 2019 FitLife Conference & Trade Show and the Celebration of FitLife's 40th Anniversary!

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For more information or to register, contact:

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■God bless our troops, airmen and sailors worldwide and keep them safe. Thank you, Congratulations and Welcome Home to all of our troops who've served in Iraq, Afghanistan, and around the world. God bless America's

Policemen and women and Firemen and women and keep them safe. God bless you, your family and your club(s). God Bless America! Laus Deo!

(Norm Cates, Jr. is a 43-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of Club Insider, now in its 26th year of publication.

Cates was IHRSA's First President, and a Co-Founder with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. In 2017, Cates was honored with Club Industry's Lifetime Achievement Award. Cates can be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com)

Make It Fun!

How IHRSA Can Help Your Club Stop a Proposed Sales Tax

BOSTON, MA - What do lawmakers do when they want to discourage smoking or drinking too much sugar? They tax those products. So, why would these lawmakers do the same to healthy lifestyles when the country, actually most of the developed world, is dealing with:

- Chronic Illness,
- Lack of access to places to exercise, and
- Rampant Obesity.

Instead, IHRSA, the International Health, Racquet & Sportsclub Association believes policy makers should encourage or increase access to physical activity, which improves health, helps bring down the cost of healthcare, and bolsters our national and local economies.

"Policymakers who seek to tax physical activity are ignoring the high cost of physical inactivity," says Jeff Perkins, IHRSA's Assistant Vice President of Government Relations. "People who exercise regularly are significantly less likely to suffer from obesity-related and other chronic diseases, incur fewer health care costs, are less likely to suffer from depression and anxiety and are more productive employees with lower rates of sick leave and absenteeism."

IHRSA's Government Relations team tracks, alerts and acts on all types of legislation affecting the industry. Unfortunately, IHRSA is seeing an increasing number of states look to taxes on club memberships as new revenue streams, even from traditionally low-tax and business-friendly states.

Currently, 25 states and the District of Columbia tax health club memberships, and since 2017, 11 additional states have considered applying or expanding a sales tax to health club memberships or services.

So, what's a club to do?

Do clubs and their communities have any say about a sales tax on dues? "Actually, yes," Perkins adds. "Club

operators and their staff are in the perfect position to educate their lawmakers about the health and economic benefits of exercise and how important their services are to the community."

To help its member clubs across the country understand and act on the efforts needed to stop a sales tax from being implemented, IHRSA has released, *The Guide to Stopping a Sales Tax*, and the guide is free to IHRSA members (bit.ly/clubinsider59).

In the guide, IHRSA advises that, if legislation or even a rumor of lawmakers introducing legislation in your state that would impose or increase a sales tax on health club dues or services, there's no time to waste before you begin contacting your state representatives. In doing so, you can increase the likelihood that, in the future, your government will help, rather than hinder, the profitability of your club and the health of your community.

The guide breaks down the most critical steps of stopping a sales tax proposal:

- Including member and staff education and mobilization;
- Building alliances;
- Leveraging local media and social media; and,
- Working with the IHRSA team directly on campaigns to stop the legislation when warranted.

Perkins adds, "Club operators are our eyes and ears on the ground, so if you hear of a sales tax proposal arising, contact IHRSA immediately. The sooner IHRSA knows of a proposed sales tax, the sooner we can begin educating lawmakers, through ILC funded lobbyists and online letter-writing campaigns."

IHRSA members are invited to download the Guide to Fighting a Sales, Service, or Amusement Tax On Health Club Membership from the IHRSA website (bit.ly/clubinsider59).

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...FitLife

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that could do some things that could further our efforts in the marketplace. Actually, the name we had chosen first was the *Oregon Racquetball and Recreation Association (ORRA)*, but we never formalized it. So, that's what we called ourselves since we were all from Oregon. Then, some people from the state of Washington wanted to join. Because of that, we became the *North West Racquetball and Recreation Association (NWRRA)*. Mark remembers that.

ME - Chuck, just a little side note on that. The guy who was heading up that temperature change deal was named **Jim Brown**. I remember we put signs over our hot tubs that, if you had a problem with this 102-degree temperature, call Jim Brown, and we put his phone number on there!

C.I. - **That's a good one!** (everyone laughing) Did he ever tell you how many phone calls he got about that?

ME - No, but those were our members making the calls, because everyone was used to keeping their hot tubs at 106 or 107 degrees, not 102!

C.I. - In the very beginning of NACA, now 40 years ago, who was the Executive Director?

ME - We didn't have one. We were volunteer operated for a *long time*.

CR - We just sort of rotated around and people took on the work themselves until 1987. Then, Mark and I got together. I was the *President* of the organization in 1986 and 1987, and Mark was the *President-Elect* for the next two years. They were two-year terms. We then kind of decided that we needed help (laughing)! We had some money but not a lot, so our group agreed to ante up a little bit more and look for an Executive Director. We struck gold when we found **Irma Campbell Cook**. Mark, please tell us about Irma.

ME - Irma Campbell Cook was just a spitfire! She still lives down in Arizona. She came from a church organization background.

She was a planner, an organizer and an events coordinator for a fairly large church organization. She was really good at her job, and she was just wonderful!

C.I. - Well, it took some guidance from up above for y'all to get started with somebody like Irma! It reminds me of the amazingly great luck of finding **John McCarthy** when we were starting *IRSA/IHRSA* back in 1981!

The Early Days of Public Policy

C.I. - What were some of y'all's early successes? Would you include the hot tub battle as one of those?

ME - Well, we won that battle (laughing)!

CR - We've had lots of skirmishes. Mark will remember most of them, and I will, too, but the biggest one by far was our YMCA issue. That took years, lots of money, lots of clubs and intestinal fortitude by Mark's Dad, Frank. He's the one who basically saw the issue, saw the solution and was on it like a Pit Bull!

ME - We got an attorney to help us. We served a **Writ of Mandamus*** (see definition below) against the YMCA for not paying their fair share of taxes. Ultimately, through the tax courts, we got a ruling that the YMCA, in fact, was not paying their share of taxes! There was a guy named **Jim Chapel**, and he was running seven or eight YMCAs in the Portland Metro, Oregon area. They had a big promotion saying, *'Come Watch Us Grow!'* and it just scared the BeJesus out of us! So, we said, 'Well, it's an unlevel playing field. Let's see what we can do to level it up.' Basically, it was the county tax assessor who was the one who helped us through this whole thing. That was a HUGE victory!

**A Writ of Mandamus is a writ or order that is issued from a court of superior jurisdiction that commands an inferior tribunal, corporation, municipal corporation or individual to perform or refrain from performing a particular act, the performance or omission of which is required by law as an obligation.*

CR - Norm, let me fill in a couple more memories on this. The City of Portland was given the right to determine what would happen on some federal property, and that's what came to Frank's attention. Frank called me and said, 'Chuck, come join me at this hearing down at the City Council.' I didn't know what we were in for. Holy smokes! It was something else. Frank got up and testified. Then, I realized what a war we were about to be in. At that point, Frank started signing me up as his wingman. We created the name for this ad hoc organization: **Northwest Alliance for Market Equality**. We raised about \$180,000. It was a combination of the FitLife Clubs, and the other half of the contributors were other clubs, vendors in our industry and people who just thought we were on the right side of this. So, it was a several year process that included picketing one of their YMCAs downtown. We got a lot of news coverage and press. We visited their sites and looked at the fancy cars that were coming in, and they were definitely not doing what they were saying they were doing, which was taking care of the kids and the underserved population.

ME - There were NO kids in that Y, Chuck. Remember that? The Y downtown did not have ANY kids.

CR - They had a grand plan. To Frank's credit, **Mike Morris** was our attorney. He really helped us a lot. He convinced the assessor that they did not have a charitable cause, so they lost their tax exemption. Of course, the Y appealed, but they lost the appeal. Then, it went to our Supreme Court, and we won this case in the Supreme Court where the Court held that the YMCA did not, in fact, have their charitable exemption anymore and that they owed a couple of million dollars in back taxes! And, the Court chided them on their mission and said they could earn their way back showing, by example, how they did, in fact, take care of kids and the underprivileged population. Eventually they did get their exemption back, but they lost their downtown sites. Their knees were cut out from under them. Jim Chapel went away, and the Y is now the Under Armor Corporate site. The other

one is closed and empty. The Y in Portland is not much of a powerful force anymore.

ME - They deviated from the Mission they touted and promoted, and they got called on it!

C.I. - You guys were clearly the leading-edge people in that fight. I remember hearing about it.

CR - In 1984, **Dale Dibble** was coming out for our Summer Conference, and **John McCarthy** came out with him. The purpose of John's visit was to find out what the commotion with the YMCAs in Oregon was all about!

ME - I think John had gotten on the wrong side in that deal.

CR - Yes... exactly. So, John sat down with us at the restaurant at the Inn of the Seventh Mountain, and we had quite a chat! And, you know what? About a month later, a check for \$5,000 showed up from IRSA (now IHRSA) to help with our cause.

ME - They helped us a lot! But, in his defense, you've got to remember where John McCarthy was coming from. Before IRSA/IHRSA, he was a Catholic Priest! And, here we were messing with the YMCA, a charitable organization that was close to Motherhood and Apple Pie! But, then, John saw what was going on, and he got on board with us.

CR - A follow-up to that was the next Summer when IHRSA's **Helen Durkin** came out. She was fresh out of Law School, and low and behold, IRSA realized they needed to start up a committee for fair competition because they saw these threats from the YMCAs, non-profit Rec Centers and on and on. No one was aware of it really until Frank Eisenzimmer got up and said, 'We're not going to buy any of this!'

ME - One other thing before we move on. I want to mention one other victory that we had that is still going strong today is our *Oregon Racquetball Association (ORA)*. Pretty early on, we started the racquetball tournaments where you could get points by traveling from club to club. Eventually, the ORA was a result of that, and the ORA is still going today. I think it was eight years in a row that Oregon has won the National Championship in racquetball. It's amazing what a powerhouse Oregon racquetball is, compared to the rest of the nation now.

C.I. - Well... you guys certainly *led the way* and *continue to do so!*

(See *FitLife* Page 12)



Neal Simpson, FitLife Executive Director

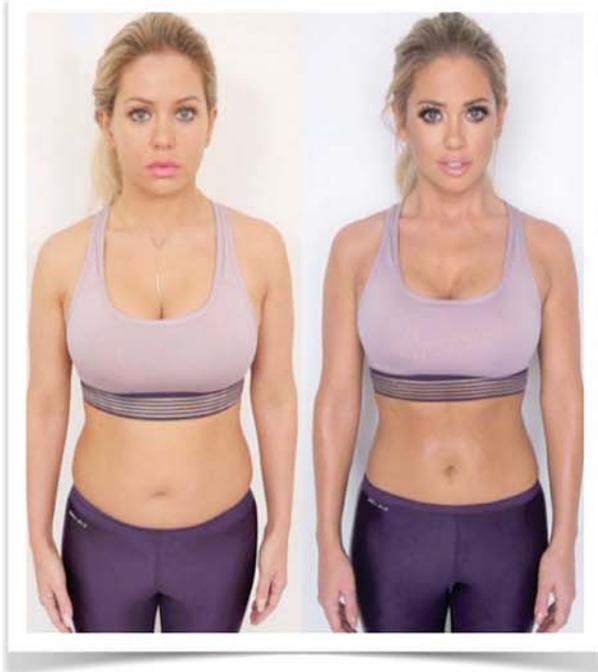


Mark Eisenzimmer, FitLife Founder, and Wife, Debbie

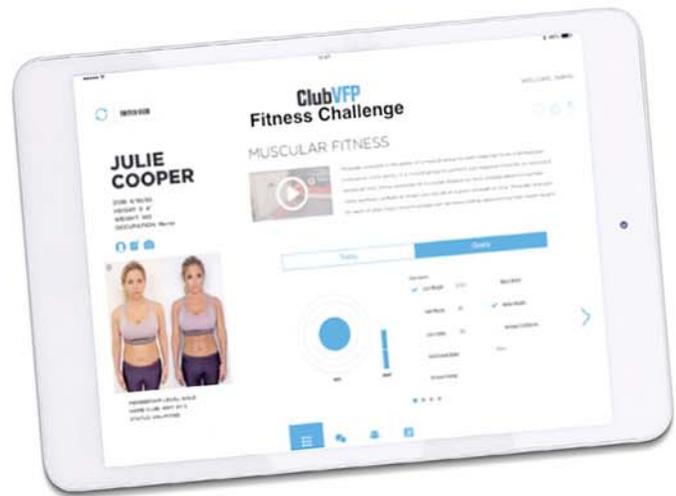


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...FitLife

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CR - Let me add that the parent group started the *Junior Racquetball Association*, which also developed lots of kids here. It's been a strong force for years, and the ORA continues. But, in addition to that, they started the *Oregon High School Racquetball League* which is a *huge* organization.

ME - Hundreds of kids play racquetball in that organization.

CR - Salem won the National Championship this past year. And, Oregon State University, on the college level of racquetball, has been the National Champions for seven years in a row! We've had meeting after meeting to determine how to play racquetball back in the 1980s, right Mark? Out of it grew this intense interest in racquetball in Oregon that still goes on today. It's just been a hotbed for racquetball, along with the St. Louis area of the country.

Early Membership and Benefits of NACA

C.I. - At its peak, what did NACA offer its members, and how many clubs were NACA members?

Neal Simpson (NS) - At one time, I know there were right around 100 total clubs in NACA. That was when Irma took over and started. A lot of the *Kangaroo Court* guys would come up from Northern California. They'd come up for Summer Conferences (I think they would come up mostly to play golf.). In the late 1980s, early 1990s, we divided NACA into four regions because our group was so big. Everyone was still getting their legs under them as far as how to run clubs. There were a lot of new operators who may have been open three or four years. We had a Portland Metro Division, a Seattle Division and Southern Oregon, Eastern Oregon and Eastern Washington Divisions that we combined. *The Women's*

Club was our first Montana club.

We would have regional meetings on things during the year, and back in the old days, I was going to six to eight NACA-type meetings face-to-face a year. We'd talk about sales and programming and how to take better care of swimming pools and what the racquetball schedule was. All of those things were more integrated, because everyone was kind of growing at the same rate. Some had started in the mid-1970s and mid-1980s. We were still kind of similar. So, that's basically how we built the whole operation. I can remember my first NACA event was in the early racquetball days. That was about 1980, and I believe it was at Jennifer Harding's club. Everyone was scheduling racquetball tournaments, and we had at least a dozen clubs meeting to discuss scheduling. That was my first experience in Eastern Oregon. There was a lot of give and take, and that's how we learned to trust each other.

ME - Once that worked so well, Norm, not too long after that, we went to a reciprocity agreement where you could be a member of Chuck's club, and for a limited number of times, you could use my club. We did this reciprocity, and it helped us compete with any of the chain clubs, such as *24 Hour Fitness* or *Bally*. That reciprocity gave us a competitive advantage, and we had enough clubs in so many areas that reciprocity became a big deal for us!

CR - I want to give credit to **John Miller**. He developed the concept that we still use today called, *'Fit to Go,'* which is our reciprocity program. John was a *President* in the early years.

C.I. - Probably 24 or 25 years ago, I remember my family (my wife, Ilena, and son, Justin) and I attending a Summer NACA Retreat held in Bend, Oregon. Mark and Chuck, please tell us about that

destination for the Association.

CR - That was at the Inn of the Seventh Mountain. That was where you stood up at our closing dinner and told a joke about a frog. Do you remember that? (*all laughing about the memory*)

C.I. - *Oh yeah!* That was a corny joke I used to tell crowds when I would find a captive audience needing **more FUN**. The joke went like this: Once upon a time, there was this wide-mouth frog hopping down the road, and he came upon a stream. In the stream was a big water moccasin snake with some baby snakes. Curious, and wanting to be friendly, without even thinking, the frog opened his mouth very widely and said to the snake. **'What do you feed your babies?'** The snake looked at the frog and said to him, **'I feed my babies wide-mouth frogs.'** The wide-mouth frog suddenly closed his mouth tight, becoming very tight-lipped, and he replied to the snake out of the barely open side of his mouth, **'Is zat so?'** and the frog took off fast hopping on down the road!

You guys have great memories because that had to be 29 or 30 years ago, Justin was only four or five years old at the time. That NACA Conference was a really terrific event for us!

CR - Yep, that was at the Inn of the Seventh Mountain in Bend, Oregon.

ME - We tried different locations over the years, but I think that was the secret sauce! Don't you, Chuck?

CR - Yes, that was a great location! Absolutely! Let me back up just for a second, Norm. One other thing, when you ask about early successes, we're kind of isolated out here. I just think we needed to learn, people were willing to share and we didn't have any other place to go. And, we had a lot of people who had one of a kind of clubs. We had that thirst for knowledge, so we shared and just made it happen for each other in a lot of different ways. That made us pretty strong, collectively. We have a lot of independent thinkers out here, which was good, I believe.

FitLife is Born

C.I. - Well Chuck, it really showed with the YMCA story. Y'all were on the leading edge, and you've got to give **Frank Eisenzimmer** a whole lot of credit for being willing to take that on like you all did. Moving on, when and by whom was the name changed to FitLife? How did the membership react to that change?

ME - Chuck, you're the historian on that one.

CR - We called it 'Project X' at the time. **Dean Wallace** headed up that Committee. This was to limit our membership criteria because we were told by the IRS that we ought to take anyone into our membership, including some chains and non-profits we didn't want in the Association. So, we formed *FitLife, LLC* in 1997. Dean Wallace was our first Chairman for two or three years. The name change was fine, and like any name change, such as the one changing IRSA to IHRSA, Norm as you remember, we struggled a bit. But, *FitLife* came out of it. It was fine, and Dean was terrific in terms of leading the charge and dealing with all the changes, etc.

ME - Remember, Chuck, we did a drive to answer our phones with, *'Thanks for calling Cascade Athletic Club, a FitLife Club.'* We tried to brand and market ourselves to our members, too.

C.I. - Neal, in addition to Irma Campbell Cook, who were your predecessors, and when did they/he/she depart? When did you come on board as *FitLife Executive Director*, and how did that happen?

NS - I'm not exactly sure of the years, but I believe after Irma, Chuck, wasn't that **Paul Ritchey**?

CR - Yes, Irma retired, and Paul Ritchey came on in 1994 for a year or a year and a half.

NS - I believe that, after Paul left, we had a void for about a year and then hired **Karen Gearhart**.

CR - She started out doing well, but it did not end well. She was let go, and that's when **Carter Higbee** and **Leila Reed** came and took it on for a bit, so we could get our feet back on the ground. Then, we hired a lady named **Mary Erickson**. She was with us for several years, and she passed the baton on to one who was a real success story for us, **Amanda Osborne**. She was terrific. Neal, why don't you tell us about Amanda.

NS - Amanda came to us from the corporate world. She had worked for Intuit and Levi Strauss. She was on the leading edge of marketing, especially in the social media world. Her degree in marketing was from Northwestern. She was just one of these people who was extremely organized. Once she met you, you instantly liked her, and she could remember everyone's name. This was when social media was just getting going. She basically held our hands through that whole process. Irma got everything going, but I would put Amanda and Irma, in different ways, as equals in terms of how they moved our organization forward and got people involved. Amanda was just a wonderful person. She now works for a non-profit in Portland called *EcoTrust*, as *VP of the Food & Farms Program*. The next person after Amanda was **Jenn Guzman**, (See *FitLife* Page 16)



Greg Dearholt and Jack Tawney at a FitLife Conference



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

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



Jennifer Stafford - 20/30 Fast Track Licensee

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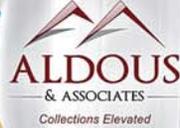
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...FitLife

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who came to us from *Iron Grip Barbell Co.* We hired her right after Amanda left.

C.I. - What was the Mission, the goal of NACA back then? How has that Mission evolved through to the FitLife we know today?

NS - Norm, I think it has changed over the years but in a nutshell: *FitLife will promote, assist and help independent member clubs obtain and retain members, profitably.* That is how I approach my job as *Executive Director.* It boils down to looking for new Member Clubs, new Associate Members, regional trends, possible threats from both profit and non-profit sectors as well as intrusive government regulations. I need to give credit to Wayne Westwood for that mission statement. Wayne and I worked together in the late 1980s for a while, and he was a great influence on me.

C.I. - What was the definition of clubs eligible to join? Who is *NOT* allowed to join FitLife?

ME - Chuck, I think this is in our Bylaws. I remember that there could not be any non-profits. But, the main thing was there could not be club chains, such as Bally. There was one exception made, and that was for Neal's club because they were owned by a non-profit hospital but still paid income and property taxes.

NS - We were a member of NACA before they changed it to FitLife. When they changed over to FitLife, *Roundup Athletic Club*, where I worked, was purchased by our local hospital and became ineligible to be part of the organization. So, they created a secondary membership level with no voting rights. In other words, you could participate in reciprocal use and attend conferences and sharing, etc., but we were not able to vote on anything that was a voting issue.

C.I. - What are the Association's standards? Please tell us about any clubs that have had to resign because they didn't meet these standards.

ME - That's probably in our bylaws, also.

CR - I don't think it was because of our Bylaws, but some people just sort of fell out.

NS - Usually a club that does not attend our functions, or promote our programs within their respective clubs, will eliminate themselves. Now, if they are not what you and I call, 'Good Operators,' we don't extend them a membership offer.

Key Benefits of FitLife

C.I. - Neal, what are the key benefits FitLife offers that are *NOT* offered by other IHRSA regional groups? And, what other regionals are still operating now?

NS - The *Mid-Atlantic Club Management Association (MACMA)* and the *New England Health Racquet Sports Club Association (NEHRSA)* are the only two regionals that are still operating. Texas used to have one, and its gone. California Clubs of Distinction has been closed for about a year and a half now. Probably the easiest thing to talk about that we offer, and they don't, is our reciprocal use. Of course, IHRSA has their reciprocal policy, but they still charge guest fees. At pretty much all of the clubs at FitLife, it's free to come and use their clubs. We also offer a membership transfer. Ironically, during this conversation, I received a Membership Transfer Certificate in on my fax. What this does is that a member of a FitLife club can transfer to another FitLife club and get credit for the initiation fee that he paid. Again, it's just a basic way of referring members, rather than losing them to non-FitLife clubs. That's very unique in this industry.

We also have group buying programs. Ours might be a little bit more in depth because we have as many as

nine different businesses under this one company, *Windfall.* Office Depot is the main one that I think a lot of people use. I know Chuck has told me many times that he buys fairly exclusively through Office Depot, and the amount of money he saves on his office supplies probably pays for his FitLife dues several times over during the year! Also, about a year ago, I was able to get the Windfall Program and Office Depot extended to their members. In other words, we can extend that discount that we get as clubs to the members of our clubs. So, if you have a local store, he can get either an in-store purchasing card that gives the exact same discount, or if he has his own business, they can go online and get their discounts at their place of employment. Hopefully, it's going to build our volume up to where we get better discounts and maybe even rebates. So, I don't know of any other regional that does that, and I'm pretty sure that IHRSA doesn't do it as well.

C.I. - What are some reasons why FitLife has flourished over the years, and why have some of the other regionals, such as California Clubs of Distinction, gone away?

NS - The only thing that I can come up with is our operating strategies were drastically different. California Clubs of Distinction (CCD) was pretty much all web based. They would mail out a newsletter, but everything was online, and they had almost NO face-to-face meetings whatsoever. Several years ago, at the IHRSA Convention in Orlando, I remember **Lin Conrad** saying, 'Hardly any of our clubs are going to IHRSA this year because it's on the east coast.' Later, she attempted to put together a conference in the spring, and there were literally more vendors in attendance than Association Members. So, the CCD regional is out of business now.

CR - Norm, I want to comment on why FitLife has flourished. My thinking is that we've been really fortunate with having a lot of people to step up with their talent and their time over the last 40 years and to contribute to our industry. When you think about all the people who have led our organization over time, club owners who were sole proprietors and entrepreneurs, we've been fortunate to have the talent and the people to step up to the plate when asked, and they really made a difference. The people you're talking to here have been at this for a long time, but there have been others, too, such as **Sean Wardle, Cathy Buckley, Steve Shapiro, Randy Huber, Jim Zupancic, Carl Cadwell, Steve Pratt, Jennifer Harding, Jack Tawney, John Miller, Camie Muller-Evans** and

many more!

ME - Norm, at the top of that list is **Chuck Richards!** *Chuck has been on the Board for 40 years! Chuck has NEVER BEEN OFF THE BOARD!* He's been our mainstay. He's really championed our cause for 40 years.

C.I. - **WOW!**

CR - Norm, I've gotten a lot more than I've given! I've thoroughly enjoyed it. I've enjoyed the people and enjoyed the industry. I've learned so much. I came into this business and didn't know anything about it. There it was in front of me: how do you play racquetball? I met **Frank Eisenzimmer** in 1975, and we were both kind of scratching our heads because he came from a different background, too. We met, and he said, 'Well, we've got things we can share.' And, in addition to Frank Eisenzimmer, we've been sharing with **Mark and Greg Eisenzimmer** for 44 years.

ME - Chuck was an Olympian. That's kind of how he came to it. We shared the same engineering firm. A guy named **Al Gaylord** was our engineer, and he did both of our clubs almost simultaneously. That's kind of what brought us together.

C.I. - Please describe the monthly or bi-monthly programs FitLife offers.

NS - Each month, everyone gets an update of what's happening. Sometimes, some of these office products are 70 to 80% off! You can really save some money if you happen to need the products. Also, once a month, or at least every other month, I try to do an email about upcoming events. Recently, in the State of Washington, there was some legislation that was going to do two things:

1. They were going to create a whole new level of bureaucratic government to regulate and inspect clubs to make sure they were performing at whatever their level of performance was going to need to be. Plus, each year, clubs were going to have to pay additional fees to get the club inspected and pay for the license. The estimates were that clubs were going to have to pay between \$2,000 to \$3,000 each year for inspection and licensing in Washington.

2. This may be the most important, but athletic clubs were no longer going to be able to use waivers on their membership agreements and their guest forms! **All waivers were going to be null and void!** So, if a member was on a treadmill or any piece of equipment, **even though it's totally the member's fault, the club would still be liable. So, members could sue over any and all matters even if the club was not responsible in any way.**

The Washington clubs, especially **Mark Durall, General Manager of Olympic Athletic Club** in Seattle, really took this (See *FitLife* Page 18)



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...FitLife

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on. They got organized, and they started canvassing their members. They found out that one of the people, the *Chairperson of this committee*, was a member of the *Bainbridge Athletic Club*, and together they got the whole legislation killed! But, the ironic thing again, and the one that we keep coming back around on was all non-profits, universities and parks and recreation facilities were going to be exempt from this legislation. **So, it was ONLY for For-Profit Clubs!** Again, unfair competition.

Those are the things we try to bring up with the members. There's nothing like a legislative scare to motivate Summer Conference attendance, because people will travel to find out what's going on, how we are going to fight it, and in many cases, join the fight!

C.I. - Please identify how FitLife has helped create proper statewide legislation or defeated unwanted legislation.

NS - When Amanda was our *Executive Director*, the State of Oregon got a person in charge of construction and regulation of swimming pools. Well, he came in and couldn't believe that they weren't requiring lifeguards at all pools. So, the new regulation was going to be that, if you operated a pool that wasn't in your back yard, you were going to have to have a lifeguard there, 24/7! Most of our clubs with pools were not lifeguarded all the time. In my club this was going to be about a \$40,000+ a year hit! So, again, we mobilized very quickly with Amanda leading the way. She would go to meetings, and she kind of led us through this thing. In a roundabout way, we got this legislation defeated! I remember we paid a lobbyist \$2,000 or \$3,000 out of our legislative fund. I'm not sure he got that much done. We happened to have a *State Representative*, **Bob Jensen**. One day, I asked him about

the rules change, and he said he had not heard anything of it. He said, 'I'll check that out.' About a week later, he called me and said, 'Hey Neal, we've put this thing to bed. Don't worry about it anymore.' Basically, that's how we've operated. We've had our members who're elected officials, we just put a bug in their ear, and a lot of the time, that's how we got things done.

CR - **John Miller** has his club in our State Capital, which is Salem, so he's close to all of this and has a good feeling and the pulse of what's going on there.

The Successes of FitLife

C.I. - This question is directed to all three of you. What have been FitLife's more prominent successes over the years?

ME - I think we've covered a lot of them. I think they were the tax deal. I think it was our racquetball association. I think it was our reciprocity program. Another thing was that we did a number of employee exchanges for years. **Dean Wallace**, or whomever wanted to, could send somebody to work at our front desk for a day or two, and they were very welcome to do so. I think those were just unique things that have been really bonding experiences for members of our Association.

C.I. - I recall hearing about those exchanges years ago, and I was really impressed with the idea and its implementation. Those were clearly differentiating activities setting the FitLife participants apart from everyone else in the United States.

CR - I think our Summer Conferences are particularly noteworthy. They have *always* been pretty special, and our speakers who came to those Conferences were national level speakers, if not international. We were always able to attract a quality group that way. I think that's really a highlight for our organization, and we still do that today. Back in the late 1980s, Mark brought **Dr.**

Gerry Faust in, and he is now a good friend of Mark's. Dr. Faust was kind of new to our industry back then, but by golly, he's been out here four or five times to speak. Neal puts that all together together now.

C.I. - Okay guys, this question is for all three of you. What are the three happenings that are the most memorable for you with NACA and FitLife?

NS - Norm, another significant issue in the mid-1980s was the insurance industry. Many of our Member Clubs had a hard time getting insurance or maybe only one quote. I think one or two of our clubs could have gone part of the year 'uncovered' insurance-wise. *InterWest Insurance*, specifically, **Ken McKay** and **Steve Azevedo**, stepped up to the plate, got registered in Oregon and Washington and started offering insurance to our Member Clubs. They really served us well, and at one time, probably insured 70 - 80% of the FitLife clubs.

Let me also comment on our FitLife vendors, our Associate Members. Whenever I get a new company that wants to come to FitLife and be a part of it, one of the first things I talk to them about is the continuity of their salespeople. I explain that the most successful salespeople of all of the companies that come to FitLife are the ones that have been with us for 5, 10, 20 or 30 years. I tell them, 'If we see a new salesperson every other year, you're not going to build any continuity or any trust. The ones who do the best are the ones that have been with us *forever!*' There's **Greg Dearholt**, **Tim Schmidt**, **John Mickelson**, **Anne Reno**, **Mary Beth Bradley**, **Jim Ligggett**, **Chad May**, **Kevin Nixon**, **Ken McKay**, **Trevor Poling**, **Jarrad Willis**, **Jeff Nagel**, **Rudy Fabiano**, **Haris Akhtar** and many others. There's a lot of them, and they just keep coming back and coming back. We just get to know them, and we *trust them*. **If they say they are going to deliver, they deliver!** Those are the people we do business with.

ME - And, they're a big part of our financial success, our ability to do what we do comes a lot from our vendors.

C.I. - This question is targeted to Mark and Chuck. Guys, what are the things you like the *most* about FitLife these days?

ME - I think that FitLife is still serving a very viable spot for us. Deb and I send 10 - 12 people per year for the FitLife Conference. I just think it's a great value! Neal, how much does it cost per person to attend?

NS - \$199 for two and a half days.

ME - \$199 for two and a half days! It's

phenomenal! They even feed you while you are there! It's just a great value. It puts our people in contact with other people in like positions of other clubs in the area. Our people are vying for it. We have our people write a little statement about why they want to go and what they're going to do when they come back from the conference. What they are going to implement? The implementers are the ones who get to go again, so we promote it in-house as a *real benefit of employment here*.

CR - To follow up on that, for us, I think it's that sharing of knowledge that we get from being with our peers. And, particularly, like Mark said, you take some staff there, maybe a Director of a department, and they meet the like-kind in another club and learn from them! They're able to talk through things with others and set up their own network that they can communicate with. It's very inspiring and valuable in those ways.

ME - They start to see how big this industry is and how it's not just their little world here in one club. All of a sudden, they are realizing WOW, this is bigger than I ever thought.

C.I. - Please identify some achievements that make this story a real *national* story, things such as why it made a quantitative difference to one or more clubs; how a club got sold for a high price directly as a result; how a vendor got launched at the FitLife Conference and is now a major national company; how a club who joined FitLife is now much more 'bottom line successful' and can point to several quantitative benefits directly, etc.

CR - Certainly, the YMCA issue is one. And, certainly, the length of our existence is another. Norm, you know we've had several people serve on IHRSA's Board, including **Mark Eisenzimmer**; **Jennifer Harding**; **Dean Wallace**; **Wayne Westwood**, who was the President of IHRSA; **Missy Moss**, who is from Nike in our area; and **Jim Zupancic**.

We've made significant contributions at the national level, which has been a great connection for us. I think that keeping our eyes and ears open about what's going on at that level has been important. And, IHRSA has really treated us really well, too, because they send out people every year to come to our Summer Conference, and we basically have a direct line there all the time. **Pam O'Donnell** is one of our best connections, and certainly, **John McCarthy** was as well.

C.I. - Identify how a small club in a small market has directly benefited from FitLife.

NS - I lived in Eastern Oregon pretty much my whole life. When you talk about being isolated, and not being able to talk on a daily basis to somebody right down the street, or wherever, all the ideas I ever came up with were literally 'adopted' at a
(See *FitLife* Page 19)



Paul Reed and Roger Sargent at a FitLife Conference



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FitLife event somewhere. And, I like to think that I gave some ideas back. From a value standpoint, the small, isolated club, and the \$550 we charge them is a real steal... it is by far worth ten times that amount in terms of knowledge if they just participate.

One of the advantages I've always had being out here by myself is that, when a new piece of equipment comes out, I never buy it right off the bat. We always have people in the competitive markets like Seattle or Portland, and they always try to keep abreast of everything and try the new things out first. About 20 years ago, there was a new piece of equipment that came out, and I think it was produced by a prominent company whose name I won't state here. Well, it came out, and everybody was saying, 'Hey, this is new, it's great, etc.' But, after about six months, they couldn't keep them running! That's one of the things about FitLife. By waiting and then asking, 'Hey, how's that equipment treating you?' The answer might be something like, 'That's a piece of _ _ _ _!' Or, if it's very good, we sing praise. There are no secrets in our group. If somebody's doing a good job and has a great piece of equipment, everyone in our group knows it. And, conversely, on the other side, if you've got a loser, everyone knows you've got one!

FitLife's 40th Anniversary and the Future

C.I. - FitLife will be celebrating its 40th Anniversary at this year's Summer Conference. Please tell us when and where that will take place, as well as some of the agenda highlights and the planned celebration for the Association's 40th Anniversary?

NS - The **FitLife Summer Conference and Disruption Road Tour** will take place **July 14 - 16, 2019** at the **Riverhouse on the Deschutes Hotel and Conference Center** in Bend, Oregon. To attend, contact Neal Simpson by phone at **(541) 379 - 2743** or email at **neal@fitlifefitness.com**. For more information, go to **www.fitlifefitness.com**.

ME - Anyone from anywhere in the country who wants to come to the Summer Conference, I think it will be a great value for them. Bend, in Central Oregon, is one of the most fun places in the country in July. We've got golf, river rafting and other great activities. We're going to center it all around some great people and some great knowledge. And, the relationships that people are going to develop there will last for decades. So, I just highly recommend that anybody who's interested, come see us! You won't be disappointed!

C.I. - Neal, what future plans do you have for FitLife?

NS - I'll tell you Norm, one of my biggest challenges is that these Founders, as they start to retire, some of them have been selling their clubs. And, some of them have grandkids, so their strategy is to buy more clubs. Nowadays, it's what do you do with this business you had for 40 years? And, how do you keep it going? Who do you sell it to? Do they try to get the employee they hired ten years ago who was a dynamite employee but doesn't have skin in the game? So, my biggest thing is trying to get these newer people to engage with FitLife and learn the benefits. Now, it seems that you can get everything on the web, but it's not face-to-face. I want to keep helping people face-to-face.

C.I. - To close, what are you each proudest of with FitLife?

CR - I would say that 40 years of valuable contributions to the industry, to the club owners and to the clubs themselves, has been provided by FitLife. Norm, we grew up in this business when we didn't know anything about it. We didn't! This was novel and new. But, FitLife has been a steady stream of new knowledge. We just had an owner/manager retreat at the **Downtown Athletic Club** in Eugene, Oregon, and it was terrific. There's always something new, always something changing. And, if you're not in one of those pipelines, you sort of build yourself into a silo and just repeat

the same mistakes. There are other ways to stay connected, and this group has stayed connected.

NS - I would echo almost everything that Chuck said. The other thing is that, since I'm on a different side now, I'm the one who's trying to get these meetings organized and dealing with vendors and speakers. One of the things that I'm most proud of that I didn't realize before is the amazement of our speakers and vendors and how they talk about our meetings and how we share information. *They say FitLife is the most open of them all.*

■ ■ ■

Thank you to **Neal Simpson, Mark Eisenzimmer** and **Chuck Richards** for their time and assistance with this cover story.

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

Five Tips to Strengthen Your Social Media Marketing

By: **Jon Butts**

Without a strong social media presence, your fitness club or studio may as well be in the boondocks. Today's (perhaps overly) social-savvy world is all about scrolling and swiping, meaning your marketing must be powerful and persuasive. Not only do you need to keep your members engaged, but you want to gain new ones to keep your business growing. Showing these folks that you are dedicated to their wellbeing beyond the walls of your club or studio provides a personal connection they can continue to count on.

Presence is just the start. A good one at that, but you will need to boost your social media initiatives in order to stand out from the pack. That pack is plentiful, but these **five tips** will take your social media marketing to the next level, giving your fans and followers something to have fun with. Remember, social media is as important as any other form of communication you have with your members. Make your marketing truly count by counting on these five must-dos.

Be Consistent - Just like you tell your members, consistency is at the core of success. Results just won't come to those who show up sporadically, and social media progress follows suit. With so much going on minute by minute on social media, if you are not part of the everyday action, you're as good as invisible. Keep a regular schedule of social media posts (on all platforms) to maintain a dedicated readership that can rely on your presence. Do not go overboard with a barrage of boring information; just be sure to remain on the radar to keep your readers involved and interested.

It Is Not All About Sales - Yes, you are a business and need to bring home the bacon, so to speak, but if all of your social media posts are about membership and money, you are going to see a definite drop off in engagement. Benevolent posts just to keep your readers smiling is a surefire way to maintain a steady flow of satisfied followers. Show your peeps that you are personable and worth keeping an eye on. Share photos of your members and staff having fun, inspirational quotes and stories that are sincere, smart, funny, sharable,

etc. Naturally, when you are offering special deals or noteworthy sales, be sure to share 'em. But, if you only post "join, join, join," you'll only jinx yourself.

Keep It Short and Sweet - Today's social media audience does not have time to waste, nor do they want to nod off to some nonsense. They visit the various social media sites for quick bites or snippets of information, so the less content you post each time, the better. But, be certain to make these mini-messages count. Be to-the-point, persuasive, passionate and positive. "*Less is more*" could not be more meaningful in the case of social media marketing. Go for "*clever and catchy*," and you will nail it each and every time. Remember, all you are guaranteed is a glazed-over glance at best, so make sure your posts can be perused and absorbed in a few seconds flat. If you are longwinded, your readers will be long gone. It's just the nature of the beast.

Sharing Is Caring - When your social media posts are shared by your readers (without your suggestion), you know you



Jon Butts

have done something right. Not only does it mean that your marketing message meant something to one person, but now, it will be happily passed along to like-minded social media users who can become potential future clients. Consider the concept of "*shareability*" when creating your social media marketing messages. This means (See **Jon Butts** Page 21)

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The Elements of a Negligence Claim

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

The types of legal claims that can be asserted against a health club are many and varied. There seems to be no limit to the kinds of incidents that can lead to the filing of a claim or lawsuit. A significant portion of these claims involves slip and falls, medical emergencies, injuries sustained on exercise equipment and employment claims. Despite the varied nature of claims filed against health clubs each year, most center on the legal theory of negligence, *the failure to use reasonable care resulting in a person's injury or damages*. In fact, allegations of negligence are involved in the bulk of all civil cases.

Fundamentally, *five elements* must be proven for a successful negligence claim: *duty, breach of duty, causation, proximate cause and damages*. Having a basic understanding of these elements can prove helpful when formulating risk management strategies designed to keep members, guests and employees safe. **However, varying laws require specific analysis within each jurisdiction. Therefore, this article is not intended as legal advice. Please consider the following comments as an educational guide and consult an attorney for direction.**

Duty - From a legal standpoint, health club members and guests are classified as invitees. Invitees are owed a duty of reasonable care, protected from harm caused by reasonably foreseeable risks. Health clubs must therefore warn of risks that are known or should be known by the club, such as slippery floors or malfunctioning equipment. Health clubs must also warn of risks that are unlikely to be seen or avoided. An example may be an uneven floor in a dimly lit hallway required to get to a locker room.

Breach of Duty - Once a duty is established, a person asserting a negligence claim must prove that the duty was breached. For a duty to be breached, there must be notice of the dangerous or defective condition or the risk involved. If it can be shown that the health club had knowledge or should have had knowledge of the danger presented, the notice requirement will be satisfied. Dangerous and defective conditions will generally not extend to minor or insignificant defects since the danger or risk involved must present an unreasonable hazard.

Causation - The danger or risk involved must have caused the claimed harm. In other words, there must be a direct connection between the actions or lack thereof of the health club and the harm that is being claimed. For example, a claimant's

documented lower back injury consistent with the mechanics of the fall involved may demonstrate causation whereas a person claiming an injury that is inconsistent with the underlying fall may fail to establish this element of negligence.

Proximate Cause - More specifically, as it relates to causation, the primary cause of the harm being claimed must be foreseeable. For instance, if a person decides to sprint across a clearly slippery area, or otherwise decides to utilize the facility in a fashion that is not reasonably anticipated, this may reduce or completely bar their ability to recover damages regardless of whether harm was sustained.

Damages - Finally, regardless of whether the other elements of a negligence claim are satisfied, a person making a negligence claim must suffer actual damages to recover a claim of any real value. For example, if someone is making a claim of a lower back injury that was suffered during an alleged slip and fall, yet incurs no medical bills and continues to consistently maintain a high-intensity training regimen without skipping a beat at home or work, it may be arguable at best as to whether the claimant has suffered any actual harm or damages. In many such cases, particularly when there are otherwise no verifiable medical treatment records, the evidence tends to show that the claimant suffered no ascertainable damages, and therefore, nothing is owed to the claimant. When negligence has been proven and a claimant has suffered damages, economic and non-economic damages are both on the table. Economic damages are most commonly lost earnings and medical expenses for past or future treatment. Non-economic damages are harder to quantify but may include pain and suffering, emotional distress and other subjective forms of harm suffered.

Sharing the Responsibility and How This Affects a Monetary Award

Once the elements of negligence are proven and damages have been suffered, the analysis then turns to whether the claimant was partially negligent. Depending upon the jurisdiction, this can have a significant and varying impact on the viability and value of a negligence claim. Where I practice in Connecticut, a modified comparative negligence system is employed. Under this system, a claimant can prevail if they were 50% or less at fault. The amount of compensation, if any, awarded to the person making the claim is then reduced according to the percentage of fault attributed to the claimant. However,

other states employ varying negligence rules, including but not limited to pure comparative negligence and contributory negligence. In a pure comparative negligence jurisdiction, a claimant can recover reduced damages proportionate to their degree of fault, even when the fault is mostly that of their own. In a contributory negligence jurisdiction, a claimant is barred from recovery if they are found to be at fault in any way.

To recap, the vast majority of civil cases center on the legal theory of negligence. Negligence is simply the failure to use reasonable care resulting in a person's injury or damages. Depending upon the circumstances of a negligence claim and the degree of harm suffered, a claim's value can range from nothing to an effectively limitless amount of money. Employers regularly battle these claims since they can be held vicariously liable for negligence through the actions of their employees. Although the burden is on the claimant to prove the elements of duty, breach of duty, causation, proximate cause and damages, and while jurisdictions vary as to whether a claimant's own negligence will compromise or even prove fatal to his or her claim, it is critical that health clubs understand what constitutes taking reasonable care of their members, guests and employees.

(Paul R. Bedard, Esquire, has nearly twenty years of management, leadership and operations experience in the health and fitness industry. As a practicing



Paul R. Bedard, Esquire

attorney, Paul's health and fitness industry experience provide him with a unique perspective when advising health clubs regarding employee training, handbooks, policies, contracts, disputes or premises liability claims. When not practicing law or spending quality time with his wife and daughters, Paul strives to be active in his local community. Paul serves as the current Assistant Town Attorney for the Town of Southington, Connecticut and has previously served on the Southington Zoning Board of Appeals and the Board of the Central Connecticut Regional Planning Agency. Paul is also a partner at Sheffy, Mazzaccaro, DePaolo & DeNigris, LLP, in Southington, Connecticut. You can reach Paul by email at pbedard@smddl.com or phone at 860-620-9460, x109.)

...Jon Butts

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you need to be creative, cool, cutting-edge or relevant in some other relevant regard. People are reluctant to overshare as to not annoy their friends and family, so if your message is worthy of a pass-along, you will magically multiply your fanbase in no time. Do not be too serious or too silly either. Find the right balance that embraces your brand ideology and come up with social media posts that capture and captivate your core audience. If you "go viral," consider it a home run.

Learn What Is Working... and What's Not - All social media sites have backends you can manage so you can see how many hits you get, who is reading what, how many likes, shares, messages and so forth you receive for everything you post. This detailed reporting is not to be ignored. Use the information to your advantage to learn what you should expand upon and what you should change up or simply eliminate.

Not every idea will be a good one, so make the needed adjustments and move on to something stronger. As for the social media posts that are near perfect, keep them coming with similar styles, structure, and sentiments. The more you rely on the user-friendly data, the better your social media marketing messaging will become over time. Continue to teach yourself, tweak, and try new things. But, if it ain't broke, don't fix it!

■ ■ ■

So, what are you waiting for? Social media certainly isn't slowing down anytime soon, so jump on the bandwagon before it passes you by. Your members are already there so meet them with the messaging they can't wait to read. Good luck with your social media marketing!

(Jon Butts is the Founder of Muscle Up Marketing, and he can be reached at jon@muscleupmarketing.com.)

Five Things Every Gym Owner Must Do

By: **Jim Thomas**

It doesn't seem to matter if it's a big box, studio, boutique, martial arts or yoga operation, the challenges are all similar.

Whether you've recently opened your gym or you're a seasoned gym owner, now is the perfect time to take a fresh look at your operation by reviewing the first half of the year and making the necessary adjustments as you plan for the future.

Independent gym owners are typically spread thin, and even the most diligent ones may find themselves behind on their planning. If this scenario sounds familiar, don't worry, it's not too late to tackle the important items.

Here are the top five important to-dos for any gym owner to help ensure smooth sailing throughout the rest of the year.

1. Know Your Numbers and Accountability. I speak to many gym owners who struggle with holding their staff accountable. A couple of things that I suggest are having

each staffer (certainly management and sales) write a plan of action for the month that includes Plan B; this will become their to-do list for the month. Then, be sure to follow up during the month and at the end of the month with a production audit to be sure everything is on course. Also, do you have production goals? Is your staff aware of these goals? All too often, I see staffs that simply know they should be doing better, but they are not clear on any production goals. Once goals have been established, be sure you have a system of follow-up to help ensure accountability.

2. Sales Production. The big thing to remember here is that making sales *IS* part of the process. Be sure you have a clearly defined process on how to properly handle a telephone inquiry, how to handle a prospect when he comes into your gym, how to get a referral, how to follow up, etc. From my experience, proper follow up alone can result in a 20% improvement in sales production. Do you have a process in place to be sure that 100% of your new members are getting a presentation on

private training? Also, let's include a sales process to help improve member retention. So many gyms are playing defense on member retention instead of training staff on how to nurture existing member and create a sense of community.

3. Marketing. Most independent gym operations simply do not do enough. They rely on one or two things to carry the day, and it simply won't sustain your business over the long haul. A marketing plan of action is essential. Of course, online marketing is important, but so is offline marketing. The way I see it is that you want to become omnipresent in your marketplace. Everywhere the customer turns, he needs to see you. Marketing can also be a nice retention tool to help you stay in front of your current member base. Please remember, if you aren't marketing like you should, your members are seeing the competition's marketing efforts, and they just might respond to that.

4. Recruiting, Hiring and Training. This one can really be an issue for gym owners. Many times, when we feel like we don't have other options, we will keep employees around when they should be let go (basically, you're held hostage). The key here is to create options. I always suggest preparing a recruiting plan of action that is followed with the same urgency to sign up new members. Once you have decided on



Jim Thomas

who you want to hire, be sure they are being properly trained BEFORE they start in the club. Don't let them practice on the paying customer. Plus, by having them properly trained before getting on the schedule, the likelihood of their having quick success is much greater. From where I sit, way too many independent gym owners don't pay nearly enough attention to recruiting, training and staff development. Do this right and everything will improve... including member retention.

5. Beware of Competing on Price. Boy oh boy, is this a big one! There will always be a
(See Jim Thomas Page 23)

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Pain + Reflection = Progress

By: **Michael Gelfgot**

Ray Dalio, one of the most successful investors and entrepreneurs, wrote a book called, *Principles*. In his book, Ray shares unconventional principles that he's developed and used for forty years to run his business and work with people. Although there are many principles that I could talk about, this principle hits the mark in terms of the current state of the fitness business.

Today, 20% of the population is a member of a gym, but gyms are opening at a faster rate than members are joining. More and more money is coming in from private equity groups. As a result of the fitness business maturing in the marketplace, there are a ton of gyms that aren't doing well and looking to close their doors. One of the reasons this might be happening is that these gyms aren't taking the time to reflect or there might be something more painful for that business than closing their doors. According to Ray, the only way you are going to progress is the threshold of pain needs to be high enough for you to take the time to reflect.

Here is how my business partners and I applied Ray Dalio's principle: In 2015, my business partners and I were operating

21 gyms. In most people's eyes, we were crushing it. Year over year, our business was growing. Life was *great...* until it *wasn't*. We had a low-price competitor move into our market, and when we looked at our numbers for that club year over year, they were down significantly. A question lingered in our minds: *If this happens in every market, how long do we have before we suffocate?* Our stomachs turned, and we felt nauseated. We experienced some interesting signs of complete, total stress. We were in pain.

We got productively paranoid and started questioning the status quo of our business, particularly on the personal training part of the business. There were four questions we came up with that we didn't know the answer to:

1. Knowing that our business is about entertaining people and producing results, how can we structure our gym in such a way that better accomplishes both than we've been able to do so far?

2. Why doesn't the personal training team work just as hard as the membership team to generate leads? In other words, we realized our personal training business was completely reactive to what happens at the

front door.

3. When a business has a problem with the health of their organization, why don't they call a local prevention expert in town?

4. Why don't we have specialized programming for folks 55+?

Long story short, we converted our 30-minute, one-on-one business to small group personal training and large group personal training. Our personal training team was equipped with a strategy to go out and generate personal training leads via *Corporate Fit Challenges*, program created by **Trina Gray** and *Ageless Fitness*, program created by **Dr. Dan Ritchie** and **Dr. Cody Sipe**. Our personal training business experienced the highest margins of profit on record as a result of these changes. Our business progressed.

Pain + Reflection = Progress. Most of us aren't doing well in certain areas of our life simply because we are either not in enough pain to notice that anything is wrong or we simply have a poor sense of awareness. We aren't putting ourselves in environments where our status quo is questioned. The biggest lesson we learned from that time in



Michael Gelfgot

our business careers is to *always question the status quo and be radically open minded and radically transparent*, another one of Ray Dalio's principles.

(Michael Gelfgot is a veteran Anytime Fitness franchisee who contributes his experiences to help Club Insider readers advance the state of the art of their club businesses. Michael can be reached at mike.gelfgot@icloud.com.)

IHRSA Passport Program Grows to Over 1,000 Clubs in 35 Countries

BOSTON, MA - The International Health, Racquet & Sportsclub Association (IHRSA) recently announced that the *IHRSA Passport Program* has enrolled more than 1,000 health club locations worldwide. The Passport Program offers members of participating IHRSA clubs discounted guest access to a global network of health clubs when they travel, using the free TrainAway mobile app.

TrainAway, based in Copenhagen, was chosen by IHRSA to digitalize the IHRSA Passport Program earlier this year. TrainAway has partnered with more than 1,200 gyms in 35 countries on four continents and has users from more than 140 countries. In addition to English, the app is available in Portuguese, French, Spanish, Italian, German, and Russian, with more languages on the way.

"Our members like TrainAway's innovative technology and user interface," says **Joe Moore**, IHRSA's president and CEO. "The Passport Program enrollment has been very smooth for all involved as there is no IT integration needed, and the benefits to clubs and their members are easy to see."

"San Francisco is a very transient city with lots of people visiting the area for business or vacation. We love that the IHRSA Passport Program allows us to bring in additional revenue by giving people from all over the world the opportunity to experience our gyms," says **Troy**

Macfarland, Director of Marketing for FITNESS SF. "Our members have found it easy to use the TrainAway app to find a gym and purchase a pass when they travel and appreciate the discount they receive because FITNESS SF is part of the program."

"The IHRSA Passport Program is invaluable to us," says **Alan Leach**, Chief Executive of the West Wood Clubs located in Ireland, and an IHRSA Board Member. "The IHRSA Passport Program is a great selling and marketing tool for our membership team, particularly with the corporate market. The program gives us a great competitive advantage because it adds a special exclusivity to club membership. Also, as a retention tool, it's indispensable, as members who leave us lose out on that 'exclusive' perk of being able to use other clubs when they travel." Leach also notes that the TrainAway app will be a useful tool for club operators coming to Dublin for IHRSA's European Congress in October.

"We are proud to be the official provider of the IHRSA Passport Program, giving IHRSA clubs a great benefit to offer their members when they travel and a convenient method for handling incoming travelers while generating additional non-dues revenue," says **Kenn Gudbergson**, Co-Founder of TrainAway.

How It Works: Members of gyms that are part of the IHRSA Passport Program can

use the TrainAway app to search for and find other participating IHRSA health clubs around the world. Using an invitation code provided by their home club, users save 25% on the purchase of one-day passes at IHRSA Passport clubs. TrainAway collects all payments from consumers and sends the club an activity report and payment each month. There is no cost to the club

to enroll in the IHRSA Passport Program, powered by TrainAway, nor is any IT integration required.

The IHRSA Passport Program, powered by TrainAway, is free, but is available only to IHRSA member clubs. To learn more or to enroll, visit the IHRSA Passport Program page at www.ihrsa.org/passport.

...Jim Thomas

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gym in your marketplace willing to do things cheaper, so be careful about competing on price. Instead, compete on your service level or something else that makes your gym unique. Price shoppers will always leave for the cheaper price, but prospects who truly value your unique offering or service are more likely to stick around. Focus on what you do better than anyone else in your marketplace, your point of differentiation or even your sales process. Something that I see that causes us to default to price is the lack of sales process and understanding of sales. First, get yourself a proven process, and then, you should understand that selling is about solving problems and providing solutions for your prospects. When value exceeds price, people will buy. So, the issue of price

is on us, not the customer.

Now, go finish the year strong!

(An Outsourced CEO, Jim Thomas is the Founder and President of Fitness Management USA Inc., a management consulting, turnaround and brokerage firm specializing in the gym and sports industry. With more than 25 years of experience owning, operating and managing clubs of all sizes, Thomas lectures and delivers seminars, webinars and workshops across the globe on the practical skills required to successfully overcome obscurity, improve sales, build teamwork and market fitness programs and products. In addition, his company will buy gym equipment from gyms liquidating or closing. Visit his websites at www.fmconsulting.net or www.jimthomasondemand.com.)

The Illogical Logic of the Fitness Business

By: **Thomas Plummer**

There is little logic in the fitness industry. We endlessly repeat the past, building exact replicas of 1995 over and over again; we scream the market is jammed and there is no way another gym could squeeze into this town, yet here comes one more pretender; and we hire the same tired leaders to get us the same dated results, hoping we can find a hotel guy or Starbucks person who will finally understand fitness has little to do with room bookings or coffee.

We talk about a national fitness revival in industry conferences, then drop our prices so we stay trapped in the equipment rental business where \$10 will get you a gym with no service, but you do get to walk slowly on a treadmill seven days a week. And, we open more chain gyms while the country gets fatter, proving again the mainstream fitness world exists to take the money and run and has little to do with true fitness or getting results for the clients who trust us with their money.

Even our one ray of sunshine in an industry gone mad, the hybrid training gym, where results for the client are traded for fair money, is ignored by our largest trade associations, which remain dedicated to protecting the biggest players and their own self interests.

The gym industry is currently a business representing all what we used to be and little of what we could be if we embraced evolution instead of remaining trapped in the Dark Ages of the '90s. We have become a business segment that ignores the logic of good business, replacing logical growth with a chase for the glory days when we were all rich and all beautiful in the fitness world.

It is illogical to think that growth in this industry follows a logical pattern.

Approximately ten years ago, there were about 2,700 fitness facilities in Australia. During a workshop there, I was asked if I thought growth was possible for a market that already appeared saturated to those in the business?

My answer, which was met with twenty minutes of denial, was that the market would double in less than ten years. It did, and the Australian market will double again within five more years.

The U.K. market was fairly flat a decade ago. The big players had the best locations, the training gym (please never again use the words "studios" or "boutiques") hadn't arrived from America yet, and the mom and pop gyms were relegated to small villages in Ireland. The U.K. market doubled in a decade, and it will double again in five more years.

In the U.S., as of 2017, there were about 38,000 gyms in operation. The growth here is happening in the training gym segment, where 1,500 to 3,000 square feet gets you a boot camp or single methodology gym. We have 38,000 gyms now. We will see this double in ten years. No, this growth isn't logical, but it will happen.

Growth in this industry is fueled by emotion. The "what is next" drives out the old. The "It doesn't matter how many gyms are in this market, I will be different and beat them all," mindset is still alive and well, now driven by investment money cast out from other industries, such as retail. Emotional growth is fueled most often by ego and backed up by cash, but growth without reason is coming, and it just isn't logical in many markets.

It is illogical to think single methodology businesses will survive over time.

Single methodology fitness facilities are the wild children of the industry and date back to the 1950s of last century when **Arthur Murray** dazzled us with his dance moves and commercial dance studios, a predecessor to the modern fitness industry.

Single methodology, such as the old Curves model, is where you have a single product offered at a single price point. Modern examples abound disguised as boot camps, forty-five-minute circuits, boxing clubs, mind/body studios and other single concept offerings.

Single methodology has always failed, and it always will, for two main reasons:

1. First of all, if you only have one price point, even with deviations on that price, someone will always cut the price:

- I open my new single methodology circuit gym at \$159 per month;
- Imitators appear and lower their price;
- I then lose members and cut my price;
- The price war ensues, and both of these gyms ultimately fail.

The weakness in a single methodology business is you only have one product to offer the consumer. When sales of that product slack, it is hard to change

the offering since that circuit or style of training is the product.

Sales slow, we cut our price to match the competitor and the business ultimately fails because it was nothing more than a volume-based system that dies quickly when the flow of its single price members is cut off.

2. Secondly, the consumer always moves on. Consumers get bored, and even if they love ice cream, and you have the best vanilla in town (your only ice cream), they get tired of the same circuit repeated forever until they sit in a corner crying tears of boredom and find another ice cream store.

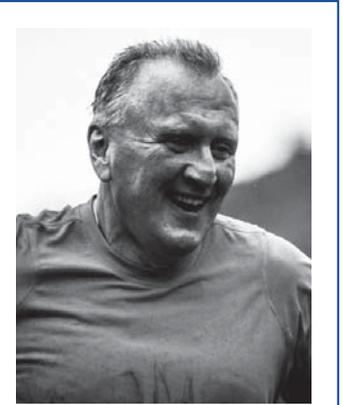
Single methodology is falling in love with a single tool. Fitness delivered in these models is about the repetition of this tool, and the owners find it impossible to change tools as the consumer fades away since the business is based upon this tool as its sole offering. Circuit training gyms might change the equipment slightly, but you are still doing the same circuit, in the same little space, over and over again, and it dies by overexposure.

It is illogical to cling to technology we used in the last thirty years of the last century.

New mainstream gyms look just like old mainstream gyms. Same equipment, now new and improved we are told by the salespeople, in the same rows, with the same group rooms, pricing structures, old sales schemes and price marketing scams from four decades ago.

The consumer has joined these gyms in the past and has failed in these gyms. There is no need today to build a 40,000 square foot monument to the '90s when we can build smaller (20,000 square feet or less), sleeker and more functional gyms for clients who might want to get results for the money they pay, and they will pay more than the equipment rental mindset client.

It is not logical to cover a huge training floor with single-plane, fixed-joint equipment in today's fitness market. It is no longer logical to offer programming that only attracts a few percentage points of our clients, such as group exercise or childcare,



Thomas Plummer

swimming or basketball.

Big gyms require big money to build, big money to maintain and need a constant flow of new blood to replace the members who leave making no sense today. Why consider a 60,000 square-foot castle when you could build three, 20,000 square-foot gyms chasing more target specific market share more cheaply?

The biggest mistake here is we try to build a fitness palace for the entire market assuming the guy who eats at the cheap fake cowboy steak house and orders a steak, drink, side and dessert for ten dollars is the same guy who goes to the Capital Grill for a fifty dollar steak and hundred dollar bottle of wine.

Gyms of the future have to be smaller and more target specific to survive. The training gyms have figured this out already, and you can easily find a sports performance specialist, a fitness after forty gym for women and an elite training gym specializing in one-on-one training all across the street and draining the members of the mainstream monsters who are everything to everybody and nothing to anyone.

No one goes to a cheap gym looking for a hundred dollar per hour trainer and one walks into a training gym expecting to pay less than one hundred and fifty per month to get supervised group coaching. The clients are different, but we try and force them all to live together in one box rather than understanding likes attract likes, and the Capital Grill guy probably doesn't like being in the same gyms as the cheap steak house guy.

It is illogical to believe you can survive in this business without a minimum 5% growth rate per year.

This is a tough business. Wear and tear destroys a gym in just a few years. Equipment dies. Cost of labor increases
 (See **Thomas Plummer** Page 26)



You Won't Get Too Far Without the Gas

The Top Three Types of Staff Buy-In Needed to Drive More Paid Group Training

By: Ron Alterio

Imagine that it's time to go shopping for a new car and you have done all of your research. You have decided on the exact make and model. You know the exact color you want and have made an extensive list of the "must-have" safety features. Most importantly, you have determined the bottom-line price you are willing to pay. After an exhaustive search spanning several weeks and a number of visits to multiple dealerships, you finally find the perfect vehicle and at the right price. There's just one problem. As you make your way out of the dealership and into your brand-new vehicle, it quickly dawns on you that you won't be going anywhere anytime soon. Upon one quick and unsettling turn of the key, you realize the gas gauge is on empty! All the features in the world, the best "deal" on the planet and the perfect color won't get you anywhere if you don't have what matters most: *the gas to get from point A to B.*

The above allegory should serve as a valuable illustration for many operators in our industry who are struggling to drive successful paid group training programs. Facilities from coast to coast, both in the for-profit and non-profits spaces, are diligently researching the best available programming options, painstakingly procuring the newest equipment lines available and are thoughtfully and artistically designing the perfect workout spaces. Yet, despite all of the aforementioned efforts, paid small group and/or team training programs seem to be at a standstill. Irrespective of the differing acquisition channels (at point of sale, during the new member onboarding appointment or simply promoting it to the existing member base) staff simply has a ton of trouble selling it, and members have a hard time understanding what it is. The final missing piece, the reason the gas gauge is on empty in their respective facilities, the lack of fuel aka... *staff buy-in.*

According to a recent **forbes.com** article, "Buy-In" is number two, second only to "Core Competencies" on their *Top-40 Most Overused Words in Business* and for good reason. When a word is used so liberally and so flippantly, and without the proper context, individuals can quickly become immune to its power and its affect. As such, we are going to park here in order to clarify and unpack the three critical types of staff "Buy-In" needed to drive greater sales and member engagement in your paid group training programs:

Physical - *Physical "Buy-In"* means that your staff understands the "what." They understand what small group and/or team training is and how it's different from the

other stuff you have in your gym. Physical buy-in starts to happen when they start participating in the workouts themselves, when they have worked out side by side with your members in a group, when they understand the purpose behind this unique style of training, and when they have experienced, firsthand, the benefits of working in a small group or on a team. Imagine trying to convince someone to go on vacation to a destination you have never visited, pay money to go see a movie you have not yet seen yourself, or patronize a restaurant you have never dined in? Your lack of participation and experience will show immediately, and your level of influence will decrease drastically. *Bottomline, physical buy-in happens when we spend time investing in our staff by providing for them the opportunity to participate in the programs and experience, firsthand, the associated benefits.*

Psychological - *Psychological "Buy-In"* means your staff is able to look at small group and/or team training through the lens of the member. Psychological buy-in starts to happen when your staff is able to understand, based upon what the member wants to achieve, the reasons "why" paid group training would be beneficial. It starts to happen when your staff understands why the member would benefit from the comradery and community of working in a small group or on a team. It also starts to happen when your staff understands what functional training is and why the member

would benefit vs. just jumping on a machine or a treadmill. *Bottom line, psychological buy-in happens when we invest the time in our staff to help them look at and understand the benefits of paid group training from the member's perspective.*

Mechanical - *Mechanical "Buy-In"* means your staff fully understands and appreciates the "how," i.e. the resources, processes and tools you have provided to help them effectively sell more paid group training. Mechanical buy-in starts to happen when you create a clear and simple-to-follow sales process to sell more paid group training. It starts to happen when you produce the proper visual and marketing collateral needed to support their sales efforts. It starts to happen when you coach them on how to effectively overcome the most common objections your members have regarding paid group training. It also starts when you have coached them on how to effectively answer the most frequently asked questions that arise after the sale, such as: now what, what to expect and what do I wear? *Bottom line, mechanical buy-in happens when you have empowered your team by providing them with right tools and training to effectively sell your paid group training.*

■ ■ ■

Make no mistake, having the right programming, the right equipment and the right space are all critical ingredients to



Ron Alterio

building a successful paid group training program. But, as I have noted in previous articles, the "build it and they will come" approach will only get you so far. Yes, your new turf and equipment helps you create a new space in your facility, but it does nothing to serve as an agent for change. In order to truly move the needle and sell more paid group training, you need the right fuel to drive movement, and that only comes from staff buy-in: the physical, the psychological and the mechanical.

(Ron Alterio is the Vice President of Operations for XGT Fitness. He can be reached at 833-TEAMXGT, Ext. 803 or email at ron@xgfitness.com.)

Stone Creek Club & Spa Brings Crawfish Boil to Chicago and Raises \$50,000 for ALS Research

COVINGTON, LA - It's not unusual to hear rave reviews from tourists who visit South Louisiana. Each year, countless visitors fall in love with New Orleans and the surrounding areas... the history, the culture, the people, and of course, the food! What is unusual is the story of a Chicago-area business owner who was so inspired at a Covington fundraiser that he decided to bring some of Louisiana back home with him to begin an entirely new tradition.

In 2018, Stone Creek Club & Spa, an upscale health club in Covington, LA, assembled a team to run the Rock 'n' Roll 1/2 Marathon in New Orleans. The team's goal was to raise funds for Augie's Quest, a non-profit organization dedicated to finding a cure for ALS (Amyotrophic Lateral Sclerosis). Though most of the team members were local, a handful of supporters traveled from out of state to support the cause and participate in the race.

Instead of the standard pre-race pasta dinner, the Stone Creek team treated

racers & the Augie's Quest team to a traditional crawfish boil so they could enjoy a uniquely local experience. **Lynne Nieto**, who co-founded Augie's Quest along with her husband, **Augie**, after his 2005 ALS diagnosis, attended the event and delivered an inspired, heart-felt speech that made a lasting impact on everyone there.

Jeff Vandixhorn, *Owner of Chicago-area software company Club-Automation*, was particularly inspired by Augie and Lynne's story and the unique atmosphere of the night. He was so inspired, in fact, that he decided to bring this kind of fundraiser back to Chicago with him. He recruited *Stone Creek's General Manager, Larry Conner*, and the club's management team to help him host a traditional Louisiana crawfish boil in the Chicago suburbs. He pledged that his fundraiser would raise \$50,000 for Augie's Quest!

The Stone Creek team loaded up a truck with 240 pounds of live crawfish,

gallons of gumbo and king cakes and drove 15 hours to help Vandixhorn deliver on his promise! On May 17th, fitness industry leaders, sponsors and Augie's Quest supporters from across the country joined together in Chicago to enjoy a taste of South Louisiana and raise funds and awareness for this important charity. Once again, Lynne Nieto's presence and story brought the focus to the true goal of this fun event, raising the funds needed to make a treatment (& ultimately a cure) for ALS into a reality.

Stone Creek's Larry Conner applauds Vandixhorn's passion for the cause. "After meeting Augie and Lynne, I was compelled to try to help spread their story and the mission of Augie's Quest," says Conner. "Jeff felt the same way at our event, and now, thanks to his commitment, we can make even more of an impact to help fund the cure for ALS. Hopefully that passion continues to spread to others who will be inspired to help in their own way until there is a cure."

...Thomas Plummer

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each year. And, utilities, marketing and the hundred other items in your expense section can jump a few points while you are sitting in the bathroom. In this business, we grow or die, but most of us have left the growth part out of this equation.

There is only three ways to drive a business. You increase sales, which will become more difficult each year as the market adds new players all chasing the same clients, using the same price-driven business plan; you can cut expenses; or you can seek a higher-return-per-member-served.

Endless growth isn't sustainable in most markets. There are too many players fighting for the bottom. Market share is

impossible to grow if all you sell is price because there is always someone opening next to you next week willing to offer the same product at a lower rate.

The new trend is offering more options in a massive warehouse type of facility at a cheap entry with a small upgrade. This too is illogical since your market is restricted by drivetime from your gym. The average consumer will only drive about twelve minutes from his house to work out (twenty minutes in the training gym specialist world), and offering more in the big box for a lower price still demands a sheer amount of volume hard to sustain.

If you can't chase volume, then you cut the expenses. But, can you cut your expenses each year to match the increased cost of doing business? In other words, can you slash 5% this year, again, to match the

3 - 5% increased cost of doing business this year, again?

Three percent might get you even, and we need 5% growth to keep the profits growing, but you cannot save yourself into profitability more than once.

Growth is coming again to this industry, but repeating the past is not the way to financially benefit from this surge. Logic states most of what we do doesn't work anymore, but illogical behavior wins because emotion drives us in this industry.

Seek the logical, evolve away from the past, and embrace a future industry where the client gets the results he pays for at a fair price.

(Thomas Plummer has been working in the fitness business for over 40 years. He founded the Thomas Plummer Company in 1990, which eventually became the

National Fitness Business Alliance (NFBA) in 2003. The NFBA is a group of industry vendors and suppliers banded together to bring advanced business education to all fitness business owners operating anywhere in the world. He has authored 10 books on the business of fitness, which have remained the bestselling books in the industry for over 20 years, and several of the books are currently used as textbooks in numerous college programs as their source for fitness business education. He also has one of the most popular Facebook sites in the industry with over 100,000 followers where he writes about business and life on an almost daily basis. His books have sold over 250,000 copies worldwide since first being introduced in 1999. Thomas Plummer can be reached at thomasplummer@icloud.com.)

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Thanks and Appreciation

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

A very sincere **Thanks and Appreciation** go to **Rick Caro, Dr. Gerry Faust** and the **Faust Executive Roundtable #1** for helping me decide in 1993 what my home-based business would be. **Thanks and Appreciation** to my long-time friends, **Ron Hudspeth** and **Cathy Miller** of **Atlanta's Hudspeth Report** for the tremendous assistance they provided us during our *first eight years of publication*. **Thanks and Appreciation** to all of the folks at **Walton Press** in Monroe, Georgia. They've done an absolutely excellent job for us all these years and have printed every one of our **306** monthly editions! **Thanks and Appreciation** to all of our **READERS**. Sincere **Thanks and Appreciation** to our **Club Insider Advertisers**, past and present, for their kind and dedicated support of this publication. It's amazing to know that we have several advertisers with over a decade of continuous advertising with us. We also want to say sincere **Thanks and Appreciation** to all of our **Club Insider Contributing Authors**, past and present, who've contributed *thousands* of excellent articles to help our readers with their Best Business Practices. **Thanks and Appreciation** to **IHRSA** for all it does.

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

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

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

Norm Cates, Jr.

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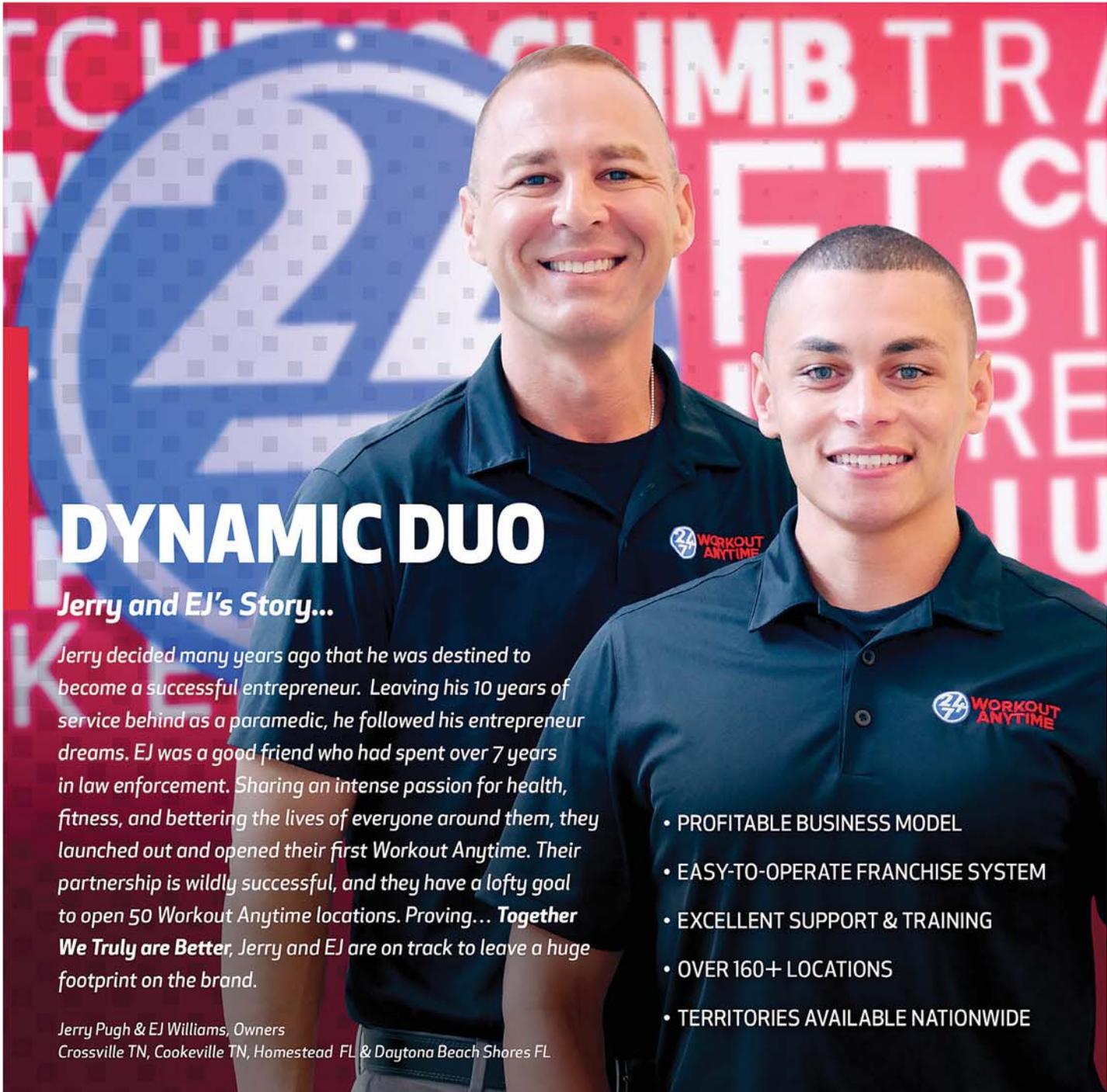


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Jerry decided many years ago that he was destined to become a successful entrepreneur. Leaving his 10 years of service behind as a paramedic, he followed his entrepreneur dreams. EJ was a good friend who had spent over 7 years in law enforcement. Sharing an intense passion for health, fitness, and bettering the lives of everyone around them, they launched out and opened their first Workout Anytime. Their partnership is wildly successful, and they have a lofty goal to open 50 Workout Anytime locations. Proving... **Together We Truly are Better**, Jerry and EJ are on track to leave a huge footprint on the brand.

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