

Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

The Science of Club Marketing

With Advice From Club Marketing Pros



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Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

The Science of Club Marketing

With Advice From Club Marketing Pros

By: Justin Cates

As health and fitness professionals, we know the formula to a healthy lifestyle. It's not really that complicated. Yet, our industry has developed around it, and it keeps us all employed in a profession we love. Stripping that formula to its simple core, it consists of eating and drinking the right things in the correct amounts, staying active with appropriate exercises in the proper form and resting the body adequately after exertion. Now, in 2016, it's no secret that the end users of our industry know what used to be *our secret*... the formula, as well. So, why do they continue to include our industry in the mix instead of doing it on their own? The

reason is because *knowledge* and *execution* are two very different things.

The same idea applies to the concept of club marketing. We all know it is mostly likely good for us, so we should do it. However, when it comes time to execute, many have trouble. Whether it is what exactly should be disseminated to the market or consistently setting money aside to ensure the next quarter's campaigns... the list of reasons why club operators don't do it, or get it done in time, could *fill a page!* This is why you may bring a marketing professional on staff or contract out to a company with the expertise and a track record of success. Like the end user of our industry's facilities paying for their use and the expertise associated with them,

you know marketing is good for your company, but you just may need a little bit of help.

This cover story is all about getting you pointed in the right direction in the world of club marketing, if you are not already headed that way. And, if you are, there is still some valuable information contained in this article you may be able to apply to your future plans. Some of this information you will have heard before. That's okay, and I would urge you to read it again because things that repeat themselves are often the most important things to be aware of. Conversely, some of this information may also fly in the face of what you know to be true within

(See *Club Marketing* Page 10)



Justin Cates, Assistant Publisher

Dr. Gerry Faust

Doctor of the Grand Problem Solving Event

By: Justin Cates

Part II

In **Part I** of the story of **Dr. Gerry Faust**, we learned about his educational background; covered key professional experiences that built the foundations of the business philosophies he teaches today; and discussed his entrance into the health and fitness club industry. Within his experience in the health and fitness club industry, we thoroughly reviewed the creation and evolution of the Faust Roundtables, as well as the benefits many

key leaders in the industry have taken away from those experiences over the course of 30+ years.

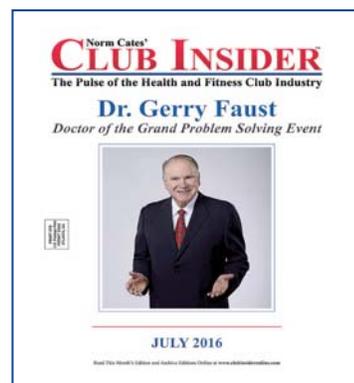
In **Part II**, we will conclude the in-depth interview with Dr. Gerry Faust, in which we will discuss his consulting experiences and diagnostic tools, learn about his years of public speaking and hear directly from two of his long-time clients: **Carol Nalevanko**, *President of DMB Sports Clubs/Village Health Clubs and Spas*, and **Mark Stevens**, *Executive Vice President of The Houstonian Club and Spa*.

Conclusion of the In-Depth Interview With Dr. Gerry Faust

C.I. - Let's discuss your consulting services. What should a club owner consider and be aware of when deciding if *he should bring on a consultant?* And then, what should a club owner consider and be aware of when deciding on *whom to bring on as a consultant?*

GF - The first thing they should consider is if they have a real need for it. I will also tell you that the thing I feel a lot of people do in this industry is bring in

(See *Dr. Gerry Faust* Page 16)



Inside The Insider

- Pokémon Posture - **By:** Dr. Steven Weiniger
- Increase Revenue With Data Your Club Already Has - **By:** Daron Allen
- What Do the New FLSA Exempt Pay Laws Mean for Fitness Business Owners? - **By:** Melissa Knowles
- IDEA World Fitness Report - **By:** Beverly Hosford
- The River of Change - **By:** Karen Woodard-Chavez
- Out of the Darkness and Into the Light - **By:** Stephen Tharrett and Mark Williamson
- Step 7 of 7 to Becoming a Programming Professional - **By:** Laurie Cingle
- The Bay Club Company Acquires Two Country Clubs
- And, of Course, *Norm's Notes*

Norm's Notes

•**Hello Everybody!** This is your **CLUB INSIDER Publisher and Tribal Leader Since 1993** checking in with our **272nd monthly edition!** We're getting excited around here because, in October, we'll celebrate the **24th Anniversary of CLUB INSIDER's founding** and launch at the **Club Industry Show in Chicago!** I spent three days at the 1993 Club Industry Show handing out our **1st edition.** It was a **tiny little 12-page edition** in which I shared what we were going to do with **CLUB INSIDER**, and essentially, I told those **Founding Readers** that I was going to **"Tell-it-like-it-is."** We've dedicated ourselves to doing that since day one. So, to **ALL of you** out there who've been with us from the start by subscribing to and reading **CLUB INSIDER**, including those of you who're reading **CLUB INSIDER** for the first time ever... **we can't Thank You enough!** But, I'm going to try right now: **THANK YOU!**

•**Is America a GREAT country, or what? Mmm... mmm... mmm!!! WOW!** What an amazing **Olympic Team the United States of America** has taken to **Rio de Janeiro, Brazil...** some **554 strong (262 men, 292 women)!** I was really excited for young **RYAN HELD**, who just happens to be a student-athlete at my alma mater, **N.C. State University, in Raleigh, North Carolina.** Ryan is the young swimmer who started crying after he and his teammates had received their **Gold Medals in the 400 Meter Freestyle Relay** and were standing

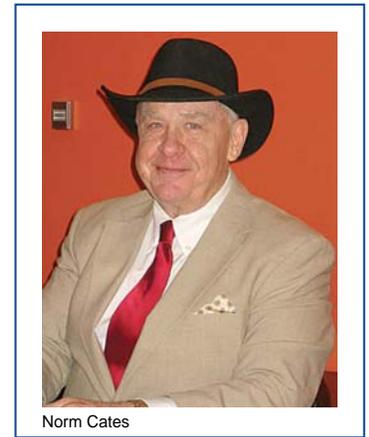
there listening to our **National Anthem.** *The tears were contagious,* and **Held's Teammates, including MICHAEL PHELPS,** ended up shedding a few tears, too. After **CALEB DRESSEL** led off, **MICHAEL PHELPS** gave the U.S. the lead on the relay's second leg. Then, **Ryan Held** and **NATHAN ADRIAN** didn't relinquish it... winning going away. **This was the 23rd Olympic medal for Phelps! And, it was his 19th Gold; both are records.** Ryan Held had **only ONE SHOT at winning a Gold Medal,** and the **Wolfpacker did it!** Way to go guys! **GO WOLFPACK and RYAN HELD!**

Folks, it seems like *yesterday,* but **it's been 20 years since we hosted the Olympic Games here in my home town of Atlanta.** That was an **amazing time.** And, on the night of **July 27, 1996,** it became a *very scary time* when a lunatic and terrorist named **ERIC ROBERT RUDOLPH** planted a bomb in a backpack at the **Centennial Olympic Park.** Sadly, the blast directly killed one person, **ALICE HAWTHORNE,** 44, of Albany, Georgia, and injured 111 others. Another person later died of a heart attack. It was the first of four bombings that would be committed by Rudolph during that year. Security guard, the late **RICHARD JEWELL,** discovered the bomb before detonation and cleared most of the spectators away from the bomb before it exploded. Were it not for the valiant efforts of Richard Jewell spotting the backpack, and on a hunch, immediately proceeding to clear the area of people

before it exploded, many more would have died and been injured. So, even though Jewell was initially implicated, he was exonerated after Rudolph was captured months later.

But, let's get back to *happy thoughts.* As Americans, if we can't get excited and feel a great sense of pride of our **Olympic Team,** then what in the world might excite us!? As we are going to press, **MICHAEL PHELPS** has increased his all-time medal count to **23 Gold Medals** and **28 overall!** **Stay Tuned!**

•**I must take my hat off this month to my son, and partner, JUSTIN CATES,** as he's put together an amazing combination of writing this month with **Part I** of his terrific **Cover Story on Club Marketing,** as well as **Part II** of last month's **Cover Story on DR. GERRY FAUST.** Both articles begin on **Page #3,** and I know you will find both to be **very thorough and informative reading.** Way to go, Justin and **THANK YOU for all of your hard work on these Cover Stories!** Also, this month, we're loaded with a **great line-up of articles by our Contributing Author Team Members, STEVEN THARRETT and MARK WILLIAMSON,** who've contributed *Out of the Darkness and Into the Light - The Shining Beacon of Market Research;* **MELISSA KNOWLES, VP of Gym HQ,** who has done a follow-up article on her June, 2016 article, entitled *What Do the New FLSA Exempt Pay Laws Mean for Fitness Business Owners?* Also,



Norm Cates

DARON ALLEN, CEO of Visual Fitness Planner wrote and contributed *Increase Revenue With Data Your Club Already Has;* **KAREN WOODARD-CHAVEZ** pitched in with *The River of Change;* and **BEVERLY HOSFORD, NFPT Blogger,** wrote and contributed the *Idea World Fitness Report,* summarizing what went on at that huge event in July. So, grab a beer, or a sarsaparilla, and kick back and enjoy your **August 2016 Edition of CLUB INSIDER!** You'll be **GLAD** you did!

•**Pokemon Posture...** It's sad to report that, every day, it seems like we wake up to something insane that has been going on in our world. A lot of the insanity involves awful events, such as mass shootings, (See *Norm's Notes Page 6*)

About Club Insider

Established in 1993

23 Years and Counting!

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PRINTING and MAILING SERVICES - Walton Press

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Edition #272

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Pokémon Posture

By: Dr. Steven Weiniger

Publisher's Note: Many Americans seem to be *totally possessed* with the **Pokémon Go** craze, and to the extent possible, **CLUB INSIDER** would like to provide something that might be helpful to all of our readers who've somehow found themselves captured by this craze. That's the following article entitled: **Pokémon Posture**, written by **Dr. Steven Weiniger**. Even if this helps just one person avoid potential health issues or problems caused by their addiction to **Pokémon Go**, we feel it's worth it. **So, check it out!**

- Norm Cates, Publisher and Tribal Leader Since 1993

• • •

People are chasing Pokémon everywhere, with the beneficial side effect of becoming more active. On the other hand, players of Pokémon Go are stumbling into real-world people and objects and have been involved in injuries ranging from traffic accidents to falling off a cliff!

However, the larger health risk for

most people is Pokémon Posture. Walking while obsessing over capturing virtual monsters adds to the real world problems familiar to frequent texters, computer users and others suffering from **tech-neck**.

When the people walking towards you see the top of your head instead of your eyes, you have Pokémon Posture.

Walking while facing down and focused on the game trains muscles to push your head forward and roll in your shoulders, which folds your body into a "C." The postural problem is aggravated because your arms are made to swing when you walk, but Pokémon Posture locks the arms to throw Pokeballs and folds the chest towards the pelvis.

A huge benefit of walking is exercising the diaphragm and other muscles you use to breathe deeply. But, by collapsing your torso onto your pelvis, Pokémon Posture makes it harder to take a deep breath and adds to the muscle imbalances that cause neck and back pain.

The Solution: Connect with your real-world body with attentional focus exercises to strengthen your posture. The idea is to retrain your reflexive head position to align on top of your torso and your torso over

your pelvis.

Focusing on the reality of how your body stands is the key to retraining how you move (plus helps prevent a potential injury from walking into a tree!).

Try these StrongPosture attentional focus exercise tips for optimal performance:

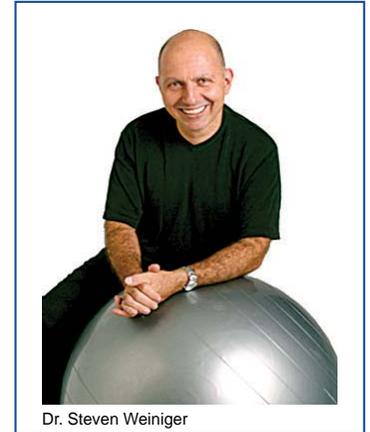
When looking for Pokémon:

- Stand taller and lift your device UP;
- Move your eyes instead of your head, so you can shift attention more quickly to see where you're going (and avoid hazards).

When chasing Pokémon:

- Engage your core by pulling your belly IN;
- Open your chest by rolling your shoulders UP, then BACK, then DOWN;
- Level your torso by pulling elbows slightly forward of your torso as you lift your device;
- Stack your head in line with your torso by facing forward and pulling your head back.

Downloaded 75 million times in its first four weeks, Pokémon Go is connecting online with real life for millions of people and getting them out and moving, a great thing for health. But,



Dr. Steven Weiniger

to avoid injury and get the most out of the exercise you're getting playing Pokémon, stand tall and be posture-aware.

*(International posture expert, Dr. Steven Weiniger, speaks globally on improving posture for health, pain relief and aging well. He trains thousands of doctors and therapists in posture improvement protocols and authored **Stand Taller Live Longer, An Anti-Aging Strategy**. To contact Dr. Weiniger, you can email mail@BodyZone.com or call 770-922-0700. His Twitter is @BodyZone)*

...Norm's Notes

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bombings, murders of policemen, machete attacks and you name it... *if it's bad*, it seems that it's been going on this year. **2016** may go down in history as the **Year of Horror!** *But wait! There's hope.* There's still **Pokémon Go** for those of you who want to take your mind and body elsewhere. This month, we've provided some help for those of you who are already engaged in this latest cyber fad, *Pokémon Go*. If you, or members of your family are engaged in *Pokémon Go*, this article may help you with the potential problems the activity causes for your posture, thus the name of the article written by **DR. STEVEN WEINIGER, "Pokémon Posture."** Check it out on **This Page**.

• **The 2016 Club Industry Show is October 12 - 14th**, and if you've not already done so, I urge you to make plans now to attend this special annual event in Chicago at a brand new venue... **The Hyatt Regency Chicago**. Go to: www.clubindustryshow.com. Hooray, because we will no longer have to trek in buses and cabs to and from several hotels to McCormick Place where the show was previously held. Now, you can stay under one roof at the Hyatt Regency Chicago and attend both the **Club Industry**

Conference and the Trade Show. This should be a wonderful improvement for this event. Also, please **DO schedule yourself to attend the Trade Show**. I say this because there are a lot of terrific exhibitors, including our advertisers listed below, who're going to a lot of trouble and expense so they may spend some time with you showing their great products and services. **So, please DO SUPPORT and ATTEND the Club Industry Trade Show at the Hyatt Regency Chicago!**

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Sports and Fitness Insurance	#704
Club Industry	#1000
CLUB INSIDER	#608

• **The Rock 'N Roll 1/2 Marathon** to benefit **Augie's Quest** is happening in **Brooklyn, New York on October 8, 2016**. Check our **Their Ad on This Page**. Remember also you may help **AUGIE and LYNNE NIETO Win The War On ALS** by going to www.augiesquest.com.

• **Welcome to our new advertiser, ERIK CHARLES RUSSELL!** Erik is the author (*See Norm's Notes Page 7*)



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...Norm's Notes

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of **The Art of Selling Memberships**. Check out his **Ad on This Page** and get the book for you and your sales team by going to www.sellingmemberships.com/bookoffer!

• **Planet Fitness CEO, CHRIS RONDEAU**, has announced the appointment of **FRANCES GREGG RASTHKE** to the company's **Board of Directors Audit Committee**. Rondeau said, "I am excited to welcome Fran, a seasoned financial executive, to our Board of Directors. She brings with her a wealth of business and finance expertise leading entrepreneurial growth companies which will be highly beneficial to Planet Fitness and our shareholders as we continue to build on brand momentum and execute our growth strategy." **Best wishes and good luck on the Planet Fitness Board to Ms. Rasthke.**

• **World Gym International**, the iconic global brand for bodybuilding and seriously fun fitness, added 11 more gyms to the World Gym family in the second quarter of 2016. Between April - June of 2016, World Gym opened or signed deals for franchised gyms in: **Australia:** Brendale, North Lakes and Surfer's Paradise; **Brazil:** Curitiba; **Mexico:** Arboledas, Coacalco, Luna Parc; **Taiwan:** Hsinchu Zhongzheng, Taipei Sanchong and Yilan You-Ai; **United States:** Healdsburg, California. Check out the **World Gym Ad** on the **Outside Back Page**.

• I'm pleased to report that our friend, **CECIL SPEARMAN**, owner of **The Laguna Niguel Racquet Club** in Laguna Niguel, California, and **IHRSA's 11th President and former Board Member**, has completely recovered from eye surgery he had a few months ago. He wrote in an email to me: "Thanks Norm, My eye surgery was a 100% success. I drove to work today for the first time in four months and played nine holes of golf yesterday. **ON MY WAY BACK!**" **Congratulations, Cecil!**

• **Perfectly timed, CBI Magazine's Cover Story** subject this month is **Technogym's NERIO ALESSANDRI, Founder and CEO of Technogym**. Technogym was chosen to be the **Official and Exclusive** fitness equipment supplier for the **Rio 2016 Olympic Games**. This is **Technogym's 6th Olympic experience**. The company has equipped **15 fitness centers in Rio** for the athletes to train in prior to and during the Olympic Games. A total of **1,200 pieces of equipment have been made available to the 10,500 athletes, coming from 205 different countries and performing in 42 different disciplines**. Moreover, Technogym is providing a **team of 50 professional athletic trainers** to support the athletes as well as all related services (gym layout, installation and technical service). **Nerio Alessandri, now well-**

branded by CBI Magazine's August Cover as "The Wellness Champion" has reportedly been keeping very busy. Not only has his company taken on the Olympics for the 6th time, **in April he headed up a partial initial public offering (IPO)**. And, as **CBI Magazine** put it, "As always, he continues to work to make the fitness/wellness experience 'cool.'"

• **AFAA** has changed the first word in its name from "Aerobics" to "Athletics," now making it the **"Athletics and Fitness Association of America."** Their **Press Release** reads: "**CHANDLER, AZ** - The initials are the same --AFAA-- but one of the world's leading fitness instructor certification organizations begins a new chapter in its 33-year history this week with a new name: **the Athletics and Fitness Association of America**. The organization was founded in 1983 to provide practical skills, science-based training and hands-on experience to group exercise instructors and trainers in a category that needed leadership, direction and consistency at the time." **Best wishes to the folks at the Athletics and Fitness Association of America!**

• **The UFC** has been purchased by a consortium of companies for **\$4 billion**, but the joint venture between **UFC and MARK MASTROV's New Evolution Ventures in UFC Gym** will remain intact, according to **UFC Gym CEO, BRENT LEFFEL**, who said UFC's new ownership should help the gym chain expand internationally. **Stay Tuned!**

• **The CBS News Headline** reads, "**Fitbits and two other devices show erratic and perhaps unreliable results.**" The report, delivered by **AMY KRAFT** of **CBS News** brought these claims, and I quote them: "Fitbit users sue, claiming heart rate monitor is inaccurate. It's a report on a lawsuit from a number of users who say the company's health tracking devices can't be trusted to monitor heart rates." According to the report: "The plaintiffs filed a class-action lawsuit in California claiming the Fitbit Charge HR and Surge models consistently underestimated their heart rates during workouts. Beyond that, **CNET**, whose website boasts that they, 'bring you the top unbiased editorial reviews and ratings for tech products, along with specs, user reviews, prices and more,' stated, 'Plaintiffs and many consumers like them have experienced, and testing confirms, that the PurePulse Trackers consistently mis-record heart rates by a very significant margin, particularly during exercise,' the lawsuit claims. The suit accuses the company of defrauding its customers and seeks 'an award of compensatory, monetary and punitive damages.'" **Stay Tuned Folks!**

• **Last month, I wrote this:** "One thing we've decided to do with **CLUB INSIDER** from now on is to try our best every month

to introduce and provide *exposure* and *publicity* to a good cause we've learned about somewhere in America. We would appreciate your help by sending us the name and contact information for any and all charitable organizations that are doing good things for people whose families are separated due to hospitalization."

To that end, this month, folks... let me mention **The Ronald McDonald Houses...** with **450 locations across America, and in 60 countries and regions across the globe!** Go to: www.RMHC.org, and you will see the stated **Mission of The Ronald McDonald Houses** is: "Helping families stay close to their child through a network of local Chapters." And, their website continues: "It's something we see every day, children healing because they're surrounded by their families. While RMHC may not be able to make the medicine taste better or erase the pain of a much-needed treatment, we have helped lessen the burden for nearly 5.7 million families in 2014. Since 1974, our network of local Chapters have been making children happier and healthier by keeping families together while the children are in the hospital, giving families a place to rest and refresh. A place that feels like home." **CLUB INSIDER** salutes **The Ronald McDonald Houses** for providing a *place of rest for families whose children are hospitalized for extended periods!* Go to www.RMHC.org to learn more.

• Check out the **CLUB INSIDER Survey on Page #8**, and please take a few minutes to give us feedback on **how we might make CLUB INSIDER better for you**. We'd appreciate your assessments and candid input... good OR bad, **so fire away!** Thanks in advance to those of you who choose

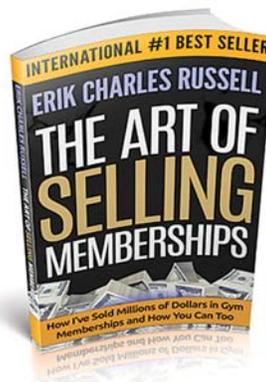
to provide feedback to help us make our publication better as we approach our **24th Anniversary** by completing the survey and mailing or faxing it back (*see contact information on the survey*), or you can go to www.clubinsideronline.com/2016-survey.

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

• **CLUB INSIDER** is a **Paid Subscription based Publication with a money back guarantee on all new subscriptions**. Are you a **Paid Subscriber?** If the words **PROMOTIONAL COPY** appear above your name and address on the cover of this month's edition, *you are not a Paid Subscriber*, and you are not enjoying the *full benefits of a Paid Subscription to CLUB INSIDER*, which includes **one year of new editions** (print and online) and **online access to all previous 23 years of CLUB INSIDER's 272 archived monthly editions**. So, *don't delay!* **Subscribe today for just \$89 for one year or \$10 a month** by going to www.clubinsideronline.com/subscribe.

• **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 23rd year of publication. Cates can be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com*)

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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?

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...Club Marketing

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your market(s). That is one of the facets of marketing that is so fascinating: what works in one place, under similar conditions and demographics, may not work in another. Marketing is a constantly evolving science, and I venture to say it is one that can never be completely known because the variables are always changing. Some may ask, 'Then, what's the point?' I would answer: *You will never know until you try. So, try hard and try often.*

Moving on to the core of this cover story, let me introduce you to the panel of marketing professionals who were kind enough to take the time to speak with me on the subject.

This month, in **Part I**, you will hear from:

- **Derek Barton**, Owner of Barton Productions;
- **Rich Boggs**, CEO; and **Terry Browning**, President, of MOSSA.
- **Nancy Terry**, Senior Vice President of Marketing of Sport&Health;

Next month, in **Part II**, you will hear from:

- **Jon Butts**, President of Muscle Up Marketing;
- **Tracey Bourdon**, Marketing Coach at Susan K. Bailey Marketing & Design;
- **Daniela Spaid**, Director of Marketing and Public Relations of Fitness Formula Clubs;

Between the viewpoints of our panel, you will see various points of overlap, especially when it comes to the state of classic price-based marketing campaigns. You will also see various differences of opinion. As mentioned before, that is just the science of marketing, and it is here to stay. So, I now invite you to grab something to write with and to read on. And, of course, thank you for reading CLUB INSIDER.

An Interview With Derek Barton, Owner of Barton Productions

CLUB INSIDER (C.I.) - Please discuss the differences between price-based marketing campaigns and other styles, such as benefits, results, etc.

Derek Barton (DB) - From the beginning of marketing, there have been two kinds of ads: **Brand** (or **Image**) ads and **Retail** ads. To illustrate that, brand/image ads are the kind you see during the Super Bowl, and they are all about emotionally connecting with the viewer, like Budweiser does so well. Whether it's the talking frogs, the Clydesdales, or the famous 'What's Up' campaign, it's all about winning you over to their brand. They make us smile or

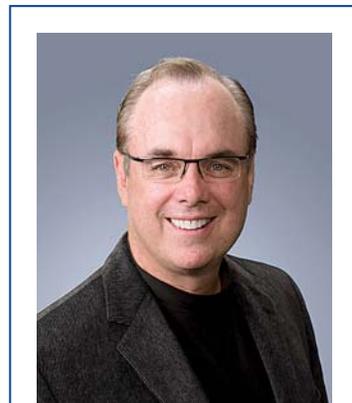
laugh, and we end up liking them. Now, when we go to the grocery store or look in our *Penny Saver*, we see the retail ads that emphasize price. 'Grab a 6-pack of Bud for only \$7.95 or a 24-pack for only \$25.' That's what I call the one-two punch. I believe every company needs to have a balance of brand/image and retail ads.

C.I. - Can you elaborate on which styles work best given a specific business model (i.e. HV/LP, full service, etc.)?

DB - There are two sides. Take a commodity, for example, *coffee beans*. Price can be important to people. But, when you brand that coffee bean and surround it with a venue that makes it more important and meaningful, like Starbucks has done, then once again, it is about the brand. To me, gyms are like hotels. The customer is paying to be in your space. The better the space and the cooler the amenities, the more likely the customer is to come back. And gyms, as with hotels, are really a service business. It's all about the experience. How a person feels in that space, whether alone or with others, is important. By the way, I am seeing more and more low-cost models adding classes now, whether live, virtual, on-demand, etc. People want more than just low cost.

C.I. - What are the pros and cons of each?

DB - The pro of a brand/image ad is that it gives people a reason to like your brand. The pro of a retail ad is that it helps give people an incentive to buy your brand. There are no cons to a brand/image ad, unless it's just a really bad ad that doesn't emotionally connect with people. And, the con of a retail ad is that you can't rely on it alone. You have to keep telling your story. Every person in every company has a story, and stories have a big impact on people. That's why we have told them since the beginning of time. Your story can't focus on price alone; you won't get any loyal customers. As marketing guru, **Marty Neumeier**, once said, 'Only one competitor can be the cheapest; the others have to use branding. The stronger the brand, the greater the profit margin.' You have to keep telling your story in a way that moves people.



Derek Barton, Owner of Barton Productions

C.I. - Do you think that the boutique growth is driving that more and the low-cost players are finding that they need to offer more to compete at the lower price point?

DB - Great question, and I do. I talk to a lot of gym owners who run low-cost models, and they are finding out that, to compete at the low price, they have to bring a little bit more to the table. That's okay, and it's the beauty of competition. Health clubs are a parody business. What I charge, someone else can charge. The equipment I have in the gym, they can have the same equipment. Again, that's the challenge of trying to differentiate your company from the competition. It's finding and giving that little added something that the Nikes and Apples do so well because all of their products are more expensive than the competition. It's the perceived value of their products that we reach into our pocket and pay a little bit more for. I think a greater perceived value needs to be

the standard in our industry. Besides just a price, we need to offer an experience where they say, 'Wow, I love being here. I feel good when I am here.'

I've always talked about that bar in the TV show, *Cheers*. A bar is a bar, but yet, the reason the show lasted 11 years is because it wasn't just about the bar. It was about all those characters *in the bar*. To me, a great club business can have those kinds of people, whether it's the person behind the counter, the maintenance man, the person in the juice bar, the personal trainers, etc. There are so many different characters in the gym business that can give us that feeling of being validated in some way. We want to feel good no matter where we go, and with something as important as our health and fitness, we just need every kind of inspiration.

C.I. - The emotion of it cannot be underestimated in this industry. It's such (See *Club Marketing Page 12*)

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RIGHT NOW!!!



\$465,000

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\$659,000

ADDED TO CLUB IN 1 YEAR!!!

Austin Thomas - Fitness Unlimited, NC



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*this statement is based on these clubs; results will vary

...Club Marketing

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a powerful thing. Can you share some examples of well-done marketing pieces with us?

DB - In my 30 years in this business, there are a few brands I have seen that do a really good job at telling their story by getting you to smile and just emotionally connecting with potential customers. That's the best combination. And, *I've always believed that the best offer we can make as an industry is the Free Trial Membership.* In my Gold's Gym days, we used a 14-day free trial membership. We did a series of small simple newspaper ads that offered a free

trial membership with a 'wink.' We made a lot of people smile, including our sales staff. Whether you give 14 days, or seven or five, and I believe three is a minimum, there is no better price than **FREE**. If you can get someone into your club to kick the tires, and really give them an experience where they say, 'Wow, I had no idea your club was like this,' it becomes a no-brainer. If you can meet them face-to-face as they bring in the free pass, you know they are interested in working out. You now have a very good chance to sign them up, so if you don't, there must be something wrong with the club or the experience. It could be broken equipment, lack of cleanliness or your salespeople simply don't know how

to emotionally connect with that person.

C.I. - More generally, please discuss the importance of having an organized and consistent marketing campaign year-round, even during slow months or times when money may be tight.

DB - Nothing beats consistency. It's very important to find your brand's voice, to hone the narrative and to consistently tell your story in a way that moves people. Too often, people in our industry look for the quick fix. Business is not a sprint; it is a marathon. A company can start out as a commodity then turn into a brand then a trademark, and then, if you really earn it, it becomes a trust mark. And, if you really do it right, you become a love-mark, like Apple, Nike, Starbucks, etc. Becoming a love-mark is the ultimate goal. For example, look at Geico Insurance with the Gecko lizard. They sell car insurance, but they have made us *love* them because of that lizard. Look at Aflac, another insurance company, with that quirky duck. These are two very long-running consistent campaigns, and we have grown to love those companies over time. So, telling your story consistently all through the year, with the right narrative, is very important.

C.I. - In your experience, is there a recommended percentage of revenue that should be budgeted for marketing?

DB - It's been a long-standing practice that anywhere between 5 - 10 % of your revenue should be spent on marketing. When I started out at Gold's in 1985, I'm not sure what the percentage was, I just knew it was much smaller than our competitors. I couldn't waste a dime. I thought, 'Wow, I really have to be smart here.' And, it taught me guerilla marketing and to barter with other companies. There are so many ways of partnering up with other companies. At the same time, though, you do need a healthy budget to at least get your voice out there, not as a whisper, and it doesn't need to be a yell, but loud enough so people can hear you. As I've said before, marketing is like a diamond; there are many facets to it. There's TV, radio, print, direct mail, door hangers, billboards, and of course, social media. Today, social media is playing a big part in marketing. As I remind my clients, it's important to understand that people don't go on social media to be sold. They are there to make friends, find values in certain things, and if you talk to them in a certain way and are smart enough to know how to emotionally connect with them, you can lead a lot of people to your door. Every marketing piece that you create, everything that you do, must have a reason behind it that moves you and your brand forward.

An Interview With Rich Boggs, CEO; and Terry Browning, President of MOSSA

CLUB INSIDER (C.I.) - Please discuss the differences between price-based marketing campaigns and other styles, such as

benefits, results, etc.

Terry Browning (TB) - Priced-based marketing is a *feature*, and relating it to our industry, it would be part of a club's long list of amenities, such as type of equipment, how many cardio pieces, how many group rooms, the number of classes offered, day care, etc. As an industry, feature marketing, the listing of amenities and price, has been a long-time marketing strategy for so many. Benefits marketing is the strategy that the vast majority of all other industries, and the Nikes and Apples of the world, embrace as the most effective marketing strategy to sell their product or service. The benefits are the reason *WHY* the features are important to the consumer, what it does for them, how it makes them feel, etc. It's the emotion.

C.I. - What are the pros and cons of each?

TB - Very simple: Features tell. Benefits sell! A great quote by **Gregory Ciotti** explains this concept, 'People have little interest in purchasing a bed; what they want is a good night's sleep.' Even more important for our industry, since we are actually selling a lifestyle change, not exercise (that's the feature), an emotional benefit is essential to inspire someone to change his behavior.

C.I. - Given your company's expertise, please elaborate on how a branded group exercise program, in and of itself, creates a differentiator a club can utilize in its marketing efforts.

TB - To have a strong brand, the brand experience must be high quality and consistent. Branded group exercise gives a club the ability to deliver a high-quality experience through professionally programmed workouts, and it ensures consistency for the consumer through the pre-choreography model of programming. This strong brand then enables clubs to market the promise of the brand and ensure it delivers every time. The branded group exercise program enables broader consumer appeal as a team of instructors delivers the program numerous times per week, enabling consumers to make easier and more convenient choices when looking at the schedule. This creates a tremendous

(See *Club Marketing Page 14*)

Comments From Nancy Terry

An Interview With Nancy Terry, SVP of Marketing for Sport&Health

CLUB INSIDER (C.I.) - From a 10,000-foot view, please tell us about the marketing efforts for Sport&Health.

Nancy Terry (NT) - We use a multi-media plan that matches our member personas with potential guests, targets their interests, engages them and creates a conversation with our membership team and the guest. It's all about integrating our corporate marketing efforts with our local community efforts so people are seeing Sport&Health everywhere.

C.I. - What campaign styles are used in those efforts, and what have the results been?

NT - We use ROI to organize our efforts. We make sure the message is 'relevant' to the market seasonality and to the consumer. We make it 'original,' so we feature the benefits that differentiate the clubs. And, we make sure it has 'impact,' so it breaks through all the clutter/noise out there and makes the door swing and the phone ring. We measure the results of a successful campaign in reaching our KPIs (calls, walk-ins, web leads, appointments, shows and sales).

C.I. - Has the price-based campaign style been used previously, and if so, was there a move made away from it?

NT - We use price-based advertising periodically when a sense of urgency is needed; for example, in direct mail or on the web through flash sales. But, the majority of the time, we are building value for why one should chose Sport&Health and leaving the price presentation up to the membership team once the guest is in the house.

C.I. - Can you take us through the components of creating a multi-faceted marketing campaign to increase member referrals?

NT - For member referrals, we like to use a large Register to Win (RTW) gift in the lobby (a grill, SUP or bike, etc.) to get the excitement going and the staff and members engaged in generating names of friends and family. Then, when the person joins, the referring member gets an appreciation gift like an athletic bag or shirt. We also give a logo t-shirt for anyone who tags three friends: 'I just joined' or 'I love S&H.' This is marketed online with our 'share the love' website, social media, on ClubCom and at Point of Sale.

C.I. - Where does social media now fit into the marketing mix?

NT - We are using Facebook, Instagram and other social channels with every campaign to market to our users and potential users as this is way the best way to target the perfect demographic profile, whether it's age, gender, income, interests, purchase behavior, education, occupation, etc. There's nothing better to increase your referrals, drive traffic and engage with our members and guests.

sport&health



Terry Browning, President of MOSSA

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...Club Marketing

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differentiator for the club since low-price players and boutiques cannot compete with large group fitness; it's really the main competitive advantage a club has. Our average club customer services 38% of all member visits in group fitness (the industry average is only 12%), with a target of 50%.

C.I. - MOSSA also serves as a full-service advertising agency for its customer clubs; please tell us about this.

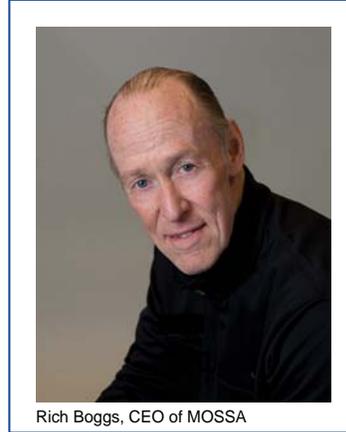
TB - We have always felt that our branded group fitness systems presents a tremendous opportunity for clubs to market more effectively because of the consistent, high quality brand experience that they now offer and deliver. Working closely with our customers, we understand the major challenge they are facing is the economic climate and the very competitive landscape with the abundance of low-price players and boutiques. Our customers really need a system to market more effectively and efficiently to attract new members and be able to channel more members into group fitness, as industry research shows that a member who participates in group fitness stays longer, generates more referrals and is less price sensitive than any other member. To support our customers in this area, we

have invested heavily in a comprehensive MOSSA Sales and Marketing System, basically becoming their full-service ad agency. But really, it's one step better as we give them the tools to deliver the most important element of marketing, the brand experience.

We create and deliver emotive, benefits-based campaigns every three months to attract new members and grow group fitness participation. Each program is supplied with extensive internal and external marketing resources designed to create awareness through direct mail, email, web, video, social media and point of purchase marketing. In addition to supplying these resources, we know that information and education is key to becoming a better marketer. So, each quarter, we conduct a MOSSA Sales and Marketing webcast and supply a MOSSA Whitepaper to overview the new campaign and to educate on various marketing strategies.

C.I. - Rich, drawing from your experience as a former club owner, and now, with your experience with your client clubs, please discuss the importance of having an organized and consistent marketing campaign year-round, even during slow months or times when money may be tight.

Rich Boggs (RB) - When I got into the



Rich Boggs, CEO of MOSSA

fitness industry 40 years ago, there were so few clubs that competition was very minimal. A good location that was clean and offered a variety of equipment was all that was needed to be successful. We knew that this lack of competition would not last forever, and our biggest challenge was to find a way to deliver our fitness services that were experiences because competing on price was not the answer unless you could be the 'low cost provider' (LCP). This means the LCP has analyzed and tested their concept to eliminate any and all expenses that are not absolutely necessary to the product or service they sell. THINK

Planet Fitness, Walmart, COSTCO, etc. Those who attempt to start a price war when they are NOT the LCP will always lose in the long run.

Pine and Gilmore, authors of *Welcome to the Experience Economy* wrote one of the best books on how to compete successfully with LCP (The Harvard Business Review summary is available by going to bit.ly/clubinsider20). The key is to create 'memorable experiences' as a way to attract and retain customers/members. Think Disney, Starbucks, Cinemax. We found that, while The Original Step was wildly popular, it was solely dependent on the individual instructor to create the experience. This led to the creation of Body Training Systems, and later, MOSSA to create powerful brand experiences for our customers. Marketing in a professional, organized manner is essential to create constant awareness and demand, regardless of time of the year. Since we create and supply all marketing resources for each program, it is extremely cost effective and efficient. Successful companies market year round to continually create awareness to drives sales, regardless of time of the year.

• • •

(See Club Marketing Page 15)

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MOSSA's Group Power Campaign

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I want to sincerely thank Derek Barton, Rich Boggs, Terry Browning and Nancy Terry for their time and contribution to **Part I** of this cover story. A lot of valuable information was covered, so I certainly invite you to read it again and pass it on to anyone at your organization whom you feel could benefit. More information will be presented next month in **Part II, so Stay Tuned!** Thank you for reading **CLUB INSIDER**, and happy hunting in your future marketing efforts!

(Justin Cates is the Assistant Publisher of CLUB INSIDER and grew up in the health and fitness club industry. Justin was born into a club business family in 1985, and from the age of eight, he spent his non-school and sports hours in a home that doubled as CLUB INSIDER Headquarters. He has lived and breathed this industry for 31 years, since his own day one. Cates graduated from the Terry College of Business at The University of Georgia in 2007 and then went on to two years at The Art Institute of Atlanta, where he studied Interactive Media Design. Now, he is an integral part of the "Story" of Norm Cates and CLUB INSIDER. Justin can be reached by phone at 423-314-4310 or email at Justin@clubinsideronline.com)

Make It Fun!

...Dr. Gerry Faust

continued from page 3

people who are tactical specialists. So, we bring in people who have expertise that we don't have... I'm not saying that is the wrong thing to do, but there are only a few in the industry who have brought in true strategic management consultants. They are bringing in IT consultants, sales consultants, programming consultants, people who know about personal training, etc. Those are all good things to do, but what is lacking are the people who have a broader base of experience and can look at the organization as a whole and talk to them about improving the organization, rather than a specific function.

If you are going to bring someone

in, the first rule is: *You better bring in someone you trust.* A good consultant is going to get inside your business, so you need to know you can trust him and that he is going to give you the right advice. My other suggestion is that there are all kinds of consultants who are prepared to give you advice on everything, but what they really know is one thing... So, you've got to take with a grain of salt what some of the people say, but there are also a lot of people who have been around the industry for a while. There are a lot of well-respected, good consultants in this industry, depending on what you need. You want to look at the person's experience, and you probably want to look at whom they have worked with. And, one of the things I think more people should think about is to not just go

with people who are industry specialists, but then again, I've got a vested interest in that. Another thing is that they should be prepared to listen carefully to what the consultant has to say.

The other comment I would make is that, if you get a really good consultant, you might want to use him more than once and have him hang around a bit. I pride myself on working with my clients for long periods of time. I have many consulting clients whom I have worked with for more than ten years and several that I have worked with for more than 20 years. My current longest running client is the one I mentioned previously, the owner of the Banfield Pet Hospital Group. I was on his Board for seven years after being his consultant for ten years; I still work for him, so it has been 25+ years that we have worked together. For 17 years, I also worked with a big company out of South Africa and all of its subsidiaries. I'm on my fourth or fifth year with several club groups, and obviously, the Roundtables are a big thing. For example, I am working with a unique company headquartered here in San Diego called *The Perfect Workout*. I am an executive coach to the CEO. I believe he had about 14 or 15 clubs when we started working together, and he is up to over 50 or so clubs now. I've done his strategic planning four years in a row. So, if a person is dealing with a consultant and is given great service, you do have an advantage because they know your club or group, and you might want to continue with that work.

C.I. - With something as complex and intimate as business is, it just seems that, once you find the right fit, it only makes sense to have them long-term as they learn more and more. It becomes almost a snowball effect.

GF - Yes. And, another thing people should do is to not be afraid of the price tag. A lot of people shy away from higher price tags or whatever, but they have to consider that consulting is an investment in the business. It's a long-term investment, and you have to do something to make sure you get the value out of it. The tricky part about consulting, though, is that it is a soft thing compared to buying more equipment or doing all the other things that need to be done. The challenge of the club industry is all the investments that need to be regularly made in addition to what you already have.

C.I. - What are some examples of topics that clubs seek out your services for? And, what have been some of the results?

GF - I've had all kinds of clubs where I have done the equivalent of executive retreats,

annual meetings, etc. We've done a lot of that. For me, what I really prefer to do is do those when we can have some in-depth discussion about where their club/group is, so I try to make it more than a speech. A lot of times, they are 1- or 2-day workshops. In terms of more specific consulting activities, my specialty is *Organizational Assessment*. I dare say that my diagnostic tools are the premiere tools in the world in that space, in the sense that they provide a true comprehensive assessment of an organization, then identify its strengths and weaknesses and help people decide the 3 - 5 key things they need to work on.

I have a diagnostic tool called *Executive Insight*, which was meant to be a tool used by a small business so they could do their own diagnosis. All the members of the Roundtable actually got those in the beginning because I gave it to them. Some of them even used it (laughing) and were successful with it. But, the tricky thing is that it was a classic example of me not knowing my market. What I mean by that is that it's a market of CEOs. What I wanted was to be able to give them this box, which was a diagnostic process that included complete manuals and tools on how to run the process incredibly efficiently, and they could learn fairly quickly. But, what I forgot was that CEOs do not like to read instructions (laughing). Everyone I sold this brilliant box to called me and said, 'Can you come do this for me?' So, I found out that this is a tool that is really designed for consultants, and I now train and license consultants around the world; there are a couple hundred around the world who now use that box because CEOs don't want to do it themselves. I also created a special edition of *Executive Insight* for the club industry, which is on my website (www.faustmanagement.com).

In the years since we produced that product, I have created a much more comprehensive online assessment tool called *Executive Insight Comprehensive*, and it provides a comprehensive assessment of overall organizational health. That comes in various industry versions with the first one being the club industry version. I have designed that product with help from a number of my Roundtable Members. It is an extremely powerful tool: It gives you a comprehensive SWOT Analysis (Strengths, Weakness, Opportunities and Threats) of a business. It tells an organization exactly where it is in its lifecycle, why it is there, the things that are keeping it where it is and the things that they need to do and work on to get to where they want to be. And, it also provides strategic management information to an organization measuring it across 11 future success predictors. By the way, I developed the speech, *The Ten Biggest Problems in Your Industry and How to Solve Them*, from the first of these assessments that I was developing.

So, organizational assessments are my premiere products. Now, what I should tell you is that no one just wants
 (See Dr. Gerry Faust Page 18)

Comments From Carol Nalevanko

An Interview With Carol Nalevanko, President of DMB Sports Clubs/Village Health Clubs and Spas

CLUB INSIDER (C.I.) - If you can recall, when and how did you meet Dr. Gerry Faust?
Carol Nalevanko (CN) - I met Gerry Faust when I was asked to join the Faust Executive Roundtable sometime around 2006.

C.I. - What services have you contracted from Faust Management Corporation? What have been the benefits?

CN - My company has used Gerry to help us with strategic planning and employee training. We use his MentorU program as well. Gerry is the kind of facilitator who can really relate to his audience (my employees) and quickly gains an understanding of our company culture. He has helped us create 3-year strategic plans that are easy to understand and deliver.



C.I. - As a member of Faust Roundtable #1, please provide an example or two of something you have directly applied to your business as a result of that experience.

CN - A few of the major things that I have brought back to my company are: (1) How to create a strong company culture and (2) How to train employees to think in the gray area. My fellow Roundtable Members do a great job sharing ideas on club operations, sales and marketing, employee training and much more.

C.I. - What would you say to any health and fitness club owner or operator considering consulting services or joining a roundtable?

CN - I would tell them that the roundtables are a great way to network with your industry peers, but they need to make sure they get on a roundtable with people who share their values and business philosophy. If you're looking for some great employee or customer service training, Gerry Faust does an excellent job with these areas.

C.I. - Have you used Dr. Faust as a keynote speaker for a group? If so, what topic(s), and how did the group respond?

CN - We used Dr. Faust as a keynote speaker with our department managers to speak to us on building a company culture and on strategic planning. Our employees really enjoyed listening to him, and he connected well with all of us.

C.I. - What makes Dr. Faust so valuable to the health and fitness club industry?

CN - Dr. Faust is valuable to the health and fitness club industry because he has made it a major goal of his to stay connected with industry leaders, industry trends and industry challenges. He has been working with the health and fitness club industry for over 20 years, so he has been very involved in all of the challenges and changing dynamics of our industry and is very well-positioned to offer great advice and solutions as well as new ways of approaching our business.





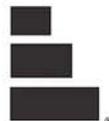
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STEPFITNESS

...Dr. Gerry Faust

continued from page 16

an assessment. So, the assessment itself is either done: (1) as a precursor to strategic planning, like we recently did for The Houstonian, for example or (2) as a

change driver/executive education piece. It makes a great start to any kick-off/change/improvement program to reenergize a team and get them focused on what they need to do to drive the business. It makes a great base for an executive retreat. Generally these are 1- or 2-day events that

include some seminars on key concepts, a report on the assessment results and then identification of the 3 - 5 key strategic initiatives that will drive future success, often leading to action plans for the coming year.

Related to that, my other real specialty is strategic planning, and I do a lot of that. By the way, there is not a lot of grand strategic planning done in this industry except for the big publicly traded companies. That's why we have made strategic planning into a process that smaller businesses can do and make some real progress on. So, we have a lot of clients who are \$15 - 20 million dollar businesses and some smaller that have used these tools. I also do specific problem solving training. I like to do that after the diagnostic, so I have problems for them to solve.

Faust Management offers an online management development program, including one specifically designed for the club industry. There are a number of other clubs and club groups that have used our online management development curriculum. We have also designed custom management development programs for many organizations. Probably one of the best projects we ever did in that space in the club industry was with Wellbridge. We created Wellbridge University, which was a combination of online sessions, live seminars at Wellbridge and internal roundtables. So, I would go to Wellbridge three or four times a year, and we would have a program for all of their club managers or assistant managers who they believed were up-and-comers. I can tell you that all kinds of great leaders and managers came out of that program. Some of the students in that program are now some of the best CEOs in the business. We have done similar work for the Village Clubs in Scottsdale, Arizona.

The nice thing about the online program is that all of the organization's people can get it, and there can be separate tracks for different job positions. Managers can track whether their people have taken a course and passed a test. Clients can create their own content to be integrated into the curriculum. There is also a leader's discussion guide that provides a program for the managers to hold discussions after each lesson is taken. The leader's guide includes exercises on how to discuss it, how to apply it, how to make them into assignments and how to follow-through on the assignments. For example, Carol Nalevanko of the Village Clubs used a combination of our materials and their materials throughout what they were doing. So, it's a very good 12- to 24-month

program where they can have new things all the time. Once again, the whole idea is to make a difference with education.

To recap, Faust Management offers:

- Speeches and seminars;
- Online, live and custom management development programs;
- Consulting that includes: Organizational Assessments, Strategic Planning, creating plans and programs for monitoring and ensuring delivery of strategic plans organizational structuring, and problem solving;
- In-house Executive/Management Roundtables;
- Focused year-long or ongoing improvement programs;
- In addition, I personally serve on Boards of Directors/Advisory Boards.

A major part of much of the work we do is on the development and alignment of the strategic architecture. Strategic architecture is made up of four things:

1. An organization's definition of its purpose and everything it does to set and clarify the direction of the organization. Things in that category include: *mission, vision, values, objectives, strategy*, etc. That's where you define your purpose and set your direction.
2. Your organization's structure, which is supposed to be set up to achieve your strategy. Structure includes: defining the right mission for each department, the key measures for each of those departments, choosing the right people to be in those departments and defining jobs and delegated responsibilities.
3. Building an accountability management system, and this includes: designing management information systems (key success indicators) and the process for management meetings focused on ensuring accountability and developing the responsibility and judgment of participants. Those last three words are pretty important here. It's a combination of processes that keeps the business in tune and develops the next generation of leaders.
4. Designing a reward and recognition system that fits with all of the above.

When the four elements of this strategic architecture are not in alignment with one another, the organization is very difficult to manage.

C.I. - You are also a successful speaker on the global level. When and how did you first get into professional speaking?

GF - I love speaking. The funny part about this is I took a speech class when I was a sophomore in high school, and the reason was because I was having such trouble speaking in front of groups of people. I was starting to get elected to positions like the Student Council, so I figured I
 (See Dr. Gerry Faust Page 20)

Comments From Mark Stevens

An Interview With Mark Stevens, Executive Vice President of The Houstonian Club and Spa

CLUB INSIDER (C.I.) - If you can recall, when and how did you meet Dr. Gerry Faust?

Mark Stevens (MS) - I was first introduced to Gerry roughly 25 years ago through Club Sports International and their executive team. I was reintroduced to Gerry four years ago when I was asked to participate in Faust Roundtable #1.

C.I. - What services have you contracted from Faust Management Corporation? What have been the benefits?

MS - Certainly participation in Roundtable #1 or what some call the 'Faust Group' has been greatly beneficial. His overall knowledge of the club industry, as well as vast business experience brings a unique and thought-provoking challenge to us with each meeting. Additionally, I have contracted Gerry to work with our team here at The Houstonian Club on several facets: broad-based strategic management, leadership consulting, educational offerings, development of our key initiatives, business analysis (life span) and so much more.

C.I. - As a member of Faust Roundtable #1, please provide an example or two of something you have directly applied to your business as a result of that experience.

MS - One of the greatest impacts to our business is the exposure we receive by conducting site visits of clubs across the world. We have studied the club industry here in the United States, Germany, United Kingdom and France. This is clearly a major stimulus to our thinking: to be able to see what the industry is doing, how they are doing it, the creativity, the operational insight, the business controls and the customer service aspects. This is a valuable resource and one that cannot be duplicated by a conference or trade show.

C.I. - What would you say to any health and fitness club owner or operator considering consulting services or joining a roundtable?

MS - Not every roundtable may be right for you. I was invited to a couple others, and they were never right for me, personally or professionally. Once I was invited to join Faust Roundtable #1, I found business owners and operators who were like-minded and constantly challenged me to think differently, holding me accountable and genuinely wanting to see me, and the others in the group, succeed.

C.I. - Have you used the Faust Library of Materials? If so, please elaborate.

MS - Yes, in some of our work here in The Houstonian, we have used his resources. We have done need assessments, SWOT assessments and utilized some of his books and videos.

C.I. - Have you used Dr. Faust as a keynote speaker for a group? If so, what topic(s), and how did the group respond?

MS - I am not sure you would call it a keynote, but yes, we have had Gerry here with our team of employees at The Houstonian on several occasions to conduct business leadership meetings and strategic planning sessions. In doing so, our team comes away saying, 'This has to be some of the best work we have ever done.'

C.I. - What makes Dr. Faust so valuable to the health and fitness club industry?

MS - I really can't think of a better way to state this. He simply, 'just gets it!' He has a tremendous background in all forms of business, research and people, and he has a unique way in which to pull all of those experiences together to tell a story and to motivate and improve the company of people he is working with. He just gets it!



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...Dr. Gerry Faust

continued from page 18

needed to do it. And, I did get pretty good at it. I also developed the skill as part of my responsibilities as a commander of the ROTC Brigade and Coach of the wrestling team in college. In fact, after my college football team won the national championship, I got some invitations from organizations in my hometown to give some speeches. However, I was also a college professor, so I was used to standing in front of a group of people and talking. I was also a researcher, so I was regularly going to annual conferences and talking to people about my research. In doing that, I do want you to know that some of the most boring talks I ever heard in my life were at the American Psychological Association (laughing), so I decided I would never be the most boring speaker for one of those groups. I've always been pretty fluent, and once I got over my early fears, I haven't been afraid to get on a stage. When I really started speaking a lot is when I started speaking on the innovations in education. I was doing keynote addresses in the educational and cognitive psychology space because I was on the cutting edge of that. So, I was doing futurist talks, then broad-based professional public speaking came when I started Faust Management and onward.

At this point, I have given

hundreds of keynotes and to crowds as big as 10,000 people. At the same time, I've done some unusual things. Once, at IHRSA, I did a true workshop in which I took 400 people, which represented over 100 club groups, through a diagnosis of their business using *Executive Insight*, which I previously discussed. I have done similar things for groups of 50 - 75 CEOs in a city. Now, I do about 50 speeches a year, and 40 of those are to small groups of 15 - 30 CEOs.

C.I. - How do you go about customizing your presentations to the groups you are speaking to?

GF - I probably prepare less than most people do in terms of my content because I am so familiar it. When I am going to CEO groups, I have about five standard 4-hour seminars. I have done each hundreds of times, so I know what those groups are going to be like. So, the customizing comes in the form of adapting to the audience energy and questions. I always look through the list of attendees to get an idea of the size and type of companies represented. When I am doing a new speech to a large industry group or working with a new audience, I want to know my audience. So, I also have a questionnaire that I send to the industry leaders. I try to interview 5 - 6 key people within the industry, and I get the industry publications and look at their websites. I do my homework on the industry in order to

tailor the program to them. I have to say that, now, in the club business, I don't have to do that very much (laughing).

To prepare new content, I will create an outline of the key concepts I want to teach or points I want to make. And, generally, the key stories and illustrations I want to insert. My goal is to teach people broad concepts that will cause them to think about their business in new and different ways. When I am doing an after-dinner speech, all I want to do is make 5 - 6 key points that will cause them to say, 'Wait a minute, I've never heard that before.' Or, 'Wow, I didn't realize that.' I want them to get some insights. I am also known for my stories. The idea for the stories is that every one of them is designed to illustrate a concept or idea or to make an important point. The reason I like stories is because people remember them.

For example, my Whack-a-Mole Story is well-known. It's an analogy of a typical day in the businessperson's life. Each day is like the game of Whack-a-Mole, responding to the urgent demands of the day. The challenge is that most organization's die never having solved the biggest problems they always had, and one of the major reasons that happens is that too much time is spent playing 'Whack-a-Mole,' i.e. too much time is used solving little urgent problems and not enough time is spent on the big things that will make significant differences in the business over time. I believe that is true in this industry because I believe we have a lot of Whack-a-Mole going on. There are a lot of good entrepreneurs who are coming up with good ideas and building on them, but when it comes to the broad base of management, we are still doing way too much Whack-a-Mole, especially those who have not had the benefit of the Roundtable or significant business experience. And, what is really needed is understanding that, if you're an executive, you have to know what the 2 - 3 biggest issues you need to be solving are or the 2 - 3 biggest opportunities you need to be taking advantage of and then how to do that, rather than spending all your time dealing with the little things.

C.I. - Please tell us about the media library for club leaders. How can they access this?

GF - There are two ways people can access our content, seminars and other tools. First, of course, we have a website where people can buy the books and videos and even sign up for courses. And, second, people can call the company and order direct. The materials can be accessed in the form of books and videos or by signing up for a short- or long-term online management development programs on our Executive Insight Learning Center.

Let me give you two examples:

1. I have a brand new video series that comes with a terrific e-workbook so people can download as many as they want for their team. It also comes with access to a special series of related lessons on the

Executive Insight Learning Center. That series is an in depth set of seminars on the Roles of Management, the Life Cycles of Organizations and the steps to take to get to the Prime Stage and stay there. It is unique in that, for the first time, I had enough time to present how to avoid or reverse organizational aging and do a turnaround of a business. **All CLUB INSIDER Readers can get a special discount on that video series by going to www.faustmanagement.com or by calling Faust Management at (858) 674 - 2400.**

2. We offer an online management development program called *Managing For Results*. That program comes in a version that was specifically developed for the club industry. It has a series of online seminars and workbook/handouts and even Discussion Leader Guides and Application Guides so people can run their own internal management development sessions, along with the online program.

In closing, my goal is to help people figure out what problems they need to solve or changes they need to make to improve their organization and then provide guidance on how to do what is needed. Our diagnostics let them identify and get their team to agree on what needs to be done, and our education and consulting programs teach them how to do what is needed or help them do what is needed. In all my work, I try to leave the organization in a much better place and with the skills to keep getting better in the future. It is kind of like showing people how to find the fish and help them catch the first few fish. What I want to do is teach people everything we know so they become self-learners and better problem solvers and are ready for new and different things not having to depend on us.

• • •

I want to once again sincerely thank *Dr. Gerry Faust* for his valuable time interviewing for this cover story. Thank you also to *Amy Rico* for her assistance. Finally, thank you to *Carol Nalevanko* and *Mark Stevens* for their time and contribution to this story. And, by the way, thank you all for reading!

(Justin Cates is the Assistant Publisher of CLUB INSIDER and grew up in the health and fitness club industry. Justin was born into a club business family in 1985, and from the age of eight, he spent his non-school and sports hours in a home that doubled as CLUB INSIDER Headquarters. He has lived and breathed this industry for 31 years, since his own day one. Cates graduated from the Terry College of Business at The University of Georgia in 2007 and then went on to two years at The Art Institute of Atlanta, where he studied Interactive Media Design. Now, he is an integral part of the "Story" of Norm Cates and CLUB INSIDER. Justin can be reached by phone at 423-314-4310 or email at Justin@clubinsideronline.com)



Dr. Gerry Faust

Here's a Special Offer for Our CLUB INSIDER Friends: A 50% Off Discount on Dr. Gerry Faust's new DVD series, Driving to Prime!

Get the **WHOLE** story. For years, Dr. Faust has been giving speeches and seminars and doing workshops built around the concept of the Life Cycle of Organizations. But, seminars and speeches are not long enough to tell the whole story and explain the full power of these concepts. This program was designed to tell the rest of the story: to go beyond describing the Life Cycle of Business and to explain how you apply it to **Drive Your Organization to Prime**.

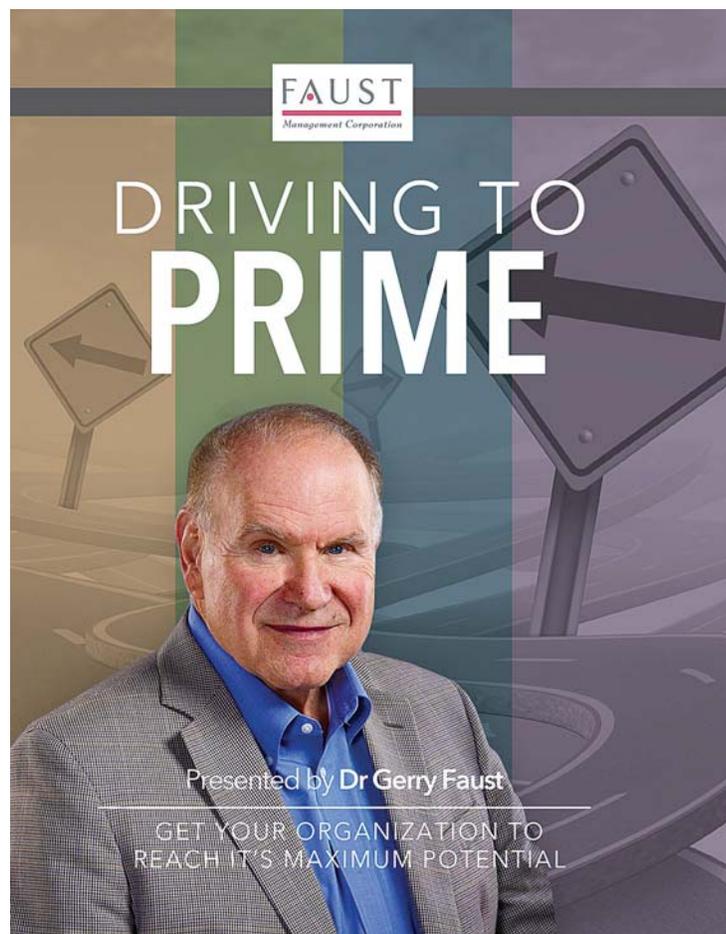
This program not only expands the description of the phases, but it also discusses how to do turnarounds of Aging organizations and what the keys are to making transitions from each of the phases to the next healthy phase. Included are many features that go beyond this 4-disc DVD Series. The extensive manual/workbook summarizes key content, adds additional related concepts and provides exercises and processes that will help you discuss the concepts with your team and apply them in your business.

This is much more than a video series. With it comes access to an ongoing program and set of tools that will help you implement what you learn in the videos as well as continue to extend your knowledge about concepts and processes that will speed your **Drive to Prime**.

To take advantage of this limited, one time offer:

- Go to bit.ly/drivingtoprime.
- Add the DVD set to your shopping cart.
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Contact *Dr. Faust's Assistant, Amy Rico*, at Amy@faustmanagement.com, if you have any questions!



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Brian Tracy, Author
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“There is not a single speaker that compares with Gerry Faust for his wit, leadership insights, and dazzling presentational style. When I need assurance that a management and leadership development session will both delight and inform, Gerry is the one I invite. I am delighted to know that this remarkable speaker can be seen more widely as a result to this program.”

Dr. Victor Tabbush
*Professor Emeritus
The Anderson School at UCLA*

“Gerry has worked with our team for several years. His concepts, diagnostic tools and guidance have been a great help in focusing our management and improvement efforts and identifying important opportunities that have driven our years of success.”

Karl Sigerist, CEO
Crelogix

“No one better than Gerry Faust and very few ideas as powerful and helpful to a business leader as those presented in this program.”

Scott Campbell, DVM
*Founder, Banfield Pet Hospitals
CEO Silvie Valley Group of Companies*

Increase Revenue With Data Your Club Already Has

By: Daron Allen, CEO of VFP

So, your health club has a great location and that means success, right? Not always... Location is key when measuring demographics; however, health club operators are doing their business a great injustice by not looking at their customers as individuals. Measuring the population solely by demographics usually does not work over a long period of time.

Personal preferences (likes and dislikes) with **marketing strategies tailor-made to meet members' individual needs** are the cornerstones to success. Club owners already possess the keys to unlocking this potential. However, this 'golden data,' containing the members' personal preferences, is not stored in a central data box to be analyzed and used. It gets lost in the shuffle, stored on sticky notes or trapped in the mind of the salesperson who toured the member. Operators spend countless hours training sales staff to gather and use personal preferences to sell a membership: **this same information is the key to retention.** Having a clear picture of the members' preferences empowers the club with consumer insight. Analyzing and acting on this data will increase profitability.

Most club operators agree that marketing is all about reaching the right member, at the right time, for the right reason. However, most marketing attempts focus on general non-specific fitness needs and come across as impersonal. Paralyzed by the amount of data and lack of a system to capture and identify the sources of customer insight, club owners have not

been able to take advantage of likes and dislikes, personal preferences, targeted marketing and personal member insight, until recently.

While demographic data is incredibly useful for learning general information about the member, it doesn't tell the whole story. Clubs benefit most when using a system that combines demographic data with personal consumer preferences.

Commonly collected demographic characteristics include:

- Age;
- Gender;
- Ethnicity;
- Educational Attainment;
- Family and Marital Status;
- Employment Status;
- Income Level.

Understanding a Member's Personal Preference

Personal preferences represent specific segments of the club's membership base, containing **in-depth** information, such as lifestyle, sources of influence, motivators and personal goals. This information can then be used for marketing, customer service, retention, product offerings and sales system refinements.

Members' personal preferences generally collected, but not utilized:

- Geographic Location;
- Lifestyle;
- Specific Interests;
- Purchasing Decision Influences;
- Personal Goals;

- How they respond emotionally to events;
- Past Behaviors;
- Why they interact with the club;
- What they want from the club;
- Where they look for product information;
- Content Consumption Habits.

For example, club operators may find members over the age of 50 are significantly concerned about bone loss and are willing to spend on personal training when offered programs specific to weight training or increased bone density.

Are club operators classifying their best members properly? There's no doubt club operators know the value of their members; however, it's important to focus efforts on the most valuable members. By combining all demographic data and member personal preferences in one data box, clubs can see an increase in the following metrics:

Average Purchase Size: How much do members spend on a typical purchase? Look at this number not just in aggregate but also by each personal preference. Is there an opportunity to sell more to any specific group based on preferences and use promotions to develop awareness/interest in other products?

Lifetime Value: How can the member's personal preferences financially benefit the club over his lifecycle; is it a lot or a little? This metric is indicative of the relationship the club has with the member.

Acquisition Costs: How much has been spent on marketing and sales to get this type of member? If the cost of acquisition is high, hopefully retaining him is cost effective, and he may make large purchases. If this isn't the case, it may be time to re-evaluate acquisition methods.

Retention Costs: What do members need from the club in order to stay? Do they need a lot of support, training or communication? Usually, it costs more to acquire a member than to retain him. It is in the best interest of both the member and club operator to build relationships that make members feel valued.

Customer Happiness: Are club members satisfied with the products or services offered? Are there groups of happy and unhappy members, and what is the difference between the two? Implementation of best practices that create a "club family culture" can be a great way to solicit member engagement, triggering a desire to return to the club.

Analytics actually pulls out demographic and personal preferences and correlates this data with the club's best



Daron Allen, CEO of VFP

members. A sales analytics infrastructure enables club operators to fine tune sales, retention and marketing strategies and increase revenue per member. **Commonly collected data alone will not provide the insight necessary to meet members' expectations.** It is imperative to use data to approach and engage members at a personal level.

Location, location, location is what business operators have always been taught is the main key to success. However, by using data and resources available to learn the member's personal preferences, club operators have the ability to adapt sales strategies and evolve with every customer. To win new members and retain current members, the best strategy is to know them as individuals.

Visual Fitness Planner (VFP) released its new Member Engagement System VFPnext at IHRSA 2016. VFPnext automatically engages members throughout their entire member lifecycle. This unique Member Engagement System combines demographic data, personal preferences and sales data all in one central data box. Health club operators will now have the ability to use data analytics for individual marketing campaigns all from a single database. Since 1999, VFP has been partnering with clubs to increase sales by delivering the best sales systems in the industry.

(Daron Allen, President and CEO of the Visual Fitness Planner, is a 20-year veteran of health club industry. Daron has worked with many of the top 100 club operators. He is a Past President and Board member of THRSA, former VP of Fitness Services of the Osteopathic Health System of Texas (OHST), finalists for the IHRSA/LifeFitness GM of the Year Award 1998/1999, and a recognized presenter within the health club industry. VFP was honored with IHRSA's Associate Member of the Year Award in 2015.)

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“Since recently implementing VFP in our three locations, our Personal Training numbers have steadily increased month after month. Our Personal Training revenue has increased by \$20,000 a month over the previous time last year. With the structure and consistency that VFP provides and our Personal Trainers using the system every single time during orientations, adding the VFP program has been a great decision.”

Learn more at vfp.us/testimonials or call 877-837-1212

What Do the New FLSA Exempt Pay Laws Mean for Fitness Business Owners? *A Month-By-Month Guide to Help Clubs Prepare for Coming Changes*

By: Melissa Knowles

Part I

Over two months have passed since the Department of Labor announced the changes to the salary level for employees classified as exempt, and we're still getting a ton of questions on what the changes mean for fitness business owners. Read about the change at bit.ly/clubinsider21.

Over the next several months, we'll give you a few tasks on which to focus each month so you'll be prepared for the December 1, 2016 launch.

August: Analyze Your Current Workforce

- Review all employees and positions currently classified as exempt or those that you're paying a salary and not requiring time records to be kept.
- Review their job descriptions and duties

to determine if these employees are currently properly classified (outside of the amount they're paid). If you can check off the majority of the following bullet points under the supervisory exemption (or make a case for an administrative exemption), your employee is properly classified as exempt. If not, the position should be reclassified as non-exempt and be required to keep track of time.

- Create a list of the positions that will need to be reclassified based on duties and those



Melissa Knowles, VP of Gym HQ, a ClubReady Company

that will remain exempt.

Supervisory:

1. Regularly supervises two or more other employees; and also,
2. Has management as the primary duty of the position; and also,
3. Has some genuine input into the job status of other employees (such as hiring, firing, promotions or assignments).

When considering a supervisory exemption, the DOL is very clear that the employee must have management as the primary duty of their job. The following are typical tasks that would be included in management duties:

- Interviewing, selecting and training employees;
- Setting rates of pay and hours of work;
- Maintaining production or sales records (beyond the merely clerical);
- Appraising productivity: handling employee grievances/complaints or disciplining employees;
- Determining work techniques;
- Planning the work;
- Apportioning work among employees;
- Determining the types of equipment to be used in performing work or materials needed;
- Planning budgets for work;
- Monitoring work for legal or regulatory compliance;
- Providing for safety and security of the workplace.

A good rule of thumb is that, if the person is deemed "the boss" or "in charge," he is clearly classified as management. In the fitness space, the General Manager, Fitness Director, Operations Manager and (sometimes) Assistant Manager roles may be considered exempt. The most frequent misclassification made in the fitness industry is for the sales role. If an
(See Melissa Knowles Page 26)

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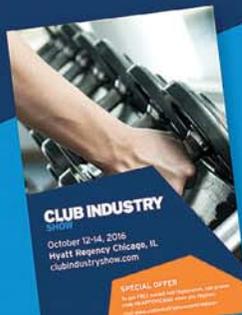
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IDEA World Fitness Report

By: Beverly Hosford, MA

The IDEA World Fitness Convention has always been one of the best places there is to get fresh fitness class and personal training ideas. This year was no exception. As I walked through the hallways, the enthusiastic rumbles of fitness class presenters could have broken down doors. Cycling, aerobics and bootcamp instructors are not shy when it comes to showcasing their talent. These leaders come from around the world to be on stage, and each put a lot of energy into their workshops.

The IDEA World Fitness Convention is one of the best places in the world to get inspired, meet like-minded professionals and earn all of your CECs in one action-packed weekend. Here's what happened when 14,000 fitness professionals from around the globe met in Los Angeles last month to participate in one of the greatest shows on earth:

Fresh Fitness Ideas: This has always been the heart and soul of a fitness convention. The presenters shared well-crafted music playlists to entertain the crowds and keep energy high. They dreamt up and demonstrated innovative uses of fitness equipment and ways to move the body to freshen the routines of all who attended. Program ideas and creative sequences were in no shortage.

The Serious Side: Exercise has only become more fun over the years... and safe. Everyday, there were presenters speaking about corrective exercise, anatomy and biomechanics. National Federation of Professional Trainers (NFPT) sponsored two sessions: *Reconnect with your Spine Muscles and Stabilize your Scapula in Three Easy Steps*, taught by yours truly and Andy the Skeleton. The goal of workshops like these is to help fitness professionals build stronger foundations for movement.

Grounded foundations in sciences are crucial to longevity in the human body and in a fitness career. It wasn't all serious though. I brought Andy, my skeleton partner of 10 years, to help make the experience very life like and interesting. When he wasn't showing off his bony landmarks in the workshops, he was at the NFPT Booth. Costumes and accessories were available at the booth so that people passing by could take Polaroid photos with him. It was a fun time, and that's the way NFPT likes to roll!

Taking Your Business and Career To The Next Level: As the fitness industry grows, so does the desire to be successful. There were three special events happening within the big event (and the trade show, of

course). More than ever, it's important to know what your niche is and the direction you're heading in the industry. Consumers have a lot of choices and so do fit pros. There are many paths that can be followed, all with the same destination of healthy bodies and happy careers in mind.

I popped into each of the business-oriented events briefly to soak in the wisdom being shared. The *Club and Studio Summit* consisted of 30 - 60 minute talks for club managers and studio owners to hear stories of success and receive action steps packed with advice. Creating a culture and defining your niche was the radiating theme. The *Success Academy* showcased role model entrepreneurs in 30-minute, back-to-back sessions to inspire the big dreamers in the industry. Persistence and hard work are the common underlying traits in those leaders. The *Blogfest* brought all of the social media enthusiasts together for customized sessions geared toward their online ambitions.

If all this exercise talk is making you hungry... There was also a collection of food and nutrition experts and doctors shedding light on the ever-changing research of how to nourish our bodies. The trade show offered the opportunity to sample yourself into a full meal. The usual protein and granola bars were being shared, some with real meat in them! It's not my thing, but others seemed to love the concept. I was happy to see coconut water, almond milk, cashew milk and kombucha being represented, especially since alcohol is off the menu for this pregnant mom-to-be.

The gluten- and dairy-free eating trends have found their way to the fitness market. I enjoyed a hard boiled egg, bean dip, sprouted bread and dairy free ice cream until my appetite was satisfied. Since returning to Montana, I've found a few of the products I sampled at my local



Front Row (L to R) - Shealyn, Andrew Weston and Demi Baggi; Second Row - "Andy" the Skelton, Beverly Hosford, Angie Pattengale and Monica Diaz; Back Row - Kevin Chen, Charles DeFrancesco, Billie Pattengale, Felix Doay and Manuel Quiros

Community Co-op.

inspire the world to fitness!

So, if you thought fitness events weren't for you, hopefully now it's easy to see that there's something for everyone. If you missed out this year, no worries! Next year is IDEA's 35th anniversary show in Las Vegas! You have another chance to attend, learn, network and grow in this ever-exciting, always-inspiring industry that we share... and come visit the NFPT cast and crew while you're there! National Federation of Professional Trainers is a proud supporter of IDEA's initiatives to

(Beverly Hosford, MA is a successful fitness entrepreneur with 15 years of experience. She's the NFPT Blog Editor, Author of *Fitness Career Freedom: Refine Your Path and Get Ahead* and the Founder of Andy's Online Anatomy Program. She loves helping fitness and wellness professionals find alignment in both their bodies and businesses. Find her online at www.BeverlyHosford.com or www.twitter.com/BeverlyHosford.)

Make It Fun!

...Melissa Knowles

continued from page 24

employee's job duties are primarily inside sales, regardless of their title, they are not exempt.

Administrative:

This classification includes employees whose job duties are:

Office or non-manual work, which is:

- Directly related to management or general business operations of the employer or the employer's customers; and,
- A primary component of which involves

the exercise of independent judgment and discretion about matters of significance.

It is not enough for the employee to perform office work. He must regularly exercise discretion and judgment, with the authority to make independent decisions on matters that affect the business as a whole or a significant part of it. In a fitness business, there are very few roles that would fall under this exemption. There is also a professional exemption, which carves out lawyers, teachers, accountants and other roles not typical of a fitness business.

While the change to exempt pay is a challenging one for employers, it presents a great opportunity to review

the entire business for duties based compliance. The new DOL guidelines will likely lead to closer scrutiny of employee misclassification in the future. We'll also likely see a rise in the number of plaintiffs' lawyers focused on bringing suit against employers under wage and hour law violations due to misclassification. These cases are some of the most costly to defend for business owners. Being proactive now can save you majorly in the future.

Next Month: Assessing Salaries

(Melissa Knowles is Vice President of Gym HQ, a Club Ready Company. She can be reached at mknowles@clubready.com)

The River of Change

By: Karen Woodard-Chavez

How is the sense of team, communication and commitment in your organization at this time? Would you rate it an 8 or above, or an 8 or below? Perhaps, it is time to do a teambuilding exercise with your staff to enhance communication, commitment, reveal hidden talents as well as reveal weaknesses that need to be addressed in a creative and playful, but clear, manner in your organization. The following activity, called **The River of Change**, is perfect for any and all of these objectives.

This is an ideal exercise for 20 - 100 staff. If the group is 20, then you will have five groups of four. Try to keep the groups as even as possible. If you have a group of 100, you may want to have nine groups of eight and then have 28+ as observers. If you have observers, they are not permitted to help the participants. Instead, you will need to instruct the observers to simply watch, listen and take notes if they wish.

The purpose of the exercise is to simulate a day at the club. The group is divided into departments, *not teams*, as we are all one team and do not compete against each other. You will see that this is often misunderstood. The exercise will reveal how well the group demonstrates or lacks the following:

- Listening;
- Communication;
- Teamwork;
- Follow-through;
- Planning;
- Organization;
- Detail orientation;
- Leadership;
- Fun;
- Perspective of the big picture;
- Commitment;
- And more.

Here is what you will need:

- A space of about 20' x 30';
- Masking tape;
- Small toys, numbers, animals, blocks, etc;
- A bell;
- Music;
- Blindfolds.

How to set up the space:

- Do the setup prior to the attendees arriving. Use the masking tape to create a rectangle on the floor with the dimensions being approximately 15' x 20'. Inside the rectangle, tape off lanes that represent the club departments, depending on the number of participants you have. For example, if you have 30 participants, create six lanes/

departments with five people in each.

•Once you have the lanes/departments set up, scatter the small toys throughout each lane as obstacles.

Once you have the space set up, and the attendees arrive, you will explain the exercise. Here are some imperative tips to explaining the exercise:

1. Gather them around the rectangle.
2. Explain that the rectangle and all the little characters in the rectangle represent a day at the club. Explain that the purpose/objective of this activity is to get the *entire staff* through the day as efficiently, gracefully and expeditiously as possible. That means from one end of the rectangle through the rectangle and over the tape at the other end.
3. Explain that the tape represents boundaries that we operate within, such as club guidelines, social mores, local laws, state laws, ordinances, etc. Explain that, just as in real life, when you step over the line of the law or break the agreed upon rules, there is often a consequence to pay. In this activity, if anyone steps on the tape or over the line of the tape in their lane/department, then the consequence will be that that person goes back to the beginning and has to start over.

4. Explain that the small toys represent members, staff, budgets, feelings, sticky situations, etc. Explain that, in this activity, if they step on, kick or touch any part of the toys with any part of their body, they also have to stop, go back to the beginning and start over.

5. Explain that there will only be one person in a lane at a time. There will be multiple lanes operating at the same time. If there is more than one person in a lane, they have to start over.

6. Explain that there will be no touching allowed. If there is any touching, they have to start over.

7. Ask the group if there are any questions at this point.

8. Explain that they will have 15 minutes to complete the exercise.

9. Explain that each department that gets three of their people through successfully has certain privileges. These privileges are that they immediately yell, "GOT THREE." As soon as they do, the facilitator will ring the bell, and everyone needs to freeze where they are. The department that

got three through will have *10 seconds* to change the playing field however they desire. If participants do not freeze, they will have to start over again. Only the three people from that department may change the field. When 10 seconds is up, the bell rings again, and the activity picks up right where it left off. Each time a department gets three people through successfully, they will enjoy the same privilege.

10. Explain that there will be loud music playing in the background.

11. Explain that they will be blindfolded as they are walking through the lanes.

12. Ask what questions they have before you get started.

13. Have the group randomly count off and get into their lanes.

14. Explain that, as soon as the music starts, their time will start, and as soon as the music stops, their time is up.

While the exercise is being done, the observers are looking for the qualities listed above. After the exercise has been completed (or not), the entire group will have a discussion about what happened. Some good questions to ask that will create discussion include:

1. What was the purpose of that activity?
2. What did we do well?
3. What could we have done differently?
4. What do we need help with in the real world of our club?
5. Does this exercise reflect reality? How?
6. Did you enjoy it?

After you have had some



Karen Woodard-Chavez

discussion with the group, offer your observations as the facilitator. Then, wrap some of the points of your meeting into the elements of the exercise.

This article is an excerpt from my new management and leadership manual, *More Meaningful Meetings*. This is a terrific resource with 100+ pages of activities you can utilize to engage your staff in your organization's purpose, to support your meeting's message and to drive the essence of your meetings for longer impact on staff behavior. You will no longer have boring, useless meetings.

(Karen is President of Premium Performance Training in Boulder, Colorado and Ixtapa, Mexico. She has owned and operated clubs since 1985 and now consults with and trains staff throughout the world. She provides her services on-site, online, by phone and through her books, CDs, DVDs and manuals. She can be reached by phone at 303-417-0653 or karen@karenwoodard.com)

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2016 CLUB INSIDER Survey
on Page #8**

Out of the Darkness and Into the Light

The Shining Beacon of Market Research

By: Stephen Tharrett and Mark Williamson

"The price of light is less than the cost of darkness." - Arthur C. Nielsen

Renowned market researcher and the Founder of AC Nielsen, Arthur C. Nielsen, when asked of the value of research said, *"The price of light is less than the cost of darkness."* His quote encapsulates the true value of market research and the understanding it can bring to bear for those who seek it out.

Market research offers industry players valuable information that can literally change the trajectory of their business. Research can provide thoughtful and impactful insights into a multitude of critical elements that influence how a business performs, among them:

- Understanding the competitive landscape and which competitor's voice is being heard the loudest, and whose brand resonates the most with consumers;
- Gaining insight into the cause of business slumps, be it external market forces or internal business practices;
- Gaining a grasp of consumer attitudes and behaviors in respect to health and fitness or your business's value proposition;
- Apprehending the needs and wants of members and what drives value for them;
- Comprehending how well you deliver on your customer's, member's and even employee's expectations and its influence on your business's financial viability;
- Understanding industry trends across realms such as operations, programming and finance and how they can be used to position your business more effectively for success; and
- Offering insight into key industry benchmarks that can be used to provide comparative and supportive data that banks and investors need to make decisions regarding whether to invest or loan you capital.

Possibly the greatest value of market research lay in its inherent capacity to help businesses respond to the creative destruction spawned by capitalism, or as Joseph Schumpeter professed, *"Profit is the payment you get when you take advantage of change."*

Market research provides a framework for acting, whether proactively or reactively, on the constant changes

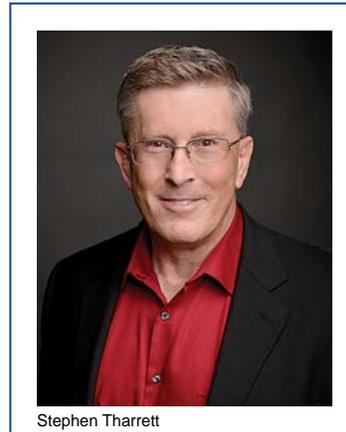
that arise in today's rapidly evolving marketplace. Absent the wisdom offered by well-designed and executed market research (industry-based and business-based), industry players are left to act on intuition alone, what Canadian Professor Marshall McLuhan referred to as a 'dangerous luxury' when he said, *"A point of view can be a dangerous luxury when substituted for insight and understanding."* Responding to capitalism's storms of creative destruction, so your business does not succumb to their torrents, but instead, pierces through them and emerges stronger, requires having the right information and the will to act on it. Ignoring the discernment that market research offers is an unwise decision for any industry professional, or as Aldous Huxley so eloquently stated, *"Facts do not cease to exist because they are ignored."*

Having brought forward the value of market research, we devote the remainder of this article to sharing some insights generated from two recent industry-based research initiatives and some of our own research for clients.

Insights Offered by AFS' 2016 Marketing Best Practices Research Report

This month, the Association of Fitness Studios (AFS) released its *Marketing Best Practices Research Report* that explores the marketing practices of boutique fitness studios and the performance garnered from those practices. Possibly the first study of its kind for the fitness facility industry, the report offers revelations regarding how fitness studios position their value proposition, how they promote their brand and what avenues they use to generate traffic. Having facilitated the research, along with performing the analytics and writing the report, we thought it would be valuable to bring forward a few of the many insights the report offers:

- Studios purposely pursue differentiation by leveraging several core attributes, three of the most prominent according to the study being: offering an intimate physical and social environment (67% indicated this), delivering results-driven personalized coaching (65% indicated this) and fostering a tribal culture (57% indicated this). Studio operators see these attributes as powerful differentiators from traditional clubs, and if delivered extremely well, a significant differentiator between their studio and others.
- Social media marketing, word-of-mouth (WOM) and other digital marketing



Stephen Tharrett



Mark Williamson

platforms are the most often used and most effective strategies at driving traffic. Studio operators indicated that the most frequently used marketing strategies revolved around social media platforms and WOM, followed by blogs, website searches, etc. Analysis of the raw data on client acquisition and net client growth showed the studios that leveraged social media; WOM and other digital platforms had significantly higher new member matriculation and net client acquisition than studios that leaned more heavily on traditional marketing strategies. This information speaks volumes about what marketing avenues appeal to Millennials, since the average age of a fitness studio member according to IHRSA's research is 28, the heart of the Millennial Generation.

- Studios allocate a greater percentage of their revenues towards marketing than do traditional club operators. The average studio allocated 5% of revenues towards marketing, with a range of 4% to 8% based on region, approximately double the percentage allocated by traditional club operators according to IHRSA's *2015 Profiles of Success* (2.6% for all clubs). While the absolute dollars spent on marketing may not be equal to that spent by the average club, by focusing on social media, other digital platforms and WOM, studios stretch their marketing allocation very effectively.
- Studios in this study experienced average net client growth of 23% in 2015. This means that the average studio increased their client base by 23% in 2015, equivalent to 92 additional clients in 2015. These numbers speak to an extremely healthy business environment for studios, one in which there continues to be great consumer demand for their services.

few of many insights and facts offered in AFS's recently released *2016 Marketing Best Practices Research Report*. To purchase the full report, go to member.afsfitness.com/content/research.

Insights Offered by IHRSA's 2016 Winter Seasonal Health Club Consumer Report

Each year, IHRSA sponsors research into the behavior of health club consumers, members and non-members. This research involves an annual report that delves deeply into health club consumer behavior, and this past year, a seasonal health club consumer report that provided directional acuity into health club consumer behavior. The acumen brought forward in this winter seasonal report holds value for any industry professional whose ambition is to nurture and prosper from a sustainable fitness business. Having performed the analytics and authoring of the report, we thought it would be valuable to bring forward a few of the observations the report offers:

- The health and fitness facility industry finds itself mired in a mature industry and struggles to emerge. Over the past three years, industry membership growth has continued to grow at a slower pace than the GDP, and worse, the growth in facilities has outpaced the growth of members 2 to 1. The average number of members per facility has been declining for the past several years and is now at its nadir.
- The traditional health and fitness industry business model is no more. The make-up of the industry has changed dramatically over the past few years. The bread and butter of our industry, mid-market clubs, have grown by 2% while budget clubs have grown 70%, premium clubs 21% (See *Market Research Page 29*)

These points represent just a

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...Market Research

continued from page 28

and boutiques 74%. It appears an industry meteor has struck, and some players are headed toward extinction.

- The Millennial Generation, a group typically defined as those 18 to 35, and a traditional stronghold for the industry, has abandoned the ways of their forefathers. Millennials are influencing every aspect of the business, and in a way many, if not most, in the industry are finding hard to respond to. Millennials are seeking out boutiques, rather than traditional clubs. They are more likely to be considered a consumer than a member, and they demonstrate a declining preference for traditional club activities and equipment.

- As health club consumers age, their level of usage increases. As a matter of fact, an adult between the ages of 55 and 64 used the club an average of approximately 12x a month, compared to a just under 8x a month for adults 25 to 34.

These points represent just a few of the insights and facts offered in IHRSA's 2016 Winter Seasonal Health Club Consumer Report. To purchase the full report, go to www.ihrsa.org/research.

Insights Offered From Client-based Business Specific Research

Over the past several years, ClubIntel has conducted a variety of research and exploration work for clients, including brand health studies, concept testing and member experience work. What follows are some top-level insights that our clients have received from their research, and consequently, have used to reshape their business strategy:

- One client, as a consequence of a brand health study we conducted, discovered that, in his local market, his brand fell to fifth place in both unaided (unprompted top of mind) consumer awareness, as well as in aided awareness (consumers were provided a list of club names). In essence, his marketing efforts were not getting his brand any recognition. The brands that are on the forefront of the consumer's mind and remembered first are those that will typically be sought after when making a purchasing decision.

- When one client's marketing campaigns were measured against those of six other competitors as part of a brand health study, it was discovered that consumers could not attribute the client's campaigns to its health club, but rather to its competitors. In other words, our client's marketing efforts were benefiting its competitors more than itself, potentially building awareness and driving

traffic to the competition. A new marketing strategy was built to uniquely differentiate our client's messaging and its creative assets that better fit and identify the brand's image.

- One client had become very savvy at using digital marketing approaches, in particular social media. After we completed a brand health study, they discovered that the consumers in their market obtained a vast majority of their brand awareness through billboards and local TV; two platforms our client was ignoring.

- After obtaining the report from an in-depth member experience survey, one client discovered that, while they had been committing considerable resources to enriching certain tangible assets (e.g., equipment, facilities and amenities) to enhance member loyalty, what the members really demanded were the intangibles (more community and relationship building initiatives by management, receiving more recognition and appreciation from the staff, and finally, a greater focus on caring).

- After having us perform a concept test on several different fitness offerings, a client learned that the business model they were initially intending to invest in was the least desired among four tested among consumers in their market. This knowledge allowed the client to change course and not invest in what would have been a marginal business.

Final Words of Wisdom

Research, whether industry-based such as IHRSA's research reports (e.g., *Profiles of Success*, *Global Report* or *Health Club Consumer Report*); AFS's research reports (e.g., *2016 Marketing Best Practices Report* and *2015 Fitness Studio Operating and Financial Benchmarking Report*); or business specific research, such as brand health studies, member experience work, general business analytics or concept testing, are essential tools for building and sustaining a successful club or studio business. As brought forward in this article, the data from industry-based research or club/local market-based research is a necessary tool for those who wish to ensure their business thrives today and in the future. As Arthur C. Nielsen's quote at the beginning of this article indicated, research helps bring us out of the darkness and into the light. Even inadequate data is better than no data at all, or as Charles Babbage, an English mathematician and philosopher, said, "Errors using inadequate data are much less than those using no data at all."

(Steve Tharrett and Mark Williamson are veteran club business executives and Co-Founders of ClubIntel, a consulting firm serving the industry worldwide. Steve can be reached at stevet@clubintel.com and Mark can be reached at markw@club-intel.com)

Programming For The “Fun of It!”

Step 7 of 7 to Becoming a Programming Professional

By: Laurie Cingle, M.Ed.

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

Promoting programs and enrolling prospects into them is an ongoing, never-ending process. Think about the different programs offered at

your facility: personal training, Pilates Reformer, small group training, weight management, monthly fitness motivational programs, swim lessons, leagues and the list goes on. Enrolling someone into one program requires much time and effort. So, why stop with one program?

Set a long-term plan to enroll members who complete one program into the next program, then the next program and even the next program. Ensure that each program presented to an individual is the best next-step, building upon the previous program. Each program completed adds value to their membership and to their experience in your facility.

The biggest advantage programs provide is the fact that members who participate are connected to others, to the person who administers the program, to the staff who deliver the program, and

most importantly, to the other members in the program. People don't quit friendships. Seek out staff who are good at cultivating member-to-member connections. Task these “navigators” with assisting you in presenting programs and solutions to members, following up individually after the presentation, enrolling members into the program, ensuring that they are successful in the program and promoting events and additional programs to the people they are working with. Everyone wins when these steps are followed.

Technology helps us connect with people in ways that are becoming more and more efficient, but nothing replaces face-to-face interaction. Creating opportunities for current program participants, and potential future participants, to meet with others one-on-one, in small groups or at larger club-hosted events will have a big impact on long-term program success. Use these face-to-face interactions as a cornerstone for growing and building your programming business and in creating Programming Professionals within your team.



Laurie Cingle

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

(Laurie Cingle, M.Ed., is Regional

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Thanks and Appreciation

At CLUB INSIDER, we are excited to be near the end of our 23rd Year of this home-based health and fitness club trade newspaper! The thought that this newspaper was founded to serve an industry I truly love, and so that I could become a Mister Mom for my son, Justin, is still intriguing and amazing to us. I wish to extend our most sincere Thanks and Appreciation to everyone that's made this amazing 23-year run possible.

A very sincere Thanks and Appreciation go to Rick Caro, Dr. Gerry Faust and the Faust Executive Roundtable #1 for helping me decide in 1993 what my home-based business would be. Thanks and Appreciation to my long-time friends, Ron Hudspeth and Cathy Miller of Atlanta's Hudspeth Report for the tremendous assistance they provided us during our first eight years of publication. Thanks and Appreciation to all of the folks at Walton Press in Monroe, Georgia. They've done an absolutely excellent job for us all these years and have printed every one of our 272 monthly editions! Thanks and Appreciation to all of our READERS. Sincere Thanks and Appreciation to our CLUB INSIDER Advertisers, past and present, for their kind and dedicated support of this publication. It's amazing to know that we have several advertisers with over 15 years of continuous advertising with us. Plus, we have one advertiser, National Gym Supply, with over 23 years advertising with us! We also want to say sincere Thanks and Appreciation to all of our CLUB INSIDER Contributing Authors, past and present, who've contributed hundreds and hundreds of excellent articles to help our readers with their Best Business Practices. Thanks and Appreciation to IHRSA for all it does.

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

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

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

Norm Cates, Jr.

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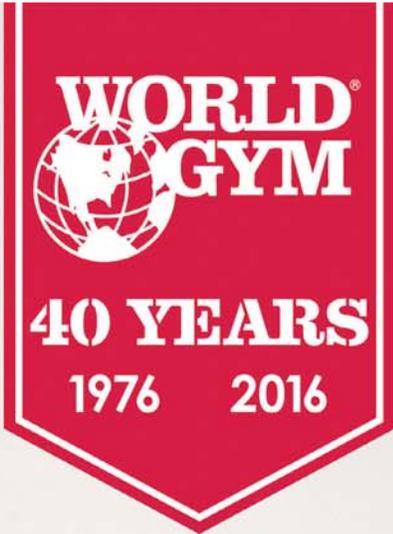


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