

Norm Cates'

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The Pulse of the Health and Fitness Club Industry

# Celebrating

# 25 Years

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## NOVEMBER 2017

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# Norm Cates' CLUB INSIDER™

## The Pulse of the Health and Fitness Club Industry

### Celebrating 25 Years of TRUST!

By: Norm Cates and Justin Cates

This author has reached the age of 71, and it's my great joy and pleasure to have my son, Justin, as a partner in our health and fitness club industry trade publication that we call **CLUB INSIDER**. This *Special 25th Anniversary Cover Story* is about **CLUB INSIDER** and the celebration of our 25th anniversary of publishing. The story of **CLUB INSIDER** is an *amazing one*, we believe, *because it involves all of you who're reading this*. YOU, our readers, are the REASON **CLUB INSIDER** exists, and we hope you will NEVER forget that. This cover story includes the who, what, when, where, why and how that our industry came to need a publication that is *"irreverent, outspoken and 'Tells-it-like-it-is,"* a publication called **CLUB INSIDER**.

The year was 1993, and **Justin Cates** was eight years old. By that time, I was a former airline pilot, and I'd been in the business of building, owning and operating health and fitness clubs for 19 years. Having started my involvement in the industry with a fellow named Ray Irwin after we met while waiting our turn to play on a racquetball court at Atlanta's famous Riverbend Condos and Apartments where we lived, I learned from Ray that he was working on the development of a racquetball club. I was immediately drawn to the idea, and we partnered up and worked together for two years in an effort to raise the necessary capital to build a racquetball club. It was a struggle, but some good luck finally came our way. We were introduced to Rich Boggs, and then later, Fred Streck, with whom we found the necessary capital and construction expertise to build and open our first *CourtSouth Racquetball Club*, which we opened in Marietta, Georgia on May 1st, 1977. We went on together to build nine clubs, with four in

Atlanta and five across the Southeast.

After spending my first 19 years as a self-employed person and in the world of developing, building and operating health and fitness clubs, in 1993, I chose to take a different route and that was to become a **"Mr. Mom"** for my then 8-year-old son, Justin. We had built an antique store for my wife, Ilena, in Roswell, Georgia (a suburb of Atlanta), and with me still at my clubs, that meant Justin would be arriving at an empty home after school each day. That was not the best I could do for my son, and I made up my mind to be **"Mr. Mom"** for him. So, I reached out for help to my great friends in our industry.

In January 1993, **The Faust Roundtable #1**, created by my good friend, **Rick Caro**, and produced by **Dr. Gerry Faust**, helped me dream up the idea of **CLUB INSIDER**. In November 1993, I published the first edition of **CLUB INSIDER**, and this month, we're very happy to be celebrating our 25th Anniversary! And, somehow, along the way, I earned enough trust in our industry that the folks at *Club Industry* decided to honor me with their Lifetime Achievement Award.

Justin will now weigh in with a few questions for me, and after I respond to those, we'll wrap up this *Special 25th Anniversary Cover Story* with Justin's responses to my questions, and with the reprint of a terrific article written by **Anthony Dominic** and published by our friends at *Club Industry*, entitled: **"A Man of Many Hats."** So, I invite and thank you for reading on.

#### An Interview With Norm Cates, Publisher of CLUB INSIDER and Tribal Leader Since 1993

**Justin Cates (JC)** - Several times over the years, we've shared the story of how the



Justin Cates and Norm Cates Celebrating 25 Years of Trust at Club Industry 2017

idea for **CLUB INSIDER** came about. So, on a different track, please describe the trust you had in your colleagues of Faust Roundtable #1 to essentially put your future in their hands by requesting their input for business ideas that would enable you to succeed in the mission of being a **"Mr. Mom"** and staying involved with the industry.

**Norm Cates (NC)** - The Faust Roundtable #1 was an Executive Roundtable assembled by our good friend, **Rick Caro**, in 1992. Dr. Gerry Faust would facilitate and lead the meetings of the Roundtable #1 Membership, which was a very exclusive group including such industry giants and luminaries as **Rick Caro**, the late **Curt and Jane Beusman**, **Todd Pulis**, **Cecil Spearman**, **Dick Trant**, **Mitch Wald**, **Red Lerille** and **Tom Lyneis**, just to name a few of our Roundtable members.

The reason I trusted them to advise me was because this was a group of some of the best club owners/operators in our industry, and I had gotten to know many of them when Rick and I were involved in starting IRSA back in 1981. So, because of my relationship with them in creating and founding IRSA/IHRSa, and because of the information sharing relationship we had all developed over several years as members of the Roundtable, I felt comfortable presenting them with this *life challenge* that I was facing.

I will never forget how it happened. In January, 1993, we were in a Roundtable meeting in Chicago. As always, Dr. Gerry Faust was leading the meeting, and he would provide any member of the Roundtable with the opportunity to present

*(See 25 Years of Trust Page 10)*

#### Inside The Insider

- A Man of Many Hats: Through CourtSouth, IHRSA and Club Insider, Norm Cates Has Devoted a Lifetime to the Club Industry - **By:** Anthony Dominic
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- And, of Course, **Norm's Notes**

# Norm's Notes

•Hello Everybody! This is your CLUB INSIDER Publisher and Tribal Leader Since 1993 checking in with the first edition of our 25th Year of Publishing... Edition #287! Be sure to check out this month's special cover story that begins on Page #3.

•Is America a great country, or what?! It certainly is. But, America is *not* the place we want it to be anymore. America appears to be in the hands of the Devil. How do we save America from the grasp of evil and devastation that, week after week, we have seen truly horrible acts committed by very sick people. The sad thing about it all is that nobody can do anything about the next disaster that is surely down the road. What is the answer, we ALL must be asking ourselves. Maybe the answer is **prayer**.

•This month, on Page #8, I have devoted a full page to a **Tribute to our 1967 N.C. State Football Team**. I did this because last weekend we had the **50th Anniversary Reunion Party of our '67 Team**, a really great team that finished the season ranked **#13 in the country with a 9 and 2 win/loss record**. Check out Page #8 for a look at our Team photo and a special letter I wrote to my teammates.

•“**TRUST... earn it... keep it... grow it...** It's what your company is built on. It's what your customers base their loyalty on. It's the culmination of everything your company does, from product quality to employee

behavior and everything in between. It takes a lifetime to build, but only an instant to be torn apart.” These words of wisdom are from the writing of **Deloitte's Brand Digest**. Use [advisorythoughtware@deloitte.com](mailto:advisorythoughtware@deloitte.com) for more on this important topic. Speaking of trust, my son, Justin, and I, are very proud and honored to be

**Celebrating 25 Years of Trust** with CLUB INSIDER, and our Cover Story this month truly reflects not only the heartfelt beliefs my son and I share, but it shares a lot of history about our publication and our industry I think you'll enjoy reading for the first time.

•**RICK CARO**, our great friend I refer to as “**The Club Industry's Best Friend**,” has been named to the **Advisory Board for Zeamo**, a company described in their **Press Release** as, “The force behind the state-of-the-art, market-multiplying digital fitness platform (mobile app and web).” Also, from that press release: “Zeamo announced the continued growth of its global strategic expansion plan. Already hosting the largest directory and search engine of its kind of more than 25,000 gyms so far, and with plans to increase that number significantly worldwide, Zeamo directory users have the ability to search and select facilities in their location by their favorite activities. They are then able to purchase day pass access to Zeamo's Partner Gyms, which number more than 500 in the U.S. alone, with another 100+ in Europe, and work out with any one of those

partners without restrictions. Zeamo's most recent expansion includes the addition of multi-unit facilities involving **Boston Sports Clubs and Healthworks**, bringing the company's already impressive roster of partner clubs in the Greater Boston area to 50.” Check out the **Press Release** on Page #28.

•This is **that time of year**, every year, when I remind all of you that **NOW** is the time for you to be working on and preparing your **2018 Marketing Plan**, if you have not already done it. And, I have **2 words of wisdom** for you on this subject. They are: **DON'T WAIT!** And, to go with those wise words of wisdom, I have a reminder for you that **we have two great companies** that can make your preparation for the **New Year** marketing that you need to be doing... **easy**. Those companies are two of our great advertisers: **Muscle Up Marketing** and **Susan K. Bailey Marketing & Design (SKB)**. You will see the **SKB Ad** on Page #19 of this edition, and you will actually see **two ads** for the **Muscle up Marketing folks** on Pages #7 and #17. So, don't hesitate and procrastinate about doing this. **Don't wait! Do it NOW, or at the latest, do it as soon as you put down this edition of CLUB INSIDER!** Make these contacts immediately with **SKB** and **Muscle Up Marketing**. I promise you this... **YOU WILL be GLAD you did!**

•**Thanks again to PAMELA KUFAHL, MARTY McCALLEN** and everybody



Norm Cates

at **Club Industry** and **Penton Media** for the wonderful honor they gave me in Chicago in October, their **Lifetime Achievement Award**!

The following is something that Pamela said in her presentation of the award and wrote to me in a recent email to me thanking me for my hand-written **Thank You Note**. I can't thank Pamela enough for her very kind words: “**Hi Norm, thank you so much for the sweet note. I really appreciated it, and it was truly our pleasure to offer you this honor and recognition. I meant everything that I said about you in the intro! You are the heart and conscience of this industry! Thank you!**” And, again, **THANK YOU PAMELA and MARTY!**

(See Norm's Notes Page 7)

## About Club Insider

# Established in 1993

## Celebrating 25 Years of **TRUST!**

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# Exercise is Medicine!

By: Mike Alpert

President John F. Kennedy famously said, "Those who look only at the past or present are certain to miss the future." The future is indeed here! The compelling importance continues to grow as to the role of active and healthy lifestyles in the prevention, treatment and management of chronic conditions that are

often the result of sedentary behaviors. The science of exercise has long demonstrated the benefits of physical activity for health, cognitive function, productivity in the workplace and much more. The medical benefits of adequate activity can allow people to shape their own health destiny, and for those with chronic conditions, it can help manage, reduce or even resolve those challenges. Exercise is clearly a preventive

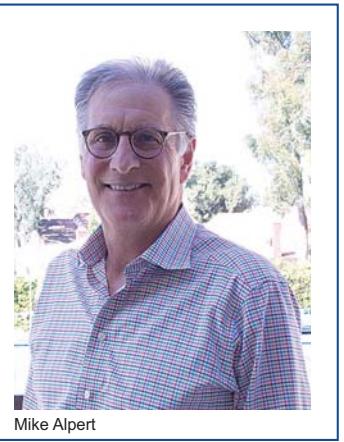
medicine, holding the key to health, quality of life and work productivity. The current transition of medicine in recognizing the importance of exercise and lifestyle for chronic conditions and injuries is as important as other phases of major change in healthcare.

With all this in mind, the question is often asked, "How do I begin offering programs in my club to promote Exercise is Medicine?" My advice is to understand and accomplish the following:

**1.** You first need to define what population you are focusing on. Are you developing a program for people affected by cancer, diabetes, paralysis or anxiety and depression. It is critical to remember that many of the people who are struggling with chronic injuries or chronic illnesses have also seen their finances depleted. Many are unable to work, and in many cases, they have lost their ability to care for their families. So, get into this for the right reasons; don't just look at this as a way to boost your bottom line. Understand what moves the bottom line: creating and maintaining meaningful, purposeful work. It will change everyone's lives and will lead to retention of both your members and your staff, and that will have a huge effect on your bottom line.

**2.** Do your homework on the injury/illness your program is focused on. If your program involves people affected by paralysis (i.e., spinal cord injury, stroke, ALS, etc.), you need education on how to transfer the person who has no feeling at certain levels safely. With ALS, you need to know when they are in distress, etc. You need to focus 100% on safety at all times. It is also very important to know what markers you will be looking at and what results you are tracking.

**3.** It is critical to build strong relationships based on trust with key physicians and hospital CEOs in your community. They



Mike Alpert

should be a major source of education, and you need to keep them in the loop at all times. You should also be developing relationships with school superintendents and city officials as they will become your voice and ambassadors in your community. Keep in mind that all of this takes patience and time. And, they must feel that:

- Your specialists are highly trained, credentialed and educated in their field.

- Your program is not simply to get them to refer their patients to you for membership dues. Again, you must be in it for the right reason, and that is to truly be a "Health Club." It has to be more than how you look in a bathing suit. It has to be about health and building and maintaining healthy communities.

Have the heart to do something special and to leave a lasting legacy. **Exercise is Medicine:** Let's change the healthcare paradigm for the better.

(Mike Alpert is the President and CEO of the Claremont Club in Claremont, California. Mike can be reached by email at [malbert@claremontclub.com](mailto:malbert@claremontclub.com))



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**...Norm's Notes**

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•**JEFF STOKES** is a 25-year club business veteran and the Vice President of HYPOXI North America. Be sure to check out Jeff's HYPOXI Ad this month, along with our interview with him on Page #23.

•**Welcome to MICHAEL GELFGOT** to our CLUB INSIDER Contributing Author Team! Michael has an extensive background in the health and fitness club industry, and he's been highly honored by multiple organizations. Welcome aboard, Michael! Michael can be reached at [mike.gelfgot@gmail.com](mailto:mike.gelfgot@gmail.com) or (513) 505-2310.

•The Tennis Industry Association is presenting the 5th Annual TOM Conference April 8th - 11th at Wild Dunes, an award-winning beach and Top 10 Tennis Resort in the U.S. located next to Charleston, South Carolina. The event will allow you to learn, network, be inspired and take away practical applications. You will also enjoy interactive sessions with leading experts in and outside the tennis industry... Enjoy the beach, golf, tennis, great restaurants and finals of the nearby Volvo Open Tennis Tournament.

The TOM Conference lineup for speakers for 2018 (to date) include:

- Stephen Tharrett, Co-founder of ClubIntel & Owner/President of Club Industry Consulting;

- Tim Bainton, Founder of Blue Chip Sports Management;

- Dan Zeman, Exercise Physiologist;

- Craig Morris, USTA General Manager of Community & Youth Tennis;

- Michael Mahoney, V.P. and General Manager of Midtown Athletic Club;

- Jordan Schwartz, Labor and Employment Lawyer;

- Scott Schultz, Managing Director of USTA University;

- Kirk Anderson, USTA Pacific Northwest General Manager of Products & Services;

- Doug Cash and Greg Lappin, Industry Consultants;

- Casey Conrad, Sports Club Marketing Expert;

- Jim Bates, Co-founder of Sports Club Advisors;

- Randy Futty, VP Business Development, California Sports Surfaces.

For more information and to register, visit [TheTOMConference.com](http://TheTOMConference.com) or contact the TIA at [tom@tennisindustry.org](mailto:tom@tennisindustry.org) or (843) 686 - 3036.

•**GUN YOGA.** With the recent tragic shooting in the church in Texas with 26 dead, and many other horror stories preceding this latest massacre, it's becoming apparent that Americans may need to start arming themselves and packing heat wherever we go so that, no matter where we are, we will be armed and ready to protect ourselves against a mad gunman. Now comes GUN YOGA by The Hambone Group. Check out this link to learn more about GUN YOGA: [bit.ly/clubinsider40](http://bit.ly/clubinsider40).

•**ANTWANNE BEST** is the young man who assisted me with arrangements for our 1967 N.C. State Football Team's 50th Anniversary Reunion Party at the wonderful Doubletree-Brownstone Hotel in Raleigh, North Carolina, November 3rd and 4th. During a conversation with him while I was there, I learned that Antwanne was going to be honored in the N.C. State Homecoming Parade that day as the Family of the Year in Raleigh ([bit.ly/clubinsider41](http://bit.ly/clubinsider41))! So, Antwanne, his wife and their three children, appeared in the N.C. State Homecoming Parade with him. CONGRATULATIONS ANTWANNE, and Thanks and Sincere Appreciation to you and your Team at the hotel for all your kind help with our 50th Reunion! And, Thanks and Appreciation as well to **MS. NICOLE DONES** for her kind assistance with our event.

•As I write this, it's November 11, 2017, Veteran's Day, and if you served America in our armed forces, I take my hat off and salute you for your service. **My Dad, Norm Cates, Sr.**, served in the U.S. Air Force for 21 years before he had a 27-year career as a jet engine Tech Rep for Pratt and Whitney, a manufacturer of jet engines for the military and airlines. **God bless you all!** And, God Bless America!

•Please join me and millions of other Americans in a Boycott of the NFL! Today is Sunday, November 12th, and I, for one, am boycotting the Atlanta Falcons vs Dallas Cowboy game, as well as ALL NFL games for the rest of this season and beyond! I urge you to join me in showing the NFL Protesters that there are other avenues than kneeling during the playing of our National Anthem, a deeply disrespectful act to anyone who has served this country in the armed forces. Hit them where it hurts, in the wallet!

•**JUSTIN** and I want to say THANK YOU for reading CLUB INSIDER! And, we wish you a Happy Thanksgiving.

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

your club(s). God Bless America!

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



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# A Personal Note From Norm Cates

November 15, 2017

Dear 1967 N.C. State Football Teammates,

The 50th Anniversary Reunion of our 1967 Football Team on Friday Night, November 3rd, turned out to be a really great time for all of us who attended. As one of the Reunion Party organizers, along with Steve and Jane Warren, I want to say thanks to all who attended. And, I want to say thanks to: Art McMahon, Greg Williams, Freddie Combs, Marv Tharp and Pete Bailey for their support and participation. It was GREAT seeing you all! Thanks to all 37 of us players who were there along with our only living Coach, Claude "Hoot" Gibson, and one of our Freshman Team Coaches, Dick "Pedio" DeAngeles, as well as many wives, sons and daughters and old friends (See Photo Below).

The facts are that this great 1967 State football team reached the highest ranking of any team in the history of N.C. State football when, with an 8 and 0 record, we soared to #3 in the country. Earlier in the season, we beat the #2 team in the country, the University of Houston Cougars, in the Astrodome, and that propelled our great team into a fast climb to the Top 10. Surely, the Houston game was one we ALL remember very well.

Then, we played our last two regular season games without our two-time All American Defensive Tackle Dennis Byrd, one of several stars on our famous White Shoes Defense. We finished 9 and 2, losing to Penn State and Clemson in our last two regular season games. Then, after beating the University of Georgia in the 1967 Liberty Bowl in Memphis, Tennessee, we finished #13 in the country.

I would be remiss were I not to mention our Co-Captains, Steve Warren and Art McMahon; our three First Team All American Teammates, the late Dennis Byrd (may Dennis Rest in Peace), Freddie Combs and Gerald Warren; and I should also mention our six teammates who made First Team All Atlantic Coast Conference: Byrd, Combs, Gerald Warren, Mark Capuano, Harry Martel and yours truly, Norm Cates.

I wish you all good health and happy days ahead, and I look forward to seeing you all at future N.C. State Football Games and Reunions.

Warmest possible regards to you all,

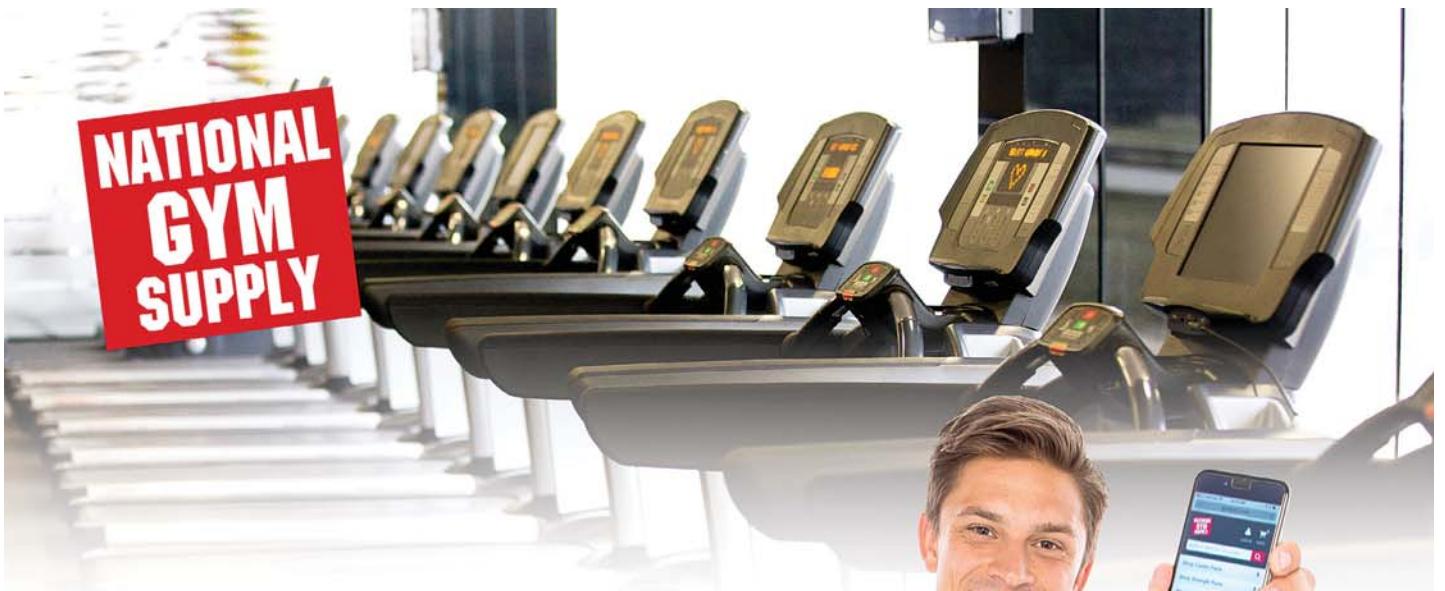
**Norm Cates, Jr., #66**

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(Seated L to R) Carey Metts, Gerald Warren, Greg Williams, Co-Captain Steve Warren, Wayne Lewis, Jim Lisk, Dr. Marcus Martin and Pete Sowirka  
 (First row standing L to R) Bill Craig, Tony Barchuk, Co-Captain Art McMahon, John Perotti, Freddie Combs, Brian South, Steve Diacont and Ron Watkins  
 (Second row standing L to R) Harry Billger, Rick Starodub, Mark Capuano, Charlie Tope, Nick Nicklas, Bobby Hall, Jim Coman, Coach Claude "Hoot" Gibson and Art Hudson  
 (Top row standing row L to R) Norm Cates, Ron Carpenter, Marv Tharp, Lee Roy Hamilton, Ben Lemmons, Mike Hilka, Robby Evans, Pete Bailey, Don Bumgarner, Mike Hilka and Richard Chapman



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## ...25 Years of Trust

continued from page 3

issues or challenges they were facing to the group so the group could then provide input, and possibly, even solutions. When it was my turn, I had a flip chart and a magic marker in hand. I explained to the Roundtable members that, because my wife, Ilena, had opened an antique store and she would be working many afternoon and early evening hours there, my son, Justin, age 8, was going to be coming home to an empty home after school each day because I would be at my clubs. I was not happy with that situation at all, and I had decided that I would figure out a way to keep that from happening. I explained to the Roundtable that **my purpose and mission** while appearing in front of them that day was to *identify a new business in our industry that I could create and operate out of my home so I would be able to become a 'Mr. Mom' for my son, Justin. My goal was to be there for Justin when he would leave for school in the morning and when he'd come home after school.*

The Roundtable group came up with a list of about ten new business ideas, and one of them was a newspaper for the owners of health and fitness clubs. The *late Jane Beusman* said it best when she said this, and I quote her, **'I think our industry needs a new publication that is irreverent, outspoken and that Tells-it-like-it-is.'** I immediately told the group that's something that I could do, and that's how the **idea of CLUB INSIDER was born**. Three months later, at another Faust Roundtable #1 Meeting in DelMar, California, we proceeded with the task of creating a great name for this new publication. This was also amazing to be a part of. At one point, nine out of the 14 Roundtable members who were there were throwing out name ideas rapidly when suddenly, the now *late Curt Beusman*, said **'Insider. No... Club Insider. NO... Club Insider News!'** I heard that and said, **'That's it! Club Insider News was born and has been a labor of love for 25 years now!'**

**JC** - What were some of the biggest challenges early on, and how did you combat them? Compared to those early, difficult days, what is it now like to be at the helm of **CLUB INSIDER**?

**NC** - One of the first mistakes I made was to try to launch **CLUB INSIDER** as a newsletter with only subscription income and no advertising. That lasted about two months. Then, I launched advertising in **CLUB INSIDER**, and we've had a great **Advertising Team** ever since. Amazingly, I have one advertiser, **Jon Webster's National Gym Supply**, who has advertised in every edition of **CLUB INSIDER** since the first issue we ever published with his advertising back in early 1994. Other long-time advertisers who keep fueling **CLUB INSIDER**, and who have **ten or more years advertising with the**

**publication**, include: **Planet Fitness**, **The Step Company**, **MOSSA (formerly Body Training Systems)**, **Iron Grip Barbell Company**, **Visual Fitness Planner**, **Donna Krech's Thin & Healthy**, **Sports and Fitness Insurance**, **Susan K. Bailey Advertising** and **JLR Associates**. And, we thank all of our advertisers shown on our **Ad Directory** on Page #30 from the bottom of our hearts for being on our **CLUB INSIDER Advertising Team** all these years. **THANK YOU ALL!**

During the first few years, I was working on a Macintosh computer that I bought for \$100 from a friend, and this was long before the Internet arrived. This meant that, for about ten years, every single word that was published in **CLUB INSIDER** had to be typed by me, transferred via a floppy disk and then laid out on a page-by-page pasteboard by my good friend, **Miss Cathy Brown**, of *Atlanta's Hudspeth Report* and then delivered to our great printer since day one, **Walton Press** in Monroe, Georgia.

Comparing those early days of my publishing career to this day and time makes me laugh. I do remember, however, when one deadline week I worked the following hours: two days I worked 22 hours each day. And, the five other days that week, I worked 19 hours a day. This meant I survived with, on average, only four hours of sleep per day! Now, my publishing world is *totally different*, and because of the high-tech skills of my son, and partner, Justin Cates, my publishing life is truly set for the long haul, and I intend to work a little bit every day for the rest of my life. Justin has gotten things so well organized it is amazing, and I **THANK JUSTIN** for all he does.

I take a little vacation, but not much. Over our first 24 years of publishing, I've probably taken less than 30 days of vacation! In case you've not picked up on it, I'm pretty much of a *workin' nut*, and I'm *always on the job*, except when I'm sleeping, and no matter what day or time it is, including weekends, please always feel free to call me anytime **(770) 635 - 7578**.

**JC** - From the beginning, **CLUB INSIDER** was on the frontlines of helping shape several important events that happened in the health and fitness club industry that we know today. Can you please take us through some of those?

**NC - IHRSA** - First, let's talk about IHRSA. In the beginning the **H** in IHRSA was not there, and IRSA was the acronym for the *International Racquet Sports Association* when our Founders, Rick Caro and I, and five others including *Jennifer Wayt, Curt Beusman, Dale Dibble, Todd Pulis and Peter Donahue* made it happen. In 1993, the then IRSA Board of Directors decided they wanted to change the name of the then 12-year old Association. The problem was that they made that decision and **voted 9 - 0 to do it without consulting any of the IRSA Members. That was a BAD mistake!** They had hired a consultant to help pick a new name, and that name



(L to R) - Industry Veterans Rick Caro, Joe Moore and Norm Cates

was: **'Exercere,'** which is Latin for **'To exercise.'**

Ironically, and I often believe due to divine guidance, IRSA made their name change to **Exercere** announcement within days of when I launched **CLUB INSIDER**. Our 12-page inaugural edition announced the news in an article entitled **'New Name Proposed to Replace IRSA,'** in which I wrote these words: 'How do I like the name? When I first heard the new name, I had to think about it for a while. It sort of grows on you. I had to think about why the new name was important to the future of IRSA. And, while I was doing that thinking, I came to remember that a few hundred years ago, there was another Latin name which was virtually unknown. The name was beautiful, and it was used to describe a place that was blessed and full of opportunity for everyone who came there. Close your eyes and say the name: **AMERICA**. Now, say **EXERCERE**. America was an unknown and strange place. But, the people wanted America to work, and it has. I believe that the name **Exercere** will work too, if the members of IRSA want it to. But, the members must have the final say.'

Then, after IRSA Members and others began to receive the first-ever edition of **CLUB INSIDER**, they began a big-time revolution. **The IRSA Members did not want it to work!** We received fax after fax after fax with protest letters, and I can't count how many phone calls I got from irate IRSA Members. Over the course of the next three months, we published many of their protest letters, and ultimately, the **IRSA Board of Directors voted 9 - 0 to cancel the name change to Exercera!** Then, three months later, the IRSA Board wisely decided to insert the word **'Health'** into the name, making the new acronym we all know today: **IHRSA**. Without question, I will argue forever that **CLUB INSIDER** helped save IRSA from possible destruction because I can't count how many IRSA Members told me they were going to

resign from the Association over this name change because they weren't consulted first. Thinking back, as I said before, I believe this was all divinely-guided.

**BALLY** - The Bally Health Club chain had developed a really bad reputation with consumers nationwide because of their use of high pressure membership sales, bait and switch advertising, and in general, having a reputation of being sleazy operators who'd do anything for a buck. In 1983 or '84, not long after IRSA was born, Bally had attempted to join IRSA but was met with huge opposition from the membership. The opposition manifested itself with the arrangement of a huge protest meeting of the members at the 1984 IHRSA Convention in New Orleans, Louisiana. I will never forget that meeting. 29 people stood up to protest the acceptance of Bally into IRSA. Only one person stood and spoke in favor of admitting Bally into IRSA. That was the end of that for Bally. In subsequent years, **CLUB INSIDER** continued to report on Bally's antics, but all of us who've followed Bally now know that all of their clubs have either closed or were acquired by other operators. The Bally name is no longer part of our industry. **Good riddance.**

**Ohio Peace talks** - In the early 2000s, in Ohio and the Midwest, an operator whom I will no longer mention their name in this publication was conducting itself in a deplorable manner. The Ohio and Midwest operators were up in arms about this crooked operator's methods. In particular, one of this operator's favorite tricks was to train their sales staff to tell new member prospects sitting in front of them to ask the prospective member what clubs they had looked at prior to visiting theirs. Then invariably, (and I know this because I personally shopped a few of those clubs, and I also hired an independent shopper to shop others), the salesperson would say, and I'm close to quoting here, **"Well, you** (See 25 Years of Trust Page 12)

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## ...25 Years of Trust

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**had better not join THAT club because they are going out of business.**" referring to the competitor's club, which was NOT going out of business at all. It was just a **BIG LIE** all of them were telling just to get more membership sales! **Joe Moore**, who owned ten Moore's Fitness Centers in the Dayton area, and I, arranged a meeting of club owners in Ohio. I drove up to Ohio to be there, and at that meeting, the 20 or so club owners who attended all agreed that something needed to be done about this operator. And, **CLUB INSIDER** DID do something, and that was to disclose this operator in print for the crook that he was. At this stage, I will not disclose who that crook was or is, but I know those of you who were at that meeting know who it was. And is. The end.

**JC** - Years after accomplishing your goal of being a Mr. Mom to me during the important formative years of my life, what is it now like to work with me, side by side with truly mutual respect and admiration of each other?

**NC** - This response is short and sweet and true. It's an absolute **JOY** for me that I feel blessed to have received.

**JC** - This year, *Club Industry* was kind enough to bestow its Lifetime Achievement Award on you, and by no coincidence, we began *Celebrating 25 Years of Trust* at this year's Club Industry Show. How did that make you feel?

**NC** - This is another *short and sweet* answer to your question. **It made me feel THANKFUL to the kind folks at Club Industry, and it made me feel PROUD... GREAT and very HAPPY!**

**JC** - The importance of **TRUST** and **MAKING IT FUN** have been hallmarks of **CLUB INSIDER** since the beginning, Edition #1. For those who don't know, please tell us why that is.

**NC** - Let me say this to everybody in our truly wonderful industry. What I'm going to say applies to every single owner and operator across this great land, and frankly, most likely around the world. **TRUST** is the single most important trait that you can achieve in this competitive industry. Just like the crook in Ohio I mentioned before **who was DESTROYING TRUST** in our industry right and left... and just like the **Bally was DESTROYING TRUST**, **any club owner/operator who destroys TRUST in our industry is stealing business from all of you!** If a customer of yours cannot trust you because of something you have done in your club operations, you are NOT going to get their business. Nor are you going to get the **REFERRALS** from their business that you **WOULD GET** had your club not violated the **TRUST** of a customer. It's really that simple. And, one last thing... If you have a crooked club owner/operator in

your community giving both his and your club(s) a bad reputation and damaging the **TRUST** of the health club industry in your market by ending up on local TV or newspapers, then you really need to inform me and let me have a go at him. **Trust me...** when I get through with him, they're going to become **TRUSTWORTHY**, OR they're going to be **OUT OF BUSINESS!**

And, let me mention my favorite phrase: **'Make it FUN!'** One thing I learned and applied to my club operations during my nearly 20 years as an owner and operator was that I taught my staff members to be friendly and make it fun for our members when they arrive by greeting them warmly with a big 'Hello' or 'Welcome.' And, another thing I routinely did in all my clubs was that, each month, in each club, I would produce a **'Member Appreciation Party,'** typically held on a Thursday night. Now, over the course of 25 years of publishing **CLUB INSIDER**, we have published small ads that read: **'Make it FUN!'** We have published these words with the intention of swaying the thinking of all of you who read **CLUB INSIDER** to the side of *being sure* that your club **IS FUN** and that working out is recreation and is NOT just hard work! Now, through the efforts of **Mike Alpert**, we have also now adopted **'Exercise is Medicine'** to our short list of slogans.

**JC** - What can this industry expect from Norm Cates, Jr., the man of many hats, in the future?

**NC** - You can take this to the bank:

**1. YOU ALL** are always going to be able to **TRUST me and Justin** to look out for **YOU and your club businesses** as well as we possibly can.

**2.** You can expect to continue to receive **CLUB INSIDER** every month in print and online, and each edition will provide **great educational Cover Stories** and **extremely helpful articles written and contributed by our excellent Contributing Author Team...** articles that address the disciplines in our industry in a manner that is understandable and immediately applicable to your operation. And, you can expect us to continue selling advertising to new buyers, but with this pledge to you all that we **WILL NOT** accept any advertising money from anybody who's selling a product or products that are not good for you and your club. Sure, we want to make new advertising sales, but we **DO NOT** intend to risk your future in any way by promoting a company that does not deserve your business and that could potentially harm you and your business.

**3.** You can expect me to be ready for the day when yours truly finally bites the dust and goes to the Happy Hunting Ground, by year-in and year-out working with and mentoring my super son, **JUSTIN CATES**.



The Cates Family - Ilena, Justin and Norm

That's my story and I'm sticking to it!

### An Interview With Justin Cates, Assistant Publisher of CLUB INSIDER

**Norm Cates (NC)** - Justin, you have been a very integral and important part of the success of **CLUB INSIDER** in our first 24 years. So far, what's been the highlight for you with this special work on **CLUB INSIDER**?

**Justin Cates (JC)** - With the exception of this moment, *Celebrating 25 Years of Trust*, I would say my highlight is not an event but a thing, the key ingredient that makes this whole deal work, and that is the people. When I made the decision to pursue this business full-time out of college, I started fresh. Except for you, Dad, I had no real contacts, only a handshake and a smile. At the first few conventions and trade shows I attended, I was a bit of a deer in the headlights. There was so much to see and so many people to meet. Now, with 25+ conventions, trade shows, workshops under my belt, I can honestly say I haven't just made business relationships with my colleagues, but I have created friendships. Whether it is talking about our golden retrievers with Jennifer Urmston, hearing Warren Webb's latest joke (which are hilarious by the way) or hearing about Ed Tock's son's baseball season (because I used to play ball as a catcher), getting out of the home office is a true joy of mine. It is a reunion every time. The people are the key ingredient of this incredible industry, and I am so honored to be among them and serve with them, so to speak.

**NC** - Tell us about your thoughts, as you've evolved in this business with me, and as your importance to our Team has grown and grown and grown?

**JC** - As a child, you always hope you live up to your parents' expectations. And, though I am not a parent, yet, I can imagine the hope is that your child will always see you as a trusted guide in life, whether he is

three years old or 30+, while also having the humility to learn from them as they mature, become wiser and prove themselves as adults. When you add business to this equation, it simply extends those two paradigms across a broader scope. Before, you have taught your child the basics of going to the bathroom, riding a bike, respecting others, etc. Now, in business, you are showing them the ropes of how the business and the greater industry operates, and in turn, if your child, now business partner, has earned your respect and trust, you might learn some things from them to make the business and the industry better. Maybe it's a better, more efficient way of doing things, a product category you had not thought about or an introduction to someone you never thought about talking to.

So, to answer your question, after those 18 years or so of being a child, then college to test those adulting skills (except during fraternity parties and football game days, haha!), and now, going on ten years as a business partner, we have built a respect and trust for each other that I will always cherish. That, in turn, has allowed us to function as a true TEAM, learning from and bouncing ideas off each other. Writing is an intricate task, so we are always double-checking each other, not leaving one comma or period out of place. And, most importantly, we know we have each other's back no matter what, which is something truly special.

**NC** - What are your thoughts about the future for **CLUB INSIDER**?

**JC** - One word: **EXCITING!** As I look back on my first ten years, I spent a tremendous amount of time learning, as well as working to evolve this publication into what I felt it needed to be in this day and age. I don't ever plan to stop learning or evolving **CLUB INSIDER**, but I'm excited for us to be in a position where I feel we can better grow the various products we

*(See 25 Years of Trust Page 14)*

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## ...25 Years of Trust

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now offer. In addition to our monthly printed edition, which is all we had when I started, these include the online versions of our publication, our website-based news feed, **CLUB INSIDER Weekly** and **Monthly** eblasts, eBooks featuring curated content and additional rich media from our incredible *Contributing Author Team*. For us, these vehicles offer much more value for both our subscribers and advertisers, so the future is bright as we continue to chronicle the history of this great industry as it happens.

**NC** - Speaking of the history of the industry, please tell our readers about **our truly amazing CLUB INSIDER Archive Library** that you've so very successfully created using our first **287** monthly editions. Be sure to tell them how you got our first 4,000 pages (out of 9,500 pages we now have online.) into an online format.

**JC** - This was a pet project of mine that I felt had importance, maybe the scope of which we haven't seen yet. Literally growing up with the publication all around me because it was a home-based business, I always soaked it up subconsciously, albeit not understanding it because I was too young. But, that drive to learn about my father's project in life was always there. As I got older and learned about this incredible industry, *something in me insisted that this catalogued history needed to be preserved for all time.*

For editions that were printed

from 2002 to present day, this was easy because everything was delivered to our printer in PDF format (instead of old school printed materials that had to be shot by a mounted high-resolution camera), so I started with those editions. But, what about the first nine years or so? Well, thank goodness they make oversize 11" x 17" scanners. I purchased one and began physically scanning one edition a day, page after page, for as long as it took me. Then, all of those scans were properly placed and sized inside our layout software to create PDFs like those you would see for our more modern editions. Finally, everything was then placed on our website and accessible with our paid subscription options. For paid subscribers, overnight, they went from having access to the 12 editions of their paid subscription to every edition (287 so far) we've ever published. That's a pretty good deal!

To close this comment, *I view CLUB INSIDER as a keeper of this industry's incredible history. It goes without saying this industry's history will only grow as time passes, but what is important is to learn and respect that history, use it as a guide for the future and pass it on to the generations that are coming.*

**NC** - I want to address **the future of CLUB INSIDER**. I want you to tell our readers how you and I've discussed what's going to happen when I kick the bucket... and how you're then going to proceed with **CLUB INSIDER...** with **THEIR continued involvement and help!**

**JC** - As our readers are about to see in *Club*

*Industry's* **Anthony Dominic's** profile on you that follows, he coined the nickname for you, 'A Man of Many Hats.' Well, I happily self-coin the nickname for me, 'A Man of Many Tasks.' All of my life, I have been very task-oriented. The purpose of a task is to be completed, and once it is, I move on to the next task. As a monthly publication, in essence, **CLUB INSIDER** is an endless circle of repeated tasks that we strive to go on into perpetuity. Almost every day of the month has a primary task (as well as secondary daily tasks) for me to accomplish, and I wouldn't have it any other way.

So, to answer your question, as the respect and trust for each other I spoke about earlier has grown, I have requested and you have been confident enough in my abilities to shift additional responsibilities and tasks to me over the course of the decade. So much so that we joke that you don't really have anything to do but collect the money and write *Norm's Notes*, plus write 4 Cover Stories per year. As you have already passed retirement age and have made it adamantly clear you won't be retiring until the natural course of life intervenes, that is a great recipe for longevity!

However, when that day does come, **CLUB INSIDER** will continue on, and as Forrest Gump says, 'That's all I have to say about that.'

• • •

Ladies and gentlemen, this concludes the interview portion of **CLUB**

**INSIDER's 25th Anniversary Cover Story.** We're now going to move on to a reprint of *Club Industry's* fine article about yours truly, written by **Anthony Dominic** and entitled: **"A Man of Many Hats."**

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

*(Justin Cates is the Assistant Publisher of **CLUB INSIDER** and grew up in the health and fitness club industry. Justin was born into a club business family in 1985, and from the age of eight, he spent his non-school and sports hours in a home that doubled as **CLUB INSIDER** Headquarters. He has lived and breathed this industry for 32 years, since his own day one. Cates graduated from the Terry College of Business at The University of Georgia in 2007 and then went on to two years at The Art Institute of Atlanta, where he studied Interactive Media Design. Now, he is an integral part of the "Story" of Norm Cates and **CLUB INSIDER**. Justin can be reached by phone at **423-314-4310** or email at **Justin@clubinsideronline.com**)*

## A Man of Many Hats:

*Through CourtSouth, IHRSA and Club Insider, Norm Cates Has Devoted a Lifetime to the Club Industry*

**By: Anthony Dominic**

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If one is to tell the story of how Norm Cates helped revolutionize the health club industry, there is only one logical starting point: the 1973 oil embargo.

It was a cooler-than-usual October in North Central Georgia, and Cates was beside himself. A world away, the Yom Kippur War was raging, and OPEC was playing gasoline hardball with the United States. Per-barrel oil prices doubled, tripled and eventually quadrupled. Shockwaves fired off in every direction, even rattling the U.S. airline industry.

Cates, a then-27-year-old Southern Airways pilot, was among 40 new aviators

who were handed a 4-year layoff. It was an abrupt ending to a journey that had been years in the making. Aviation is in Cates' DNA. His father was a B-17 gunner in World War II's Pacific Theater, and Cates grew up as a proper Air Force brat, bouncing from base to base, city to city. (Or as Cates, ever extroverted, tells it with a laugh: "I never met a stranger.")

Except Cates was now a stranger to even himself. If he wasn't a pilot, who was he?

A certified public accountant named Ray Irwin held the answer. During Cates' layoff, the two men met incidentally while waiting for a racquetball court at their Atlanta apartment complex. Irwin was property-savvy and had hatched a business plan to open his own racquetball club in the city. Cates liked the idea. It was the height of U.S. racquetball craze, and Cates needed reliable income. More importantly, he needed a purpose.

In 1976, Cates and his partners—Irwin, Rich Boggs and Fred Streck—launched CourtSouth, a racquetball-club

company that was among the first of its kind in the American Southeast. Cates, the once-unlikely club owner-operator, found himself knee-deep in a young but rapidly expanding industry.

Forty-one years later, he remains one of the industry's greatest patrons, and one of its most influential leaders. For Cates, this year's Club Industry Lifetime Achievement Award recipient, CourtSouth was only the beginning of a long and storied career—one that is intertwined with the maturation of the very industry itself.

### A New Calling

The oil crisis came and went, and Southern Airways eventually called Cates back to work. But things had changed. He was now a successful racquetball club operator, whose first facility attracted 5,000 members in its first 90 days of business.

In a pivotal moment, Cates resigned without remorse from his job at Southern Airways (which later became Delta Air Lines).



Pamela Kufahl Presents Norm Cates With Club Industry's Lifetime Achievement Award

"It turned out, I had just made up my mind," he said. "I wanted to stick with what we were creating. I resigned because I thought I could have more enjoyment with [the club business] if I stayed with it. I could have made a quarter-of-a-million dollars [a year] as an airline pilot. But one (See *Man of Many Hats* Page 16)



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## ...Man of Many Hats

continued from page 14

of the things I learned—money's not the only thing that life's about."

With CourtSouth, Cates and his partners felt like they were "steering their own ship." If they were going to be successful, it would be because they had made the right moves. If they failed, it would be because they hadn't. These notions of freedom and responsibility took Cates back to his years as an offensive lineman at North Carolina State University, where he was a First Team All-Atlantic Coast Conference and Honorable Mention All-American.

Even though Cates was as an All-New York State football player in high school, he had been told he was physically too small to find success in Division I college football. For the young athlete, this was a challenge, not a deterrent. Cates' high school coach had taught him that the harder you hit, the better your chance is of winning the game. In other words, sheer intensity and passion will determine your successes or failures—in football and in life. Cates saw the club business in the same light.

"We ended up being successful in the club business," Cates said. "We made a dent in the marketplace in Atlanta because we created a new product mix that wasn't really there until we got started."

By today's standards, the clubs were simple facilities—courts, spas, locker rooms. But for years they served a growing demand and were noteworthy for being among the first of their kind in the country.

"One important thing they did—they licensed the [CourtSouth] name and some systems and expertise so people could create clubs in other areas with background and assistance but without Norm's team having to be on site full-time," Rick Caro, president of consulting company Management Vision and longtime friend and associate of Cates, said.

The partners expanded to nine locations before splitting the business in May 1981. The men left club-by-club ownership to fate, electing to draw names from a hat. The upside: Cates drew Lenox, the newest and, rent-wise, cheapest club in the lot, located in Atlanta's bustling Buckhead district. The downside: The greater racquetball club business was dying.

By the end of the decade, many once-thriving clubs were struggling to attract and retain members. Financially, it was disaster, prompting many clubs to close. (An old, pessimistic industry adage went: "Racquetball is easy to learn and easier to forget.")

Cates, however, was not so willing to wave a white flag.

### An Industry Takes Shape

In 1980, Cates was elected president of the National Court Club

Association (NCCA), an organization that served racquetball club owners. He also had ties to the National Tennis Association (NTA), of which Rick Caro, a fellow NCCA board member, was president.

The then-fledgling fitness industry lacked the infrastructure it has today—trade shows, media outlets and robust associations. The NCCA and NTA conventions and trade shows were among the only forums in which club owners and operators could gather and exchange ideas. It was a beautiful thing, Cates said. Strategies were fleshed out. Trials were scrutinized, and triumphs were celebrated. Most importantly, the best ideas floated; the weakest sank.

The meetings helped birth the multi-use club concept—a remedy to Cates' problems in Atlanta where his club had 16 courts. It was a simple but progressive idea—converting courts into exercise spaces—which many NTA clubs had already begun to implement.

"I ended up hiring a crew, and we got in there and tore down 12 racquetball courts with me personally swinging the sledge hammer every day for two weeks and with my team of workers hauling the busted cinder block walls out piece by piece in buckets," Cates said. "Three weeks later, we were converting those 12 former racquetball courts into aerobics studios, an expanded Nautilus space and free weight rooms. I also put in 30 Lifecycles and 30 more Lifecycles in my Downtown Athletic Club."

Cates knew better than anyone that operating a club could, at times, feel like living on an island. Although he was quickly realizing that formalized associations could not only support club solutions, but could also create a real community of like-minded entrepreneurs.

That year, 1980, Cates announced to the NCCA membership his goal to double the association's club membership from 400 clubs to 800 clubs by the end of his term. It was an ambitious endeavor that caught the attention of Caro.

Caro was concerned that neither the NCCA nor the NTA were reporting strong membership growth. The Boards' efforts were also becoming redundant. So he approached Cates with the idea to merge both groups into a single association that would also serve the growing number of non-court club operators.

At least four nights a week for a stretch of six months, Cates and Caro discussed this dream association over the phone. With Johnny Carson playing quietly in the background, they would talk logistics, memberships and big-picture goals.

Caro organized an exploratory meeting in Chicago in late 1980, where Cates introduced their concept to five key industry players: Todd Pulis, Peter Donahue, Jennifer Michell Wayt, the now-late Curt Beusman and the now-late Dale Dibble. Everyone was in agreement.

Weeks later, the seven colleagues



Norm Cates as a United States Air Force Jet Pilot

met at Caro's New York City office, where they named and christened the new group: the International Racquet Sports Association, or IRSA. (An "H" for Health was added to the acronym in 1994, making it the International Health, Racquet and Sportsclub Association.) On the spot, the founders wrote bylaws, outlined the first trade show and strategized how they would formally wind-down and combine elements of the two existing associations.

The pillars of IRSA were as follows: to provide education for club operators, to support club memberships worldwide, to support regional associations and to produce a trade show. These had been the basic tenets of all of those late-night conversations.

Early on, the "IRSA Seven" also tapped John McCarthy as executive director and Chuck Leve as director of associate members.

Most symbolically, the group elected Cates to be IRSA's first president, serving for the 1981-1982 fiscal year. In theory, it provided organizational continuity. The ex-Air Force brat had become a familiar face and name to many. Cates is gregarious by nature, never hesitant to walk right up, shake a hand and say hello. ("I don't make friends; I make life relationships," Cates said.) This quality made him an effective club operator and a respected association leader.

"Norm always worked well with partners," Caro said. "Some people are classic individual entrepreneurs, but Norm was always comfortable in a cooperative environment, one where he worked with others. He was always a committed guy. That may come from team sports."

"More importantly, he's someone who once he gets down a path, that's the path," Caro continued. "There's no alternative. He's so committed he's going to find a way to put a flashlight through a tunnel and hopefully find the end. There is no obstacle he won't overcome once he's down the path. ... Following through,

meeting deadlines, finding ways to succeed when dollars were limited—this drives him further down the path."

### Shifting Responsibilities

By 1993, Cates was stretched thin. Not only was he still involved with his clubs and associations, but he now had a young son, Justin, and he and his wife, Ilena, were opening an antique store in Roswell, a suburb of Atlanta. After much deliberation, Cates devised a plan to combine the two most important aspects of his life by starting the industry publication Club Insider.

The monthly tabloid was Cates' solution. He could work from home and spend quality time with Justin, while still serving the fitness industry with the business-to-business-style publication.

Cates shipped 2,500 copies of the 12-page inaugural issue to the 1993 Club Industry Show, where he estimates he gave away 2,300.

"All we wanted to do was help everybody in our industry, both sides of the bunch, do better," Cates said of Club Insider, which has since published 284 issues in 24 years. "It's the theme of my life—football, U.S. Air Force jet instructor pilot, airline pilot. Everything has gone back to the need of working hard to get better."

Club Insider is not an ordinary journal. It's true to its name. The voice and style reflect the man behind the pages. Cates writes to the reader as if they're "sitting together in a bar drinking a sarsaparilla," he said.

One of the monthly's staples is a column titled "Norm's Notes," where Cates calls the good, the bad and the ugly as he sees it. He regularly uses the platform to spotlight unsung heroes in the industry.

"He's exactly who he says he is," Caro said. "No filter. He wears his heart on his sleeve. And he's not been afraid to take (See *Man of Many Hats* Page 18)

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*-Steve Block, Operating Partner, Crunch Fitness*

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## ...Man of Many Hats

continued from page 16

hard stances where he felt others had hurt the industry. His publication is aimed at the little guy."

The fitness industry aside, Club Insider proved to be more than a stay-at-home-dad job. It turned into a bonafide father-son business. Since the 1990s, Justin has graduated from envelope-stuffer to president and assistant publisher. He even outlined the future of Club Insider's business model in his 2007 University of Georgia business college senior thesis project.

"Justin is the finest partner and son any father could possibly hope for," Cates said, "and he, too, has been making Club Insider better and better and better."

The publication and the industry it covers have been integral parts of Justin's life for as long as his memory serves. He can recall spending early mornings in his Dad's clubs, drying and folding towels and making sure the pools' chlorination levels were just right. He remembers playing with LEGOs while his dad, seated nearby, pecked away at the next issue of Club Insider.

"You can have all the passion in the world, but if you don't have the focus to execute it, it doesn't come to fruition," Justin said. "[When I was a kid], we

focused on vocabulary every week. I would have 25 words, and my dad would have me sit on the couch and recite every definition and word spelling over and over."

"You [have] to have focus and a hard work ethic," Justin said, "and if anybody knows that it's my dad, no matter what he's doing."

### Lifetime Achievement

Despite having fallen into the fitness industry by pure chance, Cates' passion for his work is boundless. When asked to speak about his career, he is overcome with emotion. Cates describes it as a "true love story," and one that is far from over.

"My love for this industry comes across every time [an associate] is with me," Cates said. "It's a relationship thing, and I don't know how to put it into words. There are people in our industry—if you need help, and I've got to get in my car and drive nine or 10 hours to get there, I'm going to be there the next day."

If Cates' reputation doesn't precede him, Justin said you can learn everything about the man by watching him walk across a trade show floor. (Cates' signature cowboy hat gives him away in any crowd.)

"He can't go 10 feet without being stopped," Justin said. "Everyone wants to

greet him and shake his hand, and he has something nice to say to them all. He's one of the kindest and most charitable people I know, and he's not making millions of dollars doing what he does. Simply because of his passion, he truly has made a difference for clubs and the communities they're serving."

"He's a big old teddy bear at the end of the day," Justin said.

Caro said Cates, at his core, is a people person. It shows in Cates' great attention to the little things, such as customer service and employee training. He loves connecting with others and laying down roots, Caro said, perhaps because he was constantly moving as a kid. It was a hectic lifestyle, but it also helped him develop socially and emotionally in ways few people do.

"Norm always wanted to be grounded, and he has found that in our industry," Caro said. "He's lived in the same house for 20-plus years now. He has his exercise routine. He goes for routine walks by the river. Norm has a very established concept of how to organize a life."

Cates' humility and hustle harken back to his first job as a newspaper delivery boy in the ninth grade. If earning a paycheck meant waking up at 5 a.m. and hopping on a motor scooter, that's exactly what he would demand of himself.

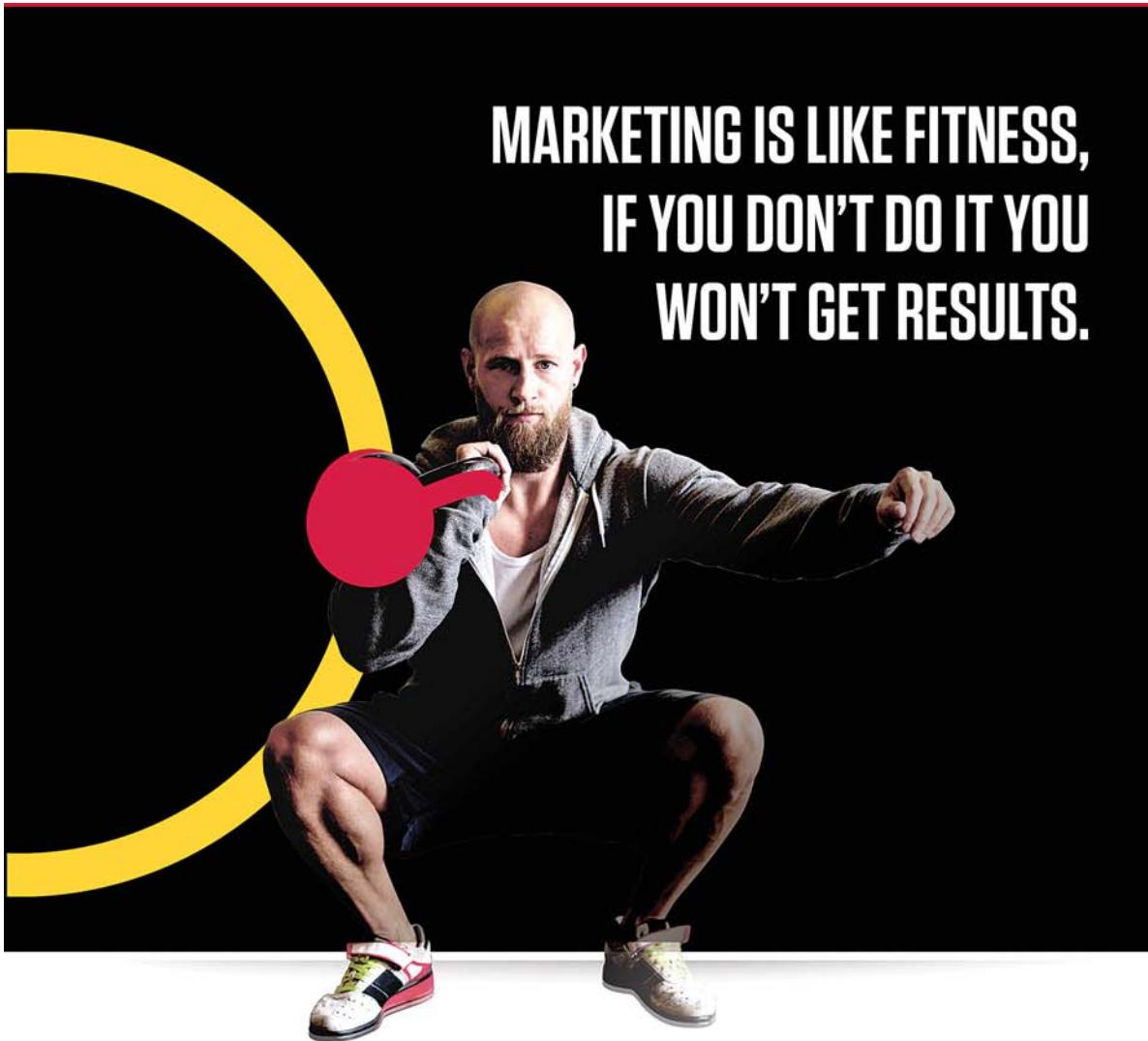
"I never had a moment when I thought I was not going to flat-out succeed," Cates said. "I've lived my life that way. I also attribute it to my experiences in football. You've got a choice: You're going to get your ass whooped, or you're going to whoop ass. Unfortunately, that's how life is. But the choice is up to you."

Cates remains energized by the continued growth and diversification of the health and fitness club industry. At the same time, he is wary of the many challenges its practitioners face, especially for independent club operators, who must navigate in a world saturated with studios and chain health clubs.

In the 1970s and 1980s, independent club owners were more of the driving force in the industry than they are today, Cates said. Independent club operators, who often are married couples, put their entire lives on the line with their club business, working hard to make it as good as it can be. But, he admitted, whether a club is independently owned or not, its operators must have a rock-solid foundation in customer service if they are to succeed in the long term.

Cates learned some of his greatest lessons from former Mr. America bodybuilder and independent health club owner Red Lerille (the recipient of the 2011 Club Industry Lifetime Achievement

(See *Man of Many Hats* Page 19)



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**...Man of Many Hats**  
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Award), who always emphasized customer-service basics. Say "hi" and "bye." Commit members' names to memory. To club operators, Cates asks: "Are you relationship people or numbers people?"

Cates credits part of his entrepreneurial spirit to Caro, whom he often calls "the industry's best friend."

"I invite you to try to find anybody who could reach the threshold of having helped as many people as Rick Caro has helped," Cates said.

Though he is reluctant to admit as much, Cates has also helped many club operators through his advocacy with IHRSA and his examination of the industry with Club Insider.

"After they put me in a vase and I've gone to the Promised Land, I want to be known as a person who truly gave a serious hoot and as a person whose passion on this earth was to help people in this industry get better," Cates said. "Because that's it. Period. I'm not trying to fool anybody."



Anthony Dominic

(Anthony joined Club Industry in September 2016 and covers fitness industry news, in addition to administering the brand's e-newsletters, social media and sponsored content. Anthony previously worked as an assistant editor at Dispatch Magazines in Columbus, Ohio, where he earned an Excellence in Journalism Award from The Press Club of Cleveland for feature writing. He also won numerous grants and accolades during his tenure as editor-in-chief of The Burr, Kent State University's student magazine, including a William Randolph Hearst Award. In 2015, Anthony was published in "Car Bombs to Cookie Tables," Beli Publishing's fifth narrative nonfiction anthology about the storied Rust Belt city of Youngstown, Ohio—located just north of where Anthony grew up. Anthony is an avid follower of boxing and basketball, and spends much of his time reading, writing, climbing and mountaineering.)

# The Fitness Industry Undergoes Seismic Shifts... Again

By: Daron Allen

Times, they are a changin'. With the maturity of the high-volume, low-price (HV/LP) model and the explosion of boutique fitness, established clubs are seeing same-store sales become flat.

Clubs are starting to see the volume of consumers who flock to the low-price membership options begin to decrease, creating significant concern around this business model.

After running the HV/LP model, clubs are left asking themselves, "Where have all my best customers gone?"

They have found a new fitness experience that is cost-effective, fun and creates a sense of community. i.e. CrossFit, SoulCycle, Orangetheory... the list goes on and on.

So, with member volume decreasing and high-ticket customers

leaving for boutique fitness, what is the club operator left to do?

**Compete**, and not only compete, but compete at such a high level that it restores the profitability to fitness.

How is this being done? By continuing to offer low price memberships and UP-selling fitness (i.e. team training) at the point-of-sale for an increased monthly fee.

The low price entices volumes of prospects, and the fun and community of team fitness, if done right, is attractive enough to increase the average ticket sale significantly.

The name of the game is increasing the average revenue per member. By having a three-tier offering, with the significant value in the highest-priced third tier, the best operators are finding that their average ticket price is significantly increasing.

This can still be a difficult play if your sales staff has been in the high-volume model where they were essentially order takers and are now asked to sell fitness.

Asking sales staff to change not only the offering but the pricing, the time they spend with a customer and the education they must deliver to help the customer make a more expensive purchase can be a significant undertaking.

**Don't reinvent the wheel.** One of the best operators told me he likes to do R&D, Rip Off and Duplicate. There are systems already in place that have been proven to rollout, deliver and train with proven KPIs that you can anticipate during the ramp up and mature phases.

If you would like more information on how you can improve your same-store sales and average price per member by offering a third-tier membership, please contact us at [VFP.us](http://VFP.us).



Daron Allen

(Daron Allen is the President and CEO of Visual Fitness Planner, and he can be reached at [dallen@vfp.us](mailto:dallen@vfp.us).)

# Eight Ideas for Getting More Active Monthly Gym Members

By: Jim Thomas

Interested in getting more members at your gym or fitness center? Here are a few tips for increasing your sales, members and revenue:

**Use an Easy Booking Platform** - Use an online platform where members can easily create an account and book spots for classes and training sessions. People will be a lot more inclined to sign up when they can do it easily from their computer or phone. Make sure the site is mobile friendly, or go the extra step and develop a mobile app.

**Use an Easy Payment Process** - Make sure that members can pay their bills easily. Set up a recurring membership option, which will bill automatically each month. This will bring in more recurring revenue. Offer discount prices when people sign up for a 6- or 12-month period.

**Get a Doctor Referral** - Getting a doctor to refer patients who need help with weight loss or other health issues to your gym will bring in a whole new stream of new members. This will take some time, as

you'll have to develop a relationship with the doctor and get them to trust you. You'll have to show them how people have been helped by your gym and give them an inside look into what your fitness center offers.

**Use an Exit Survey** - You will always have people who will cancel their monthly membership. This is unavoidable, but you can certainly decrease the number of people who leave by fixing the things that are bothering them. Create a survey that asks canceling members what you can do better.

**Start a Referral Program** - Get existing members to refer their friends and family. It's important to offer a meaningful incentive. One idea is an extra month free if they get someone else to sign up for a full paid month. You won't lose any revenue this way, and you'll get more recurring members in the long run.

**Offer a Free Trial** - There are a lot of people who are probably interested in your gym but don't yet know if they'll like it. Give these people a chance to try out your gym by offering them a free trial. It can be for a week, for a month, or you can offer

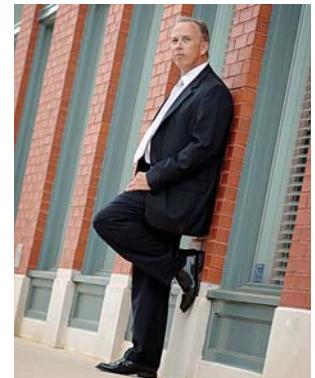
one day a month when non-members can use your gym... whatever works for you.

**Offer Coupons and Deals** - Offer coupons and deals on a regular basis to increase your retention rate. You can do this via social media or email, but the easiest way is to set up a texting system where members can text a 5-digit number to sign up. Send them regular deals and promotions, such as free or discounted classes.

**Offer Unique Classes** - Don't just offer the same boring classes that every gym has (of course, you should have the basic classes as well). Look around and see what's missing in the gyms in your area. Take surveys and see what kinds of classes your members want.

Now, go get more new members!

(Jim Thomas is the Founder and President of Fitness Management USA Inc., a management consulting, turnaround and brokerage firm specializing in the fitness and health club industry. With more than 25 years of experience owning, operating and managing clubs of all sizes,



Jim Thomas

Thomas lectures and delivers seminars, webinars and workshops across the globe on the practical skills required to successfully overcome obscurity, improve sales, build teamwork and market fitness programs and products. Visit his websites at: [www.fmconsulting.net](http://www.fmconsulting.net) or [www.jimthomasondemand.com](http://www.jimthomasondemand.com).)

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Michele Glaeser - General Manager,  
Adventure 212 Fitness



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Jenna Breen - Fitness Director,  
Penfield Sport & Fitness



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# Eight Steps to Designing Your Niche Program

## Part II

By: Casey Conrad

In last month's article on designing a niche program for your facility, we focused on the first four steps. These included deciding on a niche category, determining the length of the program, establishing measurement guidelines, and outlining the exercise component. In this article, we will address the final four components: creating educational elements, marketing, conversion strategies and improvement strategies.

**Step 5. Educational Elements.** Although it is the 5th step in the process, experience has allowed us to realize that incorporating educational elements into any niche wellness program is critical. Remember that individuals participating in many of these programs are not fitness people; they have a health concern and are seeking answers to their issue. Whether it is diabetes, joint health or better sleep, an individual wants to make health improvements. Therefore, behavioral change at some level is necessary.

The behavioral change model has six stages: pre-contemplation, contemplation, preparation, action, maintenance and termination. The two primary things that push someone from one stage to the next are significant emotional experiences and/or education. Very often, individuals begin a program (or make a purchase) because of a *Significant Emotional Experience* (S.E.E.). For example, seeing a current picture of themselves is upsetting, or they receive a negative report from their doctor, or perhaps, an event like a wedding, class reunion or vacation is approaching. S.E.E.s are great for initiating a start, but often, they lack the long-term motivation, especially when a deadline passes. We know, therefore, that education creates a strong "stickiness" factor for change.

What type of education are we referring to? Anything that will help the individual better understand his issue, the causes AND the potential solutions. Therefore, if you were to run a program for diabetics, the education would include understanding exactly what diabetes is and the two different types, and then, you would go through dietary, exercise and lifestyle factors that contribute to either more problems or better outcomes. Within each of these categories, there is a plethora of information that can be covered. Based on the timeframe of your program, you can adjust the amount of education up or down.

The most important aspect of your educational elements is that they are "evergreen." In the marketing world, evergreen means that the content lasts for a very, very long time. With my clients,

I take that concept one step further and encourage them to get the content online in a webinar format. Doing this ensures a "one and done" approach and completely removes the issue of hosting live events where attendance is the scary unknown! In addition to removing live event stress, another benefit of webinars is they can easily be put into an auto responder program that delivers content to participants in a specific time sequence. This accomplishes several things:

1. It keeps a slow drip of contact between you and each participant so they feel attended to.
2. It breaks the information up into smaller, bite-sized pieces that are easy to consume (15 minutes or less).
3. Most importantly from an operational standpoint, an auto responder allows you total flexibility to start new members at any time; no waiting for the next 8-week program to begin! This is really nice.

I am NOT saying that you should have no group interaction. To the contrary, getting program participants connected to more staff and others will only help conversions. But, you can do this with things like weekly "Social Support Groups" where people are more likely to show up when it's light and fun.

**Step 6. Marketing.** Of course, nothing gets sold without some kind of marketing. We have had the best results in launching these wellness programs when we begin our marketing to existing members and their friends and family. Having a multi-pillar marketing approach is always a best practice for anything but especially when launching something new. At minimum, this would mean several internal marketing efforts such as signage, tri-fold brochures, email blasts, referral incentive with members, and perhaps, even an online or live event explaining the program. This would allow both members and non-members to get all their questions answered in a comfortable, non-sales environment.

If your club is currently marketing to corporations, wellness programs provide the ideal platform because they are short term, measurable and affordable. Tapping into a few key accounts for the launch of your new program could prove to add some sales.

One often forgotten aspect of marketing is press releases. Certainly, sending out a release to local media is prudent, and there are many online press release services that offer free submissions. They are slower in obtaining search engine rank, but given it is costing you nothing, it is a no-brainer.

For many operators, it's best to hold off on any external marketing until one "test run" of the program has been completed, but your future marketing efforts should consider including Facebook ads. The "similar audience" and remarketing aspects to Facebook, combined with the low cost per impression, makes using this medium fairly simple. Yes, there is a learning curve, but it's worth it.

**Step 7. Conversion Strategies.** The ultimate goal of all program marketing is to attract new prospects to your facility who become long-term members after completing a program. We have a 3-step success strategy system for maximizing conversions: launch, integrate, ask!

The launch is a critically important aspect of starting your program participants off on the right foot. Every detail from the first contact is going to be evaluated by the savvy consumer. Prompt phone calls, professional tours and low-key sales approaches help to create a rapport and level of comfort. Program orientations and/or initial workout appointments will ensure every individual knows how the program works, what is expected of them and fully understand all aspects of the program from a workout or attendance standpoint.

When it comes to the integration part, there are a number of important steps to take. First, something as simple as having color-coded program cards help to ensure participants can be easily identified by any staff member, hence looked after in an extra special way. Attendance is an absolute must, along with intervention strategies if a participant doesn't show up for a meeting, class or workout. As we've already discussed, the educational piece helps to build awareness and value for your program and the results they can attain. The keys are ensuring each participant feels connected to the facility community and is doing the program, so the outcome is positive.

Finally, there is the "Ask." All too often, operators do a great job with the launch and integration but are weak when it comes to the actual conversion itself.

As part of the launch process, participants should be receiving a timeline of their program, which should clearly convey to them during enrollment when the program ends. Whether it be via email, snail mail or in person, all participants should receive a communication letting them know that their program is almost up and outlining their options for them to continue. Of course, having a call to action incentive will be helpful in getting them to make a buying decision before their time has completely expired. This is important because it is much easier to talk to someone



Casey Conrad

about continuing when they are in front of you than over the phone or trying to get them electronically. Bottom line, you must literally convey to them, "We want you to become a member," and offer them a strong reason to buy now.

**8. Tweak, Rinse and Repeat!** The first time you run a program, there will be things you quickly identify that need to be adjusted; this is totally normal. In fact, it may take several rounds of any program to get it perfected. The bottom line is that you should have regular meetings with those staff members involved in the program and monitor key KPIs (attendance, results and conversions at a minimum). Ask for feedback from both frontline staff and participants as you go to ensure you actually get timely feedback. Sometimes, you can make adjustments mid-stream while others will require you to wait until the next round begins. Once you have made your tweaks, you simply run the program again and repeat the entire process. Once you have perfected a program as best you can, use that template to add another program to your offerings. Your goal is to have a handful of niche programs that attract *new to fitness* prospects each and every month. For most club operators, adding programs that could generate 10 - 20% more sales each month ends up being the difference between barely making sales quotas and having great success.

Like anything new, "The first is the worst!" We are entering a slower time of the season for member traffic. November and December are great months to work with your team in creating a new niche wellness program and working out all the details so it can be utilized in the first quarter of the New Year. (Casey Conrad is the author of numerous industry publications on sales and marketing. She has been an international presenter for 27 years. Learn more at [www.HealthClubSalesTraining.com](http://www.HealthClubSalesTraining.com).)

## Jeff Stokes, Vice President of HYPOXI North America, Weighs In

By: Norm Cates with Jeff Stokes

**CLUB INSIDER (C.I.)** - Jeff, let's get right to the question at hand. Our industry is a very competitive industry, and because of that, every move a club owner/operator makes must be *smart* and *well-considered*. So, let's analyze, item by item, exactly **WHY** our readers should purchase HYPOXI Machines and install

them in their clubs. Certainly, we can focus on what a great machine HYPOXI is, but for purposes of this conversation, let's focus on **what HYPOXI can DO for their club(s) FINANCIALLY**. So, Jeff, please fill us in with one consideration at a time on the positive financial aspects of integrating Hypoxi into a club business.

**Jeff Stokes (JS)** - Absolutely! As you mentioned, the industry has become

extremely competitive, and there are more options now than ever for consumers to choose from. The big box club owners are challenged with high-volume, low-price (HV/LP) clubs, boutique studios and CrossFit gyms on every corner. Many are creating their own HV/LP club brands and/or integrating boutique studio concepts and CrossFit gyms into their own clubs to compete and maintain market share, and *that is where HYPOXI comes into the formula*. **First and foremost, HYPOXI is a profit center**. Utilizing as little as 300 square feet, a small or large club owner can integrate 3 - 4 HYPOXI devices into their business and generate substantial incremental revenues.

*The HYPOXI - Method* utilizes four unique, patented devices which combine the three elements of vacuum and compression therapy, low-impact exercise and nutrition coaching to successfully target stubborn areas of fat and cellulite on both men and women. The core target audience is women between the ages of 30 to 65 who are seeking body shaping/body contouring services and/or an alternative low-impact method of exercise to help jumpstart their fitness program. *HYPOXI is very similar to personal training, but it does not require an actual trainer to conduct each session*. All sessions are by appointment only, so the HYPOXI Coach can work with 2 - 4 clients at once. Clients purchase 12, 24, 36 or 72 session packages and train three times a week for 30 to 50 minutes in each session. Best results are achieved between 12 - 24 sessions when following the program, but clients begin noticing changes in their body after just 3 - 6 sessions.

The key to the HYPOXI business is utilization and occupancy of the devices. When a 4-machine studio is being utilized 50 - 60% of the time, the business can generate incredible revenues per square foot. **Greg Oliver, CEO of our parent company in Australia (Fitness and Lifestyle Group) is putting HYPOXI studios inside most of his big box clubs**. They currently operate over 25 HYPOXI studios inside their *Goodlife Health Clubs* and *Fitness First Clubs*. He has four key strategies for adding HYPOXI.

### Greg Oliver's 4 Key Strategies to Adding HYPOXI

1. Generate new revenues in *unused club space...* both member and non-member revenue.

2. Create a separate digital store front and sub-brand that generates leads for both



Jeff Stokes

the HYPOXI business and his clubs. In fact, 60% of their non-member HYPOXI clients convert to a gym membership either during or after completing their HYPOXI packages.

3. Differentiate clubs by attracting a new consumer. 50% of Greg's HYPOXI customers are not members of a health club. The HYPOXI low-impact form of exercise and ability to target stubborn fat and cellulite has a huge appeal to many non-active people, so adding the HYPOXI sub-brand to his clubs has generated a tremendous increase in leads and exposure.

4. HYPOXI is a great platform to grow people's confidence and break down any insecurities about joining a health club. The small boutique studio environment combined with personalized experiences helps people begin and/or jump-start their fitness programs and goals. It's a win-win formula.

Bottom line, any club owner (big or small) that has unused space and is considering repurposing that space should call me. We have created a complete turnkey program that provides support for every aspect of the business. From space layout and design, to the HYPOXI equipment delivery and setup, training and development, sales and marketing support, and staffing, *we provide a full, turnkey solution*.

*Jeff Stokes is a talented 25-year veteran of the health and fitness club industry, and along the way, he created a business called Club Services, which essentially was the first company to offer professional secret shopper and customer experience research for the health and fitness industry. Jeff is now Vice President of HYPOXI North America, and he can be reached by phone at 630-853-4537 or email at jeff.stokes@hypoxibody.com*

## WHAT IS HYPOXI?



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- ✓ Targets stubborn fat
- ✓ Promotes active recovery
- ✓ Turnkey in-club profit center

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# Five Steps to Boost Non-Dues Revenue in 2018

## Part I

By: Karen Woodard-Chavez

Let's close out the 4th quarter with this 2-part article that will enhance something we all know is the foundation of our business: Clubs that have a higher % of Non-Dues Revenue (NDR) enjoy a higher level of member retention. We know that members who engage in NDR services:

1. Use the club more often;
2. Get better results;
3. Continue to spend more in the club; and
4. Remain as members longer than those who don't engage in NDR services.

However, what we *know* and what we *do* aren't always the same thing. This is true for many reasons, which can include not having the staff to provide services, not having the creativity to create programs or not having systems in place to make it happen.

With this in mind, let's do a quick 5-point assessment for you. This is the same assessment that I do with my clients. If you *can* answer, "yes," to all of the five questions, KUDOS to you! That does not mean you should not continue reading this article. We can always learn at least one new approach or way to improve what we already do well by reading/listening/researching. If you *cannot* answer, "yes," to any of these five questions, then there is a silver lining in your dark cloud right now. The silver lining is that, by implementing the five points in this article, you will increase what I refer to as the **RRR - Results, Retention and Revenue**, which will lead you to much better financial performance in 2018. Here we go:

1. Are your programs/services well thought-out and member/market driven or impulsive?
2. Is each NDR program/department run like a business with a business plan, sales plan, marketing plan, daily goals and accountability measures to ensure that goals are met?
3. Does the club have a growth *goal* for current members and new members getting involved in NDR programs as they join the club?
4. Does the club have a *systematic way* (meaning each and every time, not just once in a while) to get new members involved in NDR programs as they join the club?
5. Is the staff responsible for selling these programs/services professionally trained on how to sell the programs/services?

All right, moment of truth, how did you do? Whether you did well or not so well, I invite you to read on and learn more about implementing the five points above:

### 1. Are your programs/services well thought-out and member/market-driven or impulsive?

Take 30 - 60 days to survey your population about the types of programs they desire. By doing so, your programs become market-driven rather than driven by the desires of what the staff *perceives* the population wants. Do not discount the intelligence of the staff in program development and do not neglect the intelligence and desires of who will be paying for the programs.

Surveying can be done electronically with an online survey service or manually by having the staff survey at least 400 of your population. Clearly, manual surveys will be more of a challenge to compile the data but can be very effective for providing insight into what members desire. Point of Sale surveys can be done as an interest survey and absolutely should be done with every new member who joins the center (This data needs to be entered into your CRM so you can subsequently segment your population and market with relevant programs to them).

Sample survey elements include but are not limited to the following:

- Age of the respondent;

- Gender of the respondent;
- Time of day they desire programming;
- Outcomes they desire for their health and fitness;
- Activities they would like to pursue if they were in better health and fitness;
- Challenges they currently have with achieving their health and fitness goals and
- Amount they would be willing to pay to have help in achieving their goals.

By gathering data from your population every six months, you will have a clear perspective of what they will be willing to purchase and then be able to develop programs that meet their needs. Not only can the survey be a tool for developing more targeted programming, it can also be a goodwill tool that shows your population that you care, listen and act upon their desires.

Now that you have done the surveying, what do you do with the data? Well, you now have a list of 400+ warm leads to develop targeted programming for. You will categorize the data based on outcomes/issues and enter that into your CRM. Then, you will develop concepts of programs and list 30 people by name who would say, "yes." Once you have done that, you will personally reach out and invite the list of 30 to participate.

Below is an example of a way to plan program concepts. It is a simple measure to take that will show you best- and worst-case scenarios, and whether or



Karen Woodard-Chavez

not the program will pass or fail. Taking 30 minutes to utilize the Program Planner will insure that you do not invest resources in a losing program. The key is the 30 people who would say, "yes." By the way, people who would benefit from the program and people who say, "yes" are not the same thing.

Now that you have mapped out your program plan for success, it's time to start inviting members to participate. This is where your list of 30 people comes in. By having this, you will sell your programs out before you even invest any marketing dollars. Below is an example of what it might sound like when you personally invite people to participate:

(See Karen Woodard-Chavez Page 27)

### Program Planner

Best Case	Acceptable	Worst
-----------	------------	-------

Program name:

Purpose:

Fee or no fee (if fee, how much):

Program Manager/Contact:

Other Staff involved:

Date and time of program:

Goal for Member attendance:

Goal for Guest attendance:

Membership sales goal:

List 30 people who would Say Yes:

Promotional plan and time line:

Projected revenue (total participants x fee)	= \$	= \$
--	------	------

Projected expenses:

Labor =

Payroll tax =

Promo expenses =

Product expenses =

Misc. expenses =

Total expenses =

Projected net profit or loss	= \$	= \$
------------------------------	------	------

# Gearing Up for Government Hoops Such As ALE

By: Melissa Knowles

As you gear up for year-end and all the important reporting requirement hoops through which you'll need to jump, now is the perfect time to start getting prepared for compliance in 2018! Time spent preparing now will make year-end 2018 a breeze. In the meantime, we still have 2017 to consider. First up, the Affordable Care Act. One of the biggest

reporting and compliance demands comes courtesy of the ACA. As we head into Year Two of the full reporting requirements, one of the first items you'll need to determine is if your business qualifies as an Applicable Large Employer (ALE). Two of the ACA provisions apply only to ALEs:

- The Employer Shared Responsibility Provisions; and
- The employer information reporting

provisions for offers of Minimum Essential Coverage (MEC).

Your determination as an ALE happens yearly and depends on the average size of your workforce during the prior year. If you had fewer than 50 full-time employees, including full-time equivalent employees (FTEs), on average, during 2016, you wouldn't be considered an ALE for the 2017. If you had more than 50 full-time employees, including full-time equivalent employees (FTEs), on average, during 2016, you would be considered an ALE for 2017 and be subject to the Employer Shared Responsibility Provisions and the employer information reporting provision.

To determine your workforce size for 2016, add your total number of full-time employees (30+ hours per week on average or at least 130 hours for the calendar month) for each month of 2016 to the total number of FTEs for each calendar month of 2016. Divide this total by 12. If you were only in business for part of 2016, use those months during the calculation and divide by the total number of months you were in business.

An FTE is a combination of part-time employees who, in combination, are equivalent to a full-time employee. To determine your number of FTEs for a month, combine the number of hours for all non-full-time employees for the month but do not include more than 120 hours per employee. Divide the total by 120. The resulting number is your FTE count. *It should be noted that FTEs are only relevant in determining if you're an ALE. If you're determined to be an ALE, you DO NOT need to offer MEC to part-time employees.*

#### Example 1 - Employer IS NOT an ALE:

- Company X has 40 full-time employees for each calendar month during 2016.
- Company X also has 15 part-time employees for each calendar month during 2016, each of whom have 60 hours of service per month.
- When combined, the hours of service of the part-time employees for a month totals 900 [15 x 60 = 900].
- Dividing the combined hours of service of the part-time employees by 120 equals 7.5 [900 / 120 = 7.5]. This number, 7.5, represents the number of Company X's full-time equivalent employees for each month during 2016.
- Company X adds up the total number of full-time employees for each calendar month of 2016, which is 480 [40 x 12 = 480].
- Company X adds up the total number of full-time equivalent employees for each calendar month of 2016, which is 90 [7.5 x 12 = 90].



Melissa Knowles

- Company X adds those two numbers together and divides the total by 12, which equals 47.5 [(480 + 90) / 12 = 47.5].
- Because the result is not a whole number, it is rounded to the next lowest whole number, so 47 is the result.
- So, although Company X has 55 employees in total [40 full-time and 15 part-time] for each month of 2016, it has 47 full-time employees (including full-time equivalent employees) for purposes of ALE determination.
- Because 47 is less than 50, Company X is not an ALE for 2017.

#### Example 2 - Employer IS an ALE:

- Company Y has 40 full-time employees for each calendar month during 2016.
- Company Y also has 20 part-time employees for each calendar month during 2016, each of whom has 60 hours of service per month.
- When combined, the hours of service of the part-time employees for a month totals 1,200 [20 x 60 = 1,200].
- Dividing the combined hours of service of the part-time employees by 120 equals 10 [1,200 / 120 = 10]. This number, 10, represents the number of Company Y's full-time equivalent employees for each month during 2016.
- Company Y adds up the total number of full-time employees for each calendar month of 2016, which is 480 [40 x 12 = 480].
- Company Y adds up the total number of full-time equivalent employees for each calendar month of 2016, which is 120 [10 x 12 = 120].
- Company Y adds those two numbers together and divides the total by 12, which equals 50 [(480 + 120 = 600) / 12 = 50].
- So, although Company Y only has 40 full-time employees, it is an ALE for 2017 due to the hours of service of its full-time equivalent employees.

**Employer Aggregation Rules - You**  
*(See Melissa Knowles Page 27)*

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# Legal Ramifications When a Member or Guest Suffers From an Eating Disorder

By: Paul R. Bedard, Esquire

Eating disorders are life-threatening for many, and these dangerous health conditions are far more complex than most people realize. In a briefing paper published by IHRSA entitled, *Eating*

*Disorders*, Dr. Ron Thompson of the Bloomington Center for Counseling and Human Development described eating disorders as, "not simply disorders of eating; they are mental disorders that manifest themselves in a variety of eating and weight-related symptoms. They are

potentially life-threatening disorders with multiple determinants and serve multiple functions and purposes for the affected individual." The most common eating disorders are anorexia nervosa, bulimia nervosa and binge-eating disorder.

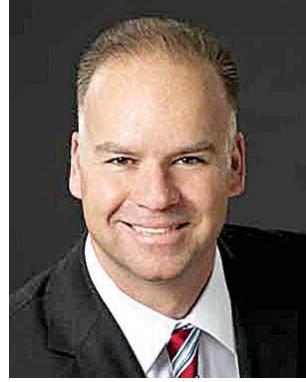
## Some Statistics

Although far more women than men engage in eating disorder behaviors, the National Association of Anorexia Nervosa and Associated Disorders, Inc., reports that more than 30 million people of all ages and genders suffer from an eating disorder in the United States. At least one person dies as a result of an eating disorder every 62 minutes. Eating disorders affect people regardless of gender, race or socio-economic status.

Many of those suffering from eating disorders exercise excessively in order to lose weight, often within the four walls of a health club. In fact, it has been estimated that 80% of anorexic individuals exercise excessively or in some unhealthy fashion. Those who diet or exercise to the extreme are often easy to recognize within a health club. This reality puts health clubs on the front lines and in a position where personnel can potentially help the many health club members and guests who currently suffer from these life-threatening disorders.

However, the law as it relates to this issue within the context of health club operations is murky at best. There is no readily available case indicating that a health club has any duty or obligation to proactively address a member or guest who appears to be suffering from an eating disorder. In fact, depending on the severity and the impact of the eating disorder, the individual in question may be protected from discrimination under the Americans with Disabilities Act. Additional considerations arise given the greater likelihood of a medical emergency when a member or guest is excessively exercising or dieting to the extreme.

The following materials will briefly address the minimal duty owed to a member or guest with an eating disorder, provide a basic understanding of protections afforded by the Americans with Disabilities Act and explain how to prepare for a medical emergency. However, this article is not intended as legal advice. Widely varying state and local laws, and unique case law within each jurisdiction, prohibit one-size-fits-all recommendations. Please consider these comments as merely a guide to help you when you consult your attorney



Paul R. Bedard, Esquire

for specific direction.

## Your Duty to Your Members and Guests

As stated earlier, there is no readily available case law indicating that a health club has a duty to proactively address a member or guest suffering from an eating disorder. However, legally speaking, health club members and guests are considered invitees. They are owed a duty of reasonable care, meaning protection from injuries caused by reasonably foreseeable dangers. Stated differently, there is a duty to warn about dangers a health club knows or should know about. Absent express knowledge, constructive notice can be established if a reasonable person would have had knowledge of the danger at issue.

When a health club has notice of a member's eating disorder, whether actual or constructive, the duty owed to the member should be viewed similarly to the duty owed to a member suffering from any other serious health condition. Health intake or medical clearance forms should include a section for reporting an eating disorder. Medical clearance can be required before allowing someone to exercise, and just as a health club would warn anyone with a heart condition or any other serious health ailment, warnings regarding the risks of exercise can be incorporated both verbally and in writing. As most people with eating disorders tend to be unwilling to share information about their disorder, staff must be trained to recognize obsessive exercise patterns, extreme weight loss or locker room purging in the absence of self-reporting.

For a fundamental blanket layer of protection, maintain a comprehensive but not overly broad liability waiver that is signed by every member and guest. At a minimum, the waiver should expressly (See Paul R. Bedard, Esquire Page 28)



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 Email: [dennie@jlrassoc.com](mailto:dennie@jlrassoc.com)**

**...Karen Woodard-Chavez**

continued from page 24

"Hi Meighan. I was hoping I would see you in the club today. Here's why: I have developed a new program for women called, 'Rev Up Your Metabolism.' It is designed for women between the ages of 55 and 70 who have been active but are not getting the results they expect from

the effort in their exercise. Based on the conversations we have had, I wanted to make sure you knew about it and had an opportunity to enroll before it sells out. It is team training, limited to 10 women, features a M-W-F schedule at 10:30AM - 11:30AM, and it starts on 11/15, going through 12/15. The training tuition is only \$200 for 14 sessions. Shall we secure your spot?"

**...Melissa Knowles**

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should also be mindful of the Employer Aggregation Rules. If your company is part of a larger organization or a collective of companies with common ownership and/or functioning under the same management, then the combined number of full-time employees and FTEs for the group are considered when determining ALE status.

**New Employers** - If you're a new employer and weren't in business on any day in 2016, you should use the 2017 calendar year to determine if you're an ALE. Consider if you reasonably expect to employ or actually have employed at least 50 full-time employees or FTEs.

**Failure to Provide Coverage** - What if you qualify as an ALE but fail to offer any MEC

to at least 95% of full-time employees?

If you fail to offer MEC to at least 95% of your full-time employees (and their dependents), and at least one full-time employee receives the premium tax credit for purchasing coverage through the Health Insurance Marketplace, you will be required to pay a shared responsibility penalty. This payment is equal to \$2,000 for each full-time employee, with the first 30 employees excluded from the calculation. This calculation is based on ALL full-time employees (minus 30), including full-time employees who have MEC under your offered plan. **Example:** You employ 62 full-time employees. One employee receives the premium tax credit when purchasing coverage. Your fine would be 62 total employees LESS the first 30 = 32 employees for which the penalty applies.  $32 \times \$2000 = \$64,000$ .

If you do offer MEC to at least

Review with your staff this first of five points and how you can utilize this point to maximize your participation in your Non-Dues Revenue programs. In **Part II**, we will cover the remaining four points.

(Karen is President of Premium Performance Training in Boulder, Colorado and Ixtapa, Mexico. Karen has

owned and operated clubs since 1985 and now consults and trains staff throughout the world on sales, service, management and leadership. These services are offered on-site, online and through her books, manuals and DVDs. Karen can be reached at [karen@karenwoodard.com](mailto:karen@karenwoodard.com) or 303-417-0653.)

meets the MEC standards, consult your insurance broker.

**Tax Credits for Small Employers** - If you have fewer than 25 full-time employees, including FTEs, you may be eligible for a Small Business Health Care Tax Credit to cover the cost of providing non-mandatory coverage. You can learn more at [bit.ly/clubinsider39](http://bit.ly/clubinsider39).

**Reporting Requirements** - All AEs are required to file Forms 1095-C and 1094-C. Employers who are not AEs but chose to provide MEC to full-time employees are required to file Forms 1095-B and 1094-B.

(Melissa Knowles is Vice President of Gym HQ, A Club Ready Company, and she can be reached at [mknowles@gymhq.com](mailto:mknowles@gymhq.com))

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# Zeamo Inc. Announces Appointment of Rick Caro to Advisory Board; Expands Global Fitness Initiative

**NEW YORK, N.Y.** - Zeamo Inc., a global digital fitness platform, announced the appointment of **Rick Caro** to their Advisory Board and the continued growth of its global strategic expansion plan.

Mr. Caro, a 44-year veteran of the health club industry, was a Co-Founder, Past President and Director of IHRSA (International Health, Racquet and Sportsclub Association), the leading trade association for the health club industry with over 10,000 member clubs in more than 80 countries around the world. A long-time industry thought leader and voted *Person of the Year; Distinguished Service Award Recipient and Lifetime Achievement Award Recipient* by two separate organizations, Rick is a distinguished writer, expert and lecturer in the fitness field.

"Zeamo is very fortunate to add a proven industry leader like Rick to our team of fitness business veterans," said **Paul O'Reilly-Hyland, CEO and Founder of Zeamo**. "With Rick's unique perspective on what health club operators are looking for, combined with his deep knowledge of the health club market, this perfectly positions Zeamo for growth by serving the needs of both the end user and our gym partners."

## ...Paul R. Bedard, Esquire

continued from page 26

bar claims due to employee negligence, identify potentially dangerous activities and inherent facility risks, detail the assumption of risk on the part of the member or guest and be in clear and conspicuous language. Archive these waivers to correspond with your jurisdiction's statute of limitations.

### The Americans with Disabilities Act

Although there is no apparent duty for a health club to address an identified eating disorder, there is arguably a moral obligation to do so. Moreover, proactively addressing an identified eating disorder will help to mitigate liability no differently than addressing any other serious health condition. However, can prohibiting one suffering from an eating disorder from utilizing a health club be deemed discriminatory? Depending upon the severity of the eating disorder, an argument can be made in this regard.

The Americans with Disabilities Act defines "disability" quite broadly. Under the Act, a disability is a physical or mental impairment that substantially limits one or more of someone's major life activities. A person with a record of such an impairment, or someone who has been regarded as having such an impairment,

"I am pleased to help Zeamo provide a unique additional service to health clubs across different sectors within the U.S. and international markets," commented Rick Caro. "Clubs can now gain additional paying visitors with no effort or risk and also attract additional club prospects effortlessly with a premier partner."

Already hosting the largest directory and search engine of its kind of more than 25,000 gyms so far, and with plans to increase that number significantly worldwide, Zeamo directory users have the ability to search and select facilities in their location by their favorite activities. They are then able to purchase day pass access to Zeamo's Partner Gyms, which number more than 500 in the U.S. alone, with another 100+ in Europe, and work out with any one of those partners without restrictions.

Zeamo's most recent expansion includes the addition of multi-unit facilities involving Boston Sports Clubs and Healthworks, bringing the company's already impressive roster of partner clubs in the Greater Boston area to 50.

Zeamo allows users to purchase day passes and access gyms without

will also qualify as having a disability. The key here is the level of *severity* of the eating disorder at issue and whether the disorder *substantially limits one or more of the affected person's life activities*. There may be significant liability following the termination of a membership should the member in question have what amounts to a qualifying disability.

### Medical Emergencies

A member or guest who suffers from an eating disorder is unfortunately more likely to suffer a medical emergency than the average individual. Health clubs must be prepared to swiftly and effectively respond to these emergencies just like those triggered by any other serious health condition.

Health clubs must begin to prepare employees for the inevitable medical emergency immediately upon hiring. On-boarding, certification and training procedures must be standardized and documented. The employee handbook should include information regarding first aid, CPR and AED certification requirements, along with detailed medical emergency procedures. Employee handbooks should be signed and acknowledged by all employees. Regularly scheduled ongoing training must be documented and archived. An AED should

commitment, allowing exercise enthusiasts the option to workout when and where they want with ease, like business travelers, tourists, seasonal exercisers. The app also allows users to discover gyms according to their amenity preferences and creating more diverse and flexible membership options through advanced yet simple to use technology. Zeamo has also partnered with One Fine Stay and the American Bar Association, allowing them to reach even more consumers like business travelers, tourists and seasonal exercisers who are in need of short-term membership options.

Zeamo first entered the digital fitness market stage just ten short months ago, in January 2017, when it executed the coordinated worldwide launch of its first iOS and Android-based apps, alongside its innovative website. With its user base and business partner roster growing exponentially, its technology undergoing consistent refinement and the continued solidification of its core management and executive teams, Zeamo now has a market leadership position.

By partnering with health clubs and gyms, Zeamo offers easy access for users to work out anytime, anywhere and in virtually any manner that suits their

preferences. Developed by an experienced leadership team who are both passionate about the fitness industry and experienced in the digital/technology space, Zeamo's goal is to increase the revenue of their club partners through cutting edge technologies and unique B2B partnerships, while at the same time completely reshaping the way that fitness enthusiasts find and avail themselves of fitness offerings.



Rick Caro

address all of the various considerations in this regard. This is a multifaceted and highly sensitive issue with many legal ramifications. Personnel attempting to address any specific issue of this nature should be highly trained, and they should nonetheless consult with senior leadership. Legal counsel should be retained for a thorough evaluation of all facts and circumstances at play. This comprehensive approach will help to more accurately determine the appropriate course of action for the maximum benefit of all parties involved.

*(Paul R. Bedard, Esquire, has nearly twenty years of management, leadership and operations experience in the health and fitness industry. As a practicing attorney, Paul's health and fitness industry experience provides him with a unique perspective when advising on or litigating matters involving health club handbooks, policies, contracts, disputes or injuries. Paul strives to be active in his local community and has served on the Southington Zoning Board of Appeals and the Board of the Central Connecticut Regional Planning Agency. He also volunteers his time and contributes to various local charities. Paul can be reached at [pbedard@smdllaw.com](mailto:pbedard@smdllaw.com))*

## Genesis Health Clubs' Acquires Miramont Lifestyle Fitness

**FORT COLLINS, CO** - Miramont Lifestyle Fitness announces the sale of all four health clubs, located in Fort Collins, Colorado, to Genesis Health Clubs based in Wichita, Kansas. This includes the three main full-service health clubs under the Miramont Lifestyle Fitness name: Miramont North, Miramont South and Miramont Central, with amenities such as indoor and outdoor swimming pools, tennis courts and a climbing gym, as well as REVE fitness, a boutique studio currently operated by Miramont Lifestyle Fitness.

Founder and owner Cliff Buchholz is pleased to have Genesis taking the reins of Miramont Lifestyle Fitness. "It's nice to be able to turn these clubs over to a like-minded individual. Between our love for fitness and entrepreneurial spirits, I know that my clubs are going to someone who shares the vision I've spent decades building. These clubs are who I am. I wouldn't have it any other way."

With this acquisition, Genesis Health Clubs expands its footprint to 44 clubs throughout Kansas, Nebraska, Missouri, Oklahoma, and now Colorado.

Genesis Health Clubs owner Rodney Steven II commented, "It's such a natural fit. Miramont Lifestyle Fitness does so many great things and they are similar to our clubs in a lot of ways. Plus, we've wanted to expand into Colorado for some time. I've long admired the state's dedication to health and fitness; we're going to fit right in."

While the ownership will be new, Steven assured members they won't be seeing any sudden changes. "Often, we move in to clubs that need a lot of help and rehabilitation. In this case, we're happy to

be taking the keys to exceptionally well-run clubs. This is a tremendous opportunity to learn, while striving to meet and exceed the high standards the members expect."

"Cliff is an industry icon," said Steven. "He and his team have spent over 40 years building a shining beacon of fitness in Fort Collins. He was one of the top 20 tennis players in the country, and he was one of the founders of the Lipton Open. What a legend. We are proud and humbled to have the opportunity to work hard to continue his legacy."



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# Planet Fitness Announces Leadership Appointments

**HAMPTON, N.H.** - Planet Fitness, Inc. (NYSE: PLNT), one of the largest and fastest-growing franchisors and operators of fitness centers in the U.S., announced the appointments of **Craig Miller** as *Chief Digital & Information Officer* and **Rob Sopkin** as *Chief Development Officer*. Mr. Miller will be responsible for driving the vision and leadership of the company's technology innovation, as well as managing its digital information systems, while Mr. Sopkin will lead the company's strategic and aggressive system-wide expansion efforts.

Mr. Miller brings more than 20 years of experience in building industry-leading technology systems and innovative customer facing applications within prominent consumer companies. Most recently, he served as Senior Vice President and Chief Information and Technology Officer at Sonic Drive-In, where he was responsible for developing

and executing technology transformation strategies and services, including customer experience, digital engagement, store operations, advanced analytics and corporate solutions. Prior to joining Sonic, he served as Executive Vice President and Chief Information Officer at Movie Gallery/Hollywood Video where he led strategic planning and development for the implementation of a new retail technology portfolio for all business functions. Mr. Miller previously held several senior technology roles at Bank of America, PepsiCo and a software development firm that specialized in large-scale enterprise solutions and consumer products.

Mr. Sopkin joins Planet Fitness with approximately two decades of regional and national real estate and development experience. Most recently, he served as Chief Real Estate Officer at Dean & Deluca, where he was responsible for all aspects of development, construction,

design and facilities, and created a strategic growth plan and store development organizational structure for the U.S. rollout of gourmet market stores and the launch of a new fast casual concept. Previously, Mr. Sopkin spent 18 years at Starbucks, most recently as the Managing Vice President of U.S. store development, leading U.S. store development and overseeing the integration of Starbucks' store development with licensed stores in Canada and internationally.

"As we continue to build upon our strong leadership team, these appointments will further support and drive our future growth. Craig and Rob are both highly accomplished leaders in their respective fields with exceptional experience

delivering strong results to support leading brands," said Chris Rondeau, Chief Executive Officer of Planet Fitness, Inc.

Rondeau continued, "Throughout his career, Craig has shown great leadership in his ability to work collaboratively with internal teams and franchisees in crafting a shared vision that ultimately drives significant improvements in both operating systems and the customer experience. Rob brings a wealth of development expertise in fast-paced retail environments having developed, implemented, and led incredibly successful market growth strategies at leading brands. I am excited to welcome both of them to the Planet Fitness team."

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## Thanks and Appreciation

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

A very sincere **Thanks and Appreciation** go to **Rick Caro, Dr. Gerry Faust** and the **Faust Executive Roundtable #1** for helping me decide in 1993 what my home-based business would be. **Thanks and Appreciation** to my long-time friends, **Ron Hudspeth** and **Cathy Miller** of Atlanta's **Hudspeth Report** for the tremendous assistance they provided us during our *first eight years of publication*. **Thanks and Appreciation** to all of the folks at **Walton Press** in Monroe, Georgia. They've done an absolutely excellent job for us all these years and have printed every one of our **287** monthly editions! **Thanks and Appreciation** to all of our **READERS**. Sincere **Thanks and Appreciation** to our **CLUB INSIDER** **Advertisers**, past and present, for their kind and dedicated support of this publication. It's amazing to know that we have several advertisers with over 15 years of continuous advertising with us. Plus, we have one advertiser, **National Gym Supply**, with over 24 years advertising with us! We also want to say sincere **Thanks and Appreciation** to all of our **CLUB INSIDER Contributing Authors**, past and present, who've contributed *hundreds and hundreds* of excellent articles to help our readers with their **Best Business Practices**. **Thanks and Appreciation** to **IHRSA** for all it does.

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

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

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

*Norm Cates, Jr.*

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