

Norm Cates'

CLUB INSIDERTM

The Pulse of the Health and Fitness Club Industry

20

Years!

NOVEMBER 2012

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Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

20 Years!

By: Norm Cates

20 Years! WOW! This is the first edition of our 20th year, and I'm so pleased to be writing this for you on this special occasion. **WOW! 20 Years!** *My, oh my, how time does fly!*

Who do you love? After nearly 40 years in the health, racquet and sportsclub industry, including the past 19 years as Publisher of CLUB INSIDER, I've come to one very important conclusion. My conclusion is that the paramount question you and everyone in our industry needs to be sure we know the answer to is, **"Who do you love?"**

So, I ask you, **"Who do you love?"** Of course, you love your family and

friends. **But, do you love your members, your customers? Or, do you just love their money?** That's a question I challenge all of you to answer. That's a question that will empower you to make the best possible moves in your club business much more often than you make incorrect moves. Simply asking yourself this question each time you're challenged by a member or a guest in your club will calm you and make you think carefully before you act.

You and I both know members can be challenging. Shoot! They can drive you crazy sometimes. The key, I've found, is to *bend over backwards to smile and be nice in even the most hostile and irritating situations you have*. This is where the great operators in our club industry have

prospered. They've prospered because, when the time comes that they must make a tough decision involving a member's problem, a request or a wish, they've asked themselves the very important question, **"Who do you love?"** Don't forget to ask this question because, if you forget, you'll be thinking in business without the benefit of making decisions based on what's best for your business and not what's best for your personality or mindset for that particular day should you be one who's prone to mood changes. Yes, I wrote *mindset for that day* because you and I both know it can be easy to arrive at work without having your game face on and being ready to put up with the challenges

(See **20 Years!** Page 10)

Norm Cates' CLUB INSIDER™
The Pulse of the Health and Fitness Club Industry

20 Years!

NOVEMBER 2012

Read This Month's Edition and Archive Editions Online at www.clubinsideronline.com

A Majority Interest In Planet Fitness Sold!

A majority interest in Planet Fitness has been sold to TSG Consumer Partners, LLC, a Private Equity Firm, according to Planet Fitness Founder, Mike Grondahl.

TSG Consumer Partners, LLC company motto tells a lot about this deal, and it reads, "Building Exceptional Brands With Exceptional Teams." TSG has corporate offices in San Francisco and New York City. Viewing the TSG website (www.tsgconsumer.com), it appears that the TSG Team was hand-picked from Central Casting for the movies, as every guy is handsome and every lady is beautiful! The TSG Company is headed by 25+ year veteran, Chuck Esserman, CEO and Managing Director.

On November 8, 2012, Michael Grondahl wrote in an email to CLUB INSIDER: "Deal is done! We had a record year with 127 new clubs open, and our

partnership with TSG will double our openings next year. We made a tremendous deal with top notch partners. Marc, Chris and myself could not have made a better deal. It's been a great week!"

Congratulations to Mike; his brother, Marc; their partner, Chris Roseau, and the entire Planet Fitness Team!

This is a particularly sweet deal for Grondahl and his partners because they retain 25% ownership in the company and will continue in management and operation of the company.

On October 9, 2012, Michael Grondahl wrote in an email to CLUB INSIDER: "Basically, we have a tentative deal that we have announced to our franchisees. That is all that we can work from as of this point. There is a lot that goes into these deals, but if we are able to

(See **Planet Fitness** Page 6)

LA Fitness Acquires Urban Active Clubs

IRVINE, CA - LA Fitness and Urban Active announced on October 29 that they have completed their transaction, and LA Fitness has purchased substantially all of the assets relating to the 36 Urban Active clubs in Ohio, Kentucky, Tennessee, Georgia, Nebraska, North Carolina and Pennsylvania. Since their initial announcement on September 10, both parties have been working to complete the deal and prepare for the transition of the existing Urban Active member base and staff.

LA Fitness will honor all of the active membership agreements that it purchased from Urban Active, at their current rate, including those for personal training.

•All active Urban Active members with multi-club, multi-state privileges will have access to all Urban Active and LA Fitness locations except Signature and

New York clubs.

•All active Urban Active members with multi-club, single-state privileges will have access to all Urban Active and LA Fitness locations in the state where they joined, except Signature clubs.

•Similarly, all active single club members will have the same access they have now to the Urban Active location where they joined.

Urban Active has closed its 27,000 square-foot location in Mason, Ohio and those members are being relocated to the 50,000 square-foot LA Fitness club in Symmes, Ohio.

LA Fitness has been meeting with all interested Urban Active employees to discuss employment opportunities. The parties are pleased to announce that many of Urban Active's employees have accepted positions with LA Fitness.

Inside The Insider

- Time For Change? - **By:** Will Phillips
- Mastering the Marketing Mix - **By:** MaryBeth Bradley
- Nine Secrets for a Rich Life and Profitable Fitness Business - **By:** Donna Krech
- What Really Makes a Top Sales Producer? - **By:** Brenda Abdilla
- BTS Launches Partnership With Augie's Quest - **By:** Justin Cates
- Life Saved at Elmwood Fitness Center
- The Club Business' Best Friend, Rick Caro, Weighs In On CLUB INSIDER
- IHRSA Index Continues Positive Growth
- And of Course, *Norm's Notes*

Norm's Notes

•Hello Everybody! This is your CLUB INSIDER Publisher and Tribal Leader checking in! 20 Years! What an amazing trip the last 19 years have been! Hmm... Hmm... Hmm! First, I'd like to wish all of you a very Happy and Safe Thanksgiving Holiday!

•Is America a great country or what? Where else could a guy who flunked English 101 in college end up being a 20-year newspaper publisher!? "We The People" are winners because we're blessed to live in the greatest country on Earth, so let's enjoy our blessings while we can! God bless America!

•I want to express my sincere condolences to the families of over 125 people who were killed in the terrible Hurricane Sandy in the Northeastern United States. God bless you all as you mourn your losses and try to recover from the awful damage to your homes and businesses. Best wishes to all who're recovering from destruction or serious damage to their homes and businesses. Thankfully, STEVEN ROMA, Sr., one of the Northeast's top club operators and owner of **WOW! Workout World!**, sent me an email that said, "All of our clubs are now open, other than some intermittent electrical issues." I'm happy for the Romas, and I'm still trying to get in touch with and am pulling for PAT LAUS and MARIA PARELLA-TURCO,

with hope that they had no damage to their clubs and homes. Let's say Prayers for all of the folks in the Northeast Region as they try to recover from this awful act of nature.

•To all Veterans of the United States Military, active and retired, "Thanks!"

•Congratulations to the folks at LA Fitness, as they've completed the purchase of ROYCE PULLIAM's Urban Active chain of clubs. Check out the story on Page #3.

•Best wishes to AUGIE and LYNNE NIETO and to RICH BOGGS and his entire Body Training Systems (BTS) Team, as Augie's Quest has entered into an partnership with BTS to raise \$2 million to help Augie and Lynne and the now thousands of people who've helped them pursue the goal of defeating the awful disease, ALS, also known as LOU GEHRIG's Disease. Augie has suffered from ALS since March 29, 2005. Check out the story on Page #30, written by my son, JUSTIN CATES, featuring comments from Lynne and Rich!

•STEVE BORGHI, a guy I can accurately call a really bad club operator in our industry is at it again! If you read CLUB INSIDER, all of you know that a few months ago Borghi acquired 39 Bally locations in Wisconsin

and the Midwest. What you don't know is the "aftermath" of that acquisition. But, I do. Below is an email copied word for word from a prominent club owner in the region who makes serious allegations. Allegedly, Borghi is continuing down his sordid path of unethical deceit, failure to perform per agreements, etc. as our insider confirms with this comment to me on November 10, 2012, and I quote the email's writer whose identity I will keep in confidence, but I assure you this is a prominent person in our industry who's very reputable and an impeccable source of this information. This source alleges:

"Hi Norm, I have more on Steve Borghi and Blast. They bought the clubs from Bally but never worked with the landlords. They are behind rent for six months. Checks are also bouncing. Bally is still on the lease for one location and not making the landlord whole. In fact, neither Bally or Blast have paid rent since the sale. They bullied the other landlords into discounts. They do not return phone calls. I can't believe Bally would sell to such an organization. I know Wisconsin is a mess. Can you check on the other states that Blast bought?"

So folks, I welcome additional information on the antics of this guy Steve Borghi! Importantly, this situation is exactly like the situations I wrote about in my 20 Years! cover story this month. One of



Norm Cates

our primary Missions for CLUB INSIDER is to keep you posted on bad actors in our industry and to expose their illegal and unethical activities. So you all know, there's an awful lot more going on behind the scenes with this Borghi story that I'm not yet exposing. The time will be right one day, and when you hear the "Rest of the story," you're going to be amazed... and disgusted! Stay tuned, folks!

•It's that time of year again! Yes, it's that time of year when I urge all of you to review your club insurance coverage and what better person and insurance company to do that with than JENNIFER URMSTON LOWE and Sports & Fitness Insurance! Check out the new Sport & Fitness (See Norm's Notes Page 8)

About Club Insider

Established in 1993

20 Years and Counting!

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...Planet Fitness

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accomplish this, our growth will double in the coming year."

Grondahl repeatedly refused to comment or disclose the buyer or details over the past four months, citing a Non-disclosure clause in their deal. But, as the deal moved along, more and more folks began to learn details due to a Federal Trade Commission filing. But, the deal closed the first week of November, according to Grondahl.

The selling price, while not disclosed, according to Grondahl in

comments to this reporter on the phone is "nearly one half billion dollars." Grondahl also recited Planet Fitness' history of acquisition offers leading up to this big TSG deal, indicating, "We've had more than 20 acquisition overtures, starting with a \$37 million offer years ago, leading to a \$108 million offer and a \$200+ million offer, and we rejected all of them."

Planet Fitness has grown to over 550 locations, and that number appears to be subject to rapid and major growth due to the capital that's now available from TSG for Planet Fitness growth. In previous conversations, Grondahl made it clear that growth capital was important to his

negotiation position.

The following letter was acquired by this author from Planet Fitness Franchisee and long-time industry friend, Bob McClellan, the owner of two Planet Fitness locations in the San Francisco area. Grondahl wrote to the Planet Fitness Franchisees on October 6, 2012:

"Gentlemen and Ladies, it appears we have made a deal to partner with a private equity firm. We feel this partnership will make us stronger in a lot of ways and accelerate the growth of Planet Fitness by providing new-club financing for franchisees. We are not going away. The two of us will still

retain 25% of the company and will run the company day-to-day. Over the next few weeks, consultants will be reaching out and contacting some of you, as they gather input and insight from the people who know the PF franchise best. We believe this partnership will strengthen our brand and is the right move at the right time for everybody connected to Planet Fitness."

CLUB INSIDER wishes Mike Grondahl and his Planet Fitness Team, and their new Teammates, the folks at TSG Consumer Partners, LLC all the best as they move forward with this exciting development.

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Life Saved at Elmwood Fitness Center

The following was submitted to IHRSA by Michael Heim, Manager at Elmwood Fitness Center in New Orleans. Elmwood is a 165,000 square-foot family fitness center offering programming for 6-week old children to adult seniors. They have been serving their community for 24 years and have over 20,000 members. He hopes this story will inspire other facilities to obtain an AED machine.

Today, I would like share a life saving story that three other employees and I were involved with on August 25th.

Elmwood was hosting a racquetball tournament within our facility where members and non-members were able to participate. I was dropping off my daughter for a swim lesson when I saw Heather (Manager on Duty) run to the front desk. Asking the Racquetball Director what's going on, he stated someone collapsed in Court 4.

I rushed over to Court 4 where a Manager on Duty was giving breaths and a fitness consultant was giving compressions. I asked the consultant if he needed a break, and he did. I started giving compressions, and we shocked the man twice with an AED machine. After the 2nd set of five rounds of compressions, the EMTs arrived to take the patient to Ochsner Health Systems, our parent company where he was in open heart surgery within 30 minutes.

The emergency doctors stated, "the employees who administered CPR saved this man's life." I am happy to say, he is alive and recovering nicely. He is the 3rd person whom we, as an organization, have saved by using a CPR/AED. Elmwood was the first facility in the State to have an AED machine onsite, and now we have two.

I hope this story inspires other facilities to purchase an AED machine.

In health and fitness,

Michael Heim

The Club Business' Best Friend, Rick Caro, Weighs In On CLUB INSIDER

I was an early observer when Norm Cates decided to create the CLUB INSIDER. We all were not sure that a club owner untrained in writing, publishing, selling, advertising and gaining a readership would succeed. Apparently, the need was there for such a publication, and 20 years of CLUB INSIDER confirms the story.

I saw a style unlike other publications. I saw opinions that were contrary to the mainstream. I saw behind-the-scenes digging and a need to ferret out the "real" story as key tenets of "Norm's newspaper." It seemed to resonate with the little guy in the industry in particular.

When I reminisce about the club industry over the past two decades, I recall so many key elements of how the club industry has developed. CLUB INSIDER was there to cover them. Some of the major stories along the way included:

- The lifecycle of Bally Total Fitness (the

largest company, two bankruptcies, several CEOs and owners and then recent sales of the majority of clubs);

- The meteoric climb of 24 Hour Fitness to be the industry leader, involvement in three continents and back to two, the sale of the company and the upcoming sale again;

- The creating of publicly traded companies (Town Sports International and LifeTime Fitness);

- The plethora of great owner-operated club stories in almost every issue;

- The uniqueness and differentiation of the original Crunch brand;

- The Dot.com boom and bust;

- John McCarthy's leadership in growing IHRSA into a worldwide club industry trade association;

- The rise of private equity investment in the industry;

- The various segmentations of the industry over 20 years (corporate in-house fitness centers, hospital wellness centers, high-volume, low-priced clubs, 24/7 all-access clubs, studios, franchises, etc.);

- The growth of regional clusters throughout the country;

- The increased role of women in the industry;

- The steady creation of supplier companies in a variety of different segments and then some consolidation over the years;

- The rise of the Internet's role;

- The overall maturation of the industry.



Rick Caro

to bring them to all of their readers.

Thank you.

Lots of wonderful memories.
Norm Cates and Justin Cates were there

Rick Caro
President, Management Vision, Inc.

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 Debbie Hockens
 Sue Ann Johnson
 John P. J.
 Christopher Auchincloss
 Mallie Connor
 Mark Weller
 Webb Leland

...Norm's Notes

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Insurance Ad on Page #17. Moreover, as I always do this time of year, I urge you to contact our advertisers in the financial world to see what they can do for you in your club's back office operation. *I urge you to contact Affiliated Acceptance Corporation (See Ad on Page #9), Fiserv (See Ad on Page #5) and iGoFigure (See Ad on Page #6).*

•**New Orleans, Louisiana**, is one amazing City, and word is the **French Quarter** is rocking with **Jazz Music** to beat the band!

The truth be known, the French Quarter was not destroyed by **Katrina** like most of New Orleans was, but business was bad for a few years after Katrina due to that misimpression. I mention New Orleans now because *she's back*, and **PETE BROWN, Owner of Athletic Business Magazine**, is hosting his 35th Annual **Athletic Business Conference and Trade Show** there November 28 - December 1st. Check out Pete's **Athletic Business Ad** on Page #29. And, congratulations, Pete, on your 35th year, an awesome achievement!

•**Los Angeles-based Meridian Sports**

Clubs California, LLC filed for Chapter 11 in mid-October. **CHUCK GRIEVE, Founder and CEO of Meridian Sports Clubs**, was quoted in the **Honolulu Star Advertiser Newspaper** as saying that he'd arranged a **\$1 million loan** with **New York City-based Praesidian Capital** to sustain operations while the company is in bankruptcy. The operation will continue as usual with existing staff, and the club members in the nine clubs in California and one in Hawaii should not be affected. The Meridian Clubs employ 575 and serve 18,000+ members. Grieve said that he expects the company can exist in bankruptcy for six months. The company listed assets between **\$1 million** and **\$10 million** and debts between **\$10 million** and **\$50 million**. Good luck working through this, Chuck!

mindfulness and friendliness have been keys to Big Vanilla's success. Like many long-running club operations that experienced success, Larry's staff have been with him for a long time, many for 15 to 25 years. The Big Vanilla Clubs have won several awards including: **The Capital Newspaper's Reader's Choice Award** for the best fitness/health club five years in a row (2008 - 2012), **Mid-Atlantic Club Management (MACMA) Award of Excellence** for Big Vanilla's 90-Day Challenge and **What's Up Annapolis Magazine's Award** for friendliest staff. **CLUB INSIDER** would like to congratulate Larry and Tammy Ray and their Big Vanilla staff, and we wish them continued great success.

•**CHRIS DAVIS**, former **24 Hour Chairman**, has sued **24 Hour Fitness** for **\$23+ Million** claiming 24 Hour breached its contract in connection with a phantom stock agreement. Stay Tuned!

•Welcome to new **CLUB INSIDER Contributing Author, MARYBETH BRADLEY**, of **Susan K. Bailey Advertising (SKB)**! Check out MaryBeth's excellent article on **Page #20** and the **SKB Ad** on **Page #21**. Folks, I'll bet that there are some of you out there that, when you read this, you'll realize that you're one of those who's not yet done a thing with your 2013 marketing and promotional planning. I know because, during my nearly 20 years of day-to-day club ownership and operations, I was guilty of being in this same situation year-in and year-out! Let me just say that you must **FORCE** yourself as soon as possible to lock your office door, turn off BOTH of your phones and sit down and work on your marketing plan for next year. If you have someone with expertise in the field to help you, it will be even better. My point is that **NOW** is the **TIME** to get it done so you can launch your 2013 marketing plan when the time is right, the **New Year**. Yeah, I know, the New Year is a time when business comes to you... without marketing! I suggest that you let the first six weeks right after the New Year produce what they will, and as it begins to slip a tiny bit in late-February, like you know it will, then is the time to launch your new marketing plan. Some of you will argue that you should launch your promotions on day one of the New Year. I'd say to you *more power to you if your marketing budget will allow it!* Make it happen, folks! Contact MaryBeth and her Team at Susan K. Bailey Advertising, and be prepared! Or, wake up next Spring wondering what you're gonna do next!

•**PEGGY EDWARDS** of **Professional Tennis Symposium (PTR)**, has announced a new date for the **2013 PTR International Symposium**. PTR, located on **Hilton Head Island**, will hold its annual **International Tennis Symposium**, **May 2 - 5, 2013** at the newly (*See Norm's Notes Page 17*)

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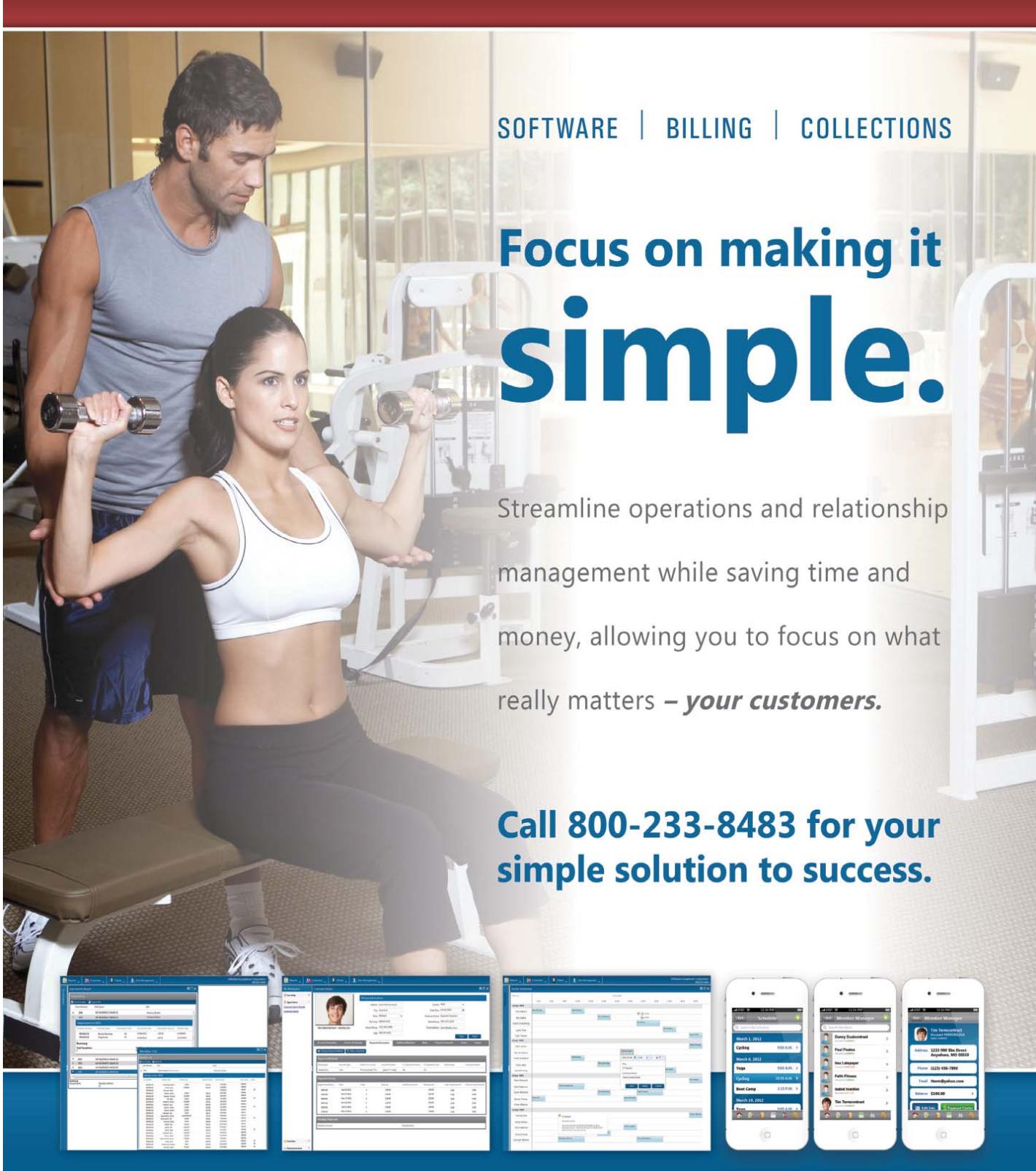
— James Bischoff, Area Director
Riviera Fitness Birmingham

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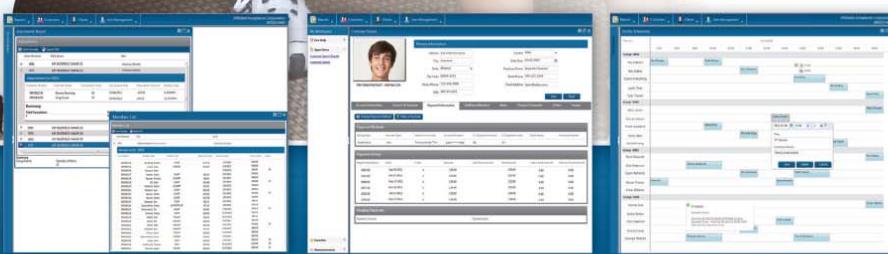


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of the day.

Who do I love? First, like you, I love my family. Next, I love the people I serve with our monthly CLUB INSIDER product. Yes, I love you. If I did not, do you think it would have been possible for me, working here in my home office for the past 19 years, to have done so without a true love for the work I do and love for the people we serve with CLUB INSIDER? No, it would not have been possible.

How CLUB INSIDER Was Born

The seed for the birth of CLUB INSIDER actually goes back to 1974 when I met Ray Irwin, my former partner in Courtsouth, while we were waiting our turn to play racquetball in the fitness center at the famous Riverbend Apartments, where we lived. That meeting resulted in a 2-year partnership between Ray and me, in which we made an effort to build a racquetball club. However, it seems to me, after reflecting on those years way back when, that our destiny was taking its own sweet time. Fortunately, through good luck, Ed Jelks, one of my jet instructor pilots at Moody Air Force Base in Valdosta, Georgia, who had graduated from Georgia Tech, introduced me to one amazing guy, Rich Boggs. Believe it or not, Rich was a hippy kind of guy at the time. He had a long beard and long hair, and he always had on a short brimmed, leather hat. Rich and his lovely wife, Libby, had moved back from California to Atlanta to establish a new business, and fate guided him to Ray and me.

So, Rich, Ray and I teamed up to form a partnership to build what was to be the first racquetball club in the Metro Atlanta area, and actually, the first one in the Southeastern United States. However, the problem continued to be inadequate money to fund and equip the club. None of us, Rich, Ray nor I, had the financial wherewithal to fund or to obtain adequate funding to build this first club. Enter, Fred Streck. While Rich, Ray and I were trying to obtain an SBA Loan to build the club in a vacant warehouse we'd found, we met a banker who introduced us to Fred. He was



CLUB INSIDER: 1993 - 1998

1993

•November/December - Club Insider News Blasts Off! Inaugural edition printed and distributed in November, 1993 in Chicago at the Club Industry Show (This was when we had headlines and stories on our Cover Page, before we switched to the cover story format we have used for years now).

1994

- **January** - Massachusetts Booting Bally; IRSAs Members Oppose Exercere; The "Insider Speaks" - Name Change Proposal Shows IRSAs Blurred Vision
- **February** - Red Lerville's Health and Racquet Club Case Study - Part I; What's Love Got to Do With It? A Future For Our Industry
- **March** - IRSAs Showdown in Reno!
- **April** - Federal Trade Commission Nails Bally
- **May** - Bally's Announces Club Chain Spin Off!
- **June** - Exercere Out! IHRSA In!
- **July** - Burnout... Myth or Reality?
- **August/September** - Boycott Baseball; Ruth Stricker Honored As Healthy American Fitness Leader
- **October** - Bally Health Clubs... Where Do They Go From Here?
- **November** - FATJO and HEMELGARN Face Huge Liabilities
- **December** - Club Insider Celebrates 1st Birthday!

1995

- **January** - Rick Caro, The Club Industry's Best Friend
- **February** - Why IHRSA Open Forum Will Be Important
- **March** - Bally Health Clubs' Franchising Nears Kick Off!
- **April** - Ray Wilson... A Club Legend In His Own Time - A Case Study on the Family Fitness Centers - Part I
- **May** - Amazing Club Turnaround!
- **June** - Ray Wilson... A Club Legend In His Own Time - A Case Study on the Family Fitness Centers - Part II
- **July** - \$95 Million! (Ray Wilson Sells Family Fitness Centers)
- **August** - Mega Buck Deal!
- **September** - The Works Athletic Club Sold to Hospital
- **October** - Positive California Legislation!
- **November** - Manufacturers Meet to Discuss Future
- **December** - 2 Years!

1996

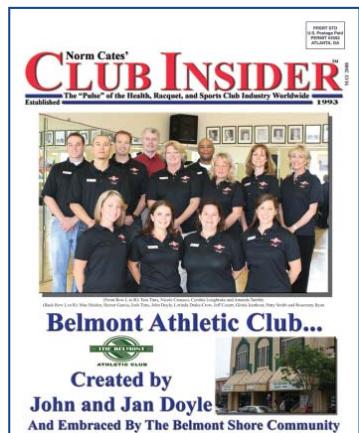
- **January** - Health Club Hard Sell - Part I
- **February** - Health Club History With Bob DelMonteque
- **March** - Joe Cirulli's Vision... Being Number 1
- **April** - Mitch Wald Receives IHRSA's Distinguished Service Award
- **May** - "Attitude is Everything!"
- **June** - Future Fitness Now
- **July** - U.S. Surgeon General's Report Promotes Exercise!
- **September** - Club Insider News Seeks Balance - Clubs Asked to "Chip In"
- **October** - Crunch Fitness... Way Out... and Right On! - Part I
- **November** - Join the Club!
- **December** - 1996 In Review

1997

- **January** - Success!!! Augie Nieto
- **February** - Dave Pickering... The Big Kahuna
- **March** - Karen Woodard... A Rising Star!
- **April** - Mike Chaet... "Club Doc" Extraordinaire
- **May** - Jim Gerber Honored By Friends
- **June** - Lee Hillman Weighs In At Bally Total Fitness
- **July** - Spike Gonzales - America's Racquet Man
- **August** - Ray Wilson On Monthly Dues
- **September** - Tim Mansour - First Ever To Win SBA Award!
- **October** - Larry Gurney Honored By AAU and American Body Building
- **November** - Mark Smith and TSI Team Raise \$100 Million!
- **December** - Club Insider News Celebrates 4th Anniversary!

1998

- **January** - "Some" Of America's Most Successful Clubs - Part I
- **February** - Robert Dedman, Sr. and Club Corporation of America - The Refreshing Story of a Members First Company
- **March** - Rick Caro Launched Club Vision Partners
- **April** - Ron and Sandy Franco - 10 Great Years of Mom-and-Pop Club Success!
- **May** - Geoffrey Dyer's Lifestyle Family Fitness Centers Strong In Tampa!



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...20 Years!

continued from page 10

into two deals for new clubs. One was in Columbus, Georgia and the other was in North Atlanta in a suburb called Sandy Springs. By 1981, when we went our separate ways, we had nine clubs which we had subsequently renamed *Courtsouth*, and we served 40,000 members in the Atlanta area and 20,000 in Columbus, Knoxville, Tennessee (2 clubs) and Alabama. The four Atlanta Courtsouth Clubs were company-owned by the four of us, with the five out-of-town clubs all being Courthouse Franchises.

In 1978, two of my partners, Rich Boggs and Ray Irwin, and I attended the National Court Club Association (NCCA) Conference and Trade Show that was held in Sarasota, Florida. The Association was seeking new Board Members, so my partners nominated me to be considered for NCCA Board Membership. The NCCA selected me and my friend for 34 years now, Rick Caro, to be on the Board. This was the beginning of service to this great industry that continued after Rick and I created and launched I(H)RSA in 1981 (the "H" for Health was inserted into the acronym IRS in 1993). The relationships spawned at IHRSA as I served as the Association's President in 1981 ended up being very important to my future and the future of my family, as you will see in the next paragraph. As we moved on from our original partnership, each of the four partners received one of the Atlanta Courtsouth Clubs, and I was lucky to draw the Lenox Courtsouth, a 14-court facility that I renamed the Lenox Athletic Club and converted ten of the courts to fitness workout areas and group exercise studios. In 1984, after three years of very hard work, I was fortunate to sell that club for over \$1 million. The Lenox Athletic Club was across the street from Lenox Square, the largest Mall in the Southeast. The buyer, Frank Bond, of Baltimore-based Holiday Health, personally came to visit my club, and we later made a deal.

After that, I went on to continue operations at my 47,000 square-foot Downtown Athletic Club, and in 1988, I added two clubs in Cobb County, Wildwood



The 2010 IHRSA Awards

MARCH 2010

Read This Month's Edition and Archive Editions Online at: www.clubinsideronline.com

Athletic Club and Skyline Athletic Club. All was going well with those deals until Jack Naiman built a \$25-million, 100,000+ square-foot mega club. I then found out that the Skyline Athletic Club developers of the office building where the club was located had fraudulently induced me into the lease/build-out deal by fake leases. This news made me cancel that lease and focus on my 26,000 square-foot Wildwood Athletic Club, which was in an IBM-dominated office complex. Unfortunately, and one of the biggest inducements for me to leave Wildwood, was when IBM began massive layoffs during the 1991/92 economic downturn. Every day for months, I was averaging the loss of 3 to 4 IBM employees who came in and resigned because they had been laid off by IBM. What an experience that was!

In 1991, I built a 6,500 square-foot antique store for my wife, Ilena, and she called it The Shops of Distinction. We found that she was spending most of her time during daytime, early evening hours and on weekends at the store. So, I decided I wanted to become a Mr. Mom for our son, Justin, who was eight years old at the time. I began development of CLUB INSIDER after my Faust Club Executive Roundtable #1, a group of about 15 IHRSA Member club owners that I was a member of, helped me select and create a new business that I could operate at home and that would allow me to continue my involvement in our terrific industry. That business was CLUB INSIDER!

So, for the past 19 years, I have worked from home. My son, Justin, is long gone, having graduated from the Terry College of Business at the University of Georgia in 2007 with a 3.6 G.P.A and getting married about a year and a half ago to his beautiful wife, Danielle. Justin continues to work for CLUB INSIDER as our Assistant Publisher, having a hand in every aspect of the business (Stay tuned for his annual 2012 In Review in December). He also owns and operates a web development and interactive media company called Pristine Media (www.pristinemedia.com) and is building a nice client base.

CLUB INSIDER: 1999 - 2003

- **June** - Carl Porter's Michigan Athletic Club One of a Kind!
- **July** - Norm Cates On Fighting Skin Cancer - You Should Know the Dangers... Seek Help Early!
- **August** - Roger and Elaine Ralph Win Entrepreneur of the Year Award! - Part I
- **September** - Jim Flanagan... MedX and Club Business Leader
- **October** - The Thoreau Club, Camp and Outdoor Center, A Pulis Family Work of Art!
- **November** - Club Industry Honors Women
- **December** - The Bob Provost Story... Success One Day At A Time!

1999

- **January** - Judi Sheppard Missett and 30 Years of Jazzercise!
- **February** - Bally Total Fitness Then and Now
- **March** - Crunch Fitness Acquires Sportslife
- **April** - 50 Million Members By 2010
- **May** - Jill Stevens Kinney - America's #1 Female Club Entrepreneur
- **June** - Bahram Akradi... Living the American Dream
- **July** - The Gold's Gym Legend Grows In Georgia
- **August** - Bally Total Fitness Acquires The Sports Clubs of Canada
- **September** - Gold's Gym Investments Acquires Gold's Gym Enterprises, Inc. and the "G" Group
- **October** - Caro and Brentwood Move Fast On Growth Build-Up Strategy
- **November** - Tony deLeede - Club Industry Super Star!
- **December** - 1999 In Review

2000

- **January** - Frank Napolitano Sells Highpoint Athletic Club and Joins TSI
- **February** - Rich Boggs and Ray Irwin... The STEP Boys Leading the Way!
- **March** - Cecil Spearman Honored By IHRSA Friends With Distinguished Service Award
- **April** - Jack LaLanne - The Man - The Living Legend
- **May** - The Sales Makers - Masters of Club Membership Sales
- **June** - The DOT.COM World and the Health, Racquet and Sportsclub Industry
- **July** - Trial Closes to Affirm Enthusiasm or Uncover Concerns
- **August** - Glenn Colarossi - Helping The Holder Get Better
- **September** - Casey Conrad - Talented... Driven... Respected
- **October** - David Patchell-Evans - "Living the Good Life!"
- **November** - Dale Dibble - "Mr. Enthusiasm!"
- **December** - Sandy Coffman - "Programming For Profit"

2001

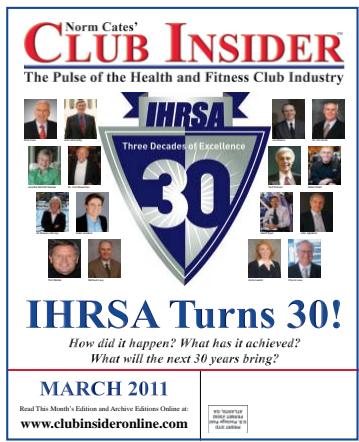
- **January** - Joe Moore - Club Business "Gladiator"
- **February** - John McCarthy - IHRSA's Leader of Excellence for 20 Years
- **March** - Tim and Liz Rhode - The "Club of the Future" Is Here! - Part I
- **April** - IHRSA Celebrates 20th Anniversary in San Francisco!
- **May** - Ground Zero's Roy Simonson - A Prolific Fitness Entrepreneur
- **June** - Ed Williams and Art Curtis Leading Wellbridge
- **July** - Mike Minton - "Thinking Outside the Box"
- **August** - Mike Motta - Plus One In The Big Apple!
- **September** - Mike Arteaga - Playing On and Coaching An All Star Team
- **October** - Patricia Laus - World Class Visionary and Creator of The Atlantic Club - One of the World's Top Clubs
- **November** - Ken Germano Leading ACE Into The 21st Century
- **December** - Steve Tharrett Reveals ClubCorp's Recipe For Success: How To Create Pride In Belonging

2002

- **January** - Rudy and Virginia Smith - Celebrating 50 Years of Excellence!
- **February** - "Leaving Fat City" - An Introduction
- **March** - Alan and Steven Schwartz - Tennis Corporation of America's Father and Son Team
- **April** - Health Fitness Team Rolling With Jerry Noyce!
- **May** - Thomas Plummer - The Man. The Mission. The Message.
- **June** - Gale Landers and Hazel Gitlitz - Chicago's Finest Formula Owners - A Real Credit To Our Industry
- **July** - Clive Caldwell - A "True" Club Man
- **August** - Bill Pearl - "The Father Of Modern Bodybuilding"
- **September** - Avoiding The "Geriatric Ward" - What Is The Club Industry To Do?
- **October** - Lynn Swann Says "Make It Fun!"
- **November** - Chicago's East Bank Club - The Club World's Greatest Wonder!
- **December** - Lee Hillman Departs As Bally Total Fitness Chief!

2003

- **January** - Tom Behan and Andrew Eker - Alaska's Club Force
- **February** - The RDV Sportsplex - Orlando's Crown Jewel Sports & Health Complex
- **March** - IHRSA - "The Stellar Team"
- **April** - Settling the Difference Between Hospital Fitness Centers and Commercial Fitness Centers



(See 20 Years! Page 14)

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...20 Years!

continued from page 12

What CLUB INSIDER Has Achieved and Will Continue to Achieve

A 20-Year milestone! Our **227th** edition! And, many more to come!

When I was contemplating the approach and plan I was going to use for this **20 Years!** Special Edition cover story, I realized there would not be time or space to provide a detailed review of the past 19 years. So, we have chosen to list the headlines (for the years we produced a front page with headlines) and cover story titles (after we switched to the cover story format) of every edition we have published. If you review the titles of these key stories we have published over the years, you will see familiar names and industry events. That has been one of our goals since Day 1, to report on the players (good and bad) who make our industry move and to chronicle the industry as a whole during that transition into the future. **CLUB INSIDER** has been there for the key events of the past 19 years that have made the industry into what it is today, and we plan to be there for many years to come. This is a good time to mention that our website, www.clubinsideronline.com, now has seven years of archived editions, dating back to 2005. In 2013, we are adding to this total as we digitize older editions and update our website to become an indispensable industry resource, fully searchable by anyone who wants to take the time to learn about how their industry came to be.

The most important thing **CLUB INSIDER** has achieved in 19 years, though, is that we have become the "Go-to" publication when our industry has a crooked or unethical operator *running amuck and damaging the industry's reputation*. We identify those who *need exposing and to be embarrassed*. Our cover story in **August, 2009** was entitled, **TRUST** and set forth the argument that *our entire club industry is dependent and predicated upon earned TRUST* in the communities you serve. Without **TRUST** in your community, you will struggle to survive in this industry because you will not get referrals. I argued in 2009 that **TRUST**, the single crucial component to success in your club forever, was fragile and could be diminished or destroyed by bad actors in your community even if you operate your club(s) in a totally lawful manner with perfect ethics.

The bad actors in our industry who get the stories of their bad acts covered on TV news, in newspapers and even on radio, *without fail, are damaging the reputation of YOUR club, too. These crooks and unethical operators are costing your club money!* Thus, **CLUB INSIDER's #1 Mission** all these years has been to go after the low-life operators of our industry, expose them and make their mere existence as uncomfortable as possible. This Mission will never change as long as this Author is

pounding away at this keyboard.

To The Few Crooks and Unethical Club Operators That Are Operating In Our Industry

So, to you crooks and unethical club operators in our industry, to you few bad guys out there, **YOU** are hurting the industry for everyone else. So, I say this: first, I say that you know who you are. Next, I say to you crooks and unethical club operators in our industry that **CLUB INSIDER** is here to stay. You're our target. We're the hunter. We're here to expose you. We're here to embarrass you. And, we won't quit until we stop you from hurting this industry for everybody else in it who is trying to legally and ethically make a living. Our industry must rid itself of operators like you. The *legit operators in our industry* know that I am right on with my comments here. They know you must be *exposed*. They know you must be *stopped*. This is *why CLUB INSIDER* exists. Stopping the crooks and unethical operators in our industry is our **#1 Mission, so Stay Tuned!**

The Month-In and Month-Out "Meat and Potatoes" of CLUB INSIDER

While our reason for being is to be here when necessary to expose bad actor club operators in our industry, our month-in and month-out "Meat and Potatoes" are: (1) In-depth cover stories with the best club owner/operators in the industry, (2) Excellent Best Practices articles written by our very experienced and talented **CLUB INSIDER Contributing Author Team**, and (3) Norm's Notes where you get breaking news and club business scoops on what's up each month, written by this veteran with connections for news everywhere.

Sincere Thanks and Appreciation

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. To close this **20 Years!** cover story, I want to extend our most (See **20 Years!** Page 16)



TRUST

AUGUST 2009

Read This Month's Edition and Archive Editions online at www.clubinsideronline.com

www.clubinsideronline.com

CLUB INSIDER: 2004 - 2008

- **May** - Justin Cates - "A Good Man"
- **June** - The History of the Health Club Industry - Part I
- **July** - Joe Moore Sues Royce Pulliam's Gold's Gyms and Gold's Gyms, Inc.!
- **August** - The History of the Health Club Industry - Part II
- **September** - Ray Wilson Is Blasting Into the 21st Century With The Goal of 10,000 Health Clubs!
- **October** - World Gym International Seeks Quality!
- **November** - Jim Smith's Peak Performance Network Rates An A+!
- **December** - 2003 In Review

2004

- **January** - Michael Scott Scudder - "From The Heart!"
- **February** - Gordon Johnson and Team... Gold's Gym Stars!
- **March** - Ray Wilson and Dale Dibble First Ever "Health Club Pioneers of the Year Award Winners!"
- **April** - Rudy Giuliani - An American Hero
- **May** - Don Shula... The Legend Lives On
- **June** - Julie Main - IHRSA's New President
- **July** - The Houstonian - A Legendary and World Class Club
- **August** - Fitness First Reaches One Million Members In 400 Clubs!
- **September** - Visual Fitness Planner.... Open The Door To More Club Business Success!
- **October** - Dean Kachel - Survivor For 25 Years!
- **November** - Larry Gurney - The Mastermind Behind "The RUSH" Fitness Complex
- **December** - 2004 In Review

2005

- **January** - Paramount Fitness - Celebrating 50 Years of Excellence!
- **February** - Jim Woolard and World Gym Team - Providing Excellence for 30,000 Members!
- **March** - Red Lerille and Joe Gold, 2005 Club Insider "Health Club Pioneers of the Year"
- **April** - Body Training Systems Announces "New and Improved"
- **May** - Greg Rowe - A Great American Health Club Owner
- **June** - The Future of IHRSA - The View of IHRSA's 1st President, Co-Founder and Dedicated Supporter
- **July** - Joe The "Gladiator" Moore
- **August** - Laury Hammel and Longfellow Clubs - Making the World A Better Place! - Part I
- **September** - Laury Hammel and Longfellow Clubs - Making the World A Better Place! - Part II
- **October** - Lyle Schuler Makes It Fun At The MAC!
- **November** - How To Market Your Club
- **December** - 2005 In Review

2006

- **January** - Pete Kight - Leading The EFT Way With CheckFree
- **February** - The "Best of the Best" Club Business "Road Warrior" Consultants!
- **March** - IHRSA Celebrates 25 Years!
- **April** - Saint John McCarthy
- **May** - Leaving Fat City
- **June** - Big John McCarthy - IHRSA's "Alliance Master" Retires
- **July** - Shawn Vint... Helping People Is His Way of Life
- **August** - Tasso Kiriakos... A Great American!
- **September** - Donna Krech - Total Solution For The Obesity Pandemic!
- **October** - Casey Conrad... Getting It Done!
- **November** - Colin Milner - Creating The Active Aging Industry
- **December** - 2006 In Review

2007

- **January** - Governor Mike Huckabee - From Hope To Higher Ground
- **February** - Alliance Fitness' EazyZone Coming On Strong!
- **March** - Quality - The "Inside" Story on BTS
- **April** - Jim Bottin's Evolution From Clubs to His ABC Financial World
- **May** - Craig Pepin-Donat Exposes The Big Fat Health and Fitness Lie
- **June** - GymTicket.com - Getting More Membership Leads The Modern Way
- **July** - Brent Darden and Everett Aaberg Perfect The TELOS Texas Turnaround!
- **August** - SCIFIT Celebrates 20 Years
- **September** - Bill Houck Brings A Country Club Perspective to the Health, Racquet and Sports Club Industry
- **October** - Augie Nieto Says... "Earn Your Eulogy Everyday"
- **November** - "Younger Next Year" To Grow Your Club Membership
- **December** - 2007 In Review

2008

- **January** - The Planet Fitness Juggernaut!
- **February** - Cliff Buchholz... A Man of Values, Vision, Conviction and Caring
- **March** - Hard Work Pays Off for the Eclipse Fitness Team!
- **April** - Clubs for the Cure Produces Massive Effort to Attack ALS

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...20 Years!

continued from page 14

sincere **Thanks** and **Appreciation** to everyone who has made this amazing now 20-year run possible.

Thanks and Appreciation to **Rick Caro, Dr. Gerry Faust** and the **Faust Club 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 wonderful folks at **Walton Press** in Monroe, Georgia. Special kudos to my long-time Walton Press customer rep, Ms. Linda McGinnis for all she does for us. The entire Walton Press Team has done an absolutely excellent job for us all these years, and they have printed every one of our 227 monthly editions! Check out the nice **Walton Press Ad on Page #7** this month. **Thank you, Walton Press!**

Thanks and Appreciation to all of our *readers and subscribers*.

Thanks and Appreciation to our **CLUB INSIDER Advertisers, past and present**, for their kind and dedicated support of this publication. We have one very special advertiser, **Affiliated Acceptance Corporation (AAC)**, with over 19 years of monthly advertising with us, as *they've advertised in every single edition of CLUB INSIDER* since the first month we sold advertising in June, 1994. Plus, we have one advertiser, **National Gym Supply**, with over 18 years advertising with us. It's also amazing to know that we have several advertisers with over 10 years of continuous advertising with us. Thanks and appreciation to all of our advertisers, past and present, because without them **CLUB INSIDER** would not exist.

Thanks and Appreciation to all of our **CLUB INSIDER Contributing Authors, past and present**, who have contributed *hundreds and hundreds* of excellent articles to help our readers with their Fitness Business Best Practices.

Thanks and Appreciation to **IHRSA** for all it does for our industry and

for being the club business guiding light for the industry worldwide. Special Thanks to **Big John McCarthy** for his 25 years of IHRSA service, to **Joe Moore** for his past 6+ years of IHRSA service and to the entire **IHRSA Team** for what they do and how they do it.

Thanks and Appreciation from my heart to my son, **Justin**, who started working for **CLUB INSIDER** part-time when he was just 8 years old (helping with mailings). This young man, pretty much behind the scenes for 20 years now, has truly been a fantastic partner for his Dad in **CLUB INSIDER**. Justin does our editing, publication layout, all of our website design, development and maintenance (www.clubinsideronline.com), all of our bookkeeping and subscription processing work, as well as website archive management and anything else that needs doing, including occasional writing for us. All of this is done while he also owns and operates his own company, **Pristine Media** (www.pristinemedia.com), specializing in website design, development and maintenance, as well as print media and social integration. You can reach Justin at **Justin@clubinsideronline.com**.

Last, but surely not least, this Publisher who refused to fear failure when many told him he didn't have a chance in hell of surviving the publishing business for even a year, did in fact, survive. So, I'd 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

(Norm Cates, Jr. is a 38-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now in its 20th year of publication! Cates was IHRSA's 1st President, and a Co-founder of the Association with Rick Caro, and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. Cates may be reached by phone at 770 - 635 - 7578 or email at Norm@clubinsideronline.com)


CLUB INSIDER NEWS BLASTS OFF!
Why Read The Club Insider?

Norm Cates' **CLUB INSIDER NEWS** was launched this month to provide a new and unbiased source of information on what's happening in the club industry. The **CLUB INSIDER NEWS** promises to be an objective...tell it like it is monthly publication which has as its target audience the owners, general managers and department heads of top professional clubs and corporate fitness clubs worldwide. It will be presented in an easy to read format.

The **CLUB INSIDER NEWS** will provide a variety of information including:

- Editorial Page
- Feature Articles
- For Your Deadbeat Bulletin
- Classified Ads
- Norm's Notes
- General Manager's Forum
- Top Ten Lists
- Club Case Studies
- Industry News
- Consumer Reports
- Style Surveys
- Great Article Reprints
- Idea Machine
- The Layout of the Month

The **CLUB INSIDER NEWS** will initially rely on subscription fees instead of any commercial advertising in order to maintain a position of independence and editorial freedom. Subscribers to the **CLUB INSIDER NEWS** will receive the monthly issue of the **CLUB INSIDER NEWS** and will be provided with industry contacts to gather and report the latest of what's happening.

Who is Norm Cates? Norm Cates is a club industry veteran of 19 years as a developer, owner and operator of clubs throughout the Southeast. Please

work of industry contacts to gather and report the latest of what's happening. The **CLUB INSIDER NEWS** is not affiliated with the National Court Club Association (the old magazette owner's association) and the first President of IHRSA. The Association of Quality Clubs, Asan industry leader, Cates developed a well earned reputation for spending time with club owners and operators from around the world as Cates uses his role

CLUB INSIDER: 2009 - 2012

- **May** - Belmont Athletic Club... Created by John and Jan Doyle
- **June** - A 100 Year Perspective On the Health and Fitness Club Industry
- **July** - Ruth Stricker... The Legendary Creator of The Marsh
- **August** - Generating a Waterfall of Leads - 125 Membership Lead Sources - Part I
- **September** - What The Guys With The Money Think
- **October** - Naked Woman At My Door... and Why That's a Bad Thing by Thomas Plummer
- **November** - Club Industry/Fitness Business Pro Celebrates 25 Years!
- **December** - 2008 In Review

2009

- **January** - Brian Evans' American Family Fitness Clubs... A Class Act In Richmond, Virginia
- **February** - Greg Lappin of the Rochester Athletic Club Sets the Gold Standard For General Managers
- **March** - The "Question of the Century" for the Health and Fitness Club Industry
- **April** - Phil Wendel and ACAC in a Top 5% Category
- **May** - Julie Main - Devoted Wife, Mother and Leader
- **June** - Steve and Bonnie Pfeister - The Dynamic Duo Behind Longevity Fitness
- **July** - Herb Lipsman - A Texas Entrepreneur
- **August** - TRUST
- **September** - Mark Mastrov Honored - One-On-One With Club BusinessWunderkind Mark Mastrov
- **October** - Gale Landers' Fitness Formula Clubs Thriving for 25 Years!
- **November** - 12 Days of Fitness - Clubs for the Cure During the Holiday Season
- **December** - 2009 In Review

2010

- **January** - Lloyd and Roberta Gainsboro's Dedham Health and Athletic Complex... A Jewel In New England
- **February** - Body Training Systems - Built to Build Your Club Business
- **March** - The 2010 IHRSA Awards
- **April** - Prairie Life Fitness - A Smart Balance of Fitness and Fun
- **May** - The Newtown Athletic Club - A True Community Within a Community
- **June** - Simon Meredith Celebrates 30 Years With East Bank Club
- **July** - Dr. Art Curtis Shares His Vision as New IHRSA Chairman
- **August** - 200th Edition! A Retrospective
- **September** - Courthouse Athletic Clubs' Fitness Coach Program - Meeting At-Risk Members Head-on
- **October** - Linda Fondren - Instituting The Local Shape Up
- **November** - Curt Beusman - One of a Kind!
- **December** - 2010 In Review

2011

- **January** - Glenda Pigue - A Gem in Benton!
- **February** - Family Fitness - Where Staff Really Is Family
- **March** - IHRSA Turns 30!
- **April** - Club One Fitness - One Mind. One Body. One Life...
- **May** - The Apple Athletic Club - Always the Place People's Lives are Enhanced
- **June** - Blair McHaney's Gold's Gyms - Making a National Brand Feel Local
- **July** - Club Insider Advertisers Delivering The Goods!
- **August** - Club Insider Contributing Authors Delivering The Goods!
- **September** - Minton's Sportsplex - An SBA 100 Business!
- **October** - Medical Fitness Association Provides Portal to the Future - 20th Anniversary Celebrated With New Leadership Lead By Ken Germano
- **November** - The Life and Times of Rick Holder, Owner of Hampshire Hills Sports and Fitness
- **December** - 2011 In Review

2012

- **January** - Carol Nalevanko - Making a Village for Health and Fitness
- **February** - A Special Tribute to Sandy Coffman - The Dean of Club Programming
- **March** - IHRSA31 Los Angeles a Huge Success!
- **April** - Steve and Sally Goldman... Perfecting The Weymouth Club for 25 years!
- **May** - The Planet Fitness Juggernaut Keeps Rolling! Planet Fitness' 530+ Locations Serve 3.5 Million!
- **June** - The River Valley Club Soars After a Rough Start - The Evolution of A Huge Mess To A Huge Success!
- **July** - Rodney Steven... A Rapidly Budding Club Business Titan Powers Ahead!
- **August** - Rick Mayo's North Point Fitness Rules!
- **September** - Mike Arteaga - Prepared for 40 More Years!
- **October** - Jeff Skeen - One Class Act!
- **November** - 20 Years!

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...Norm's Notes

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renovated **Sonesta Resort Hilton Head Island in South Carolina**. For complete information and to register, go to: www.ptrtennis.org/events/ptr-week.

• **Congratulations to PHIL WENDEL, Founder and Owner of the Atlantic Coast Athletic Clubs, and his Team in Charlottesville, VA, as they raised \$23,950 for the Boys and Girls Clubs of Central Virginia!** They raised the funds through a recent *unique membership drive* where **ACAC Clubs provided membership for 25 Days for 25 dollars**, a win-win-win situation. 100% of the money raised went to the Boys and Girls Clubs. Folks, this is the stuff great club organizations are made of. **Keep up the great work, Phil!**

• The **New Jersey Legislature** is considering two new laws that, if passed, would impose new health club contract restrictions and new hot tub rules. The first would impose new, potentially costly requirements for health clubs that automatically renew membership contracts. The second requires specific signage for hot tubs. After the big storm named **SANDY**, demand for money by the **Garden State will be even greater**, so be on the lookout for "Add On" measures

that can make it possible for taxes to be slipped into legislation for health clubs. Don't laugh. All you have to do is ask **JOE CIRULLI and GEOFF DYER** down in **Florida** about how State Governments can really hurt health clubs. In the Florida case, about ten years ago, the **State Legislature wanted to impose a Sales Tax on health club memberships**, but they were meeting opposition from club owners like Cirulli and Dyer. So, what did they do? The Legislators "Added On" a State Sales Tax on health club memberships to a Bill for Sex Education, a measure in which the **Legislature expected no opposition**. This was done secretly late at night, and by the time club owners found out about it, the **Sex Education Bill, along with the Sales Tax on Memberships attached to it, had passed and that Tax stands until this day!** So, *stay in close touch on these things right now because anything can happen!* Pay close attention New Jersey club owners! **Contact IHRSA's MEREDITH POPPLER** for the latest information on what's happening in your State Legislature at **(800) 228 - 4772, Ext. 129**.

• I'm happy to point out that, on **Page #25**, you'll see a terrific Ad for a beautiful **Villa in Costa Rica** owned by my long-time good friend, **RON HUDSPETH**. Check it out. If you are looking for an amazingly wonderful vacation destination,

you can't beat Costa Rica. Ron's Villa is located about 25 miles from the **Liberia International Airport with service by all of the major U.S. Airlines**, and the entire region is very "Americanized." To book Amigo Ron's Villa, call **(877) 270 - 1926**.

• Before I close this month's **NORM'S NOTES**, I have this comment to you on this **last Note**. That is that you may want to stop reading right now because this Note is very personal for me as I've written about a group of men that I love, the guys on our **1967 N.C. State Football Team!** This Note shares our **FUN 45th Anniversary Reunion** experience on the weekend of **November 2nd and 3rd**. So, read on if you care to, or just skip it. Regardless, this was important to me as I wanted to **honor and remember my great Teammates** with this writing. **I beg your pardon** if this **special personal, non-club industry writing offends anyone! Here goes:**

I must share with y'all a very special event held in **Raleigh, North Carolina** on the weekend of **November 2nd and 3rd**. It was the **45th Anniversary Reunion** of our **1967 N.C. State Football Team**. I was happy to have worked since June organizing and producing the event for our team. I was also very happy to see 33 Teammates on our former 1967 Football Team show up. This is a team

that reached an **8-0 record** and **school record #3 ranking** in the United States until we lost back-to-back to **Penn State** and **Clemson**, pushing us to a #17 ranking and the chance to beat the **University of Georgia** in the **1967 Liberty Bowl**, which we did. Thirty-three teammates attended the Friday night Reunion Party, plus our last living coach, **COACH CLAUDE "HOOT" Gibson** was there, as were about 15 wives, a girlfriend and a nephew, all of whom really enjoyed a wonderful evening together at the very nice and recently remodeled **Brownstone/Doubletree Hotel in Raleigh**.

In particular, I want to **Thank our Teammate, FREDDIE COMBS (1st Team All American Defensive-back)**, one of three of our **1st Team All Americans** along with **DENNIS BYRD** (defensive tackle) and **JERRY WARRREN** (place kicker), for all of his work helping me put the event together. Freddie arranged a terrific **Tailgate Party** before the Virginia game at his close-in parking space, complete with a huge grill on wheels brought in for the occasion by Freddie's wife, **JAIME**'s **Brother, GENE THOMAS** and his wife, **DIANE**. Freddie also arranged to provide our Team with something very special, and for that, I want to thank both Freddie and **JIM SHERRILL**. Mr. Sherrill was very gracious to have produced and provided our **(See Norm's Notes Page 19)**

Time For Change?

By: Will Phillips

After 20 years, it's time for a change. The evidence is in, and disruptive business models that change the game invariably begin outside your industry.

Disruptive vs. Incremental Change

Mostly, we are all engaged in incremental change, making improvements, fine tuning, adjusting, adding. When you renovate, when you add new equipment and programs, you are making incremental improvements. Disruptive change occurs when fundamental assumptions about your business shift. The low-price/high-volume club is a disruptive change. Disruptive changes often lead to three benefits: *clear competitive distinction, opening new markets and financial success.*

How Do You Tell When To Change?

I just had breakfast with Justin Tamsett, who runs REX Roundtables in Australia. He commented that, in the last three decades, there are three times as many health clubs, but the market penetration remains relatively constant. In the United States, the majority of established health clubs have plateaued growth where double digit sales is a thing of the past. Many clubs from single locations to large chains have noticed that up to 70% of their new members were former members. And, up to 70% of those were former members of the club they just rejoined. Clubs do a great job of recycling members but not expanding the market. When sales and market penetration are flat, the industry is on a plateau. Paradoxically plateaued businesses are often very profitable. Many owners will settle for the high profit and low growth of a stable business. Further growth will now require the risk of disruptive change. While stable clubs may reap profits and avoid risk, they are also in the early stages of an aging business. See the **Resources** at the end of this article for an assessment of Growing vs. Aging

business. It will tell you when it is time for disruptive change in your business.

What Is On The Horizon?

Think of an entrepreneur as the person who once the business is running smoothly, climbs up in the lighthouse to see what's emerging on the distant horizon. There are a handful of things that I believe a health club entrepreneur might see on the horizon.

Micro Gyms: A trend widely reported in New York City of members who have quit their normal health club but have joined a specialized group cycling, a specialized yoga club or a specialized small group training club where they report that no club they have ever been a member of does group cycling or yoga or training as well as a niche club.

The only thing their old health club did well was provide a sea of equipment. In other parts of the country, niche micro clubs like Orange Theory continue to attract people who keep their membership in a regular health club but end up paying Orange Theory or Cross Fit more per month than their regular health club. Many of them report this is their way of getting affordable personal training or their way of getting intense workouts which they don't always get at their own club. Some clubs are responding by adding clubs within clubs in the same way Bloomingdale's has stores within stores. I know of several clubs experimenting with an in-house Cross Fit business.

Team Workouts: Tough Mudder sets up 10-mile obstacle courses throughout the world for an entry fee. They are two years old, have 70 employees and produced \$70 million of revenue annually. That's rather phenomenal growth, and close to \$1 million per employee, which would be considered high productivity in any business. Their advertising is largely word of mouth. They clearly realize that what they are selling is the chance to be part of a team, a very

different concept than individual racing in a triathlon or marathon. The product or result of a Tough Mudder race is the shared experience with your teammates, which of course, leads to further social network sharing and marketing. The founders of Tough Mudder claim that the most interesting thing they do is to create the organization culture, which leads them to receive 20,000 resumes annually from people who want to work there.

Competition CrossFit: This has grown dramatically in the United States and several other countries. What is the appeal? Having taken a class myself, I found the greatest appeal was the competition, something I have never experienced in dozens of health clubs.

And then, we have the Zombie 5K races called Run For Your Lives. To compete in this 5K obstacle course, you pay about \$80 and dress like a zombie. Relatively new, Run For Your Life is on track to hit \$15 million in sales this year. It has held zombie races in 13 cities this year and expects twice that next year. There are two things that all of these events on the horizon point out. One, they're highly focused and specialized. In other words, niche. Two, they are extremely fast growing.

It's The Experience, Stupid: Several years ago, when Dean Ornish was a keynote speaker at IHRSA, he commented, "If we don't deal with the underlying psychic, social and emotional needs and even spiritual dimensions and focus only on behavior, such as diet and exercise, it is very hard to motivate people to maintain healthy lifestyle changes." Over the intervening years, the evidence for this has increased. Most recently, the Director of Sales at Macy's commented that how a Macy's customer feels predicts how much they will spend. Something as simple as a front door greeter increases the average sale significantly. If the customer actually receives help from the greeter, the average sales further increase. The breakthrough here is taking this idea of engagement seriously.

IHRSA also had Joe Pine, the co-author of the Experience Economy, speak about the pre-eminence of experience over products and services. The latest edition of his book, and its parallel Field Guide, is almost written for the club industry.

Habit Changing: I wrote about this in an earlier edition of CLUB INSIDER this year. Basically, clubs have solved the first problem well. The industry provides great equipment, fabulous programs



Will Phillips

and wonderful facilities, but we have avoided addressing the problem these three successes create. How do we help members create an exercise habit? It is our failure here that is the root cause of most attrition and the modest rates of member referrals. It is also a huge opportunity to serve a deep human need.

Breakthroughs to Double Digit Growth: One of the drivers of the current results you are getting is the current behavior that you engage in to run your health club. So, if you would like to change your current results, you will have to change your current behavior. In order to do this, though, you will have to change the current way that you are thinking. The challenge is that it is extremely difficult to notice what your current thinking is and to see it as potentially having choices. Most of us believe that, in our thinking, we have come up with the best answers for how to run our clubs so that trying to create changes within our current thinking is almost impossible. Training and breakthrough thinking is available.

Here's some potential breakthroughs that may drive you into double digit growth:

Personal Training: In the last year, I've become aware of three different systems for quickly driving personal training to 20% penetration of your members and generating the same income or more that dues produce. A personal training system, or PTS, is very different than simply having personal trainers and selling PT. A PTS is a total system, i.e. a business model that disruptively designs pricing, selling, staffing, paying and what it is you're delivering. Mostly, clubs add personal training to their club in the same way they would add yoga or group exercise. A PTS designs everything fresh from the start, (See Will Phillips Page 19)

...Norm's Notes

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Teammates with a **1967 Team Highlight** film that included footage from the **Liberty Bowl** game and **Houston** game, in which we beat the #2 ranked team in the United States in the Astrodome in Houston, Texas. I want to give a very special shout out to our Teammate and friend, **FLAKE CAMPBELL**, because I learned not long before the event that he has **Stage 3 Lung Cancer**. Get Well, Flake!

I also want to thank our team **Co-Captains, STEVE WARREN** and **ART McMAHON**, for their comments to the group. Importantly, we remembered our deceased Teammates: **JIMBO HARDIN, TERRY BROOKSHIRE, LLOYD SPANGLER** and **DENNIS BYRD** and our deceased Coaches: Head Coach **EARL EDWARDS**, Coach **AL MICHAELS**, Coach **BILL SMALTZ**, Coach **ERNIE DRISCOLL** and Coach **JOHNNY CLEMENTS**. Also, special Thanks and Appreciation to N.C. State Athletic Director, **DEBBIE YOW**, for attending. I had invited her so we could give her a **huge 30" high Thank You Card** because, after 45 years had passed, she

arranged to get the **ACC Championship Rings** for those of us who were on the **1965 N.C. State Team** that was **Co-ACC Champions with Clemson**. That's right! 45 years after our 1965 football season, Ms. Debbie Yow sent all of us on that 1965 Team a letter saying she'd discovered we'd not gotten Championship rings, but if we would send in our ring size, she would get rings for us! And, she did! I was thrilled because my ring arrived the day before my son, **JUSTIN's Wedding** to his lovely wife, **DANIELLE**. Thanks again, Ms. Debbie Yow!

Last, I want to recognize all of the guys who attended our **1967 Team's 45th Anniversary Team Reunion** on **Friday night, November 2nd**. Below is the list of the Reunion Attendees, and also on **This Page** is a photo of 15 of our Teammates at the game day Tailgate Party.

The **1967 N.C. State Football Teammates** who attended the **45th Reunion Party** were: **ED 'NICK' NICHOLAS, DR. MARCUS MARTIN, STEVE WARREN, ART McMAHON, ROCKY RUSSELL, JIM LISK, JOHN PEROTTI, MARV THARP, BOBBY HALL, COACH CLAUDE "HOOT" GIBSON, PHIL KANOY, DON**



1967 NC State Football Teammates Tailgating Before Virginia Game on November 3rd (Front Row L to R): Pete Bailey, Steve Diacont, Dr. Marcus Martin, Benny Lemmons, Mike Alford, Settle Dockery, Norm Cates, Gary Yount and Freddie Combs (Back Row L to R): Don Jordan, Charles Tope, Ed "Nick" Nicolas, Wayne Lewis, Rocky Russell and Bobby Hall

BUMGARNER, GERALD "JERRY" WARREN, SETTLE DOCKERY, FREDDIE COMBS, JACK WHITLEY, STEVE DIACONT, MIKE ALFORD, PETE BAILEY, GREG WILLIAMS, BILLYMORROW, TRENTHOLLAND, PETE SOKALSKY, CHARLES TOPE, GARY YOUNT, WAYNE LEWIS, CAREY METTS, BENNY LEMMONS, HARRY BILGER, ART HUDSON, DON JORDAN, NORM CATES and CHARLIE NOGGLE, a Teammate from our 1965 and '66 Teams.

Stay Tuned Boys for our **50th Anniversary Reunion in 2017!**

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As I write this, today is **Veterans Day**, November 11, 2012. Thank you to all U.S. Military Veterans for your service to our country! **God bless** all of our **troops, airmen and sailors** and keep them safe. **Congratulations** and **Welcome Home** to all of our troops who've served in Iraq and Afghanistan. **God bless** you and your family, your staff, your members and your club(s). **God bless America!**

•**In closing, let me say that the past 19 years serving you with CLUB INSIDER has been my sincere pleasure. Thank you for reading CLUB INSIDER every month!**

•**Some folks** may not know that **CLUB INSIDER** is a **Paid Subscription-based Publication**. Are you a **Paid CLUB INSIDER 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**

(Norm Cates, Jr. is a 38-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now in its 20th year of publication! Cates was IHRSA's 1st President, and a Co-founder of the Association with Rick Caro, and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. Cates may be reached by phone at 770 - 635 - 7578 or email at Norm@clubinsideronline.com)



...Will Phillips

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often breaking some of the assumptions your club is built on. Every other program would benefit from its own system. Of course, if it's free, there is less focus and drive to have it produce income in the way personal training does. The total system or business model approach is one of the reasons micro gyms succeed.

Market Segmentation: Recognizing important segments in your market and then creating a product service line behind each one with a distinctive business model is a strategy that Proctor & Gamble first pioneered decades ago and called it "brand

management." If you define your market as everyone within five minutes, it is likely you are not segmented. Non-segmented clubs are like department stores with something for everyone. Many clubs have begun segmenting with their commitment to group exercise, personal training, small group exercise, group personal training and so forth. But then, we're back to the question of how well each of those is designed and driven as a unique business model. See the **Resources** at the end of this article for more on business models.

Customer Culture: As mentioned earlier, in discussing Tough Mudders, the owners believe their most important activity is building their organization culture. More

recently, an entrepreneurial friend of mine, Nick Sarillo, published a book about his pizza business where his culture is clearly the most important element driving his business called *A Slice of the Pie*. Nick spoke at the first conference REX held and continues to influence our upcoming all day conference on **Culture**, March 19 in Las Vegas with special workshops by Zappos and Bo Burlingham.

Resources:

•**Plateauing:** Send an email to me with **Time For Change** in the title and receive The S Curve: The growth and aging of businesses with a self assessment.

Engagement: Watch Brene Brown's TED Video on Vulnerability. Read Click: The Magic of Instant Connections. Contact REX about Empathy Training for your Staff.

Break Through Thinking Coaching: Send an email to me with **Business Models** in the title and receive resources about the GAP International Executive Program.

(Will Phillips is the Founder and Chief of REX Roundtables for Executives, a Boston-based management consulting firm that specializes in producing Roundtables for club owners and key managers. Will can be reached at Will@REXRoundtables.com.)

Mastering the Marketing Mix

By: MaryBeth Bradley

Visiting a client recently brought this all to mind. They were stuck on what exactly to do with their marketing as what worked in the past was no longer providing effective results. Direct mail didn't seem to be getting them the right number of leads, and traditional weekly newspaper advertisements didn't seem to fit their demographics anymore. What to do?

So, it was time to return to the basics. Club owners and operators want every single marketing penny to go towards maintaining and growing their membership, and so they should. As the competition intensifies, with many more clubs within a closer radius than in years past, they are far less tolerant of overall spending that is hard to quantify. At the top of their checklists are marketing investment decisions, which some may charge are typically based more on feelings than on facts.

Developing a marketing mix that provides owners with tangible and "trackable" results is now more important than ever. Clubs are beginning to see what they are getting for their marketing dollars. They are now applying an approach whose techniques make sense of previously inscrutable marketing choices, such as spending more on word-of-mouth campaigns than traditional marketing channels. This approach allows marketers to invest more effectively, and it makes them more accountable in terms of return on investment (ROI).

Why has it been so difficult to measure a return on investment in marketing? First, there have been few recognized standards for just how to measure results. Historically, clubs have given up proving measurable returns, mostly due to the use of part time or reduced staff, thus creating little pressure. Instead, they rely on instincts or feelings given their years of experience versus real, true results.

Why is measuring a return on investment so important now? Simply put, there can be less tolerance for spending that cannot be fully accounted for. With the development of new marketing techniques with tangible gauges available to clubs, it also makes it much more appealing.

What can you do today? Understand brand value growth opportunities and potential areas for solidifying that brand. Identify the technique or techniques that can bring the greatest improvement most quickly. That leads to developing a consistent and relevant approach to your club's marketing mix, taking into account your marketing budget, staff resources and geographical demographics.

The 8 Important Steps to Mastering the Mix

In this industry, and most others for that matter, there have been certain areas of focus which have created a formula for success. The key is to make sure that you are doing each one of these steps on a regular basis. The effective "tools" in each step will vary due to the specifics of your exact location, but the principles of development, implementation and accountability are the same regardless of which marketing vehicle is used.

1. External Marketing: This is probably the arena that everyone is most familiar with. From direct mail to broadcast (radio and television) to everything in between, promoting your club to potential prospects is still the cornerstone of any marketing mix. It is also typically the largest chunk of your marketing budget, so having an effective and useful process in which to track the results and return on investment is even more important than in the past.

2. Internal Marketing: Often the forgotten, but potentially most reliable part of your overall marketing plan. From

the moment your member walks into your club, he is forming an opinion about your club practices. Was I greeted in a friendly manner? Was the locker room clean? Did the staff assist me properly during my stay? He formulated his opinions from all of these experiences.

Internal marketing is made of all the "touch points" you have with your members. Because the majority of your new members will be referred by your current members, this is the audience that needs special attention. All too often, this part of the process is overlooked in favor of being only obsessed with prospects. Why not focus on pleasing people who have already accepted the benefits of belonging to your club?

This marketing segment can consist of approaching former members, tours and guests, missed guests and renewals to member referrals and in-house promotions.

3. Guerrilla Marketing: As described by the father of Guerrilla Marketing, Jay Conrad Levinson, marketing has to be the best of both, traditional and unconventional, to achieve and exceed the desired goals. The concept of guerrilla marketing is an unconventional system of promotions that relies on time, energy and imagination rather than a big marketing budget.

Given the current financial times, you can see why it has caught on like wildfire. With very limited budgets, clubs must turn their attention to this way of marketing. From door hangers to take-ones and flyer distribution to traditional lead boxes, it now becomes a critical part of your total strategy.

4. Corporate Marketing: Long thought of as one of the hardest aspects of a total marketing approach, this can also end up being the most rewarding. Yes, the sales cycle may be a little bit longer, but the return on investment in terms of multiple memberships and other non-dues revenue makes the payoff very appealing. Corporate marketing doesn't have to mean leaving message after message with human resource departments. It can also include health fairs, open houses, Chamber of Commerce events and lunch seminars or workouts. Health and wellness is still critical for businesses, so stay with it. There is almost a business in itself just doing seminars for companies and talking to staff about being healthy.

5. Community Outreach: This crosses over some into "corporate marketing," but it is also separate because it focuses



MaryBeth Bradley

a bit more on charitable or fund raising efforts. Outreach is the donation of time or resources to benefit a community in an effort to improve the quality of life for community residents. Canned food drives, blood drives, walks for charity and money raised for sponsored events are just a few examples. The public relations benefit, combined with simply being a good citizen, means you cannot lose.

6. Retention Marketing: Again, this also crosses into "internal marketing," however, its importance requires its own section. Selling to an existing member has a 60 - 70% success rate as opposed to around 5 - 20% selling to a new prospect. Even more impressive is that a 10% increase in member retention can result in a 30% increase in the value of the club. So many marketing plans focus on new member acquisition that they largely ignore member retention.

Some easy-to-implement ideas include bringing your members together, initiating a loyalty program, a referral program or a member appreciation program, creating a member advisory board or a suggestion box, providing excellent customer service, and most importantly, communicating with your members on a consistent basis.

7. Internet Marketing: Unless you have been living under a rock for the past several years, you have been bombarded with pleas to integrate internet marketing into your overall marketing mix. I agree. It is how people now communicate and interact with each other, so why fight it? Clubs will spend money on a fancy brochure or even direct mail and not realize their website and corresponding communication tools will create a much larger return on investment.

Internet marketing is very broad in scope because it can refer to marketing on the internet (like your website), but it (See MaryBeth Bradley Page 21)





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...MaryBeth Bradley
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also includes marketing done via email and wireless media. There is no question this is a rapidly changing and evolving part of your marketing attack but one that is critical for keeping up with your competition.

8. Ongoing Marketing: This is often overlooked or put off because it is the part of your marketing mix that creates accountability for results. Developing a consistent marketing plan, one which includes all of these steps, doesn't do any good if it sits there not implemented, and more importantly, not tracked and reviewed.

Once you have filled up your marketing mix with the vehicles that work best for you, create, maintain and monitor the plan to get the full benefit. Here are five suggestions for getting the most out of your marketing mix:

- A. Assess the overall marketing expenditures and determine how each vehicle is allocated.
- B. Build a blueprint for optimization and the determination of the return on investment.
- C. Conduct the proper analysis and incorporate the results into your future decisions.
- D. Use the analytical results to help set new marketing budget targets.
- E. Establish factors that encourage ongoing updates to match the changing marketing mix.

(MaryBeth Bradley is a Marketing Coach with Susan K. Bailey advertising. She has over 25 years experience as a former General Manager of small and large clubs in Colorado and California. Her current marketing clients include health clubs from coast to coast whether they are fitness-only clubs, personal training studios or large multisport facilities. She has presented many times at industry conventions, including IHRSA, Club Industry East, and various regional association conferences. MaryBeth is an ACE Certified Personal Trainer specializing in the weight loss and older adult fitness.)

Nine Secrets for a Rich Life and Profitable Fitness Business

Women of Fitness Arise!

By: Donna Krech

If you could be in a room face-to-face with people who've had the success you want to have in this business, made the money you want to make, taken the time off that you want to take or faced and overcome the very obstacles you're facing, would that be a room worth walking into? If these people were willing to mentor and teach you, would you listen? I did just that, and whether you own or manage a club, do personal training, are in membership sales or lead group fitness, these words of wisdom will impact your business positively. Things are about to get a whole lot better.

I recently participated in a panel discussion called **Women in the Fitness Business**. I was honored at the request and blown away at the information covered. In this article, I will introduce you to nine of the most driven, successful, profitable, difference making and *smart* people you will ever know. As they each shared, we all learned. So, within this article, you'll find what I recall, in my words, as the most powerful success secrets from each presenter that you can plug in immediately.

Sara Kooperman

Sara Kooperman does far more than hold her own in this business. She makes her mark. Sara has grown Les Mills Midwest, SCW Fitness and Water In Motion to record-breaking heights. And talk about someone who knows how to host and run an event! While events around the globe struggle to get attendees, the nationwide Mania events still have hundreds, even thousands in attendance. Ever feel like life is caving in on you? Sara provided a solution.

Success Secret #1: You will have moments that the stress of life and intensity of business get to you. It's okay to fall apart for a minute, but then stop and think of someone struggling far more than you. Realize how great your life is. Then, get back out there and do the great thing you do!

Shea Vaughn

If you have a unique style of training or unique combination you've created, what **Shea Vaughn** has achieved will help you make more money and a bigger difference. Shea combined her specifically-designed practice of multiple mind-body methods with a passionate desire to make a broader impact and created a line of her own products under the name **SheaNetics**.

Her Healthy Initiative Program

is getting her lots of PR in major markets, and she's now taking that message to major metro areas. She's on a mission to help end obesity. If you're wondering how to benefit from your unique ability, Shea relayed that answer.

Success Secret #2: There are more women-owned businesses now than ever before. Women, go for your dream, build your products. Men, partner with them. It's this writer's experience that you'll both succeed.

Lori Patterson

Lori Patterson shows you how to turn group exercise into cash! She's teaching our industry how to make real money with boot camps, probably because Lori is as real as they come. With a history in the Army, she led hand-to-hand combat with the original boot camp, and she won. She took a passion for group exercise and turned it into an international empire. Do you wonder if you can have success and balance? Lori says, "Yes."

Success Secret #3: Keep your business, and your life, on your terms. Be dedicated to your family and run your business accordingly. Draw a line in the sand based on what's important to you. The "I quit" moments are going to come, so be ready for them. Pull the covers over your head, quit for ten minutes or so and then go grow your business... on your terms."

Ilene Bergelson

Ilene Bergelson has a Broadway and performance background and is the founder of **LifemovesHealth.com**. She is a walking, talking miracle. If you're educating on the benefits of fitness (you should be educating everyone in your community), Ilene provides continuing education for many recognized certifications in our industry. She'll set you up to be the most impactful local expert on your fitness topic. Have you faced major struggles and don't believe you can bounce back? Ilene says you can find your way.

Success Secret #4: You can turn obstacles into opportunities. When Ilene discovered her back was curving over and around and treatments were not working, she began to partner with her body. She not only ended up whole, but with a driven passion to help others regain their sense of being whole! Her burden became her blessing.

Beth Shaw

Beth Shaw has done incredible things. Her

company, **Yoga Fit**, is not only a recognized name in the industry, but it's known throughout multiple industries. Beth is experiencing a lot of success with her company and her heart-felt segment was about not taking any of it for granted. "We have to bear in mind that we are all debtors to the world, and that the world does not owe us anything. It is a great privilege for all of us to be allowed to do anything for the world. In helping the world, we truly help ourselves," *Pathways to Joy*. Curious about how to be happy while you work hard to build your career? Beth made a powerful point.

Success Secret #5: At the end of the day, doing good for others is what makes you feel good about yourself. Nothing is as profound as giving back. Find a cause you love; Beth's is dogs. And, give back. You'll know happiness.

Casey Conrad

Casey Conrad isn't just smart, she's funny! Laughter creates a result-producing environment for learning, and Casey made us laugh! As a girl, she wanted to play Little League baseball. When the coaches said, "No" (and sent her parents' \$5 back), she took legal action with the State Little League Organization. She's been cutting-edge with everything she's done, from Communication Consultants to Health Club Sales Training. Right out of school, Casey worked for a division of the Department of Commerce. She came across a boss who told her to keep her ideas for making the Department more efficient to herself, and that she'd see to it that Casey was fired if her ideas got out. Casey quit and entered the club industry the next day. Ever feel like what you're doing doesn't match your core values? Here's a simple solution.

Success Secret #6: If it doesn't match you, move on. Have the faith and confidence to know you'll find something better. But (and this one is crucial), once you move on, choose to be better, not bitter. Make this choice every day.

Lynne Brick

Lynne Brick has been a positive industry pacesetter for a long time. Her accomplishments have been inspiring and educational for many in our business, but (just as it is with all successful people) it's who she is as a person that's most impressive. In 2001, Lynne came face-to-face with a brain tumor and underwent surgery that would cut her from ear to ear and peel her face forward in order to



Donna Krech

remove the tumor (craniotomy). Going into a surgery, the doctors told Lynne they could 'put her face back' a little tighter if she liked. Even in the face of not knowing whether the tumor was malignant or benign (it was a meningioma), her faith and humor were firmly intact. "A facelift in the process... absolutely!"

The Brick Bodies empire is more than just Lynne and Victor, it's made up of family and incredible team members. Lynne shared how she sees what their businesses are doing. If you're beginning to wonder if what you do will matter later, Lynne spoke about legacy.

Success Secret #7: Our children, other family members and loyal team members working with us allows the positive legacy that we want to leave. Involve your kids and the people you care about in what you do. Granted, they may not love it at first, but they will. Teach them your business and you'll equip them for life and keep a healthy message perpetuating forward to impact many generations.

Karen Woodard-Chavez

Karen Woodard-Chavez is a pro at teaching clubs how to thrive. She's a fabulous writer and owns many businesses beyond Premium Performance Training. With first-hand experience in business, Karen shared why she believes she's known such success.

In an open and honest way, Karen shared that she's made some choices that weren't the best. She also shared that she's learned she works best on her own. She said, "I know myself. I know where I work best and where I don't." If you've ever found yourself wondering if you belong in the position you're in or are confused if the decisions you're making are helping or hurting your career, Karen had a

(See **Donna Krech** Page 24)

advice, etc.

How To Increase Your Revenue By A Million In One Year!

October 5th, 2011: That was the day I signed up as a member at Thin&Healthy's Total Solution and began seeing great results. Within the first 6 to 10 days on the program, I felt like a different person. The program uses real food and I was able to incorporate it into my family routine; my children were able to eat what I ate.

I quickly decided I wanted to be a part of the company. I thought, "If I can have a piece of this to give back to other people, and affect the lives of others the way this program has affected mine in such a short period of time, I want to be a part of it!" I started part-time then eventually quit my job and began working there full-time.

I started as the center director on January 2nd. I ended up with 40 sales that first month and produced over \$100,000. I was able to see my results firsthand and I also watched people with success, not

just in losing inches and pounds, but with the spark in their eyes; I saw a sense of hope and life that wasn't there two weeks prior.

I've been in a lot of different lines of work and this has been the best of both worlds to me. Total Solution is a place I can help people and make money to help my family. I was in another profession where I was helping people but it wasn't financially benefiting my family. I was giving a lot of myself but it wasn't benefiting us all.

Total Solution has been open one year and the changes have been amazing. When you look down the cardio equipment line, you see all but maybe one or two are on their Total Solution journey. There is an excitement the members have. When we enroll members, we're not just signing them up. They are actually coming in. Our classes have quadrupled! We went from having one Zumba class per week to four times a week packed with up to 40 people, and they are filled with 90% Total Solution members.

Total Solution members

are feeding into our personal training. Sixty percent of the personal training clients at Fitness Unlimited are Total Solution members. Having Total Solution has allowed our personal trainers the opportunity to provide for their families. Before adding Total Solution, personal training was "rent" per trainer. We had 3 trainers paying us \$250 each, so revenue was \$750 per month. Last month we did \$22,700 in training revenue. We are on a 60/40 split so Fitness Unlimited's net gain was \$22,700 X 0.40 = \$9,080. We now have 7 trainers.

Our EFT pre-Total Solution was \$22,000 per month. Presently, this number is \$101,750 per month. I know those numbers sound a little hard to believe, but they are true. We did \$800k in overall revenue in 2011. We are going to do approximately \$1.8 million this year.

Every aspect of the club has improved and increased because of Thin&Healthy's Total Solution systems. Tanning revenue is up 80% and massage revenue is up 40%. When people

ask us what we are doing, we can honestly say we are just plugging in the Total Solution systems.

If you want to be in a position where you are impacting the most amount of people, you have to grasp the fact that you are not in the business to compete against other gyms. You are in the business to provide wellness and that's what Total Solution does. It opens up doors for people who never would walk through the gym entrance.

90% of the people I sign up with Total Solution don't even want to know about the gym, but they end up quickly falling in love with the gym once they enroll. If you talk to the average overweight person, they will tell you that walking into a gym is intimidating. You never reach those people just by marketing the gym.

For your business to be as profitable as it can be, you've got to reach out to the segment of people that the gym itself isn't going to get. If you want to make money and impact the most lives, Thin&Healthy's Total Solution will provide those avenues. X

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IHRSA Index Continues Positive Growth

BOSTON, MA - The International Health, Racquet & Sportsclub Association (IHRSA) announced results for the IHRSA 2012 Second Quarter Index, which provides a snapshot of performance results for the commercial health club industry. For the quarter ending June 30, 2012, the Index posted double-digit percent increases in EBITDAR. Total sales, membership dues revenue and non-dues revenue all grew in the second quarter.

"The IHRSA Index posted robust performance in the second quarter, continuing the momentum from a strong first quarter," said Jay Ablondi, IHRSA's Executive Vice President of Global Products. "Same-store performance also recorded notable improvements in sales, dues and non-dues revenues for the second consecutive quarter."

For the quarter ending June 30, 2012, same-store revenue improved by 3.2%, while membership dues revenue grew by 2.6%. Same-store, non-dues revenue also rose by 4.4%. Same-store results are consistent with improvements over the previous quarter. For the first quarter in 2012, same-store sales revenue increased by 2.6%, while membership dues revenue grew by 1.6%. Same-store, non-dues revenue also posted an improvement of 4.7%.

"Historically, second quarter performance typically slows in comparison with first quarter growth," said Ablondi. "In a separate IHRSA consumer behavior study, 12% of Americans were members of a health club in the second quarter of 2012, down from 16% over the first quarter of 2012. However, IHRSA Index club operators demonstrate a superior ability to manage expenses and engage existing members into investing in non-dues services."

Total sales and membership dues revenue grew in the second quarter of 2012 in comparison with the second quarter of 2011. Total revenue and membership dues revenue improved by 8.5% and 7.1%, respectively. EBITDAR improved by 11.6% as non-dues revenue improved by 9.1%.

According to the *IHRSA Trend Report*, 12% of Americans ages 16 and older were members of a health clubs for the quarter ending June 30, 2012. As the report bears out, current and former members are more likely than non-members (those who have never been club members) to participate in physical activities outside of the club. Non-club activity participation provides opportunities for club operators to engage members, attract former consumers, and continue solid club performance into the second quarter.

...Donna Krech

continued from page 22

profound answer.

Success Secret #8: Know yourself and honor that. Set annual goals and do real self-reflection. Take time to discover who you are and plan your professional role accordingly. Go with what you know and create a profitable niche. Do something today that your future self will thank you for. If something you're doing isn't serving you, step back and look at it honestly. If it's working, repeat it. Ask, "What's working and what isn't?" Be you.

Donna Krech

Finally, there's I, **Donna Krech**. I own Total Solution, where we teach people how to build wealth from offering wellness. I've hosted national TV shows, authored books/audios and speak internationally. Owning a gym myself, I love working with other facilities, showing how we make more money without missing *The Stuff In Life That Matters*. However, I feel that coming from being a penniless, abused mom to where I am today, makes my highest accomplishment being that I get to help my family, friends and those I work with become all God created them to be, whole and fully alive, seeing their dream become reality, like I have.

I recently lost my mom, and as I prepared what I was going to share with the group of female leaders, all I learned from her was heavy on my heart and mind. I wouldn't know success if not for her. She taught me the secret to REAL prosperity and that brings us to...

Success Secret #9: She taught me that Monetary Prosperity occurs when you realize profits are better than wages; commission, bonus, profit share all count. You don't want a cap on what you can make, and surplus will come when you serve others as you sell. She lived the definition of Personal Prosperity in front of me for my whole life. Its definition is "to have a successful, flourishing, thriving condition." She succeeded in business, she flourished in the way she loved others and her life thrived as others loved her in return. Let your life flourish and thrive, and you'll find Personal Prosperity, just like my mom did and just like I've been blessed to do.

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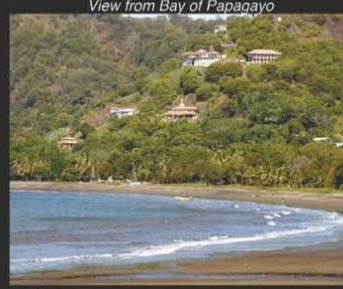
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View from Bay of Papagayo

Villa Blue Island is a five-bedroom, six-bath villa overlooking the stunning Bay of Papagayo. Secluded on a cliff, it is surrounded by tropical vegetation, colorful flowers and animals that include monkeys, parrots, iguanas and coatimundis.

There is a huge outdoor deck which includes a swimming pool with waterfall, jacuzzi, sports games and rocking chairs for simply enjoying the spectacular view. Meals are served outside under the stars nightly.

All the bedrooms are air-conditioned and have adjoining bathrooms. Three of the bedrooms feature king-sized beds and two others have two full beds in each. All bedrooms offer full ocean views overlooking the pool and waterfall and French-door access to large covered patios

There is also a sixth bedroom with bath that can be utilized for larger parties. Each room has a safe.

The villa has cable television and WiFi internet service. There is also a stereo, blenders, microwave, coffee maker, ice machine, beach towels, hammocks, floats and pool toys. Everything you will need to have an unforgettable vacation.

Twenty five minutes after you leave the new international airport at Liberia you will arrive at Villa Blue Island and the most amazing view of the Pacific Ocean you have ever seen.

All rental car agencies are available in Costa Rica, but we can have a rental car brought to the villa and picked up later for you. Van taxis are also available to the villa. Playas del Coco is \$10 one way.

During your stay, you will be attended and pampered by a villa staff including cook, bartender/waiter and maid. The cook will serve up deliciously-prepared meals of your choosing. The bartender will make and serve the beverages and special drinks you desire.

On your arrival day you will not have to worry about your food and drink. The cook will prepare a special evening meal for you and a breakfast the next morning. After that, you can go to the local supermarket in Playas Del Coco, three miles away, with or without the cook and select what you would like to have served during your week stay. There will also be a printed guide in the villa on dinner selections and ingredients that the cook can prepare for you after purchase.

Daily breakfast will be served around 8 a.m. and dinner at 6 p.m. After dinner, the staff will clean up and leave.

This plan is designed to make vacation more economical and give you the freedom to dine whenever you like in one of the many popular restaurants in nearby Playas del Coco.

If you should want an all-inclusive (*including all your food and drinks*) add \$95 a day per person.

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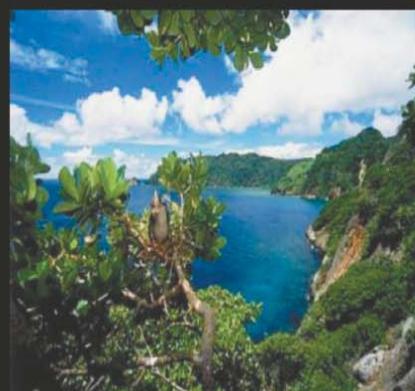
VILLA BLUE ISLAND:

Bay of Papagayo



UPSTAIRS BALCONY VIEW:

Bay of Papagayo



What Really Makes a Top Sales Producer?

By: Brenda Abdilla

The most common question asked by my sales manager clients is, "What should I be looking for in a sales rep or a business developer in today's environment?" Not only do they wonder what they should look for in their hiring endeavors, but they are also at a loss when it comes to knowing which skills to develop in their current team. Sales managers already have their hands full with the combination of a hard-to-read market, the pressure to perform and the stress of constant changes at work, so it's hard to know where to begin. The sharp sales managers know intuitively the sales characteristics that used to work no longer work. However, old habits die hard, and it's tempting to look for the rep who seems like they will "hit the ground running." In reality, they may end up hiring someone who simply hits the ground instead, because they are not a fit for the customer base served or have old-school sales habits.

The short and the long answer to the question about what makes a top producer in today's selling environment has everything to do with the emotional intelligence/skills of the rep, and ultimately,

the team. Emotional Intelligence (EI) is defined as a set of emotional and social skills that collectively establish how well we:

- Perceive and express ourselves;
- Develop and maintain social relationships;
- Cope with challenges;
- Use emotional information in an effective and meaningful way.

Believe it or not, someone's Emotional Intelligence Quotient (referred to as EQI) is actually a predictor of success in life and work.* If you have ever heard yourself saying, "That guy can really read a room," or "I don't know how she does it, but even the toughest customers will buy from her every time," then you are describing a rep who has a strong emotional intelligence in the areas that matter for their field and market.

The US Air Force (USAF) discovered the power of EQI when they decided to tackle the high attrition rates of Air Force Recruiters and ended up saving \$2.7 million in training costs (talk about a tough market). Imagine trying to recruit people to join our armed services in a climate of one crisis after another. The USAF decided to study the differences in

EQI among their most and least successful recruiters. They found that the most successful recruiters had a higher-than-average level of *assertiveness*, which is not surprising, as salespeople need to be assertive, right? But, they also had higher levels of *flexibility*, meaning the ability to adapt emotions, thoughts and behaviors in unpredictable circumstances, and *stress tolerance*, which is a belief that one can manage and cope during difficult situations.

Another surprise was that the top producers had higher *happiness* and *self-actualization* scores. Happiness, of course, speaks to a person's outlook on life, while self-actualization is a person's willingness to improve himself in the pursuit of a rich and enjoyable life. By paying attention to the science of emotional intelligence, the USAF increased its retention by 92% in the first year alone. A report to a Congressional Committee stated that the USAF recruiters are twice as productive as other branches of the armed forces.*

If you think about it, it makes perfect sense. Experienced managers know how futile it can be to motivate and inspire the rep who simply has a dark view of life, or the one who is always complaining



Brenda Abdilla

about any and all changes that are presented. The good news is that EQI can be improved with a concerted effort, and most of us get more emotionally intelligent with age. It's important to note that a high EQI is not necessarily the only thing you should look for in a rep. While a higher overall score is definitely a good sign, you have to look a little deeper and consider the specific job the rep would be doing and the environment they would be selling into.

(See Brenda Abdilla Page 28)

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...Brenda Abdilla

continued from page 26

One's level of *impulse control* is another important attribute and is a prime example of how important it is to consider the specific job when measuring EQI and attempting to predict sales success instead of just looking for a candidate with a high score. Culturally, we value someone with a high impulse control (the ability to resist or delay the drive to act), and when it comes to road rage and waiting in line at the Post Office, this is a good thing. However, too much impulse control can make a person risk-averse, and many times, companies need someone in that sales spot who is willing to act on impulse to make that call or test that new approach.

Here are some examples to help you recognize various forms and levels of EI that may be found within your team, along with some thoughts on how to turn them to your advantage:

• You have a rep who tends to side completely with the customer base. If the customer has even the tiniest of issues with the product, the rep will blow it way out of proportion. *He is overusing his empathy skills and could use some work developing other EI skills like assertiveness, independence and problem solving.*

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- Your rep comes off as arrogant and overly confident and she ignores feedback from others. *She is overusing her assertiveness by behaving aggressively and needs to develop empathy skills, social responsibility and emotional self-awareness.*
- Your rep fixates on a problem and is very black-and-white with her thinking, even when a solution is readily available to her. *From an EI perspective, this rep has a low flexibility index and would benefit from learning to develop more stress tolerance, improving flexibility and a skill called reality testing, which is the capacity to remain objective.*

And, of course, EI is important for managers to develop as well. For management, we look at important aspects, such as *assertiveness*, being able to have difficult conversations without being either aggressive or passive can have a huge impact on communication with the team. Another important management EI skill is *stress tolerance*. While it seems like all of us need improvement in this area, the truth is that some of us need to develop it more than others. Sometimes, the solution is simple, like regular workouts, but the key is to create coping skills for the stress and change that is inevitable. EI is all about awareness and attention to emotional state.

As you are assessing the development plan for your team and putting together plans to hire, pay attention to how your best producers develop relationships with customers, how they view the world, handle stress and communicate their thoughts and emotions to others. Although it's tempting to focus solely on past experience, know that you will get more bang for your buck if you focus on hiring and developing emotional intelligence skills in your team.

***Source:** Multi-Health Systems
(Brenda Abdilla is passionate about momentum. She likes results-oriented action

so much that she founded her company on the principle of moving people and organizations forward. Brenda is a skilled professional mentor using her experience and advanced tools to help motivated professionals reach their desired outcomes. Those outcomes include promotions, career changes, higher productivity, better internal relations, most anything that moves a person's career or business forward. Brenda is the author of two books about getting results at work with a third book underway. Sign up for her free newsletter and inquire about hiring Brenda's Management Momentum at www.managementmomentum.net.)

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BTS Launches Partnership With Augie's Quest

By: Justin Cates

In our September, 2012 Edition, we reported that Body Training Systems (BTS) had joined MDA's Augie's Quest with the goal of raising \$2 million by 2018. On November 9th, I was honored to be present for the launch of this partnership with the first "Groove for Augie" fundraiser event during the 2012 BTS Summit. While at this high energy event, held at the Georgia World Congress Center in the city of Atlanta, and representing more than 300 clubs, I got a chance to catch up with Rich Boggs, CEO of Body Training Systems, and Lynne Nieto, the loving wife and partner in Augie's Quest with her legendary husband, Augie Nieto.

CLUB INSIDER (C.I.) - How did the partnership with Augie's Quest come about?
RB - When Augie was diagnosed with ALS in 2005 and started Augie's Quest in the clubs, BTS was bringing the development of our programs in-house, which was a major, long-term project, and we were not able to participate in any meaningful way. Augie is somebody I have known and respected since 1977 when he started. We were starting off with your dad to open the first racquetball facility in Atlanta, and we bought two of his first Lifecycles. So, we have known, followed and admired what Augie has done throughout his entire career.

Our team was looking at what we could do charitably, and it hit me that this could be an outreach that would be very meaningful for our company. We could take this to our clubs, so I got in touch with John McCarthy and Augie. We decided to provide marketing campaigns for each of our eight programs, such as 'Groove for Augie,' 'Power for Augie,' 'Ride for

Augie,' and make those available to clubs so they could run them at any time during the year.

C.I. - What do you hope to achieve from it?
RB - We have made a commitment for a goal of \$2 million by 2018, which I would like to exceed. That's the eternal optimist in me, so hopefully, we can overshoot that.

C.I. - How can BTS clubs join the effort?
RB - What we are trying to do is really enlist clubs so they can run these campaigns anytime that works for them. They would have the option to do that anytime and would send the money in to Augie's Quest. We have a thermometer scorecard online, and the donation would be credited to that club. We will be doing some awards, recognition for clubs and also finding best practices: What's working? What are you doing to raise money?

Our BTS Coaches will be working with our clubs worldwide to assist them in implementing Augie's Quest. The clubs we have talked to are really excited about it, so that's what we are kicking off tonight, the first 'Groove for Augie.' Without what Augie did with Lifecycle, then Life Fitness and for the industry, a lot of us wouldn't be here. What Augie has done in terms of his spirit and just saying, 'I'm not going to let this beat me' is incredible. As has been said before, 'It's Lou Gehrig's Disease, but it will be Augie Nieto's cure,' and we want to be part of that.

CLUB INSIDER (C.I.) - Lynne, please tell us about how the Augie's Quest effort is going.
Lynne Nieto (LN) - We just had an event on Saturday night (November 3, 2012), and we raised \$1.2 million. It's one of our two main events that we do every year, so



Rich Boggs and Lynne Nieto

we are up to \$33.5 million now.

What's more important than what we have raised is what we have done with it. We solely fund ALS TDI, which is ALS Therapy Development Institute in Cambridge, Massachusetts, and we have two drugs that are going into Phase 2A Trials very shortly. We are seeing results, so the fruit of our labors are starting to pay off.

C.I. - How is Augie doing?

LN - Augie is doing great. He's doing really good.

Author's Note: While answering this question, Lynne pulled out her iPad to show a video of Augie doing modified leg presses with 70 pounds of weight. She said, "He hadn't moved his legs in six

years, so he had some of the guys at Life Fitness come up with this idea. That's 70 pounds of weight. He's up to 90 pounds now. Isn't that amazing? That's as of three weeks ago."

C.I. - As Rich said, his goal is definitely \$2 million or more by 2018. What do you hope is achieved with this partnership?

LN - Last night, when I was chatting with Augie about Rich, he said, 'Knowing Rich, he is worse than I am. He sets a goal and then ups it and ups it and ups it.'

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To learn more about Augie's Quest, please go to www.augiesquest.com.



Group Power at the 2012 BTS Summit



"Groove for Augie" at the 2012 BTS Summit

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