

Norm Cates'

# CLUB INSIDER

CELEBRATING 28 YEARS OF TRUST

## Xponential Fitness *The Curator of Leading Boutique Brands*



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# CLUB INSIDER

CELEBRATING 28 YEARS OF TRUST

## Xponential Fitness *The Curator of Leading Boutique Brands*

By: Justin Cates

During my time at the *University of Georgia's Terry College of Business*, Scientific Management was one of my favorite subjects and one that I excelled at. Further, my favorite topic within the subject was that of assembly lines. The breakdown of a process into small, duplicative parts that can be performed efficiently over time was something that just resonated with me. In business, and life really, I've continued that study.

This month's cover story subject is *Xponential Fitness*, founded in 2017, and led by *Founder and CEO, Anthony Geisler*. The company is a machine, plain and simple, and as such, there is much to study and learn from. As a curator of nine leading boutique brands, Xponential has a playbook, and they run it to perfection. Now, with over 1,850 locations open, serving 405,000 members, and over 2,000 more locations in the pipeline, Xponential has become a force in the industry. And, as one would expect, Xponential has gone public, recently completing an IPO.

Keep in mind, all of this has occurred in four years! So, sit back, put your seatbelt on and get ready to go for quite a ride as we interview **Anthony Geisler**, *CEO of Xponential Fitness*.

An Interview With Anthony Geisler,  
CEO of Xponential Fitness

**Club Insider (C.I.)** - Please tell us about your career prior to entering the health and fitness industry. When and how did you

enter the health and fitness space?

**Anthony Geisler (AG)** - I've been in health and fitness for 20 years, and I'm 45, so not much of a career before this space. I graduated from the *USC Entrepreneur Program* in 1999, and a couple of years later, I ended up buying *LA Boxing*. I had joined as a member out of college. There was one location, and I was a member there for a year. I realized I really loved the health and fitness space, so I ended up putting a deal together to buy the company from the original two founders.

After that, I opened a second and a third location. Then, after opening the third location, I was out of capital. I didn't have any wealthy parents or uncles or anything like that, so I was bootstrapping everything up to that point. And, at that point, I was kind of too small to be big and too big to be small. SBA didn't want me; I didn't have any assets they could leverage. So, the situation really led me into franchising. I ended up meeting a franchise broker, a kind of franchise consultant. And, unfortunately, I told him that I had saved \$85,000 so far. I took all the money I made from store one to do store two. Then, the money from stores one and two to do store three. Now, I had three, and I was saving money from stores one, two and three to do store four. That

was \$85,000. So, I told him, 'All I have is \$85,000,' because I thought it was going to be hundreds of thousands of dollars, if not millions to set the company up. So, of course, he was very nice and took my \$85,000...

He helped me set it up, but I later found out that, today, we can do it for about \$15,000 to \$20,000. So, we began franchising, and I really bet it all with that. I really like the setup of franchising because it creates a true partnership between us and the franchisee. With that, *LA Boxing* took off, and we sold 200 of them.

I then got a call from the **Fertitta** brothers, who owned *Ultimate Fighting Championship (UFC)* and *UFC Gym*. They liked our model and were curious if we were buying or building. They were opening big boxes that were each about 40,000 square feet and \$3,500,000. That level of real estate is hard to come by and a lot of capital to put up, so they liked the idea of the small box franchise model. Then, when they dug into it, they liked the unit-level economics of what we did for a franchisee and how it was to be a franchisor. So, I sold *LA Boxing* to the Fertitta brothers at *UFC Gym*, and I became *President of UFC Gym* for about 14 or 15 months. I helped rebrand all the *LA Boxing* locations into *UFC Gyms*, then I sold the remainder of my equity and moved on.



Anthony Geisler

### Xponential Fitness

**C.I.** - When and how did you create Xponential Fitness?

**AG** - In March of 2015, I purchased *Club Pilates*. And, almost two years to the date from there, in 2017, I created *Xponential Fitness*.

**C.I.** - Please tell us a little bit about each brand, number of units open/sold, etc.

**AG** - Let me start by explaining that we look at modality first. We want to be in stretching, indoor rowing, cycling, right? So, we look at the modalities. Then, we talk to various small corporate-based operators in those modalities to pick the right one. When we come in to do a deal, we take their corporate stores and those become our first franchisees. So, the day we close

(See *Xponential Fitness* Page 10)



## Inside the Insider: Edition #333

■ Exercise IS Medicine - **By:** Mike Alpert

■ The Ecosystem of Technology - **By:** Bill McBride

■ Legal Considerations for Mandating Face Masks for Employees - **By:** Paul R. Bedard, Esquire

■ How Gym Owners Can Supercharge Sales Performance With Automation - **By:** Jim Thomas

■ Are You REALLY Ready to Get People Moving? - **By:** Cathy Spencer Browning

■ REX: Roundtables for Executives

■ Court Sports: It's Academic!

■ And, of Course, *Norm's Notes*

## Norm's Notes

■Hello Everybody! This is your Club Insider Founder and Tribal Leader Since 1993 checking in with our 333rd monthly edition!

■Is America a GREAT COUNTRY or what!? By the time you read this, the college and pro football seasons will be rolling, and I, for one, am really excited about that!

■When I think back to the days when I wasn't a Geezer, it was a true joy to play the great game of football. I started playing in 1956 when I was just 10 years old, and I played every season until I was 21, a total of 11 years, "retiring" in 1967. Plus, I saved my beloved DAD, NORM CATES, SR., a lot of moola when I earned a full football scholarship to N.C. State. WOW! What FOND memories! I hope you football fans enjoy the season!

■As I write this Note, today is August 16th, the first day for MS. ELIZABETH (LIZ) CLARK as our brand new IHRSA President and CEO! Welcome to our industry and to IHRSA, MS. LIZ, as you officially step into your hugely important role on this very special day!

Folks, this young lady, LIZ CLARK, comes to IHRSA with an excellent background and track record in the business of directing and managing associations. And, I am excited to announce that we will feature LIZ as our October 2021 Club Insider Cover Story Subject!

In the meantime, I urge you ALL to support Liz as she cranks up her new IHRSA Administration. Let me also mention here that, IF you're not currently an IHRSA Member Club owner, I urge you to join this great 40-year-old trade association! TRUST ME when I say you will be GLAD YOU DID!

So, folks, if you're not currently an IHRSA Club Member, pick up your phone and make the call to IHRSA at (880) 228 - 4772 and JOIN TODAY! If you are an IHRSA Club Member, then I urge you to make plans now, if you have not already, to attend the 2021 IHRSA Convention and Trade Show, coming up soon in Dallas, Texas, October 13 - 15th!

There, we will be celebrating the 40th Anniversary of IHRSA! It seems like yesterday that RICK CARO, myself and five others, produced the Associations first Convention and Trade Show in Las Vegas,

way back in 1981. If you DO make it to Dallas, October 13 - 15th, then please be sure to come by our Club Insider's IHRSA Booth #2525 at the Trade Show and say, "Hello." We hope to see you folks there!

■HAPPY 75th BIRTHDAY to JOHN QUATTROCCHI, (a/k/a JOHN Q.), my long-time friend and also long-time Club Insider Advertiser. John and his business partner, STEVE STRICKLAND'S Workout Anytime, with nearly 200 clubs, has appeared on our Outside Back Page for years (Check out their Ad on the Outside Back Page). John and Steve are celebrating their 20th Anniversary of Workout Anytime, and I Tip My Black Hat to them for that great achievement! Moreover, my beautiful wife, ILENA, and I really enjoyed helping John celebrate his 75th Birthday on Saturday Night, August 21st at the Marriott in Alpharetta, Georgia, an affluent suburb of north Atlanta.

Without any exaggeration in this statement, John's 75th Birthday Party was extremely well done! This Special Event was produced by John's long-time business partner, Steve Strickland, and John's lady friend, Susan Newman. I've been to a lot of special events/parties in my day, and this one was truly very special as these two very caring people, Steve and Susan, really hit a home run with this special party for John Q (John's 75th Birthday was actually August 19th - See the Photo on This Page).

■Speaking previously about Workout Anytime being a long-time advertiser with us, let me also mention that, in This Edition, we're welcoming back former advertisers and always great friends, REX Roundtables, headed by EDDIE TOCK, and BILL McBRIDE'S BMC3 Consulting Firm/Active Wellness Company. Check



Norm Cates



Steve Strickland and John Quattrocchi

out the REX Ad on Page #9 and BMC3's Ad on Page #18. Welcome back, Y'all!  
(See Norm's Notes Page 7)

### About Club Insider

## CELEBRATING 28 YEARS OF TRUST

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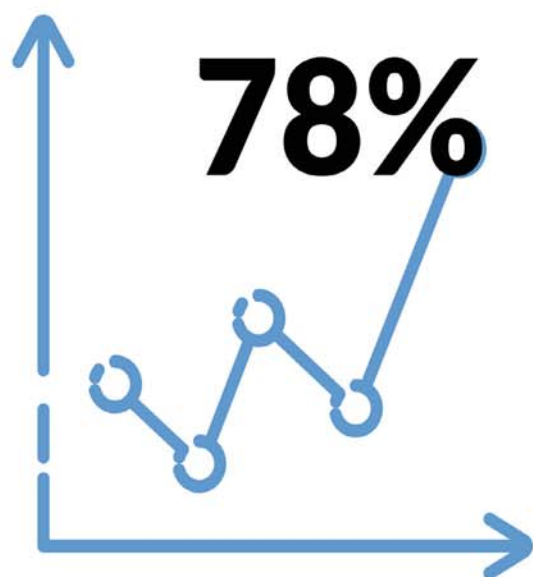
At Club Insider, we are excited to be in our 28th Year of this home-based health and fitness club trade publication! The thought that this publication was founded to serve an industry I truly love, and so that I could become a Mister Mom for my son, Justin, is still intriguing and amazing to us. So, I wish to extend my most sincere Thanks and Appreciation to everyone who has made this amazing 28-year run possible.

A very sincere Thanks and Appreciation go to Rick Caro, the late 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, formerly of Atlanta's Hudspeth Report for the tremendous assistance they provided. 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 monthly editions! And, of course, Thanks and Appreciation to the United States Postal Service for sending those editions to our readers! 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. Thanks and Appreciation to all of our Club Insider Contributing Authors, past and present. Thanks and Appreciation to IHRSA for all it does for all of us. And, sincere Thanks and Appreciation to my son, Justin, who has become our Publisher and is a truly great partner. You name it and Justin does it each and every month!

Last, but surely not least, this writer who refused to fear failure when many told him he didn't have a chance of surviving the publishing business for even a year did survive. And, he would like to give his 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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## Exercise IS Medicine

By: Mike Alpert

It is hard to believe, but the annual IHRSA Convention will be the first time in 19 months that we have all had the opportunity of meeting together in person. And, so much has changed in those 19 months, especially as it has affected our way of life.

In recent articles that I have written, I have made a point of talking about the need of our healthcare system to make a shift away from the treatment of chronic illnesses ("sick care") to prevention and wellness ("well care"). And, last month, one of the largest healthcare providers in the country, *United Healthcare*, made a major announcement that they will offer their 4 million commercial members: a twelve-month subscription to a *Peloton Digital Membership* or a four-month subscription to a *Peloton All-Access Membership* at no additional cost as part of their plan benefits. Peloton All-Access Members can take live or on-demand classes on their Peloton-connected fitness products and track their personal metrics, plus they have access to content via the *Peloton App*.

Virtual programming played a major role in keeping clubs afloat during the pandemic as members were able to work out remotely with their favorite instructors and trainers. But, now, as members are coming back to their clubs again, some might be tempted to abandon or not make a long-term commitment to *Virtual Fitness*. I urge you not to be one of these clubs.

There will be times that your members will either not be able to come to the club due to travel or time restraints and some who might simply want to roll out of bed and take a class at home. But, they are not the bulk of your potential virtual members. The larger market is the non-member market, which makes up 80% of the population in your area. Many of these people don't come in due to financial restraints or due to chronic health conditions, but they need the services you offer and can participate in them from the privacy of their homes. And, once you get them comfortable exercising and eating better, you will convert some of them to members.

Let's revisit some numbers:

154 million people in the United States (74%) are either overweight or obese. This represents a Total Available Market (TAM) of \$1.5 Trillion, which is a staggering number. The Digital, at-home fitness spend, since COVID, has surged 30 - 40%. There are currently 87 million fitness apps in the United States, and the online fitness market is expected to grow from \$6 billion in 2019 to \$59 billion by 2027, representing a 33% compounded annual growth rate (CAGR).

As the industry that promotes the benefits of regular exercise and proper nutrition, we have a societal obligation to build and maintain healthy communities. The evidence on the cost and health burdens of physical inactivity is overwhelming, and the benefits of regular exercise in the prevention and treatment of chronic disease is irrefutable.

A merger of health care and fitness programs in communities like yours is no longer an option. Be the leader in your community.

To close, I want to send a warm welcome to IHRSA's new President & CEO, **Liz Clark**, and offer my help in any way to



Mike Alpert

see a long-term sustainable campaign to merge fitness with healthcare.

### Exercise IS Medicine!

(Mike Alpert is the COO of Smart Health Clubs. He can be contacted at [mike@smarthealthclubs.com](mailto:mike@smarthealthclubs.com) or 951 - 205 - 1136.)



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## ...Norm's Notes

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■The following are some of the great companies who *Advertise in Club Insider* and are already booked to exhibit at the **40th Anniversary IHRSA Trade Show in Dallas, Texas - October 14th and 15th**. There will be more *Club Insider Advertisers* there than named below. The show is a little less than two months from now, and we will update this list in next month's edition.

When the time comes, please be sure to stop by their exhibits and learn about their offerings. **AND**, when you do drop by their exhibits, **please tell them NORM and JUSTIN CATES sent you!** *That will help us get some Brownie Points with them!* **These are GREAT Companies, and we urge you to get to know them and to do business with them. Thank You!**

Company	Exhibit #
MOSSA	1722
VFPnext	2209
iGo Figure Software	1218
Iron Grip Barbell Company	3318
UpSwell	2825
FlexIt	2319

And, of course, be sure to stop by **Our Booth** and say, *Hello! That's Booth #2525 at THE KAY BAILEY HUTCHINSON CONVENTION CENTER!*

■The August 15th Sunday Edition of The *Atlanta Journal Constitution Newspaper (AJC)* featured an article in the *Business Section*, entitled: *Are gyms about to become extinct?*

Folks, without a doubt, this article is really bad publicity for our industry! And, it was not just bad... it was horrible! But, I know this article was just one of many you have already seen and read by now.

If you Google: "Are gyms about to become extinct?," sadly, you'll see a whole bunch of articles that essentially tell the same story with slightly different headlines. This era is the worst time in the history of our great industry... most certainly the worst I've ever seen in the 47 years I've been involved in our great industry. The subheadline in the AJC article reads: "Pandemic ushering in new home workouts and virtual classes era."

I'd like to hear from you about the things you're doing in your marketplace to counter this difficult time in our industry. I know there are many great minds in our industry out there, and we all need to stick together and share any and all help we can give each other for our great industry to cope with and deal with this the pandemic era we are all living through.

Please write to and share your ideas with me so I can pass your **VICTORIES** and/or **CHALLENGES** on to our industry nationwide. **WORKING TOGETHER**, our great industry **CAN** and **WILL SURVIVE** this tough time in **HUMAN HISTORY**. As you all already know, this has been no picnic and will not be one anytime soon, but **WE CAN DO THIS IF WE WORK TOGETHER!**

I welcome your update by email at [norm@clubinsideronline.com](mailto:norm@clubinsideronline.com) or phone

at (770) 635 - 7578.

■IHRSA has released a video targeting consumers who currently have access to *Health Savings Accounts (HSAs)* and *Flex Spending Accounts (FSAs)*, explaining the *PHIT Act*. With all the coverage about the *GYMS Act*, it's important to know that the *PHIT Act* is not dead!

While IHRSA and Industry Leaders continue the fight to pass the *GYMS Act*, there is also a path forward for the *PHIT Act*. IHRSA is asking everyone to share this video ([bit.ly/clubinsider136](http://bit.ly/clubinsider136)) with their members and customers to help make it easier and cheaper for more people to exercise. Doctors tell patients they should exercise more all the time; it's time their HSAs and FSAs covered these expenses!

■This from **HELEN DURKIN**, IHRSA's Executive Vice President of Public Policy:

### IHRSA Sets the Record Straight on GYMS Act Rumors

There's inaccurate information going around within the fitness industry. Here's what you need to know about relief for gyms and studios after recent developments in Congress. *This information was first shared in an email to the National Health and Fitness Alliance mailing list.* A lot has been happening in D.C., and we've heard some inaccurate rumors circulating in the industry, so I'm providing this update on what has been happening to set the record straight. There's a lot of information to cover, but here are the highlights:

1. It's **not** a loss that the *GYMS Act* wasn't included in the infrastructure bill recently put forth. There was never an opportunity for relief in that bill.
2. The Senate's passage of the budget blueprint does **not** interfere with our efforts to get industry relief in the next reconciliation bill.
3. The *GYMS Act* is still very much in play, and we've not only exceeded our target sponsor numbers but continue to gain more.
4. The *GYMS Act* lead House and Senate sponsors continue to press hard for industry relief.
5. September is a crucial month to keep the pressure on in Washington.



Helen Durkin

### The Rumors

It has come to our attention that some people are saying the *GYMS Act* failed to make it through the Senate this week. **This is NOT accurate.** Efforts to pass industry relief are still moving full steam ahead.

### The GYMS Act and the Infrastructure Bill

The Senate recently passed a bi-partisan infrastructure bill. Some expressed concerns that there was no relief for the industry in the infrastructure bill. Allow me to ease those concerns. The *GYMS Act* not being in the

infrastructure bill was **not** a loss. There was never an opportunity to get any relief in the infrastructure package. That is why our focus is on the reconciliation process.

### The GYMS Act, the Reconciliation Package and the Budget Blueprint

In a recent early hours session, the Senate passed a budget blueprint. This blueprint provides instructions on the amount of money Committees will be allocated to form a spending budget as part of the larger budget and reconciliation process. The budget blueprint is a necessary step in developing the reconciliation package, but (See *Norm's Notes* Page 8)



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## ...Norm's Notes

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it is not the reconciliation package.

We worked with **Senator Duckworth**, our *Democratic Senate sponsor*, to craft an amendment to the budget resolution with language that could be added to the instruction the Small Business Committee receives saying money should be allocated to support gyms. However, Senate Democrats were discouraged from filing amendments, so in the end, the blueprint didn't include that language.

**That was not a surprise.** It does not change anything. Don't get me wrong, if Senator Duckworth had been allowed to

file an amendment that said gyms need relief, that would have given us a leg up. However, we were, and still are, committed to pursuing every possibility and advantage, but the entire process wrapped up quickly with very few amendments.

The Budget Blueprint allows the Senate Small Business Committee \$25B and the House \$17.5B for their respective budgets. Now, this does mean any industry relief in this reconciliation package would have to fit within those caps and would be substantially less than the \$30B we asked for in the *GYMS Act*.

That said, it is important to remember that we asked for a number in the *GYMS Act* as high as we did to

withstand being cut by Congress. We based that number on our best estimate of industry loss at that time.

**Don't let these recent developments discourage you! Those who have been successful in getting dedicated relief walked down the same path. For example, Restaurants asked for \$120B but only received about 20% of that funding (\$28.6B) when the relief was ultimately included in a package.**

### The Fight Continues for Much-Needed Relief for the Industry

Our task is to continue to make our case to the House and Senate small business committees and Congressional leadership that there is still a need for relief.

In addition to the Senate one-click campaign and the focus on the Senate Small Business Committee, we are adding campaigns and outreach to the House Committee on Small Business. The message isn't changing, but we are expanding our Congressional targets and using updated information and all the support we can leverage to push forward.

Our lobbyists have already begun this outreach. We are encouraging everyone dedicated to industry relief to once again send a one-click message by going to [bit.ly/clubinsider137](https://bit.ly/clubinsider137).

### The Next 3 - 6 Weeks are Critical

Congress is now in recess, but the reconciliation battle will play out well into September. The work we have done to demonstrate broad congressional support for relief for our industry is keeping us in the game. A recent headline from *PoliticoPro Influence* was, **"GYMS ACT SPONSORS MAKE THE CASE FOR RECONCILIATION INCLUSION."** This column is a must-read for Hill Staffers and members of Congress.

The story reports that the lead House and Senate sponsors of the *GYMS Act* wrote to **Senate Majority Leader Chuck Schumer** and **House Speaker Nancy Pelosi**. In it, they asked them to include relief for the gym and fitness industry in the "party-line reconciliation package being crafted now."

Duckworth and Quigley also cited industry estimates that roughly one out of every five fitness studios has closed permanently during the pandemic.

So, let's keep the effort in high gear and be sure to watch your inboxes for the new grassroots campaigns links. I hope this helped clear up any confusion recent events may have caused, and if you have any questions, don't hesitate to ask. Tell Congress Gyms Need Relief! Go to [ihrsa.org](https://ihrsa.org) to learn and do more!

■ **JUSTIN** and I want to say **Thanks for reading Club Insider!**

■ **Are you a Paid Subscriber?** *Club Insider* is a *Paid Subscription-based Publication*. 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*, so you are not enjoying the *full benefits of a Paid Subscription to Club Insider*, which includes **new print and online editions and online access to ALL PREVIOUS editions**. So, *don't delay*, subscribe today for just **\$89 for one year, \$149 for two years or \$10 a month** by going to [www.clubinsideronline.com/subscribe](https://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 have served around the world. God bless America's Policemen and women and Firemen and women; keep them safe. Finally, God bless you, your family, your club(s) and your members. God Bless America! Laus Deo!**

(Norm Cates, Jr. is a 47-year veteran of the health, racquet and sportsclub industry. He is the *Founder and Tribal Leader* Since 1993 of *Club Insider*, now in its 28th year of monthly publication. In 1981, he was *IHRSA's First President*, and a *Co-Founder of the Association with Rick Caro* and five others. In 2001, he was honored by *IHRSA* with its *DALE DIBBLE Distinguished Service Award*, one of its highest honors. And, in 2017, he was honored with *Club Insider's Lifetime Achievement Award*. He can be reached by phone at **770-635-7578** or email at [Norm@clubinsideronline.com](mailto:Norm@clubinsideronline.com).)

## REX: Roundtables for Executives

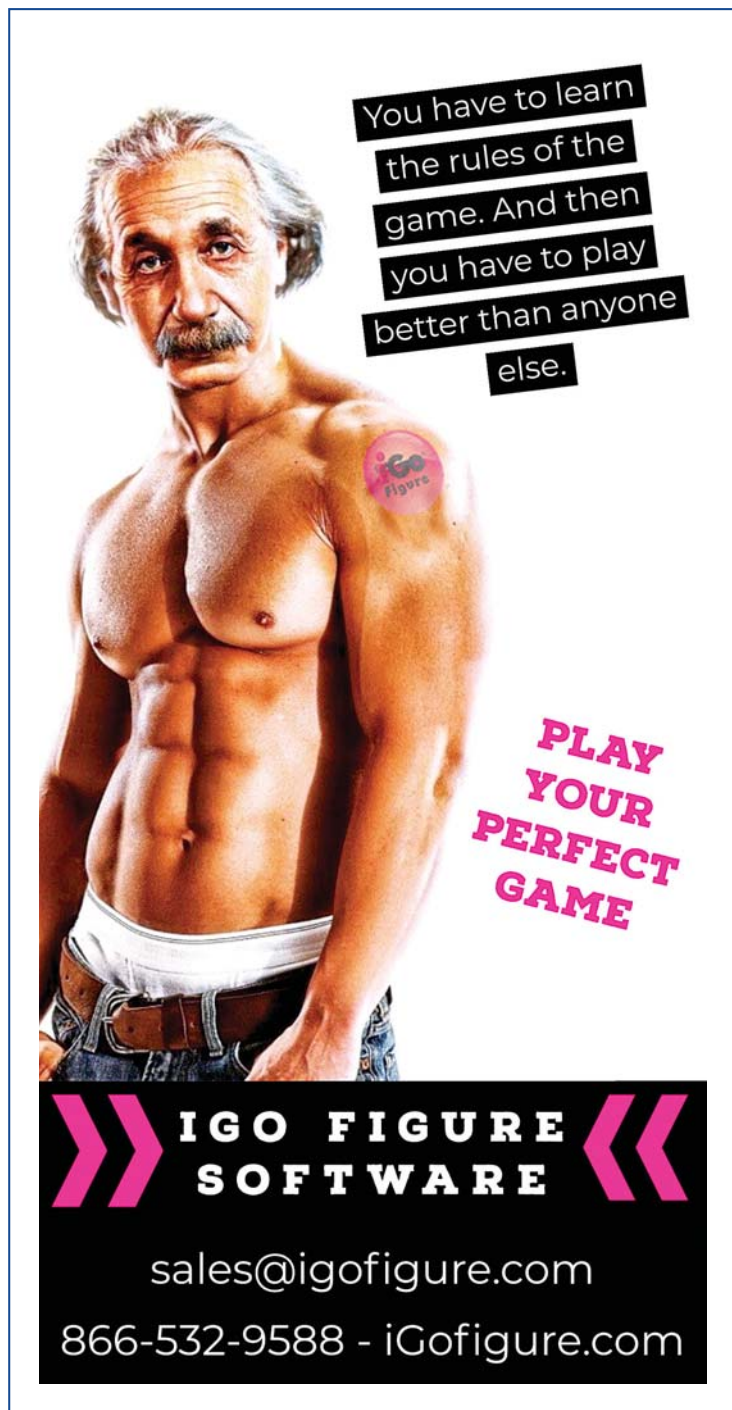
**GARRISON, N.Y.** - REX Roundtables is a 15-person group of industry **LEADERS** with no competitors who all work together to *improve the performance of your business and the quality of your life*. Together, with a professionally-trained facilitator, each REX Roundtable compares key metrics and the processes for best business practices. A REX Roundtable group will support a fellow member to combat a new competitor, develop new strategies and even re-launch post pandemic.

As one REX Member said, **"JOINING A REX ROUNDTABLE HAS BEEN MY BEST BUSINESS DECISION"** and for the following reasons:

2. Helping me become a better person and a better leader.
3. Assembling comprehensive plans to assure success.
4. Staying ahead of the industry curve with trends and knowledge.
5. Where you grow, challenge new ideas, surround yourself with a family of leaders that want what is best for you and your business.
6. Learning up close from the industry's best operators.
7. Surrounded by passionate, like-minded people who genuinely care."

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## ...Xponential Fitness

continued from page 3

on buying the brand, we are open with some franchises. That's the play we run and have duplicated multiple times:

**Club Pilates** was the first brand, and when I bought it in 2015, it had about two dozen locations, primarily all in Southern California. It was created by **Allison Beardsley**. She loves Pilates but hated business, so the business sort of grew up around her because members and instructors wanted to open their own Club Pilates locations. She had done these license agreements with franchisees that we eventually turned into actual franchise agreements. When I found her company, she was ready to exit the business and move to Lake Tahoe, so I ended up buying it and took over. Today, it has approximately 650 locations open with 965 licensed locations, so it has experienced pretty good growth. I bought it for \$2 million in a private sale six years ago, and today, the value of this brand has increased substantially and represents the largest business in our portfolio in terms of revenue. It is also nine times larger than its next largest competitor.

**Year Acquired:** 2015  
**Locations Open:** 649  
**Locations Sold:** 965

**Cyclebar** was a brand in the market that had about a hundred locations open and a couple hundred sold. Of those hundred, 75 were losing money when we bought the brand. That's why they were trying to sell it. We ended up coming in and buying the franchisor. We have built that now to 231 open and 477 sold across the country, and it is twice the size of the next largest competitor.

**Year Acquired:** 2017  
**Locations Open:** 231  
**Locations Sold:** 477

After that, we acquired **Row House** and **StretchLab** almost simultaneously:

**Row House** was an indoor rowing concept out of Manhattan, and we ended up getting in touch with the owners, **Debra Strougo** and **Eric Von Frohlich**, to put a deal together.

**Year Acquired:** 2017  
**Locations Open:** 90  
**Locations Sold:** 309

**StretchLab** was operating in Southern California and L.A., so that was more convenient because it was local.

**Year Acquired:** 2017  
**Locations Open:** 122  
**Locations Sold:** 371

**AKT** is our dance inspired brand, and it had three locations open in the Manhattan area when we acquired it.

**Year Acquired:** 2018  
**Locations Open:** 24  
**Locations Sold:** 107

**YogaSix** had about 13 locations when we found it, and we ended up buying the company and turning those 13 into franchises the day it closed. Since then, we've sold over 500 and have over a hundred open.

**Year Acquired:** 2018  
**Locations Open:** 105  
**Locations Sold:** 514

**STRIDE** was acquired at the end of 2018 from co-founders **Katie Ownbey** and **Misa Dugally** who had a studio in Pasadena, California.

**Year Acquired:** 2018  
**Locations Open:** 6  
**Locations Sold:** 76

**Pure Barre** was bought from **L Catterton** in 2018. Before we acquired the brand, even though it had a positive EBITDA, it was not performing to its true potential. We saw a real opportunity to go in there, changing the Point-of-Sales system and CRM, creating a membership sales culture because they didn't have that, and all the 500+ locations open looked different. It had five CEOs in five years so there was no real, consistent leadership. We were able to step in to provide leadership and support, layering in our model, to grow and expand the network of studios. From that, we saw a number of franchisees expand further, too.

To start, we looked at the 43 people in their organizational chart and identified areas of opportunity to restructure the support being provided to owners. We chose to keep the Training & Technique Team in place as that is the core of the brand's success: it's technique. We hired an additional 20 people and based them all in Irvine, California. We spent about \$20 million to rebrand all the locations so they all look the same. We brought in new technology, new computer systems, new flooring, new counters, vinyl, paint, etc. Just a whole new look and feel to the business. We did that on our dime for the franchisees, so they were excited about that. And, we got all that complete within a year, which was amazing.

We ended up increasing profitability by approximately \$20 million in two years with Pure Barre and also increased same-store sales by double digits inside that first year. Now, there are almost 600 open and over 700 licensed locations.

**Year Acquired:** 2018  
**Locations Open:** 599  
**Locations Sold:** 713

**Rumble** was our latest acquisition in March this year. They had 13 going on 14. They were just opening in Chicago pre-COVID, then COVID put a pause on that. So, we took their locations and turned those into

our first 13 franchises. We are very pleased with the launch of Rumble and franchise sales, with more than 70 licenses sold already and a Master Franchise Agreement in Australia.

**Year Acquired:** 2021  
**Locations Open:** 13  
**Locations Sold:** 71

(See *Xponential Fitness* Page 14)

## The Xponential Fitness Brand Portfolio



**AKT** - Founded in 2013 in New York City, AKT is a dance-based, full-body concept, offering a unique combination of four modalities: toning, interval, circuit and dance. With new original programming created every three weeks and the belief that movement has a powerful, lasting impact, AKT is for all body types and fitness levels. Deeply invested in building a strong community, AKT is designed to push members to sweat, dance and burn calories in a high-energy, FUN and supportive atmosphere.



**Club Pilates** - Founded in 2007, Club Pilates is the largest Pilates brand, designed with the vision of making Pilates more accessible, approachable and welcoming to everyone. Club Pilates has appeared in both *Entrepreneur Magazine's* Franchise 500, Fastest-Growing Franchises five years running, and *Inc. Magazine's* Inc. 5000 lists multiple times. Club Pilates offers extensive training certification for its instructors. Its 500-hour training program includes instruction on Pilates, barre, Triggerpoint and TRX Suspension Trainers.



**CycleBar** - Founded in 2004, CycleBar is the largest indoor cycling brand by number of studios and offers a variety of low-impact, high-intensity indoor cycling workouts, which are inclusive of all fitness levels. CycleBar offers an immersive, multi-sensory experience in state-of-the-art "CycleTheaters," led by specially trained instructors, enhanced with high-energy "CycleBeats" playlists and tracked using rider-specific "CycleStat" performance metrics.



**Pure Barre** - Founded in 2001, Pure Barre is the largest barre brand by number of studios, offering a range of effective, low-impact, full-body workouts for a broad range of fitness levels. Pure Barre has four signature class formats including introductory, classic barre, interval training and resistance training. Its high-quality instructors receive specialized multi-tiered training, allowing for class format and choreography to be refreshed on a quarterly basis.



**Row House** - Founded in 2014, Row House is the largest indoor rowing brand by number of studios, offering personalized performance metrics, resistance training, rowing and stretching exercises to build aerobic endurance and muscular strength. The low-impact nature of rowing workouts makes Row House accessible to a broad range of consumers with six signature Row House class formats including introductory, interval-based, strength training, stretching and two endurance-based formats.



**Rumble Boxing** - Rumble Boxing was founded in January 2017 as a boxing-inspired group fitness concept in the heart of Chelsea in New York City. The experience is a 45-minute, 10-round, full-body cardio and strength workout crafted around specially designed water-filled, teardrop-style boxing bags.



**StretchLab** - Founded in 2015, StretchLab is a leading assisted stretching brand that was created to help people through customized flexibility services. It offers one-on-one and group assisted stretching sessions to customers across a broad range of age and fitness levels. StretchLab's advanced "flexologist" instructors receive extensive training, including both classroom and on-the-job training programs.



**STRIDE** - Founded in 2017, STRIDE is a treadmill-based cardio and strength workout designed for every fitness level. An engaging program led by dynamic authorized trainers, STRIDE offers a supportive and inclusive environment providing three signature class formats including interval, endurance-based and strength training.



**YogaSix** - Founded in 2012, YogaSix is a boutique yoga brand that offers a broad range of heated and non-heated yoga classes, boot camp style fitness classes and meditation accessible to all. Class formats include Y6 101, Y6 Restore, Y6 Slow Flow, Y6Hot, Y6 Power and Y6 Sculpt Flow. Classes at YogaSix eliminate the intimidation factor that many people feel when trying yoga for the first time, offering a fresh perspective on one of the world's oldest fitness practices.





*Greetings fellow fitness club owner,*

*My name is Donna Krech, and I'm writing to share with you the fastest and simplest way I've ever used to start making more money in my fitness business. I know it will work in yours as well.*

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*Donna Krech*

*P.S. Your members are taking their nutrition and wellness money elsewhere. We will show you how to keep it in your club! Visit [WellnessSuccessBlueprint.com](http://WellnessSuccessBlueprint.com) to get your FREE Wellness Success Blueprint now!*

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We're excited to reconnect with friends and colleagues in Dallas! **Please visit [ihrsa.org/convention](http://ihrsa.org/convention)** for all of the details - including a real-time list of the 180+ IHRSA Industry Partners supporting this event. There you will also find information about speakers, hotels, registration and much more.



"A 40 year celebration is a very special moment. IHRSA is bringing back the trade show and educational workshops but is also bringing in new alliances, new partnerships, new strategies, new structure and leadership. Businesses are starting to recover and grow. October is the perfect time for clubs to join together."

**Monica Marques**  
Director and Partner  
Companhia Athletica  
São Paulo, Brazil

"More than ever, it is important for all of us to come together and celebrate the resiliency of the fitness industry and the impact we collectively create by promoting healthier lives. IHRSA 2021 will be the time to ignite creativity and redefine innovation for the future."

– **Bill Davis**, Chief Executive Officer, ABC Fitness Solutions, LLC



## IHRSA 2021 Exhibitors As of July 6, 2021

XL Corporation (GymWipes)	American Specialty Health	Buck & Affiliates Insurance	Echelon Fit	Fitness On Demand	HOIST Fitness Systems, Inc.
ABC Fitness Solutions	American Wholesale Lighting	CareerPlug	Ecore	ForzaFitt	Hollman, Inc.
ABS Company	Animalhouse Ventures, Inc.	CedarWorks Playsets	eGym, Inc.	Fujimi, Inc.	Humane Manufacturing, LLC
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AED123	ARX	Change Collaborative, LLC	EnergyFit	Gleantap	HydroMassage
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Aldous & Associates, PLLC	Athletix Products	Club Automation	Evolt 360	Glory Star Group, Ltd.	Ideal Products, Inc.
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American Athletic, Inc.	BeaverFit North America, LLC	ClubReady, LLC	Extractor Corporation	Grid	I-Master Sports, Inc.
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American Council on Exercise (ACE)	BodyEnergy Technology Co., Ltd.	Club Solutions Magazine	Field Turf USA	Gympass	In-Flight Products, LLC
American Service Finance, LLC	Body-Solid, Inc.	Comm-Fit	Fit3D, Inc.	Heart Zones, Inc.	Innovative Base Technologies
	Box N Burn Academy	CORFIT, Inc.	FITBENCH	Helix Fitness, Inc.	Inspire Fitness
	Brewer Fitness	Cryo Innovations	Fitness Asset Manager	Hidrate Spark	Intellivideo
	British Swim School	Deuce Inc., LLC	FitnessEMS	Hilbers, Inc.	Interactive Fitness
		Digital Revenue Systems	Fitness Master, Inc.	Hoffman Insurance Services	Holdings / Espresso





**Michele Melker-son-Granryd, M.Ed.**

Senior Advisor for Personal Training & Wellness  
Personal Trainer,  
Cancer Exercise Specialist  
Castle Hill Fitness  
Austin, Texas

"After spending so much time on screen trying to stay up to maneuver through the challenges of operating in a pandemic, we are thrilled to be bringing our team, in-person, to IHRSA 2021 in Dallas! I can't wait to see industry innovations up close on the tradeshow floor, reconnect with my industry associates from all over and learn from thought provoking keynote speakers!"



"Eleiko is excited to be a part of IHRSA this year. Health and fitness has never been more important, and Eleiko is committed to supporting the industry to recover. The time to get together in person, to share ideas, and to work towards getting more people stronger, healthier, and fitter is now."

– Rickard Blomberg, President, Eleiko Sport Inc.



IHRSA thanks its Industry Partner members for their vital support aiding the global health and fitness industry's recovery and revival. Their support of IHRSA, a member owned not-for-profit trade association, has been instrumental in securing a stronger future for the industry we all love.

iPlayCO	MAD TASTY, LLC	NaceCare Solutions	POUND - Rockout. Workout.	Sunless, Inc.	UPshow
Iron Grip Barbell Company	Matrix Fitness	National Academy of	Power Systems, Inc.	Tanning Supplies	UpSwell
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## ...Xponential Fitness

continued from page 10

**C.I.** - That's an incredible buildup in such a short time! In total, how many units are open and how many are in the pipeline? What is the time horizon for those to be open?

**AG** - As of today, we have over 1,850 studios operating across nine leading brands globally (48 states in the United States, Canada and five countries internationally). And, there are over 1,500 licenses signed and paid for, so they're contractually obligated to open in North America. Then, on top of that, there's over 730 licenses contractually obligated to be sold internationally across nine international countries. So, that's over 2,200 contractually obligated and paid for studios to open. Approximately sixty of those must be sold by the end of 2021 internationally.

**C.I.** - What are the benefits of offering such a variety of concepts to current or potential franchisees, as well as the end user?

**AG** - Offering a variety of concepts to owners, both current and prospective ones coming into the system, allows them to build a portfolio of diversified and complementary modalities. I think it's self-evident what we're doing. Then, leveraging the *Xponential Playbook* and corporate support at the brand level and the shared services level makes the difference, things like Accounting and Finance, Construction, Retail Design, Marketing, Operations, Membership Sales, Certification Instruction Training, etc.

For the end user, in Q4 of last year, we launched XPASS. It offers our consumers access to all brands across the portfolio. Simply put, sign up at one brand and you get access to all the brands. It allows us to attract and retain customers that are seeking variety. The stats we see show that people own multiple boutique fitness memberships and are paying

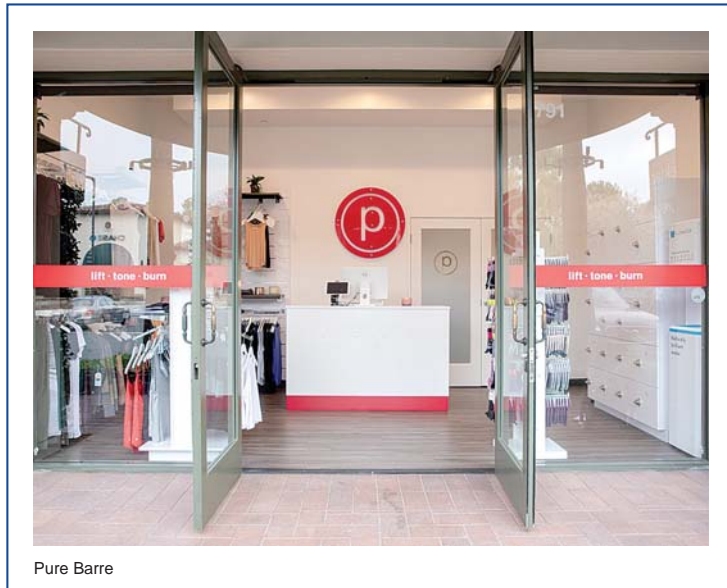
for those. This allows our customers to introduce themselves to new brands and verticals in our system. I don't think a lot of people know that Xponential owns all these brands. They may know our brands, but they don't know that Xponential is part of that. So, we have launched XPASS in over 1,000 studios in more than 40 states and are further rolling that out.

**C.I.** - Speaking of the end user, how many members do you have system-wide?

**AG** - As of Q2, our studios had over 405,000 members, and we consider members those who are paying us monthly. In 2020, across our system, we had over 850,000 unique consumers, and they completed 20 million workouts. So, during COVID, we were still able to process over \$440 million in systemwide sales. Almost half a billion dollars going in the pockets of franchisees across the nation, which is what allowed them to fare so well and allowed us to fare as well as we did. So, when comparing the end of the second quarter of 2021 to January 31, 2020, even without taking into account our newest brand, Rumble, our business had recovered to 103% of actively paying members, 98% of total visits and a nearly 90% run-rate AUV. Thus far in Q3, this positive trajectory has continued. In July, we recorded our highest-ever monthly system-wide sales, and our August results to-date remain solid. So far in August, compared to the end of Q2, we've seen an increase in our total memberships and our actively paying members, both overall and at a per studio level.

**C.I.** - That's fantastic to hear! I'm sure each brand has its own mission and value proposition, especially related to attracting franchisees, but as a collection, as a company, what is your mission, value proposition and key market differentiators?

**AG** - Our **Mission at the Franchisee Level** is to make highly specialized workouts motivating and community-based



Pure Barre

environments accessible to everyone. With all of our brands, we built them to really be welcoming to first-time users. I think this is especially important for some brands and even modalities. Five or six years ago, Pilates used to not really be accessible to everyone, but today, it is much more accessible and appealing. I feel like CycleBar is a place you go to do indoor cycling for the first time. With certain other brands outside of Xponential, you already need to know how to do it...

So, for us, we want to build that community-based bridge. We want it to be accessible to everyone. Thus, the membership experience is part of the business, and we know the incredible power community plays in fostering that experience. As a franchise system, we're deeply rooted in our communities, different to corporate-based systems. With corporate brands, people don't know the owners, but in a franchise system, they know the owners. Their kids play together and go to school together. And, it's this kind of community base that allowed us to fare so well during COVID as people continued to stay with us.

Ultimately, it's an intensive experience, and it's complemented by increased levels of personal attention and guidance. That's the boutique space we are able to offer in the physical world and then offered in our on-demand and live digital workouts. We believe we're positioned better, really, than anyone else. We have the best of both worlds (physical and digital), and nine brands to deliver with. This kind of lineup is quite honestly something others don't have.

Our **Mission at the Franchisor**

**Level** is to provide exceptional support to best position our franchisees for success and allow our franchisees to reach out to more and more members. Ultimately, Xponential is a franchisor in the business of opening studios and processing royalty. A franchisee is in the business of opening studios and bringing in revenue. But, none of us can do that without the member. So, making sure that we support the franchisee in a way where they can engage with the member and keep the member is the business.

If you break it down, the whole business is fairly simple. You spend money to market in order to acquire leads. We support the franchisee and show them how to do that. The lead is generated, so then the sales desk should be compelling enough to get them in to try a class. Then, the class should be so good that they want to sign up. Once they're a member, we should do a job that is commensurate with what they're paying for. They should look at their \$150 a month, and if we are creating \$150 a month of value for them, they should stay, right? So, then, it becomes the game of bringing more people in and keeping them so the membership can continue to grow.

**C.I.** - I love that breakdown. In business school, *Scientific Management* was one of my favorite subjects. We studied assembly lines, and the reason they are so effective is that each part of the assembly line does its job, and it does its job to a high enough standard that the next one can do its job. That's exactly what you've laid out there.

**AG** - Yes, exactly.

(See *Xponential Fitness* Page 16)



Row House

# XPONENTIAL

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## ...Xponential Fitness

continued from page 14

### The X Factor

**C.I.** - The year 2017 wasn't very long ago, so what has been the key to the essentially exponential success of Xponential Fitness? **AG** - We kind of call it the *X Factor* now. It's the 'It' factor that we have, and that is our ability to execute the *Xponential Playbook*. It's nothing more than that. We are a sales marketing and operations engine. We are that assembly line that you're talking about. We're just disguised as yoga or boxing or dance or rowing, whatever it might be. So, all of our brands, when we find them, go through the process. All our brands already have an amazing product: the workout itself. We just need to lend our ongoing support and that X Factor to the business as we scale it. That allows us to then focus on brand consistency and driving/converting leads, as I talked about, and retaining the member once we've converted them and keeping them happy.

Giving them the best possible member experience we can give them causes them to stay, and that is simply what we do. We don't create brands from the ground up. I don't think to invent, 'Hey, indoor rowing!' The modality already exists. Instead, we find great brands that are in the industry, and we buy those great brands. Then, we scale them and operate them better than anyone in the industry, in my opinion. And, there's certainly no one in the space with nine brands. So, now, XPASS is something we're able to do that nobody else can do, and if anybody tries to do it, they are years and tens of millions of dollars of technology behind. We've really developed our own in-house 'class pass' that we can put our brands on, and that'll be the only way people would be able to consume them.

Think of it this way. People are great chefs, but they may not be great

restaurateurs. We're great restaurateurs, so we're out in the marketplace trying to find people who are great chefs. Moving the example back to health and fitness, they've got great workouts and may be able to develop a handful of locations. But, they've never really gotten to any real size or scale. We provide that, and we're also able to go into something like Pure Barre, which was private equity-owned for half a decade, and fix everything in twelve months. We can come in, lay that X Factor over an existing business and move the needle, no pun intended, exponentially, in a short period of time.

### The IPO

**C.I.** - This, of course, set the company on a direct trajectory to an IPO, which was recently completed after a second attempt (the first being prior to the pandemic). Related to the IPO process, please share some of the key elements, process points, key decisions to be made, etc.

**AG** - There's a lot, so I'll keep it to a high level. The IPO process itself is a lot of legal work and accounting work. A lot of brainpower goes into getting it done. That's why when people go public, other people say, 'Congratulations.' It's a lot to get done. We were working to get it done before COVID, so that is a big testament to the team that we have. If you look at the journey of Xponential over the last 18 months, we were in a position where we were about to go public, but instead, we temporarily closed all of our locations. Then, we reopened them all, opened 300+ new locations and have gone public. I think that was an amazing feat, and we were able to do it in the market as it exists today.

**C.I.** - That's incredible! Well, I guess the real question then is: Do you ever sleep? Good Lord!

**AG** - Yes, but not a lot. I would say the best thing that happened to me was, in 2015,



Club Pilates

buying Club Pilates and going back to work. After UFC, I took about a year off and just stayed at home with my wife, literally watching the grass grow (laughing). I tell people that. I literally got up every morning and stayed in my pajamas in my backyard, which is a grass lawn, and my wife would bring me oatmeal and a hot tea. We would just sit there, stare at the lawn and literally watch grass grow. She was pregnant at the time, so we experienced that process together. Then, I went back to work in 2015. Now, looking back on the past six years, it's pretty amazing to see what has come of it.

It's no coincidence, though, that my daughter was born in 2015, and then, I bought Club Pilates the same year. So, you're right; I haven't slept much in the last six years. But, primarily, it's because the kids have me up. We have a three-year-old and a six-year-old now, and they pretty much trade off on who's going to wake me up in the middle of the night, if not both of them. So, it's very likely that, if you work with me or for me, you will get 2AM, 4AM, definitely 6AM emails. The kids wake me up, so I think, 'All right, let me check my email! Do what I can get done.'

**C.I.** - What is Xponential's ticker symbol? Which exchange? Current market cap?

**AG** - NYSE: XPOF. If you look at our market cap, on average, it's about \$550 million. What's missing from that \$550 million is a \$200 million convert that we did with Michael Dell from Dell Computer. So, you would add that \$200 million on top of the \$550 million. That isn't obvious. Some of the press has written about it, *Orange County Business Journal*, for example, who actually read our documents and figured

that out.

**C.I.** - What does the infusion of capital mean for the company in terms of operations? What does it mean for your original investors? What level of debt does the company currently have?

**AG** - I think, for us, and me, doing the IPO was really just kind of the next step, right? For the business and the journey, it was the next evolution. And, it was really a coming out party. Like I said earlier of Xponential, I might tell someone, 'I'm the Founder and CEO of Xponential Fitness.' And, he asks, 'What's that?' But, people know Pure Barre, Club Pilates, CycleBar, Rumble or something else, so he will say, 'Oh, yes, I know those! I'm a member of yours!' But, he doesn't know what Xponential is, so this is kind of like a coming out party.

A good example of this elsewhere is that a lot of people don't know about *Driven Brands*, which owns *Meineke*, *Aamco*, etc. They're kind of the Xponential of automotive. Someone might think he's leaving one brand and going to a competitor or something, right? They love one brand and went to another, but they're the same people. Another example is *Darden Restaurants*. Everyone has been to *Olive Garden*, but not everyone knows that Darden owns all these different restaurants, like *LongHorn Steakhouse*, *The Capital Grille*, etc. Going back to UFC and the Fertitta family, not many know that *Tilman Fertitta* owns *Morton's* and *Mastro's* and *Bubba Gump*. So, I think it was a big coming out party for Xponential.

As far as debt, the infusion of capital we brought in, which ultimately (See *Xponential Fitness* Page 17)



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## ...Xponential Fitness

continued from page 16

ended up being about \$120 million, was used to pay down debt. We just used it for that. There was nothing secondary, and I didn't take anything out of the business. I'm not a seller at \$12 a share...

**C.I.** - What changes or challenges have you experienced in becoming a public CEO compared to being a private CEO?

**AG** - I'm new to the business of being a public CEO, but I'm happy to say that it hasn't been much different. Outside of my drive level going up, I'm very excited to be done going public and getting back to business. Additionally, I'm very excited to get out of COVID because what excites me is growing and building the business. Whether that's continuing to build the brands we have, buying new brands, etc., those things excite me. And, I've got a list a mile-long in the Notes section of my cellphone of things I'm working on to make the business better. So, I'm happy to be back in and operating the business after what's been basically a year and a half. When you think about the lead-up to COVID, trying to go public, then COVID itself, and then, this IPO, I haven't really been running the day-to-day of this business in about 18 months.

It's a great testament to our team, though, because I have **Sarah Luna** and **Ryan Junk** as my *President* and *COO*, respectively. They came in about halfway through last year, and they've been amazing! It's been almost a year now that they've been running the day-to-day, and they've done a great job. It allows me to be creative and say, 'Hey, the business should be doing this and this.' I kind of analyze the theory or the thesis and then push it down to Ryan and Sarah for execution. So, that's what we're doing right now.

I take being public very seriously and people putting in their money very seriously. Now, we are a public business, and I want to compete in the public business sector and go after higher achievements. We want to trade as Planet Fitness does as the only real comp in the industry.

**C.I.** - That's fantastic. To close this illuminating and really motivating interview, what does the future hold for Xponential, let's say 3 - 5 years out?

**AG** - Three to five years out, we know what that looks like because we've got thousands of stores to open. And, we've got thousands of franchisees that we need to focus on. So, it's really just going to be what we do today to continue to grow our studios now, across the portfolio of the

United States and internationally.

We believe we can have large totals, and there's a lot of addressable markets out there. There are a lot more studios to sell, a lot more studios to open and a lot more system-wide sales to do in the studios that we do have open. So, we've got to make our current business bigger and better, and we've got to build the overall portfolio domestically and internationally. That's where I'll be focused. More studios open, which means more franchises sold. And, in doing that, we're going to continue to expand our portfolio of brands. We'll continue to do that and then expand XPASS as we discussed. Additionally, expanding digital domestically and internationally.

So, we pretty much know what life looks like. Selling more, opening more, making more of what we already have open and then growing our XPASS across all brands and on the network to grow our digital footprint across the U.S. and world, which allows us to penetrate markets in which we currently do not reside. I'll tell you right now; there aren't a lot of those. 60% of the U.S. population lives within 10 miles of one of our stores. We've got a lot of spread, but we've got a lot more to do and are excited about the opportunity ahead as well.

**C.I.** - Well, we look forward to seeing where it goes, and *Club Insider* will be here to report on it.

■ ■ ■

Thank you very much to **Anthony Geisler** for the time and opportunity to speak with him about *Xponential Fitness*. Thank you also to **Kate Doyle-Kwon** and **Robyn Kruder** for their truly next level assistance throughout this entire process. Finally, thank you for reading!

*(Justin Cates is the Publisher of Club Insider. Having been born into a club business family in 1985, Justin grew up in the health and fitness club industry. He has lived and breathed this industry for 36 years, since his own day one, and he loves it dearly. Graduating from the Terry College of Business at The University of Georgia in 2007, Justin has run day-to-day operations of Club Insider for 13 years. Justin was elevated to Publisher of Club Insider on April 5, 2020. Justin's Dad, Norm Cates, continues to serve as Founder and Tribal Leader Since 1993. You can reach Justin by phone at 863-999-2677 or email at Justin@clubinsideronline.com.)*

# The Ecosystem of Technology

By: **Bill McBride**

Technology is critical and ever-present. Before the shutdown, technology was part of a gym owners' strategy, but COVID pushed us to use technology more than we ever have in the past. As we reset and get ready to thrive in 2022, now provides a good opportunity to review your

tech stack. What do you have, what do you need, what do you want and what is the return on investment?

I believe in a "high tech and high touch" model for health clubs. Our members come to us sometimes 2 - 5 times per week, if not every day. So, we sometimes resist new technology adoption because we are not just changing a system or

process for our internal staff but also for the hundreds, maybe thousands of individuals that interface with our brand regularly. This is the only industry I can think of, other than Starbucks, Peets Coffee, or other affinity-based coffee shops that patrons frequent daily or 2+ times a week. Maybe in some cases, neighborhood bars...

We are not in a transactional business arena but a service-based relationship arena. Even my coffee example is still transactional: *Get your coffee and off you go.* Neighborhood bars may be the exception for those who go multiple times a week. However, consumers still don't go to the same hotel, restaurant, movie theatre, cruise or airline two to five times a week. It simply doesn't happen.

This leads to an important aspect of data management and quality control that is unique to our industry. Seeing that we are a destination that members interact with more frequently than most other businesses, it introduces an opportunity for more breakdowns in the member journey. Ensuring that this data is consistent across all systems is one way to help mitigate errors and enhance the member experience.

Like most decisions and processes you implement, you always start with evaluating where the member journey begins. In 2021, the member journey begins online. If your website, social pages and review sites (Google, Yelp, etc.) are where members are beginning their journey, then it only makes sense to have a tech stack that's conducive to having them complete their journey online. Questions that you should be asking yourself are:

- What does your member journey look like from finding you online to purchasing a membership?
- Can the consumer buy online?
- Can the consumer enroll in a trial membership online?
- What other barriers exist between your prospective member and purchasing a membership and how can you eliminate them?

A common barrier that I hear from clubs is having several systems that fail to "talk" to each other. For instance, if your website doesn't speak to your Customer Relationship Management (CRM) system,



Bill McBride

and your CRM doesn't speak to your Club Management System (CMS), then you are inadvertently creating three data silos that you must either sync via API or update manually.

Ideally, once a member joins online, the data they provided is entered into your CMS real-time. This ensures that they have a seamless member journey. From the moment they sign up, they should be entered into a "Welcome" cadence in the CRM system to provide complimentary workouts to get them started on their new fitness journey. This is just one member journey example that is enabled by having the right combination of technology or your member journey "ecosystem."

When it comes to your return on investment, we need to consider lowering our total cost of ownership. This is achieved by consolidating technology vendors and choosing the right (best in class) technologies that "talk" to each other optimally to achieve a seamless member journey.

*Customer Relationship Management... Member Management (Billing and Collections)... Member Experience... Fitness Engagement... Organizational Data/Dashboard... All are critical to successful operations.*

*(Bill McBride is the Founder of BMC3 and a partner in Active Wellness with Jill Kinney. He can be reached at BillMcBride@bmc3.com.)*

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

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

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

# Make It Fun!



# Legal Considerations for Mandating Face Masks for Employees

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

State and local governments are increasingly mandating the use of face masks within indoor public spaces. In the absence of legal mandates, many private businesses are nonetheless requiring that employees wear a face mask within the workplace. Whether legally mandated or voluntarily enacted, employers that implement a face mask requirement should maintain a face mask policy that is clear and consistently enforced to mitigate any potential legal issues.

The Centers for Disease Control (CDC) regularly updates its guidance and recommendations regarding the use of face masks. Although the CDC's guidance is advisory and not mandatory, many states, counties and municipalities impose and update restrictions in response to this guidance. In the absence of these governmentally imposed restrictions, many employers also look to the CDC for direction within this area.

The CDC currently recommends that all people wear face masks, regardless of vaccination status, in areas of substantial and high transmission. The CDC defines substantial transmission as 50 to 100 new cases per 100,000 people over seven days. High transmission is defined as 100 or more cases per 100,000 people or areas experiencing 8% or greater positive test rates. The CDC further suggests that fully vaccinated people with compromised immune systems wear a face mask regardless of transmission rates.

Although the CDC's guidelines are recommendations rather than mandatory orders, the Equal Opportunity Commission (EEOC) has regularly referenced these guidelines. This gives employers good reason to align with the CDC's recommendations. Employers that consistently follow these guidelines, while being mindful of the requirements of the Americans with Disabilities Act (ADA), are more likely to avoid legal exposure within this area.

Under the ADA, employers are required to make reasonable accommodations for disability-related exemption requests and exemption requests tied to a sincerely held religious practice or belief. State and local mask mandates do not override the ADA's requirement of reasonable modifications to policies, practices and procedures to accommodate an employee with a disability or a sincerely held religious practice or belief.

Some practical examples of disabilities that may preclude employees from wearing a face mask may include asthma and other respiratory disabilities, cerebral palsy, some forms of anxiety related to claustrophobia and close-fitting items, and autism that manifests in sensitivity to touch and texture. However, a reasonable modification of policy may not be required if the modification would result in an undue financial or administrative hardship for the business or otherwise pose a direct threat to the health and safety of those within the workplace. A direct threat is a significant risk to the health and safety

of others that cannot be eliminated through the modification of policies, practices or procedures.

When an employee objects to wearing a face mask for a claimed disability, the employer must determine whether the employee poses a direct threat to the health or safety of individuals within the workplace. An individualized fact-specific assessment must be completed by analyzing the nature of the risk, the nature and severity of potential harm, the likelihood the potential harm will occur and the imminence of the potential harm. The employer can request proof that the employee's medical restrictions would result in an unsafe or unhealthy scenario for the employee should a face mask be required.

Should the employer determine that the employee is exempt from a face mask requirement due to a disability, while nonetheless posing a direct threat to the worksite, the employer cannot exclude the employee unless a reasonable accommodation cannot be provided that would reduce or eliminate the risk without undue hardship. An example of such an accommodation would be the use of a face shield in place of a face mask for a person with asthma or some other respiratory disability.

When an employee rejects wearing a face mask while claiming a sincerely held religious practice or belief, the employer must again provide a reasonable accommodation absent undue hardship. Whether there is an undue hardship is a very



Paul R. Bedard, Esquire

fact-specific determination that may involve financial hardship or significant disruption to business operations. Specifically, courts have defined undue hardship as, "having more than a de minimis cost or burden on the employer." Due to the many and varied religious practices and beliefs, EEOC guidance indicates that an employer should "ordinarily assume" that an employee's request for a religious accommodation is based on a sincerely held religious belief. However, if an employer, "has an objective basis for questioning either the religious nature or the sincerity of a particular belief, practice or observance," the employer can request additional supporting information.

An employer that requires the use of face masks should establish a clear (See **Paul R. Bedard, Esquire** Page 20)

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# How Gym Owners Can Supercharge Sales Performance With Automation

By: **Jim Thomas**

The proper use of gym management software can revolutionize your gym or fitness center. Such fitness operations now have a smart advantage over others using traditional systems. With that said, automation software is not being used by many gym operations, and others that have access to such programs, don't use them.

Your gym can maximize its business potential and achieve optimal success by effectively using quality fitness studio management software. Automatic software manages all aspects of a gym, which would otherwise have to be done manually. It keeps track of the gym members, employees and their schedules. It also helps in managing everything from memberships to trainees. For those of you who are not currently utilizing gym management software, I have outlined some of the advantages below:

## 1. Saves Time

Having the right software, like for example, a Pilates session booking software, will make things easier for you, saving time and energy. It allows you to focus on other important aspects like marketing and hiring, instead of mundane daily administration.

It's always easy for you to get swamped by gym duties, and they can hinder you from helping members get healthy and in shape. That is where the automatic software comes in, especially for efficient task management. Even better, you will get all the needed tools from the booking software affordably, including instructions to independent instructors.

The automatic software helps in providing a more integrated approach to running your gym. Instead of having three pieces of equipment that you use for booking classes, storing sensitive information of members, and also paying your employees, as a gym owner, it is time for you to opt for automatic software.

All the time-consuming tasks can

be made easier and more efficient by using fitness management software. As a gym owner, you can use the free time gained to increase brand awareness.

## 2. Efficiency in Scheduling

Scheduling is considered one of the most time-consuming tasks, along with booking. As a gym owner, you do not necessarily need to schedule the fitness instructor software to book appointments and classes. The right fitness management tool and scheduling software will give you benefits such as online booking, credit session deduction and automated notifications.

It also creates easy schedules that will work practically automatically. Scheduling software gives your clients the chance to book their classes, either online or in a scheduling application to maximize attendance and booking flexibility.

## 3. Online Booking

An outdated booking system makes bookings and scheduling by clients a tad bit tedious. Online bookings systems smoothen your clients' user experience and also saves time on phone calls.

Rather than your employees spending time answering multiple phone calls, they can use that time to run the business and attend to members and clients. Sending multiple emails and messages to many members at the same time is much faster than calling each of them. The system makes fitness easy, as users can book and pay for classes in just a click. For your fitness studio software to be efficient, it should contain an online booking feature.

## 4. Increased Accuracy

You may either want to increase your clients' loyalty or expand your gym business, too. Getting accurate information is always the way to go. The software system stores data that contains the

members' preferences, and it helps in monitoring products and assets for sales, such as equipment and tools. The automatic software keeps track of the inflow and outflow of money that the business makes weekly or monthly.

Saving time and resources allow you to focus more on your business and concentrate on aspects that require growth.

## 5. Improved Membership Services

Instead of clients presenting themselves physically to acquire membership and renew subscriptions, you as a gym owner, can easily handle the registration process through an online platform. Clients can use their credit cards to pay online after the registration process. The software system automatically schedules the new members and aligns them to classes for which they have registered.

## 6. Great for Small Studios

You can track the most preferred gym classes as a gym owner through the information that has been captured and presented in the online registration and subscription. You can even tell the fitness instructor what is most preferred by your clients. Having all this information will help you develop a strategic plan that will guide you on marketing strategies.

The software can help you identify the equipment to purchase, or which ones are more popular. As a gym owner, you can keep track of all fitness instructors as well as their customer service traits. After all, your fitness instructors are the ones that will either help you keep the clients or cause you to lose them. Your success as a gym owner finally depends on how many regular members you have; therefore, it is important to please them and cater to their needs better.

## Choose the Right App for Your Needs

The health and fitness industry has embraced the use of technology in



Jim Thomas

their daily operations, along with disruptive innovations. Having access to the right automatic software will give you a vital competitive edge, considering that the gym and fitness industry is extremely crowded. So, it makes perfect business sense to adopt the apt software tool for you. But, before you do so, research well and find an app that fits your needs perfectly.

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

## ...Paul R. Bedard, Esquire

continued from page 19

policy that is consistently enforced and regularly updated to comport with current CDC guidance, while also complying with any applicable state or local mandates. The face mask policy should be open and transparent, conspicuously posted for those who need to abide by it. Having a clear and consistently enforced policy will help to mitigate any potential legal exposure should action need to be taken against an employee who refuses to wear a face mask. At a minimum, the policy should explain how wearing a face mask helps to reduce the spread of COVID-19, include instructions and training related to the wearing, maintaining and cleaning of face masks; indicate exactly when and

where masks should be worn; delineate how employees will obtain their masks, including whether they are provided by the employer; detail the consequences of not complying with the face mask policy; and include a signature from the employee acknowledging the policy.

Requests for exemptions to a face mask requirement should be directed to a designated individual within the organization who is highly trained within this area. Legal counsel should be readily accessible for any particularly complex requests. If an employee's request for an exemption is denied, a written statement detailing the reason behind the denial should be given to the person who requested the exemption and a copy of this statement along with any supporting documentation should be kept on file.

COVID-19-related guidance and regulations are constantly evolving. Employers must stay abreast of these legal developments and rapidly adapt their policies, practices and procedures accordingly. Legal counsel should be engaged when addressing these issues.

**This article is intended for informational purposes only. It is not offered as legal advice. Please contact your attorney for specific direction to determine what is appropriate within your current legal environment.**

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

*experience provides him with a unique perspective when advising health clubs regarding employee training, handbooks, policies, contracts, disputes or premises liability claims. When not practicing law or spending quality time with his wife and daughters, Paul strives to be active in his local community. Paul has served as the Assistant Town Attorney for the Town of Southington, Connecticut. He has also served on the Southington Zoning Board of Appeals and the Board of the Central Connecticut Regional Planning Agency. Paul is a solo practitioner at The Law Office of Paul Bedard, LLC, in Southington, Connecticut. Paul can be reached by email at [AttorneyPaulBedard@gmail.com](mailto:AttorneyPaulBedard@gmail.com) or phone at 860-414-0110.)*



## Court Sports: It's Academic!

### Strategies for Helping Students and Graduates Make Transitions to Long-Term Club Memberships

"Jill" recently graduated from college, and she's walked into a whole new world. She doesn't live at home anymore, she's no longer living on campus, and she no longer has access to her campus recreation/fitness center. She's starting an entry-level position with a company in a town near her *alma mater*. Jill is now on her own, and she knows that. While she doesn't have a lot of discretionary income, she really wants to stay fit and meet some new friends. Maybe check out a few health clubs? She loved being part of the recreational and competitive court sports scene at her university. Maybe a health club with courts...

#### Greetings From USA Racquetball and U.S. Handball

In truth, we don't know "Jill!" We made her up, but we didn't make up this scenario, which continually plays itself out across the country. We often say we wish we had a dollar for every time someone says, "I used to play \_\_\_\_\_ (fill in the court sport) in college." The follow-up question from us is, "Well, why don't you still play?" and the answer is some variation of, "Life took over, and I moved on to other things."

We think playing handball and racquetball are fine things to include in a full and enjoyable life, and we'll get right to the point. For recent college graduates, could their new "third place," ala their "Cheers-style home away from home," be your club? And, are there ways to create partnerships with local colleges and universities even before players graduate and move on in

their lives?

#### Q&A: Ideas to Create Connections Between Clubs and Colleges/Universities

**Q. Might clubs consider a discounted membership or program to bring recent graduates into the fold?**

**A. Eric Hillgren, President of the Hinder Club in St. Louis,** shared, "The Missouri State University Handball team has always produced lifelong Handball players that seem to end up around the St. Louis area. We are quick to reach out to them and offer them a 50% discount on a membership at the Hinder Club for their first two years out of college. This has worked out so well for us as many of them have continued on as full-time members after their two years and have become lifelong members at our club."

**Ross Colyer, Missouri State Graduate now in St. Louis in his first year out of college,** adds, "It would have been tough for me to afford a gym membership out of college, but because the Hinder club offered me a discount to join their club, it made it much more manageable and has allowed me to continue to play Handball."

**Q. How can clubs connect with collegiate coaches/athletic directors and vice versa?**

**A. Start with reaching out to them in your own neck of the woods!** We're pretty excited about what Rene Sitter of the *Tucson Racquet Club* had to say: "TRC reaches out to Club Sports teams (racquetball and/or handball) at the local colleges and extends

an offer for them to join the racquetball or handball leagues. All they do is pay the league fee (\$20-\$25 per season). This is a great way to get college students involved with the local players' groups, find that possible 'third place,' and benefit from the opportunity to increase their skills."

**Matt Krueger, U.S. Handball's Executive Director,** comments, "I certainly wish more clubs would do this! Not only to draw in more prospective members, but it also brings in new players to interact with current members and enhances their league experience. It all equates to retaining long-term members, because we know players who require courts to pursue their passion will stick around for a long time."

**Q. Could state associations and collegiate councils work with clubs to assist with making connections with colleges/universities, perhaps via the national organization?**

**A. Yes, of course!** For example, in USA Racquetball's structure, which includes Regional organized councils that concentrate solely on collegiate racquetball, they host an annual USA Racquetball Intercollegiate Championships. Clubs from colleges and universities across the country compete for top honors, and the top male and female gold medalists earn a position on the U.S. National Racquetball Team.

For more information, please visit [bit.ly/clubinsider134](http://bit.ly/clubinsider134).

Similarly, USHA's Collegiate Program Mission Statement reads: "It is the mission of the United States Handball Association's Collegiate Program to

promote, develop, and expand the sport of handball at the collegiate level. Our goal is to increase awareness of handball's lifelong benefits to university administrators and student-athletes; and support recruitment and participation in a yearly intercollegiate competition."

Please visit [bit.ly/clubinsider135](http://bit.ly/clubinsider135) for more details on USHA's collegiate focus, including a number of established scholarships to support collegiate players.

**We believe it's all about outreach and connections.** By way of sharing this information on collegiate programs in both of our organizations, we offer that if fitness facilities are looking for connections with racquetball clubs in colleges and universities, or if collegiate coaches and advisors are searching for ways to keep their current athletes playing these great lifetime sports as they embark upon the next phase in their lives, we are happy to help in any and every way we can. We're just an email message away!

■ ■ ■

Is your club already running a collegiate program? Do you have ideas or thoughts to share on the joys and challenges of maintaining connections with your local university? We would love to hear more about it. Please contact **Mike or Matt** at the email addresses on **This Page (See Ad).**

**Contributors:** LeaAnn Martin and Sam Esser, U.S. Handball Association; Cheryl Kirk, USA Racquetball

## Are You REALLY Ready to Get People Moving?

By: **Cathy Spencer Browning**

Our oldest daughter, Riley, is learning to drive. My husband is in charge because I discovered early on that it was not my forte. He is patient, assuring and not as much of a catastrophizer as I am. He did his due diligence before he started, looking for information on the web on how you go about teaching someone to drive. What he learned and what followed with driving lesson number one is a lesson that we all could learn, whether we are teaching someone to start driving or teaching someone to start exercising.

I wished them well on their first lesson together as they went down the stairs (secretly thanking goodness that I didn't have to do it). After sitting in the car in the garage for over an hour, I was surprised when they both came back upstairs. "You didn't go anywhere?" I said, perplexed. My husband was quick to respond, "Well, no, she's not ready to drive yet. Step one is to learn all about the car." They had actively



Cathy Spencer Browning

worked their way through a comprehensive checklist of all the things that you need to know about the car before the car even moves.

The idea of "readiness to drive" (See *Cathy Spencer Browning* Page 22)



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WE WANT TO HELP BRING  
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## ...Cathy Spencer Browning

continued from page 21

is not so different from "readiness to exercise," and unfortunately, much of the industry throws people into the driver's seat and with little or no instruction, says, "Let's get on the freeway!" We know this is a recipe for disaster. Why? Because much of our inactive population is not ready to exercise... yet. And, if they are, in fact, ready to exercise, their options are slim. Let me explain why.

Have you heard of the term physical literacy? It is the ability to move with competence and confidence in a wide variety of physical activities in multiple environments. Often, our exercise rookies have low physical literacy. Think of physical literacy like movement IQ. **Simone Biles**, *legendary gymnast*, has an off-the-charts movement IQ. She knows exactly where her body is in space across a wide variety of extreme environments, like in mid-air. On the other end of the spectrum, think of the average adult who sits for over 12 hours a day, currently doesn't get close to the minimum of 150 minutes per week

of exercise and was also likely the kid who didn't reach the recommended daily allotment of activity. These people often have a very low movement IQ or are lacking in this skill called physical literacy. A less polite way of describing it is uncoordinated.

You see, the way to develop physical literacy over time is to move... and to move in a wide variety of ways. Climbing monkey bars, riding bicycles to friends' places, playing a wide variety of seasonal sports and just playing. These are the things that lay down the information highways from the brain to the body. When you are "underexposed" to movement, the result is a stilted movement IQ. Couple this lack of exposure with the fact that we have slowly but surely engineered movement out of our lives and you can easily understand the problem. Every day, movement and chore-based movements have all but completely disappeared. When I think about my beloved late grandpa, his "honey do" list was never checked off. He squatted, lunged, bent over, rotated, walked and went from the ground to standing all day working through the list.

I have met exercise rookies who

can't squat, can't lunge, can't bend without fear, can't get from the ground to standing, don't even have healthy gait patterns or the ability to walk very far. They are not yet "ready to exercise." Unfortunately, when the industry meets people like this, the go-to is, "How about you hop on the treadmill and see if this will change your life?" I hope I don't need to explain why this is bad...

What we should be doing is getting people "ready to exercise." We do this by working on physical literacy, exposing people to fundamental movement patterns such as squatting, lunging, bending, rotating, walking, going from ground to standing and then doing these movements in a multitude of different ways, in different environments, with and without load. This is the "learning about the car" part of "learning to drive." Help people to get in touch with their bodies, build confidence and competence and slowly but surely improve movement IQ. Improvements in movement IQ reveal more exercise options, and more exercise options increase the chances of people finding something that they can fall "in like" with, helping them build a life-long habit of exercise. So, the next time you

venture to help someone get started with exercise, remember, the first step might not look like exercise at all.

MOSSA created *MOVE30*, in part, to reach the population that has a low physical literacy. This 30-minute movement program helps participants find their movement mojo, building confidence and competence over time. To learn more, visit [www.mossa.net/workouts/move30](http://www.mossa.net/workouts/move30).

(Cathy Spencer Browning is the VP of Training & Programming for MOSSA. Cathy can be reached by phone at 770-989-4700 or email at [cathy@mossa.net](mailto:cathy@mossa.net).)

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