

Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry



Rodney Steven and Wife, Juliette, with children (L to R) Rodney III, Breckyn (in Mom's arms), Brittany, Vanessa, Rock (in Dad's arms) and Berkley

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Rodney Steven...

A Rapidly Budding Club Business Titan Powers Ahead!



JULY 2012

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Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

Rodney Steven...

A Rapidly Budding Club Business Titan Powers Ahead!

By: Norm Cates

This industry is filled with great success stories. That's one of many reasons that I just *love* my job. I love it because I'm able to really get in close touch with our Cover Story subjects and dig in with them to provide all of you with a monthly dose of vision, motivation and new ideas. These one-on-one interviews, usually conducted by phone, provide me with a vast cache of information. This information, if properly applied by you, the reader and club owner/operator, will help your business be more successful, day in and day out.

That's the **Mission of CLUB INSIDER!** And, this month, we celebrate 19 years and 7 months of publication

by sharing the amazing success story of Rodney Steven II, the 40-year old President and Co-owner of ten Genesis Health Clubs in Kansas.

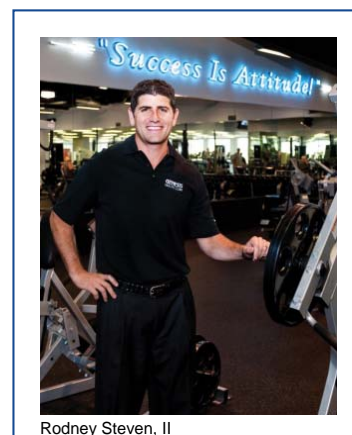
This cover story is about one of the top industry talents you will find anywhere, Rodney Steven. He is an articulate, intelligent warrior with an amazing future. Frankly, I would not be at all surprised to see him in the State House as Governor of Kansas some day. I say that because of the amazing story of his life so far. Starting his business on a shoestring with a small, out-of-date racquetball club and hardly any money to speak of, he's expanded and upgraded it dramatically over the years and will generate \$20 million this year in his ten locations (with four of those clubs

being new startups).

Five of Rodney's Genesis Health Clubs are in Wichita, Kansas. The other five are in Hutchinson, Salina, Emporia, Lawrence and Leavenworth, Kansas. He also owns the Wichita Thunder Ice Hockey Team in partnership with his brothers Brandon and Johnny.

Here's a story of a guy who went from being fresh out of college, and almost in law school, all the way to being the head of a club business that now serves over 43,000 members. Plus, their minor league Ice Hockey Team called the Wichita Thunder made it to the Central Hockey League Finals in their first year of ownership.

(See *Rodney Steven* Page 10)



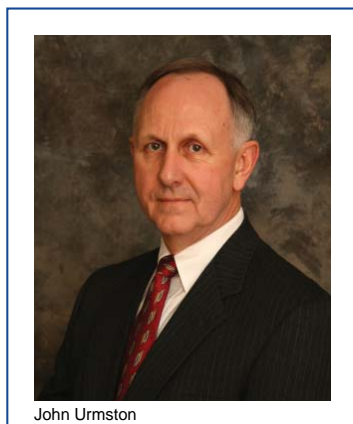
Rodney Steven, II

Colonel John B. Urmston, USMCR Retired 1946 - 2012

Colonel John Burt Urmston, United States Marine Corps Reserve Retired, resident of Mt. Airy, North Carolina, and longtime fitness industry leader, passed away on July 11, 2012 at the age of 66.

He was born on June 8, 1946 in Chester, Pennsylvania, the son of the late Robert M. Urmston and Aveland Eubanks Urmston, presently of Mt. Airy. He graduated from Muskogee High School, Muskogee, Oklahoma. He attended and graduated from Northeastern State College in Tahlequah, Oklahoma, on a full debate scholarship.

It was at Northeastern State College that he met his wife of 46 years, Carol Jean Rogers Urmston of Pawhuska, Oklahoma.



John Urmston

After graduating from college,
(See *John Urmston* Page 6)

LA Fitness, Lifestyle Family Fitness Complete Deal

IRVINE, CA - LA Fitness and Lifestyle Family Fitness announced that they have completed their transaction relating to LA Fitness' purchase of the assets of 32 of the 33 Lifestyle Family Fitness clubs in Florida. The parties hope the closing conditions will be met for the final club, located at 1510 West Swann Avenue, in Tampa, in the near future. Since their initial announcement on June 14, both parties have been working to complete the deal and prepare for the transition of the existing Lifestyle Family Fitness member base and staff.

LA Fitness will be honoring all of the active membership agreements that it purchased from Lifestyle Family Fitness. All active Lifestyle Family Fitness multi-

club memberships will be honored at their current rate, and these multi-club members will have access to all Lifestyle Family Fitness locations acquired by LA Fitness. Similarly, all active single club members will be honored at their current rate with the same access they have now to the Lifestyle Family Fitness location where they joined. Lifestyle Family Fitness closed its 31,000 square-foot location at 2349 Vanderbilt Beach Road in Naples as of July 9, and those members were relocated to the 50,000 square-foot LA Fitness club located nearby at 871 Vanderbilt Beach Road. These relocated members will have use of certain additional amenities at the LA Fitness club, such as a pool and basketball court, at no additional charge.

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Norm's Notes

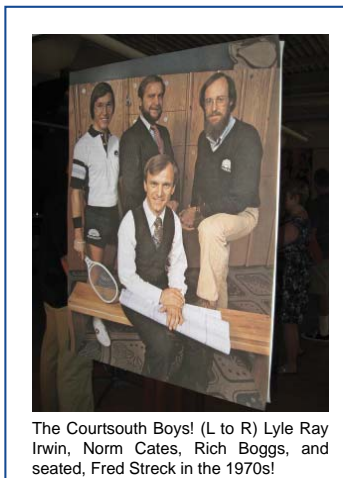
•Hello Everybody! This is your CLUB INSIDER Publisher and Tribal Leader Since 1993 checking in!

•Is America a great country, or what? Hmm...Hmm...Hmm! Long ago, President JOHN F. KENNEDY held a dinner at the White House for a group of the brightest minds in the nation at that time. He made this statement to them, "This is perhaps the assembly of the most intelligence ever to gather at one time in the White House with the exception of when Thomas Jefferson dined alone." THOMAS JEFFERSON is quoted as saying, "The democracy will cease to exist when you take away from those who are willing to work and give to those who would not." Hmm... Hmm... Hmm!

•I'm very sad to report to you the passing of my long-time friend, JOHN URMSTON, a popular club industry veteran whom many of us knew and thought the world of him. Sincere condolences to CAROL, John's wife of 46 years, and to JENNIFER URMSTON LOWE, John's Daughter, and the entire family. John passed away on July 11th, 2012 after a long and tough battle with Parkinson's Disease, reportedly caused by his exposure to Agent Orange when he was a U.S. Marine serving in the Vietnam War. John's funeral was held at



Rich Boggs at his 70th Birthday Party at Body Training Systems Headquarters on June 23rd



The Courtsouth Boys! (L to R) Lyle Ray Irwin, Norm Cates, Rich Boggs, and seated, Fred Streck in the 1970s!



Norm Cates

the Central United Methodist Church in Mount Airy, North Carolina on Saturday, July 14th. Please see John's Obituary on Page #3. May John Urmston Rest In Peace.

•RICH BOGGS is the Co-founder and CEO of Body Training Systems (BTS), by far, the best provider of group exercise choreographed classes in the world. BTS now provides a bunch of group ex class formats including: Group Power®, Group Kick®, Group Step®, Group Ride®, Group Centergy®, Group Groove®, Group Active® and

their newest program, Group Core® to almost 1,000 clubs in the U.S. and around the world. About that, Rich says, "Our nearly 1,000 clubs are run by operators, as SIMON SINEK says, 'who believe what we believe.'" Rich explains BTS' goal in contrast to their primary competitor's, "Our goal continues to not focus on how many, but finding clubs who really believe in quality and servicing members for a long time. Our most important number is our retention of customers, which has averaged over 93% for the past five years."

Folks, I also want to share a couple of photos with Rich in them. These are dear to my heart as they both have to do with Rich's 70th Birthday Party

held at BTS' World Headquarters on Saturday night, June 23rd. The photo of Rich sitting on the stage with the party crowd of approximately 100 watching was taken by yours truly. The other photo is of Rich, RAY IRWIN, FRED STRECK and me way back in the 1970s when we were partners in Courtsouth, the first racquetball chain in the Southeast. The BTS crew had this photo enlarged and hanging on the wall at the party, and boy, does it bring back many memories! This was a very carefully planned and executed surprise party that actually was a TOTAL surprise to Rich! TERRY BROWNING served as the Master of Ceremonies and did a splendid job! And, he introduced the following folks who went to the stage and

(See Norm's Notes Page 7)

About Club Insider

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19 Years and Counting!

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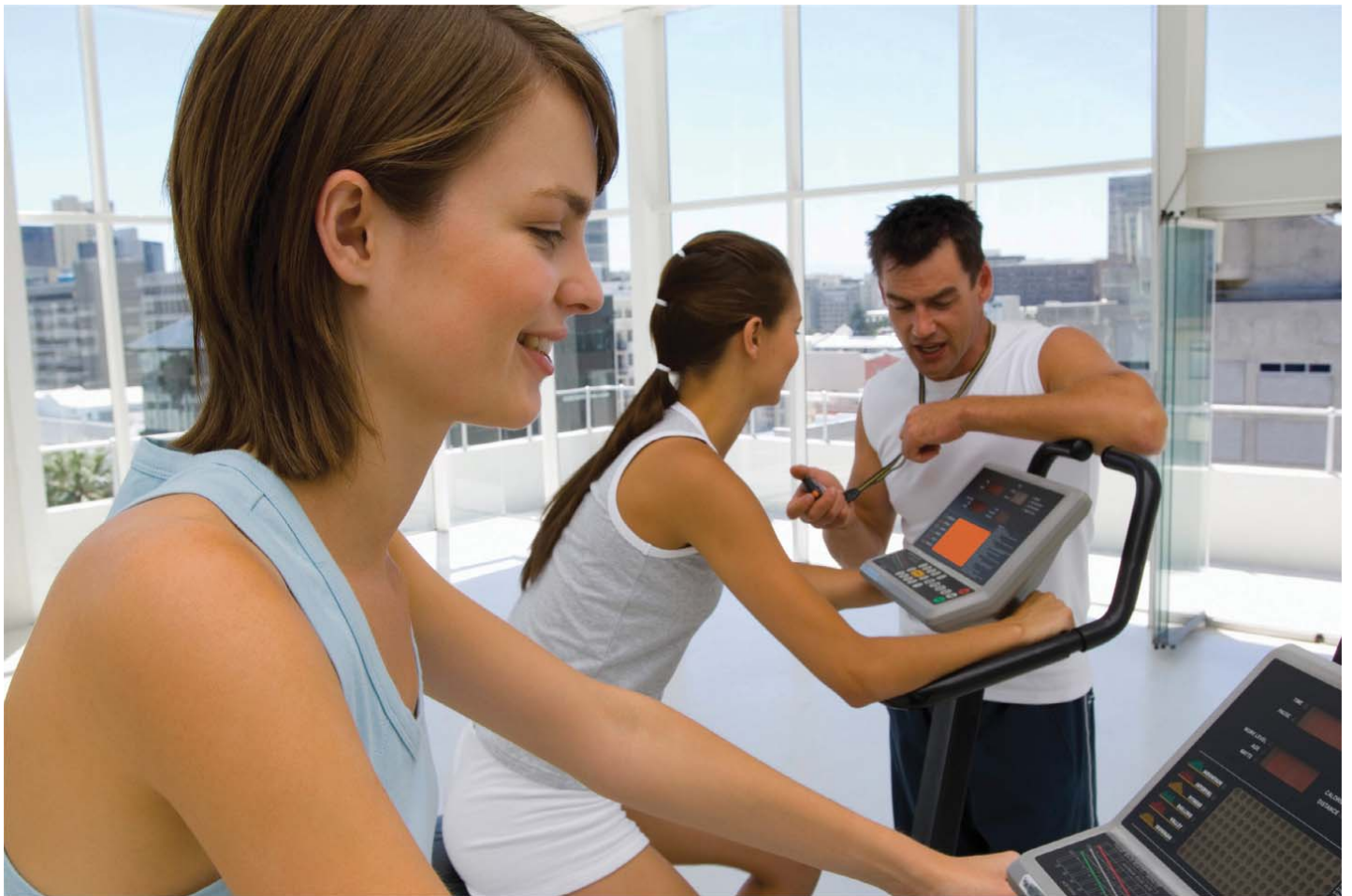
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7 Nutrition Principles for Olympic Performance

By: Telos Fitness Center

1. Eat Breakfast. Every athlete knows that the base of a good training day starts with the right fuel to energize performance. A balanced breakfast will provide the energy needed to perform at maximum potential. Most athletes will start their day with complex carbohydrates mixed with protein and fat. The amount of calories consumed at breakfast will vary from each individual sport and training schedule depending on total calorie expenditure. A popular breakfast for many athletes includes oatmeal, fruit and nuts.

2. Cook at home. Many athletes report a "stay fit tip" is to eat more foods prepared in their own kitchen rather than dining out. Preparing food at home ensures one is fueling with fresh foods that have been minimally processed and not cooked

with an excess of fat, sugar or sodium. Dining in, rather than dining out, helps manage total calorie intake, which is important for athletes to maintain their competitive weight.

3. Eat whole foods. Another principle many professional athletes embrace is eating whole fresh foods. This includes fresh fruits, vegetables and whole grains such as quinoa, steel cut oats, brown rice and 100% whole wheat pasta and breads, as well as quality sources of protein including lean beef, poultry, eggs and fish.

4. Limit liquid calories. Sports drinks have been marketed as the athlete's "secret weapon" for peak performance; however, in reality, this is not the case. While there is a place and a need for sports drinks during an event, hard core athletes know sports drinks were designed to be consumed

during training or during the event, not to drink all day long. The same principle goes for other high sugar beverages including sodas and alcohol. Many athletes abstain from alcohol altogether during their training and competitive season and limit alcohol to special occasions.

5. View food as "fuel." Athletes look at what they put into their bodies as essential fuel to perform. When it comes time to chow down, they are not only looking to eat, but they want to eat with a purpose. This means an athlete's plate will consist of foods that are packed with carbohydrates, protein, fats, vitamins, minerals, antioxidants and phytochemicals to maximize performance. Athletes minimize the amount of "empty" calories they consume by limiting refined sugars, flours and fats.

6. Limit fried foods. An athlete recognizes

that fried foods are not only high in calories, but fried foods actually slow them down. There is a reason for this! It takes more energy for the gut to process and digest high fat meals than a meal rich in carbohydrates. Therefore, athletes limit their intake of fried foods and instead compliment their meals and snacks with plant-based sources of fats, such as nuts, avocados, olive oil, canola oil and fatty fish.

7. Fuel for recovery. Athletes know that HOW they recover and refuel their body AFTER each training session is just as important as what they eat before a workout. Consuming a 4:1 ratio of carbohydrates to protein will enhance muscle recovery and minimize breakdown. One of the most popular post-workout drinks is chocolate milk!

Stone Creek Club and Spa Raises Over \$130,000 for Charities

COVINGTON, LA - Stone Creek Club and Spa opened in 2009 with a mission to make a difference in the lives of its members and to have a positive impact on the community it serves. The club's owners and management team, all local to the area, have demonstrated their commitment to the community since the club's inception.

In the last four months alone, Stone Creek has raised more than \$130,000 for non-profit organizations. Each year, the club adds to its list of charity events and charitable contributions. In keeping with its mission, many of the events benefit local organizations.

The club's philanthropic efforts have included tennis tournaments, road races, after-hour receptions and concerts, blood drives, food drives, holiday toy drives and other special member events and promotions. Some of the charitable

organizations that Stone Creek has partnered with include:

- The Rich Mauti Cancer Fund;
- A.C.C.E.S.S., a local organization benefitting children with disabilities and their families;
- The Michael J. Fox Foundation for Parkinson's Research;
- Hartley's Hearts Foundation, a local organization that funds medical mission trips to countries that are in need of pediatric heart surgeons and medical teams;
- Junior League of Greater Covington, the Covington Head Start Program and the Covington Food Bank;
- Mary Bird Perkins Cancer Center;
- Recreations Fisheries Research Institute, dedicated to the conservation of Louisiana's marine resources;
- The I Can Do It Program, a local

weightloss program designed to help children and families lead a healthy lifestyle;

- The Blood Center.

Stone Creek General Manager, Larry Conner, says these fundraising efforts have not only helped the community, but they've also had a positive impact on the club's members. He explains, "Our members have embraced our mission to make a difference, and they enjoy getting involved, too. Whether they participate in a charity tennis tournament, attend an after-hours fundraiser or sponsor an event, they become more engaged in the club."

The club's vision of serving others is not without benefit to the club itself. The charity events often draw non-members to the club, which has helped push Stone Creek's membership to over 4,000 members. In addition, the focus

on philanthropy helps build member-to-member relationships and member-staff relationships. It's no surprise that Stone Creek has an attrition rate of only 15%. Members see the club as much more than a place to get physically fit. They feel a sense of community at Stone Creek and are proud of the club's efforts.

Now entering its 4th year in business, Stone Creek's owners, managers and staff plan to continue the club's commitment to community service. Conner says, "We want Stone Creek to set an example to local businesses and to the health club industry. Getting involved can result in positive change, not only to the charities that benefit, but also to a club's employees and members, the community as a whole and to the business itself."

...John Urmston

continued from page 3

John became a Lieutenant in the United States Marine Corps and served as Company Commander in the Vietnam War. After almost 30 years of active and reserve duty, John retired as a Colonel with a distinguished career.

John's exposure to Agent Orange in Vietnam resulted in the Parkinson's disease that ultimately took his life. He never regretted his service to his country, and John was dedicated to the United States Marine Corps to his last day.

John chose to pursue a business career after his active duty service ended. He started in the Consumer Products

Industry in Sales and Marketing.

In 1982, he entered the fitness industry by joining Nautilus Sports Medical Industries, becoming Chief Operating Officer and President of the company.

Upon leaving Nautilus, John joined Sports & Fitness Insurance Corporation and continued to work as a consultant with other fitness equipment companies.

He was chairman of the Fitness Products Council for the fitness industry, installing the gym at the White House in 1993, then in 2002, putting fitness equipment on the White House lawn under the George W. Bush Administration for the President's Fitness Initiative.

He was a working member of the White House Sports and Fitness Council.

John was the President of the United States Military Sports Association for seven years, supporting Military Athletes deployed around the world.

Survivors include his wife, Carol Jean Rogers Urmston of Mt. Airy, N.C.; daughter Jennifer Urmston Lowe of Cornelius, NC; son and daughter-in-law John David and Alecia Hicks Urmston of Shelby, N.C.; daughter and son-in-law Dr. Todd and Lisa Perry of Mt. Airy, N.C.; and his mother, Avanel Eubanks Urmston, of Mt. Airy, N.C. John's five grandchildren are Grant Perry (age 12), Reid Perry (age 9), Max Perry (age 7), Sydney Urmston (age 9) and John Benjamin (Ben) Lowe (age 6).

John is best known as a dedicated

and loving husband, father and grandfather. He was always a tremendous source of strength, wisdom and compassion for his family and friends. His loyalty and humor will be missed greatly.

The family would like to thank Richard Mills and Melissa Cox for their loving care and sincere friendship during John's illness.

A Memorial Service was held at Central United Methodist Church in Mt. Airy where John was a member. Visitation with the family and the Memorial Service for John was held on Saturday, July 14, 2012.

...Norm's Notes

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made comments to Rich and the party crowd: **Yours truly, CASEY CONRAD, JERRY ALLES, RAY IRWIN, ROSEANN POTT, and long-time friend, DALE KARRH,** who told a classic tale about Rich that's not suitable for this family newspaper. Then, Terry made some comments while accompanied on the stage by his lovely wife, **CATHY SPENCER-BROWNING.**

Total KUDOS to Cathy, as the party was her idea! And, great praise to **LIBBY BOGGS, Rich's wife for 47 years;** their kids, **CELESTE, HOLLIS and RICHARD,** who helped with the photos for the slideshow; Rich's **partner for 38 years, RAY IRWIN; ROSEANN POTT, BTS' longest running employee; TERRY BROWNING, BTS President; LEANN SPENCER; DEBBIE GREENHALGH and MICHAEL WYNNE** on the production of the magnificent party honoring a magnificent guy! Also, special praise to **KATZI ROMAN,** who did the video and photos which turned out great!

The **BTS Company** folks put together one of the best parties (*of any kind*) that I've ever had the pleasure of attending in my life. Last, but not least, I'd be remiss if I failed to mention several club industry friends who traveled a great distance to be with Rich Boggs for his 70th celebration, and they were: **MIKE ARTEAGA, FLORENCE AULD and CASEY CONRAD,** plus locals **GORDON and SHIRLEY JOHNSON.** So, let me close this festive Note by saying, "**HAPPY BIRTHDAY RICH,**" just one more time to my friend for 36 years!

•Our Cover Story this month features **RODNEY STEVEN, II, a young, 40-year old industry veteran!** Rodney's story has many terrific aspects to it. Maybe the most important aspect is that **Rodney started with nothing.** Nothing at all, right out of college, 20 years ago! However, perhaps the most exciting aspect of Rodney's story is that of his effort in **Kansas fighting for parity on real estate property taxes between commercial health clubs and YMCAs.** Rarely will you find anyone who started with nothing in this industry and now owns the property for eight out of his ten super-chain of clubs **totaling over 500,000 square-feet!** Several of Rodney's **Genesis Health Clubs** are in the **90 to 100,000 square-foot range** and are state-of-the-art clubs. And, YES, Rodney and his brothers own the land and the buildings. How did Rodney Steven do this, you might ask. He did it with **TRUST** that he built with the people he did business with early on. Collectively, **all 10 of their clubs generate \$20+ million a year!** Importantly, that figure is low for now only and is just a sample of what's in store, as it was generated with **four of their ten clubs** still being **new startups!** So folks, please DO read Rodney Steven, II's cover

story. Oh yeah... what a beautiful family with six children whom Rodney and his lovely wife, Juliette are raising (See Cover Photo)! This cover story is truly one for the ages!

•**Augie's Quest Rolls on!** As of July 12, 2012, www.augiesquest.com says they've raised **\$32,370,800!** That figure includes **\$1,617,850** that was raised for **ALS research at the 7th Annual BASH for Augie's Quest at IHRSA 2012 in Los Angeles, March 16, 2012** (See Photo Above). Thank you to those who supported and attended this great event, with the **Bash Committee** Chaired by highly esteemed **IHRSA Executive Director Emeritus, BIG JOHN MCCARTHY,** aided by **PAT LAUS,** the always busy owner of the **Atlantic Clubs in Manasquan and Red Bank, New Jersey** as well as many other volunteers. God bless **AUGIE** and **LYNNE NIETO** as Augie crusades toward finding a cure for the awful **LOU GEHRIG's DISEASE,** also known as **ALS.**

•I'm excited about attending **Club Industry's Show in Las Vegas** this **October 10 - 12th.** See the new **Club Industry Ad on Page #23!** I'm excited because of a couple of reasons:

1. My friend, **JOE CIRULLI,** the long-time and *mega-successful* owner/operator of three **Gainesville Health and Fitness Clubs** in Gainesville, Florida will be honored by Club Industry with their **Lifetime Achievement Award!** **Congratulations in advance to Joe!**

2. **CLUB INSIDER** will be **celebrating its 20th Anniversary!** The very fact that we will hit our 20th Anniversary in **November, 2012** is **clear, irrefutable proof** to me that there is a God, and if the good Lord's willing, I'll be in Las Vegas at the **Club Industry Show grinnin' and greetin'** all of you who attend!

Folks, we all need to step up and support this big move of the always great **Club Industry Show to Las Vegas** because this organization, **Club Industry Magazine and the Trade Show,** has been, and continues to be, a true and instrumental mainstay in the education of professionals in our industry. Second only to **IHRSA,** **Club Industry's Show** is poised to take on national attendance. So, I urge you to register for the Conference now and book your jet and the very reasonable and recently remodeled **Las Vegas Hotel and Casino** today. For just \$85 a night, you get to enjoy a luxurious room, adjacent to the **Las Vegas Convention Center** and connected to the Strip via the Monorail, as well as a 74,000 square-foot casino, over a dozen restaurants and an \$18 million renovated pool and spa area. Go to www.clubindustryshow.com for all the details and to register. **Don't miss it!**

•Great News for the **5,047 clubs' owners!**



The 2012 Bash for Augie's Quest Raised \$1,617,850!

operators in Canada! The case with the Canadian government's **Copyright Board of Canada** attempting to impose prohibitive and potentially hugely damaging tariffs on music played for group exercise classes ended in favor of **Canada's club owners!** I obtained the *rundown* of these great numbers via online assistance, and it turned out great for club owners. The Copyright Board of Canada certified the following rates: (1) A fitness club that plays sound recordings during **fitness classes** will pay a fee of **\$105.74 per year** and (2) A fitness club that plays sound recordings in **workout areas** will pay according to the existing background music tariff, which is based on either attendance, capacity or floor area. Assuming attendance can be measured, it will pay 0.08¢ per attendee

A venue that offers **dance instruction,** or any other physical activity, will pay a fee of **\$23.42 per year.** A small fitness center with about 200 members, and no fitness classes, should pay about **\$16 per year if background music is played in its workout area.** A large fitness center with 2,000 members that plays sound recordings both in its classes and as background music in its workout areas should pay about **\$280 per year.** A dance instruction venue, and any other physical activity venue, will pay **\$23.42 per year.** So, it looks like the work since 2009 by the **Fitness Industry Canada (FIC)** folks paid off big time for the constituents! **Congratulations to outgoing IHRSA Board Member, DAVE HARDY,** who was involved in this effort for years and to **BRIAN GILBANK, FIC Executive Director,** for his hard work.

•**THOMAS PLUMMER's Article** on **Page #24** this month is a **Doozie,** and I just want to thank Thom for **telling-it-like-is** with his writing entitled, *Sometimes the Answer is NO!* If you don't regularly attend Thomas' amazing seminars, **you should!** Upcoming **National Fitness Business Alliance** events you might

attend will be on **August 2nd and 3rd** in Nashville, Tennessee. Then, at the end of August, the **NFBA Mega Fit Convention** will hit **Atlantic City, New Jersey, August 23 - 25.** Coming to my hometown, **Atlanta, Georgia,** Thomas and the Team will present another Mega Fit event **September 6 - 8.** Here's a **Link** for you to check out the descriptions of these events: <http://nfbaexpo.com/events-c154.php>. Trust me folks when I say *you cannot get a better bang for your buck anywhere* when it comes to health club business education on so many different aspects of the industry, *all delivered in one room* by Thomas and the six experts he brings in.

•**TASSO KIRIAKES** is an industry friend of mine and **former CLUB INSIDER Cover Story** subject who's been in business at his **Bodez By Tasso Fitness Center** for almost 20 years. Tasso entered this business in 1978 after earning his **Master's Degree in Biochemistry.** He also does a terrific weekly radio show called **Fitness Friday,** which, gauging by the interest when I was on the show a few years ago, is doing very well. Recently, Tasso sent an email blast entitled, *Our Fitness Friday Show Was Awesome!* In that piece, he wrote told about the appearance on his show of **Dr. Daniel Pompa of Pittsburgh, Pennsylvania** who has some special views and philosophies about his approach to health care. **Tasso's Fitness Friday Radio Show** may be heard nationwide **every Friday from 9:06AM to 10AM** by going to www.Bodezfitness.com.

•This from the **SGMA (Sporting Goods Manufacturing Association) Newsletter:** In a move that challenges the longtime culture of America's most popular game, **Football, Pop Warner** will introduce new rules to limit contact drills to *one-third of practice time* and *ban full-speed, head-on blocking and tackling drills* in which players line up more than three yards apart. (See Norm's Notes Page 8)

...Norm's Notes

continued from page 7

The rules will go into effect starting with the 2012 season when Pop Warner will become the first nationwide league at any level of football to restrict the amount of contact players experience.

I have only one word to say: **HOGWASH! What ALL football coaches on ALL levels, PeeWee, Pop Warner, JV and Varsity in High School, College and the NFL should do is GO BACK TO THE BASICS OF TEACHING HOW TO PROPERLY TACKLE AND BLOCK WITH YOUR HEAD UP AND DRIVING YOUR FACEMASK INTO THE CHEST OF THE OPPONENT. New practice methods where hours are dedicated to fundamentals will produce the results these wimps are seeking, far more than such ridiculous and impossible-to-follow new drills suggested in the announcement. END OF STORY!**

Moreover, anybody who's played the game at any level knows and understands the game of football is not one for the weak or the afraid. Those who are weak and are afraid are the ones who will get hurt. If you go half speed when blocking OR tackling, you're more likely to be injured. Those who ATTACK on the football field are the ones who avoid injury. The head of the **EIB, The Excellence In Broadcasting, Network**, the one and only **RUSH LIMBAUGH**, stated in 2011 that all of this stuff with NFL head injuries was going to end up changing, and ultimately ruining, the great game all of us football fans love. It's happening now right in front of our eyes. So, I ask you this: How is limiting or substantially banning practice of head-on blocking and tackling drills in which players line up more than three yards apart going to prepare the young for the real game, games where invariably, and without fail, there will be many times when blocking and tackling happens with much more than three yards between the players? I'm like Rush in my thinking. Again, I say all of this is **HOGWASH! This is just the beginning, and as time passes, the wimps of the world are going to rule. God help us all when we need real men in this country. Want to know my credentials in football? Give me a call at (770) 635 - 7578.**

• **JULIE KING**, who does a great job on **Public Relations for Octane Fitness**, informed me that **DENNIS LEE, Octane Fitness President and CEO**, has named **MARK LOWDER** as **Vice President of International Sales** and has hired **DANIEL CODLING** as **Director of Commercial Sales** for the **Asia Pacific Region**. Mr. Lee commented, "As our international sales have continued their aggressive growth, we are expanding and adapting our team to best meet the needs of commercial customers worldwide. Mark has offered tremendous leadership to

our international team and has been very successful in growing the **Asia Pacific** and **Latin America** markets at a consistent, impressive pace."

• Here's a **Norm's Note** that could make *some of you want to buy me a beer one day!* I received an email from **CATHY LEWIS** of **C.S. LEWIS Publicity**, and to be sure I share her message correctly, here are her comments word for word:

Norm, I'm contacting you with a new story idea for women on how to get out of 'libido limbo.'

The big idea: In several recent studies, roughly one in three healthy women over 50 reported low or no sexual desire. The good news is that there are safe and effective natural ways for women to get out of libido limbo.

The source: Bestselling author and naturopathic physician, Dr. Laurie Steelsmith, is an internationally esteemed expert on women's health, and coauthor of a new book called **Great Sex, Naturally**. Dr. Steelsmith says the number one question her female patients ask is, "Why do I have so little desire?"

The Key messages: She says any woman, at any age, can regain the sexual excitement and desire of youth using safe and natural approaches. Dr. Steelsmith shares nine easy ways for women to boost their libido and can discuss:

- Why toxins in our food and home can suppress libido and how to minimize the exposure.
- How to avoid foods that hinder sexual desire and consume more foods that boost libido.
- 12 proven natural aphrodisiacs derived from herbs, roots, bark and mushrooms.
- How combining the right kind of exercises can lead to a sexier lifestyle.
- How to use your mind to bring more pleasure and desire into your love relationship.
- Best self-care strategies that optimize pelvic, adrenal, hormonal and thyroid health.

Dr. Laurie Steelsmith is a licensed naturopathic physician and acupuncturist with a 20-year private practice in Honolulu. A leading spokesperson on natural medicine, she has appeared widely on TV, radio and in print. She and her husband, Alex Steelsmith, are co-authors of *Great Sex, Naturally: Every Woman's Guide to Enhancing Her Sexuality Through the Secrets of Natural Medicine* (Hay House, July 2012).

• With the **2012 London Olympics Games** happening **July 27th through August 12th**, I was happy to receive an email bulletin from **Telos Fitness Center in Dallas, Texas** offering a couple of great writings in honor of the world's Olympic Athletes. **Thanks to BRENT DARDEN and his partner, EVERETT AERG**, owners of

the **Telos Fitness Center** in Dallas, Texas for the email below and for the **Article on Page #6:**

"The Athletes Mind: The Words They Feed Themselves: Think Positive!" Not only can we learn from how an athlete fuels their body but also how an athlete feeds their mind. Anyone who has accomplished a goal (big or small) will tell you that what you feed your mind is just as important as the daily action steps you take to get there. Here are some inspiring words of wisdom from several of the world's greatest Olympic athletes.

• "The most important thing in the Olympic Games is not winning but taking part; the essential thing in life is not conquering but fighting well." - **Pierre de Coubertin** (founder of the modern Olympic Games);

• "I believe in God. He is the secret of my success. He gives people talent." - **Noureddine Morceli** (Algerian athlete in the 1996 Summer Olympics);

• "When anyone tells me I can't do anything, I'm just not listening anymore." - **Florence Griffith Joyner** (American athlete, 1988 Summer Olympics);

• "The first thing is to love your sport. Never do it to please someone else. It has to be yours." - **Peggy Fleming** (American figure skater, 1968 Winter Olympics);

• "It is the inspiration of the Olympic Games that drives people to not only compete but to improve and to bring lasting spiritual and moral benefits to the athlete and inspiration to those lucky enough to witness the athletic dedication." - **Herb Elliott** (Australian middle-distance Runner, world record holder in the 1,500-meter race (1958-67) and the mile race (1958-62);

• "One shouldn't be afraid to lose; this is sport. One day you win; another day you lose. Of course, everyone wants to be the best. This is normal. This is what sport is about. This is why I love it." - **Oksana Baiul**, (Ukrainian figure skater, Olympic Gold Medalist, 1994);

• "I wanted no part of politics. And I wasn't in Berlin to compete against any one athlete. The purpose of the Olympics, anyway, was to do your best. As I'd learned long ago from Charles Riley, the only victory that counts is the one over yourself." - **Jesse Owens** (American Athlete, 4-time Gold Medalist in Track and Field at the 1936 Olympic Games, 1913-1980).

• **Best wishes and sincere THANKS to Dr. ART CURTIS**, now **IHRSA's Ex-Officio President**, for his very long run of five years of **IHRSA Board service** and best wishes, Art, during your **Ex-Officio President term** and with your new Consulting Business, called **Curtis Club Advisors,**

LLC. (www.curtisclubadvisors.com). Thanks also to **outgoing IHRSA Board Members CHUCK RUNYON, DAVID PATCHEL-EVANS, DAVID HARDY** and **KILLIAN FISHER**, as they departed the **IHRSA Board on June 30th**. Also, **CONGRATULATIONS to Club One's BILL McBRIDE**, as he's stepped into the **Chairman's seat on July 1st. Welcome to IHRSA Board newcomers MOLLY KEMMER, ROBERT BREWSTER and MARK STEVENS**, as they joined the Board on **July 1st**.

• It was nice seeing one of our industry's greatest club operators, **JOE CIRULLI**, next to another **Legend, DR. ELLINGTON DARDEN**, on the cover of the **July Edition of Club Solutions Magazine!** The cover story was about leading edge fitness studies that he and Dr. Darden had conducted.

• **Speaking of beer** in a previous note, I drink **Sharps** and **O'Douls**, which in case you don't know, *are special beers without alcohol*, so that I keep my **12-year, no firewater run, come November 26th, intact!** But, my fine son, **JUSTIN CATES (Just-in-case-you-ever-forget-his-name, just remember: JUSTIN CATES!)** likes the real stuff, so he built a worldwide website called **Everyone Loves Beer (www.everyonelovesbeer.com)** for **beer lovers around the world. Stay Tuned folks**, as I wouldn't be surprised to see Justin become a millionaire on this website that he started working on as a special project for the web development company he owns and manages, **Pristine Media!** IF he does, maybe I can get a loan! **HAHA!**

• It's with a **grateful heart** that I say **THANK YOU** to my good friend since **1978, SANDY COFFMAN**, as last month in our June edition, we published her last monthly article for **CLUB INSIDER, at least for now...** Sandy's still going to be **"on call"** for any and all of you who might need her guidance. Write down and keep her email address in case you need her help on new programming ideas or procedures: **slcoffman@aol.com**. Sandy's just trimming back her travel to conferences, and after a long run with monthly **CLUB INSIDER** articles, she's also getting a break from the keyboard! I'm happy for Sandy because she's going to have more time to be with her husband, my friend, **BUD**. So, Sandy and Bud, thanks for all you guys have done for us! It is with Love for both of you, Sandy and Bud, that I say **Best wishes and God bless you both!**

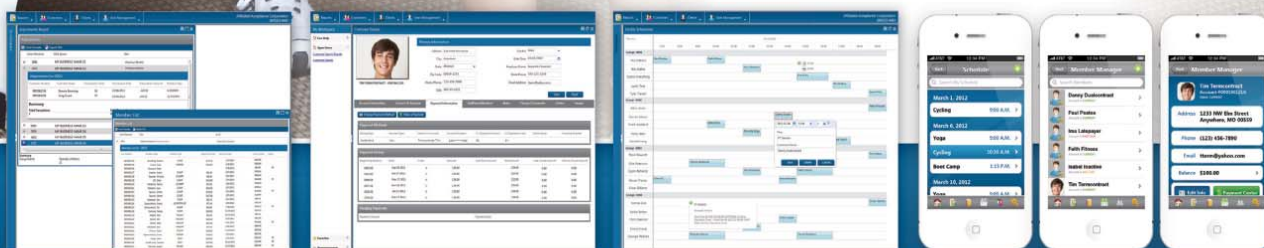
• This **Norm's Note** is **NOT** about our club industry. Please forgive me for getting off our **Tribal** path for a moment! This Note is about a 4-location automobile dealership called **DENNIS AUTOMOTIVE** in **Columbus, Ohio**. All of you know that I've spent the past nearly 20 years off and on my **"Soap Box"** writing to you all
(See Norm's Notes Page 15)

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...Rodney Steven

continued from page 3

Along the way, Rodney Steven has virtually single handedly taken on the State of Kansas with an effort to achieve fairness and a level playing field for his clubs and all of the clubs in the state by starting the Kansas Health and Fitness Association with 73 commercial health clubs in Kansas. There are seven YMCAs in Wichita. The fact that most of them are \$20 to \$25 million YMCAs that pay no property taxes whatsoever, while Steven pays \$1 million a year in property taxes for his clubs, is totally unfair, and Rodney Steven has set his mind and aimed his actions to stop the inequity.

Steven explains that his annual property tax bill is so high because he owns eight of his buildings, a total of 520,000 square feet of clubs in eight of the locations. So, his annual property tax is about \$1 million per year. This \$1 million tax bill on eight of the clubs makes competing with the YMCAs that pay ZERO, ZIP, NADA property tax on any of their facilities a true challenge. The other YMCA tax advantages include NO State sales taxes and NO Federal corporate taxes, among numerous other benefits to non-profits. Rodney Steven has spent a considerable amount of money this year and previous years on lobbyists and attorneys in this dedicated fight to get fairness in Kansas when it comes to property taxes for the for-profit fitness facility providers, which are clearly in the same category as the YMCAs in terms of what they all sell. There's nothing fair about what's going on there and all across the country when it comes to commercial health and sports clubs paying all kinds of taxes, including property taxes, and YMCAs everywhere paying ZERO.

An In-Depth Interview With Rodney Steven

It's my pleasure to present this

special cover story interview with Rodney Steven II, age 40, the President and Co-Owner of Genesis Health Clubs, headquartered in Wichita, Kansas.

CLUB INSIDER (C.I.) - Rodney, where were you born and where did you grow up? Also, please tell us about your education.

Rodney Steven II (RS) - I was born here in Wichita, Kansas. I went to college at Southern Illinois in Carbondale, Illinois. I went there on a Division-I tennis scholarship and played tennis there for three years. Tennis is a great sport. It's a sport that you can play your whole life. The contacts and connections that you make in tennis will stay with you forever. Tennis has done a lot for me, obviously. I wouldn't be building tennis clubs without the background in the sport that I have.

C.I. - Please tell us about your family.

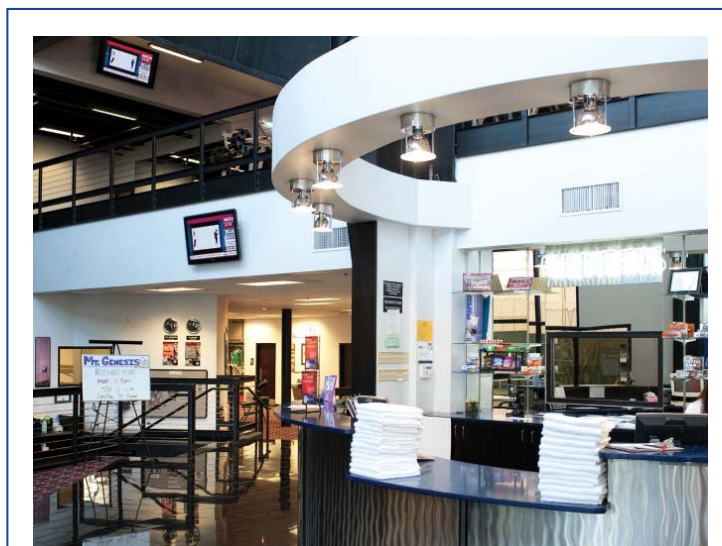
RS - My wife's name is Juliette, and we're blessed with six children: Breckyn, Rodney III, Brittany, Vanessa, Rock and Berkley (**See Cover Photo**).

C.I. - Rodney, what did you do right out of college at Southern Illinois before you got involved in the club business?

RS - It's a long story. But, to answer the question quickly, I was getting ready to go to law school. I had my applications out everywhere. I got into a couple of law schools, but neither one was what I wanted. So, I went home. Just after I got home, I was working out at a health club called Genesis. Three months later, I ended up taking over that club when I bought it in June, 1994.

C.I. - So, that's how you got your start. What was that club like?

RS - It was mainly a racquetball-only club. It originally had eight racquetball courts, and it had a very small section for weights and cardio. It had real small locker rooms. It was a traditional 1980s racquetball club. It was 16,500 square feet and was only



Genesis Reception Area

doing about 150 visits a day.

C.I. - Rodney, did you start off as the sole proprietor? Or, did you have a partner in that first club?

RS - I was by myself.

C.I. - Why don't you fast forward from one club to how you got to ten clubs.

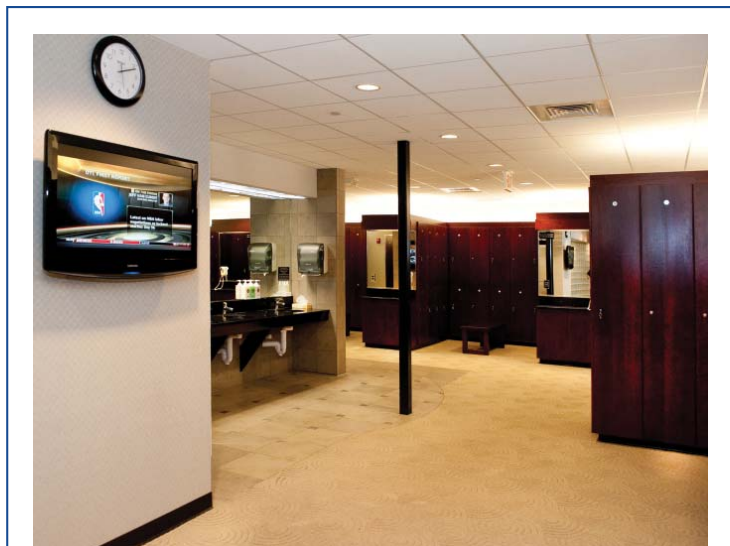
RS - Let me give you the short version of all that. My first club was owned by my Uncle Joe, who was a dentist in town. He had two partners in that first club. One was my Dad. They were losing money, and they were getting ready to close the club. They were renting it from the guy who built these two racquetball clubs in town. I came home from college and said, 'Dad, I can take this club over. I want to take it over, and I can make money on it.' He said, 'Don't even touch it. We're losing all kinds of money on it. I had to give your Uncle money last month just to keep the lights on!' I said, 'Dad, I can turn it around!' So, I went to see the man who owned the building. He owned an insurance company here in Wichita. I told him, 'Sir, I'm going to be taking over this health club, and I'm not going to be able to pay you rent for the next three months.' He said, 'If you don't pay me rent, I'm going to kick you guys out of there. You're already a month and a half behind as it is now. If you don't pay the rent, I'm going to kick you out of that building!'

He was basically about to kick me out of his office. I said, 'Sir, I'm not going to pay rent for the next three months. If you need to kick me out, kick me out. But, I won't be paying rent for three months.' And, I didn't pay rent for three months. My fourth month, I sent him a rent check. From then on, I kept sending him a rent check. Well, he came in a few months later and said, 'Hey, the clubs looking good. I hear you're painting it. What are you doing here?' He walked around with me. I'm painting the club, I'm doing this, I'm doing that. He's all excited because this

is his building that I'm renting and fixing up. About a year goes by, and we're doing very well. I'm meeting and greeting every member. I work the front desk myself; open and close every day. So, I'm meeting all the members and building relationships with them. I have a party every Friday night. I train members in the morning at 6AM. The club is just growing and growing.

About a year later, the owner comes in and I tell him, 'I'd like to buy this club.' He says, 'Well, here's your price. Buy it.' I said, 'I don't have any credit. I need to get a loan. Will you carry me?' He said, 'No, no, no...' About a month or two later, he comes in and brings me a contract and says, 'Here's your contract. I'll carry you. I'll be your bank.' He carried me in that club. He was my bank. I bought the club that day and started making my payments to him. Two years later, I'm really successful. I'm on my honeymoon, and he calls. He says, 'I'll rent you another building.' There was a chain in town that went out of business, and he owned one of the buildings they were leasing. So, I came back a day and a half early from my honeymoon, and I go into that other building. He carries me on that other building, as well. So, he's carrying me on two buildings. It was an old racquetball club that originally had twelve racquetball courts. So, I'm taking out a couple of courts every month. I'll take one out and put a new floor in. So today, those clubs have two racquetball courts each.

Due to the second club, I have to take on my brother, Brandon. He had just graduated college. I said, 'Brandon, I need a partner. It's going to cost us \$39,000 to keep this club open this month.' So, my brother and I went in there and the first month we sold \$42,000 in cash memberships. We just drove the club from there. He was running one, and I was running one. The clubs were doing really well. We realize we don't want to be working in the same building everyday together, so he went into the car (**See Rodney Steven Page 12**)



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...Rodney Steven

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business. That's a whole other story. But, we opened our first used car lot. So, I'm running both clubs now, and I'm wanting to do a third club.

A hospital across town calls me and says, 'Don't build that third club. Come buy our club!' So, I went and met with the Catholic Hospital. I went and saw their building, and they wanted \$5 million for it. I said 'I can't buy this building. I'd love to, but I don't have that kind of credit.' So, they carried me on my third club. It was a 65,000 square-foot club with a big wellness facility, basketball and a big indoor pool. It's September 13, 1999, and I now have three clubs! Revenues are just really growing! Everything's growing! In 2001, I'm wanting to do another club on the other side of town. I was looking for property and am getting ready to build. There was a club called The Wichita Racquet Club, and it's the largest club in the State. It was owned at one time by Charles and Liz Koch, of Koch Industries, and a doctor in town. I ended up buying that club instead of building my fourth one. Right before that, I went to a bank and bought out the other three club loans with

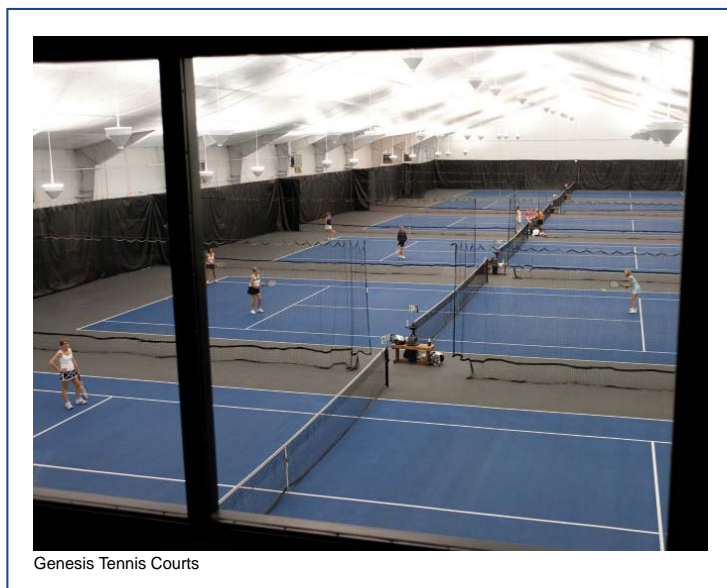
traditional financing, while my clubs were really growing.

I took on my younger brother, Johnny, who came in as my Sales Manager at that time. He's now the Corporate Sales Director for the company. At that point, I owned four clubs. The fourth one I bought was a big tennis club, which was 102,000 square feet when I bought it. I added on 40,000 square feet to the building in 2003. It's 142,000 square feet now. I still spend a good percentage of my time in that club. I added tennis at my third club as well. It's 105,000 square feet now. I did about five additions to that third club. Of course, I'm adding on and remodeling all of the clubs all the time. Those four clubs are all in Wichita.

Venturing Out of Wichita

C.I. - Rodney, at what point did you venture out of Wichita?

RS - After acquiring and improving those four clubs in Wichita, I worked on our first out-of-town club for about three years. I went to Hutchinson, Kansas (a town of about 40,000), where we bought a shopping center there. We became the anchor tenant. Then, for our next location, we went to Salina, Kansas and bought a



Genesis Tennis Courts

shopping center with the exact same design as the one we bought in Hutchinson. It's an hour and a half in the opposite direction. That facility now has tennis with a 75,000 square-foot health club and another 75,000 square feet of mall space connected to it.

Then, we went and did a little club in Emporia, Kansas. It is our smallest facility. The town only has 22,000 people in it, and that club is 16,000 square feet. Then, we just very recently did two in Lawrence and Leavenworth that we bought from an existing club chain. They aren't completely rebranded yet. In Leavenworth, we just bought a free standing building a block from the club. We're under construction now and are planning to be done by Christmas. The existing club is still open and running as a Genesis Club, so we'll be moving into the new building when it's done. We're in that same exact process in Lawrence, Kansas.

C.I. - WOW!

RS - So, we own eight of ten of our facilities. We own the buildings and land. We don't want to rent anywhere usually.

C.I. - How did you get involved in the ice rink business and owning a minor league hockey team?

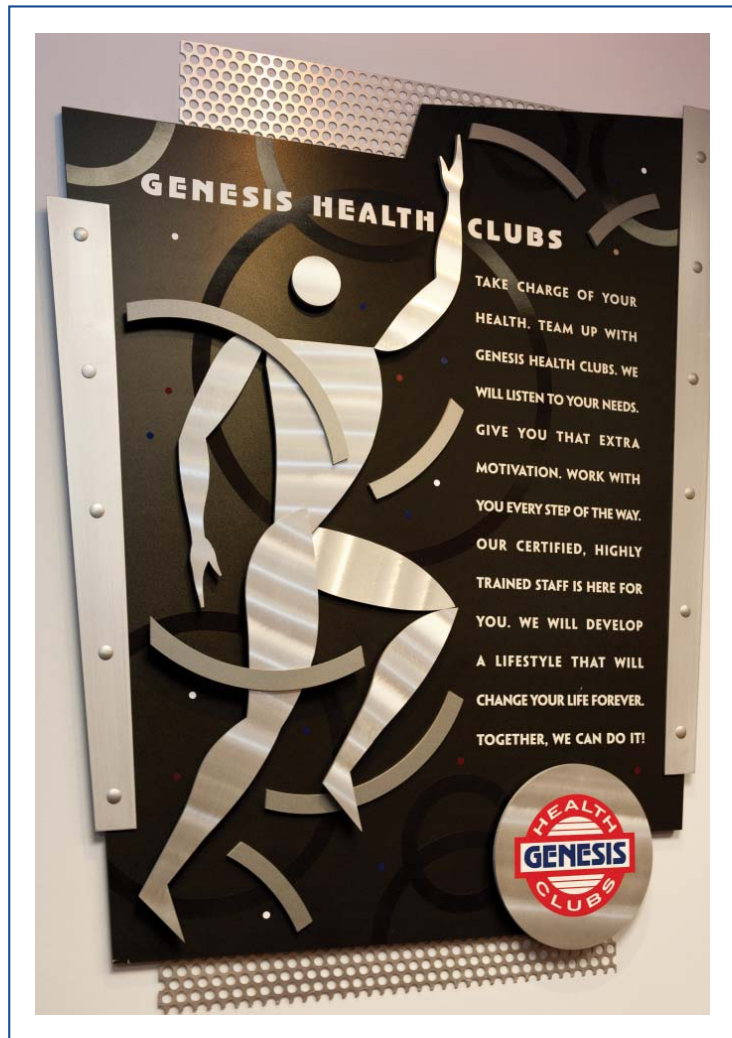
RS - Our 10th facility is the Wichita Ice Center. The City of Wichita put together a Request for Proposals (RFP) to take over their Ice Center. They were about breaking even or losing a little bit of money every year. I thought it was just a perfect location. I told them I'd like to take the facility over and build up the sports of figure skating and ice hockey. So, we put in the proposal, and we won.

Then, at the same time, we put in a health club on the second floor at the Ice Center. It's been open for about a month now, and our Grand Opening is coming up. We built a state-of-the-art, 12,000 square-foot health club upstairs. The total facility is about 80,000 square feet, so we utilize the whole facility. We also opened

up a sports bar up there called *Pucks*. After we'd moved into the Ice Center, there was an opportunity with the hockey team called The Wichita Thunder. It's a Double A hockey team, part of the Central Hockey League. They were getting ready to move the team to Chicago, and I met the Coach, whose name is Kevin McClelland. He's a 4-time Stanley Cup winner himself with the Edmonton Oilers. He talked me into buying the team with the help of others. So, my two brothers and I bought the hockey team last year. Last year was our first season owning a hockey team, and we went all the way to the CHL Finals! We lost in the finals, but it was a great first year and I look forward to our second season. Overall, though, I think the hockey team complements our clubs very well. It gives our members something extra to be a part of and shows our commitment to the community again. Our average attendance was 6,500, and we're in a large arena that holds 13,000. So, we have lots of room for ticket sale growth.

C.I. - Well Rodney, let me reemphasize my previous **WOW!** You have got an awful lot going on. In my view, you're destined to become one of our industry's true Titans, and there are not a lot of them in our industry. Before we move into the rest of my questions, please tell us about your two brothers, Brandon and Johnny, and of course, your key employees. Tell us the names, titles and tenures of them, please.

RS - My brother Brandon and I are 50/50 partners in the car business as well, which he has really grown to one of the largest dealers in the city over the last ten years. The car business has been quite amazing to us, as he has really grown a great team of people in his organization. Johnny has been a key ingredient for us as he is a fierce competitor and is leading our company as Sales Director. My Director of Operations, Mike Racine, has been with us for 18 years. Preston Peterson, our Director of Personal (See Rodney Steven Page 14)



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...Rodney Steven

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Training has 11 years. Our personal training is off the charts, and we do extremely well.

We have other key employees that I want to mention. Angie Kendall is our Group Fitness Director, and she's been with us 19 years. Our Member Services Department, Angie Wooten and Stacy Schwind have both been with us for 18 years. Our IT Department has been with us 15 years. We actually wrote our own software in our IT Department. We don't use any software brand out there. We've developed our own software for check-in, point-of-sale... everything. Simon Norman, our Tennis Director, has been with us since 2001 and is a very important part of the organization.

C.I. - Given the vast diversification of facilities, services and amenities of your ten Genesis Health Clubs that include tennis, let's talk about your membership fees and rates, enrollment fees, monthly dues, court fees, etc.

RS - We have three levels of membership. They can pick one location, multiple locations or all locations. Our standard joining fee is \$200. Single membership monthly dues are between \$49 and \$59, depending upon the package. Family membership is between \$79 and \$99.

C.I. - Rodney, please tell us about your personal training business you mentioned earlier.

RS - In 1999/2000, I realized I really wanted to grow my personal training business. So, I brought just about every consultant in the industry to Wichita, Kansas to work with us and make us a better PT group. We were already doing good PT business. Our personal training business just started booming. What changed it was that we started charging a lot more, which enabled us to pay our trainers a lot more. Now, our personal training program is second to none. The program is growing every year. We have 100+ trainers in the company. Our trainers are able to make a phenomenal living now. We even have doctors on our PT staff and a lot of MBA degrees; we have very highly educated trainers on staff. It's amazing to see how much a personal trainer can make these days

compared to 15 years ago. I still train with a trainer every day myself. I think it's an invaluable part of training. It keeps me accountable as well. Our annual revenue for personal training for seven locations is about \$4 million a year. I've not included our last three clubs' personal training revenues in that number because they're so new, and we're just getting them rolling.

C.I. - (laughing) What do you do with all your money, Rodney?

RS - (laughing) Buy hockey teams! We're going to make money with hockey this year!

C.I. - Let's talk about all your ancillary businesses within your clubs in addition to personal training.

RS - We have the normal stuff. We have snack/smoothie bars at each location called *ShakeThis*.

C.I. - How many members do you have in your five clubs in your primary market in Wichita?

RS - We have 32,000 members in Wichita and 11,000 in the other five in the other towns. But, keep in mind, most of the out-of-town clubs are very new and are really just getting started.

C.I. - So, you currently have 43,000 members and that number is growing every day.

RS - That's correct.

C.I. - What about your growth plans? Are you going to continue the out-of-town growth, or are you going to expand more in Wichita?

RS - We're going to be adding more clubs in other towns in Kansas.

The Leader of American Health Clubs in the Fight Against Non-Profit Competition!

C.I. - Rodney, when did you join IHRSA, and what value do you get from your IHRSA Membership?

RS - I don't remember when I joined. It's been a long time. I've been very active over the past ten years. IHRSA is an invaluable tool from a lot of perspectives. If you are new at this business, like I was, it helps you get information on things like personal training. All the different manuals they put out and all

they different publications they put out, they all represent value. For me, I've faced a large non-profit competitor for ten years, the YMCAs. The Ys in Wichita are some of the strongest YMCAs in the country. In Wichita alone, they brought in \$35 million in gross income last year, and they've netted \$50 million over the last five years. Yes, that is a 'surplus' of approximately \$10 million a year!

C.I. - The YMCAs operate as 501(c)3 not-for-profit businesses, right?

RS - That's right. Norm, I've devoted a lot of time in my life to this issue over the past ten years. What's happening is wrong, and I'm not going to stand for it. I won't quit my fight until there's tax equality in Kansas among for-profit and non-profit health clubs. They can't hide under government shelter any longer. The government is probably too large to fix this problem that they've created, and we have to get in there and help them fix it. Right now, the YMCAs are in the same business we're in. They sell adult fitness services. That's where 80% of their income comes from. They need to pay taxes. That's the angle I've been pursuing in Topeka, Kansas (State Capitol) for the past seven years where I've had help from IHRSA hiring the right lobbyists and helping me fight the fight. I'll tell you, the first three years were very difficult. It's hard to complain about the YMCA. It's hard to complain about someone who appears to do so much for the community because that's what they talk about.

What they don't talk about is the money they're making and the businesses they're putting out of business. There have been over 40 health clubs in Wichita, Kansas that have closed in my last ten years of business. These seven YMCAs in Wichita are not just normal Ys. They're \$20 to \$25 million Ys with outdoor water parks, indoor water parks, and they're 100,000 square-foot facilities. What they do is they get a piece of property donated, or sometimes, they will buy it at a large discount and have some of it donated. Then, they take that property off of the tax rolls! They took 13 properties off of the tax rolls for the latest Y they're building right now! So, the taxes on my clubs increase so my competitor can build a new building! They don't pay property tax. They don't pay sales tax. And, of course, they don't pay income tax. I can live with the income tax. What I can't live with is the property tax and the sales tax that they are not paying!

So, the first couple of years, I was fighting an uphill battle, and it was a tough fight. The last three or four years, the politicians, the representatives in our State, are realizing this just isn't right. The YMCAs are not paying over \$5 million a year in taxes. That's not right! They're putting people out of business. That's not right! They're shrinking our

tax base! They talk about helping kids. Who helps kids more? I pay over \$1 million dollars a year in property taxes! Do you know what property tax goes to? It goes to funding our schools. The YMCA pays ZERO on property tax. They pay ZERO sales tax. So, I'm fighting in this state for equality between *for-profits* and *non-profits*, and we won't quit until we get it!

C.I. - Well Rodney, you deserve a real pat on the back for all of your efforts and the hard cash investments you've made so far and for how you're making progress in Kansas. IHRSA has been involved in this squabble with the YMCA over their no tax privileges and advantages as a non-profit, and we haven't gotten ANYWHERE AT ALL in 32 years! So, it's really great to hear how strong you stand on this, Rodney, and the progress that you're making! Keep it up!

RS - Well, we did this year, and I'm going to win next year, I promise you! We're fighting for equality in this State, and we won't quit until we get it! I'm putting a lot of time into this fight because it is something that has to happen. They took a huge chunk out of our business in Wichita, Norm! I mean a HUGE chunk. Obviously, that's why I started growing out of Wichita. You come in and build a few \$25 million Y's close to our clubs, and you do it four or five more times, it will test the best of an operator.

• • •

Rodney Steven is a bright, articulate and very competitive guy, and we wish him well in his efforts with his clubs and his efforts with trying to protect his clubs by creating a level playing field between commercial health clubs and non-profit YMCAs. This is a Herculean task that Rodney has taken on, and once he is successful, he will be providing clubs nationwide with a wonderful blueprint to follow as they go about attempting to level the playing fields in their own states between YMCAs and commercial, for-profit health clubs.

Thanks Rodney for your time on this interview and your pre-publication review. We wish you and your family, your brothers and your Genesis Health Club Team all the best in the future.

(Norm Cates, Jr. is a 38-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now in its 19th year of publication. Cates was IHRSA's First President, and a Co-Founder with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. Cates may be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com)





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...Norm's Notes

continued from page 8

about the importance of **TRUST** in your community and treating your customers right in *all cases* and *at all times*. Well, I want to just give **KUDOS** to a gentleman named **AARON MASTERSON**, one of the owners of **Dennis Automotive**. Aaron recently had a chance to either treat me like a **KING** or treat me like a **CRUM**, and he valiantly chose to treat me like a **KING**. I just want to **THANK** Aaron for that. **So, THANKS VERY MUCH AARON!** You're indeed a fine young man, a gentleman, and I bet your businesses in Ohio benefit greatly from the mindset you displayed while dealing with me.

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

(Norm Cates, Jr. is a 38-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now in its 19th year of publication. Cates was IHRSA's First President, and a Co-Founder with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. Cates may be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com)

Double Your Success... Before The Summer Ends.

By: Donna Krech

Doubling your success is easier than you think, no matter what kind of success you're looking for. You'll double your success simply by setting a specific goal. You can *guarantee* that doubled success by getting an **accountability partner or coach**.

First, decide what success means to you. We'll start in just a bit with finances. Not that money is the most important thing, but as Zig Ziglar says, "It is right up there with oxygen."

It starts with a dream. I have a big dream to help people achieve their big dream, but I didn't always have that big dream. I used to have smaller "big" dreams, like earning a certain income or taking many vacations or living in a certain home. My dreams were smaller in size because that's where I was in life. Once at a new place, my dreams grew. My dreams got bigger each time I arrived at a new level.

There is no right or wrong dream, but what is crucial is that you have one. A dream is BIG. Your dream should not be to make the car payment next month. That's a goal. Dreaming comes from asking questions like, "If I had a million dollars right now, what would I do? If I could be world famous for something, what would I want it to be?" Your dream will pull you forward.

But, here's the key point: The dream allows you to set the goal. **The Transformation Equation** proves it. Wherever you are right now, if you want to transform your life and go to new level, use this equation.

$D + G + P + W = R$. (Dreams + Goals + Plan + Work = Results). This works for any result, but the four components of the equation need to be there.

Do you see where goal is in the first sentence above? It's between *dream* and *plan*. Many times people go to training, a seminar, read a book or listen to an audio and say, "That's a good plan. I am going to work that plan." But, if they didn't set a goal first, they're trying to work this plan, trying to plug in this system, but they don't know their purpose. Failure is imminent.

Or, people set a goal that's not based on a dream. If you set goals not based on any dream, you are probably going to end up setting goals like making the car payment next month, which is not headed towards something bigger. This isn't really a goal. It's just existing. Goals move us forward. They're not status quo. The dream is crucial.

Five Key Areas of Life

We're just past the halfway point in the year right now. You can STILL achieve all the goals you set for 2012

by simply following the exercise below. According to global experts, and sages throughout history, there are five key areas of life that dictate our being happy, healthy and successful. **Simply write what your goals were in these areas, going into this year on the lines below provided for each category.**

If you're in need of a little clarification, **Financial** means money: income, savings, investments, assets purchased, etc. **Physical** means health issues: weight, fitness level or appearance and mental sharpness. **Relational** is about making friends, keeping friends, building memories, serving your community, loving your family, asking forgiveness or forgiving. **Recreational** means the things you do for fun, outside of work. **Spiritual** means having peace, rather than anxiety or depression. For me, it means being certain God's got this. Faith instead of fear. Joy instead of worry. If you don't believe in God, maybe your spiritual goal might be to determine if He is real.

Financial - _____

Physical - _____

Relational - _____

Recreational - _____

Spiritual - _____

You're halfway through the year. How are you doing? We're all in one of three places, as are you. You're either blowing your goals away, you're pretty much on target or you're saying, "I'm so far behind! What am I going to do with myself!?"

Now, write down some of the successes that you've had in the first six months of this year. Here are a few successes that others experienced. Get inspired!

Jodi: "My financial goal was to be able to buy a house this year. We're putting an offer on one today! Because you taught us to set goals, I'm at mine!"

Cindy: "My recreational goal was to have four vacations this year. My relational goal was to make memories with my husband. We have had two vacations already and

have two more set for later this year. I never set goals before. I'm so grateful."

Austin: "Our goal for the year was to have an EFT income of \$60,000. Then, we got involved with your system. It's June and we're already at \$83,000! Thanks for teaching us the information we didn't know."

Jill: "One of the goals I set was to have over 190 students at my studio. When I purchased it, there were 25 - 30 per year. We now have 173! When I had to pay more in taxes last year, I was jumping for joy because it meant I was making more money! This year, I already blew my income goal away by \$40,000, and we're only six months into the year! I cannot express how important it is to have someone you can bounce ideas off of, a mentor to talk with, learn from and set goals with, who'll tell you the truth rather than what you want to hear."

If you want to guarantee you'll achieve your goals this year, get a coach. This is how successful people blow their goals away. The right accountability partner must have systems that will help you go further, they need to have already succeeded and they need to be a constant learner so they will pour into you what they're getting. They need to be a cheerleader but not a shoulder to cry on. You want somebody who will be honest with you and that can truly help you grow, not just a friend. Actually, it's better if it's not a friend. Meet with them at least once a month and change your goals every month.

Remember, there are three groups of people:

1. There is the group who's blowing the goal away.
2. There are those who are pretty much on target.
3. Then, there is the group who's falling short.

Donna Krech's Mom, Jetta Leonard, Passes Away - 1921 - 2012

Publisher's Note: Just before the press deadline for our July Edition, we received word that Donna Krech's Mom, Jetta Leonard, passed away on Sunday, July 15, 2012, at age 91. Born on August 20, 1921, Donna's Mother was the inspiration of Donna's life. She sold Stanley Home Products from 1947 until 2011, when she was 90. Donna's Mom believed in: God first, Family second and Career third. She survived three husbands.

We have extracted the following paragraph from the Obituary Donna sent the day of our press deadline. Unfortunately, space at deadline time would not permit publishing all of it.

Donna wrote: God made a way for her through tuberculosis, cancers, lung problems and congestive heart failure. He'd made a way through tragic deaths of three husbands, and



Donna Krech

All three groups can still achieve the goal, but big dreams need great systems. We believe in people and their dreams, and we are able to make dreams come true because we give people systems.

You've probably already started thinking about what you need to do to still make your goals happen. If not, think about that now. What action steps do you need to take in order to achieve the goals you set for the year? Be specific, because the more specific your plan is, the more likely you are to achieve your goal. Going back to your answers in the five main areas, list the specific actions steps you need to take to get where you want to go and begin acting on them now! Then, make sure you have an accountability partner to help you stick with them!

Want to listen in on one of our coaching sessions and receive a free **Predictable Profit Coaching** session for yourself? Call (866) 260 - 8446. Do this and your goals will be achieved. There's still time to double your success this year!

(Donna Krech is the Founder and Owner of *Thin&Healthy Total Solutions*. Donna may be reached at Donna@DonnaKrech.com)

others, and no income. He'd made a way through loss, heartbreak and disappointment. He even made a way for her in the Valley of the Shadow of Death. In the last moments of her life, she said, "Is this Sunday?" "Yes, Miss Jetta, it is Sunday." She then said, "I need to get ready to go to church." Those were the last words she ever spoke. It is this writer's belief that God looked down from heaven and said, "Oh Miss Jetta, do I EVER have a church for you to go to this Sunday! It will be a service unlike any you've ever attended. And the love, joy, peace and worship you will experience will be unparalleled. Come, go to church with Me."

May the wonderful Mother of Donna Krech, Jetta Leonard, the creator of a family that now has 102 members, Rest In Peace.



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IHRSA Releases *The Future is Bright: Health Club Employment Outlook*

BOSTON, MA - The International Health, Racquet and Sportsclub Association (IHRSA) announced the release of a new report, *The Future is Bright: U.S. Health Club Employment Outlook*. With a special focus on fitness professionals, such as personal trainers and group exercise instructors, this report provides club operators with valuable information on the industry workforce and how health clubs are addressing the need for well-educated and experienced labor.

"Now is a great time to be part of the fitness industry as a personal trainer or group exercise instructor," said Jay Ablondi, IHRSA's Executive Vice President of Global Products. "Fitness professionals play a critical role in addressing the issues of childhood obesity, inactivity and other lifestyle related conditions, all of which are key drivers behind the growth of health club employment."

As the report bears out, several sources forecast growth in employment for personal trainers and instructors. The Bureau of Labor Statistics (BLS) expects the number of fitness workers to grow by 21.1% through 2020. Looking back, IHRSA's ongoing employee compensation and benefits study shows select clubs more

than doubling the number of personal trainers on staff between the years of 2003 and 2010. Employment for yoga, Pilates and group exercise instructors also grew significantly over the same period.

"Historically, leading clubs have generated as much as 30% of total revenues from non-dues programs, such as personal training and other fitness department offerings," continued Ablondi. "In order to maintain and build on these profit centers, savvy club operators must hire excellent fitness professionals, pay them well and provide them with career growth opportunities through effective employee retention initiatives."

The Future is Bright: U.S. Health Club Employment Outlook contains several case studies of successful clubs, highlighting some of the recruiting, staffing and retention strategies utilized by club operators. From proactive recruiting to ongoing training, elite firms share effective strategies along each level of the staffing process.

According to Vice President and General Manager Brad Wilkins, the Cooper Fitness Center in Dallas, Texas integrates a multilayer hiring process with in-depth interviews of potential candidates.

In efforts to maximize retention, Sport & Health, which operates several facilities in the Washington, DC metro area, offers continuing education and professional development opportunities for trainers and instructors.

The report is divided into the following sections:

- The "Personal Trainers: Employment and Salary Trends" and "Fitness Instructors and Employment: Pilates, Yoga and Group Exercise" sections review employment growth from 2003 through 2010 based on IHRSA's employee compensation and benefits study.

- The "Job Requirements" section discusses the tangible and intangible qualities club operators seek in fitness professionals.

- The "Current Compensation and Benefits" section contains hourly wage and benefits information for personal trainers as well as yoga, Pilates and group exercise instructors.

- The "Drivers for Growth" section integrates IHRSA research and analysis



from government and independent industry research sources in establishing the keys to employment growth for fitness workers.

- The "Case Studies" section provides insights on how leading club operators are recruiting, selecting, training and retaining personal trainers and group exercise instructors.

The Future is Bright: U.S. Health Club Employment Outlook is available as a PDF at www.ihrsa.org/employment-outlook for \$39 (IHRSA members) or \$79 (non-members). *The 2011 Employee Compensation and Benefits Report*, available at www.ihrsa.org/store, provides compensation information for senior management/corporate health club staff, salaried club-level employees and hourly club-level employees by geographical region.

DAILY NEWS

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A Snapshot of the Health and Fitness Industry

By: Andy Graham

Adapt or die. We all know and understand this Darwinian principle, "It's not the strongest of the species that survive, nor the most intelligent, but the ones most responsive to change." Of course, what Darwin meant for the evolution of species, we commonly apply to other areas of our life and business, and this particular case, the commercial fitness industry.

As a sales guy in this industry, I've had the opportunity to travel to almost every corner of our nation (and sometimes beyond) and have visited every shape and size of facilities under the umbrella of a *fitness center*. I have one major piece of advice for club owners around the country: travel more and travel further.

In fact, I am now waving my magic Jack LaLanne wand, and poof, this is now *mandatory*. Either write it into your business plan from the very beginning or dust-off and amend your existing plan. Have it notarized. Nail it to the wall. Read it every morning. You must get out of your tiny corner of the world, and if you live

in a major city, I don't mean visiting "the other side." Go far away. Frequently. Don't wait for your annual business vacation to IHRSA.

Why did I just make this mandatory? Because I'm tired of visiting clubs that remain a *snapshot* of where our industry *was* when they first opened their doors. Obviously, this new "travel law" does not apply to everyone. The larger chains have clubs scattered throughout most markets and are exposed to new ideas, new trends and demographic shifts. But, more frequently than I would think possible, sales reps like myself are forced to bring more than our products and services. We are bringing the entire fitness industry to landlocked club owners who are simply not exposed to the excitement, the energy and the creativity that is exploding around the country.

Just as every individual can be identified by his unique fingerprints so can the age of most clubs be identified by their design (or lack of it), their strength and cardio equipment, their choice of group exercise programming and how they run

their personal training programming.

As Thomas Plummer has informed his audiences for several years, teal colors anywhere in the club, heartbeats along the group exercise walls and equipment packed tighter than a Vegas night club are features that have long since been banished from our industry. The problem runs much deeper, though. Even an '80s themed health club can introduce affordable, creative programming that drives results (*which drives everything else in your club*).

Even if (especially if) you are the 800-pound gorilla in your area and your members really don't have a lot of quality options, you have a responsibility to your members to keep your club moving forward. Think of your business as navigating a fast moving river, moving with the flow, instead of permanently tying yourself to the pier.

It's time for a new snapshot.
It's time to travel, and I have several destinations in mind, in no real specific order:



Andy Graham

The NFBA: If you haven't been to a Thomas Plummer seminar in 3+ years, then you haven't been to a Plummer seminar. Nobody is pushing change harder in our industry and/or making the status quo very uncomfortable. And, if they have a seminar scheduled close by? Skip it and go somewhere far waw. Attend the seminar

(See Andy Graham Page 21)

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IHRSA Index Performance Starts Strong in 2012

BOSTON, MA - The International Health, Racquet and Sportsclub Association (IHRSA) announced results for the IHRSA 2012 First Quarter Index, which provides a snapshot of performance results for the commercial health club industry. For the quarter ending March 31, 2012, the Index posted double-digit percent increases in non-dues revenue and EBITDAR. Overall performance outpaced first quarter 2011 results for 15 leading U.S. health and

sports club companies, representing a total of 546 facilities.

"While the IHRSA Index posted robust performance on all fronts, the most notable improvements were shown in non-dues revenue and EBITDAR," said Jay Ablondi, IHRSA's Executive Vice President of Global Products. "Building upon a strong 2011, club operator continued to engage members into utilizing non-dues services, which may have provided some

flexibility in managing expenses."

For the quarter ending March 31, 2012, non-dues revenue climbed by 11.4% relative to the quarter ending March 31, 2011. Same-store clubs also posted an improvement of 4.7% in ancillary revenue. EBITDAR soared by 12.6%, up from a company average of \$12.6 million to \$14.2 million.

Overall, first quarter 2012 results exceeded first quarter 2011 performance. Total revenue and membership dues revenue for the first quarter of 2012 improved by 8.9% and 7.7%, respectively, relative to the first quarter of 2011. For the quarter ending March 31, 2011, total revenue improved by 6.5%, while membership dues revenue

increased by 4.8% in comparison with the first quarter of 2010. EBITDAR improved by 7.1% in the first quarter of 2011 as non-dues revenue improved by 10.2%.

"Now on its eighth consecutive quarter of improved performance, the IHRSA Index attests to the strength of the commercial health club industry," said Ablondi. "Not only are health clubs showing favorable indicators companywide but also consistent results in same-store facilities."

Same-store revenue improved by 2.6%, while total membership accounts improved by 2.4%. Same-store membership/dues revenue also posted a modest improvement of 1.7%, increasing from \$9.6 million to \$9.8 million.

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...Andy Graham

continued from page 20

and then go hunting for the coolest, most innovative clubs you can find in that area. The pulse of our industry will not be found in the generic one size fits all category. Go in search of the owners and trainers who are making a very loud noise in very specific niches.

Sooner, rather than later, get to Manhattan. Instead of visiting what many consider the Mecca of our industry, Southern California, find yourself ankle deep in the city that never sleeps. The why is simple. Cram eight million creative, hyper-competitive people onto a small island and watch what develops: Equinox, Blink, Soul Cycle, Clay, Flywheel, Barry's Boot Camp, the soon to open End Game and many others. There are so many new ideas hatching every day in New York City that, if even 10% of the startups survive, they could very well impact you tomorrow. Besides, New York is just too much fun.

Perform Better Summit: Three days of education and programming with some of the best educators our industry has to offer. Don't just send your best trainers! Owners should also periodically attend these Summits. Get out and see firsthand what type of training equipment and programming ideas will soon be coming to your club, or worse, your competitor's clubs.

IHRSA/Club Industry Conventions and Trade Shows: These should always be on your short list, but don't just attend the conference and leave. Arrive early! Stay

late! Search for and visit the coolest, most unique clubs in the surrounding area!

Disclaimer: I'm not suggesting *unique* just for the sake of being unique, especially if some outrageous feature is overpriced and does not have any purpose directly related to improving the health and fitness of your members. Which clubs are making a difference? Why?

Here's a way too short list of clubs that I've visited this past year that are making a huge splash in their respective markets: Todd Durkin's Fitness Quest in San Diego, CA; Ezia's in Carlsbad, CA; ADAPT in Beaverton, OR; and or Zum in downtown Seattle, WA.

Are you familiar with the Urban Fit Club network in Chicago? Or, the FITiST in NYC? As a club owner, you might want to pay attention to this new trend.

I'm sure there are many more excellent examples of clubs that are breaking the mold and recreating what it means to provide a no-compromise, results-driven focus for their members.

Your mission, should you decide to accept it, is to get out of your tiny corner of the industry and go find the people and organizations that are moving that needle in favor of a much richer member experience.

(Andy Graham is a fitness enthusiast and health and fitness club industry veteran. He's the Founder of NEXT Fitness; sourcing and distributing unique products and services for the commercial fitness industry. Andy may be contacted by email at andy@nextfitness.co)

Make It Fun!

Looking for *Mr. Know-it-All*

By: Derek Barton

I miss *Mr. Know-it-All*. Not the guy who *thinks* he knows it all, the one we never liked. I'm talking about the guy who actually *does* know it all, the expert in his field, the one we liked and respected!

My first run-in with *Mr. Know-it-All* was at our hometown Sears store in Northern California. My Dad used to take me with him to buy appliances and tools there. I remember my Dad saying to me, "This guy knows it all!"

So, when *Mr. Know-it-All* at Sears explained to us why this particular washing machine model was perfect for us, we believed him. Why wouldn't we? He knew EVERYTHING about EVERYTHING in his department. He was so confident, knowledgeable and passionate that we felt the same way about his products. And, we became loyal customers and advocates. Sadly, today I can't find a *Mr. Know-it-All* at Sears, so I, along with many others, don't go there anymore. And, the brand suffers.

On the main street in our hometown of Burlingame, there was a Radio Shack. Every one of those guys in that store was a *Mr. Know-it-All*. They loved working there, and it showed! They knew all the answers to all my questions. Radio Shack had geniuses before Apple had geniuses. They were the original *Geek Squad*. They knew all the gauges of speaker wire, all the right adaptors, connectors and batteries. They knew EVERYTHING about EVERY product in their store and we could count on their help. We became loyal customers and advocates. Sadly, today, I can't find a *Mr. Know-it-All* at Radio Shack, so I, along with many others, don't go there anymore. And, the brand suffers.

When I first entered the health club arena in 1985, I landed at the "Mecca of Bodybuilding." Gold's Gym Venice was a haven for *Mr. Know-it-Alls*. I was blown away by the knowledge and passion of those trainers and bodybuilders. Forget the steroids, they knew how to get results from just working out! They knew what every machine did for every body part. They knew how many reps each muscle needed and the right amount of weight it would take to get the maximum results. They knew the right foods to eat, when to eat them and when not to eat them. They were professional sculptors of the human body! This inspired me to create the first official tagline for all Gold's Gyms worldwide, "Results for Every Body!"

We didn't have weight scales at Gold's Gym, so you didn't have to ask, "Is this scale right, I can't weigh this much?" We had mirrors. Mirrors don't lie. What you see is how you look, like it or not. We didn't sell any fancy diet drinks or weight

loss powders. We didn't recommend the easy way out with stomach stapling or liposuction. We were honest with people and told them that there were no shortcuts to a healthy and fit body. We flat out told 'em, "You're either serious about your fitness or you're not," which inspired me to create our second tagline, "Serious Fitness." We recommended our expert trainers who knew how to get our members in shape, from good old fashioned workout routines to good healthy eating. Our reputation depended on helping people reach their goals! From our members' results, the world knew we were the experts in getting EVERY BODY in shape! It's no wonder our membership grew.

It was also no wonder that it was easy to get world class athletes and people from the entertainment industry into our gyms. They became loyal members and advocates and proudly wore our logo in their films and TV shows. It was no wonder that companies, like Nike, and movie studios and television shows, like Dr. Phil, partnered with us. We helped them and they helped us. It was the best win-win! And, because of that, the brand succeeded. We became the largest international co-ed gym chain, with over 600 locations in 43 states and 27 countries.

I look around now at the entire health club industry, and to my dismay, see *Mr. Price* replacing *Mr. Know-it-All*. Not all health clubs, thank goodness! Many Gold's Gym franchisees still hold on to those core elements that made Gold's successful in the first place. Similarly, universally respected club owner, Joe Cirulli of Gainesville Health and Fitness, has as his core purpose not price but improving the quality of people's lives, which he has done with great success.

Joe also seeks out experts in their respective fields, like Arthur Jones, the inventor of the Nautilus exercise machines, a true pioneer *Mr. Know-it-All*. Arthur shared his passion and knowledge with Joe over the years, and they became good friends. Joe has taken what he learned from Arthur and other experts, and in turn, shares his passion and knowledge with other gym owners when he speaks around the world and when they visit his three health clubs in Florida. Joe is also a member of REX, an international roundtable for executives. REX is a great organization where executive *Mr. and Ms. Know-it-Alls* share best practices, thus strengthening everyone's brand.

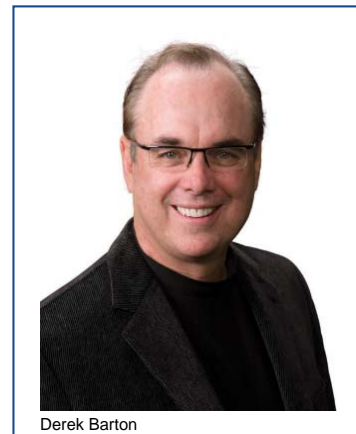
The *Mr. and Ms. Know-it-Alls* of fitness first came to light in the '40s and '50s on Muscle Beach in Santa Monica, which was filled with experts like Jack LaLanne, Joe Gold and Steve Reeves, who all succeeded from sharing their passion and knowledge with each other.

You would think a nation that is now two-thirds overweight and half that number obese would be marching into our 30,000+ gyms in the United States for help. Yet, only about 16% of our population train at health clubs. The majority of Americans obviously don't feel health clubs have the *Know-it-Alls* with the passion to get their overweight bodies in shape. They also see gyms that don't have ANYONE to help them.

Some gyms are eliminating any chance of having a *Mr. Know-it-All* in their midst by removing their staff entirely from the premises. These owners are the ones who love the do-it-yourself carwash and think the unfit masses can do-it-themselves at the gym, too, for one low price. These gyms give you a key to come and go as you please. I call that my home. I could throw some fitness equipment in my house or garage and come and go as I please, so why would I need to go anywhere else? Do-it-yourself car wash or full service car wash? I'll take the full service car wash and gym every time!

If we don't find that *Mr. Know-it-All* at Sears or Radio Shack, it's not life or death. When it comes to your health club, it can be, both for your members and your business. Even more reason to seek out and employ those people who are the *Mr. and Ms. Know-it-Alls*. Those elite people who are always willing to go that extra mile to learn EVERYTHING about their product and service. Those people who are passionate about what they do because they live it EVERY day and truly want to help others!

We need to weed out those wannabe *Know-it-Alls*, the kind who kept me out of the major leagues (insert smiley face). When I was playing baseball in high school in the late '60s, we weren't allowed to lift weights because some wannabe *Mr. Know-it-All* spread the word that working out was bad for our baseball muscles. For some reason, everyone believed that guy.



Derek Barton

Over time, a genuine *Mr. Know-it-All* put an end to that myth. Now, baseball players, as with other sports athletes, work out religiously and are bigger and stronger than we were in our playing days thanks to the *Mr. and Ms. Know-it-Alls*.

My friend, baseball Hall-of-Famer Reggie Jackson, whom I first met when he came to Gold's Gym Venice to work out, taught me how important it was to be physically fit for baseball. "Everything starts with your core," he told me. "When you bat, when you run the bases, and when you're playing defense, it all starts with the core." Reggie Jackson should know. He was one of the all time best *Mr. Know-it-Alls* who became Mr. October. Is it any wonder why Reggie is on the staff of the New York Yankees today?

I miss my heroes and *Mr. Know-it-Alls*. Excuse me while I turn up this song.

"...where have you gone, Joe DiMaggio, our nation turns its lonely eyes to you..."

(Derek Barton is the CEO of Barton Productions a California-based marketing firm. To contact Derek by email at derek@bartonproductions.com)

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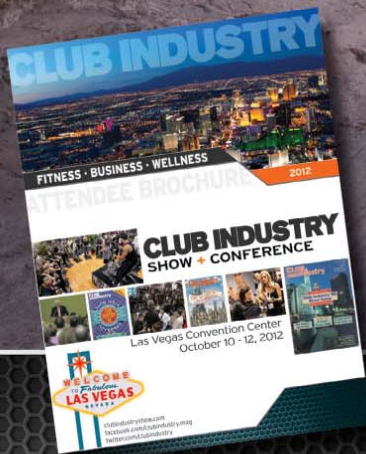


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Sometimes the Answer is NO!

By: Thomas Plummer

The Pareto Principle states that roughly 80% of the effect comes from about 20% of the causes. Stated in our business terms, this means that we make about 80% of our money in business from about 20% of our clients. Or, yet another way, most of what we get comes from a small segment of the people we deal with each day.

There seems to be a somewhat different version of this that affects what we do in the fitness business. We will call this the Plummer Principle for obvious reasons. The Plummer Principle states that the bottom 20% of the members in most box clubs, and even in some training clubs, should be driven into the wilderness with fire and pitch forks because of the drain they put upon the owners and their resources.

People go broke ignoring the Plummer Principle by trying to build a business for the bottom 20% of the food chain who are too poor, too ignorant and too classless to understand or use the

product. Their needs are simply beyond the scope where you can offer service and support and still make money.

Airlines are a perfect example of the Plummer Principle gone too far. Almost every decision a major airline makes is based upon dealing with a client that should be sitting in the last seat of a Greyhound bus rather than flying in a cheap coach seat.

Fares are set for the bottom 20% who complain that flights are too expensive and will shop ten different websites before buying a ticket that is \$4 less than the first nine. The fares attract the low-price idiots and then the rest of us have to pay for every extra a marketing person can create to make up the difference of what it really takes to maintain the business.

Realistically, if you can't afford \$400 to fly from Boston to San Francisco, take the bus. Imagine flying across the entire country in about five hours, and back, for only \$400 and then complaining that the cost is too much. But, the low-price shoppers complain that life is unfair and they cannot fly unless the fares are around

\$200, so the airlines fold, offer cheap prices and then make it up one bag and upgrade at a time.

This category of flyer is also the same poorly dressed customer wearing nasty clothes that were most likely stolen from a homeless shelter and packs 80 pounds of unneeded clothing, wine bottles, ball bats, cameras, giant basketball shoes and other assorted messes in their suitcases and then complain about the overweight baggage fee.

These folks also complain about paying \$6 for a beer and are people who, in any sense of traveling in the brutal, harsh reality of the modern world, should not be flying on an airline when they can't grasp the basic concept that you can't operate an airline on the \$50 round trip they want to pay. They simply are not sophisticated enough to understand the product they are trying to buy, and therefore, there is nothing you can do to make them happy.

We have the same version of this person in the fitness business. Perhaps the best way to classify this client is as a drive-by workout, meaning that he goes from



Thomas Plummer

unaware to must do it today in the length of an old Richard Simmons commercial. This person has no fitness history, has done no research except to talk to a friend who lost 50 pounds eating popcorn and walking on a treadmill slowly every day and who is so unaware of fitness that his only decision making process hinges on the belief that
(See Thomas Plummer Page 26)

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What Keeps You Up At Night?

By: Jeffrey Keller

Let me start with a question. *What keeps you up at night?* This question is the ultimate question you should ask yourself, because ultimately, business is there to provide a quality of life you enjoy. If you enjoy being a stressed out insomniac, then ignore the rest of this article. But, if your endeavor is to have an enjoyable life outside of work, pay attention to this heartfelt advice.

What keeps you up at night? More often than not, it boils down to the doubt in your mind that your business will succeed when you're not around. Let's dispense with the discussion of employee accountability for another day and center around the simple premise that you need to set employees up to be accountable. To do this, you first need employees who are: (1) smiling, (2) incentivized and (3) engaged. It seems pretty simple. Well, it actually is, but it requires some effort on your part.

Putting Smiles on Their Faces

Happiness in corporate-speak is Employee Satisfaction. It's a fairly simple concept, and there's tons of literature out there on the topic. Basically, it's applying your customer service philosophy to managing your employees. Ask them what makes them happy about their jobs and provide more of it. Then, throw in some perks (if you don't already): free membership, free family add-ons,

discounted services, employee get-togethers, flexible work schedules, coffee in the break-room, etc. Google is awesome at coming up with making it a "happy" workplace, and that's the reason they're usually towards the top of best places to work every year. Do a search online for employee perks and no doubt you'll come up with a bunch of ideas. Work those ideas into your budget and make it part of creating a happy workplace for the staff. And, remember the principle you have for your members... under-promise, but over-deliver.

Show Me the Money... or Maybe Something Else

All joking aside, incentivizing is key to getting staff to stay the course. The problem most owners and operators have is getting past the notion that the only motivator is more money. This couldn't be further from the truth. Just because money is a motivator to you doesn't mean that it is to everyone. Just look at where monetary compensation ranks on annual lists of what employees state is most important about their jobs. It usually ranks 4th or 5th. So, incentivizing an employee to do a great job is more about finding out what he or she wants than it is about coughing up big bucks. Once you figure out what your employees want, construct a performance plan that rewards them for doing well with

what they want to be compensated with.

Ready, Set, Engage

Now, here is where the work comes in. I could go on and on about how to construct a quality performance evaluation that's tied to goals, but engagement is the focus of what we're discussing right now. Without a doubt, this is the most time consuming part of making sure you get some quality sleep every night. Engagement comes from staff believing their best interest is found in working hard for you, and I don't mean this just because you write their paychecks. They believe their career success hinges on performing well for you and developing within your ranks. Just take these statistics from the Gallup organization:

- In average organizations, the ratio of engaged staff to actively disengaged staff is 1.83 to 1.

- In world class, high performing organizations, the ratio of engaged staff to actively disengaged staff is 9.57 to 1.

So what's their secret? Pure and simple, they actively develop their employees. Their employees have goals and plans designed to both achieve company targets and grow professionally. Thus, staff believes they have to perform and stick to the plan to grow professionally. Notice how the end result isn't the club's success; it's "grow professionally." Great businesses do this. They make the emphasis on the individual in such a way that the company benefits.

However, this takes time. It

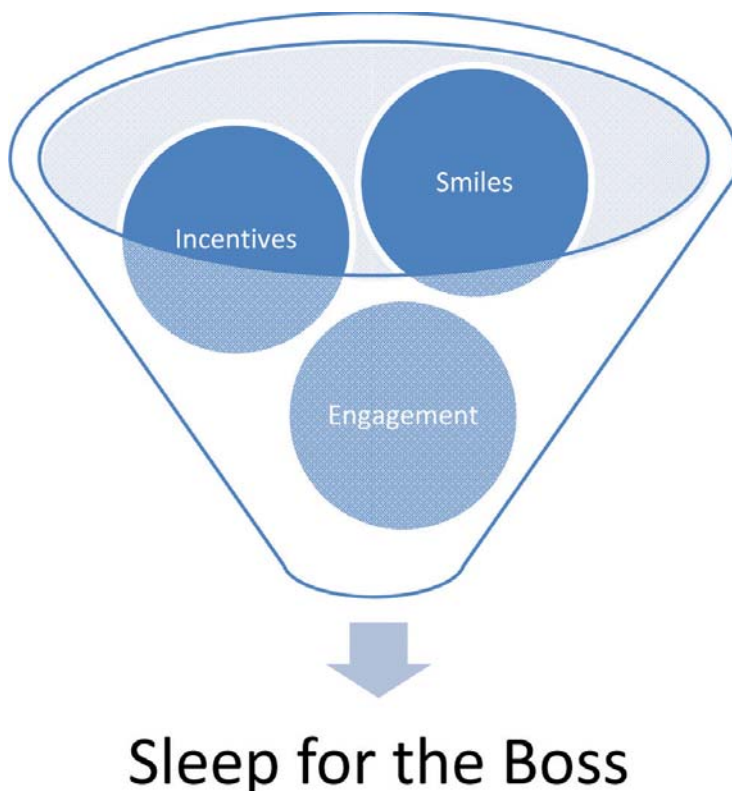


Jeffrey Keller

takes developing a relationship with your employees, creating a career plan that benefits your club and following up with them on their progress. It's the front end work to ensure you get some sleep. So, decide how each employee's professional growth can benefit you and your club. Then, discuss how you can support this growth through performance.

Obviously, this is a superficial overview of how to get a greater commitment from your staff, but it is a start. Next month, I'll concentrate more on constructing performance plans that gain employee buy-in, achieve club goals and professionally develop staff. In the meantime, put these concepts in play and get some sleep.

(Jeffrey Keller is President of the Independent Health Club Networking Association and can be reached at jeff_keller@msn.com)



Make It Fun!

...Thomas Plummer

continued from page 24

the cheaper the better.

Yet, we let this person drive our business plan in most markets. This is why we have \$9 clubs, 30-minute training sessions, free child care and group exercise as part of the membership in most box clubs and give away cheap, tasteless coffee to the morning guys who haven't paid for even a munchie bar in their entire 9-year membership.

Since these people are the ones who scream the loudest over the smallest things, such as a class getting cancelled or the nickel increase in the price of a bottle of water, we tend to react to them the most often and with the most intense response. The old adage that the squeaky wheel gets the grease is true here, meaning that the mouthiest members/clients usually get the most attention, service and discounts.

A radical thought is why not build a business on the 20% who most appreciate what we do and why we do it? But wait, this has already been done. It is called a training center.

The emphasis in the training center/gym is that everyone is there with a common goal, and that goal is to use a coach to achieve maximum results. In other words, everyone gets help, and there are few, if any, drive-by

workout people. If you are there, you get it and are willing to pay for it.

In the mainstream box fitness world, some of the market is actually shifting toward this business approach again. Many of the cheap clubs, meaning \$19 or less per month, have found that providing even minimum service to drive-by workout people is costly, let alone trying to offer a full service gym for that price. You simply can't build a consistent receivable base around people who are dabblers and try it, fail and are gone in a few months.

Yes, they do keep paying for a while after they drop out with the thought that they might start again sometime in the near future, but as most cheap clubs have found, you reach a saturation point in your business where, in about five years, there are simply not enough drive-by workout people to replace all the losses. This business plan is just not sustainable over any real length of time.

The box players need to understand the Plummer Principle and how it affects their business. Many of the decisions a box owner or manager makes is based upon a small number of clients who squeal, squawk, moan, throw fits, threaten to leave or cancel and post crazy things on every social media outlet they can find.

We have to learn that, sometimes, the answer is NO, we can't or won't do

what they want because what they want is not reasonable and too costly for the small number of members it would benefit. When we give these people what they want, it often results in a lesser product done poorly since there is really no money in the effort. We do build it cheap to stop the complaining, but the product or service is never really something we are proud of or that enhances our brand in the market.

There is no free child care because it would force us to provide service with cheap kids in a badly decorated room. There is no group exercise included with your membership because it costs money to hire good instructors. We will offer group, but it is \$10 more than the basic membership allowing the gym to offer a quality, updated product that will set the standard for the market.

And, there is no 30-minute training because we know from our research that the satisfaction point for a training client is 45 minutes, and we are not willing to offer

a product that isn't the best experience we can provide. If your name is on it, make it the best you can or don't do it, but never compromise a product because you are trying to satisfy a small, but vocal, segment of your membership that should not even be in your business.

The Plummer Principle states that the bottom 20% of any client base drains the life out of a business and sucks the cash out like the biggest vacuum ever invented. We are in the business of providing service to a more limited clientele than we currently service. Instead of chasing volume, we have to learn to chase a higher return from a smaller segment of the market, those that will understand and appreciate a product done well.

(Thomas Plummer is a 30+ year industry veteran and the Founder of NFBA, The National Fitness Business Alliance. Thomas can be reached at thomasplummer@mac.com)

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Thanks and Appreciation

We're excited at CLUB INSIDER because, if the good Lord's willing, we'll celebrate our **20th Anniversary** of this home-based health and fitness club trade newspaper in November, 2012. The thought that this newspaper was *founded to serve an industry I truly love*, and so that *I could become a Mister Mom for my son, Justin*, is still *intriguing and amazing* to us. But, before our Anniversary time arrives this fall, I wish to extend our most sincere **Thanks and Appreciation** to everyone that's made this amazing run possible.

A very sincere **Thanks and Appreciation** go to **Rick Caro, Dr. Gerry Faust** and the **Faust Executive Roundtable #1** for helping me decide in 1993 what my home-based business would be. **Thanks and Appreciation** to my long-time friends, **Ron Hudspeth** and **Cathy Miller** of Atlanta's **Hudspeth Report** for the tremendous assistance they provided us during our *first 8 years of publication*. We would also like to extend our sincere **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 **223** monthly editions! Sincere **Thanks and Appreciation** to our **CLUB INSIDER Advertisers**, past and present, for their kind and dedicated support of this publication. It's amazing to know that we have several advertisers with over 15 years of continuous advertising with us. Plus, we have one advertiser, **National Gym Supply**, with over 18 years advertising with us and one, **Affiliated Acceptance Corporation**, with over 19 years as they have advertised in every single edition of **CLUB INSIDER** since the first month that we sold advertising in June, 1994. We also want to say sincere **Thanks and Appreciation** to all of our **CLUB INSIDER Contributing Author**, past and present, who've contributed *hundreds and hundreds* of excellent articles to help our readers with their **Best-Business-Practices**. **Thanks and Appreciation** to **IHRSA** for all it does.

Sincere **Thanks and Appreciation** to my son, Justin, who started working part-time for **CLUB INSIDER** when he was just 8 years old (helping with mailings). This young man, pretty much behind the scenes for 20 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 occasional writing for us. All of this is done part time at night and on weekends as he now has an additional full-time job in web development that keeps him busy 8 to 5 every weekday.

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 in fact, survive. He would like to give sincere **Thanks and Appreciation** to the power that made that survival happen: **God**.

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

Norm Cates, Jr.

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