

Norm Cates'

CLUB INSIDER

CELEBRATING 25 YEARS OF TRUST

Jim Worthington's Newtown Athletic Club *Celebrates 40 Years!*



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Norm Cates'

CLUB INSIDER

CELEBRATING 25 YEARS OF TRUST

Jim Worthington's Newtown Athletic Club Celebrates 40 Years!

By: Norm Cates

Part I

CONGRATULATIONS to Jim Worthington and his Family as they just celebrated the 40th Anniversary of his amazing Newtown Athletic Club in Newtown, Pennsylvania. The events celebrating this milestone were held November 2nd and 3rd. According to a first-hand report by my son and Partner, Justin Cates, the events were epic and truly world class. On Friday night, November 2nd, a small party was held at Jim's home featuring a taste of Philly. The following evening, Saturday Night, November 3rd, the main event was held in the NAC Sports Training Center of the Newtown Athletic Club.

After an emotional introduction by Linda Mitchell that summed up the 40 years of love, hard work and success that the Newtown Athletic Club has experienced, the evening's entertainment included Rock and Roll Hall of Famers, The O'Jays, and 14-time Grammy-nominated artist, Dierks Bentley. Much like the Newtown Athletic Club has done for years, blending the old with the new, these acts punctuated that paradigm in living color and glorious sound. Over 1,800 people were in attendance!

Included in attendance were club business luminaries such as IHRSA Co-Founder, Rick Caro and his lovely wife, Sue; IHRSA CEO and President, Joe Moore; as well as Jay Ablondi, Mike Benton, Larry Conner, Helen Durkin, Anita Lawler, Kevin McHugh, Missy Moss, Lynne Nieto, Pam O'Donnell, Jason Reinhardt, Alison Flatley, Greta Wagner, Chris

Craytor, just to name a few. I couldn't attend because of a hip problem I'm trying to get rid of before I hit any airport concrete again.

This month, we are pleased to present Part I of this special two-part cover story to commemorate the 40th Anniversary of the Newtown Athletic Club. I invite and strongly encourage you to read the following in-depth interview with Jim Worthington where he will take you back to the beginning and transport you through time as the Newtown Athletic Club became the legendary club it has become.

An Interview With Jim Worthington, Owner of the Newtown Athletic Club

Club Insider (C.I.) - Jim, please tell us about your background. Where were you born, and where did you grow up? And, please tell us about your education and background in sports.

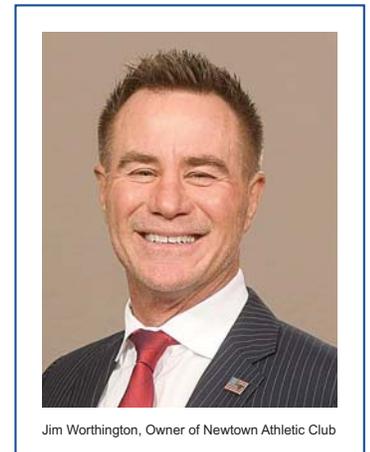
Jim Worthington (JW) - I was born in a small town called Prospectville, Pennsylvania in 1956. I went to Hatboro - Horsham High School in Horsham, PA, and I played football and baseball and was Captain of both teams. In sports, I learned life's lessons on the football and baseball fields. I learned to be a competitor, and I learned to always give my best. I learned that's how you play the games, and that's how you play life.

Believe it or not, I own the Hatboro - Horsham Alumni Association. Thirty years ago, I set it up as a 501(c)(3) not-for-profit corporation, and I raised money for kid's scholarships. The school does not own it; I do, I've got almost \$1 million in this perpetual scholarship fund. We don't

touch the principal fund, but every year, we give out six or seven college scholarships ranging from \$2,500 to \$3,000 to local kids. It's one of the largest endowed scholarships in a public school in Pennsylvania. I started raising money early!

Sadly, my high school football coach, Dennis Steinly, passed away in February of this year. He was a really good influence on my life. In fact, when he died, the family asked me to do a celebration of his life, which I did, instead of a funeral. During that time, I announced to the School Board that the Alumni Association wanted to have the high school stadium renamed after Dennis, and they agreed to it. So, it's now called: *The Dennis Steinley Memorial Stadium*. Actually, we had the renaming of the stadium ceremony this year on Friday, October 26th. Coach Steinly was a great guy who coached at my high school for 30 years, and I really learned a lot from him on the football field.

Later, I went to college at West Chester University, which at that time was called West Chester State Teacher's College. I was a health and fitness major, but I minored in physiology. When I left, I was going to go to the physical therapy school. I played a couple of years of college football at W.C. State. I figured out I was not going to the pros, so I started concentrating on being a really good student, which I was NOT in high school as I finished about 300th out of my Senior Class of 330 (laughing)! Even though my college curriculum was physical education and never planned to be a teacher, I majored in physiology so that, when I got out, I could go to physical therapy school.



Jim Worthington, Owner of Newtown Athletic Club

C.I. - Please tell us about your family.

JW - I really learned my work ethic from my Dad and Mom. Because of the type of work my Dad did, which was finance, he had to commute on trains from Horsham, PA to New York City, N.Y. He did that for 16 years from when I was born. That was three hours each way, five days a week! Don't get me wrong, in today's dollars, this was for about \$150,000 a year. He had a good job, but he was far from rich, making about \$50,000 per year when he retired in the mid-1980s. He was upper middle management. He had his first heart attack in his early 50s. Nobody thought he would live that long, but somehow, he outlived all of his siblings and lived to be 89. My Mom was a stay-at-home Mom. She grew up in a poor family, and she had seven brothers. Mom was a work horse! She was the least educated (See NAC's 40th Page 10)

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Norm's Notes

■Hello Everybody! This is your Club Insider Publisher and Tribal Leader Since 1993 checking in with our 299th monthly edition of Club Insider! Yahoo! We've almost reached our 300th Edition Milestone, and if the good Lord's willing and the creek don't rise, we'll hit 300 in December! Double Yahoo!

■Is America a GREAT country, or what? I'm writing this Note on Thursday, November 8th, two days after the very important Mid-Term Elections across America. Again, things are in turmoil in Florida. Plus, here in Georgia, things still haven't been decided. But, I still strongly believe that Americans have the right to hear the ideas and plans of those who aspire to govern us and then vote to choose the candidates we believe will be best to serve our country and our communities. To me, that is one of the greatest parts of being an American. God Bless America!

■CONGRATULATIONS to our friends PAMELA KUF AHL and MARTY McCALLEN and their entire Club Industry Team on their excellent 32nd Annual Club Industry Show in Chicago, October 24 - 26th. For starters, they had a 21% increase in attendance, which is great news! Also, they had a nice cross section of what our Club Insider Roving Reporter, ANGIE PATTENGAL E of NFPT, described as "events inside events," which made it a show with something for

everyone to choose from. Please check out Angie's 2nd Annual Club Industry Report for Club Insider on Page #29. Congratulations also to ANDREA LEONARD, a cancer survivor and trainer who founded the Cancer Exercise Training Institute, as she received the 2019 Trainer of the Year Award from PFP Magazine. Congratulations Andrea! Finally, be sure to Save The Date of October 13 - 15th, 2019 for next year's Club Industry Show.

■Speaking of Saving The Date... IF you've not already done so, please take a moment now to Save The Date for IHRSA's 2019 Convention and Trade Show in San Diego, March 13 - 17th, 2019, as IHRSA's going to be celebrating its 38th Anniversary. We hope you will join us in what I think is the most beautiful city in the world, San Diego, California! Check out the new IHRSA Ad on Page #11 of this edition.

■By now, I'm sure you've heard the terrible news out of Tallahassee, Florida, where on November 2nd, another lunatic, this one now called the late SCOTT BEIERLE, age 40, went into Hot Yoga Tallahassee posing as a customer and opened fire, killing two people and injuring five others. One of those killed was the 21-year old, MAURA BINKLEY, of Atlanta. Reportedly, he had been arrested twice before, once on battery charges against women. He killed himself after taking two innocent lives.

■I wish I was reporting to you this month without having to report on the deaths of anybody in our industry. But, the Hot Yoga shooting in Tallahassee prevents that. And, last month, we had three deaths that I reported on; they were DONAHUE WILDMAN, RON THOMPSON and JOE ASCH. May they all Rest In Peace. Also, I received the memo below from MARK de GORTER of Workout Anytime, who commented on our coverage of the passing of DONAHUE WILDMAN last month. Mark wrote:

"Hello Norm,

I just wanted to reach out and tell you how much I enjoyed your tribute to Don.

'Visionary' is an oft-used term, but it doesn't go nearly far enough to describe him. I may have told you previously that I had the privilege of working with Don, first as a member of his advertising agency, and later, when he hired me as a feisty 27-year old to join the company and direct his advertising and marketing. We spent 12 years working together, and during that time and under his vision and leadership, we created some of the most memorable marketing campaigns in the industry, with some of the most popular celebrities of the time, Cher, Heather Locklear, Don Johnson, Raquel Welch and many more. My years at Health & Tennis Corporation, and later, when it became Bally Total Fitness, were among the most stimulating, energetic,



Norm Cates

rewarding and fun times of my career. In addition to being an amazing leader, he was an even better individual to his employees, friends and family, and I consider myself so fortunate to have worked and played with 'The Wildman.' In fact, he's the inspiration that drives me now (as a still somewhat feisty 'old guy') to stay healthy, set higher fitness goals and pursue a life well lived, as he did right up to the week he passed.

He'll be missed by so many, both inside the industry and out. Thanks for taking time to honor him.

Sincerely,
Mark de Gorter, Workout Anytime®
(See Norm's Notes Page 7)

About Club Insider

CELEBRATING 25 YEARS OF TRUST

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(O): (770) 635 - 7578
(F): (678) 826 - 0933

www.clubinsideronline.com

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Thank You to Our Contributing Authors

- Rick Caro - President, Management Vision, Inc. - (212) 987 - 4300
- John McCarthy - 25-Year Executive Director Emeritus of IHRSA
- Joe Moore - IHRSA President & CEO - (800) 228 - 4772
- Angie Pattengale - National Federation of Personal Trainers - (800) 729 - 6378
- Bill McBride - Founder, BMC3 - BillMcBride@bmc3.com
- Bruce Carter - President, Optimal Design Systems International - (954) 888 - 5960
- Casey Conrad - Communications Consultants - (800) 725 - 6147
- Daron Allen - President & CEO, Visual Fitness Planner - dallen@vfp.us
- Derek Barton - Owner, Barton Productions - derek@bartonproductions.com
- Donna Krech - Founder/President, Thin & Healthy's Total Solutions - (419) 991 - 1223
- Dr. Art Curtis - President, Curtis Club Advisors - art@curtisclubadvisors.com
- Jim Thomas - President, Fitness Management USA - (800) 929 - 2898
- Jon Butts - President, Muscle Up Marketing - jon@muscleupmarketing.com
- Karen Woodard-Chavez - Premium Performance Training - karen@karenwoodard.com
- Melissa Knowles - VP of Gym HQ, A ClubReady Company - mknowles@gymhq.club
- Michael Gelfgot - Anytime Fitness - mike.gelfgot@gmail.com
- Mike Alpert & Claremont Club Team - www.claremontclub.com
- Nancy Trent - Founder, Nancy Trent & Company - nancy@trentandcompany.com
- Paul Bosley - Owner, Business Finance Depot - (800) 788 - 3884
- Paul R. Bedard, Esquire - Crunch Fitness Connecticut - paul@crunchct.com
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How We Can Expand Our Learning By Giving

Part I

By: Mike Alpert

The Holiday Season is right around the corner, and I must say that it's my favorite time of the year. You might think it's because of gifts, parties and food and beverages, but it's really because of the *giving spirit* that seems to especially come out this time of year.

I have been honored to be part of the REX Roundtables since 2002, and it has meant more to me both professionally and personally than anything I can think of. Our Roundtable is made up of some of the finest club operators and people I know. So, I want to let you know about the extraordinary giving that these clubs are doing in their communities to make life better for others in need:

Paula Neubert is the President of Greenwood Athletic Club, a suburb of Denver. They just finished their 12th Roadless Ride, which is a one-day indoor cycling event to raise money for Brent's Place, a local charity that provides housing

for families who have children with cancer. The families need a safe place to live during the time that their child is being treated at the Children's Hospital. The stays can vary from a few weeks to several years. Participants purchase a bike in a one-hour ride, and instructors donate their time. Classes go every hour from 6:00 AM - 6:00 PM. This year, the ride raised \$119,000.

Mark Cuatt is the CEO of All Sport Health and Fitness in Fishkill, New York. Each year, All Sport teams up with Family Services, a local crisis center to collect requested items for families in need of assistance during the Holiday Season. Their club has an ornament display in their lobby with each item that members and staff take. For many of these families, gifts during the holidays are a luxury out of their reach. Thanks to All Sport members and staff, their wishes come true.

Aaron Moore is the Director of Operations for VIDA Fitness in the Washington, DC metro area. They support N Street Village,

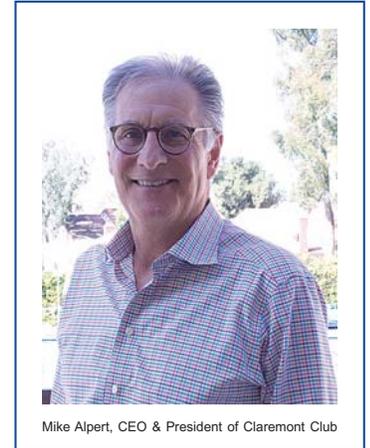
which is a small, local charity that helps homeless and low-income women with housing, employment, mental and physical health services, addiction recovery and much more. They developed a fashion show called Runway to Recovery, featuring their trainers and instructors as models with local companies donating clothes and make-up services and raised over \$25,000.

Ada McKenzie is one of the owners of Cederdale Health & Fitness outside of Boston. For many years, their employees have come together to help those less fortunate during the holidays. Last December, after a fire tore through their Haverhill, Massachusetts club, 23 of their staff and members worked in conjunction with the Andover Senior Center to sponsor a family of four. When the gifts were delivered, the family had nothing around their tree; no gifts and not a single ornament. They were speechless and overwhelmed.

Mark Miller is the COO for Merritt Clubs in the greater Baltimore area. Every year, they partner with the Salvation Army to brighten the holidays for local children in need. They also hold a Breast Cancer Month every October that they call Pink Month. They host Pink parties, have a silent raffle, auctions and charity events and have raised over \$150,000.

Ralph Rajs is the Executive Vice President of Leisure Sports in Northern California, and they conduct a campaign to raise money for their local Meals on Wheels. They have an annual charity bike ride, and this year hosted a Yoga class taught by a friend of his. He invited friends, and together, they raised over \$18,000.

Kevin McHugh is the Chief Operating Officer for The Atlantic Club in New Jersey. In November, they support Family & Children's Services to provide compassionate care, intervention and education to support people at the most challenging times in their lives. During the holiday season, they adopt 250 children with their Operation Sleighbells program. With the generosity of their members and the community, they bring cheer and Christmas wish items to many families in need.



Mike Alpert, CEO & President of Claremont Club

Cher Harris is the COO of the Houstonian in Texas. One of the many events that they do annually is Share Our Strength's Taste of the Nation, Houston, which is the nation's largest and finest culinary event benefiting the effort to end childhood hunger in America. They raise funds for organizations that work to end childhood hunger. Seventy percent of the money raised in Houston is granted to End Hunger Network and the Houston Food Bank.

Mark Harrington and his family own Healthworks Community Fitness in Boston. They support efforts to close the fitness gap through increased fitness inspiration and access for economically disadvantaged women and children. In this club, primary care physicians, internists and psychologists prescribe access to the gym for \$10 a month, including free child care, classes and kids' programs.



How great does it get giving to others and making such a difference in people's lives? Stay tuned for **Part II** in the **December 2018 Edition of Club Insider. Exercise IS Medicine!**

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



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...Norm's Notes

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Thanks for writing Mark. For sure, DONAHUE WILDMAN changed the world of health and fitness clubs.

■Speaking of people who've changed the world of health and fitness clubs, the late RUDY and VIRGINIA SMITH were good friends of mine, and I truly miss them. I was honored to introduce RUDY SMITH to the IHRSA crowd in Phoenix, Arizona, in March 2002 when IHRSA honored Rudy with its Distinguished Service Award, an honor I was thrilled to have received the year before. Later on, IHRSA honored my friend, the late and great DALE DIBBLE, by naming their Distinguished Service Award after him... The DALE DIBBLE Distinguished Service Award. So, I enjoyed seeing TODD SMITH, Rudy and Virginia's son, who now owns seven Las Vegas Athletic Clubs. I was very impressed to see that Todd had made his way to the Club Industry Show the hard way... on crutches after having had knee surgery not long ago. Todd told me he had missed last year's CEO Summit event, hosted by Rick Caro at Club Industry and promised he wouldn't miss this year's event. And, he didn't. Good on 'Ya, TODD!

■Workout Anytime (WOA) owners JOHN QUATTROCHI (who goes by John Q.) and STEVE STRICKLAND, working with Chief Operating Officer MARK de GORTER and Marketing Director, MARNIE SAYLOR, hit another HOME RUN this year with their 3rd Annual Awards Dinner and Holiday Party held at the beautiful AVALON Hotel in Alpharetta, Georgia, a suburb of Atlanta. The event drew over 300 people, and clearly, a good time was had by all with cocktail hour preceding dinner followed with The Band of Oz, a live dance band,

wrapping up a terrific evening! The Awards portion of the event was of particular note because it was very well done. The names of the WOA Franchise Club Owners who were honored appears at the end of this Norm's Note. Congratulations to John Q., Steve, Mark, Marnie Saylor and their great Team on a JOB WELL DONE!

I had a chance to speak with John Q. and Mark de Gorter about their AUGIE'S QUEST Fundraising efforts. During the cocktail hour, there was a fundraising table for Augie's Quest manned by JERI JESSON, an active and lovely lady and long-time friend of the owners. John Q. and Mark explained that there were three phases in their Augie's Quest fundraising effort: Phase I was launched at the Awards Dinner and Holiday Party where they sold raffle tickets for a 50/50 auction. The total amount of money they took in was (unofficially) \$10,900. Then, they explained that Phase II begins the week after the party, where each club will sell "5 Visits for \$5" passes that people can use as stocking stuffers for the holidays. It will take place November 12 - December 31, and there will be a contest for the top four clubs that sell the most, with very significant prizes donated by ABC Financial (\$10,000), a free bike from Espresso Bikes, \$2,500 in graphics services courtesy of Pinnacle Signs and \$1,250 in promotional materials from Render Advertising. Then, in January, Phase III will kick in where Workout Anytime Corporate will donate \$1 for every membership sold. The goal is to reach \$100,000 for Augie's Quest.

Congratulations to all on a great evening done in a First Class manner all the way! The Workout Anytime 2018 Award Winners appear on This Page.

■LIFE FITNESS has named JASON WORTHY as the new President, taking

over for JAIME IRICK. This happened several days after the company announced the creation of a management board for its fitness division. Reportedly, Irick was on a leave of absence prior to this news.

■DAN MORRISEY, Owner of XSports Fitness in Chicagoland, and his sister, KELLY, dropped by our booth at Club Industry in Chicago. It was great to learn from Dan that they now have 40 XSport Fitness Clubs in Chicagoland!

■Planet Fitness announced the following Third Quarter Financial Results:

●Total revenue increased from the prior year period by 40.2% to \$136.7 million.

●System-wide same store sales increased 9.7%.

●Net income attributable to Planet Fitness, Inc. was \$17.5 million, or \$0.20 per diluted share, compared to net income attributable to Planet Fitness, Inc. of \$15.3 million, or \$0.18 per diluted share in the prior year period.

●Net income was \$20.5 million, compared to net income of \$18.9 million in the prior (See Norm's Notes Page 8)



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Workout Anytime's 2018 Award Winners

Award | Recipient | Owner

People's Choice: Best Overall Social Media | WOA Gallatin TN | Tim & Debbie Presley;
 People's Choice: Most Engaging & Fun Social Media | WOA Morganton NC | The Cape Group;
 People's Choice: Most Creative Social Media | WOA Boaz AL | Dr. Sanjeev Saxeena;
 People's Choice: Best Cross Platform Social Media | WOA Marion NC | Mike King;
 Heart & Soul (1) | John Waskow;
 Heart & Soul (2) | Bill Cesak;
 Heart & Soul (3) | John Hall;
 Legacy Award (1) | RBJ Ventures;
 Legacy Award (2) | Steven Elliott;
 Driven To Excellence | Jimmy Mak;
 Most Members | WOA Morganton NC | The Cape Group;
 Best Member Loyalty | WOA Powell TN | John and Gina Heifner;
 Most PT Revenue | WOA Summerville SC | John Groff;
 Best Presales | WOA Crossville TN | Jerry Pugh and EJ Williams;
 Most Total Revenue | WOA Florence AL | Steven Elliott;
 Franchise of the Year - New Clubs | WOA Cornelia GA | Lynn and Paul Jackson/Randy Clevenger;
 Franchise of the Year - Seasoned Clubs | WOA Morganton NC | The Cape Group;
 Franchise of the Year | Kevin Edmonds;
 Founders Award | Kim Trotter.

...Norm's Notes

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year period.

● Adjusted net income(1) increased 47.9% to \$27.7 million, or \$0.28 per diluted share, compared to \$18.7 million, or \$0.19 per diluted share in the prior year period.

● Adjusted EBITDA(1) increased 24.0% to \$53.8 million from \$43.4 million in the prior year period.

● 41 new Planet Fitness stores were

opened during the period, bringing system-wide total stores to 1,646 as of September 30, 2018.

(1) Adjusted net income and Adjusted EBITDA are non-GAAP measures.

■ FIBO, one of the world's largest fitness, health & wellness events is making its U.S. Debut, December 5 - 8 at the Orange County Convention Center in Orlando, Florida. Backed by the long-running success of FIBO Global events in Germany, China and South Africa, FIBO USA will assemble fitness professionals

and enthusiasts for an immersive exhibit of the most groundbreaking people, products and ideas propelling the industry forward globally. Check out the FIBO Ad and Press Release on Page #22 of this edition.

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

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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 Firemen and women and keep them safe. God bless you, your family and your club(s). God Bless America! Laus Deo!

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



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Study Reveals SilverSneakers Fitness Program Linked to Less Social Isolation and Better Health for Older Adults

CHANDLER, AZ - Participation in an exercise program has significant social benefits that, in turn, magnify benefits for health, according to a new study from Tivity Health (NASDAQ: TVTY) and the MIT AgeLab.

Results from the study show that members of SilverSneakers, the nation's leading fitness program for older adults, experienced less social isolation than those not participating in the program, leading to reduced loneliness and better overall health. The study, *Reducing Isolation and Loneliness Through Membership in a Fitness Program for Older Adults: Implications for Health*, was published in the *Journal of Applied Gerontology*.

Social isolation has surfaced in the past few years as an important risk factor for chronic disease, dementia, and premature death. Being isolated poses a greater mortality risk than well-known risk factors such as obesity and high cholesterol and poses a similar risk to smoking 15 cigarettes per day. Annual Medicare costs are \$1,608 higher for socially isolated seniors. Older adults are particularly vulnerable to becoming isolated after retirement, following the loss of a spouse, or if suffering from impaired hearing, vision or physical mobility.

"The epidemic of social isolation and loneliness has devastating consequences for older adults, and that demands our attention," said Donato Tramuto, CEO of Tivity Health. "When I attend a SilverSneakers class, I see first-hand the social connections seniors

make. Our study with the AgeLab shows these social connections are broadly and significantly improving quality of life for our members, and we remain committed to leading a national conversation on the adverse health effects of social isolation and loneliness and identifying solutions to ensure that all seniors age with vitality and purpose."

Tivity Health and the MIT AgeLab surveyed a national sample of over 3,000 members of a large Medicare Advantage plan that offers SilverSneakers as a benefit to its members. SilverSneakers members were matched to non-participants to ensure equivalence on factors that predict isolation. The groups were compared on their physical activity, social isolation, loneliness and health status.

Results of the study indicated that the health benefits of SilverSneakers participation stem from higher rates of physical activity as well as social benefits from the program. In a direct comparison, 20% fewer SilverSneakers members suffered from social isolation relative to the non-enrolled group. Members who were more physically active experienced even greater social and health benefits.

Research from AARP found that over 1 in 6 Americans over the age of 50 are socially isolated. Results of this new research suggest that SilverSneakers represents one large-scale solution to this growing issue. These findings reinforce statements from SilverSneakers members who have already recognized the social benefits of the program.

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...NAC's 40th

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woman I knew and probably the smartest woman I've ever met. She could tell a phony from a mile away. Both my parents were very committed to their community. My Dad lived in the same community for 89 years, and they named a Little League field after him and the refreshment stand at the Little League field after my Mom. Also, let me mention that my Dad founded the midget football program in our city. I have two boys, **Jack**, age 27, and **Jimmy**, age 28, and my significant other, **Kim**.

The Newtown Racquetball Club

C.I. - Jim, when, where and how did you become involved in the health and fitness club business?

JW - To make a long story short, in the Spring semester of 1978, I was working part-time at a racquetball club in my home town. Norm, I'm sure you remember the early day racquetball clubs that basically had nothing but racquetball courts before we began to convert the courts to group exercise and workout areas. The owner, **Dewey Herrnan**, was not happy with the job his manager was doing, so he asked me to run it for a short term. I told him I'd give him a couple of years, but I was going to school after that. The health and fitness club industry was not the industry it is now, so to me, at that time, it was just a job, and I didn't have a vision for a real job with a future there.

I stayed a couple of years, and during this time, they used to have these team matches with other local racquetball clubs that came in to compete. There was one group there from Newtown that came down to play at our club. What happened was that one of the participants from Newtown did not pay their court fees before starting the match. So, I halted all of the matches on the six courts we were

playing on until we could figure out who from Newtown had not paid. After the match, **Dottie Minter**, the wife of **Charlie Minter**, one of the owners of the *Newtown Racquetball Club*, came up to me and said, 'I want to commend you for stopping the match, because at my club, we've gone through our 6th Manager in three years who would never have collected any of that money! I really appreciate what you did, and I'm going to tell my husband about you.'

She did, and he called me on the phone about a week later and asked me if I could help his manager (the guy was a graduate of the Wharton School of Business). I said, 'Sure.' So, I did a little consulting with him and the 11-court Newtown Racquetball Club. After about six months into this, I went to Charlie and said, 'You've got the wrong guy there! I've tried to help him, but you're just wasting your money.' Then, he said, 'Well, would you like to come on board?' I told him that I got accepted at Duke University. I planned to go there and major in Physical Therapy, and I really didn't want to cancel my plans. Then, he said, 'I'll pay you \$30,000 a year.' That was a lot of money in those days! Three of these guys were Wall Street guys and one was a teacher. So, I said, 'I'll give you two years, but then, I'm out. I want to go back to school.'

He hired me, and they gave me carte blanche to run it. These were very successful people. They worked in New York City on Wall Street and just didn't want to be bothered. Prior to my two years there expiring, Charlie approached me and said, 'You've turned this place around. You've converted a couple courts to aerobic dancing and fitness and weight training, etc. We want you to stay, so we'd like to make you a partner.' I told them I was interested in that, so they took out the one partner who was the teacher and wanted to be out anyway because he was dumping a ton of money in it prior to me and couldn't



Welcome to the Newtown Athletic Club!

hang in there. I stabilized it, and it started making money.

Then, for \$40,000, they let me buy in over a three-year time period. Now, 37 years later, I've had appraisals on the Newtown Athletic Club of close to \$50 Million! That \$40,000 was my original investment, and I own it now, free and clear! So, that's how I got started. I harken back to the days when I was hired by Charlie Minter, who was always a successful guy. I always say they could have just as easily closed it and made it into an office building as they were very successful on Wall Street. But, they gave me this shot, and I will always be in debt to Charlie and his wife, Dottie, particularly Dottie who was the one who found me. They changed my life.

40 Years Later, The Newtown Athletic Club

C.I. - 40 Years is a *LONG* time! So, let me again **CONGRATULATE** you and your **Team** on your **40th Anniversary** of the NAC, which you celebrated with a huge party on November 3rd! You've already covered what your NAC was like way back 40 years ago. It was a basic 11-court racquetball club with few amenities. Please tell us what your Newtown Athletic Club is like now.

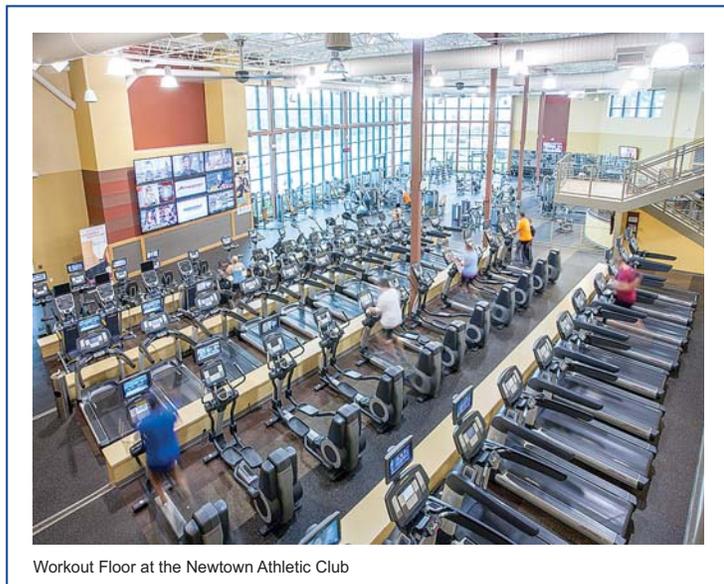
JW - In 1978, the original Newtown Racquetball Club was 11 courts on three acres with two locker rooms, and that was about it. In 1981, I started converting the

courts over. Then, we started buying the land around us as it became available. Over time, we accumulated more land. Throughout the '80s, I started converting more and more of the courts into fitness and group exercise areas. I started with the first two courts, and that made 1,600 square feet below for fitness and 1,600 square feet on the top for aerobic dancing. Then, I took courts three and four and made another group exercise studio and another larger, expanded fitness center down below. I just kept taking them out! And, keep in mind, I was a racquetball pro and played for Ektelon, so it was kind of funny that, as I kept taking these courts out, I eventually eliminated what I had started the business in... racquetball.

C.I. - So Jim, after starting with 11 courts, how many did you end up with?

JW - Zero. None were left. By the early '90s, I had gotten rid of them all, and we did our first really big expansion after I came back from Wall Street where I went from 1987 to 1991 because we were kind of in a holding pattern here. I had an employee, **Jim Bishop**, who later went on to own three of his own clubs in this area. He's an IHRSA Member, too, and he owns a club called *Cornerstone*. He was our point person while I was up in New York City. I worked on the Trading Desk of a money management firm for my partner, Charlie Minter, for his company called *Comstock Partners*. I was a bond trader and ran the office.

I got married in '91 and decided that, if I was going to raise a family, I didn't need to do that two-hour commute each way anymore. In addition, we were getting ready to expand the club. We did our first big expansion, adding a five-lane, 25-meter indoor pool; a physical therapy pool and a full court basketball court. In 1992, my original partner, Charlie Minter, sold out to the three remaining partners, me being one
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of them. We equally owned the real estate: a third, a third and a third. The way the business profits were distributed, though, I owned the majority of the business. My two partners from the time I started, and with whom I owned the real estate, left four years ago were **Howard Berlin** and **Peter Broms**. Though they were very successful guys, none of the partners were active day to day. But, the key thing they allowed me to do was pursue my vision.

I had read a book by **Dr. Ken Dychtwald** called *The Age Wave* after he spoke at the annual IHRSA Convention. I remember being so influenced by that book, which basically said that, if you follow the Baby Boomers and provide them with services that they would need, then you could have a successful business. So, that's what I did. As I saw the Baby Boomers getting older, they needed child care, and they wanted more programming and kid's programming, etc. That's when I started to expand the club to our Youth Plex, which is a 3-story, 30,000 square-foot annex to the club that does youth programs like Karate, dance and gymnastics, etc. I just started following their trends and what they wanted. Just like now, I'm moving more into what the Millennials want, and those people seem to be the next big wave. I just try to latch onto those trends and what those people want.

So, once we had converted all the courts, which was in 1994/95, we went after the family business. A few years after that, in 1999, we added the children's wing, the pool, the gymnasium and all those good things that made the club well-rounded. I bought a 60,000 square-foot building behind us that separated us from six acres that we owned. I bought that building in early 2000. I held that for eight years, and in 2011/12, I demolished the building and built the outdoor pool complex. That was

huge! At that point, we went from \$11.5 million to \$17 million in annual sales, because we now had this unbelievable outdoor resort complex that made it a more year-round facility.

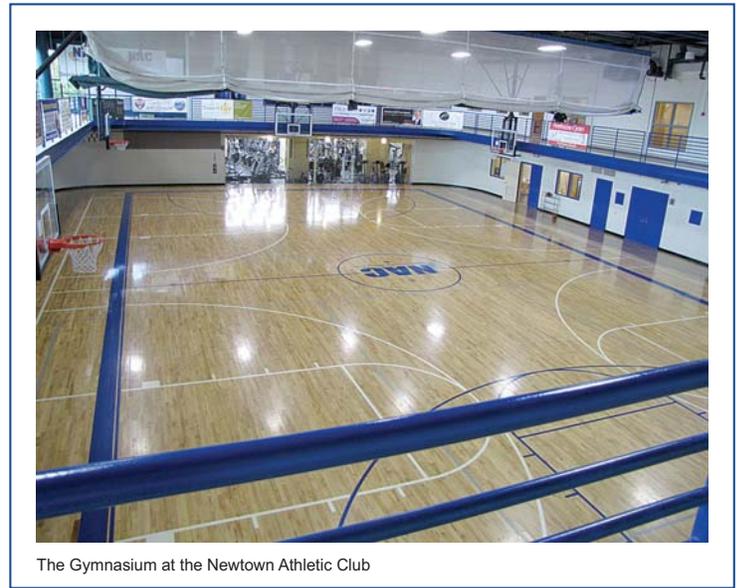
Today, the NAC is on 25 acres, and the total indoor space, including our new Pre-School, will be 204,000 square-feet under roof, and there's another 50,000 square feet of outdoor pools and things like that which is how you get to 250,000 square feet. Plus, we have 800 parking spaces. Its big. It's a big building, and it's grown in stages.

C.I. - The NAC sounds a lot like **Red Lerille's** place in *Lafayette, Louisiana!*

JW - Yes! In a lot of ways, it really is like that. In fact, the best compliment I've ever gotten came from Red when he was up here in June with the *Faust Roundtable #1*. Hosting these top-flight guys on the Faust Roundtable was one of the greatest thrills I've had in the industry. Red said to me, 'You know, Jim, I've only been to a couple of clubs ever that have the same **soul** that my club has. Yours is one of them!' When Red said that, I got tears in my eyes. I told him that was the best compliment I've ever gotten.

After I did the new pool, I created and built my new Sports Training and Events Center, and that's where we are now. Now, believe it or not, I've got the biggest expansion in the history of the NAC in terms of dollars coming up. I'm spending between \$12 and \$15 million adding on another 30,000 square feet of new space, which includes new locker rooms, and the thing I'm most excited about is the new mind/body programming boutique-style rooms offering Yoga, Hot Yoga, Pilates, High Energy HITT, Aerobic Dance, etc. It's going to be awesome.

I've been working with **Hervey Lavoie**, whom I consider one of the top architects in the health and fitness club industry, for six years on this project. We were delayed by the Township for two or



The Gymnasium at the Newtown Athletic Club

three years. This project was supposed to be done over two years ago, but the first phase is finally going to be done in January.

All in all, there are three stages, and we call it, 'Breaking Boundaries.' The first phase will be all the mind/body studios, the High Energy HITT Studio and the Men's Locker Room. Then, we're going inside on January 1 and doing a rehab of the original Newtown Racquetball Club areas. That will take about 8 - 9 months. When that's done, I'm putting another expansion on the front of the club with a brand-new entrance. At the same time, I bought the building next door, and I'm going to spend a couple million dollars on my own Pre-School. These are exciting times!

Linda Mitchell,
the "Queen" of Newtown Athletic Club,
and Other Key People of the NAC

C.I. - **WOW!** They sure are! You've got an awful lot to keep up with! Now, Jim, let's move on to your people. First, let's talk about your right-hand lady, **Linda Mitchell**. I've been extremely impressed with her during the times we've interacted.

JW - Linda was my first hire 37 years ago

in 1981! Back then, she was the *Queen of Aerobic Dancing*. People would stand in the doorway waiting to get into her classes. She looked like Wonder Woman! At that time, I had three or four full-time employees and a handful of part-time people. Now, we have 60 to 80 full-time employees (depending on the time of the year) and 300 to 400 part-time employees, also depending upon the time of year. And, I'll tell you another story about entrepreneurship:

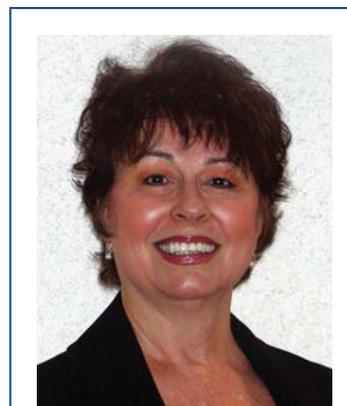
From the time I hired her, Linda has held a lot of positions. She started off as our *Aerobics Director*. Then, she became our *Fitness Director/Group Exercise Director*. Later, somewhere along the line, she became the *Marketing Director*. She is SO good at that. And, about 18 years ago, in 2000, when the YMCA was trying to break into the Newtown market, she was doing so much stuff on our charitable side and our advocacy work that I made her our *Director of Public Relations and Charitable Giving*. She's held that title ever since. Beyond that, she's done her best work the last 4 - 5 years as she's been working on *Augie's Quest*. And, she's done amazing work on *The Right to Try Bill*, which was a landmark bill that Linda was instrumental in getting passed!

Every time he gets a chance, President Trump talks about Right to Try as one of his crowning achievements during his first two years, and Linda was instrumental in getting that passed. Certainly, with the new version of the *PHIT Bill*, Linda is the unsung hero behind that getting done on my end. When I'm down in Washington D.C., walking the halls of the Capitol Building trying to get legislation passed with the IHRSA team and lobbyists for our industry, she's doing it with me. She's going and meeting Congressmen and Staffers. She's an excellent writer. She's a great public speaker. She's incredible. She has won *IHRSA's Julie Main Award*, and I

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The Escape Resort at the Newtown Athletic Club



Linda Mitchell, "Queen" of Newtown Athletic Club

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wouldn't trade her for anybody for what she does for me and the industry. She's one of the top three or four employees that I know of in our industry when you talk about what she does. The Right to Try Bill is incredible. I kid her and say, 'You do 90% of the work, and I get 90% of the acclaim!' But we make an unbelievable team because she just prepares me and trots me out there. She does all the behind the scenes work. By far, Linda is top notch!

Of course, there are a couple of other people who have been with me a long time. **Eve Kreiger**, who is my *Chief Financial Officer (CFO)*, has been with me about 27+ years. Remember, all of us started back when there really was no industry. She started as a *Front Desk Manager/Pro Shop Manager*. Then, over time, she segued into the Accounting Department, and before I knew it, she was doing my accounting and bookkeeping. Unfortunately, Eve has had health problems over the last couple of years. She's been battling cancer for years. She's been struggling, so we've kind of moved her into a less demanding role. I've hired a new *CFO*, and his name is **Brian Herman**.

Another guy by the name of **Joel Eckert**, who has worked for me for 30 years as of this year, is a guy who's kind of the face of the NAC. He's a professional greeter. Everybody knows him, and he keeps everybody happy. He's always there in the pinch when you need somebody to open the club because the opener can't make it. He's there late at night for the snow storms, and he stays all night, so he can open up the club the next day. He loves the NAC. Every club should have a guy like Joel. The members love him. He has no defined role other than making people happy.

In addition to the people I've mentioned, we have a lot of long-time employees including some of our group exercise instructors, other front desk staff, and of course, my assistant, **Nancy Goracy**, who is instrumental in keeping me on track. These are people who've been here 20+ years. But, circling back, Linda Mitchell is the heart and the soul of the NAC.

C.I. - Jim, your staff sounds a whole like Red Lerille's staff in terms of long-time tenure! From both a physical plant point of view and a staff point of view, your club sounds a lot like *Red Lerille's Club*. As I think more about it, your club sounds a whole lot like **Pat Laus'** amazing *Atlantic Club on the Jersey Shore* and **Zoe and Ed Veasey's Cedardale Club outside of Boston**, which I guess has now been rebuilt after the big fire they had a couple of years ago. Any other names you want to mention on your team? **JW** - We have a great young staff that are really rising stars. In fact, I think they are the future. We're having a changing

of the guard, but Linda can stay as long as she wants (laughing). We have some really great people. **Taylor Antolino** is my *Marketing Director*. She is phenomenal. We've got **Amanda Brown** who runs our *Summer Camp and overseas my children's programming*. Amanda is my best all-around manager. In fact, I had Taylor, Amanda and a couple of other ones, Melissa Christie and Kate Golden, who make presentations for the Faust Roundtable #1 Meeting, and they got high praise. Everybody says my staff is the best! Amanda is really impressive, and they all love her. **Melissa Christie** is my *Member Experience Director*, and she speaks a lot at IHRSA. She's an expert on member experience and keeping people happy. **Kate Golden** is my *Fitness Director/Wellness Director*, and she is very knowledgeable and well-known in the industry. **Denise Watkins**, my *Sales Manager*, is excellent.

People constantly come up to me and tell me what a great staff we have here. I have a lot of industry people come here, and up front, I tell them they can come here to visit, but they HAVE to be an *IHRSA Club Member*. And, if they are an *IHRSA Club Member*, they MUST join the *IHRSA Industry Leadership Council, the ILC*.

The IHRSA Effect

C.I. - When and how did you become involved in IHRSA?

JW - Norm, I know your first IHRSA Convention, when it was still called IRSA, was in 1981. I went to the 2nd IHRSA Convention in 1982, and it was also in Las Vegas like the first IRSA Convention was. So, in 1982, I went to the IRSA Convention, and I listened to you, since you were the 1st President of IRSA. I got to know **Rick Caro** and the late **Curt Beusman**. I was just one of several hundred people there, and I took notes and realized there was a lot of learning to be had. I don't think I have EVER missed an IHRSA Convention since

1982. Every time I'm interviewed, I say the single and ONLY reason for our success here at the Newtown Athletic Club was because I joined IHRSA in 1982. Without being a member of IHRSA, this club would have ceased to exist. There would be NO NAC. Even now, I love to sit and learn. The biggest difference in my career has been IHRSA. I can tell you, Norm, that if I didn't go to that IHRSA Convention, I'm sure I wouldn't be in the industry now! This building would be an office building, and I would have been doing something totally unrelated.

C.I. - Well, Jim, I have to tell you that it does my heart really good to hear somebody like you, a guy who is now enormously successful, talk about what Rick and I dreamed up about 38 years ago and how that has helped you to create what you've created! That just thrills the heck out of me, Jim!

JW - Well, it is true. The sad part is that, now, what we are seeing is history being forgotten. And, I said this at the Motionsoft gathering at the Club Industry Show where I was interviewed in the opening session. The thing that I am the saddest about is the history of how this industry began is being forgotten. When it really started to become an industry was when you guys, and I mentioned you guys by name: you, Rick and the other Founders, started this organization, the *International Racquet Sports Association (IRSA)*, now *IHRSA*. The fact that the newer people don't know the history and don't realize the extent of what you guys did and what IHRSA has done is a shame. I said it's like baseball with Babe Ruth, Lou Gehrig and Ty Cobb. You guys are the **LEGENDS!** This industry wouldn't be what it is today were it not for IHRSA. And, still today, IHRSA is the most influential and important organization in our industry in the world.

C.I. - With you at the helm, we're

going to continue as the leader! **JW** - (laughing) Well, I hope so. I'm taking this to a new level. I'm doing everything I can, traveling, being an ambassador, trying to pass PHIT, etc. I'm working on IHRSA business every single day.

C.I. - Please tell us how IHRSA has helped you and your NAC Team.

JW - The continuing education opportunities that IHRSA provides via the annual March Convention, the IHRSA Institute, CBI, etc., has been instrumental in the growth of the club and staff. People might think: Oh, well, the NAC is big... They're pretty far advanced in terms of the industry. What do they have to learn? Geez... I send 15 people to the IHRSA Convention every year, just for the continuing education at the first part of the week. Then, I bring in another 15 people for the Trade Show and Augie's Quest. That's 30 people! And, that's just for one event. I mean the amount of money I spend is tens of thousands a year to send my staff to IHRSA Convention and Trade Show, but they come back with ideas in which the return on investment is far greater than the expense by ten-fold! It's no different than when I send four people to the IHRSA Institute every year. We're getting more out of IHRSA than we've ever gotten before. If people want to grow their business, and they want to be successful, they've got to commit to educational opportunities, and the *Number One* place to get that in the health and fitness club industry in the world is **IHRSA**.

C.I. - Since you're now IHRSA's Chairman, please tell us how that evolution from IHRSA Member Club Owner to IHRSA Chairman of the Board happened.

JW - I joined the IHRSA Board of Directors in 2015 when **Robert Brewster**, whom I love, was Chairman. I came in along with **Ray O'Connor, Missy Moss** and **Larry Conner**. Early on, I decided the best way for me to give back to the industry I loved was to get on the Board, so that's why I applied. I came in with a really strong group that has always been very committed to making a difference. So, what happened was that I decided that I wanted to exceed expectations. I decided to try to grow the participation in the ILC, and I worked closely with **Meredith Poppler** on that. At the end of that first year, we had 55 ILC Members, and after Meredith and I worked on this together for just one year, we got the ILC membership number up to 85. Then, we stuck with it, and we ended up with 124 ILC Members! So, we've grown it to be 2.5 times bigger than it was before. I decided that I was going to lead by example, so when it came time to put my name in the hat to be the IHRSA Board Chairman, people would see that I'm fully committed and that I earned the job of being the IHRSA Chairman of the Board, not that I all of a sudden decided that I wanted to be the Chair. The people on the Board saw
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Jim Worthington With Congressman Kevin Brady, Chairman of the House Ways & Means Committee

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what I was working on in Washington. Plus, they got 'two for one' with Linda and me because Linda is very involved in helping me with all of our IHRSA efforts.

C.I. - Jim, as IHRSA's Chairman, what goals did you set for your term?

JW - Everybody knows that the PHIT Bill could be a game changer. It might be the biggest thing that's happened in decades for the health and fitness club industry. So, *that is clearly my #1 goal.* I came in with different ideas than most Chairs come in with. Everybody comes in with their own initiatives. I saw how much Joe Moore and his Team had unfinished on their plates from past Chairs, so I said to them: 'There aren't going to be any new initiatives. There's enough for us to do.' The two things I want to do are:

1. We should truly be ambassadors for IHRSA. To give you an idea, the first 90 days in August, September and October, each of us were assigned to contact **30 IHRSA Members or Non-IHRSA members** to thank them for becoming IHRSA Members and ask if there is anything we can do to make their experience better. Fill them in on the PHIT Bill, etc. If we all reach our goal, we will have reached over 500 people through these contacts. I want us to be true ambassadors for IHRSA. I went down to the MotionSoft Convention. I flew out to Chicago to do a little pitch at the Rick Caro's CEO Summit. I flew down to Sarasota and met with **Rick Caro, Gale Landers, Joe Cirulli, Rodger Ralph, Art Curtis, Gale Landers and Geoff Dyer** just to *pick their brains.*

I want the IHRSA staff, led by **Joe Moore, Anita Lawlor, Helen Durkin, Meredith Poppler, Jay Ablondi and Pam O'Donnell**, an *incredible Team*, which is AMAZING to know that, if I am to be effective, I'm working FOR THEM! We supposedly set the big vision for IHRSA, and once that's done, they have to implement it. I don't want to sit around the next three months waiting for the next meeting and do nothing. I've become a PR extension of them, a person who can sing their praise and also get more people involved in IHRSA and to just be an advocate for IHRSA. And, that's what I have asked the other IHRSA Board Members to do. They've done a great job of doing that, as well. We've gotten a lot of feedback. For instance, there are 124 ILC Members... I've written over 70 handwritten notes so far just thanking them individually for being ILC Members and telling them what's been going on with the PHIT Bill, what the latest moves are, etc. We need to be sure they know they are appreciated. Those are the kinds of things we need to do. *We need to treat IHRSA Club Members as you would treat actual members of your clubs.*

2. We need to get PHIT Passed. I'm spending a ton of time working with **Helen Durkin, Jeffrey Perkins** and the *Lobbyists*

down in Washington, Jay Smith and Jennifer LaTourette, and Linda Mitchell trying to get PHIT passed. I sometimes go down there a couple of times a month. We've got a great opportunity right after the mid-term elections to get this done. As recently as last Tuesday, I was with **Kevin Brady, Chair of the House Ways and Means Committee.** He was the original PHIT sponsor. He's the key guy in Congress getting it done and passed in the House. He assured me last week that he is completely behind it; he's going to work with the Senate right after the mid-terms to try to get enhanced Health Savings Legislation passed, and PHIT's going to be a part of it. To me, if I could be part of getting that done with the IHRSA Team, our Lobbyists and the help of the IHRSA club owners, that would be the biggest thing I could do. *Then, I feel like I might have repaid my debt to an industry that has been so good to me.*

C.I. - What advice would you give to any IHRSA Club Member who think they might want to serve on the IHRSA Board?

JW - I would tell them that I think the Board has changed in a sense of what your responsibilities are. So, if you are thinking of serving, it will be the greatest experience you will ever have in the industry. It will be most rewarding knowing you are giving back to an industry that has been so good to us. But, realize that you are going to have to be someone who is going to be more of an ambassador than, maybe, historically Board Members have been. It is not like you are expected to do something every day. But you're always expected to reach out and do whatever you can to **Grow, Promote and Protect the industry through IHRSA.** It's a bigger commitment than it used to be, but I will tell you that it's the biggest honor you could ever get. So, take a shot at doing it because it will be the best days of your life in the industry.



Folks, as the unimposing entrance of the Newtown Athletic Club brings its visitors into a web of amenities and offerings, **Part I** of this special cover story on Newtown's 40th Anniversary only scratches the surface. There is much more to cover, and Jim Worthington will do just that! Once again, I invite and strongly encourage you to stay tuned for **Part II**, which will appear in the **December 2018 Edition of Club Insider.** What a way to close out a great year!

(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)

Evolution of the Newtown Athletic Club

1978

Newtown Racquetball Club built: 15,000 square feet, 11 racquetball courts.

1981

Became Newtown Racquetball & Fitness Center. Two racquetball courts were converted to a fitness center on the lower level and an aerobics studio on the upper level.

1984

Two more racquetball courts were converted to fitness centers. Two more racquetball courts were converted to fitness centers and a second aerobics studios was added on the upper level (Studios 1 & 2 today).

1985

NRFC converted to a monthly membership structure.

1990

Children's Programming added. Fitness center expanded, and two more racquetball courts were converted to children's programming and physical therapy.

1992

NAC was named "Top 100 Club in America" by *Club Industry Magazine* and has remained on the annual list ever since!

1996

NRFC renamed Newtown Athletic Club (NAC). A 50,000 square-foot expansion was completed, making the NAC 65,000 square feet in total. This expansion included the indoor pools, brown gymnasium, indoor track and expanded programming space.

1997

TechnoGym Fitness Center established.

1999

A 35,000 square-foot Youthplex is completed. This made the NAC 100,000 square feet total, including a second full gymnasium, new kids club, and gymnastics, dance, martial arts and maze studios.

2003

25th Anniversary and Club Salon & Spa opening.

2010

NACafe food and beverage concept introduced.

2011

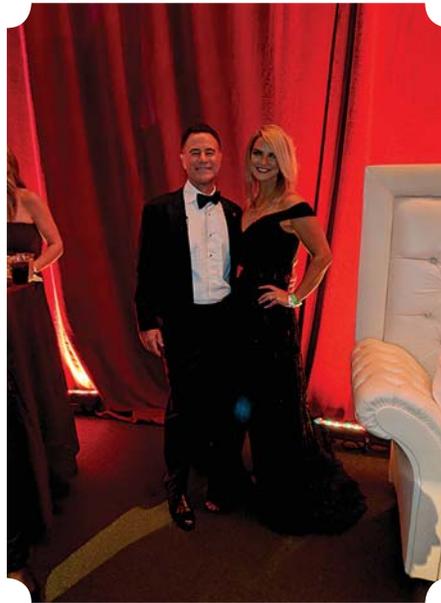
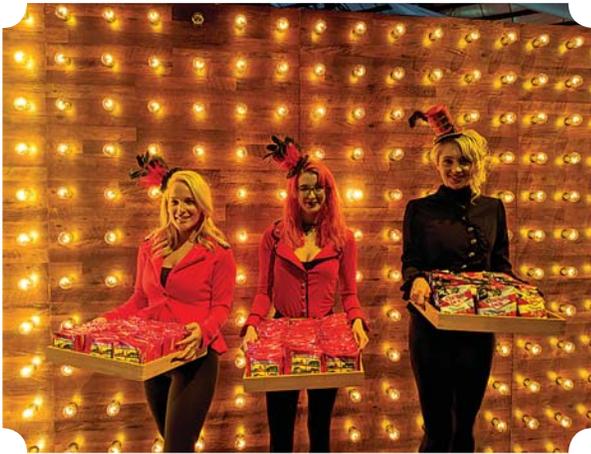
Urban Allure Salon & Spa re-conception and renovation.

2011 - 2013

Big Build Construction: the opening of the new 12,000 square-foot fitness center, 40,000 square-foot NAC sports Training and Events Center and 80,000 square-foot Escape Resort and Pool complex.

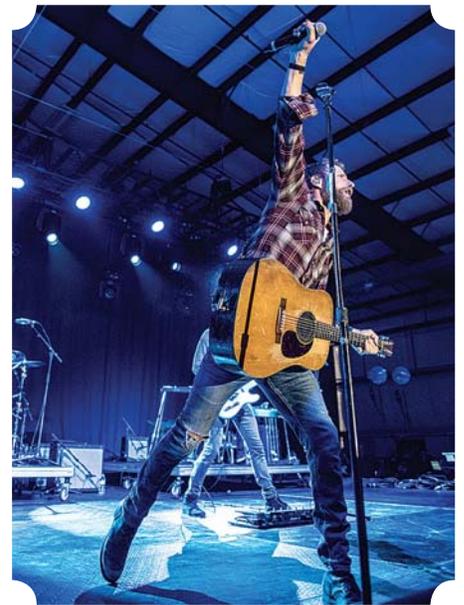
2018

40 Year Anniversary & Breaking Boundaries Expansion & Renovation. The largest expansion in the history begins to include all new Group Fit boutique studios, expanded and renovated locker rooms, fitness center, salon and Spa, brand new medically-based Wellness Center and more! When completed, there will be 40,000 new square feet and a 25,000 square-foot renovation across three phases, to be completed in July, 2020. The cost will be \$15 million.



4
YEARS
NEWTOWN
ATHLETIC CLUB





Retention Starts With Brand Loyalty

By: **Mario Bravomalo**

Over the last 30 years, the industry retention rates have remained relatively the same, and many of the factors related to retention will never change. People worldwide have consistently shown that there are periods in their lives where exercise has less importance... times of illness, moving, job changes, birth of children, career, etc. Now, there's a small percentage of individuals who, if the planet was going to be destroyed by a meteor in the next 24 hours, would still schedule a quick workout. But, for the majority of people, they will begin a period of on and off exercise for the majority of their life. Knowing that our members will come and go at different times in their lives, it's important that we build brand loyalty. When that time in their life comes, and they are ready to start exercising again, we need to become their go-to brand.

Strategies That Drive Brand Loyalty: Personalized Content, Personalized Greeting and Personalized Workouts

Personalized Content:

Delivering personalized content and experiences is one way to make each and every customer feel special, and it's a great competitive differentiator, too. According to *Virtual Incentives*, brands that personalize their customer experience are perceived as smart, unique and caring by the majority of consumers. Plus, over half of millennial customers rank

personalization as a high priority. It's easy to see why more and more brands are focusing on delivering it.

So, how do you promote brand loyalty through personalization?

Marketing Automation (VFPnext) will help personalize the member journey and tie the member details gathered during the sales presentation and in the PT orientation into the content you deliver to them. For example, your email marketing platform (VFPnext) has specific personalization tags that you can add to the subject line and email body. These personal touches not only increase open rates, but they result in six times more sales.

Personalized offers like "You may also like..." and "People like you..." present tailored suggestions based on the customer's history. There's a reason practically every retail giant uses this approach. It capitalizes on the influence of peer recommendations to encourage repeat purchases.

Personalized Greeting:

One of the strongest strategies for building brand loyalty is a customized greeting; each time a member walks through the door, we should act like we know them. Knowing each member's name, goals and fitness preferences is an extreme challenge with thousands of members and the rate of staff turnover.

We must rely on systems like

(VFP's) digital guest registry, digital member check-in, to notify the staff of a member's preferences. Use their name and something like this:

- Have a good workout.
- Enjoy your (fill in the blank) class today.
- Did you enjoy your (fill in the blank) class today?
- How much longer until your wedding, triathlon, class reunion, etc.?
- Congratulations, I see you've been consistent on your workouts for the last month.

Any type of personal greeting continues to build brand loyalty, but we must use smart technology that engages members after the sales process has ended and their fitness journey has begun.

Personalized Workouts:

Nothing builds brand loyalty like *listening*. During the membership sales process and the PT orientation, our clubs have the greatest opportunity to gather information and *truly listen* to the members.

Understanding our members' desires and their real reason for exercising gives us the ability to recommend personalized workout strategies that truly support their goals and desires. Putting systems in place like the *VFP Membership Tablet Tour* and the *VFP PT Orientation* gives our staff a platform for listening, asking great questions and recording member goals and desires. The VFP technology also has the ability to present



Mario Bravomalo, Founder of VFP

custom fitness solutions, along with customized email messaging following the sales process and PT orientation.



By designing and implementing a more customized experience for your member, you can effectively earn their trust and respect over time. For more information on personalizing the member journey, call the guys at VFP at (877) 837 - 1212. For more information supporting this article, go to bit.ly/clubinsider57.

(Mario Bravomalo is the Founder of Visual Fitness Planner, and he can be reached at mario@vfp.us.)

Rodney Steven II Partners With Great Wolf Lodge Founders For New Waterpark and Hotel Concept

WICHITA, KS - Wichita entrepreneur and philanthropist, **Rodney Steven II**, announced the development of a new hotel and indoor waterpark complex in a partnership between the city of *Goddard Kansas*, *Genesis Health Clubs* and *Imagine Resorts and Hotels*, whose principals, **Bruce Neviaser** and **Craig Stark**, were *Founders of Great Wolf Lodge*. The massive indoor waterpark and 123-room hotel will be the largest indoor waterpark within a three-hour drive. The facility will be adjacent to the previously announced *Goddard Aquatic Center*, part of a development that will include a Genesis Health Clubs location, pre-school, youth sports camps, baseball diamonds and world-class competitive swimming natatorium.

The waterpark resort will feature cutting edge water features, including a giant interactive play structure, multiple

slides, lazy river, hot tubs and more! The waterpark will connect to the 123-room hotel, a competitive swimming natatorium with 600-spectator seating, a pre-school and much more. A new premium Genesis Health Clubs fitness facility will be included with several group exercise studios, strength training equipment and a cardio deck overlooking the aquatic center.

Rodney Steven II discussed the ambitions for the waterpark: "There isn't an indoor waterpark like this within a three-hour drive, and the demand is huge. When we decided to bring an aquatic center to Goddard, we knew we needed something big, and this is it. Our projections show this facility will draw people from hundreds of miles away, from competitive swim meets and baseball tournaments, to a family waterpark experience this area has never seen. This will be a major regional draw."

While the decision to build an indoor waterpark was easy, it was more important for Steven to get it right, "That's why we decided to partner with Imagine Resorts, whose executive team essentially launched the indoor waterpark resort segment with Great Wolf Lodge. Have you been in a Great Wolf Lodge? It's an amazing brand; they do hotel/waterparks right. Bruce and Craig stepped away from Great Wolf Lodge a few years ago, but they bring so much expertise and know-how to the table. We couldn't be more excited to partner with them and bring something special to the Midwest."

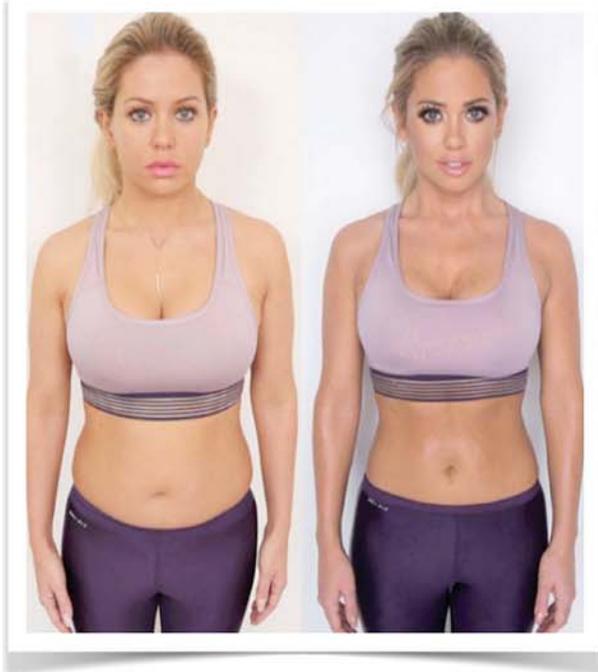
Asked about the name and branding, Steven's enthusiasm grew, "We are incredibly eager to announce the name and thematic concept soon. We're putting the final touches on what will be an iconic brand for the city and the region. Let's

just say it's a fun theme; I can't wait to share more."

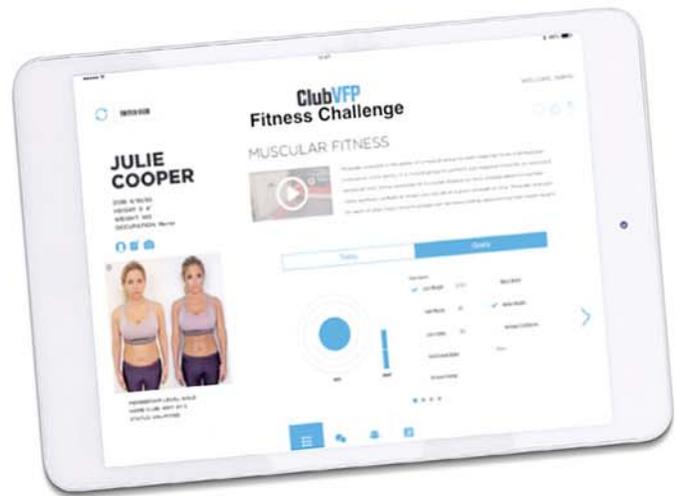
Goddard Mayor, Jamey Blubaugh, lauded the economic benefits to the city, "What a win for Goddard and what a win for the state of Kansas. To have Goddard host the next big brand in family entertainment from the minds behind Genesis Health Clubs and Imagine Resorts is beyond exciting. We estimate this development will have an annual economic impact of over \$236.5 million per year for the city of Goddard and bring new businesses and 404 new jobs to the area."

Steven agreed, adding, "As an entrepreneur, you can tell when an area is ready to pop. Goddard and west Wichita will be the hot new area in South Central Kansas in the coming years. We're excited to be the catalyst. This indoor waterpark is just the beginning."

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Five Tips For New Year Marketing Success

By: **Jon Butts**

It's that time of year again! Santa is getting his final month of training in at North Pole Health & Fitness, prepping for an epic workout that will take him around the world. After his journey is complete, and everyone has overindulged during the holidays, their focus will quickly turn to New Year's resolutions. It goes without saying that January presents a phenomenal opportunity for your business. The question is, what should your marketing strategy be in order to best capitalize on this yearly tradition?

Here are five winning tips that will help you reach maximum results this New Year:

1. Treat It Like A Wedding. January comes but once a year, and it will be here before you know it. If you don't have your marketing plan finalized yet, you really need to start on it immediately. The best weddings are planned well in advance, and every little detail is thought through meticulously. Ample research is done, collaborative brainstorming happens regularly and vendors with expertise are brought in where needed. The day before the wedding, everything gets rehearsed with the team (bridal party) so each person knows their exact role and what they need to do. The end result is a perfect formula to ensure your big day is a success.

I understand that everyone is busy, and sometimes, it feels like there are

not enough hours in the day. However, the opportunity the New Year brings to your business is too important to push off. If you want to be successful, you need to prioritize and make time to plan all of the little details immediately.

2. Make It Integrated. There is advertising everywhere these days, making it harder and harder to get noticed (and remembered). Your prospects are being bombarded with other ads all day, every day. No different than a stock portfolio, diversification is key when it comes to marketing.

Putting all of your eggs in one basket and hitting your prospects with only one channel is extremely risky. Not only that, it will not lead to stickiness, and everyone will quickly forget about it shortly thereafter. If you incorporate a nice blend of multiple digital and traditional channels, your message will resonate much greater versus only hitting your prospects with one channel.

3. Don't Give Away The Farm. It is a well-known fact that this is the time of the year everyone is actively looking to join a club/studio. Due to the demand for health and fitness solutions this time of year, most clubs do not really need to "give away the farm" in order to drive prospects through the door. In order to try and increase demand, offering a very strong joining offer is more important during the slow months of the year.

If you have a nice facility, build

value on that and let prospects know how you are different and what your core competencies are. However, make sure these items are important to your prospects. What is important to you doesn't matter; it is what is important to your prospects. If you just did a renovation, prospects don't care that you spent \$200,000 on new (insert equipment manufacturers name here) cardio equipment. All they care about in this instance is not having to wait to use the machine they want.

Let's face it, the reason everyone is making resolutions about their health and fitness every year is because they fail to stick with the resolutions they made the previous year. Make your marketing tell a story that will resonate and make prospects believe your facility is the one they need to FINALLY keep their resolution. That is much more valuable than a free month they can use after they no longer are even going to the club.

4. Remember It's A Marathon, Not A Sprint. January is a long month, and on top of that, many clubs like advertising right after Christmas. If you add those days to January, there are 37 days during the New Year campaign. To avoid peaks and valleys, you need to make sure your integrated plan (*Tips 1 and 2*) includes ammo smartly staggered throughout the entire month.

There are a ton of different ways to develop and structure this with all of the different marketing channels available, but the important thing is to not front load everything too much for just the first week or two. Doing so will make your daily signup trend look like a bottle rocket, soaring up quickly and then fading thereafter. Once you determine your marketing mix, make sure to properly stagger in order to keep the momentum going the entire month.

5. Take Care of Your Team. I cannot stress this enough. Never forget that, if it wasn't for your employees, you wouldn't have a business. Everyone will be putting in more hours and enduring more stress during this time of year. It is important for you to lead by example to keep everyone motivated, in order to get the most out of your team.

Set clear goals for everyone. Track their progression each day, and if someone gets a little behind, encourage them and get in the trenches to get them back on track. Have daily or weekly contests to create and maintain competitiveness within.

More importantly, make sure you have a team goal for the month. Make everyone is aware of the goal, and let them know what you will be doing to reward them when they achieve it. Be transparent and let them know where you stand each day and what is needed collectively each day to keep on track. This will unite your team,



Jon Butts

and they will help everyone around them be better.

When the month is over, and you have achieved your goals, reward your staff in a big way. Money is nice, but when our time on earth is complete, it will be the relationships built and the impact we had on others that will mean the most.



Stop procrastinating and start your New Year marketing plan today. If you want it to be effective, it won't be quick or easy, but the most worthwhile things never are. Just like most things in life, you get out what you put in, and there will be nothing more gratifying than setting records in January and having a ton of fun along the way with your teammates. Carry that momentum into the next month and use that same approach each month and you will be amazed at where you will stand this time next year.

(Jon Butts is the Founder & CEO of Muscle Up Marketing. He has over a decade of fitness marketing experience, helping nearly 1,500 clubs and studios across the United States and Canada increase their membership through innovative omnichannel campaigns. He holds a Bachelor's in Business Administration from Auburn University and a Master's in Business Administration from the University of Georgia. Muscle Up Marketing has been named one of the Fastest Growing Companies in America the last four years, as well as, a Best Place To Work in Atlanta. In addition, Jon was named by Auburn University as their Entrepreneur of the Year in 2017 and was also named a Top 40 Under 40 Marketing Professional in the United States. To learn more, visit www.muscleupmarketing.com or call 800-516-4480.)



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FIBO

World's Largest Fitness Health & Wellness Event To Make U.S. Debut

NORWALK, CT - On December 5 - 8, 2018, FIBO, the world's largest interactive showcase of fitness, health and wellness innovation, will make its United States debut at the Orange County Convention Center in Orlando, Florida.

Backed by the long-running success of FIBO Global events in Germany, China and South Africa, FIBO USA will assemble fitness professionals and enthusiasts for an immersive exhibit of the most groundbreaking people, products and ideas propelling the industry forward globally.

With something for everyone, the four-day event will feature heart-pumping fitness demos and classes, hands-on technology and equipment exhibits, nutrition and apparel, education sessions and instructor

certification and trainings from industry juggernauts Zumba, Spartan, American Council on Exercise (ACE), Athletics and Fitness Association of America (AFAA) and National Academy of Sports Medicine (NASM).

"It's rare to find an event that pulls together every corner of the health and wellness category as seamlessly as FIBO," says **Petra Robinson**, *Trade Show and Fitness Industry Adviser at Zumba and former AFAA Vice President*. "In the almost three decades since I attended my first FIBO event, I've found it to be a dynamic display of what's shaping the industry and a crucial tool for business expansion."

Exhibitors will unveil innovations spanning cardio and strength (Aktiv Solutions, Helix, Keiser, Torque Fitness, Ziva), EMS and vibration

technology (miha bodytec, Power Plate, XBody) group and aqua fitness (Piloxing, POUND, SoulBody), health and wellness products (InBody, NormaTec), nutrition (Dymatize), financing (ABC Financial) and wearables (Myzone).

"FIBO has proven to be the premier platform for the global fitness industry to gather, learn and grow," says **Hervé Sedky**, *President, Americas of FIBO producer Reed Exhibitions*. "Now is the time to bring the power and international presence of FIBO to the US: the single largest health and fitness market in the world."

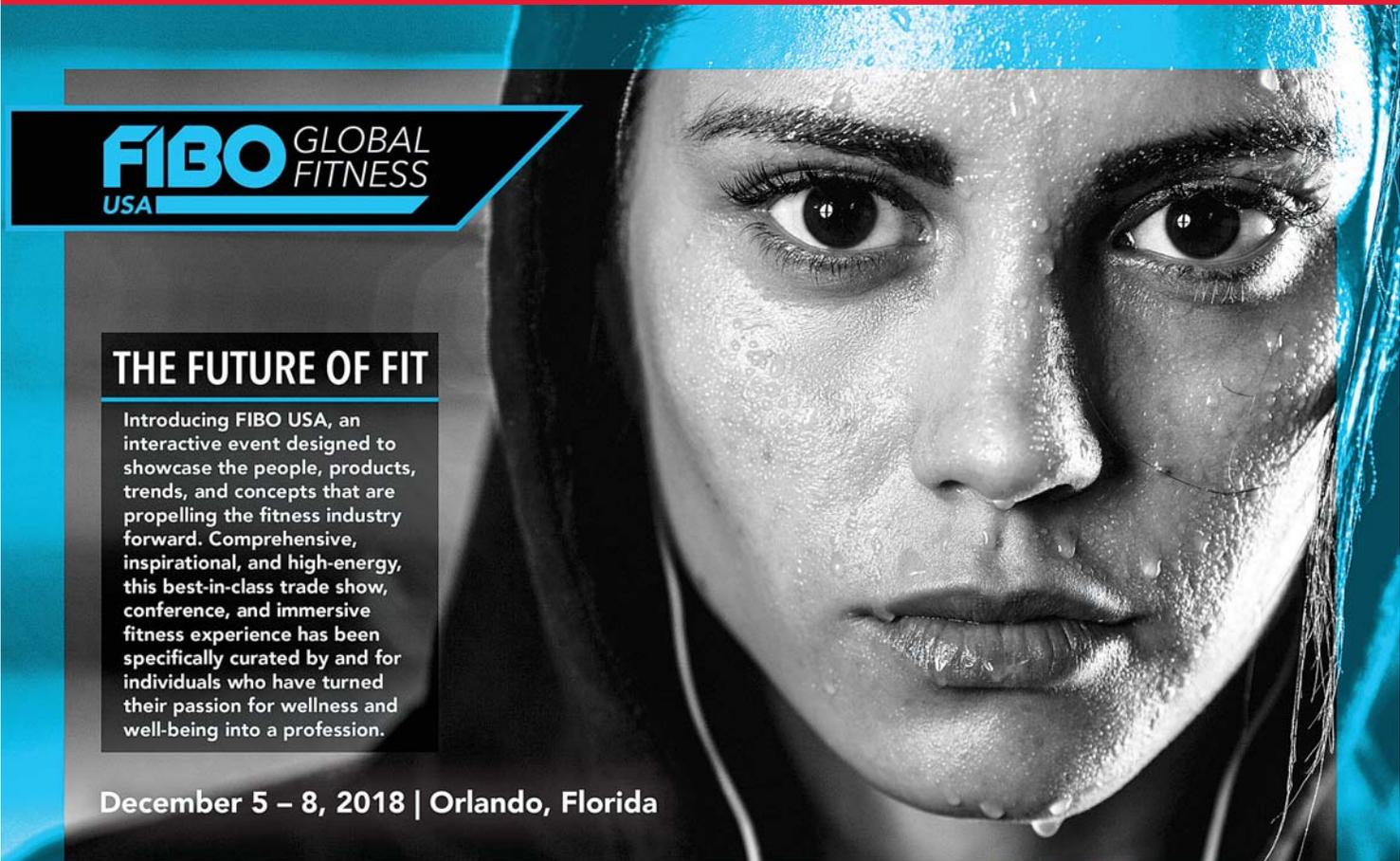
The event will open with a two-day FIBO American Health + Fitness Forum (AHFF). The forum invites business owners, managers and experts from the health and fitness sector to interact with global

thinkers and leaders on topics such as sales, marketing, customer relations, technology, retention, human resources and overall operator excellence.

The Women in Fitness Association (WIFA) will also collaborate with FIBO to host a forum in which industry professionals can discuss and uncover issues, initiatives and opportunities for women to rise to their fullest potential.

The FIBO FitPass unlocks unlimited access to daily workouts, workshops and lectures for fitness professionals and enthusiasts alike. Every FIBO ticket includes fitness demonstrations, celebrity meet and greets, competitions and unique special events and activations.

To learn more and to register, visit fibo-usa.com.



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Inside Instinctive Insights

Client Spotlight: The Athletic Clubs... Pillars, Culture and Passion

By: **Deneen Laprade**

Frank Lawrence, CEO of The Athletic Clubs in Little Rock, Arkansas, is a dynamo. His passion for lifelong learning and living by example are evident in every aspect of his person, both as an individual, family man, friend and fitness professional. His prior background in banking and financial services positioned him to be successful in the fitness vertical, and he draws parallels between his role as a banker and his experiences working for a credit union as, "having set me up incredibly well for this [fitness industry]. I'm able to understand the needs of diverse populations while focusing on member satisfaction."

The Athletic Clubs is a four-club group that dominates the Little Rock fitness market because of the selfless, high integrity approach to member experiences. A consistent challenge in the multipurpose club model is the ability to be "everything to everyone." Frank and team developed platforms that work together to ensure they don't miss a beat:

The Four Pillars

1. Tennis - A total of nine indoor courts and four outdoor courts comprise the facilities, and the real differentiators lie in how they ensure that all tennis audiences --recreational players, lesson takers, juniors, league and team tennis players--all have opportunities to play. With a strong stable of teaching pros on hand, this dynamic mix has increased tennis revenue and maximized court usage.

2. Aquatics - Pool space is akin to court space in that it's highly coveted by multiple groups. Lap swimmers, swim team members, swim lesson takers, AquaFit lovers and recreational swimmers all vie for pool time. With two 25-yard lap pools, a 50-meter competition pool, recreational pools, a sprayground and hot tubs, there is no end to the fun!

3. Family/Youth - The demand for "more than daycare" was responded to at the Down Under Center (DUC), a 7,000 square feet of dedicated space activity center for sports, soft play equipment, interactive electronic "toys" and Sportwall Training Stations. There is no shortage of opportunity for kids to have fun while developing active lifestyle skills. After school care, spring and summer camps, Parent's Night Out and Birthday Parties round out the full complement of family fun.

4. Fitness - Group Exercise is the main focus

because they believe it's what drives usage, retention, referrals and results. Currently, offering 140 weekly classes and dedicated spaces offering the coveted "boutique" experience are all included in membership.

The **Play On Manifesto** is embraced by all 350+ staff members and is embodied in the Brand Promise: *The clubs promise a positive, nurturing environment supporting the mental, physical and emotional benefits of an active, participatory and health-conscious lifestyle.*

It sounds like fitness utopia. Though naturally, challenges exist. Frank told us, "Big issues all of us face in this rapidly growing industry are how to continue to differentiate and stay relevant in a changing, disruptive marketplace. Today, most people in business are trying to figure out who their prospective customers are going to be. The hope is to be able to get data and look at current customer-to-target methods appropriately. Another challenge is how to speak to customers in the way they want and need to be engaged. It's critical to be able to do this."

We wanted to know what processes The Athletic Clubs are currently engaging in that are positively impacting the clubs. Frank told us he's, "rarely susceptible to promotional emails," and yet found himself, "captivated by a prospecting email system developed by Instinctive Insights. The system engaged and drew me in. It intrigued me enough to start conversations with **Jeremy Fishel, Co-Founder of Instinctive Insights**, that eventually culminated in a face-to-face interaction at IHRSA Orlando."

"The thing that sets Instinctive Insights apart is that they have the resources of big data companies, and while the product they offer isn't any different than the others, what they know about using data to generate profits has proven true." According to Lawrence, another aspect of Instinctive Insights that differentiates them from their competition is the high-touch experience, the ease of doing business together and the quality of interactions with the team.

In spite of Frank's thought that direct mail is a bit of a dying industry, he states that the conversions and useful data realized from each campaign are, "definitely more than paying for the campaigns, we're making money. They're talking the right talk to the right people and making the entire process work, in spite of its cost." He also told us that Jeremy is very willing to explore new ideas that Frank has, and the level of consistency is critical. "With other agencies, we were constantly retelling our story to new reps from the same agency.

With Instinctive Insights, that isn't the case. They know our brand, our culture and our market. We aren't constantly re-coaching to a new team."

In closing, Lawrence says, "The Instinctive Insights Team has become an extension of the club because they seek to understand who we are and make the data work

for us. The level of service and customization is working incredibly well, especially when compared with their competition."

To learn more about Instinctive Insights, please visit www.instinctiveinsights.com.



IT'S THE SEASON TO GIVE THANKS!

And in that spirit, we are so grateful for the wonderful people and clubs we have the pleasure of working with each and every month of the year.

Thank you!

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Franchising: The New Expansion Wave in the Fitness Industry

By: **Paul Bosley**

Introduction

As an industry veteran of 45 years, I have witnessed profound changes in the health and fitness club industry. I started working in sales in a privately held chain that merged in with Health & Tennis Corporation of America, owned by names that have become famous in our industry,

Jerry Kahn and Donahue Wildman. When our companies were acquired by Bally, the total number of clubs stood over 600 nationally and the second largest chain was Gold's Gym.

The only other franchises, which really operated as licenses, were *World Gym* and *Powerhouse Gym*, and remained the same for many years. Fast forward to today, and when you conduct a Google search, there is an article listing the top 20

fitness franchises (bit.ly/clubinsider58), which includes **Workout Anytime Franchising**, **Crunch Franchising** and **Planet Fitness Franchising**, all regular advertisers in *Club Insider*.

Our company has been packaging equipment leases and SBA loans to clients within the fitness industry for well over a decade. We first exhibited and gave seminars at the International Franchise Expo in NYC in 2016 and have actively provided financing to clients within the franchise industry. Over the last three years, our company has begun financing franchisees that are sent to us by *Workout Anytime*, *Blink*, *F45 Training*, *Tapout Fitness*, *Camp Transformation Center*, *Physical Therapy Now*, *Zoo Health Clubs* and *HOTWORX*. There have also been many fitness franchisors that have exhibited at franchise expos that were launching their franchises for the first time and owned some clubs serving as a proof of concept that I haven't seen since that time. Franchising in fitness is exploding and very competitive!

What Are the Advantages of Franchising?

As a member of the International Franchise Association (IFA), our company is aware of the many advantages of franchising. In an article that appears on the IFA website entitled, *What Are The Advantages and Disadvantages of Owning a Franchise*, the main advantages listed are:

"Owning a franchise allows you to go into business for yourself but not by yourself. A franchise provides franchisees (an individual owner/operator) with a certain level of independence where they can operate their business. A franchise provides an established product or service which may already enjoy widespread brand-name recognition. This gives the franchisee the benefits of a pre-sold customer base which would ordinarily take years to establish."

One of the other main advantages of purchasing a franchise is that it's more likely to receive financing approval for equipment leasing and SBA loans. The same IFA article goes on to state that:

"A franchise increases your chances of business success because you are associating with proven products and methods. Franchises may offer consumers the attraction of a certain level of quality and consistency because it is mandated by the franchise agreement. Franchises offer important pre-opening support: site selection, design, construction, financing, training and a grand-opening program. Franchises offer ongoing support: training,



Paul Bosley

national and regional advertising, operating procedures, operational assistance, ongoing supervision and management support, increased spending power and access to bulk purchasing."

When we meet a new franchisor, we first request their equipment list and their Federal Disclosure Document (FDD), which a franchisor must file with the Federal Trade Commission. Under the Franchise Rule, which is enforced by the Federal Trade Commission (FTC), a prospective franchisee must receive the franchisor's FDD at least 14 days before they are asked to sign any contract or pay any money to the franchisor or an affiliate of the franchisor. We present their documents to our leasing companies and banks, and we prequalify the franchisor for future equipment lease and loan approvals. Once we receive the green light for the leasing companies and the banks, it is simply a matter of submitting the specific information of the perspective franchisees for financing approval.

What Are the Disadvantages of Franchising?

One of the main facts to consider is that a franchisee is not completely independent. Franchisees are required to operate their businesses according to the procedures and restrictions set forth by the franchisor in the franchise agreement. These restrictions usually include the products or services which can be offered, their pricing and geographic territories. For some people who seek to be independent entrepreneurs, this is the most serious disadvantage to becoming a franchisee. There are also costs associated with purchasing a franchise, including an initial franchise fee, royalties and advertising fees. These are additional costs that a business must incur in addition to the regular operating costs of running the business.

(See **Paul Bosley** Page 25)

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Do You Have a Bad Boss or Are You a Bad Boss?

Part I

By: **Karen Woodard-Chavez**

Bad bosses are so common that many jokes and even blockbuster movies have been made about them. Some of the classic "Bad Boss" movies include: *Swimming with Sharks*, *Devils' Advocate*, *Weekend at Bernie's*, *9 to 5*, *Glengarry Glen Ross*, *The Devil Wears Prada* and *Office Space*.

Some of these movies are chilling, and some are hysterical. However, it is not so funny when you are the one who has the bad boss. A sense of humor can only go so far, right?

The motivation for this two-part article is the following... Over the past several years, I have spoken at numerous conferences on topics such as, *Creating a Culture of People, Purpose and Performance*; *Creating a Culture of Feedback*; and *Inviting Difficult Conversation*, and in every one of those sessions, I have had several audience members come to me afterward and say, "I sure wish my boss would have been in this session today. Everything you discussed is what we need. But, our boss is in the way of us making progress."

Hearing that is heartbreaking because these employees want their organization to be *better* but have some major roadblocks. So, in **Part I**, we will focus on: *Are You A Bad Boss?* And, next month, in **Part II**, we will focus on: *What to Do if You Have a Bad Boss*. Here we go...

Are You A Bad Boss?

If you manage and/or lead people, please, please, please objectively review the following characteristics of Bad Bosses, as these behaviors are egregious. If you have these behaviors, please implement the solutions.

Favoritism:

Bad bosses choose favorite

employees, and they cover up and make excuses for the poor work of their incompetent favorites. They tend to give their favorites better schedules, assignments, more attention and pal around with them outside of work.

Solution: Recognize that favoritism is demoralizing for the rest of the staff. You will create staff turnover and make your life, and everyone you work with, more difficult by exhibiting favoritism. Create equity among staff based on their ability to contribute to the goals of the organization. Recognize and train those who need help so all can be successful.

Failure to Communicate:

This includes lacking clear expectations, timelines or goals. Employees have trouble knowing where they stand and whether they're meeting expectations. Employees fail to feel a sense of accomplishment when expectations don't exist.

Solution: Understand the organization's goals and have all staff be part of creating a strategic plan and implementing that plan. Be sure that all parties know their part in making the plan meet and/or exceed the goals. Be sure all parties know how to be successful. This is what will bring people together and insure that all staff are working toward a common goal. It is **CRITICAL** that you communicate on a regular basis the progress toward the end goal.

Disciplinary Measures Are Used Inappropriately:

When simple communication would correct the problem, bad bosses ignore employees until there is a problem, then they blow up and it comes across as bullying because it is bullying.

Solution: Before discipline, ask questions.

if there's a fit for both parties. Perspective franchisees must be careful to balance the restrictions and the support provided by the franchisor with their own ability to manage their business. This evaluation process will ultimately lead to a final decision to launch a privately held business as an entrepreneur or to purchase a franchise.

(For more information, contact Paul Bosley, Managing Member of **HealthClubExperts.com**, dba Business Finance Depot. Learn more at www.businessfinancedepot.com.)

Make it your goal to achieve clarity and understand all situations before making critical decisions. Be aware of when you need to have preemptive discussions to build relationships rather than damage relationships. Invite conversations by using an inviting tone, asking questions and genuinely making staff aware that you want to find a solution to the issue rather than assigning blame. The goal is to create an environment that makes people want to share the truth rather than protect themselves. Believe that people genuinely want to do their best, and authentic gentility works better than brute force to allow people to be collaborative. Bad bosses are not qualified for the job: The bad boss doesn't know how to lead and interact effectively with people.

Solution: Be humble. Admit that you have lessons to learn, as we all do. Invite feedback from your staff as to what you need to do better (If you would like a survey on this, please email me at karen@karenwoodard.com, and I will send a survey that you will find very helpful).

Bad bosses do not have the courage to deal with a difficult situation despite knowing that it is the right thing to do.

Solution: We all have radar that tells us when something is wrong. Trust that. If you are not sure what it is exactly, call your people together and ask what is going on that feels wrong in comparison to the goals and values of the organization. You may find that people are quiet initially. Keep probing by stating that something needs to be repaired. Let the group know that we will not depart until we come up with an acceptable solution that meets the needs of the strategic plan and core values of the organization. You will see tremendous courage and honesty come forth. Remember to thank people for their honesty, humility, vulnerability and collaboration.



Karen Woodard-Chavez

have any of these behaviors? If so, you can choose to be better today. Meet with your staff, let them know you have been introspective and realize there are some things you would like to change about how you manage and lead. Let them know that you will need their helpful feedback about how you're progressing. If you are genuine, this will build immense trust, loyalty and support as well as a positive experience for all. Finally, buy into, believe and behave that you as a boss cannot be successful without your staff. Behave in a way that allows you to look for positive contribution daily. Make yourself walk around your business and look for the good that is happening. When you see it, give kudos to the staff who is doing it. Make it a daily goal to recognize staff who are contributing to the strategic plan and goals.

(Karen is President of Premium Performance Training in Boulder, Colorado and Ixtapa, Mexico. Karen has owned 11 different businesses, successfully sold nine of them and continues to operate two of them. Karen consults with and trains staff throughout the world on sales, complete communication, 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 or 303-417-0653.)

As you have read this, do you

Make It Fun!

...Paul Bosley

continued from page 24

Conclusion

It is important to first secure the FDD from a franchisor when considering purchasing a franchise. The FDD lists the number of open franchises, where they're located and their rate of success. Nearly all franchisors schedule a "Discover Day" when the perspective franchisee visits the franchisors corporate office to determine

Attracting Talent

It's a System

By: Michael Gelfgot

According to the Bureau of Labor Statistics, the U.S. unemployment rate in September of 2018 was 3.7%, the lowest it's been in the past ten years. Although that's wonderful news for the economy,

as small business owners, it's been more challenging to find great people, especially if you are operating in smaller towns (5,000 - 30,000 people).

Books such as *Stop Hiring Failures, 13 Fatal Errors Managers Make and How You Can Avoid Them,*

and *Coaching Sales People Into Sales Champions* are wonderful resources to use when interviewing and managing people. However, what we found to be extremely resourceful in attracting talent, in addition to the books mentioned above, was to become the company other people would be proud to work for, the kind of company that has soul, purpose, mission, and most of all, heart.

In his book, *Delivering Happiness*, Tony Hsieh talks about core values. He says that one of the best ways to create a culture that attracts talent is to have a set of core values that the company abides by. This not only helps everyone on staff make difficult decisions with ease, it also helps the staff better understand what the organization stands for and the type of leadership it has. We took this to heart, and with the help of our district management team, we came up with ten core values that we stood for, values that were truly at the core of our souls. We use these core values during interviews, during our day-to-day decisions and during our sales process. This is something that we are all truly proud of. Here they are:

1. Belief in Fitness. We have to lead by example with our desire to keep our own bodies and minds healthy. We will be more passionate, more persuasive, have more credibility and be better role models when we live a commitment to a wellness-based lifestyle.

2. Integrity. We must be able to support the daily decisions we make as well as the life-changing decisions we make with the same rock-solid ethical basis.

3. Development. We must strive to improve our minds, our abilities and our skills by pushing ourselves outside of our comfort zones and striving to be better each day. We understand that we have an obligation to not only improve ourselves but to aid in the improvement of other people on our team.

4. Just a Tad Kooky. We must strive everyday to create FUN within our workplace. We understand that fitness can be intimidating for many new members and difficult to maintain for our longer-term members. We owe it to them to create a light hearted, FUN-based atmosphere. We also strive to be the kind of FUN team member that others enjoy working with.

5. Community. Making a difference in our communities and creating a sense of community within our locations provides



Michael Gelfgot

the necessary support that many members need to have the best chance to be successful in their fitness journeys.

6. Teamwork. We understand that we are far more effective to affect change and reach goals when we work together. We understand people we work with will need our help, and at times, we will need the help of others.

7. Personal Accountability. We understand that our circumstances are largely a result of the decisions that we personally make. We must take ownership of our own destinies and also accept the responsibilities of errors that we make.

8. Helping People Improve Their Lives. Our number one satisfaction and motivation is the ability to positively change the lives of the people that we interact with each hour of each day. Sometimes, those changes are small, sometimes they are large. We try to affect positive change in our communities, our members, our personal training clients and our own team members.

9. A Culture of Respect. We understand the importance and value of treating all others with respect. That culture of respect includes our members/PT clients, guests of our clubs, other team members, the equipment and facilities and ourselves.

10. An Understanding of Our Need to Be Profitable. We understand that, for all of the excellence to which we aspire to take place, to affect lives and improve our communities, we must be financially strong. We must consistently bring in more revenue than we spend. When we forget the importance of profitability, our entire organization will cease to exist.

(See Michael Gelfgot Page 27)



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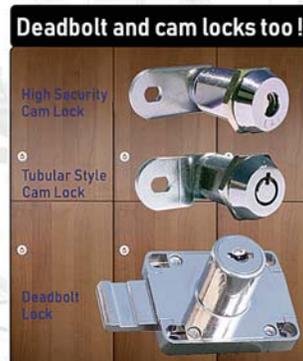
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E Pluribus Unum

By: **Derek Barton**

I always smile when our *"Tribal Leader"* and *Club Insider Publisher Norm Cates* states in his monthly column, "Is America a great country, or what?" I love Norm's passion for his country and the health and fitness club industry!

America IS great, but sometimes, the politics of our nation doesn't always paint a pretty picture. The canvas of our democracy always seems to be painted with two opposing colors, Red and Blue. We have been nicknamed, "The Divided States of America." In a recent poll, the majority of Americans do feel we are divided.

That got me to thinking about the motto that our congress adopted in 1776, *E Pluribus Unum*. There have been a few translations, such as, *"From Many, One"* or *"Out of Many, One,"* and also, *"Many united into one,"* but they all have the same essential meaning: We are strongest when we act as one, with the interest of the nation being first and foremost.

Bottom line, the message is clear from our Founding Fathers over 300 years ago: *United we stand, divided we fall*. Not only does this hold true for our country but also for businesses and organizations throughout our nation. You can't have a successful business if there is no unity between the President, the Board

and the Staff, all united for the benefit of the company.

My motto in business has always been, *"Always do what's best for the brand!"* That was my mantra when I was the head of marketing for Gold's Gym, and it continues today with my own clients. You can never go wrong by asking yourself in every business situation, "Is this the right thing to do? Will this move the brand forward?"

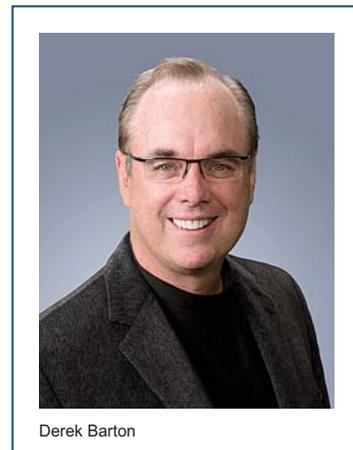
Our politicians today seem more concerned with what is best for their party instead of what's best for their country. Similarly, I see many businesses fail because they fail to ask themselves, "What is best for our brand?" A well-known international women-only gym chain started failing when the female members and potential members found out that this company took a "pro-life" public stance. Of all the causes to stand behind, they picked this one that is so close to every woman, which divided their membership and pushed the majority of their members out the door. It was a bad choice that cost them dearly, a choice that wasn't right for their brand, a choice that didn't move their brand forward.

Great leaders and visionaries won't always make the right decisions. That's why having people on your team who are dedicated to your company and

the brand are vital. Often, they will see something that you can't.

Bill Gates learned a valuable lesson long ago when he told his staff at Microsoft that there was no money in video gaming and that they should stop wasting their time trying to create a game console for the company. Years later, gaming became a \$10 billion industry. Bill Gates gathered his troops back into the boardroom and said, "It looks like I was wrong. We have a long way to go to catch up." A hand in the back of the room was raised and Bill called on his young tech. The kid said, "Mr. Gates, I know you told us a while back to stop working on this project, but my buddy and I here continued on and created what we think is a great gaming console." Bill smiled and said, "Show us." They did, and everyone in the room was amazed. "Very impressive," Gates said, "what do you call it?" One of the young techs said, "We couldn't figure out a name for it, so we just call it 'X-Box.'" Those two young Microsoft techs did what they thought was great for the company. They were right, and Gates rewarded them handsomely. After that, Bill Gates put a sign in the conference room to inspire an open mind at every meeting. That sign simply read, "But what if you're wrong?"

Your company depends on everyone having an open mind and being



Derek Barton

"team players." You all must do what's right for the brand because you can't please everyone. We are a nation of many different individuals with different thoughts and feelings. For centuries, we have come from all over the world to live and work in this great country, the **United States of America**. *E Pluribus Unum*.

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

...Michael Gelfgot

continued from page 26

Personal development is a big core value for us as an organization. However, we wanted to make sure we spent time helping our staff not only develop their sales skills, prospecting skills, management skills and exercise science skills but also their personal finance skills, relationship skills, spiritual skills, retirement skills and so much more. My business partner, **John Spence**, borrowed this idea from **Dave Ramsey**. We called it *Anytime After Hours*. Essentially, we provided high-quality food, booze and money and got together once a month on a Friday night from 6PM - 8PM. We spent the first 30 - 45 minutes socializing and getting to know each other better, and then, we spent about 30 - 45 minutes on a personal development topic discussing the various topics mentioned above. Afterwards, we hung out and got to know each other on a

personal level. I can tell you that we had staff that stuck around with our organization longer because of the lessons they learned during those workshops. We had high quality people join our team because they were thrilled our organization took interest in them first and profits second. We motivated our staff to sell their brand-new cars and buy used clunkers so they can save money on a monthly basis. We took time to meet with our staff on a weekly basis and help them budget better as a family. Our mission statement as an Anytime Fitness franchise is to, "Raise The Self Esteem of The World." We knew this was only possible if we helped our staff do the same.

Last, but certainly not least, our organization attracted people who have massive hearts to serve others. We led by example through an event called *MudStash*. *MudStash* is a muddy four-mile obstacle course. To us, and to our members, the course was never about

finishing first, and it isn't about finishing last. This course is about building strength and camaraderie our members, our staff and our communities. This course represents everything that we have all faced on a daily basis... obstacles. We knew that, when we can help our members and our staff overcome daily obstacles of life, we would all win and be bonded in the process. It's a struggle every day for most people to get up and make healthy decisions with their time and their money. We knew that, if we can help any individual finish something they started, like training for this muddy event, with that sort of discipline and drive, they could accomplish anything they set their mind to. At the end of the day, this is what the fitness industry is all about. *MudStash* has heart, soul and purpose. It's a living representation of our mission statement of, "Raising The Self Esteem of The World."

Muhatma Gandhi has been quoted saying, "Be the change you want to see in

the world." What if we all looked at this quote from this perspective: *Be the organization that will change the world*. I believe with that sort of personal accountability, we could start reversing our obesity epidemic.

(Michael Gelfgot's drive to be a different kind of a health club operator started 16 years ago when he met his business partners John Spence and Chris Slater. Between the three, they owned and operated 21 Anytime Fitness locations in the United States. Along with his team's accomplishments in 2008 Club Operators of the Year, 2013 Success Story of the Year and Personal Trainer of the Year, 2015 Community Outreach Award of the Year, 2016 Personal Trainer of the Year, 2018 Success Story and Personal Trainer of the Year, Michael Gelfgot was the very first Personal Trainer of the Year back in 2012 and the very first franchisee to get tattooed. Recently, the partners sold 20 locations.)

Telephone Consumer Protection Act Case Update

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

In July's issue of **Club Insider**, I provided some information and suggestions aimed at helping club owners and operators to maintain compliance with the *Telephone Consumer Protection Act (TCPA)* and to avoid the recent explosion of TCPA lawsuits. As I reported in July, the frequency of TCPA lawsuits has increased 1,298% between 2010 and 2016! Given this surge

of litigation, and the potentially crippling financial repercussions, staying abreast of TCPA legal developments and maintaining compliance in this regard is essential.

When the TCPA was enacted in 1991, it placed restrictions on the use of automatic telephone dialing systems (ATDS). The statute defined ATDS as equipment with the capacity to store or produce telephone numbers to be called, using a random or sequential number

generator to dial such numbers. It became unlawful to utilize an ATDS to make a call other than a call for emergency purposes or one where the prior express consent of the called party had been received.

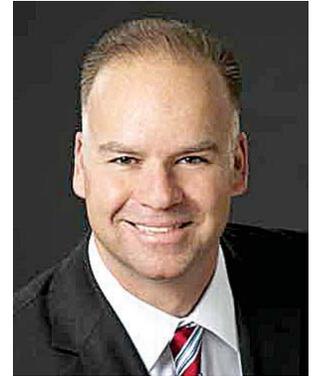
The TCPA grants the Federal Communications Commission (FCC) the authority to create orders and regulations interpreting the TCPA. Since the TCPA was signed into law, various FCC rulings have clarified what technology qualifies as ATDS. Notably, the *FCC's 2015 TCPA Omnibus Declaratory Ruling and Order* interpreted a broader definition of ATDS to include those systems with the "potential" capacity to dial numbers randomly or sequentially.

Yet, earlier this year the U.S. Court of Appeals for the D.C. Circuit ruled to invalidate key aspects of the Omnibus ruling in *ACA International v. Federal Communications Commission*. The court in *ACA International v. Federal Communications Commission*, among other aspects, dismissed the FCC's broader Omnibus interpretation of what qualified as ATDS. The D.C. Circuit Court did not provide a definitive explanation of what qualified as ATDS but nonetheless provided a ruling that would trigger the FCC to provide further clarification of the rules.

In contrasting fashion, the U.S. Court of Appeals for the Ninth Circuit issued a ruling on September 20th of this year which adopts an expanded definition of what constitutes an ATDS under the TCPA. The court in *Marks v. Crunch San Diego* reversed a 2014 district court decision which had held that Crunch's automatic text messaging system that had sent messages to Marks was not an ATDS under the TCPA because it lacked the ability to store or produce telephone numbers to be called using a random or sequential number generator.

The device at issue in *Marks v. Crunch San Diego* is the *Textmunication* web-based marketing platform. The Ninth Circuit noted that the *Textmunication* marketing platform is designed to send promotional text messages to a list of stored telephone numbers collected from operators who manually entered numbers into the system by current or potential customers who responded to a marketing campaign via text or by customers who provided phone numbers by completing a consent form on a *Textmunication's* client's website. The *Textmunication* client could then market to current and potential customers with guest passes, appointment reminders, birthday greetings and other offers that can be automatically sent via text at predetermined times.

The Ninth Circuit assessed that the definition of ATDS raised two questions: (1) as to when a device has the "capacity" to perform the two enumerated functions; and (2) as to what specifically are these functions. After declaring that the statutory definition of ATDS is ambiguous, the Court analyzed the "structure and context of the TCPA as originally enacted" and noted that, "Congress intended to regulate devices that make automatic calls."



Paul R. Bedard, Esquire

The Ninth Circuit rejected Crunch's argument that a device did not constitute an ATDS unless it could operate fully automatically without human intervention. The Court opined, "Common sense indicates that human intervention of some sort is required before an autodialer can begin making calls, whether turning on the machine or initiating its functions. Congress was clearly aware that, at the very least, a human has to flip the switch on an ATDS."

The Ninth Circuit reversed the district court's order granting summary judgment and concluded that, because they read the statutory definition of ATDS to include a device that, "has the capacity (1) to store numbers to be called or (2) to produce numbers to be called, using a random or sequential number generator, and to dial such numbers automatically (even the system must be turned on or triggered by a person)," there is a genuine issue of material fact as to whether the *Textmunication* system is an ATDS.

The rulings of the D.C. Circuit and the Ninth Circuit represent a split among the Courts of Appeals as it relates to the scope of the TCPA. This split may ultimately be resolved by further clarification from the FCC. Yet, additional Circuit Court rulings may result in a continued split in how courts define ATDS under the TCPA.

In the meantime, the Ninth Circuit's ruling may lead to even more lawsuits alleging TCPA violations within this jurisdiction. Health club owners and operators should consider this latest ruling and assess the significant financial risks involved before launching any text or telephone marketing campaign.

(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 experience provides him with a unique perspective when advising health clubs regarding employee training, handbooks, policies, contracts, disputes or premises liability claims. Paul can be reached at pbedard@smddlaw.com or 860-620-9460 x109.)

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The 2018 Club Industry Show

A Report by Club Insider's Friend and "Roving Reporter" Angie Pattengale

By: Angie Pattengale

The Club Industry Show is the show where "better businesses are created." This year, October 24 - 26, in Chicago, there were events inside events, which made it a show with something for everyone to choose from. Attendance was

up over 20%, and you could see it when making your way through the expo hall, popping into networking events or sitting in on any of the 90+ available sessions. The Club Industry Show included the *Wellness Symposium, the CEO Summit, Educational Conference* (with 9 different tracks!), *Trade Show & Expo* and *Networking Events*

throughout its three days. It was three days of learning, growing and connecting, and the hosts at Club Industry aim to please. Every year that we attend is another year that we appreciate the hardworking staff of Club Industry who put together a huge event that is delivered excellently by the Club Industry Team... and with a personal touch.

Under the same roof were co-hosted events that Club Industry worked to collaborate on in order to better serve the bigger industry-at-large. These co-events included the *Medical Fitness Tour* and *Personal Fitness Professional's (PFP's) 'Take the Leap' intensive*. These events were very different, and yet, they furthered the education and understanding of the people they served in equally important ways. There were experts in medical fitness who educated trainers and allied health professionals for expansion upon their scopes. There was even a full day with business experts for personal trainers to learn from and discover their ability for successful fitness-business-for-life.

Health club and studio owners, managers and CEOs might represent the biggest audience in attendance, but they're not the only fitness pros who benefit from what Club Industry has to offer. Personal trainers, wellness professionals, sales and marketing pros and anyone who wants to better understand and engage in the trends and technologies that power our industry are at this show. And, it was all covered to expand personal empowerment and for the assessment of the true potential of the attendees.

The message by keynote speaker, **Ford Saeks**, resonated throughout the show: "*Superpower Success: Unleashing Your Inner Superhero.*" It was a great way to kick off the events that followed, and it geared us up for stretching ourselves (figuratively and literally). First, by being part of the action (the learning, growing and connecting action). Next, by ditching self-defeating habits and re-focusing on what not-to-do, as opposed to the never-ending to-do list. These are concepts that stretch us outside of one event or another and reach us in our personal, individual and unique sets of life challenges (and



Angie Pattengale

life victories). Though we are part of these events, and we are 'all-in' in our presence, there is still a life outside of the hub-bub of fitness conventions. So, get on the show train, enjoy and engage in these events and then take the knowledge with you to really apply it to your life, both in and out of business.

**Consider Club Industry in 2019;
We Hope to See You There!**

(Angie Pattengale has been with the National Federation of Professional Trainers, NFPT, since 1994. Currently, she serves in the capacity of Certification Director. Angie received her professional degree from Purdue University's Krannert School of Management in 2002, and now, she oversees the coordination of NFPT's certification related activities. Angie manages the efforts of those working to assure legal defensibility of test development and delivery. She maintains and promotes the NFPT Certification mission as it relates to health, public safety, industry authority and related functions for accreditation and best practice standards. Angie also serves the NFPT organization and its members by maintaining accessible certification processes and recertification requirements. She strives to promote NFPT certified trainers for their skills, their hard work and dedication to their profession.)

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"We would recommend Bill McBride/BMC3 to any organization that is looking at improving sales, customer service and team engagement."

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

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

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

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

NFPT
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Crunch Fitness Announces New Workout Series to Celebrate 30th Anniversary of Men's Health

NEW YORK, N.Y. - *Men's Health*, the largest men's magazine brand in the world, and Crunch Fitness announced a partnership in honor of the magazine's 30th anniversary. On November 1st, Crunch Fitness will debut a new workout class called "30 in 30 Powered by Men's Health" at more than 30 Crunch Signature Club locations across the country.

The class, designed by *Crunch Franchise VP of Group Fitness, Jennifer Renfro*, and verified by *Men's Health* editors, will be a 30-minute HIIT-style session incorporating strength exercises, plyometric power moves and agility drills. "30 in 30 Powered by Men's Health" will be offered at select Crunch locations

free of charge for members and first-time guests who download a free guest pass at www.crunch.com.

"Our audience is always looking for new ways to take their fitness routines to the next level, and our 30th anniversary is the perfect time to offer them something unique," said Jack Essig, SVP, publishing director and chief revenue officer, Men's Health. "Crunch is a leader in fitness clubs around the country, and we are excited they are celebrating this milestone moment with us."

The November 30th Anniversary issue of *Men's Health*, on sale since October 16th, features three special covers: Arnold Schwarzenegger at age 30 and the height

of his body-building career; Magic Johnson at age 30 during his last NBA final; and the late Pat Tillman, professional football star turned enlisted Army Ranger. The special issue also contains features on 30 men and women who revolutionized health, fitness and wellness over the past 30 years.

"At Crunch, we pride ourselves in coming up with new and innovative ways to challenge our members and keep them motivated with out-of-the-box fitness classes such as this new class with *Men's Health*," said Renfro. "Our team created a brand new class inspired by our '30 in 30' classes to enhance our members'



experiences and keep them excited about reaching their fitness goals."

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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 **299** monthly editions! **Thanks and Appreciation** to all of our **READERS**. Sincere **Thanks and Appreciation** to our **Club Insider Advertisers**, past and present, for their kind and dedicated support of this publication. It's amazing to know that we have several advertisers with over 15 years of continuous advertising with us. We also want to say sincere **Thanks and Appreciation** to all of our **Club Insider Contributing Authors**, past and present, who've contributed *thousands* of excellent articles to help our readers with their Best Business Practices. **Thanks and Appreciation** to **IHRSA** for all it does.

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

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

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

Norm Cates, Jr.

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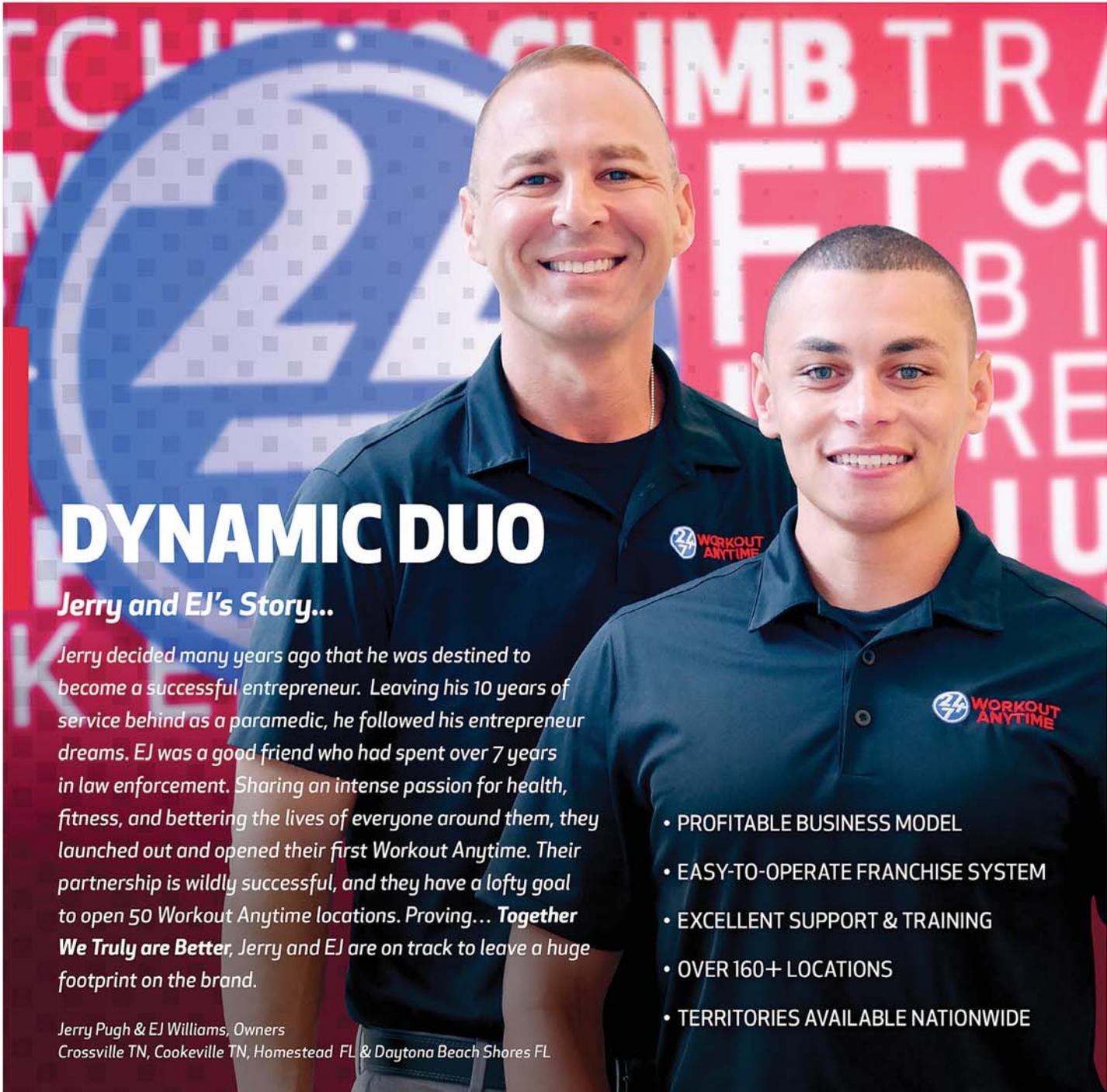


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Jerry and EJ's Story...

Jerry decided many years ago that he was destined to become a successful entrepreneur. Leaving his 10 years of service behind as a paramedic, he followed his entrepreneur dreams. EJ was a good friend who had spent over 7 years in law enforcement. Sharing an intense passion for health, fitness, and bettering the lives of everyone around them, they launched out and opened their first Workout Anytime. Their partnership is wildly successful, and they have a lofty goal to open 50 Workout Anytime locations. Proving... **Together We Truly are Better**, Jerry and EJ are on track to leave a huge footprint on the brand.

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FOR FRANCHISE INFORMATION, CONTACT:

Randy Trotter, SVP of Development | 770.809.1407
randy.trotter@workoutanytime.com

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