

Norm Cates'

CLUB INSIDER

CELEBRATING 25 YEARS OF TRUST

Chris Warner and Earth Treks *Climb. Play. Grow.*



Chris Warner, Founder and Owner of Earth Treks, on Broad Peak

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Norm Cates'

CLUB INSIDER

CELEBRATING 25 YEARS OF TRUST

Chris Warner and Earth Treks *Climb. Play. Grow.*

By: Justin Cates

Our cover story subject this month, **Chris Warner**, *Founder and Owner of Earth Treks*, is a world-renowned mountaineer who has scaled the pinnacles of the climbing world: *Mount Everest* and *K2*. Most may think Everest is the most dangerous mountain in the world to climb because it is the tallest. However, it is actually K2 (world's second tallest) that is more dangerous with almost 30% of those attempting the climb losing their life (Everest is around 3%). As the ninth American to have scaled both peaks, Warner is truly in elite company. By comparison, only 12 Americans have ever walked on the moon!

As Warner will explain, in climbing, business and life, partnership is absolutely crucial. A trusting partnership up and down the world's most dangerous mountains provides the best possible chance of survival. Partnership that creates camaraderie and community among the members of Earth Treks has created its best possible chance for success over the past 20+ years and is now fueling its quickly-accelerating growth. And, of course, in life, where would any of us be without those of whom we are close?

Even if climbing is not in your wheelhouse or that of your health and fitness club facility, I still recommend reading this cover story. It contains great

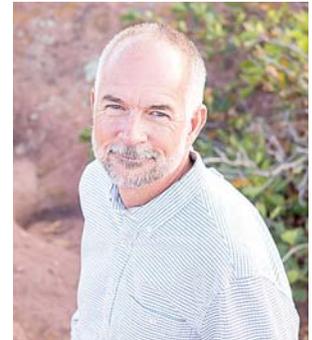
lessons in business and life, and it features an excellent bonus: *Inspiration... It will just pump you up!* With that, I welcome you to read on.

**An Interview With Chris Warner,
Founder and Owner of Earth Treks**

Trek In

Club Insider (C.I.) - Where were you born and where did you grow up?

Chris Warner (CW) - I was born in New York City and lived in New Jersey until I was 17. Then, I hit the road, and I guess I have been on the road ever since. For the last (See *Chris Warner/Earth Treks Page 10*)



Chris Warner

Fred Streck, Early Racquetball and Sports Club Developer, and Co-Owner of CourtSouth, Passes Away

By: Norm Cates

Fred Streck was a one-in-a-million kind of guy. A former U.S. Army Pilot during the Vietnam War, Fred landed in Atlanta, Georgia in the mid-1970s. There, his entrepreneurial talents as a developer and owner of several very successful night clubs, "*The Stone Pony*" and "*Xanadu Night Club*," led the way and made Fred quite wealthy in the years before he became involved in the racquetball and sports club development and operation business, partnering with **Rich Boggs**, **Ray Irwin** and this author, **Norm Cates**.

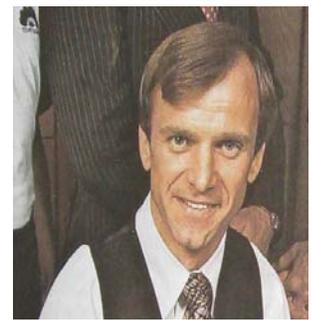
Sadly, on *Father's Day, Sunday*

June 17th, our friend and former partner, Fred Streck, passed away after a 12-year battle with prostate cancer. A memorial event was held at the home of his daughter, Danielle, in Marietta, Georgia on *June 30th*.

It was a Wednesday night in early 1977 when Rich Boggs, Ray Irwin and I had gathered with our potential architect, **Peter Hand**, to discuss the creation and building of the first racquetball club in the Southeast. The only problem was that none of us had enough money to take on and complete this project. We were then introduced to Fred Streck by the bankers we were talking to about helping us finance our first racquetball club. All we had were

ideas and energy, so needless to say that, when Fred Streck pulled into the driveway sitting in his crème color Rolls Royce Corniche Convertible, at Rich Boggs' home in Dunwoody, we were all very excited, and to say the least, *impressed*.

At that time, what we had in hand was a set of blueprints for our first racquetball club, which was designed to be a 10-court club with locker rooms for men and women, each with steam baths, whirlpools and sauna rooms, plus a small workout room with only five Nautilus Machines, a few free weights and a couple of exercise bikes (This was shortly before (See *Fred Streck Page 6*)



Fred Streck

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- World Gym International Promotes Guy Cammilleri To CEO and Doug Katona to COO
- Planet Fitness, Inc. Announces Refinancing Transaction
- And, of Course, *Norm's Notes*

Norm's Notes

■ **Hello Everybody!** This is your **Club Insider Publisher and Tribal Leader** checking in with our **295th** monthly edition. **Yahoo... here we GO!**

■ I'm *very sad* to report that **FRED STRECK**, the one person I attribute my involvement in our great industry to because **he helped me and our other two partners, RICH BOGGS and RAY IRWIN, get our CourtSouth chain of nine racquetball sports clubs off the ground here in the Atlanta area way back in 1977.** I've written a report on Fred's passing, and it appears on **Page #3.** I also want to **express my sincere condolences to Fred's wife, JUDY, his two grown children, DANIELLE STRECK MUSOF and CARL STRECK, and his grandchildren, for the loss of their beloved Dad and Grandfather. May Fred Streck Rest In Peace.**

■ **Is America a great country, or what?** I want to take a little time today to **apologize to our international subscribers,** because last month, I wrote in these **Norm's Notes: "I love America!"** without mentioning those countries. The reason I'm apologizing here today is not because I wrote those words, because I do **LOVE America, as I'm sure many of you do, too,** but because I didn't mention the fact that I also love you folks in **Canada, Mexico, South America, Europe and other countries around the world** where we have paid subscribers to **Club Insider.** I believe you're all doing great

things for your members and their families in your clubs, and for that, **I TIP MY HAT TO YOU ALL!**

■ **PLANET FITNESS** received some nice coverage in an article written by **AIMEE BLANCHETTE** of the **Minneapolis Star Tribune** with the **June 26th** article headline where it was published in **The Atlanta Journal Constitution** reading: **They like 'dad bods,' they cannot lie.** The Author explained the results of a study commissioned and conducted by Planet Fitness, which concludes that, "Acceptance of the male physique that suggests, 'I work out occasionally, but also eat a lot of pizza,' is on the rise. Moreover, the study says, 'Not only are dad bods becoming more common, but women actually find men with softer stomachs more attractive than guys with rock hard abs,' says **JAIMIE MEDEIROS, Vice President of Marketing at Planet Fitness,** in a news release promoting a \$10 calendar with monthly tips for *'working your dad bod.'* Author Blanchette added, *"While it seems unusual for a fitness company to celebrate the mediocrity of the average male physique, the New Hampshire-based company prides itself in offering a welcoming, non-intimidating environment, which it calls the 'Judgement Free Zone.'*" The study also found six other conclusions and featured a photo of movie star **LEONARDO DiCAPRIO.** If you want to read the entire article with the other six conclusions, send me an

email at **Norm@clubinsideronline.com,** and I'll send you a copy.

■ **Speaking of PLANET FITNESS,** in **July 11th's Club Insider Weekly Edition,** which arrives **3-4 times a month,** and is **well-produced by my partner and son, JUSTIN CATES,** we published a **Planet Fitness Press Release** announcing, "that certain of its subsidiaries intend to complete a refinancing of their existing senior secured credit facilities with a new securitized financing facility." If you missed that announcement, we've published it for you again on **Page #30.**

■ **WHAT'S YOUR STORY?** During the timespan of **almost 25 full years of publishing Club Insider, my son and partner, JUSTIN, and I** have produced **295 monthly editions of Club Insider, and they are all available online in our Club Insider Archive Library!** Most months, we typically produce cover stories about people in our industry whom **we believe have unique and special stories** that you will find **interesting, informative and helpful.** And, in case you've not noticed, our **Club Insider Cover Stories are not "fluff" pieces** that don't really get into the meat and potatoes of our subjects. To the contrary, we deliver carefully planned and produced, in-depth, cover stories that **regularly exceed 5,000 words.**

In case you didn't read Justin's cover story lead-off comments last month,



Norm Cates

I'll share them with you again... Justin wrote, "My Dad, **Club Insider Publisher, Norm Cates,** sometimes writes, *'Get a beverage of your choice, sit back, relax and enjoy the following read.'*" So, by now, you may be thinking: **"What's your point, Norm?"** My point is that **YOUR STORY** may be a living, breathing cover story that's yet to be told to the world. So, I ask you again today, **"WHAT'S YOUR STORY?"** IF you think **your story is worthy of our Club Insider Cover,** then contact me today at **Norm@clubinsideronline.com** with an **elevator ride length summary of YOUR STORY.** I'll check it out and get back to you *one way or the other.* We might not think *(See Norm's Notes Page 7)*

About Club Insider

CELEBRATING 25 YEARS OF TRUST

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PUBLISHER and TRIBAL LEADER - Norm Cates, Jr.
ASSISTANT PUBLISHER - Justin Cates

PRINTING and MAILING SERVICES - Walton Press

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Marietta, GA 30068

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Proudly Published in The United States of America



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Inactivity, Sedentary Lifestyles and Overeating...

By: **Mike Alpert**

Inactivity, sedentary lifestyles and overeating, which are major causes of chronic illness, pose a very challenging and scary future for our country. I was recently at Walt Disney World in Orlando, Florida and could not help but notice the huge number of adults and children who were overweight or obese. It was truly shocking. At the hotel pool, and at the parks, over two-thirds of the people I saw fit into this category. Whether we were eating breakfast, lunch or dinner, seeing the amount and types of food that was being consumed literally turned my stomach.

My thoughts were also about the Disney Corporation and how their focus seemed all twisted. Here is an opportunity for a highly respected organization to promote healthy habits and set an example for children who are fueling their bodies with nothing short of junk food and sugar in huge quantities. The message it sends to me is that their opinion of what kids crave leads to maximum profits. How wrong that seems to be. Instead of offering healthy foods in the proper quantities, they super size them with sugar, sodium, soft drinks and junk foods. But, this should come as no surprise to anyone. Go to a sporting event, and you will see the same thing.

At our club, we have started programs for children that educate them on the importance of proper nutrition. We recently started an urban garden with ten pods that grow organic, whole fruits and vegetables. The intent is to teach them how to plant, grow, harvest and eat healthy foods. Then, we allow them to take the food

home and get the sense of what it is like to help feed their family. It is also a great way to build self-esteem and self-worth for these kids.

I believe that, in our clubs, we need to put much more emphasis on nutrition and healthy eating habits than we currently do. Many times, in our own club, the feedback I get from staff is that the members who work out believe that they are exercising and doing things correctly and don't really need help with their nutrition. But, I see the same people everyday, week after week and year after year, and their body images never seem to change. I watch as they push themselves in the Cardio Room and Group Exercise Studio, working out at extreme levels and perspiring profusely. I don't see these same people in the Weight Room, and very few of them seek out the services of our Registered Dietician.

If I were able to line them up and ask two simple questions: **(1)** Did you eat a healthy meal prior to your workout and

(2) Do you believe that the harder you work out and the more you sweat, the better the workout? I believe I would get the same answers from everyone. Those answers would most likely be: **(1)** I did not eat prior to my workout, especially if I am working out early in the morning or right after work, and **(2)** Yes, I feel that I am getting a much better workout the harder I work out and the more I sweat. Both answers are wrong.

Everyone should have fuel and water in their body prior to any workout. Your body burns calories that are reserved in the form of glycogen found in carbohydrates, stored fat and protein compiled in muscles. Failure to properly fuel your workouts, or workouts that are not effective, will result in depleting your body's protein storage or muscle mass. Effective exercise and training modalities require ensuring proper heart rate zone training, a balanced combination of cardio and strength workouts as well as proper nutrition. These are all things that a Personal Trainer, Registered Dietitian or



Mike Alpert

Nutritionist can help members with. It just seems crazy that so many people spend \$4 or more a day on coffee but not on nutrition.

Our health care system is not much better. It makes no sense that insurance will pay for a person to have their stomach stapled but not to get help from a Personal Trainer and Nutritionist. And, why are so many states taxing membership dues instead of giving incentives to people who exercise and take control of their health care when we know that Exercise is the most powerful Medicine we have?

Nutrition is an important part of building and maintaining a healthy, independent lifestyle. Exercise IS Medicine!

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



...Fred Streck

continued from page 3

Ray Wilson and Augie Nieto brought Lifecycle to the marketplace). The meeting that evening, in which we reviewed the blueprints for the proposed club and discussed the warehouse building we had found in which we wanted to build the club, owned by BoBo and Bennie Auerbach, lasted for about one hour.

Suddenly, without a partnership deal at all, Fred Streck said, "Okay, let's make a deal! I want to be under construction on Friday Morning!" Shocked somewhat, since this was a Wednesday night, Boggs, Irwin and I all looked at each other and said, "Let's do it!" Fred agreed to provide the balance of the funds we were going to need, and we were on our way! On that Friday morning at about 10 AM, I went to the warehouse on Delk Industrial Boulevard in Marietta, Georgia to check on what was going on, and low and behold, Fred had the side wall for the first racquetball court already eight feet high!

We immediately started pre-selling memberships, and we opened that first club on **May 1, 1977 with 1,200 members**, and by August, we had **over 5,000 members** and were expanding that club to 15 courts with a jogging track around the extra five courts. By the Fall of 1977, we had our second Atlanta club under construction in a Sandy Springs shopping center with the retrofitting of a movie theater.

After opening Courthouse I, and as a team of four guys, we went on to build nine clubs in the Southeast. Early on, we changed the name from Courthouse I to **CourtSouth**, and we had four CourtSouth Clubs in Atlanta and five out-of-town clubs, all of which were franchises in Columbus, Georgia; Murfreesboro, Tennessee; Birmingham, Alabama; and Knoxville, Tennessee (2 locations). The four clubs in Atlanta were owned and operated by us four partners.

Our partnership lasted for four years, and on **May 1, 1981**, we went our separate ways. On that date, we took Rich Boggs' leather cap that he always wore at

that time (along with his beard), and in it, we placed four slips of paper, each with the name of each of our club locations. We drew the names from that hat, and in essence, fate took its course on that day. Rich drew the Sandy Springs location in which we had a partner, **Larry Doyle**. Because of that, Rich also got the franchise operation. Fred drew the 16-court Akers Mill location. Ray Irwin drew the original Courthouse I location, renamed CourtSouth in Marietta, then also with 15 courts and an indoor jogging track. And, I drew the Buckhead location, CourtSouth Lenox, which had 14 courts and was across the street from Neiman Marcus at Lenox Square Mall.

This former partnership of guys stayed friends over all these years, and we're all mourning the loss of our former partner and friend, Fred Streck. **We owe Fred a LOT!** I think it would be very accurate to credit Fred Streck for the lifetime careers Rich Boggs, Ray Irwin and me, Norm Cates have experienced and enjoyed, because were it not for Fred Streck helping us get started in 1977, it's entirely possible that

none of us would have ever even been in this business in the first place.

I want to express our sincere condolences to **Danielle Streck Musolf**, and her brother, **Carl Streck** (Fred and his former wife, Stevie's daughter and son) on the loss of their beloved Father, Fred Streck.

May Fred Rest In Peace.

(Norm Cates, Jr. is a 40+ year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of Club Insider, now in its 25th year of publication. Cates was IHRSA's First President, and a Co-Founder with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. In 2017, Cates was honored with Club Industry's Lifetime Achievement Award. Cates can be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com)

...Norm's Notes

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YOUR STORY is ready yet for our cover **OR we might think YOUR STORY is the hottest story we've seen in 25 years!** **WHO KNOWS?** What I **DO KNOW** is that, **unless** you take a little bit of your valuable time to TELL US an abbreviated version of YOUR STORY, we may never, ever know about it.

Moreover, we might decide that, for now, YOUR STORY is ready for another aspect of what we do here, and that is we occasionally produce what I call "In Touch" articles, which are intended, as much as anything, to introduce you and what you do to our readers. You never know when a **Club Insider** "In Touch" article is going to open doors for you that you had not even imagined.

By the way, I want to give credit to **MS. CYNTHIA ROZZO**, *Publisher and Owner of The EAST Cobber*, a terrific monthly magazine produced and distributed here where I live and work. In her June/July summer edition, she asked her readers what I've asked you. In essence, I copycatted her question to her readers: **"WHAT'S YOUR STORY?"** Interestingly, **Cynthia Rozzo started her East Cobber Magazine in 1993, the same year we launched Club Insider, so both of**

our publications have 25 years under their belt! **Way to go, Cindy!**

■ Asking above **"WHAT'S YOUR STORY"** has caused me to realize and think about the fact that it's been quite a while since we did our last **Club Insider Reader Survey to help us ascertain how we can improve Club Insider, so we can do a better job of it for you, our esteemed readers.** Short and sweet, our survey appears on **This Page.** Please take the time to send me an email at **Norm@clubinsideronline.com** with your responses to the questions on it. You can also complete the survey by going to **www.clubinsideronline.com/2018-survey.** Or, you can also go "old school" by cutting the survey out of this edition, completing it and mailing it to me at:

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Thanks in advance for your feedback, good or bad.

■ Speaking of our **Club Insider "In Touch" articles**, this month, I feature a very special edition written about one of my good friends from high school, **TOM "STUIE" HENDERSON**, with whom I went to **Rome Free Academy (RFA) High School in**

Rome, New York, graduating in 1964. In this article, Stuiie shares his *vast experience* in the insurance and investment industry, and in particular, Stuiie shares what he calls, **"This little miracle called The KASH Formula."** The KASH Formula stands for: **KNOWLEDGE** (the technical and practical things you learn from a book, industry seminars, etc.); **ATTITUDE** (the mental and emotional side of things, positive or negative, energized or paralyzed); **SKILLS** (capabilities, competencies, the how-to); and **HABITS** (day-to-day work behavior, effort, determination, focus). Check out the **"In Touch"** article about **Stuie Henderson** on **Page #28.** **Thanks STUIE, and great catching up with you!**

■ **Best wishes to DAVID HARDY**, as he exits after **10 years as the President of the Fitness Industry Council (FIC) of Canada** and turns the job over to incoming **President, SCOTT WILDERMAN.** **Best of luck to SCOTT** as he steps in as the **new Fitness Industry Council President.**

■ **Thanks to ANGIE PATTENGALE, Club Insider Contributing Author and Roving Reporter at the IDEA World Conference in San Diego**, for her report on **Page #26** summarizing the **IDEA World Conference.**

■ **The one and only, THOMAS PLUMMER,**

has written *another book*, and this one, his **11th**, is entitled: **THE SOUL OF A TRAINER... YOU WERE BORN TO CHANGE THE WORLD.** This **392-page book** exposes the depth of this man's experiences and his knowledge of and love for our great industry. I'm just now getting started on it, but **I plan to read the entire book because one of the things I still love to do in life, even at the ripe age of 72, is TO LEARN.** And, without a doubt, I'll learn from reading Thom's book. I urge you to consider investing in his book and taking the time to read and study it. *I predict that you'll be glad you did.*

■ Formed under a shared vision that all children should be given the opportunity to live healthy and thriving lives, **Club Pilates**, the nation's largest premium boutique Pilates franchise, announced its partnership with **Miracles for Kids**, a California-based non-profit organization dedicated to improving the lives of critically-ill children and their families in need. Throughout the month of July, Club Pilates studios across California are teaming up to make a difference and support the charity in a variety of ways.

■ For those of you who've not been in our industry for very long, and perhaps, have *(See Norm's Notes Page 8)*

2018 Club Insider Reader Survey

Your Name: _____ (Optional) Email and/or Phone #: _____ (Optional)

Club Name: _____ (Optional) Job Title: _____ (Optional)

1. How long have you been a **Club Insider** reader? _____ 2. How did you find out about **Club Insider**? _____

3. What do you *like the most* about **Club Insider**? _____

4. What do you *like the least* about **Club Insider**? _____

5. What would you like to see **Club Insider** *change or improve*? _____

6. What *other comments* would you like to make about **Club Insider**? _____

Thank YOU for participating. **Mail to:**

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...Norm's Notes

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just been introduced to **Club Insider** and to me, let me tell you a little bit about how **Club Insider** began. Over 25 years ago, I was faced with a decision. My decision was whether to continue in the day-to-day business of owning and operating health and fitness clubs or to create a business which would allow me to become a **home-based Mr. Mom** for my 8-year-old son, **JUSTIN**. The year was 1993, and I'd been involved in the club industry for nearly 20 years. But, with my assistance, **my wife, ILENA**, had built and opened a 6,500

square-foot antique store in Roswell, Georgia. That meant that our son Justin would be coming home to an empty home every day after school. Rather than hire somebody to be there for Justin when he stepped off the school bus, I decided to start a new business that I could operate from my home.

So, in **January, 1993**, I went to one of our **Faust Roundtable #1 Sessions** in **Chicago**, and there, I presented my challenge to our **group of 15 club owners**, led by **DR. GERRY FAUST**. I told them I wanted to become a "**Mr. Mom**" and that I needed their help in brainstorming some ideas about what business I might start and

develop that: **(A)** would allow me to stay in our great industry that I dearly love and continue the friendships and relationships I'd developed over many years as a **Board Member, the last President of The National Court Club Association (NCCA)** and as the **Co-Founder and First President of the International Racquet Sports Association IRSA (now known as IHRSA) in 1981**, and **(B) the new business would have to be a home-based business.**

The brainstorming session was going great, and as I stood there with a magic marker in hand writing down the new business ideas the guys and gals of our roundtable were throwing out, something great happened... **JANE BEUSMAN**, the wonderful, late wife of the late **BROTHER CURT BEUSMAN**, said, "We need a new publication that will be outspoken, irreverent and that will **'Tell-It-Like-It-Is'** on important industry issues." And, that was it. Just like that. The idea of a new industry publication was born, and I went about working on putting together what would someday become known as **Club Insider**.

Three months later, at another **Faust Roundtable #1 Meeting in DelMar, California**, we were brainstorming again... this time to try to dream up a name for the publication. Again, I had the magic marker and the flip chart, and the roundtable members were firing away with name suggestions to me, left and right, until all of a sudden, **Brother CURT BEUSMAN** spoke up this time and said: "**The Insider. No! The Club Insider. No! The Club Insider News!**" At that moment, I yelled excitedly, "**That's it!**" And, the rest is history.

You may be thinking, "**Why review this history now, Norm?**" The reason is the **Norm's Note** that follows about the article on **ETHICS** in our great industry:

A huge factor in the birth of **Club Insider** was that, back in those days, **our industry was not the industry it is today**, and it certainly did not have the good reputation our industry enjoys these days. There were what I will call here dishonest and unethical people who would do unethical things to advance their club businesses, including such things as "**bait and switch**" advertising in which the club operators would place ads with ridiculously low price offers, but when the prospect would arrive at the club to take advantage of the "**Special Offer**," the salesperson would say they were **SOLD OUT** of that "**Special**" membership and would then attempt to "**switch**" the prospect to a different, much more expensive deal.

High pressure sales methods were also employed by clubs to get the sale no matter what, including such things as the infamous "**Turnover**." The "**Turnover**" was when a club manager would listen in on a speaker device to a sales presentation in an adjacent office,

and if it sounded like the salesperson was not going to be able to close the sale, the sales manager would then knock on the door, introduce himself, *take over the sale* and continue to hammer the prospect until he or she signed up. Other less than ethical practices, such as "**Life Time Membership Contracts**," were also employed. And, I could go on. But, suffice it to say **Club Insider** was born to help make our industry more ethical, more professional and more respected in the eyes of consumers everywhere, and I think we're doing a good job of that. I hope you do, too. The next **Norm's Note** demonstrates how we're continuing this effort in this edition of **Club Insider**.

■ **STEVE THARRETT** and **MARK WILLIAMSON**, **Principles of Club Intel**, have written, and we've published, a white paper on the all-important topic of **ETHICS in the health and fitness club industry**. The article begins on **Page #18**, and I would highly recommend it to you all. Thanks to Steve and Mark for their excellent work and contribution. **Thanks, also, to all of our other Contributing Authors this month and in the past who've pitched in to advance the state of the art of your clubs.**

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

■ **LAUGH! MAKE IT FUN!! Life's too short not to!!!**

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

(Norm Cates, Jr. is a 40+ year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of **Club Insider**, now in its 25th year of publication. Cates was **IHRSA's First President**, and a **Co-Founder** with **Rick Caro** and five others, in 1981. In 2001, **IHRSA** honored Cates with its **DALE DIBBLE Distinguished Service Award**, one of its highest honors. In 2017, Cates was honored with **Club Industry's Lifetime Achievement Award**. Cates can be reached by phone at **770-635-7578** or email at Norm@clubinsideronline.com)



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...Chris Warner/Earth Treks

continued from page 3

few years, we've lived in Golden, Colorado, which is right where the Rocky Mountains meet the Plains. There is climbing, hiking and mountain biking in our backyard. We also have a place in Aspen, and I'd prefer to be spending more time up there (laughing).

C.I. - Where did you go to school and what did you study?

CW - I graduated from the University of Colorado Boulder, and I studied geography with an emphasis in mountain geography.

C.I. - What got you interested in that subject?

CW - When I was a punk kid in New Jersey, I was dragged into the woods for five days to be rehabilitated by a parole officer. On that trip, I fell in love with climbing, camping and using a map and compass to find your way through the wilderness. I actually started teaching as an outdoor instructor for that same program in the early '80s. We would take kids out of the maximum-security prison in New Jersey and take them on adventures. From there, I started to work for an organization called *Outward Bound* and did similar work, taking hardcore inner-city kids out and trying to give them these life-enriching experiences. From the age 15 on, I've always worked in the outdoor and climbing space, and it's always been about the same thing: *How do you take people and give them opportunities to be the very best versions of themselves?*

I've been teaching some level of

leadership for over 35 years. I've worked with covert ops teams, special ops teams, NFL teams, NHL teams, Google executives, a lot of Fortune 100 companies, and I taught at the Wharton School of Business for 16 years. I've had this parallel path through Earth Treks of doing leadership work as well as, obviously, being entrepreneurial. The leadership work has been ridiculously powerful, whether it was training a covert ops team, or when I worked with the coaches of the Baltimore Ravens when they won the Super Bowl.

C.I. - In climbing, what are some of the most incredible peaks you've scaled?

CW - I was the 9th American to summit both Everest and K2. Everest, of course, is the tallest peak in the world, and the statistics between both are just fascinating. There have now been over 8,000 people on the summit of Everest, and less than 250 people have died trying to get to the top. If you play golf, you have par. In mountaineering, you have the death-to-summit ratio. The death-to-summit ratio for Everest is about 3%. Even though K2 is shorter, less than 350 people have ever reached the summit, and the death-to-summit ratio is a lot closer to 30%. K2 is generally considered the most dangerous mountain in the world. Both peaks have snow on the top (laughing), but getting to the top of K2 is infinitely more difficult.

To give folks some context, there have only been 12 Americans who have ever stood on the moon, and I was the



Chris Warner on Mera Peak

9th American to summit both Everest and K2. It's not just those peaks. I've done five of the 8,000-meter peaks. The 14 tallest mountains in the world are all over 8,000 meters, and I was the first American to ever solo an 8,000-meter peak. I put a little backpack on and climbed non-stop for 34 hours to go up this giant peak in Tibet and back down. I've also pioneered a bunch of routes in the Himalayas. There was a time where I was on the edge of the sport trying to help it move forward. Now, I am in my mid-50s, so I'm more of a recreational mountaineer. If it were running, instead of winning marathons, I'm now in the 3-hour, 30-minute pack. I'm loving it, and that's the fun thing about climbing. Even if your body starts to break down, you can still go out and have a great time by choosing peaks of lesser difficulty.

Base Camp

C.I. - When and how did Earth Treks come to be? And, please describe the concept of a pure rock climbing gym.

CW - When I started the company back in 1990, there were no commercial rock climbing gyms. We started as an outdoor climbing school, thus the name. We were taking people on treks and expeditions around the world. In total, the company led over 250 international trips, from the Himalayas in Asia to the Alps in Europe. In 1995, I was guiding a client on *Mount McKinley*, which is the tallest mountain in North America. We set up a camp at 14,000 feet, and a blizzard rolled in, trapping us for six days. The winds were raging, the snow kept building up, and every couple of hours, you had to get out of the tent to dig the snow out to prevent it from being collapsed. When you're trapped like that, the first day is okay. The second day gets a little itchy. By the third day, you're ready to lose your mind. We read every book we had, we memorized the ingredients of Fig Newtons, and we were so bored.

My client, a real estate developer, was worth about a billion dollars. We started talking about business, and I told him that I always wanted to open a climbing gym. He said, 'Alright, let's talk about this,' and the only paper we had was toilet paper. So, we got out a sharpie marker, literally wrote the projections for the business on toilet paper and shoved it all into a Zip-lock bag. On the sixth day, we are going crazy, and he said, 'If you get me off this mountain alive, I'll lend you the money to open a climbing gym.' Within hours, the snow stopped, the sun came out and I got him off the peak.

I took the toilet paper home and turned it into an Excel spreadsheet. This was the old days, so I faxed it to him, and fifteen minutes later, he called to ask, 'Where do you want me to send the money?' It took a while to find a building, but we opened that first gym in January of 1997.

C.I. - That is unbelievable! Cocktail napkins, eat your heart out! You now have almost a dozen locations spread across five distant regions (Maryland, Virginia, Colorado, California and Oregon). Which location was your original?

CW - That was our Columbia, Maryland location. We originally leased 5,000 square feet, and we just shut that original location down to open a 40,000 square-foot facility in the same building. That gives you an idea of the scale. Back then, we didn't think we could fill 5,000 square feet. Now, we are literally building a gym in Denver, Colorado that will be 53,000 square feet and the largest indoor climbing gym in the United States, so we don't yet know how big we can build these things.

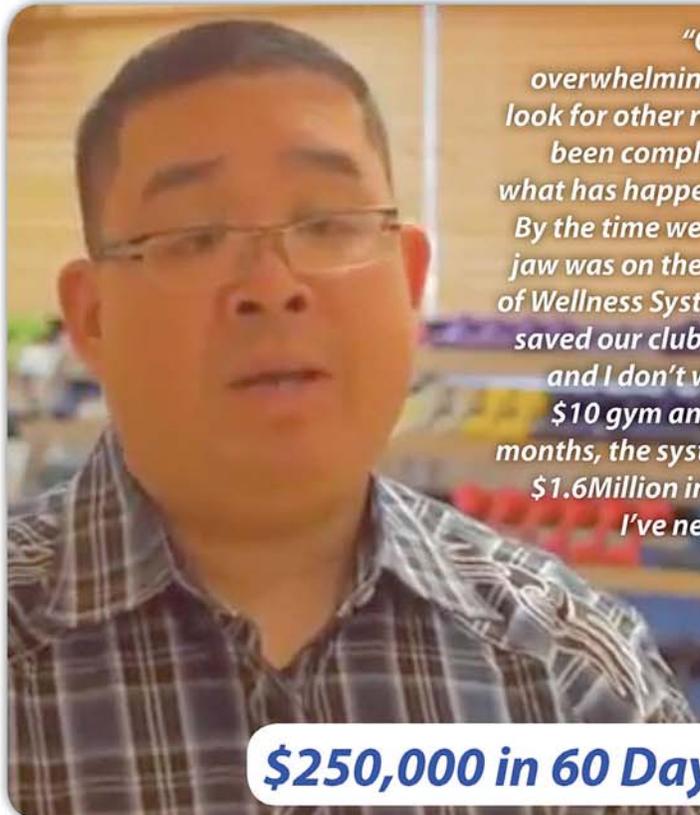
Initially, we were only successful because we had so few needs. We didn't need much salary; we just needed an excuse to go climbing and not get a real job (laughing). Really, though, things started to turn in the late '90s and early 2000s (See *Chris Warner/Earth Treks Page 12*)



Chris Warner Climbing Above the Clouds

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...Chris Warner/Earth Treks

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because suburbia found climbing. A lot of times, people think about birthday parties and climbing gyms. Well, the birthday parties saved the climbing gym. Then, all of those kids who went climbing for their eighth birthday party grew up and became our customers and our staff.

Today, the revenue model of the climbing gym is so different than it was 15 years ago. Now, membership is a much higher percentage of our income than it used to be. Birthday parties used to keep us alive, but now, they are less than 5% of our total income. We really just stood in the same place for a long time, and customers eventually found us. Then, customers got more excited by it, and they allowed us to keep experimenting and growing. Their enthusiasm created more customers. By sharing our passion for climbing, we've been picked up and carried along by an incredible wave. That wave hasn't just propelled our business; everyone in our field is doing better than they could have imagined.

C.I. - That's a wonderful thing. I also think it's a byproduct of where the industry is today. As good as the traditional health club experience has become, many people still want to experience the niche offerings: your climbing gyms, boxing gyms, and I was even talking to a gentleman on a plane recently who has an indoor skiing facility. There are some incredible things out there that can give people a truly unique experience.

CW - I've been an athlete my whole life, so I've been a customer of the fitness industry forever. In a traditional health club, you go in and work out alone. Yes, you might take a group class, but you can be a customer of a health club for years, and they might not know your name. Climbing, by its very nature, is partnership-based, and right

away, it creates a sense of community. You're talking to your partner the entire time you're working out. Then, all of a sudden, everyone is talking. There is a sense of community created in a climbing gym that is rare. Obviously, it's one of the things that makes CrossFit so popular. I believe it is what the boutique fitness industry has done such a good job of, and people have noticed. In climbing, partnership, as a core value, is built into the sport.

C.I. - When researching for this story, I saw that *Partnership* is the first thing you list as a core value.

CW - Yes, without a trusting and caring partner, you'd be dead pretty quick.

Acclimatization

C.I. - Since that time, please tell us about the expansion of Earth Treks. First, how were the locations across your various geographic areas (Maryland, Virginia, Colorado, California and Oregon) selected?

CW - Today, we have the two companies that were merged together, *Earth Treks* and *Planet Granite*, but the story is the same for both of them. Really, where we lived, as its founders, was where we wanted to open gyms. I was living in Maryland and was part of the team that started *Outward Bound of Maryland* in the mid-80s. Living in Maryland, it made sense to open a climbing gym in Maryland, so that's why we started there. Then, we expanded in that region. Same thing for **Micky Lloyd**, who started *Planet Granite* while living in the Bay area. Then, in 2010, my family and I moved to Colorado, and we needed a climbing gym. I wanted to open a climbing gym within ten minutes of my house, so I bought a piece of land and opened a climbing gym (laughing).

Now, we are in a different stage of growing the business. We are looking at underserved cities or just unique, fun places to be, and that's where we are expanding right now. We opened our tenth



Earth Treks - Golden, Colorado

facility a few weeks ago, and we have our eleventh facility that will open sometime this month. That is the one in Denver that will be the largest in the United States. And, we have at least five new cities that we are going into in the next year and a half, so we are growing fast.

C.I. - How did you attract the private equity backing you now have for expansion?

CW - Forever, we grew organically. Now, it is with the financial and intellectual help of private equity. Really, it was so obvious that the opportunity for a national rollout existed. Someone was going to do it, and we were in a good position to be the group to do it. We partnered with **Tengram Capital Partners**, and the reason we did that was to grow a national brand.

C.I. - Please describe your typical facility, now and in the future.

CW - All of our facilities include climbing, functional fitness and Yoga. For example, in Denver there will be 9,000 square feet of fitness. This will include things you would see at a typical health and fitness club facility, although we don't have selectorized

machines. Our clientele is more functional, so they'd rather swing a kettlebell or do Olympic lifting than sit on a machine. We offer that diversity because our members are varied when it comes to sports. They want to do Yoga, they want to do a kettlebell workout, and they want to go climbing or bouldering. On the weekends, they want to ride their bikes or go skiing. Our members are typically younger and more athletic than that of a traditional health fitness facility.

C.I. - Please tell us about some of your other amenities and finishes.

CW - Probably the most important thing I ever learned from IHRSA was a statistic about the rate of membership renewal based on the cleanliness of the bathrooms. To me, that was very eye-opening. The most important dollar you spend is on the bathroom, so we have really nice locker rooms (laughing). You can imagine that, for a bunch of dirty climbers, most old climbing gyms wouldn't have things like showers, and they might not even have toilet paper. So, all of a sudden, we are building nice, clean gyms, and our members are ecstatic saying things like, 'This is nicer than my bathroom at home!' We truly believe in high-end finishes.

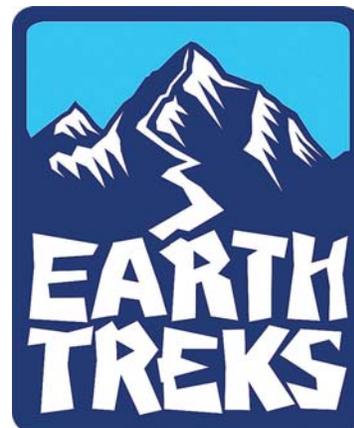
The other thing is that the climbing walls themselves are sculptures. They are pieces of art. You create these environments that are so attractive for people. The psyche of space and color is important, and we are able to create a very fun and inspiring place for people to gather.

C.I. - Besides the niche of climbing, of course, what are your key market differentiators?

CW - We have incredibly successful pro shops. For most manufacturers in the climbing equipment industry, we are one of the top retailers for them in the country. Our member comes to the gym; obviously, (See *Chris Warner/Earth Treks Page 14*)



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...Chris Warner/Earth Treks

continued from page 12

they are paying their dues, but they are also buying their equipment from us. So, it's a one-stop climbing shop. Retail is really fun because there is a lot of opportunity to experiment and see how far you can push things. What can you sell in your facilities?

I remember the old statistic in fitness was that, if your revenue is 80% membership and 20% other things, you were very successful. In our industry, we have great success selling day passes, which is harder for a regular health club to sell. And, we have strong income from education and retail, so it's a very diversified income stream. Putting the finance hat on, when we began our talks with private equity, there was a tremendous amount of interest in both our recurring and diversified income streams.

C.I. - How do you go about attracting novices and keeping them coming back?

CW - There are a lot of barriers to entry into climbing. You might be afraid of heights, you might not have a partner, there might be skills you need to learn, etc. If you go in and walk on a treadmill, you learned that as a one-year-old, but to climb, you've got to learn knots and equipment... So, it's really about how you bring people into the sport. The first experience is absolutely crucial to their continued participation. We sat down and looked at all the barriers to entry and developed programming that addressed those issues. The single most important thing for people when they go climbing the first time is a sense of success, a sense of mastery. If you can give them mastery of the knots they are tying or the success of getting to the top of the wall through creating good teaching areas and putting good routes in those teaching areas, you give people a sense of success. And, success is addictive.

We also pride ourselves on our

customer service. I absolutely love our staff. They are truly amazing people. Our customers have amazing guides at their sides and are put into an environment that is fraught with risk (in their mind), and with the help of their guide, they reach the summit. The hero's journey is a powerful metaphor people experience on an indoor climbing wall. If you guide people through that experience, they are going to come back, and they do. We teach tens of thousands of people every year how to climb. Our approach to member retention is really simple. We just did what we loved, were addicted to it for a reason, then other people did it, and they got addicted to it for the same reason. Then, all of us get to hang around together with the same obsession.

C.I. - What activities do you offer besides indoor climbing and some of the others you mentioned? Do you still do the outdoor climbing and treks?

CW - We've been teaching outdoor climbing since 1990 on the rocks near our gyms. However, in 2015, we did decide to shut down the international guide service after 25 years because we wanted to focus on growing the gyms nationally. But, we certainly haven't stopped going on exotic international climbing trips. I spent the entire Spring climbing in Nepal.

C.I. - In what ways do you compete against clubs that do feature substantial climbing walls?

CW - There's actually many health clubs that include climbing walls. Life Time Fitness is a perfect example, as well as regional recreational centers, schools, etc. Obviously, I will be a little biased here, but the real difference is that it takes a community of climbers to turn a plywood wall with plastic holds on it into a climbing gym. It's not just the climbing walls, it's the people in the community who make the difference. Less than a quarter mile from our gym in Columbia, Maryland, Life

Time came in and built a 9,000 square-foot climbing wall, which is quite big. At the time, it was half the size of our wall, but it was brand new, and we thought they were just going to eat our lunch. To tell you the truth, it ended up feeding our business. They created a sense of interest, and we were able to satisfy it. That being said, I am a true admirer of Life Time Fitness. They've done a great job in the endurance athlete industry (I've raced the Leadville 100 mountain bike race several times). It's great to see how they have built their business.

C.I. - In what ways does your company connect with and give back to the community?

CW - We have a really active giveback program, which has been central to both Earth Treks and Planet Granite since their founding. There are multiple levels of this. The first thing is that I believe *charity begins at home*. When you have hundreds of employees, there is always someone in need inside of your own community, so we find lots of different ways to make sure we are giving back to our own. Obviously, we also give back to the climbing community and then the greater community. At some level, we are involved in every major climbing non-profit in the country. We are also involved in a lot of the outdoor education organizations. I'm on the Board of the Colorado Outward Bound School, which takes kids out into the woods and gives them life-enriching experiences. It's core to who we are: *Getting lost in the woods is how you find yourself*. Adventure is essential to our growth as people. We feel a tremendous sense of responsibility for the non-profits who are fighting things like land access issues and education issues within the sport of climbing.

For many years, we've been a big partner with various cancer fundraising organizations. We raised over \$1 million for cancer research by taking groups of people who had raised money to climb mountains like Kilimanjaro or Cotopaxi.

You can't imagine how emotive it is to take a cancer survivor or someone who just lost a family member from cancer to the summit of Kilimanjaro. Holy cow. Originally, in mountaineering, you weren't allowed to cry. It's cold up there, so the tears start freezing (laughing)!

Giving back is central to who we are. I grew up in the non-profit community, so it has always been easy to get involved. The fun thing about philanthropy is that there are a lot of ways to add value to these organizations than just cash. We serve on committees, we create interest in activities by getting our members excited about what they are trying to do, etc., so there are tons of ways that we give back.

The Summit and Respect

C.I. - Where do you see Earth Treks/Planet Granite in 3 - 5 years?

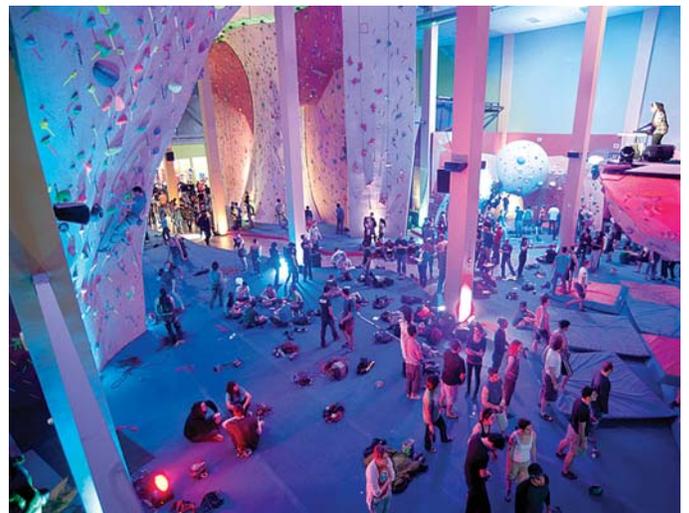
CW - Within five years, we should have 25 units, spread across the country. The plan is to seed different metropolitan areas with a gym or two and then position them so we can build out the region. For example, in the D.C. area, we now have five gyms, and in the San Francisco area, we have three.

C.I. - How about climbing in general, whether indoors or in the wild?

CW - Climbing is an explosive sport, but it's about to get even crazier because, at the 2020 Olympics in Tokyo, it will be an Olympic sport for the first time. If you look at impact, most sports have a massive surge in popularity after the Olympics, and we are expecting a big surge in climbing. The funny part about climbing is that the industry is really run by a small gang of us who grew up in a completely different era. I'm in my mid-50s, and I am on the young end of leadership in climbing. I am super excited about my generation handing the torch off to the next generation because I think they are going to see climbing in a (See [Chris Warner/Earth Treks Page 15](#))



Community at Earth Treks - Crystal City, Virginia



Earth Treks Expansion Event - Rockville, Maryland

...Chris Warner/Earth Treks

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way that we can't see because we have our own romantic vision of what it's about. It's going to be really cool when the kids who are currently in their 20s run this industry.

C.I. - Who are some of your key team members, and what are their job titles/responsibilities?
CW - **Robert Cohen** is the CEO. He came to us after 15 years at *Patagonia*, which is the largest clothing company within the outdoor space. They have over \$1 billion of sales, and he ran all of *Patagonia's* retail operations. He came to us after having opened and run about 80 of their stores. I just serve on the Board now, which is great because, in the last three days, I've probably spent 20 hours exercising.

Under Robert, we have a bunch of the old guard from both Earth Treks and Planet Granite, and they are the industry experts. **Renee DeAngelis** is the COO; **Chris Jenkins** is the CFO; **Scot Heidtman** builds our gyms; and **Charlotte Bosley**, a former World Cup athlete, runs our marketing and retail teams. The cool part is that these people have been with the companies for 12 - 22 years. Because of their passion for the sport and their vision for this industry, they are leading a team of nearly 1,000 employees that serve 2 million customers each year.

C.I. - What have you and Earth Treks gained from IHRSA Membership?
CW - We have really benefitted from going to the trade shows. We've sent dozens of staff to the trade shows over the years, learning about new gear and new ideas. We've always been addicted to the reports IHRSA puts out. When we started this business, there was nowhere to look for advice, and we turned to the health and fitness club industry to guide us. So, we have been a voracious consumer of all the

stuff that comes out. And, the more that we learn from the health and fitness club industry, the more successful we become.

C.I. - Please tell us about some of your key mentors over the years.

CW - My 'consigliere,' and the man who has really taught me the most about business is **Joe DeFrancis**. He used to own the *Pimlico Race Track* where the Preakness, part of the Triple Crown series, is held. He's owned two race tracks, and he was a brilliant lawyer as well. He is the guy whom I have probably spent the most time wrestling business challenges with. In the early days, **Kevin Maloney**, the climbing client who lent me money for the first gym, was obviously a real estate expert, and I was glued to his hip every day. We are still very close friends. Certainly, my lawyer, **Brian Sheehan**, has been the most amazing guide for me through multiple challenges. I would literally be nowhere without people who took me under their wing. When you guide peaks like Everest, you create tight bonds with your clients. These clients have been there for me in different ways, guiding me through the ups and downs of business. I've been extremely privileged to have excellent people who have shared an immense amount of wisdom with me.

C.I. - To close this interview, can you please share any advice you can offer to a person in one of these industries as they move forward with their life and career?

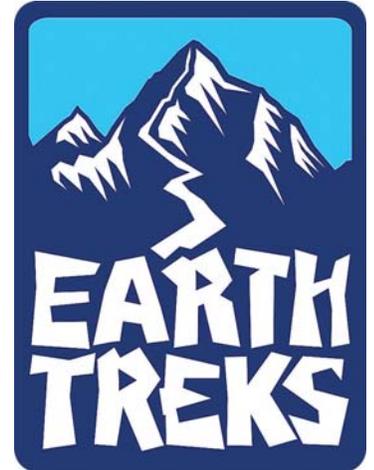
CW - We have a saying in mountaineering: *'Don't reach the peak but miss the point.'* The point of the fitness industry is to enrich people's lives. We'll reach a whole bunch of summits once we learn how to help our staff and our customers be the very best versions of themselves.



Thank you to **Chris Warner** for his

time interviewing for this story. Thank you also to **Tori Barnett** for her assistance with photos and graphics. Finally, thank you, **our readers**, for taking the time out of your busy schedules to read **Club Insider!**

(Justin Cates is the Assistant Publisher of Club Insider and grew up in the health and fitness club industry. Justin was born into a club business family in 1985, and from the age of eight, he spent his non-school and sports hours in a home that doubled as Club Insider Headquarters. He has lived and breathed this industry for 33 years, since his own day one. Cates graduated from the Terry College of Business at The University of Georgia in 2007 and then went on to two years at The Art Institute of Atlanta, where he studied Interactive Media Design. Now, he is an integral part of the "Story" of Norm Cates and Club Insider. Justin can be reached by phone at 423-314-4310 or email at Justin@clubinsideronline.com)



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Balancing What You Have the Right to Do With What is Right to Do

By: Stephen Tharrett & Mark Williamson

Prologue

Achieving and sustaining business success in the fitness or private club business has never been more daunting. Today's competition is intense, with consumers and members having more choices than ever before. In this ocean of hyper-competition, it is understandable that owners and operators might misconstrue good business ethics in an effort to sustain membership sales, maximize share of member wallet and reduce the risk of member defection and resignation. While misconstruing good business ethics may not seem damaging, especially when the short-term outcomes of such behavior may generate temporary success, the long-term consequences could be devastating. The following quote frames it best, *"Doing the right thing doesn't always bring success, but compromising ethics almost always leads to failure."*

In this article, we will explore the often-hazy domain of ethics with particular emphasis on what we feel may be some club industry-based cultural practices that blur the line between doing the RIGHT thing from an ethical perspective and doing the RIGHT thing to ensure business viability.

What Are Business Ethics?

The ethics of a business or an industry are a reflection of its culture, or as Michael Conner of *Business Ethics Magazine.com* said, *"A code of ethics is about corporate culture."* Most industry leaders would say that the ethical principles of its industry and organization represent the moral compass that guides decision making, as well as the manner in which they act on those decisions. The ethics of a business or industry are the ground rules they adhere to when interacting with employees, customers, suppliers and the marketplace. Some would say that the ethics of a business or industry are reflective of how an organization's people act when they don't think anyone is really paying attention, a form of mirror test for the soul of the company.

The ethical policies and practices of any business, including fitness clubs and private clubs, are reflective of several intertwining forces, among them the *Laws of the land, the cultural norms of a society, the personal values of the leader, and finally, the culture of the business.* Each of these elements helps to shape the ethics of a particular business, what we would call its code of ethics or code of conduct. These four elements don't necessarily have equal

leverage in terms of shaping a business's ethical practices. For example, while the legal regulations and laws of a particular jurisdiction speak to the legality of a particular practice, they don't always speak to what is right in respect to how people should be treated.

A great example of this would be regulations governing the use of automated external defibrillators (AEDs) in a fitness facility. Only 11 states legally require fitness facilities (commercial clubs, private clubs and studios) to incorporate an AED into their practice, but if you conduct business in one of the 39 states where it's not law, does that mean you don't have to do it? Legally, you wouldn't have to, but the question would be, as a fitness operator, *"Is having an AED the RIGHT thing to do for your members?"* Another example of how these elements can conflict when it comes to developing a club's code of ethics would be a fitness club franchise that operates businesses in two countries, one where society says bribery is acceptable and another where it is not. Does the operator adapt the ethical code based on the country they are doing business in, or do they maintain a consistent ethical standard in respect to bribery? As these two examples show, creating a code of ethics for a business isn't easy, especially when you factor in the aforementioned elements.

What most organizations don't realize is that people often judge a business more by their code of ethics than by the quality of their product or the price paid for that product. If, for example, you are not transparent or honest in respect to your club's pricing policies with a member, chances are it will come back to haunt you. What if you treated certain demographic groups of employees differently than others? Do you think this wouldn't have an impact on your reputation? The point behind each of these examples is to show the profound impact a business' ethical practices can have in shaping its relationship with each of its stakeholder groups, often in ways far more impactful than just the quality of the business' product offering.

Robert Noyce, a legend in Silicon Valley, was once quoted as saying, *"If ethics are poor at the top, that behavior is copied down through the organization."* This quote speaks to how important it is for club leaders to set the ethical tone for their business, even if it is seen as going against what other businesses in the industry do. For as much as business ethics are policies and practices organizations codify, what they are more than anything else is the ethical shadow left by leaders on a daily basis.



Stephen Tharrett



Mark Williamson

What are Some Common Ethical Themes a Fitness Club Operator Should Consider?

Now that we've framed what business ethics are, what influences them and why they are important, it's time to evaluate what themes a club operator might consider when developing its code of ethics. *We want to be clear that there is no one set of clearly-defined ethical principles that club operators should adopt.* The ethical principles that a club operator adopts should be personalized based on the previously highlighted elements. Some club operators might place greater emphasis on their personal values than the cultural norms of the local community or laws of the land, while others may only see the need to abide by the laws of the land, shunning the other three elements. Let's take a look at a few ethical themes and how they might play out for a fitness club:

Transparency - If a club decided to adopt policies and practices around transparency, it would likely mean not hiding anything (e.g., information, policies, pricing, etc.) from its employees and members. This means cancellation policies would be clear up front, not buried on page ten of the membership contract in a small font. It would mean that the price quoted a client is the real price, not an attempt at a bait and switch. It would mean that offering a Par-Q to all new members was handled upfront, not buried on page five of the membership agreement. It would mean that employees or members would not discover something unexpected because it had not been previously brought to their attention.

Fairness - Let's say a club feels one of its ethical themes should be framed around fairness. This might be inferred by employees to mean that all employees,

no matter their ethnicity, gender or beliefs, would be treated equally (e.g., equal pay for equal work). For clients, this might be seen as meaning that all clients would receive an equal level of care and attention. For example, in many clubs, only members who purchase personal training at point-of-sale receive coaching and guidance, yet every new member has paid an initiation fee and committed to a 12-month contract.

Integrity - If one of your club's ethical principles was grounded in integrity, this would mean you do what you say; you keep your promises. For example, if you communicate to all members that they will get results, and you will be there to support them, then you better make sure you are always available to help, and just as importantly, able to help each achieve results.

Accountability - If, for example, a club set forth as one of its ethical principles to take accountability for its words and actions, it would mean every employee takes accountability for their actions and the outcomes of those actions. Finger pointing and blaming would not be condoned in a club whose code of ethics was built on accountability.

The four themes brought forward represent a very small sample of possible themes fitness or private club operators could choose from to build their code of ethics. The following are some of the overarching categories and sub-categories addressed in the code of ethics for Starbucks:

Workplace Environment - How we treat one another, how we treat customers, diversity and more.

(See *Club Business Ethics* Page 19)

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Business Practices - Compliance with laws and regulations, sales practices, conflicts of interest, gifts and entertainment, etc.

Intellectual Property and Proprietary Information - Confidential information, use and retention of company records, etc.

Experts in the field of business ethics say that an organization's ethical principles or code of ethics can't be too vague, or they will leave too much decision making and acting to personal interpretation. At the same time, these ethical principles can't be so detailed that people lose sight of the *why* while trying to memorize how to.

Conflicts That Can Exist Between What You Have the Right to Do and What is Right to Do

Potter Stewart, a former Supreme Court Justice said of ethics, "*Ethics is knowing the difference between what you have the right to do and what is right to do.*" This quote perfectly frames what most often derails organizations, including clubs, from acting ethically, the eternal struggle behind what we believe we have the RIGHT

as a business to do and what is actually RIGHT to do by our customers, employees and investors. In this section, we will use examples that bring forward this battle of RIGHTS. What businesses have the RIGHT to do and what is RIGHT to do can often create problems for an organization.

Automatic Membership Renewal - Presently, most, if not all states, do not prohibit a fitness business from selling membership agreements with automatic renewal clauses. In 2017, the industry saw a dramatic increase in the number of state level bills seeking to place restrictions on automatic renewal of membership contracts, including those involving health clubs. IHRSA's Public Policy team has defended this right of clubs to incorporate auto-renewal in their membership agreements, since it is seen as essential to preserving the financial viability of a fitness facility. As a result, every fitness business has the right to choose whether it wants to shackle its clients to a contract that will automatically renew unless the client takes action, something we know clients are not predisposed to do without regular reminders. Now, what is RIGHT? Most customers despise an auto renewal agreement; they want the right to choose for themselves. We believe that the vast majority of members would prefer a club

not use automatic renewal practices. In this case, depending upon the ethics of the particular business, the RIGHT to do and what is RIGHT to do, may or may not conflict. If the club business places a priority on generating cash flow over respect for the customer, then there is no conflict. If instead, the club's ethics speak to respecting the member and not using deceitful practices, then there is a conflict, and the businesses' code of ethics must define the decision-making framework.

Public Access Defibrillation (PAD) - In 11 states, a fitness facility (can be a commercial or private fitness facility) is required by law to incorporate a PAD program with an AED. This is what they have the RIGHT to do. We would propose it is also the RIGHT thing to do, since having a PAD program in place can save lives, and we are in the business of helping people achieve a healthier, more fit life. In this instance, the RIGHT to do and what is RIGHT to do align. In the 39 states with no laws requiring PAD in a fitness facility, all that exists is a national standard. In this case, fitness facilities have the legal RIGHT to not incorporate a PAD program. Yet, we would propose it is the RIGHT thing to do for the reasons already stated. In these states, there is a conflict between what they have the RIGHT to do and what is RIGHT to do. Consequently, a club's code

of conduct or code of ethics must become the guiding light. Since approximately 40% of U.S. fitness facilities don't have a PAD program, it would appear the letter of the law takes precedent over what is RIGHT to do.

Pre-activity Screening of Members - Across the 50 states, there is no law or regulation that requires a fitness facility to offer a new or existing client a pre-activity screening. There does happen to be a national standard set forth by the *American College of Sports Medicine* that says all clients of a fitness business should be offered a pre-activity screening. Furthermore, this standard provides options for how the pre-activity screening should be administered. As a result, a fitness facility has the RIGHT to determine whether it should offer its members a pre-activity screening, and if it does offer one, how it should be presented to the client. On the flip side, we believe offering every client a pre-activity screening is the RIGHT thing to do since it helps members make an informed decision regarding their exercise program. In this instance, there is considerable potential for ethical conflict, both in regards to offering a pre-activity screening and how it will be offered (e.g., transparently or not). By establishing a code of ethics, a conflict (See *Club Business Ethics* Page 21)

Complying With the Telephone Consumer Protection Act and Avoiding TCPA Lawsuits

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

Congress passed the Telephone Consumer Protection Act (TCPA) in 1991. The TCPA was subsequently signed into law by President George H. W. Bush as Public Law 102-243. This law was designed to limit telephone solicitations, including those involving automated dialing systems,

fax machines, artificial or pre-recorded messages and text messages during a time when telephone landlines were the predominant form of communication and when many consumers were being exposed to unsolicited calls from telemarketers at nearly all hours of the day and night.

Now that consumers have largely moved away from utilizing landlines to

relying on their mobile devices, many businesses naturally communicate with their customers largely through these wireless devices. This technological shift has contributed to the increasing number of TCPA compliance issues for many organizations. In fact, it has been reported that TCPA lawsuits increased an incredible 1,298% between 2010 and 2016! Given that a single violation can range from \$500 to \$1,500, and that the fine for a single violation can then be multiplied when the violation is repeated, maintaining compliance with the TCPA is absolutely critical.

Many of the key players within the health and fitness club industry have been hit hard by TCPA lawsuits and have presumably ramped up their TCPA compliance efforts. For those clubs that have not taken such steps towards TCPA compliance, there is no better time than the present to be proactive on this front. The following will provide some suggestions in this regard. **However, this article is not intended as legal advice. Please consult an attorney for specific direction when undertaking TCPA compliance efforts.**

First and foremost, health club owners and operators must obtain express written consent from clients and prospects to be contacted for marketing purposes. Whether or not a prior business relationship exists, written consent is required for automated calls, pre-recorded messages or texts to be sent to a mobile device. Pre-recorded messages to a landline for marketing purposes are also prohibited without prior consent.

When pre-recorded messages are utilized, the company behind the call must be clearly identified at the beginning of the message, and a telephone number where the company can be contacted must be provided. Consumers who are contacted for promotional purposes must also be given the option to opt-out from these communications at any time. Any automated promotional messages that result in the consumer incurring any costs for these messages without prior express written consent are also prohibited by the TCPA.

Maintain and promptly update a do-not-call list, including those consumers where express written consent has not already been obtained and including those consumers who have made requests to be removed from call lists. As previously stated, a single communication can result in multiple violations when repeated and each violation can range from \$500 for an unintentional violation to \$1,500 for a violation that is deemed willful. When you do the math in this regard, it becomes painfully clear that even a single violation can prove



Paul R. Bedard, Esquire

to be incredibly costly. When you analyze this potential financial exposure across thousands of consumers, it also becomes self-evident why TCPA settlement amounts have rapidly climbed into the millions within the health club industry.

Finally, monitor TCPA legal developments and consult counsel to ensure ongoing compliance with the law in its current state as well as compliance with the law as applied to the latest communication technologies. Develop and maintain written policies and procedures, and consistently train employees in this regard. Document these ongoing training efforts. Internally audit and monitor any and all promotional or marketing efforts subject to TCPA enforcement and implement reporting mechanisms for any potential compliance concerns. Maintaining compliance with the TCPA is essential in order to avoid involvement within an area of litigation that has skyrocketed in volume in recent years.

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

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like this can easily be addressed.

Cancellation Policies - Most states have laws in place governing the selling and the cancellation of memberships. The majority of these laws mandate that membership contracts provide the prospect with clear instructions regarding their right to cancel. In many instances, the laws require the wording be in a larger font, be all capital letters or appear in bold face font. None of these laws stipulates that, when the facility enrolls a new member, it must verbally share the clause with the member; nor do the laws stipulate where in the contract the clause must be located. Now, what is RIGHT? Many clubs bury the clause within the contract, and sales people are encouraged not to share the clause with the prospect unless explicitly asked to. We believe that the vast majority of members would prefer a club put the clause front and center, including communicating it verbally, rather than hiding it deep in the contract. In this case, depending upon the ethics of the particular business, the RIGHT to do and what is RIGHT to do, may or may not conflict.

Accepting and Giving Gifts and Cash

There is no law that sets forth what type of gift or the size of a gift an employee can accept from a client or supplier, even if it's known that the gift is intended to garner a favor (e.g., bribe to gain a discount on a training package, have the club purchase equipment from a certain vendor or get a building permit for a renovation approved). In essence, without a code of ethics, an employee has the right to accept or make a bribe. Most business owners realize that giving and taking bribes is not the RIGHT thing to do. Without a clearly-defined ethical policy that speaks to the topic of gifting, serious bribery related issues could arise.

As the aforementioned examples demonstrate, there will frequently be a conflict between what a business has a RIGHT to do and what is actually the RIGHT thing to do. The only way to avoid these conflicts is to have a code of ethics or code of conduct that speaks to the ethical framework for how every decision and action in the business takes place.

Policies and Practices Where a Code of Ethics is Essential

As the quote from Michael Conner at the beginning of this article indicated, your code of ethics is representative of your culture. Your culture, in turn, is representative of your club's brand, or as Tony Hsieh, Founder of Zappos said, "*Your culture is your brand. Your brand is your culture.*" From this, we can infer that your code of ethics speaks to your brand, which means your club's code of ethics will frame

how employees, members and consumers view you. If you want your brand to be perceived as a great one, you need to have a code of ethics that clearly defines your moral compass and how your business will make decisions, then act on them. Consequently, a fitness club seeking to create a code of ethics or code of conduct might consider some of the following issues:

Accepting and Giving of Gifts or Cash (Bribery) - It is essential to establish ethical statements in respect to this topic.

Conflicts of Interest - It is important to have a guideline that defines what represents a potential conflict of interest and how it should be addressed. For example, is having staff work for nearby competitors a conflict of interest? Is having an employee also working for a supplier a conflict of interest?

Staff Relationships - While it may seem innocent, one of the great pitfalls for many small businesses results from not having a statement in their code of ethics that addresses the issue of romantic or intimate relationships between staff but also between staff and members. The failure to address this can lead to conflicts of interest, as well as issues involving fairness.

Harassment of Staff and/or Members - Despite laws of the land intended to prevent such behavior, bullying or harassment can become an ugly issue for a club, and consequently, the need to have a statement to reflect ownership's position on this.

Fairness - For clubs, it is essential to clarify what levels of fairness will be applied in dealing with staff and members. People need to understand how the business addresses dealing with issues that might be perceived by staff or members as being unfair. This ethical stance might also address fairness when it comes to opportunities for staff (a problem we see in many organizations).

Issues Involving Member Records

What levels of confidentiality and privacy do you expect when it comes to dealing with the training and health records of members? Now that many clubs store member information in the cloud and use cloud-based CRM platforms, privacy issues become even trickier, hence the recent General Data Protection Regulation enacted by the European Union.

Social Media Communications - In today's highly-charged social media environment, every club should have ethical policies that address what employees can and can't say or share about the business in social media. In June 2018, a CrossFit executive was fired as a result of misguided comments made on social media. In this instance, the company's ethical standards were broken and the executive paid the price.

The previous list of topics that could be addressed in a fitness club's code of ethics is not all inclusive. As stated earlier, the code of ethics should speak to what the fitness club defines as doing business the RIGHT way and what boundaries its staff is not allowed to cross.

Final Thoughts

In order to have a thriving business, one that staff and members can take pride in and are passionate fans of, requires a commitment to putting in place a code of ethics. This code of ethics must become

the moral compass for how the business treats every individual it interacts with, from employees to members to residents in the community. This code of ethics needn't be extensive, but it needs to be clear, and in doing so, frame your culture and what you stand for. Remember, what is legally required is not always ethically required, so the question you have to ask yourself is simply, "*What would I want and expect?*" (Steve Tharrett and Mark Williamson are Principals of ClubIntel, a Dallas, Texas-based club business consulting firm. Steve and Mark can be reached at stevet@club-intel.com and markw@club-intel.com.)

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Employee Recognition and Rewards

By: **Melissa Knowles**

Publisher's Note: At press time, Melissa and her husband are expecting their first baby to arrive any day now. So, it's with great excitement and anticipation for all three of them that we wish them the best and say God Bless you Melissa and your growing Family!

**Part I
Millennials Are Accustomed to
Attention and Praise!**

"Millennials are accustomed to attention and praise from their earliest days and expect regular affirmation in the workplace. They are also prepared to switch jobs earlier and more frequently than previous generations, so employers need to

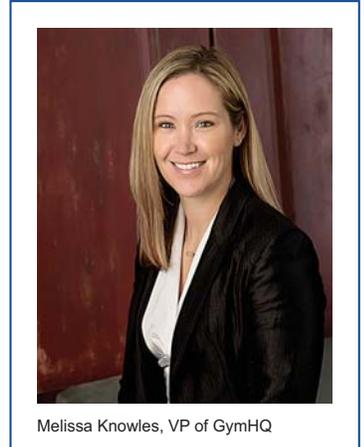
take particular steps to maintain Millennial engagement," said Rodney Mason, GVP of Marketing with Blackhawk Engagement Solutions, an international incentives and engagement company.

Remember when continued employment and a steady paycheck was enough of a reward for a job well done? If you replied, "No," there's a good chance you were born after 1982. If you're shaking your head and proclaiming, "Hear, hear! Those were the good old days," you've got the *old* right in that statement. In 2015, Millennials made up over 75% of the workforce. Take a look at your workforce and understand that recognition must go beyond a paycheck nowadays!

Millennials don't just expect recognition, they demand it. Work environments devoid of pathways for praise will find themselves with a revolving door. Millennials move more often than Gen Xers or Baby Boomers. If retention matters to your business, recognition should matter to you. Your goal should be to slow down their pattern of switching jobs, show them a road to growth and ensure that road is littered with countless opportunities for small successes. Like it or not, this is your team, and what matters is getting the most and best out of them, participation trophies and all!

Now that we've acknowledged that recognition is essential, you're likely wondering, "Where do I start?" I'm glad you asked. This article is written in three parts about Employee Recognition and Rewards. As this part's title suggests, we're going to start with a star. This simple system allows your entire staff to participate quickly and inexpensively in peer-to-peer and supervisor-to-staff recognition. It's something we do here at GYM HQ.

■ Start with a clipart-created star form. You can see the one we use in the picture **Below**. It was delivered through my



Melissa Knowles, VP of GymHQ

doorway anonymously via paper airplane, a pretty sneaky delivery method with a note that brightened my afternoon.

■ Explain the program to your staff and encourage them to give out as many stars as they'd like. They can give them to helpful teammates, overachievers, cheerleaders or consistent performers. What matters is they give them.

■ Place the star forms in an accessible area, like your breakroom and keep the stack stocked.

■ Ask your managers to champion the process by getting some stars out early.

■ Encourage your team to display their stars at their desks/cubes, on their lockers or on your club bulletin board.

■ Hold a monthly meeting where stars are shared with the entire group. We have a PowerPoint presentation on loop in our breakroom with the stars from the previous month included amongst the latest in news and announcements. This allows team members across all departments to see what their teammates are achieving.

■ Give prizes! We do a monthly drawing. Every five stars turned in from the prior month gets a team member one ticket for our drawing. Two winners receive their choice of several prizes. Our current choices include gift cards, early leave days and longer lunches.

It's that simple: a stack of copied stars, some pixie dust from manager-driven participation to get things moving forward organically and closure with additional rewards at the end of each month, and you're off to the races with your very own recognition program!

As a closing note, we tend to (See **Melissa Knowles** Page 23)

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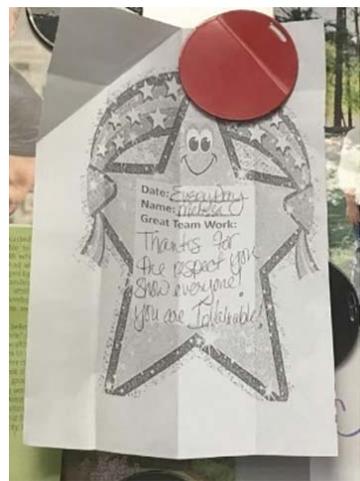




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...Melissa Knowles

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pick on millennials a lot. But admit it, EVERYONE likes to be told they're doing a great job from time-to-time, even you!

Part II

The Positive Effects of Recognition and Rewards

While installing a rewards and recognition program does take effort, it need not be overly complex or time-consuming. And, the positive effects are invaluable! Think of recognition as a communication tool which helps to reinforce the behaviors and outcomes your organization values most. It provides a pathway for you to say, "YES, that's *exactly* what we're looking for. Do *more* of that!" This is Part II about Employee Recognition and Rewards. Today, we focus on two ideas that bridge the gap between the old-school and the new. In a workplace that consists of several generations simultaneously, it's important that your program speaks to everyone!

Employee of the Month

First, the old tried and true *Employee of the Month*. The calendar naturally provides us with 12 smaller timeframes during which to measure success. Dedicate a few moments each month to recognize one outstanding team member and crown them your MVP. This team member should be recognized in front of the entire team (at a meeting or morning stand-up). Make sure to clearly outline why this person is such a vital part of what makes the company great and how their actions contributed to success during the month. Complete the recognition with a certificate and reward (bonus, gift card, prize pack, etc.). This adds a formality to the presentation and makes it feel "official." Consider a "*Wall of Fame*" to showcase the current month's MVP, as well as past superstars.

Daily Recognitions

Formal monthly appreciation is great; however, while the month flies by, don't forget to give out DAILY praise as opportunities arise! The best leaders don't make team members wait to let them know they're doing a great job. They recognize achievement as it happens. So, while you may be keeping score internally for your monthly MVP, don't forget to give frequent pats on the back when any team member exemplifies your brand ethos, hits a milestone or goes above and beyond. The *best part* about daily praise is that *it's free!*

While your younger team members will undoubtedly appreciate being recognized via the non-digital channels above, don't forget to speak to them in their language as well and hit social media.

Your Facebook, Twitter, Instagram and the company website is a great platform to broadcast "shout-outs" to a much broader audience. Hit millennials with praise where they live!

Your company homepage and blog are prime real-estate. Dedicate a portion of them to your hard-working employees. Use these areas to highlight team members and provide their backstory (accenting their passions and unique life histories). This not only allows for recognition but also showcases your valuable team to your clients and potential clients. After all, for most fitness businesses, people are the number one differentiator!

Don't forget social media! Nothing is better than watching a post on which you're featured rack up likes and shares. This will help supplement your in-person efforts and ensure everyone sees the contributions your team members are making. This is especially important if your team works in multiple locations or you have remote staff.

Part III

Employee recognition

While some of these may not be a great fit for your business model, I hope they encourage you to think creatively when contemplating a recognition program for your team.

Bonusly

Bonusly is an employee recognition software that allows employees to award points to their peers. Peer-to-peer recognition is very impactful and will likely become increasingly important as younger generations move into the workforce over the coming years. Bonusly pairs P2P with a social network platform, which is also a win with the younger elements of the workforce. Points are redeemable for gift cards and prizes from major retailers like Uber, Nike and Starbucks. A few companies using Bonusly include Hulu, Chobani, SurveyMonkey, Oracle and ZipRecruiter.

Flexible Hours

Dallas Web Design Inc. uses flexible working schedules as a way to motivate staff to become better. They claim an 80% increase in productivity! According to a 2016 *Gallup survey*, 51% of employees said they would change jobs for one that allowed them to work more flexible hours, while 37% would change jobs if they could work from where they want at least part of the time. Job seekers are demanding a flexible work environment, and if you don't offer that in 2018, you will lose talent to your competitors who are. Use this as a perk for top performers who can be trusted with remote work or handling a non-traditional schedule. Keep in mind that this may not work for all staff who must be onsite to directly interact with members/clients.

Training Responsibilities

At GYM HQ, we made our own employees subject matter experts in designing our employee training program. We asked our top performers to assist in developing our onboarding process for new hires. This practice fulfills two functions: recognizing the employees for their strengths and developing our company-wide training program. It also allows employees to be exposed to additional functions and responsibilities, which is vital for employee growth and development.

Create a Company Mascot

At Moncur, they have a biweekly employee award program where team members pass a little wooden statue they call Peggy to another member who has done outstanding work or showed incredible acumen. Being a digital and creative agency, they take it to the next level by requiring each member to dress Peggy up in a style that reflects the awardee and encouraging them to post her "adventures" on a designated Instagram channel.

(See *Melissa Knowles Page 24*)

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Contact **Bill McBride** at:

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"His approach was thorough and the implementation plan resulted in a dramatic increase in performance including, membership, personal training, member experience (NPS of 58.4%), retention, operations and net income. The team responded well to Bill's collaborative leadership approach and delivered. The result was a ten-fold increase in net income. Under his leadership, we surpassed our budget and were extremely pleased with the results he and our club teams accomplished. I highly recommend Bill as a consultant and operator."

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

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

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

Begin Preparing Now For Your Fall Marketing Campaign!

By: **Jim Thomas**

When you think of growing new leads, you are more likely to think of outside customers rather than your own members as a source of steady new leads. The members using and getting results in your gym are the flesh and blood of your brand. The actual people in your building make up your best marketing team.

The chances are that, if your members are having a positive experience and getting results, they will be the diehard ambassadors of your brand. We know word-of-mouth is still extremely relevant with millennials in the age of social media. So, how do you convert that buzz into sales? Make sure that you are communicating the right message and creating the right space for your members, so they feel compelled to share their experience.

Encourage a Status Update at the Point of Sale - For millennials, a lot of activities, including workouts, can be heavily social. We know that, when a member first joins your gym, they are fired-up and motivated. Capture that new energy and ask if they want to share a status on social media about their excitement in having just become your newest members! This does not have to be awkward or pushy. If you are sincere in sharing their excitement, they will likely be receptive. And, don't forget that you can also offer free guest passes in return for an online shout-out or share!

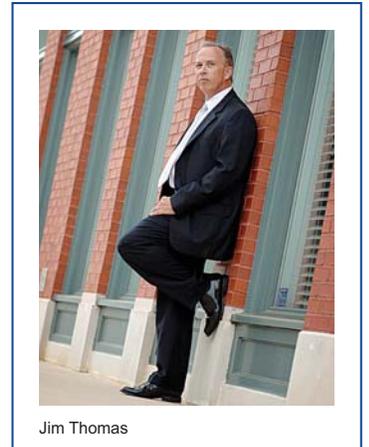
Create an Instagram Worthy Space - Is your weight area Instagram worthy? In your time at the gym, you have probably had the honor of witnessing a member taking a flex selfie in one (or all) of your mirrors. This self-indulgent practice was once frowned-upon, but it is now commonplace on social media. Why not give the members what they want? Creating a snap-friendly space does not have to be elaborate or expensive. Use a cool backdrop on an unused wall to designate a selfie space. Perhaps put a fun new piece of equipment or even cute props that you can use to celebrate a member's success or milestone. Whenever a member has reason to celebrate, "Hooray another ten pounds!" ask if you can take their photo with a prop or a staff member to share on social media. The possibilities here are endless. The point is we know that people want something visually appealing to share on social media. How are you contributing to that want?

Building Your Community - A member spotlight can be an effective way to reach out to new members and invigorate your community. Social media and other online channels will help you to reach audiences beyond your current membership. At the same time, your existing members may identify more closely with your gym, especially at large facilities where they otherwise might not know the names of other members or get to meet people who work out on a different schedule.

Reviews and Success Stories - Word-of-mouth is still one of the best ways to obtain new gym clientele. Think about this: If you have a co-worker or friend that encourages you to try something they love, you are more likely to try it. The same goes for your gym. Offer incentives such as a free class or a free month membership for writing an honest review on sites such as Google Reviews or Yelp.

Free Trials - This is by far the best way to generate business for a gym. Attach free trial coupons to flyers, brochures, local newspapers and magazines, mail-outs and coupon booklets. Let them bring a friend for free. Many would-be members are fearful about value and the intensity of the fitness environment, and they simply won't even try. A free trial will get them in the door to see what you have to offer in a low-pressure setting.

Press Releases - One final thing to increase exposure is to write and publish a press release. We use americantowns.com and prlog.org. The americantowns.com site will also submit your press release to all local newspapers. With both sites, you will now have additional online exposure, and other sites will likely pick up your release because most everyone is looking for quality content. But, here is the real secret... On your Twitter account, be sure to follow all of your local media: radio stations, television stations, newspapers, magazines, etc. Now, you want to become known by your local media, you can do that by likes, comments and retweets. Once that has been successfully accomplished, you can grab your link on



Jim Thomas

the press release and send it as a direct message on Twitter.

What is the secret to all this? Just do it, and you'll prosper.

(Jim Thomas is the Founder and President of Fitness Management USA, Inc., a management consulting and brokerage firm, as well as providing the revenue-generating 6 Week Challenge Program. With more than 25 years of experience owning, operating and managing clubs of all sizes, Thomas lectures and delivers seminars, webinars and workshops across the globe on the practical skills required to successfully overcome obscurity, improve sales, build teamwork and market fitness programs and products. Visit his website at www.fmconsulting.net or www.jimthomasondemand.com.)

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...Melissa Knowles

continued from page 23

Access to the Leadership

Many leading companies, such as Whole Foods and CarMax, open up access to their senior leaders for all employees. Whether its town hall meetings, cookouts or visibility into company decisions, it's clear that employees crave this access. Consider sharing more that you're comfortable sharing if you want your employees to commit to the cause. One of your future members of leadership is likely sitting amongst your current ranks. Access to senior leadership is one way to ensure the right exposure is happening long before succession planning is even a thought.

Milestones

Recognizing employee anniversaries is still important. At Groupon, instead of the traditional certificate or pin, yearly milestones are recognized with a top-of-the-line, bright green Adidas track jacket.

Employees can even personalize their jackets with unique nicknames and receive star patches for each additional year at the company. These personalized jackets are great daily reminders to new staff of what they're striving for and a source of pride for veterans.



The takeaway on recognition is that your company should have a program! From a team of five to a team of 5,000, **recognition is important.** It helps retain and attract the best talent, sets you apart from your competitors and encourages a positive, perhaps even fun (gasp!) work environment. There's a reason why the top 100 companies to work for are just that. Employee perks, programs, environment and recognition all play a part in employees being excited to go to work every day!

(Melissa Knowles is Vice President of GymHQ, a ClubReady Company, and she can be reached at mknowles@gymhq.com)

Hire Smart

By: **Derek Barton**

A friend of mine sent me a picture of Steve Jobs, which included a quote of his that read: *"It doesn't make sense to hire smart people and then tell them what to do. We hire smart people so they can tell us what to do."*

My friend knows that I am in the consulting business and that I would appreciate that quote, especially from my business hero. When you really think about that quote, it becomes thought-provoking to say the least.

I recently read an article that proclaimed that the smartest person in the room cannot out-think a group of smart people working on the same task. In other words, the synergy in that group of people will result in a better idea or solution to the problem at hand than the smartest guy will by himself. There's something to be said about "Round Tables," "Think Tanks," or good old fashioned "Brain Storming." Bottom line, nobody seems to stop long enough to really think about a situation from all sides before they act. It's the age-old problem, "READY, FIRE, AIM!"

In advertising, there is the shotgun approach and the sniper approach. With the shotgun approach, you're really not aiming at a specific target; instead, you're pointing in the general direction hoping to hit *something*. With the sniper approach, you are aiming at a very specific target. You have to take your time to prepare, focus and aim in order to hit the bullseye.

Many companies don't take enough time to talk about their marketing strategies and how to improve upon their market share. They keep running the same play over and over again thinking it will work because it seemed to work once; or, they see the competition running the same kind of play, so they think they have to copy them. Surround yourself with smart people who have the courage to tell you there is a better play. You don't always have to come up with the answers yourself; sometimes, the smart people on your team will come up with the answers for you.

There are many in management who will not hire smarter people than themselves because they are too insecure. I've been fortunate over the years to have great clients who have trusted my ideas to make their brands better. I applaud their willingness to move the needle and to do what it takes to make a difference in their company. It takes courage to hack a new path through the proverbial business jungle.

Years ago, a client of mine asked me if I would take the "Strengths Finder 2.0" test to see how I would fit in with their team. I loved that idea and gladly accepted. After that intensive 30-minute test, the

results showed that "Empathy" topped my strengths. I wasn't really surprised, but my client was because nobody on his team had that strength. I was a good fit.

Empathy was a strength that my parents and many of my family members possessed. We all have our strengths and weaknesses and united together for the same goal makes a team stronger. I guess that's why I have always loved team sports. What I lack, hopefully, someone else on my team has and vice-versa.

I would love to know if empathy is a strength of most marketers, especially on the creative side. Being able to feel what others feel helps with creating ads that emotionally connect with people. Every successful ad or ad campaign has to come from a place in your soul that says, "This will resonate with people!" It's not a math equation or a formula. It's an instinctual feeling that steers you in the right direction to find that right headline, picture or tagline.

I admire those brilliant marketers who know the right combination of all the creative elements. One of my all-time favorite lines was from Duraflame. Those waxy, paper-covered logs that you put a match to and within seconds you have a nice burning log in your fireplace. No fuss, no muss. It's the lazy man's way to start a fire. And, their line said it all, *"Duraflame, we didn't invent fire, we just made it a little bit easier."* There are other advertising statements we believe like, Mercedes,

"Engineered like no other car in the world." Or, the brilliant line, *"With a name like Smuckers, it has to be good."* Or, a line we banked on from FedEx and was pleasantly surprised when it happened for the first time, *"When it absolutely positively has to be there overnight."*

Sometimes when you're just another soft drink in the mix of a thousand other soft drinks, you have to be courageous and dare to be different, which 7up was when they boldly and proudly stated that they were, *"The Uncola."* As Apple taught us, *"Think Different."*

Sometimes, a great line can not only save a company, it can save a life. Dr. Don Rose was a popular DJ at KFRC in San Francisco. I grew up listening to him in the '70s and '80s. Besides his hilarious one-liners, he had a heart of gold. He emotionally connected with his loyal audience and made you feel like he was just talking to you. One morning, when he started his show, he said in all his exuberance and sincerity, "This is Dr. Don Rose at KFRC, and if nobody has said it to you, GOOD MORNING!" A few moments later, he received a phone call from a grateful listener who told him she was about to commit suicide until she heard him wish her a, "Good morning." Dr. Don's success came from knowing that his morning radio show wasn't just about spinning records.

Do you honestly feel that your gym is more than just a place to lift heavy objects



Derek Barton

and sweat? If you do, how do you convey that to your existing members in order to keep them? And, what are the right words to use in order to attract new members? If you don't know those answers, ask a group of your smartest staff, or hire a person who is smart enough not to tell you what you want to hear, but rather what you need to hear.

(Derek Barton is Founder and President of Barton Productions, LLC., and he can be reached at: derek@bartonproductions.com. And, check out www.bartonproductions.com)

Stone Creek Wins Prestigious 'Business of the Year' Award

COVINGTON, LA - The St. Tammany West Chamber of Commerce recently honored Stone Creek Club & Spa with its prestigious 'Tammany Award' for business of the year. The Tammany Award recognizes a business for its contribution to local economic development (through the creation of jobs & the addition of local revenues) as well as its commitment to improving the community it serves.

Chamber President, Lacey Tolemano, presented the award at the Chamber's Annual Awards & Installation Banquet. In describing Stone Creek, Lacey noted, "Nine years after their opening day, Stone Creek continues to enjoy growth in members, revenues & payroll, but it's not the business statistics that make them worthy (of the award). It's their dedication to their members, the community, the fitness industry and to the wellbeing of our country that make them deserving."

Stone Creek's annual revenues top \$7 million, and the club employees over 200 people. Each year, the club raises hundreds of thousands of dollars for worthwhile charities through a variety

of fundraising events and programs. Some of the charities that benefit from these efforts include Augie's Quest, The Rich Mauti Cancer Fund, Kickin' Parkinson's (the local chapter of the Michael J. Fox Foundation for Parkinson's Research), ACCESS, Covington Head Start, VOA, Team Gleason, Operation Homefront, the Wounded Warrior Project and Wounded War Heroes.

Stone Creek added a new initiative to its philanthropic efforts last year by spearheading a campaign to donate much-needed PE equipment to local elementary schools, resulting in over \$10,000 of equipment being distributed to 25 schools in the area.

After raising \$35,000 for Augie's Quest and the club's participation in this year's Rock-n-Roll Marathon, Stone Creek's *General Manager, Larry Conner*, was asked to join the Augie's Quest Fitness Industry Advisory Council.

Toledano praised the club's contributions to the local community as well as its involvement in the industry. Her presentation included a quote from a Stone

Creek Charter Member, who stated, "When the club opened its doors, it was clear that this unique facility would be a game changer. While the facility is stunning, the difference maker is the employees who run it & maintain it. They provide true magic. All their employees are professional, friendly and helpful. Every visit to the club is special."

Stone Creek's *Marketing Manager, Stephanie Coulon*, sums up the vision of Stone Creek: "The entire Stone Creek team is inspired by the lives we touch through our everyday efforts and our charity endeavors. We celebrate with members who achieve their weight loss or fitness goals through the club. We are moved by the military veterans who thank us for our annual 'Salute Our Soldiers' flag display. We are humbled by the gratitude we receive from local cancer survivors who appreciate our participation in their fundraising campaigns. We feel fortunate to be an integral part of the community we love, and we are honored to receive this year's Tammany Award."

IDEA World: A Recap

By: Angie Pattengale

If you weren't there, you missed something special, but the good news is I'm here to give you the rundown in case you're thinking of attending this event next year. In the distant past, IDEA World was highly recognized for its huge Expo, but it's evolved into a new focus for higher learning. This year, especially, the lens that

I saw this show through became clearer for me. This year, we were attendees, not exhibitors, and we were a part of as many events and sessions as possible.

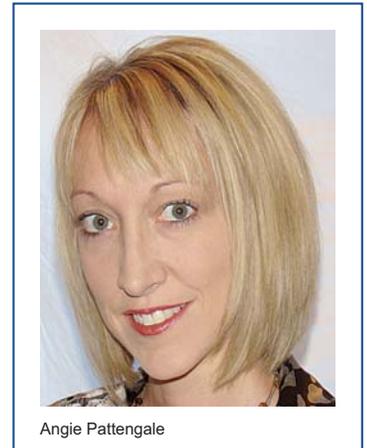
We (NFPT) have been exhibiting at IDEA World since 1994; therefore, most of my perspective has been from the view of the trade show floor, but not this time! My husband and I, dubbed the "convention couple," have made it our mission over the

last 13 years of working together to attend some of our industry's largest events. Normally, we go as exhibitors, but we've been riding our own trend these last couple of years, going as attendees instead. We count IDEA World as the largest, the "Super Bowl of Fitness," and so it is the perfect spot to connect with friends and colleagues and to take part in learning and growing!

There were over 14,000 fitness enthusiasts, club owners and managers, nutritionists, personal trainers and entrepreneurs all under one roof (well, a few roofs if we get technical about it). I don't think that we managed to meet them all, but we tried! The San Diego Convention Center was a buzz with exciting new educational workshops and lectures, huge group workouts and scores of people networking and participating in all kinds of social events. And, there was the added bonus of sampling nutrition products, new and old favorites!

At IDEA World, there are three (3) main events: the *Club & Studio Summit*, the *Nutrition & Behavior Change Summit* and the *IDEA Success Academy*. Within each of these events are the respective educational topics and sessions. Your IDEA World agenda is broken up into Lectures, Workshops, Workouts and Experiences. In total, there were over 350 different offerings and more than 225 industry experts delivering expert information.

Each of the events has its own mix of these depending on the type of event. For example, the Club & Studio Summit was a mixture of lectures and panel discussions by club owners and operators, as well as networking opportunities to meet and mingle with club business experts; whereas, the Nutrition & Behavior Change Summit offered lectures on behavioral and



Angie Pattengale

nutrition science and strategies (some with demonstrations by culinary experts). The IDEA Success Academy sessions were focused on motivational and practical application for implementing change and purposeful planning for success with trainer business and client retention. But, no matter which event had your focus, the workouts were for everyone! Wherever you went, from sessions in the Convention Center to panel discussions in the Hyatt, you were surrounded by the sights and sounds of fitness, and you were a part of it!

Lectures

Lectures included categories like fitness-related sciences and new research, dieting trends and nutrition, marketing, sales, business and people management. Lectures were for the purpose of reinforcing best practice and for learning something new, and each came with a stamp of (See *Angie Pattengale Page 27*)

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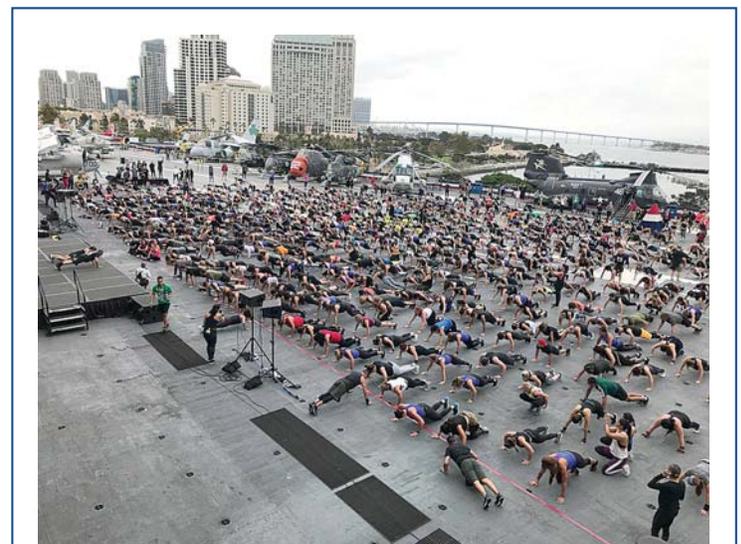
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...Angie Pattengale

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approval for CECs towards recertification! Personally, I appreciated that presenters would allow time for questions at the end. Panel Discussions were a part of the lecture series and offered even more time for Q&A with industry experts.

Workshops

Workshops are hands-on where there is prepared instruction that is provided during a practical learning session. Workshops at IDEA World are the first to fill up. They are highly valuable because you are working with your hands (or feet) with the expert in the room to support your learning and help you with questions as you learn something new. Workshops were available across many different genres of fitness and methods of training. CECs are awarded for WorkSHOPS, but they are not awarded for WorkOUTS.

Workouts

Workouts were the best part of the day! They may not get you credits with your certifiers (because they aren't learning activities, per se). BUT, they are inspiring and high energy, and they get you going

with a huge group of people that love what you love! Some of the workouts had too many people to fit in a lecture hall, so they'd fill up the Midway with inspiration... hundreds of motivated people sharing beautiful views while getting their fit on!

Experiences

We were able to experience several special events, and they were all a great way to get to know new people. Whether at the *IDEA World Party*, the networking coffees, the walking or biking tours or the paddle boarding adventure, you were part of something everywhere you went. Of course, you can't do it all, it's impossible, but it gives you something to look forward to next year. Our personal favorite was a special community service event that we hope IDEA will continue to host in the future. The *Strength to Serve* event was full, and that did all of our heart's good. Together, we packed 1,000 essential needs kits for homeless youths. Check out Urban Street Angels at www.urbanstreetangels.org for more information on how you can get involved in your community. Remember, in the words of Eric Lovett, Founder of Urban Street Angels, "A job is what you're paid for, a calling is what you're made for."

■ ■ ■
 We're an industry called to service. We serve people in their need to find better health and fitness; it is our calling. Find ways that this can also translate to what you can do for your own communities and for yourself so that you may be better equipped to serve. Be a part of something bigger. Don't let the needs of your job take away from what calls you, from what inspires you. Answer the call. Be part of the bigger picture, attend events and join your #FitFam. Get out there and feel what you're called for!

(Angie Pattengale has been with the National Federation of Professional Trainers, NFPT, since 1994. Currently,

she serves in the capacity of Certification Director. Angie received her professional degree from Purdue University's Krannert School of Management in 2002, and now, she oversees the coordination of NFPT's certification-related activities. Angie manages the efforts of those working to assure legal defensibility of test development and delivery. She maintains mission as it relates to health, public safety, industry authority and related functions for accreditation and best practice standards. Angie also serves the NFPT organization and its members by maintaining accessible certification processes and recertification requirements. She strives to promote NFPT certified trainers for their skills, their hard work and dedication to their profession.)

Make It Fun!

In Touch With Tom "Stuie" Henderson

By: Norm Cates

Publisher's Note: Tom Henderson, a good friend and one of my high school classmates at Rome Free Academy (RFA) in Rome, New York, agreed to participate in this interview. We explored several different motivational concepts and manpower development ideas that Tom used for decades to help train and encourage his associates in the competitive insurance and investment business. One of the ideas that we touched on during our discussion was **The KASH Formula**. This acronym stands for **Knowledge, Attitude, Skills and Habits**. These are the four building blocks in the development of any successful business, and Tom taught these principles to his many associates at the *Equitable Life Assurance Society* during his highly successful career. I believe some of Tom's thoughts and suggestions might be transferable to you as you strive to make your club business stronger, more productive and more profitable. Read on and learn with me as I get in touch with my good friend from high school, Tom Henderson. His son-in-law, Campbell Gerrish, is the manager of one of the two locations of The Ridge Athletic Clubs in Bozeman, Montana.



Norm Cates (NC) - Tom, your resume, work experience and industry activity over 30+ plus years in the financial services industry seem to indicate that you have had some success attracting, training and retaining good quality people. Why do you think this is so important, and what are some of the implications?

Tom Henderson (TH) - Well, Norm, you are asking an excellent question. People are the life blood of any organization, and attracting and retaining good people is an imperative. From a cost perspective alone, it is essential for any business in any industry to do their utmost to find the right people with whom to work. And, keeping them over long periods of time has enormous benefits for the bottom line. Consider the negative effects of constant employee turnover. Of course, the 'churn' has to impact your profitability! The process carries a heavy expense when you take into consideration the staff time and money required to recruit, hire and train a new employee. I estimate that the cost to replace someone could be between 30% and 75% of the salary in question. But, just as important, the negative impact on an associate's morale, and the unfavorable impression you convey to your clients and customers, can be a deadly hidden cost, too.

If customers begin to go elsewhere because there is no continuity and the

personality of your organization is constantly changing, it is a double whammy. Who is the winner in this scenario? My guess is that it's your competitor. Therefore, it is vital to invest in the most important asset of any business: Your People. An old saying goes something like this, *'If you can't find the time and money to do it right, when are you going to find the time and money to do it over?'* Finding the right people can provide the power that propels your organization to prosperity. This is within everyone's control if the proper steps are taken, and your ROI will be well worth the effort.

NC - What are some of the methods you used to hire the right kind of person and to address the concerns, fears and trepidations one might have when they are deciding to enter such a complex industry?

TH - Almost 50 years ago, in 1969, I entered the life insurance industry. I knew absolutely nothing about the products, nor how to go about selling them. I didn't know one person when I moved to New Haven, Connecticut, and I lived in the YMCA until I had enough money to rent a one-room flat above a bar. In short, I was petrified. Yes, I was receiving some very basic training that the company offered, but even at the age of 22, I knew this wasn't enough. So, I enrolled in a fundamental sales course offered by the *Life Insurance and Market Research Association*. Tucked within the curriculum of this course was the key that unlocked my future, first as an agent and then in management.

This little miracle was called **The KASH Formula**. It stood for:

KNOWLEDGE (the technical and practical things you learn from a book, industry seminars, etc.);

ATTITUDE (the mental and emotional side of things, positive or negative, energized or paralyzed);

SKILLS (capabilities, competencies, the how-to); and

HABITS (day-to-day work behavior, effort, determination, focus).

I discovered that these four major elements were necessary to establish, nurture, grow and flourish in the financial services industry. They were the cornerstones and the building blocks I desperately needed at that early stage. But, I also realized, because of the KASH Formula, that I didn't need to KNOW everything before I made a call on a prospect; I could find the answer to any technical question as long as I was honest with the client about the delivery of that information. It was painfully obvious that I lacked the SKILL, too, so I borrowed it by teaming up with more experienced associates, including one who was working

for another company (he remains a good friend to this day). What I did have, however, was a good positive ATTITUDE that saw me through the difficult times and the inevitable disappointments that arise in the world of sales. My work HABITS and day-to-day actions were focused intently on client building.

When I entered management in 1976, I took the KASH formula with me. My sales career continued, but I was then responsible for developing an organization around me. This meant recruiting, training and developing new representatives. The KASH Formula was indispensable. In over 25 years in management, I literally had thousands of interviews with prospective representatives. For the select few who were about to make the cut, I asked the following: 'There are four things that are required of you if you are to be successful in our business: KNOWLEDGE, ATTITUDE, SKILLS and HABITS. What percentage would you place on each (Clue - it has to add up to 100%)?'

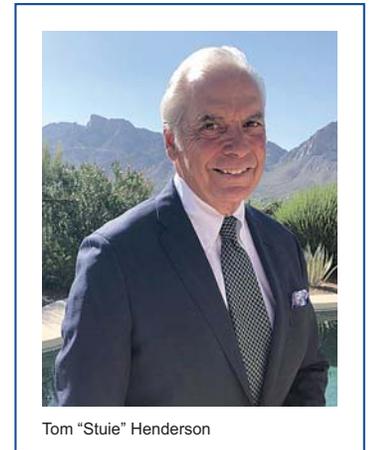
Invariably, the answer was 25% across the board. I followed with: 'Five years from now, you are probably right, but today, your very first day, it's more like K=10%, A=40%, S=10%, H=40%. Your job is to show up every day with an unbelievably positive can-do ATTITUDE and be willing to do what the failures refuse to do as demonstrated through your focused work HABITS. My job is to provide you with the KNOWLEDGE and SKILL that you may lack at this juncture. Working together in this way, you and I will both succeed.' I guess my feeling is that, if you help other people get where THEY want to go, you will get where YOU want to go.

NC - Do you see any other applications for the KASH Formula that might be helpful?

TH - Yes, I do. Once you have introduced the KASH Formula to a colleague, it's pretty easy to pull out those four powerful words and use them as a teaching and coaching tool at a later date to improve performance OR to use them one at a time as a guide in a job performance review ('When we first started working together six months ago, we discussed the KASH Formula. Let's see what kind of progress we are making in each of these important areas...'). Then, take them through each one in detail, highlighting their strengths and weaknesses. They will appreciate your help and concern. You have to inspect what you expect, right?

NC - Do you think this philosophy and the KASH Formula would be applicable in the health and fitness club industry today?

TH - Absolutely, I do. Just Google: The KASH Formula, and see for yourself. Although this concept was developed by



Tom "Stuie" Henderson

the life insurance industry over five decades ago, it has managed to stand the test of time and cross industry barriers worldwide. I may have stumbled into the benefits almost fifty years ago, but your associates can discover the little miracle right now!

(Tom Henderson began his insurance career with Equitable Life Assurance Society in New Haven, Connecticut, following graduation from Bryant University in Rhode Island with a degree in Business Administration in 1969. He spent seven years as an agent and entered management in June, 1976. He received the company's National Citation Award for seven consecutive years, winning the District Leadership Award in 1984. His district finished ninth in the nation in 1980 and ranked fifth in 1984 among 650 District Managers in the manpower development competition. In January, 1985, Tom was appointed Agency Manager in New York City and served in Paramus, New Jersey and Clark, New Jersey before announcing his retirement on June 1, 2001. In 1990, 1992 and 1997, Tom was awarded the President's Trophy for exemplary overall management skill in manpower development, production growth and resource management. During his tenure, his agency won the Silver National Championship Award. He was a consistent winner of the General Agents and Managers Award Gold National Management Award and the Gold Master Agency Award. Tom was a member of the American College's Golden Key Society and has served as President of the New Haven, Connecticut Society of Financial Service Professionals. He was also President of both the New Haven, Connecticut and the New York City Associations of Insurance and Financial Advisors and has served as Regional Vice President of the New York State Association of Insurance and Financial Advisors. In 1992, Tom was the recipient of the Ralph G. Engelsman Award, given by the industry's General Agents and Managers Association in New York City as their highest honor. Tom also served a two-year term as President of the Montclair Golf Club (established 1893) in 2001 and 2002. He and his wife Lynda are enjoying the good life in Tucson, Arizona. If this article triggers questions in your mind that you're now seeking answers for, Tom Henderson has given permission to provide his email address: cowboytom@comcast.net.)

BREAKING NEWS:

PHIT Clears Legislative Hurdle, One Step Closer to Passage

BOSTON, MA - The International Health, Racquet & Sportsclub Association is pleased to announce that the Personal Health Investment Today (PHIT) Act was reported out of the House Ways and Means Committee. In a bipartisan show of support, the committee voted in favor of PHIT by a vote of 28 to 7. This landmark action clears an important legislative hurdle for PHIT. Now, the bill will await consideration by the entire House.

On July 6, Representatives **Jason Smith** and **Ron Kind**, original sponsors of PHIT (H.R. 1267), introduced H.R. 6312, a modified version of PHIT better positioned to move onto the next stage of the legislative process.

That next stage is called markup, where the House Ways and Means Committee formally considers the bill and either accepts or rejects it. The Ways and Means Committee held the markup on July 12 at 10AM, when PHIT was accepted, freeing it to move forward. This means that PHIT can now be added to a larger legislative package to be voted on by the House. The larger legislative package could be an HSA bill, part of tax correction legislation or a number of potential pieces of moving legislation.

Representatives Smith and Kind introduced H.R. 6312 to overcome objections to their original bill. The new bill:

- Removes exercise videos and exercise equipment from the definition of medical care;
- Removes golfing, sailing, hunting and other expensive/elitist activities from the definition; and

- It caps the use of HSA or FSA money for health club dues to \$500 per individual and \$1,000 per family. It also adds a cost of living increase to those totals.

At the markup hearing, Representative Kind also spoke to his efforts to push for reincorporating items that were removed from the bill. Because there is increasing evidence to show that rising costs in athletic equipment and organized team sports are preventing many children

from participating, Kind is continuing to have conversations about the value behind adding back the condition that would reduce the cost of athletic equipment.

If the larger bill containing the PHIT provision is passed, it would then move to the Senate for consideration. The Senate would most likely consider S. 482, introduced by **Senator Thune**.

Given the current climate on the Hill, this is positive news that the industry can use to fuel PHIT's passage. To keep the momentum going, IHRSA, its partners and its supporters will celebrate this win and continue to push for a larger victory and a healthier nation.

GYMBOX Fitness Announces New Equity Partner; Bill Windscheif Joins Texas-Based Fitness Company

LONGVIEW, TX - GYMBOX Fitness announces the addition of long-time fitness industry leader, **Bill Windscheif**, as an equity partner in the Texas-based company, effective immediately. Bill's career in the fitness industry spans more than 20 years. He's held positions as Vice President of Operations at Gold's Gym International and Vice President of Gym Development at World Gym International. Bill is also President of WinFit Enterprises, a health club consulting firm he and his wife founded in 2005.

"We are truly blessed to be able to welcome a leader of Bill's expertise to GYMBOX," said **Brian Parker**, GYMBOX Co-Owner. "I have known Bill for eleven years since our shared tenure at Gold's Gym, and we've remained close friends ever since. With Bill's recent departure from World Gym, the stars have aligned in allowing us to come together once again," said Parker.

"We are excited at the opportunity of what having a brand-builder like Bill brings us," Co-Owner, **Cameron Williams**,

offered. "Our shared vision is to grow GYMBOX throughout Texas and beyond."

"I've watched GYMBOX FITNESS closely since it began over six years ago. I'm really impressed with what Brian and Cameron have done as they developed the brand and its operation. They've created something truly special, and their passion for the industry is contagious. I'm extremely excited to join this team as we work to expand the GYMBOX FITNESS brand and its locations," said Bill Windscheif.



Bill Windscheif

World Gym International Promotes Guy Cammilleri To CEO and Doug Katona to COO

LOS ANGELES, CA - World Gym International, the iconic global brand of seriously fun fitness, has announced two executive promotions, restructuring and growing its Los Angeles-based team. **Guy Cammilleri** has been elevated to *Chief Executive Officer*, and **Doug Katona** has been appointed to *Chief Operations Officer*.

Since the Cammilleri family acquired World Gym in 2009, Guy Cammilleri served as the Managing Director. Over the last few years, Cammilleri has led World Gym through the biggest transformation in its 42-year history by strengthening and growing its corporate team, modernizing the brand, adding industry-leading franchisee support systems, opening corporate-owned gyms, cultivating the international business and building operations through strategic investments and acquisitions. As Chief Executive Officer, Cammilleri will continue to lead the brand and the business both in

the United States and around the world. Cammilleri's vision is to more than double its existing gym network worldwide by 2022 and be the fitness authority in every community in which World Gym exists.

"The last 18 months have been the most active in our history because we have stayed focused on our mission to relentlessly convert people from needing to train to wanting to train," said Guy Cammilleri, CEO of World Gym International. "Our #FitnessTruth mantra, embodied by World Gym Athletics, has enabled us to open and acquire our first two corporate gyms in more than a decade, certify hundreds of World Gym Athletics Coaches around the world, continue our meteoric growth internationally, implement sophisticated marketing, sales and operations systems for our franchisees and invest even further in franchisee support systems to help our gym owners open their

first, second, third and tenth location. We will continue to open the best gyms in every market as we expand."

Cammilleri also named Doug Katona as Chief Operations Officer. Formerly the Senior Vice President of Operations and Director of Training, Katona has been a driving force behind the genesis and implementation of numerous World Gym initiatives including World Gym Athletics, the new signature training program responsible for the dramatic evolution at World Gym in the past two years. Katona has helped to create new franchise systems, restructured the franchising agreements in the U.S., reorganized the corporate team, built a new vendor program and established key industry partnerships. Katona has also led the management teams of both corporate-owned gyms in the Ingram Park neighborhood of San Antonio, Texas and

Oxnard, California to record success for the company. Both of these gyms are realizing impressive growth and greatly beating industry averages across several key KPIs.

"We've spent the last year rebuilding our systems from the ground up, so World Gym can lead the industry in growth, profitability and programming," said Doug Katona, Chief Operations Officer. "Our members love #FitnessTruth and our franchisees are seeing more brand relevance and revenue growth because of it. We sincerely care about our franchisees and work relentlessly to help them grow. I came back into this industry because of the legacy opportunity for World Gym."

World Gym International will continue to expand its U.S. operations team over the next few months to service its corporate and franchised gyms.

Planet Fitness, Inc. Announces Refinancing Transaction

HAMPTON, N.H. - Planet Fitness, Inc. (NYSE:PLNT) (together with its subsidiaries, the "Company") announced that certain of its subsidiaries intend to complete a refinancing of their existing senior secured credit facilities with a new securitized financing facility:

As of March 31, 2018, the Company had an outstanding principal amount of term loans under its senior secured credit facilities of approximately \$707.7 million.

The Company intends to replace the senior secured credit facilities with a new \$1.225 billion securitized financing facility, expected to be comprised of \$1.15 billion of senior fixed-rate term notes (the "2018 Notes") and \$75 million of variable funding notes (collectively, the "Notes").

The net proceeds of the securitized financing facility are expected to be used:

- To repay all of the existing indebtedness under the senior secured credit facilities,

- To pay the transaction costs and fund the reserve accounts associated with the securitized financing facility, and

- For working capital purposes and for general corporate purposes, which may include a return of capital to the Company's equityholders.

The consummation of the offering is subject to market and other conditions and is anticipated to close in the third quarter of 2018. However, there can be no

assurance that the Company will be able to successfully complete the refinancing transaction on the terms described or at all.

This press release does not constitute an offer to sell or the solicitation of an offer to buy the Notes or any other security. The Notes to be offered have not

been, and will not be, registered under the Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act of 1933.

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Thanks and Appreciation

At **Club Insider**, we are excited to be in our **25th Year** of this home-based health and fitness club trade publication! The thought that this publication was *founded to serve an industry I truly love*, and so that *I could become a Mister Mom for my son, Justin*, is still *intriguing and amazing* to us. I wish to extend our most sincere **Thanks and Appreciation** to everyone that's made this amazing 25-year run possible.

A very sincere **Thanks and Appreciation** go to **Rick Caro, Dr. Gerry Faust** and the **Faust Executive Roundtable #1** for helping me decide in 1993 what my home-based business would be. **Thanks and Appreciation** to my long-time friends, **Ron Hudspeth** and **Cathy Miller** of **Atlanta's Hudspeth Report** for the tremendous assistance they provided us during *our first eight years of publication*. **Thanks and Appreciation** to all of the folks at **Walton Press** in Monroe, Georgia. They've done an absolutely excellent job for us all these years and have printed every one of our **295** monthly editions! **Thanks and Appreciation** to all of our **READERS**. Sincere **Thanks and Appreciation** to our **Club Insider Advertisers**, past and present, for their kind and dedicated support of this publication. It's amazing to know that we have several advertisers with over 15 years of continuous advertising with us. We also want to say sincere **Thanks and Appreciation** to all of our **Club Insider Contributing Authors**, past and present, who've contributed *thousands* of excellent articles to help our readers with their Best Business Practices. **Thanks and Appreciation** to **IHRSA** for all it does.

Sincere **Thanks and Appreciation** to my son, Justin, who started working part-time for **Club Insider** when he was just 8 years old (helping with mailings). This young man, pretty much behind the scenes for 25 years now, has truly been a fantastic partner for his Dad in **Club Insider**. Justin does our editing, publication layouts, all of our website design and maintenance, all of our bookkeeping and subscription processing work, as well as archive management and anything else that needs doing, including writing a majority of our cover stories each year.

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

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

Norm Cates, Jr.

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