

Norm Cates'

CLUB INSIDER

CELEBRATING 27 YEARS OF TRUST

The Schwartz Family

50 Years of Success at Midtown Athletic Club



Alex Schwartz, Director of Marketing; Steven Schwartz, CEO; and Alan Schwartz, Chairman

NOVEMBER 2020

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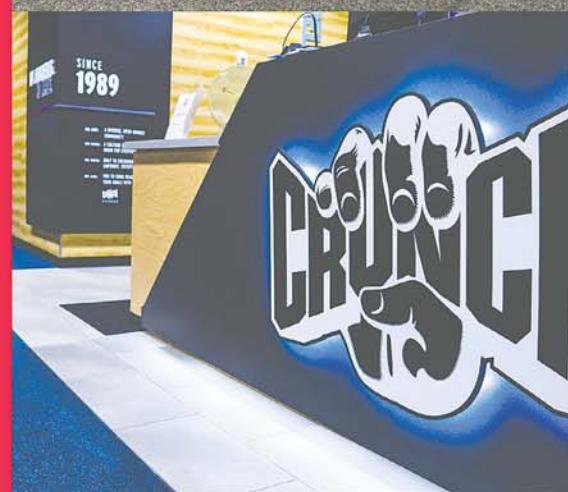


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CLUB INSIDER

CELEBRATING 27 YEARS OF TRUST

The Schwartz Family 50 Years of Success at Midtown Athletic Club

By: Norm & Justin Cates

The year is 1970. A new decade arrives, the space race has been won and *Tennis Corporation of America, TCA* (now *Midtown Athletic Club*) opens its doors. A gallon of gas is 36 cents, and the cost of a new home is just over \$25,000. It was a different time. Fast forward to today, and **Midtown Athletic Club** is now celebrating 50 years of success.

Founded by **Alan Schwartz** and his father, **Kevie Schwartz**, the family business is now four generations deep, with Alan's son, **Steven Schwartz**, as the company's **CEO**, and Steven's son, **Alex Schwartz**, as the company's **Director of Marketing**. The Midtown of today is night and day compared to the TCA of the early days, but it was not an overnight change. The key tenet of reinvestment into the business has led to a steady evolution of the company over the years.

Now, with the devastation caused by COVID-19, Midtown has continued its evolution to ensure survival and be poised for new success. This has cut the 50-year celebration short, but as Steven Schwartz says, *"We are going to celebrate next year when 51 will be the new 50."*

Folks, this cover story is one of the longest in the history of *Club Insider*, but we assure you it is worth the read. The advice you will be given, the lessons you will learn and the stories you will be told will better round you out as a professional in the health and fitness club industry. We consider this statement true whether this is your first day or 50th year in the business. So, we invite you to grab one or two of your favorite beverages, sit back, relax and read the story of the **Schwartz Family and 50 Years of Success at Midtown Athletic Club**!

An Interview With Alan Schwartz, Co-Founder and Chairman of Midtown Athletic Club

Norm Cates (NC) - My friend, **Mr. Alan Schwartz**, it's another real honor for Justin and me to be on the phone with you today for your second *Club Insider* Cover Story, with your first one having been in March, 2002. Now, Alan, in honor of the **50th Anniversary** of your amazing Chicago-based organization, Justin and I are thrilled to be producing this amazing 50th Anniversary story for our readers. However, before we get started, let me wish you a **Happy 89th Birthday** on **November 7, 2020** while we're producing this cover story! That's awesome, Alan! And, Justin and I want to thank you for giving us a chance to do this story with you, your son, **Steven**, and grandson, **Alex**. Having reviewed your amazing cover story that we did with you and Steven back in March, 2002, I want to make this very sincere comment based on my knowledge of your life at this point: *Alan, IF there was EVER a guy whose life story would make a really terrific subject for a great movie, it's you, Alan Schwartz!* So, let's get to work on your **50th Anniversary Cover Story**.

Alan Schwartz (AS) - Thank you very much, Norm. Some days, the body feels it... my mind never does... but the body does!

Key Early Moments/Memories

NC - First, Alan, let's begin with your going back and taking us through some of the key moments/memories of those very early days some 50 years ago.

AS - The first memory that strikes me was sitting down with my Dad, **Kevie**, and noodling, actually over a period of better than a month, on what the hell we could do together that we would enjoy doing. That's because, aside from being a father and son, we were



Alan Schwartz



Kevie Schwartz

very good friends. And, indoor tennis was *HIS IDEA*. He said, 'Okay, I taught you how to play tennis. You love the game. We've both have an entrepreneurial spirit. And, if we're going to do it, let's do it big. Let's build the world's largest indoor tennis club!' *That certainly was a striking moment*, and as soon as he said that, I said to him, *'You know... that's it!'* We had discussed a bunch of things, real estate deals, etc., but none of them got me excited until that one! Other ideas had not gotten him excited, either. *But, that one hit us both and got us BOTH EXCITED.*

Then, he found a piece of land, and we realized that there was *no zoning code* for this in the City of Chicago! We thought that, if we got into the manufacturing district, that would take care of it. He said, 'We're going to hit a couple of hurdles. One of them is getting the mortgage that we need to do this. And, the second one is the zoning. I'll take care of working with building commissioner Fitzgerald, and I will write the Zoning Code for

indoor tennis with him.' And, then, I went out to get the mortgage! Well, he got the zoning code done a hell of a lot sooner than I got the mortgage because *I was turned down 16 times! Literally 16 times!*

NC - Trust me when I say that I know exactly what you're talking about because I've been there and done that!

AS - And, I'm talking about guys I went to school with and who were very good friends. They went to business schools, they were the bankers, etc. You were best friends with them *until you came in and tried to borrow money for a tennis club!* Finally, my wife, **Ronnie**, came to me one day and she said, 'Alan, I just saw a *Time Magazine* story about a school friend of yours named, **Don Parsons**, who was written up as being the *most disliked banker in Detroit*.'

She explains, 'He's the *Head of the Bank of Commonwealth*, and he's disliked by (See *Midtown Athletic Club* Page 8)

Inside the Insider: Edition #323

■ Ten Ways to Be a Successful Gym Owner - **By:** Jim Thomas

■ "Non-Essential" Never Again - Part II - **By:** Eric Durak, MS

■ Seven Marketing Tips for Powering Up Your Gym in 2021 - **By:** Tim Monacella

■ Developing Resilient Leaders and Loved Ones - **By:** Karen Woodard-Chavez

■ Different Types of SBA Loans - **By:** Paul Bosley

■ What if the Apple Store Sold Health Club Memberships? - **By:** Jeffrey Pinkerton

■ MFA Names Atlantic Club's Kevin McHugh to Board of Directors

■ And, of Course, *Norm's Notes*

Norm's Notes

■Hello Everybody! This is your Club Insider Founder and Tribal Leader Since 1993 checking in with our 323rd monthly edition. Justin and I are very honored to be presenting this edition, because it marks the end of our 27th year of publication! We cordially invite you to be with us next month when we begin our 28th year of publication with Club Insider's December, 2020 edition! Stay Tuned, folks!

■Is America a GREAT country, or what? As we watch the world in disarray from the pandemic, which has literally driven all businesses into survival modes, I want to tell you all that we're doing our best to provide you with **advertisers** and **authors/articles** that will help you win the many battles that the pandemic is causing you to be engaged in. Sadly, this pandemic seems to be something that, at this point, it's anybody's guess about **IF and/or WHEN it might go away**. My prayers are with you all. We hope your families, club's employees and members are successfully fighting off the COVID-19 Virus. **God**

Bless You All!

■Despite the tough year we have all had, there is still plenty to be thankful for, and on November 26, we wish you all a Happy Thanksgiving!

■Folks, this month, my **NORM's NOTES** are going to be short and sweet because of our truly amazing cover story featuring **ALAN, STEVEN and ALEX SCHWARTZ**. This is a cover story in which we're celebrating the special **50th Anniversary** of their Chicago-based **Midtown Athletic Club**, originally known as **The Tennis Corporation of America (TCA)**. So, please do take the time to read their amazing **50th Anniversary Story** starting on Page #3.

■As I mentioned in my first Note, **JUSTIN** and I are very honored and totally blessed and pleased to be producing this **special November, 2020 Club Insider Edition** because it's our 323rd monthly edition and the **last edition of our 27th year of Club Insider Publication!** Folks, **IF that's NOT PROOF there IS a GOD... I don't know what**

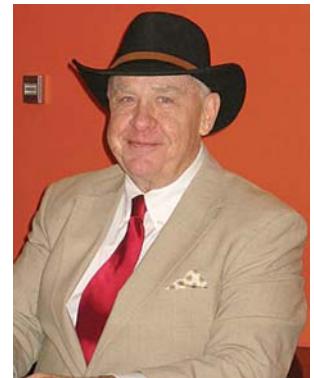
is!

Sincere THANKS and APPRECIATION to all of you for reading Club Insider! And also, many **THANKS and much APPRECIATION**, to **LINDA McGINNIS** and **ALL of the folks** at the **120+ year running Walton Press** in Monroe, Georgia, the talented folks who print *Club Insider* every month. **THANKS and APPRECIATION to ALL of our excellent Contributing Authors**, including and especially to the one and only **RICK CARO** and our very special group of **PROFESSIONALS** in our industry who make *Club Insider* a real "GO TO" publication for all of you making your living in our wonderful industry (See the **List on This Page** and Page #22). Last, but for sure of **GREAT IMPORTANCE**, very sincere **THANKS and APPRECIATION** to our wonderful **Advertisers**, many of whom have been with us for more than a decade! We urge you all to **CONTACT them and DO BUSINESS with them**, and when you do, please tell them Norm and Justin at *Club Insider* sent you!

■Speaking of **celebrating**, I want to wish our good friend, **RICK CARO**, of New York City and Saratota, Florida, a belated, but very **HAPPY 75th BIRTHDAY!** "Uncle Rick," as **JUSTIN** and I call him, celebrated his **milestone 75th Birthday** on October 12, 2020! **HAPPY BIRTHDAY RICK!**

■Welcome to **JEFFREY PINKERTON** as he joins *Club Insider's Contributing Author Team*. Jeffrey is the **Business Development Manager for MOSSA**, a *Club Insider Advertiser*. Check out his Article on Page #21 and **MOSSA's Ad on Page #23**.

■**Ladies and Gentlemen...** now I share a



Norm Cates

very personal **NORM's NOTES** with you all about something in my life that I'M **VERY PROUD OF!** The **TRUTH** is this is really about my very fortunate **EXCELLENT health over nearly 75 years!** I feel comfortable sharing this secret with you all plain and simply because I consider **ALL of you to be FAMILY and FRIENDS**. I'm writing this on **Wednesday, November 4, 2020**, the day after the election. On **November 26, 2020**, I want to invite **ALL of YOU** to help me celebrate the **20th Anniversary** of when I quit drinking for the rest of my life.

I'm quite proud to be able to share with you today what I consider to be the premier achievement in my life so far, and that achievement is this: I've not had a single drop of liquor, beer or wine in 20 years... since November 26, 2000! I was 54 years old, and **Justin was just 15**

(See **Norm's Notes** Page 7)

Thanks and Appreciation

At *Club Insider*, we are excited to be in our **27th Year** of this home-based health and fitness club trade publication! The thought that this publication was *founded to serve an industry I truly love*, and so that *I could become a Mister Mom for my son, Justin*, is still intriguing and amazing to us. So, I wish to extend my most sincere **Thanks and Appreciation** to everyone who has made this amazing 27-year possible.

A very sincere **Thanks and Appreciation** go to **Rick Caro**, the late **Dr. Gerry Faust** and the **Faust Executive Roundtable #1** for helping me decide in 1993 what my home-based business would be. **Thanks and Appreciation** to my long-time friends, **Ron Hudspeth** and **Cathy Miller**, of Atlanta's **Hudspeth Report** for the tremendous assistance they provided. **Thanks and Appreciation** to all of the folks at **Walton Press** in Monroe, Georgia. They've done an absolutely excellent job for us all these years and have printed every one of our monthly editions! And, of course, **Thanks and Appreciation** to the **United States Postal Service** for sending those editions to our readers! **Thanks and Appreciation** to all of our **READERS**. Sincere **Thanks and Appreciation** to our **Club Insider Advertisers**, past and present, for their kind and dedicated support of this publication. **Thanks and Appreciation** to all of our **Club Insider Contributing Authors**, past and present. **Thanks and Appreciation** to **IHRSA** for all it does for all of us. And, sincere **Thanks and Appreciation** to my son, **Justin**, who has become our Publisher and is a truly great partner. Now, you name it and **Justin** does it each and every month!

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

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

Norm Cates, Jr.

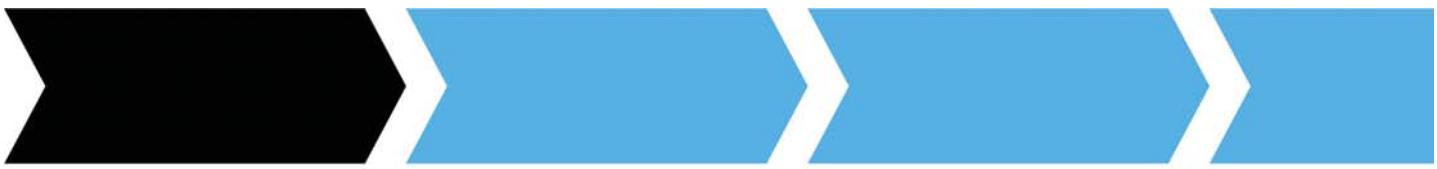
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Ten Ways to Be a Successful Gym Owner

By: Jim Thomas

I always ask this question, "Who wants to be a success?" Of course, all hands go up. But, then, I ask, "Who's willing to do what's necessary to be a success?" Not as many hands go up. There are many reasons for this, but one that always seems to be at the top of the list is, "I don't have time." Truthfully, you don't have time not to,

but remember this: When it comes to time, no one has an advantage. We all have the same 24 hours in a day, the same seven days a week, etc.

Here are ten things to consider to help you be a more successful gym owner:

1. Manage your cash. We've seen a lot of this in the past few months. The operations

that have done the best have minimal debt, and certainly, they have manageable debt and cash reserves. So, get yourself a working budget, don't take on debt that doesn't make you money and maintain at least one month's operating expense on hand.

2. Develop a data-based culture. How does your lead database check out? This is a must to really be effective in the operation of your sales and revenue generation. In addition, know your data. What is the lifetime value of your member? How long does your average month-to-month member stay with you? How many referrals are you getting from your new members?

3. Engage in a simple planning strategy. Be sure you have a monthly plan of action that includes how to handle roadblocks and setbacks. Write it down and work the plan. That doesn't mean you have to marry the plan; that's why we look at roadblocks and setbacks. Also, keep it simple. There is power in simplicity.

4. Know your margins and everything you sell. And, know your KPIs. What is your margin on personal training? Nutrition? Retail? If sales are down, do you know why? Closing percentage? Lack of appointments? Lack of leads? Sales process not being followed?

5. Have a strategy for recruiting and retaining top talent. Don't just hire when you need someone and end up just filling a slot. Plus, have an onboarding process that gets your new hire in a position to be successful right from the beginning. Have all job inquiries send you a 30-second video on why they are the best person for the job. Then, if they are still in the running, send them a sales philosophy test to see if they measure up to what you are looking for. If all goes well, then you can schedule an interview.

6. Listen online every day. Yes, listen. If you're not using Google Alerts, go to google.com/alerts. It's free. Have alerts set for your name and your club's name. Whenever new information is posted on the internet that contains those names, you'll get an alert. It's also a good idea to do with your competition, so you can stay ahead of what's happening in your market.

7. Engage in marketing that gives you an ROI. You must advertise, market and promote... If people don't know who you are, they can't do business with you. But, don't just spend to spend. Track your results: Cost per lead. Cost per appointment. Cost per sale. Even break this down with each



Jim Thomas

sales rep. Many times, you will get some surprising results.

8. Talk to your members. I can't tell you how many times a gym owner has told me they don't talk to their members because they might remind them they are still a member and will want to cancel. If this is where you are, this is one thing to change immediately, but it won't happen overnight. Member interaction from the moment they join is critical for long-term success.

9. Know your competition. You can learn a lot when you do this. But, the big thing I want to find out is what's not being done in my marketplace that I can now do. This is how you start to create differentiation and eliminate so-called competition.

10. Know your WHY. This can be an easy one to forget, but WHY is this important to YOU? Why did you get in the business? Stay focused on this, and it will help you overcome any obstacles that are thrown your way.

Now, go be a success!

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

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...Norm's Notes

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years old when I stopped the bad habit I had of drinking more than I should.

I'm also very pleased to report that, **IF the good Lord's willing**, I will celebrate my **75th Birthday on Sunday, January 17, 2021**. I Googled that date for fun, and guess what... **Hilariously**, this date, **Sunday, January 17, 2021** is: **"Hot-Buttered Rum Day!"**

So folks, it's with this **VERY PERSONAL** sharing with you all today that I want to close these Norm's Notes with a **SINCERELY HUGE THANK YOU ALL** for reading and supporting Club Insider all these many years! And, to **ALL** of you, including my wonderful wife, **ILENA**, and my son, **JUSTIN**, who put up with me during all those years when I was on the firewater, I can only say: **THANKS Y'ALL!!!** And, **THANKS** to any of you I may have mistreated or made unhappy while I was on the firewater. **I hope and pray now that YOU will forgive me!**

One more very important thing I must write to you all here today, I want to once again very sincerely **Thank DR. JOHN COBB** and his excellent assistant, **INGRID BREBAN**, for restoring vision in my left eye! Unfortunately, the procedure for my right

eye did not lead to additional improvement, but words cannot express how great my appreciation is for my ability to see again. *This provides me with the ability to work on our business every day on this keyboard, drive my car, watch FOOTBALL and other sports on TV, and in general, live a NORMAL LIFE. THANKS to DR. JOHN COBB, INGRID BREBAN and to the entire Thomas Eye Group Team!*

■**JUSTIN** and I want to say **Thanks** for reading Club Insider! We sincerely appreciate y'all being with us!

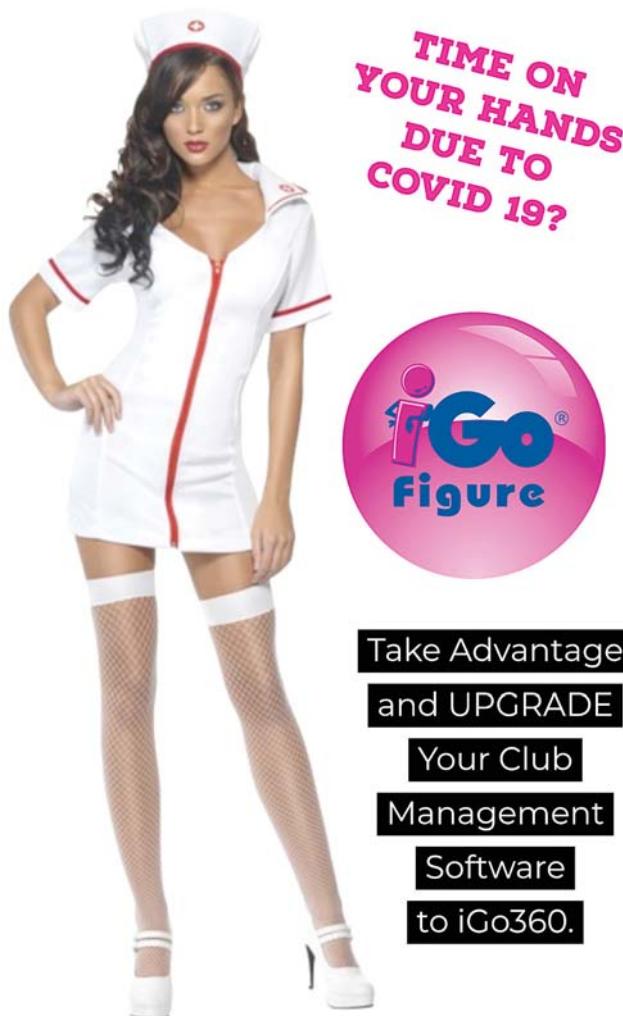
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■**God bless our troops, airmen and sailors worldwide and keep them safe.** Thank you, Congratulations and

Welcome Home to all of our troops who have served around the world. **God bless America's Policemen and women and Firemen and women; keep them safe. God bless our EMTs, first responders, nurses, doctors, lab technicians and anyone who is helping make Coronavirus a thing of the past.** You and your families are our **warriors**. Finally, **God bless you, your family, your club(s) and your members. God Bless America! Laus Deo!**

(Norm Cates, Jr. is the Founder of Club Insider, now in its 27th year of publication,

and its Tribal Leader Since 1993. He is a 45+ year veteran of the health, racquet and sportsclub industry. As IHRSA's First President and a Co-Founder of the Association with Rick Caro and five others, in 1981; the 2001 DALE DIBBLE Distinguished Service Award Recipient, one of IHRSA's highest honors; and Club Industry's Lifetime Achievement Award Recipient in 2017, Norm Cates, Jr. is a highly decorated veteran who cares about you. And, he wants to hear from you. Norm can be reached by phone at **770-635-7578** or email at Norm@clubinsideronline.com.)



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...Midtown Athletic Club

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his banker competitors because he's paying more interest than anyone else. They all have a cozy little group paying very little interest to the depositors, and he's paying almost double to the depositors. He's really raking the deposits in, and he's breaking up that little fraternity they have there! *Maybe he will be interested. Why don't you call him?*

So, Don Parsons was the 17th banker I called. First of all, Don is about 6'4" and weighed about 140 pounds. Our friends called him, 'Shaky Don,' because with that height and no bulk on him, he'd shake a little bit. When I called him in Detroit, I asked him, 'Don, what do I call you now?' And, he said, 'You can continue to call me Shaky!' (he was laughing) And, he asked, 'What are you doing tomorrow?' So, I flew up to Detroit the next day with all the artist's drawings and renderings I had from having already been turned down 16 times. I had all the projections you could think of... best case, worst case, etc. When I got up there, we sat down, and he wouldn't do anything but talk about our fellow classmates for about a half hour! I knew I didn't have that much time with him, so I finally said, 'Well, Don, I have to remind you I came up here to talk about my tennis club idea...' He said, 'Ah, Alan, don't worry about it. What were you looking for?' I told him, and he immediately responded, 'You've got it!' And, I asked, 'What do you mean, you got it? I hauled up all these exhibits.' (pointing to renderings and projections)

He explains, 'Look, it's pretty pictures you're going to show me. I'm sure of that, so don't bother. And, as far as projections, you're probably going to tell me that you're going to lose money the first year, break even the second year and make money the third year.' I said, 'Yes, that is what it says!' So, he continues, 'Are you going to tell me how much a court should cost? I have no idea how much a court should cost! I have no idea if women will even go inside the place at night. That's your problem. That's not my problem!' Then, I asked him, 'Why in the hell are you making the loan?'

Don explained, 'Alan, you were the only guy on the varsity tennis team who would come down and play with us guys on the junior varsity team so they felt like they were part of the action. There I was, never able to make the varsity, but you still came down periodically to hit a few balls with me. I appreciated that. I knew you were a leader

then. Second of all, you would kill yourself before you lost! So, I'll take a chance you will do the same thing on this deal.'

NC - That is incredible.

AS - Norm, I thought a lot about the answer to that first question. I also have a third very special memory from the very beginning that I feel clearly qualifies as one of my most outstanding memories from the very early days. The timing is great for this third memory. 1968 was the same year that Open Tennis became open so amateurs and pros could play together. Wimbledon had the Amateurs and the Pros in the same Championships. There was excitement! I knew that, somehow, to survive long-term, Midtown would have to create players and not just rely on tennis going 'Open.' You had to keep replacing players, so I worked with a top pro from Rochester, New York named **Spike Gonzalez**, no relation to Poncho Gonzalez.

NC - Yes, I know Spike (See *Club Insider's July 1997 Cover Story*).

AS - Together, Spike and I put together what was the only program on how to teach tennis that the U.S. Government ever gave a U.S. Patent to. It was called *Tennis in No Time*, and we still use it! It was designed to teach people who had never played tennis or maybe had just played a little at a summer camp or at a public park and get them involved and make it fun for them.

The Family Dynamic

NC - Alan, you started your business (then TCA) with your father, **Kevie**, so essentially, with your son, **Steven**, and grandson, **Alex** involved, it's now a fourth-generation business. **INCREDIBLE!** I know your father taught you a lot. How did he carry that knowledge over to you so that you could acquire the knowledge and pass it to Steven?

AS - The first thing he told me was real simple. He said: 'I want you to know that, for the rest of your life in business, if you shake hands, that's a deal. I don't give a damn if it's in writing or not, it's unshakable.' And, that has been with me ever since.

The second thing he said was: 'I expect you to have a strong work ethic. If that means 70 hours a week, then it's 70 hours a week. If you want something, then be prepared to put in the hours to get it.' He was a big, strong, bright, hard-working, creative guy. He was a force in his own right.

The third thing he told me was: 'If

you ever want to get anywhere, you've got to be willing to delegate because you can't do it all yourself; you've got to have a team. You're going to respect them, delegate to them and not hover over them. If they make a couple of mistakes, so be it providing it's not a fatal mistake. As we bring people into this company, we're going to delegate to them and give them a chance to fly, be their own person and be excited about being that person!'

Those were the big three, but there's one other thing he said: 'Be rounded enough so that, in defining yourself, be sure you are more than just your job. It may be you as a contributor to society... you as a human being... it's NOT JUST YOUR JOB. Be comfortable with the rest of things you do, be a contributor, be a giver and not a taker so you will be proud and feel good about yourself.'

NC - Given Steven worked elsewhere before entering the family business, how did you transition him into the business?

AS - Since he was 10 years old, which he was when my Dad and I first got the idea of building the club, we used to talk a lot around the dining room table about the successes and the failures of each day. The frustrations and the good things. Steven was a very good listener, and he participated in the discussions at a very early age. So, he knew about things, even though he was only ten years old. He seemed to understand, and he actually did. He knew the struggles in the beginning, and he remembered my coming back with those 16 turndowns and many of the hurdles my Dad and I experienced in our effort to get our first deal off the ground. So, he had that background and a great deal of awareness. That was the easy part of the transition.

The difficult part of the transition, and it was difficult, was when he got out of Cornell University, he spent a couple of years as a consultant and four years with Hyatt. He earned a position reporting directly to the owners of Hyatt, the **Pritzker Family**. He got a hell of an education there, and that also placed him in a position where I was the one who was chasing him to join our family business! He was getting a lot of responsibility and good compensation at Hyatt. In fact, when he was 27 years old, he was their *National Director of Development*. But, then, we sat down and had a heart-to-heart talk about *the difference between salary and equity*. I said to him that he was earning a handsome salary, but the Pritzkers would never let go of any equity in their business. Theirs was a family business, and they would keep it that way.

So, with some conditions that he laid down and I accepted, he came in with enthusiasm. And, his transition was eased because he brought with him a perspective that he got from the Pritzkers that was fresh and different. I was not just the teacher. He was bringing a new perspective and teaching me at the same time! I'll give you one example. He said, 'Dad, whenever a deal comes up and someone introduces it by saying: *It's strategic deal*. What that means is: *It loses money right now... but we're justifying it some other way*.' He added, 'So, do me a favor. Let's see if we can not get involved in any strategic deals that are losing money. Let's see if we can get some that are making money and are also strategic as we move ahead.'

I always remembered that. I thought to myself how I wanted to buy into a certain deal, and he would say, '*That sounds like a strategic decision you're making to justify buying that loser*.'

Justin Cates (JC) comments: 'In my interview with Steven yesterday, we had a talk about strategic vs opportunistic growth, so you guys are in alignment.'

AS - Well, that's great because Steven and I didn't discuss my interview today ahead of time.

NC - When did the official handoff occur? What's your role in the company now?

AS - That's a good question. There's a specific period of time that took place. In 2002, I was nominated to become *First Vice President of The United States Tennis Association (USTA)*, which is a 2-year term, from which you almost automatically move on to be *President*, I saw what the path was going to be. So, I said to Steven, 'If I'm going to do the jobs of *Vice President and President of the USTA*, then I'm going to do it right, which means I will be out of here 50 - 60% of the time over a period of 4 - 6 years! We need to spend the first year getting this transition moving, so that, before I take the Presidency, you are running it and people KNOW you're running it. So, when the bankers call up to discuss something, they ask for you and not for me.'

At that point, I stopped going to any meetings with the bankers, and I kept referring decisions to Steven. He liked that way a lot, which was great! I knew it would also be wrong to step back in six years later and ask Steven to step back after that kind of absence, an absence which turned out to be eight years! I felt this way even though I

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Midtown Athletic Club Chicago



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still stayed involved in the business. He stepped up and did an excellent job. He deserved to keep it.

NC - Gotcha. That was close in time to our March 2002 Cover Story with you and Steve. My son, Justin, who's now *Publisher of Club Insider*, asked Steven to share his perspective on all of this. So, let me now ask you. Alan, from the point of view and perspective of the Dad: What positives and negatives did you experience being involved in and running a family business with your son?

AS - That's probably the *most difficult question you've asked*. Before I answer your question, Norm, let me say this to your son. Justin, your Dad was so proud of you that all of us who received *Club Insider* really knew how you did in every football game since you were 13 years old and after! I'm not kidding. You have a father who really cares about you. I feel lucky the same way. But, Justin, you're very lucky. Your Dad was very proud of you, and he let everybody know it!

JC - Thank you. That I am!

NC (laughing) - Alan, thank you for that... for remembering those proud writings of mine about Justin's football efforts. That's been a great joy for me. I think it would be easy to say you and I are Blessed Dudes!

AS - I thought for quite a while about this question, and it finally boiled down to the most difficult thing being to find the right balance between being a father or son and being a colleague. How do you find a balance between being a father and a colleague... and a friend... and a peer? Someone you can just have a beer with afterwards and let it all out, but at the same time, show the respect you learned when you were the son and that you hoped to have from your son when you are the father. There were some times when one of us would get upset and say something really harsh to the other one, and then, it took a while to be able to separate the fact that they weren't criticizing you, *they were just criticizing a particular thing that you did. That's DIFFERENT than criticizing YOU!* At first, I did take it a bit personally when my Dad would come at me and say something like, *'With all the education you had, how could you conclude something that illogical?'* Sometimes, he added a word in there you wouldn't print in your magazine!!!

NC - Would one of them begin with an 'F'?

AC - Right, Norm... and it would end with 'ING!!!' (laughing) Then, the other way around then; sometimes, I would catch it from Steven when he would say something like, 'Keep out of this one because you're discussing this with other people when you're out of touch!' I would think: What do you mean I'm out of touch? But, he'd be right, particularly when it came to the latest in fitness. They couldn't ever get me out of touch on tennis or finance, but I was out of touch on fitness and the latest in technology.

Seriously, though, I really enjoy being Steve's friend. *Steven is my best friend. I will make that as a flat-out statement.* He's got many other very, very good friends, too. And, one may, in fact be, his best friend. But, at this point, he is mine. And, he's developing that relationship quickly with his son, Alex, whom I'm very fond and extremely proud of.

In conclusion, it's that balance that was the most difficult thing. I think I've got it now, because at this point, I know that, if I say something harsh to Steven, he knows I'm not criticizing him but rather a particular act or conclusion. And, vice versa when Steven voices criticism.

NC - That's a great *balance* to have, Alan!

Looking Back

NC - When you look back on your truly amazing career, what would you say are three of the most important developments/experiences you have had?

AS - The three most important thoughts I have are:

1. Understanding that there is a time to cut losses on a given deal and doing so on a timely basis. I think my tendency is to: *Keep after it! Keep after it!!!* I can't be *that* wrong! And, chasing it longer than I should and not recognizing I made a mistake. Cut your losses!

2. You can't turn a battleship around in a lagoon! I learned this big lesson as *President of the USTA*. They'd been in business for 125 years when I came in there. I stepped in, and I wanted to change some basic things in a major way. But, I'll tell you, it doesn't happen overnight... it doesn't happen in a month... it is literally a question of years! The battleship needs room and time to change course!

For example, before I even got to be First Vice President, I spent five or six years as a Board Member. The Board felt the most important thing that they had to do was run

a successful U.S. Open Tennis Tournament. That was their main reason for being... to run those tournaments. The USTA owned that tournament, and they made a lot of money with that tournament. That was their goal. When I got on the Board, I said, 'If that's your Mission Statement, I joined the wrong Board!'

Then, we had a long discussion, and they asked me, 'Do you have a better idea?' I said, 'Yes, I thought about it before coming here. I've got eight words: **To Promote and Develop the Growth of Tennis**. That's our Mission! It is NOT the U.S. Open. That's a vehicle to get publicity for our sport and some money to do **our real work**, which is to expand the sport and bring as much joy to as many people as possible.'

You have to understand that, at this point, there were two new members who came on the Board, a gentleman named, **Gene Scott**, and me. We were actually the first people in 125 years who ever made money from the sport to be on the Board! Before, if you were a tennis pro giving lessons, or if you were an owner of a tennis club, or if you were a writer and wrote books about tennis, or if you were a writer for a newspaper, you were barred from the Board. For some reason, they let that bar down and let the two of us on. Scott was a writer, and I was a club owner.

So, when I made the suggestion to, *'To Promote and Develop the Growth of Tennis'*, this same very stodgy Board said, *'Promote? What are we, hucksters? Growth? Is this cancer?'* I'll never forget that meeting! It was a long, long meeting! Finally, it was over, and I had swung a majority of the people over, adopting the new Mission Statement. Now, between the adoption of that and the implementation, there was a long road, and it took two years before they acted on and finally endorsed the new mission statement, which stands unchanged today. So, that's why I use the example of turning a battleship in a lagoon.

3. Appreciating the difference in skillsets of strategizing and implementing. It's one thing to strategize. It's another thing to implement. And, if you're lucky enough to find one person who can do both, you're lucky. I was lucky. Steve has both, though he prefers strategizing. Don't downgrade someone if they don't have both. Fill the slots with two different people.

NC - What was the most *FUN* time/era you can remember in your amazing career?

AS - I think the most *FUN* year was clearly

the year before COVID-19. Not just because it was our best year business wise, but it was the first full year I had with my grandson, Alex, in the business. If I had to pick one thing that we did a little bit of but I wish we'd done more of was that, on Wednesday afternoons, the three of us would get together and have lunch together. We'd talk business. We'd talk personal. I first sensed Alex had the skills to take over someday. I'm sure of it now. It's going to take him a few more years, but he will be ready. What could be more fun than having time with your son and your grandson at the same time?

The other fun memory was during my first year as *USTA President*... I had basically divorced myself of 90% of the day-to-day business that Steven was running. At that time, 17 years ago, the USTA budget was \$250 million a year! People don't realize that the USTA actually owns the entire U.S. Open Tournament, which generates \$250 million annually. In my day, it was \$170 million. If you've got that kind of money to reshape priorities, that's a lot of fun. You're not focused on where to get the funds from, you're focused on where to spend the funds wisely!

Combine that with the fact that, when you go to Wimbledon as *USTA President*, you sit in the Queen's Box seats for as long as you want. It's a two-week tournament. I did it for one week, but I was entitled to the full two weeks. One time, we were sitting in the Queen's box at Wimbledon when it started to rain. Who did I get to sit and talk with, one-on-one, for 30 minutes? None other than **Margaret Thatcher**! I mean, who is Alan Schwartz to be talking with Margaret Thatcher, one-on-one, for 30 minutes! **Bill Clinton** was there that day, and my wife, **Ronnie**, talked to him. When you go to the French Open, you sit with the *French President* and dine with him. Then, the most fun of all is when you go to Australia and sit with their great players of yesteryear (**Laver, Rosewall, Newcombe**, etc.)... they are the most fun-loving group of people you will find. Those were the 'perks' of the job. The Grand Slams were highlights with much accomplished at Grand Slam meetings, but the rubber meets the road when the President meets with the local tennis leaders of **El Paso, Schenectady, Sioux Falls, Charleston and Oakland**.

Closing Advice

NC - Given the wild times we're all now being forced to live with and operate in, what advice

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The Lobby at Midtown Athletic Club Chicago



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would you give to other club owner/operators who have been in our industry for many years? **AS** - With all of its terrible ramifications, take advantage of COVID and get as lean as possible to survive without cutting muscle or destroying the club culture you've built... because there's a bright light at the end of the tunnel. You can come out of this much stronger, much leaner and ready for action once you've survived this. When you come out of this, your club will be able to be more responsive and quicker, and you will be more competitive than you were before. Justin and Norm, it's a lot easier for me to sit here and say this while my son, Steven, is the one who has to implement this thinking and make it work.

NC - To close this great interview, Alan, what key advice would you give to anyone who's thinking of and hoping to enter our industry and be successful at it over the long haul?

AS - I would say two things for sure:

1. DON'T go into the club business to get rich, because you probably won't.

2. DO go into the club business if it's a **passion**; because you have a chance in the club industry to positively influence more lives than you can in almost any other profession than I can think of. You can change lives. You can encourage people to socialize. You can change and modify their exercising habits. You can help people develop a skill that could be a fun skill the rest of their lives. You can help people develop discipline and teach them to follow regimens. And, along the way, you meet and help people meet other people. But, by and large, IF your only reason for going into our industry is for the money, I think you're missing the boat.

NC - Alan, I've looked up to you for many years. Thinking back on our times together many moons ago, I can't help but think about our experiences together. From those experiences, I remember what a fine gentleman you were in your business practices when dealing with me and others. To close this wonderful interview, Alan, do you have anything else you'd like to say to the folks in our industry?

AS - I think I can say comfortably that I've met very few people, if any people in this industry who, once I got to know them, I didn't really get to like. I guess my parting words are that I feel lucky I got into this industry, especially the tennis part, which is such an important part of my life. I want to thank the many people I have met, I've become very friendly with and I've come to respect for adding a significant and happy dimension to my life.

NC - Well, this is another **World Class interview Mr. Schwartz**, and I tip my black hat to you!

An Interview With Steven Schwartz, CEO of Midtown Athletic Club

Justin Cates (JC) - Where were you born and where did you grow up?

Steven Schwartz (SS) - That one is very simple. I was born in Chicago and raised in the suburbs of Chicago.

JC - Where did you go to school, and what did you study? Did you play any sports?

SS - I went to college at *Cornell's School of Hotel Administration*, graduating in 1981 with distinction. At Cornell, I was Captain of the water polo team and was lucky enough to do a stint in 1979 with the *Concord Club at U.C. Berkeley* under **Coach Peter Cutino**, the Olympic coach. Concord had many national team members preparing for the 1980 Olympics. It was hard as hell but a really fun time.

JC - When researching this story, I was surprised to see you didn't go directly into the family business after college. Please take us through that alternate path and how it led to Midtown (then TCA).

SS - I started out as a financial analyst at a large worldwide consulting firm, doing market research and financial feasibility studies for hotels, resorts and large real estate projects. I started in San Francisco and got transferred to their Phoenix office where we specialized in resort studies. One of our largest clients was *Hyatt Hotels*, which was expanding dramatically in the resort business. Resorts studies were very difficult and challenging, and our expertise was well respected, so we ended up covering developments in California, Arizona, Utah and Hawaii.

Anyway, I got to know the Hyatt people very well, and they hired me as *Director of Development*. Their corporate office is in Chicago, so Hyatt brought me back home. I would see my Dad on weekends and would hear about how things were going. As anyone who knows my Dad knows, he can be very persuasive. He persuaded me to join the company. I actually started with my Dad doing non-club real estate deals. We bought apartments in Houston, we did a sale/leaseback of some bank branches, as well as some other retail developments.

At the time, the company was primarily a tennis and racquetball club business. I would periodically sit in on management meetings. Over time, I got more involved in the business. One of our managers and partners at the time wanted to expand significantly into the fitness business. It was a big investment, and we had partners. So, I dug into the financial model on the fitness side of things. It was clear that multi-rec could be much more profitable if we learned how to do it well. That is how I ended up getting much more involved in the transformation of the company from primarily a tennis company

to a multipurpose club company.

Ultimately, I felt we needed to change Senior Management, and my Dad, who is not really a fitness guy, was less interested and kind of looked at me and said, 'If you think you are so smart, you run it.' I hired an outside COO, but it didn't work out. I came into the business through the real estate and finance, not through the sales, programming or operations side, so I needed a great operating and sales partner. Thank goodness **Doug Cash** was at Midtown; he stepped up and did a great job advancing our company at that stage. Today, we have strong management teams led by **Jon Brady** and **Debra Siena**.

The Evolution of Midtown

JC - Congratulations on celebrating 50 years in business! There is so much to cover. Let's start with the evolution of the company from back then to what it has become today.

SS - Thank you. My Dad was a successful real estate developer and one of the top tennis players in the region. He was a State champ, Western District champ and had nine National titles under his belt. He was very active in the competitive level tennis environment in Chicago, which was an outdoor experience centered around one club in Chicago called the *Edgewater Beach Tennis Club*, but there was no place to play indoor tennis.

The group of competitive guys he played with were all successful businessmen, so they got together and decided to build an indoor tennis club. Dad took on the leadership role among 20 or so partners, and they built the largest indoor tennis club in the world with 14 indoor courts. They built it with a real enthusiast's eye; everything was made to make the playing environment the best it could be. But, what they did that was very different at the time, really even today, is that they did not focus heavily on the advanced players and high performance juniors, or on just renting court time; instead, they focused everything on programming to teach tennis to beginners and to make better tennis players. So, it was all about teaching and training.

This is because they were smart enough to realize that it would be very easy to sell all the prime tennis time after work and on the weekends, but it would be very hard to sell the daytime hours. They focused all their energies on filling those softer times, and as a result, the culture of our company grew into one of programming. At that time, what most clubs did was they built a tennis club and rented a court to a pro who was an independent contractor. All of our pros were on staff, and as a result, we had an active role in how all the programming teaching was delivered.

Next, Dad started doing partnerships with other tennis buddies around the country who were looking to do the same as he did. They would talk, and periodically, we would become active investors and often be hired to run the club. We got involved in some cities that probably did not make sense for us in the long run, but it made sense in the limited view of tennis at the time.

In the late 1970s, early '80s, racquetball was blowing up, and TCA got into the craze. We partnered with **Bob Fitzgerald** and the *Courthouse Group*. Bob ended up becoming a *President of IHRSA* and was the *President* of our company for a time. We

grew to eight or nine racquetball clubs, and out of that came a racquetball and fitness club management contract at a newly built large multi-tenant office complex at O'Hare. That started our management business, now known as *Midtown Health*.

I joined in 1987, and as I said, I mostly did real estate development at that time. Around 1989 - 1990, we started converting clubs to multipurpose. I sold all the racquetball clubs, and we continued to grow our management business through management contracts in corporate HQ facilities and then some hospital facilities. We started buying out the early investors and other partners, consolidating the ownership almost entirely. Many of these people had been invested for 20 years at that point; some had passed away, others moved out of state, etc. We also began selling or leasing our clubs in markets where we really did not feel we were the right person to be the operator or where my Dad had a friend who he thought would be a good tenant. We probably should have kept Boston; that was a good location for us, but we leased it to a true tennis fanatic, **Laury Hammel**.

Our reputation was growing, and when banks would foreclose on clubs, they would often contact us to help them work out the loan or to act as receiver. Occasionally, we would buy the club. That is how we grew, and around 1995 - 1996, we made a big play into the outdoor facility business with our *Bannockburn* location... we added a resort-style pool, much more dramatic outdoor facilities, beautiful tennis courts, and it did extremely well. So, that became the new mantra. We began to make everything like Bannockburn, and that wonderful resort-like experience was very successful for us.

Around 2013 - 2014, the *City of Chicago* began changing the intersection where our original club was and took part of our land, including our fitness center and some locker rooms. We had never really converted the original indoor tennis club to the outdoor resort concept or added a significant/large fitness offering, so we decided to build a giant indoor sports resort, and we put a hotel on top of it. It opened in 2017, and that has been a dramatic game changer for our company.

JC - That is one heck of a ride over 50 years! And, it is clear how the different periods in the industry's history have influenced that evolution.

SS - Yes, it is important to know that we have reinvented ourselves a few times over 50 years. We started as indoor tennis, added racquetball, then fitness, then resort-like environments and now full-out hospitality with fine dining and a hotel. One of the most important things that we do is constantly reinvest our capital into reinventing our clubs.

Midtown Today

JC - How many locations do you have today?

SS - Midtown has eight locations that we own, and Midtown Health has 23 locations that we manage.

JC - I see you have a cluster of locations in Illinois, but then single locations are spread out from Canada, to New York, Georgia and Florida. What are the benefits of this? Challenges? Future opportunities?

(See *Midtown Athletic Club* Page 14)



Steven Schwartz

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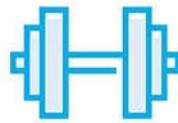
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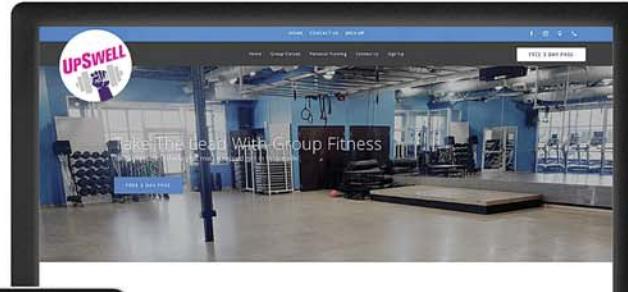
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SS - We have grown opportunistically, not strategically. What that means is when we saw a deal we liked, we bought it. We did not say, 'We want to go to Atlanta; let's look for clubs in Atlanta.' We said, 'Let's look for something that fits our investment model, wherever that may be.' The opportunistic expansion concept can be good and bad. It is a good way to get started, but at some point, you need to switch to be more strategic. You get better synergies if you can cluster clubs.

To build a club on our scale, you would be lucky if it cost \$20 million dollars or even \$40 million dollars. Chicago was \$85 million dollars. So, you do not want to be wrong. There are markets that can't support what we are doing. It doesn't mean it's a bad market, it's just not a market for Midtown.

JC - Please describe a typical location (square footage, amenities, services, programming).

SS - They average 150,000 square feet indoors on ten acres. They all have the fitness that you would expect: the do-it-yourself fitness area and the various boutique, studio environments (spinning, boxing, yoga, Pilates, general group exercise, etc.). We have indoor pools, outdoor pools, indoor tennis, outdoor tennis, usually a basketball court, restaurant, spa services, higher-end locker rooms, etc. These are full-service sports resorts, and they also have expensive, upscale finishes.

JC - So, you can never get bored in one of your facilities!

SS - No. And, in each one of those areas, we have a deep series of programs. For example, and obviously, in tennis, we have everything from beginner's tennis, or *Tennis in No Time*, where we bring people who never played tennis before, up to high-performance and leagues with all kinds of tournaments, private lessons, group lessons, etc. On the fitness side, there is personal training, of course, but many different pre-choreographed group exercise options, as well as our own developed spin, performance, dance and yoga programs. We have a really cool boutique feature we call *The Field*, which is our functional performance area, and we have a number of programs we have developed for that space. So, our offerings are deep. When a member joins Midtown, they receive a rich mix of fitness programming to sample from and dive deeply into.

JC - What is a truly unique thing found at Midtown?

SS - I think what you have in Midtown is more space, and that space is thought through as a social environment so that you do not just come in, work out and leave. You can come in, work out, see friends, chat, hang out and be very comfortable doing all of it. Space is a luxury, so most clubs have to take advantage of every square foot that they have. What we have done is to make sure we are not as efficient as the other places.

JC - Wow, that is a different thought.

SS - The reason for that is that you want a little breathing room. Space is luxury. Starbucks has a place where you can sit. If they were overly efficient, it would just be a counter. It is very typical to go into a health club and hear them say, 'We have a community social space.' Sure enough, there's a TV with two couches or a couple of chairs and a rug, and it is surrounded by fitness equipment. That is not a communal social space.

A communal social space is a place where you actually do not see any equipment at all. You can't see fitness equipment when you check-in at any one of our clubs. I do not want you to see the fitness equipment. I do not want you to even see any of the sports. I want you to check in like you are checking in to a hotel or going into a fancy restaurant. This is an entrance experience that does not involve hurrying in to get your workout done. It is a place to relax.

Much has been made about the third place, if you have heard of that.

JC - I sure have, and we have written about it a few times. Frankly, I try not to write about it as much now just because it has become so cliché.

SS - It is a cliché, but Midtown is a genuine third place. And, now during COVID, it has become a second place. Since home was the first place and work was the second place, for those now doing both at home, Midtown was needed even more, and it has become many members' second place. If you are working from home all the time, you need to go somewhere just to get out.

JC - That makes a lot of sense. That is a really well-thought-out concept given the world in which we live today.

SS - I like to say, 'We got a promotion: From Third Place to Second Place.'

The Membership

JC - Let's talk about your membership. First, what are the typical market demographics? Any key differences between markets?

SS - They are not exactly the same, but they do have certain similarities. We don't strategically look at a map and say, 'Here is our demographic; this is where we are going.' Instead, we look at opportunities and ask ourselves, 'Do they fit?' We are looking for areas where there is significant density of higher income, meaning \$150,000 per household minimum and then dissect the higher categories above. It is kind of that simple. Our average age is probably in the low 40s.

My Dad used to do a complicated formula on professional occupations and education level for tennis because you are looking for a more professional mix and executives. But, when you start getting into these price points, you kind of get into that category anyway. So, there isn't really any magic to this; it is just a function of density and income.

JC - What is your initiation fee? How does it vary, and is it ever discounted?

SS - They range from **\$0 - \$750**. It depends on the market and where we are in the renovation cycle. We are trying to get to the point where we can keep and maintain a genuine initiation fee. It is very hard to do. We have done it in Chicago but have not successfully done it in other places.

JC - What are your membership options/price points?

SS - Our average individual dues rate is **\$200 per month**. Average couple is **\$330**, and average family is **\$410**.

JC - If you are able to share, system-wide, how many membership accounts do you have, and how many members does that equate to?

SS - **Pre-COVID:** 26,000 memberships, 52,000 members.

Midtown During COVID-19

JC - Please take us through your shutdown experience and the re-opening.

SS - The worst thing I have ever had to do is lay off 2,400 people, and we essentially had to make the decision in a period of less than 24 hours. There was a lot of denial around it, but you could see the train's light coming down the tracks. There was no stopping it;

there was no getting away from it. For us, it all started in Montreal on a Sunday; they gave us four hours' notice to shut the club down. They announced it in the afternoon via a press release that was in French, then by evening, we had to be closed. It was very hard for us to figure out. What was going to happen? Who do you call on Sunday afternoon? Is it true?

Then, on Monday, we got word that our Rochester, New York location was probably going to shut down, then we knew Illinois was coming on the heels of that and so on. By Monday afternoon, we could see what was happening, so we just decided that we were going to close everything.

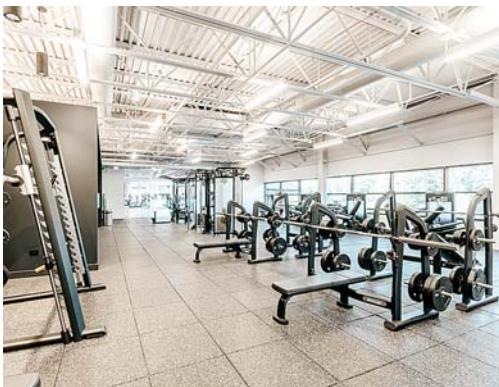
We had very long meetings with key Senior Leadership teams trying to figure out all the various moving parts that needed to be coordinated. What is our sick day policy? How much vacation is owed? What notice do we have to give people? Who are we going to keep? What do we have to cancel? What is our financial position? How do we deal with our vendors? What do we do with our bankers? So, we ran down the list and informed staff and members via phone calls and emails. Everyone reading this article knows what I am talking about.

JC - That is just brutal.

SS - Yes, and the thing that made it a little more challenging was that we had a brand-new CFO and a relatively new *Head of HR*, so they did not know all of the little moving parts that were going to be affected because they were still learning the company. We were not highly centralized and standardized. When you have 2,500 employees in thirteen states and Canada, as well as a management division with 23 clubs, there are just a lot of a different State regulations, Federal regulations, etc. How do we comply? Who do we contact and notify? There were countless questions, and we worked down the list as best as we could.

As you may recall, at the time, people thought it might be a two-week shutdown. Well, we planned for 20 weeks. People were like, 'Are you crazy?' I remember calling our banker and her saying, 'It won't last that long; you don't need to worry.' I insisted, and we cut very hard, very early. We went down to just two or three employees per location, and we clamped down on our payables. When this began, we had phenomenal momentum; our business was doing as well or better than ever before. We were chugging along with projects and initiatives, and suddenly, we had to put

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a halt to all of it. But, reality did not play out that way, and it still took us the better part of a month to stop the momentum. So, of course, we spent a lot of money that I did not want to spend, just shutting down.

I then spent an enormous amount of energy calling our Congressmen and various political leaders to try to qualify for PPP, which we did not qualify for. We were also in the process of closing two construction loans for projects we had already started. The lucky thing for us is that we had hoarded a whole bunch of cash, not because of this, but because we were about to start these projects. The loans had not started. We knew we were going to have a big tax bill coming up because we were doing well, so we were as cash rich as we have ever been before. So, thankfully, when we shut down, we had the cash pile, but sadly, we have had to burn through it.

We have secured financing for the next year. I feel good about that except for the fact that it is essentially unproductive capital. It is not going to build the business; it is just keeping the business alive. I went through the grief cycle. You know: anger, depression, etc, and now, I am just trying to chug along, keep my wits about me and realize this is going to be a long haul.

JC - How is Midtown doing now?

SS - We realized that the real issue was going to be consumer behavior and psychology: *Are people comfortable?* Our members love us, so our clubs are very well positioned. They are very popular, and they are very profitable. Members want to come back to our clubs, but what keeps them from coming back is fear. So, our entire focus has been on real, substantive ways to lower risk. It's not just marketing.

We researched and employed responses and equipment that lowers the possibility of getting infected. We were ahead of the curve by accident because we already had a relationship with *airPHX*, which sterilizes particles in the air. This is an airborne illness, so it reduces the amount of particles flying around in the air. It kills any virus or bacteria it touches, and it is used 100% throughout all of our clubs. They are used within immunocompromised wards in hospitals. Very few other club companies do it, instead using air purifiers and filters, UV light and things like that, which is great if the virus comes to you, but we go to the virus and kill it. We also spray a chemical that is not toxic and will not give you a reaction. Additionally, just the fact that our clubs are so big helps. When you have 40-foot ceilings, it is effectively an outdoor space. And, we have large outdoor areas, so we can run classes outdoors. This is the message we communicate to people who are still hesitant to come back.

Internally, I tell our teams that we are just at halftime. There is nothing more we can do except for getting out there and playing the second half! Right now, we are lucky to get 40-45% usage, and we were lucky to get 60% of our pre-COVID members paying. We are selling memberships to new people, but it's not enough to make it a profitable business. So, we are just going to chug along until there is a vaccine. That is all we can do at this point.

JC - As the sun sets on 2020 and rises on

2021, as you mention, I believe most of us realize this is not over. What advice can you offer as we all move forward through these times?

SS - There is a wonderful book entitled, *The Biggest Bluff*, and I recommend everyone who is going through this to read it. It is about a psychologist who became a professional Poker player to learn how to deal with mastery of a skill, emotional control and the effect of chance.

We were top of our game. We were as good as you can be in our business. Midtown is terrific. The clubs are great, the staff is great, the programs are great and the members love us. We just got dealt a hand that we simply couldn't win. That's just the way it is. We didn't do anything wrong, so beating ourselves up is not a good plan. Instead, staying calm is a good idea and holding our chips back so we don't lose everything trying too hard to do the impossible, which is to make people come back when they are not ready.

JC - Absolutely, well said. I enjoy playing Poker and have written about it before, so I definitely understand what you are saying there. You're talking about something called being '*on tilt*' after losing a big or bad beat hand, and it has taken down many great players! Resetting after a hard, uncontrollable loss and making compartmentalized decisions that avoid losing everything requires true discipline.

SS - I am not a poker player, but this book helped me put it in perspective. I think about it like this: You have a pile of chips, and every month is another round. You are going to lose every month. There is no set of cards you are going to get that is going to make this month win. So, if you knew that, what do you do? You either walk away from the table, which in this case, you cannot do, or you just put in the minimum each round until the game turns around. No big bets; just hanging in there. That is our strategy.

I think the other big advice I have is this: *If you did not think Government involvement was important, and it was a low-level priority for you before, so you did not get involved in political action items, now you see how important it is! If you are not at the table, you are on the table.* You cannot expect politicians to worry about you and think about you just because it is right or just because it is fair. So, we should all recommit to get more involved. Politics is local. Getting to know your U.S. Congressman is a local thing. Getting to know your Mayor is a local thing. Getting to know your Governor is not that hard. Your local State Representative, your local State Senator... these are the people who turn out to be the ones who can affect your business the most. Voting for President is nice, but it is not going to change what happens to your business. Get to know these local people so they support you and so they are not shutting you down. They need to know you to understand the difference your business makes in the community and in the world of preventative medicine.

The Family Dynamic

JC - Having grown up in a family business myself, I must ask: What positives and negatives did you experience being involved in and advancing to run the family business?

SS - Do you have brothers and sisters?

JC - I do not. I am an only child.

SS - Yes, so that makes life much simpler. I had a brother, **Andrew**, who unfortunately died, and I have two sisters. We all grew up thinking we would be in the business, and at some point, my Dad expected it. But, you know, I kind of went my own way to the hotel side of things. My brother did come into the business pretty quickly after school. My sister was in the business for a while until she had her third child who was born blind, so she quit working to raise him. He has turned out to be excellent; she did a phenomenal job. She and my brother-in-law are unbelievable.

Before I joined the company, I spent some time interviewing people who were in family businesses: my boss at Hyatt (Hyatt is owned by a very wealthy family, and as I was working for one of the family members), all my Dad's friends, my uncle and other people. I did some research, and as you can imagine, I heard some horror stories. So, I sorted through and categorized those horror stories and talked to my Dad about how we could navigate in a way that would avoid or mitigate them as much as possible. My Dad is a very strong-willed guy, but he was incredibly open to listening. This allowed me to join the company.

Of course, it was not all rose petals and perfume; there were some fights. My Dad and I make a great team. He is a brilliant tactician, and I am a good strategist. If you saw us in the office, you might think we were having a huge fight, but really, it is just kind of like a big Jewish family dinner conversation... loud and everyone talking over everyone else, all thinking they are right. So, you would be making a huge mistake to think that we were having a fight that would split us up. We are both big, loud and opinionated, but we are also both very respectful of each other's position and opinions. So, even though I have controlled the company through stock or trusts for probably 20+ years now, I treat it completely as a 50/50 partnership. If my Dad does not want to do something, then I am not going to do it. And, he is the same way with me. He respects me; I respect him, we are both smart and capable, so it works out well. We just don't agree all the time, and because of the complexities of a father-son relationship, there is often more at the table than just the issue at hand.

There were many, many days where I wished I was not working in a family business. Justin, you may feel this, but I do not know... My Dad likes to work all the time. That is just what he does. He does not have any other real hobbies or interests and is never going to retire. He does not want to retire. He is 89. He still comes into the office. I am 61. When I see him on the weekend, he wants to talk business. When I see him at the office, he wants to talk business. If we are at dinner, he wants to talk business. There is no escape. One of the nice things working for Hyatt was that, on the weekends, I did not

really have to worry about it. Plus, failure in a family business has its own set of additional problems. So, with the shutdown, I did not want to lose. I do not want the company going down on my watch. But, it has worked out, you know, and God love him, you could not ask for a better partner. You can quote me on that: *You could not ask for a better partner.*

JC - What lessons did you learn from working with your Dad, and how did it affect how you

and your son, Alex, interacted in the business?

SS - First of all, one of the things I learned is that working for other people first is a really good idea because it gives you the chance to make mistakes and learn without having the whole family dynamic. Second, you have the opportunity to get success on your own. A family business can tear you down. Third, you have an opportunity to learn from people whom you otherwise would never have had the opportunity to learn from.

With Alex, I was not sure he ever really wanted to come into the family business, but my Dad wanted him to come in right away. I wanted him to go out on his own and decide what he wanted to do. I only wanted him to come here if he wanted to come here, and that was a little hard for my Dad to accept. I did not want him to feel forced or guilted into coming in. I wanted him to find success and be happy.

Fortunately, Alex had a wildly successful career in advertising before he joined Midtown. Advertising is a crazy business, but he is very talented. The relationship evolved. We were looking for a new ad agency. We had a New York agency that was good, but it was getting expensive and I did not really love their campaigns. Alex wanted to go out on his own, and because we needed a new agency anyway, I told him, 'We will be your first client. We will put you on retainer.' Doing so saved us money, and we got a much better result than we would have by hiring another firm.

We did that for about a year or two. Then, we started a search for a new *Director of Marketing*, and he said he would like to do the job. So, really, in the end, he came to us. We needed him, and he has been a terrific addition. He doesn't report to me. He reports to **Jon Brady**, our *President*, so we respect the distance. It has worked out well. Truthfully, I would like to work with him more (and I know my Dad wants to work with him a lot more!).

JC - That is great! I am glad to hear that.

50 Years and Beyond

JC - What's on the horizon for Midtown? Any future plans for new clubs?

SS - When we get through this thing, I am expecting that our business will come back. It may not come back 100%, but if it comes back 80-90%, we will be fine and generating enough cash so that, after a short period of recovery time, we will grow. We will continue upgrading all of our clubs to be just like the Chicago standard, and then, we are going to be on the lookout for new places. As I mentioned earlier, I think the opportunistic background got us to the point where I wanted to be more strategic, but the opportunistic background will serve us well because there are going to be a lot of opportunities when this is over.

JC - To close this incredibly informative interview, once again, congratulations on 50 years! What a truly great achievement. Given COVID restrictions, how did you celebrate this? Any plans for a larger celebration in the future?

SS - We did not celebrate, but we did inform our members. We just can't celebrate right now, but we did tell everyone we are going to celebrate next year when 51 will be the new 50.

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**An Interview With Alex Schwartz,
Director of Marketing for
Midtown Athletic Club**

Justin Cates (JC) - Please take us through Midtown's marketing strategy during the shutdown, and now, the re-opening.

Alex Schwartz (AS) - Our main focus was and remains the health and safety of our members. We wanted our COVID safety steps to be comparable to hospital ICUs, not just other health clubs. We attacked this with a campaign we called **New Standard of Clean**. The campaign had three problems to solve...

First, a technology problem. Even before shutdown, it was a strategic initiative to identify and invest in cutting edge sanitation technology for our clubs. One technology we had at the clubs is called *airPHX*. This is ICU-grade air sanitation technology that creates and circulates active hydrogen molecules that continuously sanitize the air and everything the air touches. We already had these machines in high-touch areas of the clubs: locker rooms and kid's clubs. Right away, in the shutdown, we knew we wanted to invest in more *airPHX* machines. Since we already had a relationship with the company, we were first in line after hospital orders. While we were closed, we invested in and installed new *airPHX* machines at every club, continuously sanitizing nearly every square inch of every Midtown location to ICU standards. We didn't stop there, though. Since then, we have since purchased a new product from *airPHX*, their "mini" machines, for every single group fitness studio at every club in the company. So, every single class at Midtown will have its own *airPHX* coverage. Those should be installed in about one month, in time for winter.

We also changed our core cleaning supplies. We found a cleaning solution called *Aqueous Ozone Solution (AOS)* that is made by infusing tap water with stabilized Ozone molecules. We are able to make this solution in-house. It's stronger and faster acting than bleach, but it is also 100% safe and sustainable. After a few hours, the solution breaks down into water and oxygen. That means anyone can use this solution to clean, not just trained housekeeping staff, and it doesn't produce any toxic residue or have risk of irritating people's skin. Technically, you could drink it, but we don't recommend that.

The second problem was a culture problem. *AOS* allowed us to turn every single



Alex Schwartz

Midtown Associate into a cleaner, which was the core cultural shift internally. 'We are all cleaners' is a motto that every Midtown Associate now wears across their chest on our new uniforms, from our *General Managers* to our front desk staff. We turned it into a rally cry and a point of pride. Every morning, every Midtown Associate gets a bottle of *AOS*, and every associate is responsible for helping clean the club. It's really inspiring to see how everyone has taken up the challenge and how much pride everyone has taken in keeping the clubs clean.

Lastly, we had a confidence problem. It's not enough to just invest in the technology and unite our team around a mission to keep the clubs safe and clean. We needed our members to have confidence in everything we are doing. To have that confidence, we realized people need to see the new policies and culture for themselves. We developed a video campaign outlining everything we did, an extensive (almost encyclopedic) landing page for our "Clean Campaign" detailing all the science. We created a pneumatic device to help associates and members remember, and talk about, the cleaning technology, the **Four Ss: Strong, Safe, Sustainable, and proven by Science**. Then, we invited every member to come in for a socially distanced, one-on-one tour of the club. We knew that, once people experienced our *New Standard of Clean*, they'd have the confidence to come back. And, it's worked so far. We're getting rave reviews from the members who have returned and the new members who have joined us since we re-opened.

JC - How do you go about customizing marketing collateral/messaging for each club?

AS - It's a challenge. South Florida is different than Upstate New York. That said, the first thing we do is find the similarities. For example, after we re-opened, we saw that tennis came back strong at every single location. We decided to focus a marketing effort on Midtown's patented introductory tennis program, *Tennis in No Time*, at every club. We aligned every location on the dates of the program in October, then pushed advertising to every market. It's been a huge success for us, plus a little friendly competition between locations to see who can get the most sign-ups doesn't hurt.

Where there are differences, we focus our efforts on what we believe will drive the biggest impact for the most people. For example, this summer, our Chicago club moved every single group fitness outside. But, in Chicago, winter is always coming. So, in the fall, we invested in weatherizing two outdoor spaces at the club, one for training equipment and one for classes. We installed wind screens, heaters, the works. Then, we developed a unique campaign for the Chicago club called, *Winter Can't Stop You*, to promote the two new spaces. We hope what we've done will extend the life of those outdoor spaces, even through a Chicago winter. So far, members are loving it; you can check out the spaces on the club's Instagram page [@midtownchicago](#).

As far as the actual creative collateral, the simple answer is we have a rockstar internal design team. They're incredible at designing beautiful, engaging marketing materials that balance strong branding while being templated enough to be flexible for all clubs.

JC - When a club has a possible COVID exposure or additional and/or modified Governmental restrictions, how is that communicated to affected members?

AS - Our ability to respond to possible COVID exposures is one of the things that really separates health clubs from bars, restaurants and other businesses. We know our customers. We know who is in the club and when and if they were in close proximity with a possible case. That means we can contact trace very well. We're really thankful for the investment in cleaning technology we made and all our new cleaning procedures. Since re-opening, there has been no evidence of COVID spread within our membership at any club. When we do have a possible exposure,

we immediately contact trace that person's visit and reach out to anyone who we know they were with at the club.

As far as announcing Government restrictions, and really any other major announcements, our main channel is through email, supplemented by updating our website and social media channels. If a member is personally affected, like a private tennis lesson needs to be cancelled, we'll reach out by phone and try to connect with them directly.

JC - What do you expect and plan to do in 2021?

AS - Our product --our clubs-- are incredible. During shutdown, we were able to transform three clubs to the standard of our Chicago flagship: *Bannockburn, Willowbrook* and *Rochester*. Because of travel restrictions, it's been tough to get out to see the new Rochester club, but my Dad just road tripped there this week, and it literally brought him to tears because it turned out so well. We'll definitely focus on getting the word out about the new clubs in those markets.

We believe that, once we are through this, we are in an incredible position to succeed. But, we don't know how long the pandemic will last, so for now, the focus is on keeping the clubs safe, clean and operating well for our members during this difficult time. People spend most of their time at home since their offices are closed. We think the club is a perfect 'second place' for people, so they have a safe place to go, get out of the house and can stay physically and mentally healthy.

JC - We have asked both your father and grandfather, so it is only fair: What positives and negatives have you experienced being involved in and advancing in the family business?

AS - I'm incredibly lucky to be able to join the business at a time when both my father and grandfather are active in what we're doing. I had great relationships with both coming into the business, and one thing I've enjoyed is seeing both with a new context, as leaders in this business, as a part of this business. It's allowed me to appreciate them in new ways.

When I first joined, I'd spend at least two hours every couple weeks sitting with my grandfather and going over financial statements; he loves quizzing me on the numbers and helping me find great insights in them. That's harder now that we're working from home and social distancing.

One of the first initiatives our
(See *Midtown Athletic Club* Page 17)



"Theater" at Midtown Athletic Club Bannockburn



EverybodyFights at Midtown Athletic Club Bannockburn

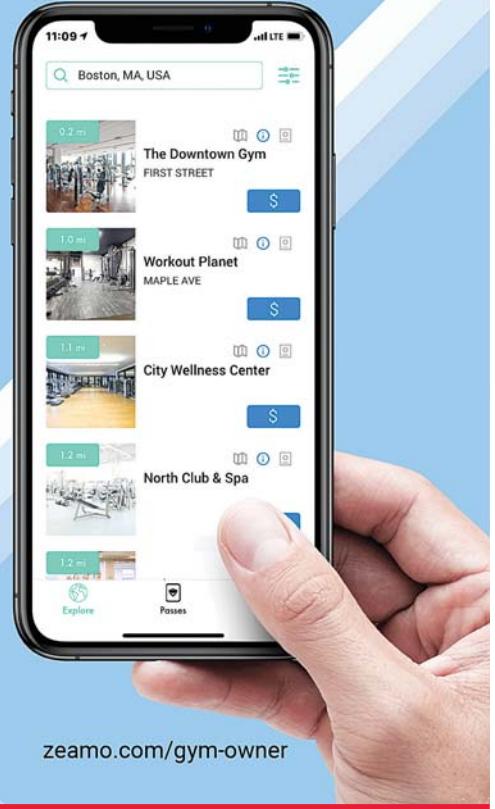
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MIDTOWN
ATHLETIC CLUB®



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executive team took on after I started was to evaluate and commit to our company's core values. We did it by thinking of our best teammates across the whole company and distilling the characteristics that they all shared. When we stepped back and looked at what came out of the exercise, I realized something: the values that united our best people were the values that Alan exemplifies. He had created a culture in our company that reflected the best aspects of himself. Those values are: *Win Together, Better Than Yesterday, Passionate About Helping Others, Glass Half Full and Kind*.

When the first COVID restrictions came, and we had to close the clubs, I got to see my father step in as the emotional leader of Midtown. It was a really hard time for everybody, but even as we worked through those hard times, my Dad had the entire Midtown team ready to run through a wall for him. He was real and raw. He was inspiring.

One thing about my family is we all have opinions, and we are not shy in sharing them. This is my first job where my grandmother will call me to give creative feedback on a piece of messaging. One of my aunts is a writer and adept grammarian. No stray comma goes unnoticed. One of my first moves when I joined the company was to standardize the use of the Oxford Comma in our communications. That helped.

JC - What do you think your generation brings to the business and the industry as a whole?

AS - I believe all people of any generation want similar things: to be healthy, to be happy and to have a community in which they feel they belong. That's what I love about this industry, helping people achieve those things is what we do.

I think my generation cares a lot about making a difference in people's lives, and most Millennials have an understanding that fitness and community are fundamental to health and wellness. The other thing I'm

excited about is that my generation treats fitness not as a chore, or even really a hobby, but as a lifestyle. They embrace what Midtown tries to deliver: *A place to go to transform their lives*.

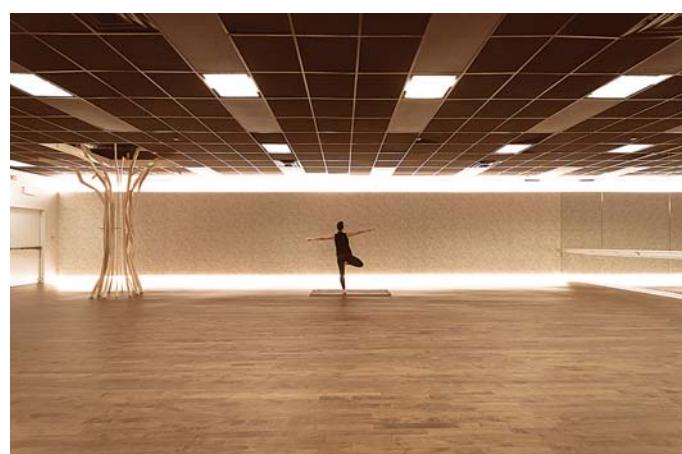
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Our Sincere Thanks and Appreciation to Alan, Steven and Alex Schwartz for their time and truly forthright nature in interviewing with Club Insider. Thank you also to Shari Tody for her

assistance throughout the process. Finally, congratulations to everyone at Midtown for celebrating 50 years of success with the Schwartz Family!

(Norm Cates, Jr. is the Founder of Club Insider, now in its 27th year of publication, and its Tribal Leader Since 1993. He is a 45+ year veteran of the health, racquet and sportsclub industry. As IHRSA's First President and a Co-Founder of the Association with Rick Caro and five others, in 1981; the 2001 DALE DIBBLE Distinguished Service Award Recipient, one of IHRSA's highest honors; and Club Industry's Lifetime Achievement Award Recipient in 2017, Norm Cates, Jr. is a highly decorated veteran who cares about you. And, he wants to hear from you. Norm can be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com.)

(Justin Cates is the Publisher of Club Insider. Having been born into a club business family in 1985, Justin grew up in the health and fitness club industry. He has lived and breathed this industry for 35 years, since his own day one, and he loves it dearly. Graduating from the Terry College of Business at The University of Georgia in 2007, Justin has run day-to-day operations of Club Insider for 12 years. Justin was elevated to Publisher of Club Insider on April 5, 2020. Justin's Dad, Norm Cates, continues to serve as Founder and Tribal Leader Since 1993. You can reach Justin by phone at 863-999-2677 or email at Justin@clubinsideronline.com.)



A Studio at Midtown Athletic Club Willowbrook

“Non-Essential” Never Again

By: Eric Durak, MS

Part II

“COVID-19 has just so vividly exposed our unhealthy lifestyles... You go through the list of risks for COVID-19, especially dying of COVID-19 or being severely ill from COVID-19; those are the diseases of inactivity.”

-Robert Sallis, MD - Keiser Permanente, Fontana, CA

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In the first part of this article series on the essential nature of the fitness industry, I discussed some of the issues that have affected the industry and those that need to be addressed regarding the concept of the importance of health clubs in the landscape of our current culture and where we could find ourselves in the very near future within healthcare.

The history of health clubs, gyms and health sanatoriums have had their prominence within the health culture in the United States, starting with *John Kellogg's Battle Creek Sanitarium*, which at its core, helped people with medical conditions to heal through nutrition, exercise and health modalities. The YMCA began what we may consider the first national chain of health clubs, and *Jack La Lanne* opened the first modern health spa in California in the 1930s.

What may have set the course for health clubs not becoming part of

medicine was that people like La Lanne considered hospitals for sick people and that maintaining health could be done at home and with the use of spas. Although La Lanne was one of the first trainers to work with seniors, it was not considered a medical or “special population” group at that time.

The New Reset Applied to Fitness

The issue of COVID-19 and its effects on all aspects of society has, in turn, had as profound an effect on every waking moment of our lives short of world war or the Great Depression. There have been people ready to take advantage of the situation for many types of reasons, but in looking at what has happened to the fitness industry, we have seen a shakeup to the core. One example is the closing of the *Claremont Club* in Los Angeles, CA, which housed the nation's top program for spinal cord post rehabilitation. An example of how a medical fitness program could have profound impacts on medicine, the Claremont Club nonetheless was closed during COVID-19 and may never open their doors again (as of this writing). It is something that should never be allowed to happen in the industry again.

This aspect of health clubs being an essential business starts with the association of obesity and insulin resistance and its role as the number one causal factor in the increased risk of COVID-19. In a conversation with industry giant *Bob Stauble*, he states that the association of obesity and increased risk

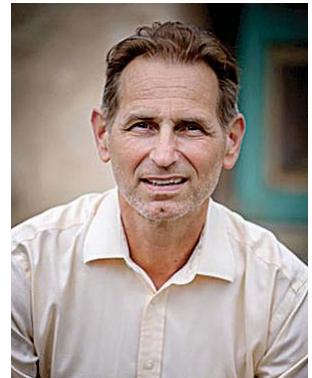
for infection should be a “blinding flash of obvious” to anyone in the wellness industry. The link is simply the strength of one's immune system. Over 40% of Americans have full blown Metabolic Syndrome (present as high-risk factors for three of the five biomarkers used to determine your risk), and many more have 1 - 2 of the five. After months and years of over-taxing the immune system, it becomes bankrupt and much less able to fight ANY infection (viral or bacterial), much less recover from an illness.

It is, therefore, the job of the medical fitness community to use our knowledge of exercise and immunity (developed eloquently by **Dr. Dave Nieman**) and use moderate strength and aerobic training to enhance the ability of the body to boost immune cell production, clear metabolic waste and enhance (through all lifestyle practice improvements such as medical fitness, functional foods, supplements and advanced mindfulness techniques.

First, let's look at the trends in medicine as they relate to fitness. After one of the first articles on fitness working with medicine back in 1988, we now have organizations such as the *American College of Surgeons* and the *American Cancer Society* endorsing exercise as part of the scope of practice and care for cancer patients and survivors. This is a huge step forward for the industry, as I have stated for years that cancer exercise programs are the “new cardiac rehab.” With the endorsement of the oncology community, it is simply a matter of setting up local relationships with treatment centers and support groups. Another recent report from the *Harvard Newsletter* details that, indeed, exercise is part of the medical process and should be used as an adjunct for many (if not all) medical conditions.

Getting back to metabolic disorders, in reading some medical posts (and many online threads) our immune system simply cannot handle this type of “novel” virus. I don't believe this for a second. We would not have survived to this point in our history without people developing immune resistance to many types of bacterial or viral loads and in much worse living conditions. Second, as a nation, we should be much more concerned with obesity and metabolic disorders, as they are the major cause of insulin resistance and cardiovascular disease. By cleaning up our obesity-related issues (inflammatory markers, lipid levels, blood viscosity levels, reducing body fat), we can not only reduce cardiovascular risk factors but enhance the immune system as well. It will respond in kind with the exercise levels imposed upon it.

Exercise may be one of the most important aspects of health improvement, and working with public health officials on a method for improving health will be a way to maintain health club essential status. I spoke about the new *Healthy Stats* software



Eric Durak, MS

from *WellID Health* from Virginia, which now allows trainers to detail assessment and day-to-day training programs for special population clients and retrieve stats on single member's information or hundreds of members in a population health format. *WellID Health* also works with *Integrative Health* from Los Angeles to obtain low-cost blood labs for the industry as well. Another game changing step forward that will allow for members and professional staff to understand how blood lab results (which doctors state make up close to 90% of their treatment decisions) can become a benchmark for specificity of training and become the outcomes-based programming that will “sell” to physicians, support groups and health plans.

One of the most recent industry reports again states that there is no association between working out in a health club and increasing risks of COVID-19. From this information, health club owners should be pressing their state officials to open up ALL health clubs and retool training programs as they are retooling cleanliness protocols.

The concept of “getting back to normal” should be the furthest issue from our minds. In the health club profession, the new normal should represent health clubs as an alternative to our dysfunctional healthcare system and a place where persons with metabolic issues can go and know they will make a positive impact on their health, reduce their burden of disease and become part of the new membership that will strengthen the health offerings of clubs, thereby strengthening their status as an essential business.

To view the list of References for this article, please go to bit.ly/clubinsider101.

(Eric Durak, MS is President of Medical Health and Fitness in California. His clinical exercise career spans over 30 years with dozens of medical conditions, and he has been fortunate enough to publish in many high impact medical journals. He can be reached at Edurak@medhealthfit.com.)



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Seven Marketing Tips for Powering Up Your Gym in 2021

By: Madison Sosebee

Oh, what a year 2020 has been! Gyms closed, some forever, and others reopened with strict new safety protocols. After months of dealing with all this uncertainty, club owners and managers are anxious about 2021, and understandably so. As colder weather sets in, gyms may have to temporarily close again or face further restrictions, but clubs that can survive these challenging times will grow even stronger. Here are some marketing strategies to power up your business for 2021:

1. Connect with Your Members Now - Gyms are competing with each other for new members, so communicating with your membership base should be top priority. Many of them froze or canceled their membership earlier in the year, wondering if it's safe to go back or if they should wait for a vaccine or for the number of COVID-19 cases to drop. Reassure them that you're making their health and safety your Number One goal.

2. Launch a Cleanliness Campaign - In fact, cleanliness should be a cornerstone of your marketing message. Tell them what you're doing to prevent the spread of infection, such as installing a new filtration system, implementing social distancing and even selling workout-friendly masks. Show that you're training your staff to properly clean and that you're prescreening with temperature checks at the door. Health and safety-driven buzzwords are likely to become a staple among marketing campaigns and signage throughout the gym.

3. Develop Your Marketing Plan Now - Fall and winter is prime time for the fitness industry. At summer's end, families settle into school routines, and the cooler weather is curbing outdoor workouts. People want to shed the "quarantine 15" pounds now and excess holiday weight in the New Year. And, even if you're forced to close for a time, you want to be "top of mind" when past, current and future members are ready to return to the gym.

4. Remember to Add Digital to Your Marketing Mix - The most successful clubs use a mix of digital and print to spread the word. If you only send out direct mail pieces, you're missing an opportunity to frequently update your status on social media, showing worried members your ongoing commitment to cleanliness and safety. Pictures of your staff wiping down equipment or wearing masks can offer peace of mind and encourage people to walk through your doors. By focusing only on digital, you might be missing an opportunity to stand out. A tangible direct

mail piece promoting your gym as a safe, healthy place to work out is a great reminder. In fact, an effective way to move forward with a direct mail campaign is by actually supporting your current digital marketing efforts through connected visuals and messaging.

5. Refresh Your Website for 2021 - Speaking of digital, the end of the year is a great time to update your website! As part of the makeover, you may also want to add a blog. Blogging is an effective way to consistently engage your current membership base and interest future members. Especially relevant topics now could include at-home workouts to do with your kid or full-body, 20-minute workouts. Blog articles can also provide rich, informative content for your email marketing efforts. In addition, consider adding ecommerce to your site. At a time when in-gym traffic is lower than you'd like, you can build revenue by offering products such as activewear gear straight from your website, including those workout-friendly masks.

6. Capitalize on Your Unique Value Proposition - When you connect with former and current members, as well as prospects, offer them value. Your club's uniqueness is where your value comes in and sets you apart from your competitors. Leverage the things that you, and only you, do best. Consider these ideas:

■Offering Digital Fitness Courses - There's been a shift toward this feature now that many are working out from home. You could incorporate remote coaching or live-at-home workout programs as a benefit to membership.

■Hosting Community Challenges - Foster healthy competition by engaging your members outside the gym. Many are going

to be missing the feeling of working out with others and the unspoken community that is built from struggling together for a common goal. These challenges can be a unique way to bring your members back together, even if they are not present in your club.

■Spotlighting Motivational Yogis and Influential Fitness Trainers - Maybe you have instructors with a unique background or extensive training that you could market to your audiences looking for classes or one-on-one coaching. Play on their own distinctive qualities and let them shine in your club.

■Adding Modern, High-Tech Fitness Machines - Your members may be impressed with or excited to try new and cutting-edge equipment you recently acquired in order to reach their fitness goals.

7. Look at Marketing as an Investment, Not an Expense - If your cash flow is low, you may hesitate to invest in marketing right now. That is totally understandable, but consider advertising as an opportunity to grow market share rather than as an expense. Fewer people are venturing out to the gym, true, but gyms and fitness centers are and will continue to snap up people whose club has closed and need a new place to work out. Their marketing efforts may also reach those who canceled their membership at your club. You don't want



Madison Sosebee

that! And, if you didn't advertise much in the summer, you can transfer some of that marketing budget to Q4 2020/Q1 2021.

Forecast for 2021

Even though next year will bring a lot of unknowns, some things will remain the same: reduced capacity, smaller classes and cleaning protocols. But, there's a bright side. People will be confidently and eagerly returning to a gym or fitness center. By consistently promoting your gym as a safe, healthy and fun place to get a workout in, you can watch your business thrive in 2021 and beyond.



Medical Fitness Association Names Atlantic Club's Kevin McHugh to Board of Directors

PINEHURST, N.C. - The Medical Fitness Association (MFA) announces that **Kevin McHugh**, COO of *The Atlantic Club* in New Jersey, a MFA Certified Facility, has been appointed to the MFA Board of Directors. Mr. McHugh will serve a three-year term beginning in January, 2021.

"We are honored to have Kevin serve on our Board of Directors," said **Robert D. Boone, FACHE, FMFA**, President and CEO of the Medical Fitness Association. "The MFA Board is comprised of a dedicated group of medical fitness professionals. Kevin has been an integral

part of the MFA membership for the past eight years. He has served on the Board of Trustees for the Medical Fitness Foundation, he serves as the MFA NJ State Captain, served as Director of MFA Marketing Task Force and has been an active member of the Association as a conference host and presenter. We are excited to have Kevin's expertise and energy on our Board of Directors."

For more information on the Medical Fitness Association, please visit www.medicalfitness.org.



Kevin McHugh

Developing Resilient Leaders and Loved Ones

By: Karen Woodard-Chavez

Part I

Resilience is such an important quality to have at any time in our lives, and especially these days, when we are seemingly faced with new challenges that test us each day. What you will find as you read on is how to define resilience and how you can deepen it for yourself, those you lead and those you love.

Ping Fu, author of *Bend, Not Break*, has a beautiful quote, "Be like the bamboo... bend but do not break," which is a very good description of the concept of resilience. If you are to develop and deepen resilience within yourself and for others, how do you define resilience? Let's

define it in the following way:

The power or ability to return to the original form or position after being bent, compressed or stretched. The ability to recover readily from illness, depression or adversity. It is similar to having a sense of buoyancy. Perhaps not just bouncing back but bouncing forward. Resilience exists when you use mental processes and behaviors to protect yourself from the potential negative effects of stressors. Why is resilience important? **Resilience is important for several reasons:**

1. It enables you to develop mechanisms for protection against experiences, which could be overwhelming.
2. It helps you to maintain balance in your

life during difficult or stressful periods.

- 3. It protects you from the development of mental health difficulties and issues.

There are three types of resilience:

Psychological Resilience - The ability to mentally or emotionally cope with a crisis or to return to pre-crisis status quickly.

Emotional Resilience - The ability to adapt to stressful situations and cope with life's ups and downs... resilient people do not allow adversity to define them or their lives and are able to "roll with the punches." Less resilient people have a harder time with stress and life changes.

(See *Karen Woodard-Chavez* Page 21)



Karen Woodard-Chavez

Business Finance Depot Video Series: *Different Types of SBA Loans*

By: Paul Bosley

In this article and accompanying video, we outline the three different types of SBA loans available to startup and existing companies. It is the most common loan type because the SBA backs a significant amount of the loan, which reduces the risk of the lender.

This month's video can be watched

by going to bit.ly/clubinsider106.

The main types of SBA loans and their key characteristics are as follows:

SBA Express Loans (part of the Small Loan Advantage 2 program):

- **Collateral:** Business collateral only;
- **Loan amount:** Capped at \$350K;
- **Down Payment:** 10% minimum;

■ **Repayment Term:** 10 years;

■ **Comments:** One lender specializes in a \$150K working capital loan that closes quickly!

SBA 7(a) Loans:

- **Collateral** - Business and personal assets up to the loan amount;
- **Loan Amount** - Up to \$5MM;
- **Down Payment** - Typically 20% - 30%;

■ **Repayment Term** - 10 years;

■ **Comments** - Loan can be used for renting a location or purchasing real estate, equipment, buildout and working capital.

SBA 504 Loans:

- **Collateral** - Real Estate being purchased;
- **Loan Amount** - Up to \$10MM;
- **Down Payment** - Typically 10%;
- **Repayment Term** - 25 years;
- **Comments** - Loan can be used for purchasing after renting a location, construction and equipment only. Location must be 51% owner occupied, so the other 49% can be rented to a tenant.

...

There are many benefits of using the SBA 7(a) program to finance your business. There is only one monthly debt payment, which is amortized over the longest repayment term available with no significant prepayment penalty. The use of funds is nearly unlimited to any legitimate business purpose. Since all SBA loans are backed by the Federal government, it offers the lowest APR available. Consequently, we recommend you strongly consider this form of financing for the wide variety of uses that this flexible loan product offers for business financing.

For more information, contact Paul Bosley at (800) 788 - 3884 or paul@businessfinancedepot.com or visit www.businessfinancedepot.com.

(Paul Bosley is the Managing Member of *Healthclubexperts.com* dba *Business Finance Depot*. Paul can be reached at paul@businessfinancedepot.com.)

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What if the Apple Store Sold Health Club Memberships?

By: Jeffrey Pinkerton

From conversations with customers and potential customers, the typical sales process often goes something like this: (1) meet, greet, ask a few questions and complete a needs analysis; (2) give a tour of the facility showing various features; (3) highlight specific features, explain benefits, present price and discuss personal training; (4) ask for their business, leading with personal training. If yes, book appointment with personal trainer. If no, sign up under standard membership; and (5) give key card, welcome pack and (possibly) one free session with a personal trainer.

Could We Interest You in Some Personal Training?

I know what you're thinking. Personal training is direct revenue. It's a

big upgrade. True. But, it's also the most expensive thing offered at your club. And, ultimately, should your facility perform close to the averages, it will only service about to 3 - 5% of your total membership.

I am not saying you should stop selling personal training. It's a valuable service and a great way for members to maximize their time, personalize their training, stay accountable to their workouts and get results. What I am saying is that maybe there is a different way to sell. What if you sold health club memberships the way the Apple Store sells... well, the way the Apple Store sells everything?

Shopping at The Apple Store

I walked into the Apple Store as part of a hurried, multi-errand Saturday and was greeted promptly by a young, enthusiastic Millennial in a bright blue Apple shirt. "Hello and welcome! My name

is David. What brings you into the Apple Store today?"

Impressive. I was greeted within 10 feet and 10 seconds (it's an Apple Store thing). He was dressed the part with a bright blue t-shirt to help him stand out in a crowd (it's an Apple Store thing). He used his name and asked an open-ended question (it's an Apple Store thing).

My less than enthusiastic response, "Thanks David. I'm actually just here to buy a screen protector for my iPhone. And, I see them right over there, sooooo... I think I'm good. Thanks."

This was my attempt to let David know that I didn't need his assistance and my not-so-polite attempt to end the conversation and announce that I was here to spend no more than \$20.

"Okay, great, I can help you with that," he said. As he walked with me, he asks, "Do you mind if I ask you some questions?" (asking permission to ask



Jeffrey Pinkerton

questions is also an Apple Store thing). "Sure," I grimaced as I replied.

He asks, "What are you looking (See Jeffrey Pinkerton Page 22)

...Karen Woodard-Chavez

continued from page 20

Physical Resilience - The ability to respond to stressors that acutely disrupt normal physiological homeostasis.

Some questions to ponder: Is resilience a trait or a skill? When faced with adversity in life, how does a person cope or adapt? Why do some people seem to bounce back from tragic events or loss much more quickly than others? Why do some people seem to get "stuck" in a point in their life, without the ability to move forward?

A person with good resilience has the ability to bounce back more quickly and with less stress than someone whose resilience is less developed. Everyone has resilience. It's just a question of how much and how well you put it to use in your life. Everyone can learn to increase their resilience abilities. So, *let's be clear... resilience is a skill that we can all develop so we do not get "stuck" and can move forward faster.*

Exercise: How resilient are you? Rate yourself on a scale of 1 - 5 with 1 being "needs improvement" and 5 being outstanding. Why did you rate yourself that way? Take a moment to articulate that. Now, take a moment and rate those you lead and those you love with the same scale. Why did you rate them the way you did? Take a moment to articulate that, and then, you will be clear about which tools from this article to utilize.

There are **Five Pillars** of **Resilience**. They include **Self-Awareness**, **Mindfulness**, **Self-Care**, **Positive Relationships** and **Purpose**. By

strengthening these pillars, you in turn, become more resilient. Instead of experiencing an overwhelming downward spiral when you encounter stress in your life, these five pillars work together to lift you up out of the chaos you may feel. Obtaining and maintaining these skills takes practice. Before we talk about how you develop them, let's define them:

Self-Awareness is having a clear perception of your personality, including strengths, weaknesses, thoughts, beliefs, motivation and emotions. Self-Awareness allows you to understand other people, how they perceive you, your attitude and your responses to them in the moment.

Mindfulness is a state of active, open attention on the present. When you're mindful (not to be confused with Mind-Full), you observe your thoughts and feelings from a distance, without judging them good or bad. Instead of letting your life pass you by, mindfulness means living in the moment and awakening to the experience.

Self-Care is unique for each person and can be understood in many different ways. In its simplest form, the term refers to our ability as human beings to function

effectively in the world while meeting the multiple challenges of daily life with a sense of *energy, vitality and confidence*. Self-Care is initiated and maintained by us as individuals; *it requires our active engagement*.

Positive Relationships are the people who support and care for us, and we care for them. One of the most profound experiences we can have in our lives is the connection we have with other human beings. By building positive relationships with others, we will be happier and more fulfilled. We feel more supported, supportive and connected. Positive and supportive relationships will help us to feel healthier, happier and more satisfied with our lives.

Purpose is a recognition that we belong to and serve something bigger than ourselves. Our purpose helps to shape the mindset and attitude we have toward others and the events we experience. We can find purpose in our faith, family, a political party, being green or being part of an organization, such as work or a group with which you volunteer.

Exercise: Now, take a moment and rate yourself on the 1 - 5 scale for each of the

Five Pillars. Be mindful about why you rated yourself the way you did. Again, be introspective and rate those you lead and those you love.

• • •

In **Part II**, as we have defined resilience, its elements and you have rated yourself, those you lead and those you love, you will now be ready for an exercise to strengthen your "resilience muscles." The exercise is called **Doors Close, Doors Open**. Check it out in the *December 2020 Edition of Club Insider*.

(Karen is President of Premium Performance Training in Boulder and Vail, Colorado and Ixtapa, Mexico. Karen has owned 11 different businesses, successfully sold nine of them and continues to operate two businesses. 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's newest book *Sterling Sales Skills: 125 Tools to Polish Your Sales Success* is available by emailing karen@karenwoodard.com or calling 303-417-0653.)

Make It Fun!

...Jeffrey Pinkerton

continued from page 21

for in a screen protector?"

This made me chuckle. Clearly, he's well trained and energetic. Or, maybe he just really loves screen protectors? I decided to take my guard down and play along.

"Well... (pause) ... to be totally honest with you, David, I've never really thought about what I might be looking for in a screen protector. I'll probably just buy the cheapest one you've got (laugh)."

As we approached the back wall of accessories, David kept to the task. "No problem. Let me ask you this. What kind of work do you do? What I mean is, how do you use your phone during the day? Are you inside or outside? Are you pretty rough on your phone?"

Now, I was really impressed. "Well, I spend a fair amount of time at a desk and on a computer. So, my phone is either on my desk or in my pocket."

"Okay, that makes sense," David said as we stopped in front of a wall of cases and cords. "One last question. Is

there anything about screen protectors that you've had in the past that bothered you?"

At this point, I was no longer forcing myself to play along. Now, I was fully engaged in the conversation. "YES. Actually, there is, I HATE when my phone gets fingerprints all over it, and I constantly have to clean it."

David reached down to the bottom row of accessories and handed me a small package. "This is a great screen protector that will fit your iPhone perfectly. It's one of our least expensive options, and it's a nice high-def cover, so your phone will look great whether you are inside or outside. It also has a matte finish, so it won't pick up fingerprints as much as some of the other screen protectors that you have had in the past." He handed it to me. Of course, I took it.

He concludes, "Is there anything else I can help you find today?"

There wasn't anything else for me, at least not on this day. He used his iPad to take my credit card and complete the transaction, and he walked me towards the front door and thanked me for coming in.

"We appreciate you coming into the Apple Store. We're here anytime you need us. See you next time."

If you aren't familiar with Apple's "Five Steps of Service," David gave me a masterclass in the art:

- Approach customers with a personalized, warm welcome.
- Probe politely to understand all of the customer's needs.
- Present a solution for the customer to take home today.
- Listen for and resolve any issues or concerns.
- End with a fond farewell and an invitation to return.

If the Apple Store sold health club memberships, they would follow this same model. They would ensure that every member was well taken care of and that every member found the solution they needed for that day. And, since they don't let you walk around the Apple Store without regular interaction and checking-in (it's called Resetting the Customers Internal Clock, and yes, it's an Apple Store thing), they wouldn't give out 7-day free

passes, they wouldn't let new members wander around the club unattended and they wouldn't allow current members to come in for the day without at least a few personal interactions.

They would do this for every person, every time. Even if that person was in a hurry, running multiple errands for the day, looking to buy the cheapest screen-protector thing in the store.

At MOSSA, we call this idea being *High-Touch, High-Service*. It's about helping every member and every prospective member find the thing that helps get them moving and keeps them moving. It means setting up members on their best pathway to success, and it requires a well-thought-out road map, inclusive programming and a committed team. To learn more about MOSSA, visit www.mossa.net.

(Jeffrey Pinkerton is the Business Development Manager for MOSSA. Jeffrey can be reached by phone at 770-989-4737 or email at jeffreypinkerton@mossa.net.)

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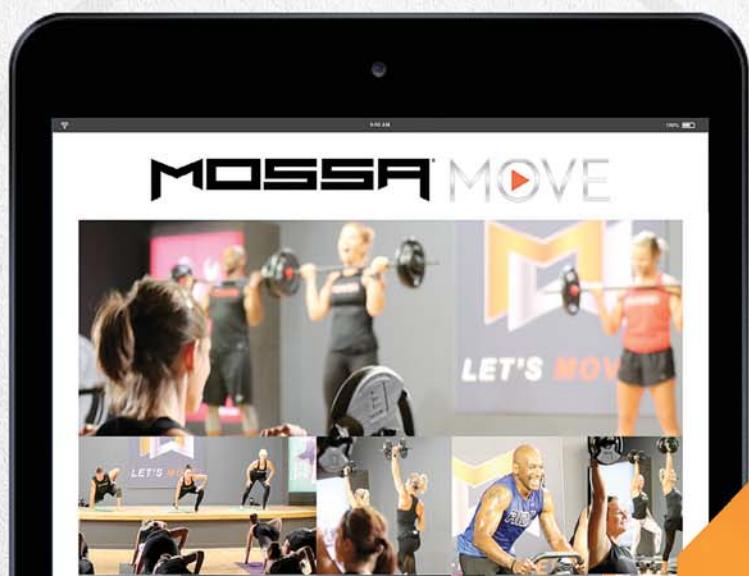
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FROM FOOD TO FITNESS

Aaron Davis's story...

Aaron is a serial entrepreneur and experienced multi-unit franchisee, owning 17 Little Caesars. He was looking for an opportunity to diversify his portfolio and has always been a fitness nut, so branching out into the fitness franchise segment was the logical next step. Food service operators know firsthand the challenges of the restaurant industry, which include high labor costs, extensive employee turnover and skyrocketing operating costs. Aaron was very impressed with the ease of operations and the need for only 3-4 employees to operate the club. After speaking with Workout Anytime franchisees, he was equally impressed that 73% own multiple units. Aaron leaned on Workout Anytime's proven franchise model to 'hit the ground running' and opened two locations within one year with a third on the way. Workout Anytime has more than tripled their club count over the past 5 years and have averaged 38% growth in new club openings.

"Adding fitness was a very profitable way to round out my business portfolio."

Aaron Davis, Owner
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