

Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

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Carol Nalevanko
Making a Difference for Health and Fitness

JANUARY 2012
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A Special Tribute to Sandy Coffman
The Dean of Club Programming

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Years!**

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“2012 In Review”

DECEMBER 2012

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The Pulse of the Health and Fitness Club Industry

“2012 In Review”

By: Justin Cates

Once again, it seems like it was yesterday that I was writing our “2011 In Review” article to review the year in CLUB INSIDER. This year was an exciting one for CLUB INSIDER, as we celebrated our 20th Anniversary. As always, we strived to share great cover stories that can help you in your business if studied. Our Contributing Authors also provided an entire toolbox of Best Practices articles to learn from. And, of course, there was no shortage of news this year, covered with both published press releases and volumes of Norm’s Notes. Perhaps the biggest news this year has been acquisitions, with the sale by Mike Grondahl and his partners of controlling interest in Planet Fitness, happening just last month, and several other big deals

happening, including our Page #3 story this month about Jeff Skeen’s Titan Fitness acquiring 7 Charlotte, North Carolina area Sports and Fitness Clubs.

Our Mission is “To help the owners and operators of health, racquet, and sports clubs professionalize their clubs and gain the trust and business of their community,” and we hope you have found value in this year’s CLUB INSIDER editions.

A Summary of Our 2012 Cover Stories

To begin the year, in our January Edition, we shared the story of Carol Nalevanko, President of Village Health Clubs and Spas. Serving over 25,000 people, this chain of four very high end clubs in the Phoenix area has approximately 250,000 square feet across 25 acres that

generates \$30 million per year.

We published a Special Tribute to Sandy Coffman, the Dean of Club Programming, in our February Edition. The energy and love Sandy has for our industry is clear from the first moment you meet her, and anyone who has been to any of her presentations over the years has seen what makes her so special to our industry. We continue to wish Sandy the best in her “semi-retirement.”

Our March Edition covered the success of IHRSA31 in Los Angeles. If you have not joined IHRSA or have not been to an IHRSA Convention, we hope you will consider it in the future. Simply put, IHRSA can make a big and positive difference in your club business. For more information, go to www.ihsra.org. And, be sure to make plans to attend IHRSA 2013 in



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“2012 In Review”
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Las Vegas, this coming March 19 - 22, 2013.
(See “2012 In Review” Page 12)

Jeff Skeen’s Fitness Connection Bulks Up In Charlotte By Acquiring Seven Sports & Fitness Gyms and Merging Local Management

MCLEAN, VA - McLean-based Titan Fitness, a recognized leader in health club management and development, is bringing the Fitness Connection brand to the Queen City through the recent purchase of seven Charlotte-based Sports & Fitness gyms.

The Charlotte transaction boosts the number of Fitness Connection (www.fitnessconnectionusa.com) locations to 25 nationwide. There are now Fitness Connection locations in Charlotte and Raleigh, North Carolina; Houston and Dallas, Texas; and Reno, Nevada.

“We are beyond excited to be entering Charlotte, one of the most vibrant markets in the country, and adding to our growing presence in North Carolina,” said Titan Fitness Chief Development Officer

Aaron Lieberman. “We believe Sports & Fitness is the premier health club chain in the Charlotte market, and we plan to build on the terrific foundation put in place by Sports & Fitness Founder, Evan Miller, and his dedicated team.”

Miller, who will be staying on as a Regional President for Titan Fitness, said the conversion of his gyms would begin immediately with a seamless transition forecast for both staff and members.

The current Sports & Fitness management team will work with Titan to continue to deliver first-rate customer programming as well as expand the footprint already established in the market.

“I am proud of what we built with Sports & Fitness,” said Miller.

“I also wanted our team to have expanded opportunities with an emerging national brand.”

Lieberman said members could look forward to seeing new programs and services being implemented at the Charlotte gyms in coming months. Members now have multi-gym access to all 25 Fitness Connection locations in North Carolina, Texas and Nevada. In addition, Fitness Connection members have access to thousands of gyms worldwide when they travel via the IHRSA Passport. IHRSA is the International Health, Racquet and Sportsclub Association, the world’s largest health club trade Association that represents over 10,000 clubs in over 70 countries.



Jeff Skeen

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- And of Course, *Norm's Notes*



Norm's Notes



•Hello Everybody! This is your CLUB INSIDER Publisher and Tribal Leader Since 1993 checking in for the last edition of 2012, our 229th monthly issue and the first edition of our 20th Year!

•Is America a great country or what? Umm... Umm... Umm! And, of course, I acknowledge the greatness of countries such as Canada, the United Kingdom, Australia, New Zealand and Brazil, just to name a few. We are pleased to be able to serve readers around the world, not just in the good old USA. So, read on and find out the "Inside" story on what's happening in our industry.

•Farewell to our industry friends who've passed on during the year. This "2012 In Review" Special Edition would not be complete without remembering those who've passed away during this year. We bid them farewell, and again, we send our Sincere Condolences to their families: DAN BLOCK, passed away on March 11, 2012; ROBERT KENNEDY, April 12, 2012; COLONEL JOHN URMSTON, July 11, 2012; WILLIAM STAUB, July 19, 2012; EHAB YAMINI, July 24, 2012; SCOTT DENNIS, October 9, 2012 and ZIG ZIGLAR, November 28, 2012. Not to be forgotten are the 125 or more people who lost their lives to Hurricane SANDY. I'm sure this group has some of your members in it, and I hope you will

express our sincere condolences to the families and friends of those lost during Hurricane Sandy. May all of those we lost from our industry this year and all of those who passed away from Hurricane Sandy REST IN PEACE.

•I would be remiss were I not to remember our beloved family member, MISTER BILL, a World Class Dog, who passed away on June 8, 2012. May Mister Bill REST IN PEACE.

•Merry Christmas and Happy New Year to you all! And, if Christmas greetings do not work for you, how about: Happy Holidays to you and yours!

•I spoke to Planet Fitness Founder, MICHAEL GRONDAHL, and he told me that nothing much has changed with him since they sold the 75% stake in Planet Fitness to TSG Consumer Partners, LLC, last month. He continues to do the same job, at the same desk and in the same building. The now *filthy rich*, but still *down-to-earth*, Mike Grondahl, said, "The only thing that's different around here are the numbers on my bank account." Well Mike, that's a great commentary on you, and your way of life... as the good family man you are. Mike also expressed disappointment, as it was looking like Planet Fitness will finish 2012 with 126 new locations, and they

were targeting 130! This will make the Planet Fitness total by the end of the year: 616! WOW! It seems like yesterday that CLUB INSIDER published a *special edition* in honor of Planet Fitness' 500th location and 3.5 million member milestones in May of this year. Congratulations to you, Mike, your Planet Fitness Team and your new Partners, TSG Consumer Partners. Best wishes to the folks at TSG Consumer Partners, LLC with their *new acquisition*!

•"The YEAR of the DEAL" is the title I'm giving 2012 because we have never seen such extensive activity in the sales of clubs. Smaller chains are being gobbled up by a much larger chain, namely the giant LA Fitness... and another big, strong financial company has entered our industry, with TSG Consumer Partners, LLC, a private equity firm with offices in New York City and San Francisco, acquiring a 75% stake in Planet Fitness from MIKE GRONDAHL, MARC GRONDAHL and CHRIS RONDEAU. Also, on December 4, 2012, JEFF SKEEN and his Titan Fitness Team acquired seven Charlotte, North Carolina-area Sport & Fitness Clubs, formerly owned by EVAN MILLER (See Report on Page #3). The seven clubs have become part of Titan Fitness' ever growing line up of excellent Fitness Connection Clubs, owned and operated by JEFF SKEEN and his Team (www.fitnessconnectionusa.com). There are now 25 Fitness Connection locations in Charlotte and Raleigh, North Carolina;



Norm Cates

Houston and Dallas, Texas; and Reno, Nevada.

•Speaking of deals, DAVID HARDY, former IHRSA Board Member, long-time and very active Canadian club businessman and one of the leaders of Orangetheory Fitness, has joined CLUB INSIDER as one of three CLUB INSIDER Advertisers from the health club franchise world. In May, 2012, I wrote the following in a Norm's Note about franchises, "Planet Fitness and Crunch Fitness are the only franchises in our industry that I have pursued or intend to pursue." That is the truth. And, the following is the truth. In keeping with our long standing policy, I've tried to limit our number of advertisers

(See Norm's Notes Page 7)

Thank You to Our Contributing Authors

- Rick Caro - President, Management Vision, Inc. - (212) 987 - 4300
- John McCarthy - 25-Year Executive Director of IHRSA
- Joe Moore - IHRSA President & CEO - (800) 228 - 4772
- Andy Graham - Founder, NEXT Fitness - andy@nextfitness.co
- Brenda Abdilla - Founder, Management Momentum - www.managementmomentum.net
- Bruce Carter - President, Optimal Design Systems International - (954) 385 - 9963
- Casey Conrad - Communications Consultants - (800) 725 - 6147
- Derek Barton - Owner, Barton Productions - derek@bartonproductions.com
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- Will Phillips - Roundtables for Executives - Will@REXRoundtables.com

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Established in 1993

20 Years and Counting!

CLUB INSIDER is published by Cates Media, LLC. in Marietta, Georgia. Those wishing to reproduce any portion of this publication may do so, provided it is not for resale in other publications. Reprints for commercial use are available for a fee by request.

PUBLISHER and EDITOR - Norm Cates, Jr.
 PRESIDENT and ASSISTANT PUBLISHER - Justin Cates

PRINTING and MAILING SERVICES - Walton Press
www.waltonpress.com

CLUB INSIDER

P.O. Box 681241
 Marietta, GA 30068
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Orangetheory Fitness Rolling!

FORT LAUDERDALE, FL - Orangetheory Fitness, a distinctive high-energy fitness experience, is increasing more than just heart rates and metabolism. The franchise growth has more than doubled since the beginning of the year. The energizing interval fitness franchise is the first to use heart-rate-monitored training for scientifically proven results that are

changing lives.

"Orangetheory Fitness's success is all about results; look no further than our members. We have what we believe is the best workout in the country, with skilled high-energy trainers that provide a personal training experience at a fraction of the price. Every detail has been carefully designed to produce results,"

said David Long, CEO and Partner at Orangetheory Fitness.

According to Ultimate Fitness Group, LLC, franchisors of Orangetheory Fitness, more than 50 studios will soon be open in 11 states from coast-to-coast, along with a number of locations in Canada, beginning with Alberta.

"Our franchise owners are reaping the benefits of a proven, profitable system, with the training and marketing they need to start and run a successful business," says Long. "The fitness and health club segment is among the fastest-growing in the franchise industry, with a recession-proof record that stands up to a fluctuating economy. Add to that the opportunity to own a business that helps others maintain an active lifestyle, achieve weight loss goals and transform their health, and it's easy to see why Orangetheory Fitness continues to surge ahead."

Results, Unique Workout Draw International Attention and Growth

Orangetheory Fitness has received

international media attention for its unique approach, results and member testimonials. The fast-growing concept is the heart-rate-monitored, high-intensity interval training based on science. Modern studios and experienced staff provide affordable personal training in a group setting, using the latest equipment including SBT suspension. Each unique, 60-minute session is broken into intervals of cardiovascular and strength training, producing a tremendous metabolic increase and calorie burn for up to 38 hours after the workout.

New Orangetheory Fitness studios typically celebrate grand openings with a 6-Week Weight Loss Challenge, in which past participants have lost as much as 60 pounds in six weeks, along with cash and prizes.

To learn more, go to www.orangetheoryfitness.com. Visit www.offfranchise.com for area developer and franchise opportunities.



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Orangetheory® Fitness is affordable group personal training. It is the first of its kind and only heart-rate-monitored, high-intensity interval training program based on science.

Each 2,500 square foot studio features 12 treadmills, 12 rowers and a resistance area where up to 24 participants workout in 55 one hour classes per week.

Membership based, it is the hottest new concept in the fitness industry.



"Having extensive 'big-box' gym experience, I see a tremendous value in the uniqueness of the Orangetheory Fitness business model and group personal training concept - it's all about results. There is nothing that comes close, for owners or members."

Terry Blachek, Area Developer & Franchisee
Former VP, Lifestyle Family Fitness, Crunch Fitness



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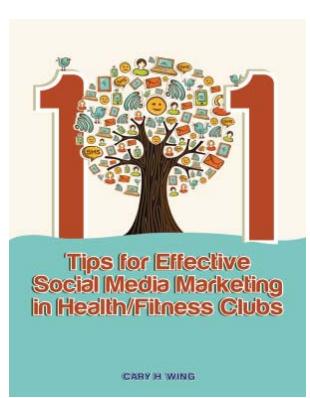
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Dr. Cary Wing Authors Social Media Resource for Health and Fitness Clubs

Dr. Cary Wing's new book, *101 Tips for Effective Social Media Marketing in Health/Fitness Clubs* (www.healthylearning.com) shares the basic facts about social media and provides case studies from health clubs throughout the country to help alleviate any fears an industry professional might have concerning embracing the technology. Cary, a respected leader in the fitness industry, explains the basics you need to know when getting started, how to avoid common mistakes and how to manage several different platforms, including social networks, mobile phone applications and photo and video sharing sites. The book is a must-have for every club owner/operator who wants to learn how to properly use social media for marketing their business. Social media should be a part of a club's business strategy and an asset in attracting and keeping members through engagement, exceptional customer service, and creating an online community.

Cary Wing, Ed.D., FACSM, has been in the health and fitness field for more than 30 years. She has been directly involved in the development and management of medically integrated health/fitness centers. Dr. Wing is Chair of the Inclusive Fitness Coalition Health and Fitness Club Workgroup. She served on the American Council on Exercise (ACE)



Industry Advisory Panel for two years and was a member of the Accreditation for the Exercise Sciences (CoAES) committee. For ten years (2000 to 2010), Dr. Wing served as Executive Director of the Medical Fitness Association (MFA). She is currently a medical fitness business advisor, national speaker, freelance writer and social media specialist. She holds a MA in physical education and sport, with a concentration in fitness management, from New York University and an Ed.D. in applied physiology from Columbia University. To learn more visit www.carywing.com or Tweet @caryhwing.

...Norm's Notes

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to the three very best companies in each product category. Moreover, for all of these years, I've been very careful about our advertisers because I don't ever want to have an advertiser whose company treats **CLUB INSIDER** readers *less than extremely well*. I have great **TRUST** in **MIKE GRONDAHL** and **Planet Fitness**, and I have great **TRUST** in **BEN MIDGLEY** and **Crunch Franchising**, as they are **highly reputable individuals and companies**. Planet Fitness and Crunch Franchising are companies that anyone, **CLUB INSIDER** reader or not, will have a good business experience with.

Beyond that statement, I have great **TRUST** in **DAVID HARDY**, and I believe the **Orangetheory Fitness Franchise** is a **highly reputable company**. Beyond these introductory comments about David Hardy and Orangetheory, I can say unequivocally that **IF** and **WHEN** I ever find that one of my advertisers is outside the mainstream of ethics and is violating State and Federal laws OR is supporting and doing business with an unethical club operator who breaks laws without fear of the consequences, well then, I will drop that advertiser like a hot potato. **End of story**. Welcome to **CLUB INSIDER**, **DAVID HARDY** and your **Orangetheory Team** (See their New Ad on Page #6).

• **Congratulations** to **JEFF SKEEN** and his **Titan Fitness Team**, as on **December 4th**, the McClean, Virginia-based company completed the acquisition of **seven Sports & Fitness Clubs** in the **Charlotte, North Carolina area**. Jeff told me that Sport & Fitness started in January, 2009, and the facilities range from 16,000 to 35,000 square feet. Check out the **Report** on **Page #3**. Jeff also indicated that Titan Fitness is also negotiating for some individual clubs that are not part of a chain, per se.

• **ZIG ZIGLAR**, a name which shall live on, has passed away in Texas at age **86**. Ziglar was an amazing guy, a prolific teacher and writer, and he produced 30 books on living a balanced life. **CLUB INSIDER**'s own **Contributing Author** and **Advertiser**, **DONNA KRECH**, was close personal friends with Ziglar, and she wrote about him in her newsletter, **Healthy Hope**. Check out Donna's comments on **Page #24**.

• **A new Irish Report Suggests a "Fat Tax."** According to the **Irish Examiner**, a new report by **University College Cork**, in Ireland, suggests that imposing a so-called "fat tax" on unhealthy foods is needed to combat the country's spiraling obesity-related health care costs. The report estimated that obesity costs Ireland €1.64 billion (\$2.1 billion) per year, almost 3% of total health expenditures.

• **THOMAS PLUMMER** is celebrating

30 years in this industry, and I want to congratulate him on reaching that special milestone. **Congratulations, Thom!** I also want to say **Thank You, Thomas!** for being a long-time **CLUB INSIDER Contributing Author**. Check out the very interesting article he provided this month entitled, **Ownership, on Page #18**. If, after reading Thomas' article you think of a person in your life who's thinking about, or trying to start up a new health club, but he/she has no experience whatsoever in our industry, **please do that person a HUGE FAVOR and provide this edition to them so they read Thomas' article**. Alternatively, just send me an email and I'll gladly reply to you with a PDF of Thomas' article so you can forward it to your *potentially misguided friend*. Trust me when I say their eyes will open wide when they read Thomas' latest **CLUB INSIDER** installment!

• **COLIN MILNER**, a terrific entrepreneur and the Founder of the **International Council On Active Aging (ICAA)**, has provided a brief article for us this month that asks an important question and deserves an answer. The title of his **Page #23** article, which asks this great question, is **Why ignore 810 million potential consumers?** Colin is talking about you and me, if you're 60 years old, or older. Also, check out his **Blog** at <http://bit.ly/RIMCFE>.

• **Congratulations** to **BILL PARISI**, and the folks at **24 Hour Fitness**, as **JOE MOORE**, **IHRSA's President and CEO**, announced on **December 7th** that **24 Hour Fitness** and **Parisi Speed School** are collaborating on a new training program intended for youth. The program is geared toward improving fundamental athletic skills, speed, quickness and self-esteem for ages 7-17. The partnership will begin at the new **24 Hour Fitness Super Sport Clubs** in **San Diego and Livermore, California**, slated to open in late December. The two clubs will have custom outdoor training areas and offer approximately 20 classes per week in addition to one-on-one training sessions with certified Parisi Speed School coaches. "24 Hour Fitness believes in the importance of providing our youth with activities and resources that will help them stay active and lead healthier lives. Programs like those offered by Parisi Speed School enable us to provide children and teenagers with proven, successful and fun programming that will help them improve their physical skills and self-confidence."

• **RANDY DRAKE**, Senior Vice President of Fitness and Business Development for **24 Hour Fitness**, said **"I was angered a little bit**, and forced to think about something I had not contemplated for awhile, when I read a recent report in the **Marietta Daily Journal** entitled, **Centenarians Stay Fit at the YMCA**. This article was touting 100+ year old members in the **YMCA** in **Billings, Montana**. The photo in the story

was of a 103-year old man named **MAC HELD**, who was depicted in a pool at the **YMCA** in Billings. In part, the cutline below his photo described the YMCA this way, "He joined the **health and fitness club** more than three decades ago." You may be thinking, "Well Big Boy, what's the problem with that?" I will respond to that with this... The YMCA has, for years and years, maintained its tax free status by declaring to the IRS, State Income and Property Tax Agencies and to local Taxing authorities that they **"are not a commercial health club, therefore they should not have to pay ANY taxes."**

Yes, for decades they've said over

and over that they're **not a commercial health club so that they can maintain their Tax Free Status!** What a sad state of affairs that the 160+ year old YMCA's of America would continue to repeat this **outright bald faced lie**. When **RICK CARO** and I, along with five others started **IHRSA 32 years ago**, one of the top reasons why we started the Association was to provide opposition to the YMCA's tax free status on behalf of America's commercial health club industry (Yes, here I have left out the "H" for Health because, when we started, the word H was not in the Association name, or acronym. The H was

(See **Norm's Notes Page 8**)

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added in 1994, making the IHRSA acronym complete and causing a big jump in IHRSA Member Clubs). But, over the years, IHRSA, and anyone else who's ever challenged the YMCAs have failed to get their **Tax Free Status** reversed.

Fast forward to 2012. Now, we have a **Champion** leading the way in the effort to get the YMCAs to pay property taxes in his own State of Kansas. This Champion's name is **RODNEY STEVEN, II.** In July of this year, **CLUB INSIDER** published an in-depth cover story about

Rodney's **Genesis Fitness Centers** in **Wichita, Kansas.** In that report, Rodney shared his own efforts to stop this inequity in his State, and he feels that he's getting close to getting the State Legislature votes necessary to impose property taxes on the YMCAs in Kansas, just like the property taxes he pays for his ten big clubs, most of which he owns both the land and the buildings. I wish Rodney the very best in his pursuit of this long-missing fairness in America. Rodney is the **Bell Cow now**, folks, and I urge all of you to get in touch with him so he can share his thoughts with you about this subject.

While I'm on this **anti-YMCA**

Soap Box, I want to be sure all of you understand what we are up against here. So, let me review some YMCA history. The **YMCA states its Mission** on its website as follows, "To put Christian principles into practice through programs that build healthy spirit, mind and body for all." The **YMCAs of America** have been taking advantage of the commercial health club industry for decades now. They take advantage of their long-time status as a charity, a status that now, for years, has been bogus... It's a fraud, folks! Check out some of the "*accomplishments*" the YMCAs of America website boasts of in these nuggets labeled on the site as **2003 Accomplishments**:

for people who cannot afford the full fee for membership and programs.

And, they boast with the following: "YMCAs are building strong kids, strong families and strong communities through programs and services that tackle some of society's most pressing problems." Yeah, like where their chauffeur should park their Limo, or what to wear at their next **Zumba Class!** Often, scholarships amount to less than 1% of their revenue dollars.

These huge tax advantages exist because the Ys promote their facilities as places where the poor and the underprivileged may go, but ironically, there are no underprivileged within ten miles of most of those places. I believe that the YMCAs of America are a huge fraud. Like Rodney Steven, II, in Wichita, I believe this has **GOT TO STOP! Stay tuned!**

• **Shaped Public Policy:** Advancing the YMCA's status as a charitable organization by assisting dozens of YMCAs with counseling, legal advice and documentation to *address mission challenges*. Although *several challenges continue*, **no YMCA has ever lost its tax exemption.**

• Although the YMCAs enjoy the **IRS 501c 3 Tax Free Advantages**, they boast of **"Improved Financial Health:** Committing to a surplus budget to restore reserves."

The YMCAs of America have a huge financial advantage over commercial health clubs because commercial clubs must pay all kinds of taxes. You all know the drill: (1) **Property tax** if you own your property and building; (2) **Sales tax on memberships** in some States; (3) **Federal income taxes**; (4) **State income taxes**; and on and on. All of this equates to about 35-38% fewer operating expenses as a percentage of revenue, and they often get land and building donated.

And, the YMCAs of America show the following nuggets among their **2001 Accomplishments**:

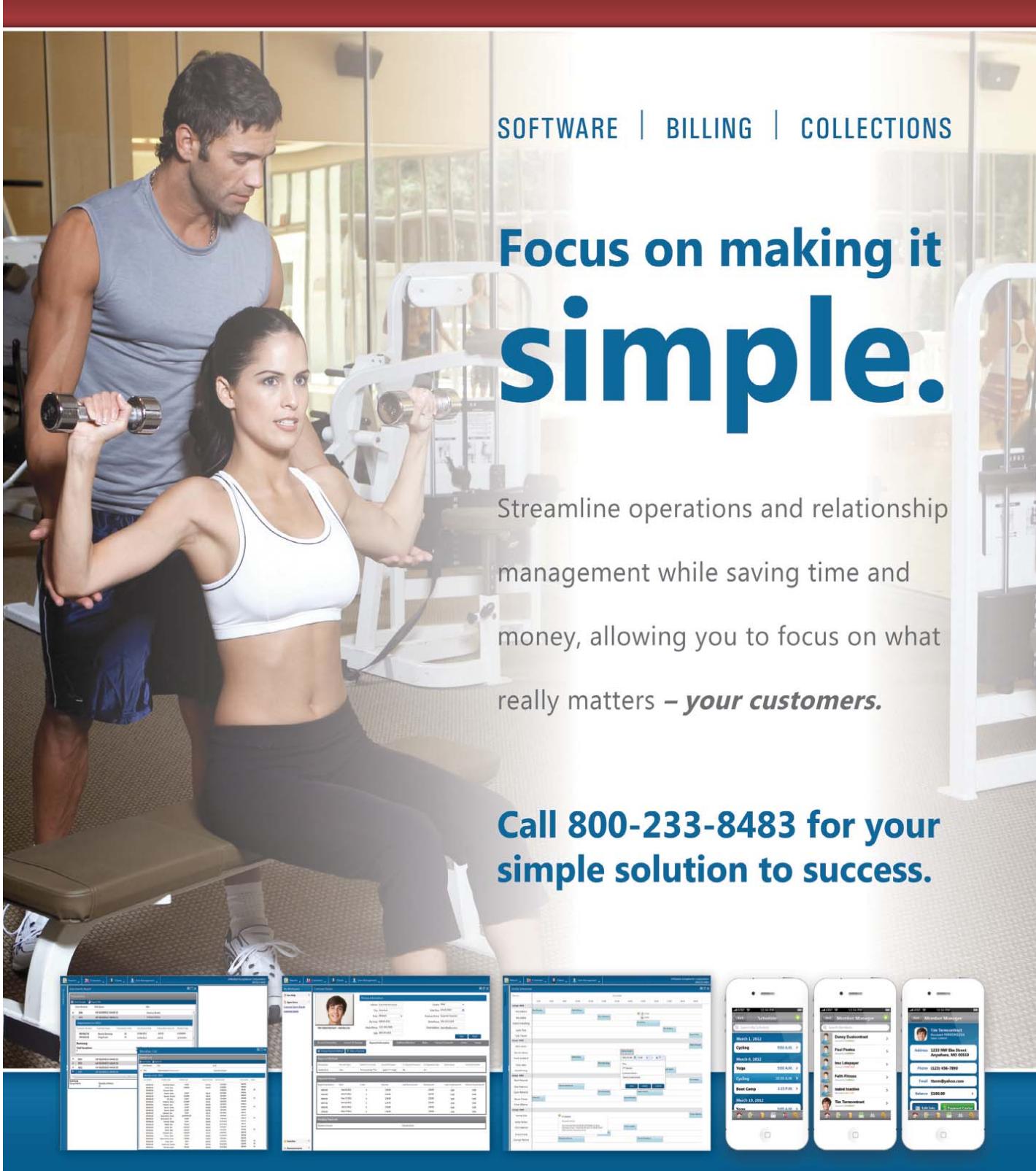
• **RICH BOGGS:** Norm, Congrats on your first 20 and let's go for another 10 or 20! - Rich Boggs.

• **BIG JOHN McCARTHY:** Norm, Congratulations on 20 years... And, like good wine, you get better every year. Every issue is a delight... Keep on keeping on! My Best, John McCarthy.

• **SANDY COFFMAN:** "Good Morning Dear Norm, CONGRATULATIONS! I must write this to you regarding your **20 YEARS of SERVICE** to our great industry. I loved the last issue of **CLUB INSIDER**, especially reading the "story" of our beloved Norm. As you know, I'm your fan personally, as well as professionally, and the tears came to my eyes as I thought about the 30+ years we've fought together to **MAKE IT FUN!** and how appreciative I've been, and remain, for the support you've given me over the years. FYI... I'm enjoying my "retirement" more than I thought I would, especially because you helped me define it by saying "*I'll remain a resource for the industry.*" I truly don't miss the stress and travel of the major conferences, but I've been able to enjoy speaking for some special invitations (I still think I have something to say, i.e. NuStep, Tampa Veterans Hospital, etc). However, I'm also enjoying my tee times in Florida, my tennis dates, my group exercise classes, my bike, my house, my husband, trips to Wisconsin to see our kids, grandkids and friends. **CLUB INSIDER** keeps me up to date on what's happening, what's important, what's real and what's relevant in the

(See **Norm's Notes** Page 10)

1. America's YMCAs raised **\$777 million** - Money that stays in each community in programs and scholarships for children, families and senior citizens. It is bull when they brag about helping children, families and senior citizens because their focus on helping the underprivileged in communities was dropped long ago in favor of their focus on providing mega fitness facilities, services and equipment. What's truly stunning is when the YMCA puts up these \$25 Million YMCA Mega-facilities in very upscale, high-priced neighborhoods where the only poor people within ten miles are the *housekeeper, maids and chauffeurs!*
2. In the prestigious 2001 rankings of not-for-profit organizations by the Chronicle of Philanthropy and Nonprofit Times, YMCAs *again ranked second among human services organizations* based on contributed income and second among not-for-profits when ranked by annual revenue.
3. The YMCA offers financial assistance



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...Norm's Notes

continued from page 8

industry, as well as updates on all of the wonderful friends I've made in the industry along the way. It's all I need. Thank you! Bud still reads it from cover to cover as well, and we want you to know that we wish you the very best for the coming New Year and more. Thanks for all you do. God Bless you and your family, Sandy and Bud Coffman.

•**Dr. ART CURTIS:** Congratulations on 20 years of CLUB INSIDER! I was reading the November edition last week while I was traveling to New Orleans to put on the iClubs Conference for Athletic Business. I consider it a genuine honor to have been on your cover twice, in 2001 with Ed Williams while at Wellbridge, and again in 2010 during my first term as Chairman of the IHRSA Board. Who would have thought in 1989, when we first met at Concourse Athletic Club, and Justin was enrolled in one of our camp programs, that the two of you would be publishers. What a great thing to be able to work with your son. I am looking forward to the next 20 years. All the best, Art Curtis.

My sincere thanks to all!

•**Make It Fun!** I can't close out this **first edition of our 20th Year** without saying to **ALL of you** one more time: **Make It Fun!** If you've read CLUB INSIDER for awhile, then you've probably noticed that, in each issue, we publish small ads that say: **Make IT Fun!** So, you may ask, "**Why do you do that, Norm?**" My answer **ALWAYS** is that **I want ALL of you club owners/operators/employees to know and truly understand that the future of our industry depends on club utilization and regular visits by members so they will continue paying their dues and they will bring their friends.** And, **ALL of you** should know that the **VERY BEST** way to get people to **show up at your club regularly**, and yes, to bring

a friend, is to get them to look forward to going to your club. So, *what better way to get them to look forward to a trip to your club* than have them *ENJOY YOUR CLUB* by **Making IT Fun for your MEMBERS and their GUESTS** to be there and for **YOUR EMPLOYEES** to *work there*. It's as simple as that. If your club is **FUN** to go to for everyone, then **EVERYONE** will go there more often. Credit my long-time friend, **SANDY COFFMAN**, for instilling this deep belief in me at a seminar she taught, and I attended, in **Milwaukee, Wisconsin in 1978**.

• I hope to see **you and some of your club Team Members** at **IHRSA 2013, March 19th - 22nd in Las Vegas!** The **32nd Annual IHRSA Convention and Trade Show** should be terrific, as it's going to be held entirely under one roof at the fabulous **Mandalay Bay Resort!** Check out www.ihsra.org and click on: **Meetings and Trade Shows** for information. Also, check out our **CLUB INSIDER Advertisers'** list of exhibitors **Below** and see the **IHRSA 2013 Convention and Trade Show Ad** on **Page #19**.

• **Insure the future of your club(s)!** Support the **IHRSA Public Policy effort!** Contact **MEREDITH POPPLER** at **(800) 228 - 3772, Ext. 129**.

• Don't forget that my son, **JUSTIN CATES** (a 20-year CLUB INSIDER employee), also owns a terrific media design and development firm called **Pristine Media**, now three years running. Whether you need a great website or phone application, email and social media campaigns, or even printed materials (design and/or printing), give Justin a call at **(770) 595 - 6086** or email at justin@pristinemedia.com. Or, visit www.pristinemedia.com to learn more. It won't cost you a dime to find out what Justin can do for you, your club(s) or your club business company if you are not a club owner.

• **Folks**, I want to close **2012** with the following statement shown in **bold** below. I can't claim credit for the statement, but I sure agree with it. I feel this saying is *totally perfect* for all of the folks who make their living in the health and fitness club industry. So, let me close our year with this: **"People will forget what you said; People will forget what you did. But, people will never forget how you made them feel."**

I sincerely hope that, as we publish this **1st Edition of our 20th Year**, that *we've somehow made you feel good. We hope you feel good* because: (1) By reading CLUB INSIDER every month without fail you've learned some things you didn't know, things that resulted in helping you improve your club business; and (2) You're wrapping up this year *knowing for sure that you have somebody out here looking out for you, advocating for your club business and fighting against unethical, law-breaking club operators wherever they may pop up.* This fight must be won or your club business could one day suffer when some creep comes into your market with an *unethical, even law-breaking operational mindset*. So, it's our sincere hope that every time you finish reading an edition CLUB INSIDER and put it down, that *you're happier because of it and that you feel as if you have invested your time well*. If you're nodding and saying, "*Yes, I feel happier*, and yes, I feel as if *I invested my time and subscription money well*," then we've done our job and that makes my son, **JUSTIN CATES**, and I, **very happy. Stay tuned!!!**

• *Some folks* may not know that CLUB INSIDER is a **Paid Subscription-based Publication**. Are you a **Paid Subscriber**? If the words **PROMOTIONAL COPY** appear above your name and address on the cover of this month's edition, you *are not a Paid Subscriber*, and *you are not enjoying the full benefits of a Paid Subscription* to CLUB INSIDER. So, don't delay! Subscribe today for just **\$49**, which gives you nine years of CLUB INSIDER (one year of new editions and eight years of archived editions) by going to [www.clubinsideronline.com/subscribe!](http://www.clubinsideronline.com/subscribe)

• **God bless all of our troops, airmen and sailors and keep them safe. Congratulations and Welcome Home to all of our troops who've served in Iraq and Afghanistan. God bless you and your family, your staff, your members and your club(s).** Again, Merry Christmas and Happy New Year! God bless America!

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

Rush Fitness Complex Brings In New Leadership

KNOXVILLE, TN - The Rush Fitness Complex has announced new leadership, and its new CEO says he wants to see the company appeal to a wider age-range of customers.

The company announced it is promoting Steve Saxton from President to CEO and David Carney from Chief Operating Officer to President and Chief Operating Officer. Larry Gurney, Founder and current Chief Executive, will retain his position as Chairman of the Board.

"Our goal is to expand our reach," Saxton said. "I think we have been limited mainly to a younger market, and we want to serve everyone from 6-year olds on to the golden years."

Saxton wants The Rush to offer more programs, such as Silver Sneakers, which is available through some insurance programs and provides older Americans with exercise and social opportunities, including fitness center memberships.

He also wants to look at revamping interiors of Rush fitness centers to make them more "family friendly," with such amenities as more and better child care facilities. Saxton eventually wants to open more Rush centers as well.

Saxton and Carney both joined The Rush in August after a nationwide search for a COO yielded two exceptional candidates, which led to Gurney and the Board deciding to hire them both.

Previously, Saxton was Chief Operating Officer of In-Shape, a Stockton, California-based chain of fitness clubs. Carney was an executive at Denver-based Wellbridge after serving as Senior Vice President of Operations at Tampa, Florida-based Lifestyle Family Fitness.

"It's been over a year since we started our original search for a new COO to join our executive team," Gurney said in a statement. "As good fortune would have it, we not only found our new COO in David Carney but also found our new President in Steve Saxton."

Gurney said the goal was to create a leadership team that would take the company to the next level of growth and allow him to take a less active role in day-to-day operations.

"I am deeply honored to follow Larry Gurney's inspired leadership of The Rush and to serve this great organization as its next Chief Executive Officer," Saxton said in a statement.

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... "2012 In Review"

continued from page 3

In our April Edition, **Steve and Sally Goldman** were our focus, as they were celebrating the **25th Anniversary of The Weymouth Club** in Weymouth, Massachusetts.

In May, we shared an update to the continued success of **The Planet Fitness Juggernaut**. At the time of that writing, they had over 530 locations serving 3.5 million members. In November, we reported that a 75% stake in the company has been sold, providing even more fuel for future growth.

Our June Cover Story shared the inspiring story of **Joe Asch** and **The River Valley Club**. After running out of money for development, the partially built-out club was left for dead by a smooth talking salesman with no real club industry experience. Instead of walking away, Joe Asch stepped up on behalf of the partners in the group and turned the ship around. What a great turn-around story!

In July, we shared another inspiring story. This one was about a young club operator named **Rodney Steven** who is making a big splash with his ten **Genesis Health Clubs** in Kansas. If this is your first time hearing of him, you certainly will in the future. Among many things, Rodney has become a leader on the Public Policy front and is fighting tax inequities between commercial clubs and not-for-profits health clubs, such as the YMCAs of Wichita, Kansas (See **Norm's Notes** this month for commentary on this long-living YMCA dispute and his belief about what the industry should do).

We went local in our August Edition with the great story of **Rick Mayo's** amazing success at the **North Point Fitness** in Alpharetta, Georgia. Rick has proven that *results really sell*, as he generates over \$1.4 million annually with only 6,000 square feet in this personal training space in a suburb of North Atlanta. Special thanks to Andy Graham for co-authoring this special cover story about an Atlanta area guy's great success.

Our September Edition was a special one for us, as we followed up with **Mike Arteaga**, who was going to be our cover story subject in **September, 2001**. In the aftermath of the **9/11** attacks, we chose to print a large **American Flag** on our cover that month, pushing Mike's great story to Page #2. Celebrating 40 years in business with **Mike Arteaga's Health & Fitness Centers**, we felt this was the perfect time to make right that necessary cover change and provide an update on Mike's operation.

In October, we featured **Jeff Skeen**, an absolute **Class Act**. Originally starting out with the Galiani's G Group, he is now the President and CEO of **Titan Fitness and Fitness Connection**, a chain of 25 clubs (That number became 25 this month, as Jeff has announced the acquisition of 7 more clubs in Charlotte,

N.C. (See Article on Page #3).

Finally, with our November Edition, we shared our own story, as we celebrated our **20th year** of publication. Our first 19 years of publication have covered some amazing times in our industry, and we can't wait to see what the next 20 years will bring. **Stay Tuned** because we will be there to cover it all!

Thank You All!

Before moving on, we must take a moment to thank those that make it possible for us to publish **CLUB INSIDER** each and every month.

First, we'd like to thank all of our authors this year, as they took time out of their busy schedules to share a great mix of informative articles across a vast array of topics. Beyond our monthly cover stories and news coverage with both press releases and Norm's Notes, we try to bring Best Practices to you from the trenches. Our authors this year included: Andy Graham, Brenda Abdilla, Bruce Carter, Casey Conrad, Chris Russo, Colin Milner, Darice Britt, Daron Allen, David Katz, M.D., Derek Barton, Donna Kreh, Dr. Cary Wing, Erin Dalzell, Greg Maurer, Jeffrey Keller, Jim Thomas, Joe Moore, John Paul Ouvrier, Karen Woodard-Chavez, Laurie Cingle, Laurie Tarkan, Maria Parella-Turco, Mario Bravomalo, MaryBeth Bradley, Misti Burmeister, Paul Richards, Sandy Coffman, Thomas Plummer and Will Phillips. **Thanks to all CLUB INSIDER Contributing authors!**

Next, we'd also like to thank all of the companies that advertised with us this year because we could not have come to you each month without their support. Our advertisers this year included: ABC Financial, ActiveXL Promotions, Affiliated Acceptance Corporation, Apex Fitness, Athletic Business iClubs Conference, Body Training Systems, Club Industry Magazine and Trade Show, Crunch Franchising, Cybex International, Fiserv, fitRewards!, Flynn Construction, FusionBrandsU, Gym Wipes by 2XL Corporation, HydroMassage, iGo Figure, IHRSA, Iron Grip Barbell Company, JLR Associates, LA Fitness, Life Fitness, Marlite, My Friends Go Free, National Gym Supply, Northeast Color, Orangetheory Fitness, Piedmont Health and Fitness, Planet Fitness, Spectrum Marketing Companies, Sports & Fitness Insurance, Street King, Susan K. Bailey Advertising, The Step Company, Thin&Healthy's Total Solution, Visual Fitness Planner, Walton Press and Zang Social. **Thanks to all CLUB INSIDER Advertisers!**

Finally, we would like to thank you, our readers, for your support. The labor of love called **CLUB INSIDER** always has you in mind, and we hope it shows.

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And Now, "2012 In Review"
January 2012

Norm Cates'
CLUB INSIDER™
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Carol Nalevanko
Making a Village for Health and Fitness

JANUARY 2012

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- Success Secrets of Top Program Champions - **By:** Laurie Cingle • The Issue That Confuses Most Owners of Box Clubs - **By:** Thomas Plummer • More Employers Rewarding Healthy Workers With Cash - **By:** Laurie Tarkan • Maximize Production and Multiply Income in Just One Move

- **By:** Donna Krehc • What To Do When You've Not Prepared for New Year Marketing - **By:** Chris Russo • Dancing Like the Stars - **By:** Sandy Coffman • Atlantic Coast Athletic Clubs Working Wonders • How to Choose a Health Club • And of Course, Norm's Notes

February 2012

Norm Cates'
CLUB INSIDER™
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A Special Tribute to Sandy Coffman
The Dean of Club Programming

FEBRUARY 2012

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- The "Insider Speaks" - The Spirit of IHRSA

Inside the Insider

- The Fourth Wave of Customer Service - **By:** Will Phillips • Appreciate Them! - **By:** Misti Burmeister • Medical Fitness: Is Your Club Part of the "Trend"? - **By:** Dr. Cary Wing • Social Media CAN Drive Revenue. But How? Turn Facebook Into an Online Lead Box - **By:** Mario Bravomalo • A Secret Million Dollar Weapon - **By:** Donna Krehc • Control and Manage Your Money! - **By:** Norm Cates • Get Your Act Together! - **By:** Sandy Coffman • Big China Expansion Plans Announced By World Gym Taiwan Operator • And of Course, Norm's Notes

March 2012

Norm Cates'
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IHRSA31 Los Angeles
a Huge Success!

MARCH 2012

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- Gold's Gym International Acquires 11 Spectrum Athletic Club Locations in San Antonio • Mike Minton Selected as 2012 SBA Small Business Person of the Year for Texas (See "2012 In Review" Page 14)

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Inside the Insider

•The "Insider Speaks" - Who Am I? Why Am I Here? - **By:** Norm Cates •101 Tips for Being a Great General Manager - **By:** Jeffrey Keller •Should You Invest in Sales Training for Your Health Club Staff? - **By:** Jim Thomas •Sell More With Greater Rapport! - **By:** Casey Conrad •How to Tap Into the Next Trillion Dollar Industry - **By:** Donna Krech •Senior Day With A Beginning - **By:** Sandy Coffman •**By:** Jim Thomas •The Planet Fitness Juggernaut Keeps Rolling! •**By:** Sandy Coffman •Cybex Announces Lawsuit Settlement... Stock Jumps •IHRSA Announces Fourth Quarter and Full Year Results •IHRSA's 16th Annual Financial Panel •19% of Gen-Y Americans Were Health Club Members in the 4th Quarter •Newtown Athletic Club Big Build Bash Grand Opening •And of Course, Norm's Notes

April 2012

Norm Cates' CLUB INSIDER
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Steve and Sally Goldman...
Perfecting The Weymouth Club for 25 Years!

APRIL 2012

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•IHRSA 2012 Draws Nearly 12,000

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•The "Insider Speaks" - Former Veteran Canadian Club Owner, John Cardillo, Salvages 17 Clubs from a Broken Deal! - **By:** Norm Cates •Why You Need to Redesign Your Workout Space - **By:** Bruce Carter •The Importance of Lead Capture - **By:** Erin Dalzell •Toothpaste as a Model For Your Club's Growth - **By:** Will Phillips •How to Multiply Profits on Purpose - **By:** Donna Krech •5 Hot Facebook Marketing Tips - **By:** Maria Parella-Turco •Ask Sandy! - **By:** Sandy Coffman •California Sales Tax Proposals Threaten Health Clubs •51.4 Million Americans are Health Club Members, Up 2.4% •Inactivity Levels in the United States Rise to 68.2 Million •And of Course, Norm's Notes

May 2012

Front Page Article Headlines

•Vertical Fitness Group Converting 11 Gold's Gyms In Wisconsin and Minnesota To New "Xperience Fitness" Brand

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The Planet Fitness Juggernaut Keeps Rolling!
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MAY 2012

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June 2012

Norm Cates' CLUB INSIDER
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The River Valley Club Soars After a Rough Start
The Evolution of a Huge Mess to a Huge Success!

JUNE 2012

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•Management Mistakes All Gym Owners Make - **By:** Jim Thomas •The Birth of

the Low Price Competitor! - **By:** Maria Parella-Turco •The 5 Factors to Making More Money In Your Club - **By:** Donna Krech •Renovating a Legend - **By:** Bruce Carter •Ask Sandy! - **By:** Sandy Coffman •Health Club Membership Tops 16% of U.S. Population •Matrix Fitness Achieves 28% Commercial Growth •Proactive Partners Announces Company Name Change to Midtown Health •Dr. Art Curtis Joins Cybex Board of Directors •Charley Matera Joins REX Roundtables for Executives •ABC Financial Announces Release of the New MYiCLUBonline App •And of Course, Norm's Notes

July 2012

Norm Cates' CLUB INSIDER
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Rodney Steven...
A Rapidly Budding Club Business Titan Powers Ahead!



JULY 2012

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August 2012

Front Page Article Headlines

•Pennsylvania Begins Talk About Sales Tax on Clubs •William Staub, Inventor of the Treadmill, Passes Away

Inside the Insider

•Forget the Drugs and Alcohol! Go to the Gym for a Natural High! - **By:** Paul Richards •A Legacy of Healthy Wealth - **By:** Donna Krech •10 Reasons Your Gym Business Could Stagnate - **By:** Jim Thomas •Why Everything in Life is About Fighting Change - **By:** Thomas Plummer

•Stuck in the Middle - **By:** Karen Woodard-Chavez •How Blind Are You? - **By:** Will Phillips •Johnson Health Tech Acquires Magnum Fitness •New Fitness Club For Redstone Companies Hospitality •Capitol Hill Briefed on the Power of Prevention •24 Hour Fitness Celebrate Opening of Team USA's High Performance Training Center •Jim Thomas' Fitness Management Launches New Program •And of Course, Norm's Notes

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... "2012 In Review"

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on Health Club Members •Fitness Centers Able To Track Exactly How Facebook Generates Revenue With ZANG •And of Course, Norm's Notes

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

• • •

Stay Tuned In 2013!

(Justin Cates is the Assistant Publisher of CLUB INSIDER and grew up in the health, racquet and sports club industry. Justin was born into a club business family in 1985, and from the age of eight, he spent his non-school and sports hours in a home which doubled as CLUB INSIDER Headquarters. He has lived and breathed this industry for 27 years, since his own day one. Now, he is an integral part of the "Story" of Norm Cates and CLUB INSIDER. Justin also owns and manages a media design and development firm called Pristine Media. Justin may be reached by phone at 770-595-6086 or email at Justin@clubinsideronline.com)

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Ownership

By: Thomas Plummer

Owning your own business is the dream that wrecks so many sleepless nights, causes family fights and pushes friendships to the limits. Once you catch the ownership fever, it often becomes an obsession that fills your head every waking

moment, and the emotional attachment is what sends a usually normal person down the path of *"I have to do this no matter what it costs me or my family."*

But, out of every ten owners in the fitness world, there are really only about four or five who should have actually opened their own business. Everyone

deserves the right to fail, but far too many people that chase the fitness business dream should have never taken the leap from employee to owner.

The point of decision rests upon the reasons you want to open a business for yourself, or why you want to buy one from someone else. In many cases, the reasons a person has for wanting his own business are wrong in that his expectations for the new business won't lead to financial success simply because the person is expecting the business to solve problems that he has never solved before for himself. If you have been an unreliable, lazy employee for someone else, why will you become a motivated, on-fire person for yourself? You can't step up to your own business if you have never stepped up to prove you have the talent and ability to someone else. *What are the bad reasons to open a business?*

- You don't really want to do the work; you just want to "manage" others. Lousy employees make even worse owners. If you don't know how to work, you sure can't teach others how to get it done. For example, if you are the type of person that just cruised through a shift at your last job, hangs on the phone sending text messages, checks the scores on the internet and spends a lot of time only working as needed, you are the last person who should ever open their own business.

- I will hire a bunch of people who know what they are doing and just get the business started. If you want to open a fitness business, you should work at the front counter for a few months, become a certified trainer and actually work some people out for awhile, learn to sell memberships successfully and travel to financially successful gyms where you can pay the owner to hang out for a few days to see how money is really made. If you are not willing to do this, then you should not open a business because you can never manage something you don't understand.

I recently reviewed a business plan submitted by financially successful people who wanted to open a fitness business. The couple was over 50, and the guy had lost a lot of weight, spent time with a trainer and now wanted to share his success with others as a motivator. The advice was the same; if you are not willing to go work in a gym, become a trainer and understand what it takes to make money, then don't open it. Passion is important, but a little practical experience and the willingness to learn is much more important. These people were so mad at me for suggesting that they weren't prepared that they refused to take the follow-up



Thomas Plummer

call for the review. Being prepared in one business does not guarantee success in another, and if you can't sell a membership or help with training, then don't open a business dependent on those activities.

It is sort of like opening a restaurant. Chefs open good restaurants, and business people don't. A chef understands the front and back of house and can hire people to run the front. A businessperson is always held captive by the back of the house because he can never step in if needed and can't manage what he has never done. In our world, if you can't manage a trainer or a sales team, or if you don't understand the jobs, your chance for financial success is low if you just expect to hire people to do jobs you have never done and can't lead by example.

- I am the greatest (fill in the blank here) and people will come to my business because I am the best there ever was. How many talented people have died poor because of this belief? You can be the best trainer, golfer, medical person or group exercise diva there is, but unless you can attract customers (marketing), keep customers (customer service), charge customers (money and finance), and hire a good team (leadership and motivation), you will open and close quickly. The fitness world doesn't need another best of anything; it does need good business people who can create environments where customers can get the results they paid for in a comforting and safe place.

Five Rules of Ownership: What Talents Does An Owner Need?

So, what are the talents it takes and who should buy or open a health and fitness club business? Here are five rules of ownership that you should consider if you want to someday be an owner:

(See Thomas Plummer Page 20)

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National Fitness Business Alliance Planning a Big New Year!

The National Fitness Business Alliance is excited to announce 20 educational events in 2013. The focus will be the Training Centric Business System, which is the future of any fitness business.

The NFBA has four platforms of education to get involved in: Mega.Fit.Con, NFBA Institute, Fit.Biz.Con and Biz.Train.Con. Each event will provide you a total business blueprint to take your business and staff to the next level of success.

Mega.Fit.Con is the largest event the NFBA puts on: 3 days of education, multiple topics from our Education Team and lots of hands on training. This year our speakers will include: Thomas Plummer, Rick Mayo, Rachel Cosgrove, Jason Linse, Emmett Williams, Neal Spruce, Rudy Fabiano and Jeff St. Laurent.

Our Education Team is from all over the world (really it is, Emmett is from Australia) and all walks of life. "The NFBA is very picky about the type of educator we will put in front of our participants," said Jillian Russo, Director



of the NFBA. "Fitness professionals need real information and content that is relevant to the fitness industry now and into the future."

The NFBA Institute is now offering Management Certifications. "We are working to really set the standard on what business management really is," says Jillian. "Getting owners and fitness

professionals to understand that a fitness business is more than some training and equipment. It's a full service business that needs to have educated professionals driving the business."

The Institute will be offering 30 seats to the event starting with our event in March. They are expecting to sell out. "It's great to see," says Jillian. "The fitness

industry really wants this."

Fit.Biz.Con event features Thomas Plummer, and he will be delivering the entire Training Centric Business System. Biz.Train.Con will feature Rick Mayo, and he will be teaching the new sales approach needed in today's fitness business.

The NFBA had a great 2012!
 (See NFBA Page 21)



Thomas Plummer, seated front and center, with some of the 150+ club business professionals who attended the NFBA Conference and 30th Anniversary Party in Las Vegas, November 2 & 3, 2012.

...Thomas Plummer

continued from page 18

1. Are you all in? Are you totally committed and are you willing to risk everything you have on your dream? I have seen people submit better bailout plans than the original business plan. If you want in, you must have the burning, crazy desire to change the world you live in by opening a business that solves problems others can't. There isn't much new out there, but there is always room for someone who looks at a business and then offers a better solution to the customers. Your drive to open a business should be life changing. It is not for the weak of heart, nor is it for those cowards not willing to risk everything because you don't have the belief that you can do it and do it better than anyone.

2. Are you willing to do the work? Most people aren't. Most aren't willing to fight to make it successful, and most aren't willing to put in the work it needs to create a business or rebuild one. *Do you want to go home at 6:00 because of the kids? Never open a business. Do you find yourself taking an hour lunch and working about seven hours a day in your own business? Never open a business. Do you find yourself sitting in an office wasting time on the Internet waiting to go home? Never open a business. Do you*

work a set shift in your business as any other employee and then don't call in while you're home on the couch? Never open a business. Are you willing to do whatever it takes; work as long as it takes and sacrifice now for rewards later? Welcome to the world of small business, and you will be successful.

3. Do you know, or are you willing to learn, what it takes to create revenue in your chosen business? Everyone can spend money, but few can create it. There aren't many former employees who come from the working side to the ownership side fully equipped and ready to create cash flow. Creating cash flow can be learned, but first, you have to understand what you are trying to accomplish. There is only one rule here that is important. **You never, ever go into your business without a plan to make money that day.** You are not there to lead, manage, fill a shift, solve a problem or take care of a customer. All these things happen every day and are part of the business. *You are there, and only there, to create new money that day, which doesn't happen every day unless you make it happen.*

4. Are you coachable? Many new owners want to do it their own way and don't listen. Early on, I thought this was because of pride in their business and because they

wanted to prove they can do it themselves. Now, I believe that many new owners aren't coachable because taking help would mean they would, first of all, have to actually go to work and get it done. Secondly, taking advice and working with someone would expose how little they know and how badly they are prepared to be in business for themselves.

5. Do you have the work ethic? Not the "I am a hard worker" belief, but the "I would rather die than lose" ethic that almost all financially and artistically successful people demonstrate. Will Smith, perhaps the hardest working actor in modern films, said it best, "I may not be the best looking, most talented or most gifted, but if you and I get on a treadmill, I will die rather than have you beat me (paraphrasing here)." *Are you willing to come in early, stay late, come in at busy times, go back to work because you know there is money to be made tonight and are you willing to do what the losers won't, which is to work your ass off until you have created a beautiful business?*

If you want to be honest with yourself, look back at your last five years working for someone else. If you took the lazy path, the path of least resistance or the path where there was the illusion of accountability, but nothing really happened

to you if you failed, then you aren't going to make it in your own business unless you are willing to change your attitude.

I have always believed that everyone has the right to fail. Meaning, even those that dream, but don't prepare, should be given the right to try; but just make sure the failure here is not yours. Live the dream, but only if you are willing to do the work.

Publisher's Note: Thomas Plummer is a Legend in his own time. You could look for years and not find anyone in the health and fitness club industry who's more dedicated to what they do than Thomas Plummer. And, you will not find a more talented person at what he does. Thomas has a Unique Market Position, and that is, Thomas Plummer is the *only one* who does what he does in our industry, and he does it well all the time. You may reach Thomas at thomasplummer@mac.com. Happy 30th Anniversary to Thomas and his NFBA!

(Thomas Plummer is a 30+ year veteran of the health and fitness club industry and the Founder and Owner of The National Fitness Business Alliance, America's premier traveling health and fitness club industry educational source. Thomas may be reached at thomasplummer@mac.com)

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...NFBA
continued from page 20

They celebrated their keynote speaker, Thomas Plummer's 30 year anniversary in Las Vegas! They had a group of clients new and old join them as they shared some laughs, education and kind words.

"Don't believe the rumors though! Thom isn't retiring! The NFBA just wanted to really thank Thom for everything he has done," Jillian said.

For more information about the National Fitness Business Alliance, check out their website at www.jointhenfba.com. They can be reached directly at (800) 726 - 3506.

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Mistakes Made By Gym Sales Managers

By: Jim Thomas

Gym sales managers in the fitness industry need to be leaders. Knowing how to inspire, motivate, coach and hold membership salespeople accountable for their behaviors is the foundation for improving membership sales in your gym. Many times, the skill set for success as a sales manager is not the same as skill sets

for successful salespeople.

Making the top-producing membership rep the gym sales manager might be seen as a reward, but without the skills and regular management training, the previously successful top sales producer can become a disaster.

Unskilled gym sales managers with no training can commit many of these fatal errors without recognizing why sales

fail to increase.

In working with gyms that have found themselves off course, we will typically find these mistakes being made by the gym sales manager:

- Gym managers refuse to accept personal accountability for the behaviors and production of the membership sales force. Spending time blaming the salespeople, the market, the economy or the gym will never increase sales. Accepting excuses from membership salespeople cheats them as well as the gym.

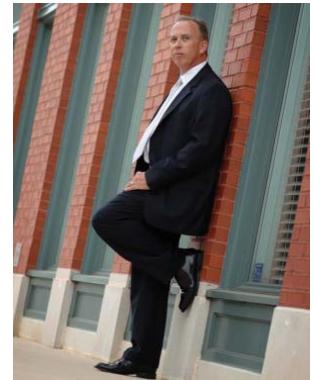
- Gym managers neglect to develop the salespeople they manage. The top job of the gym sales manager is not to sell. It is to develop the salespeople on the team. The problem with promoting the best producing membership sales person to the sales management position is that he probably thinks sales would go up if everyone sold the way he did when he was the top producer.

- Gym managers focus only on results and ignore behaviors and attitudes. Results are clear to everyone. They are likely distributed each morning. However, knowing that appropriate behaviors and attitudes enable membership salespeople to sell is the first step. The next step is to admit what is getting in the way and make a commitment for change.

- Gym sales managers manage all their salespeople the same way. Managing everyone the same way will result in frustration, lack of clarity and missed opportunities for growth in membership sales ability.

- Gym sales managers forget the importance of profit. Membership sales volume is not the indicator of success. Dropping the price may get the new sale, but it leads to leaner margins, lack of confidence and a poorly performing gym sales force.

- Gym sales managers become a friend,



Jim Thomas

not a coach. Your sales force wants to get better. Salespeople need a mentor, a coach, to spur them to leave their comfort zone to find new success, not someone who they can commiserate with.

- Gym sales managers don't set standards and only rank their salespeople by revenue. Without clear expectations, without the awareness that there are varieties of ways to succeed and without the knowledge of where they stand, salespeople will flounder.

- Gym sales managers never train their salespeople. Without continual education in the rapidly changing fitness marketplace, you can find yourself unprepared to meet unexpected challenges.

- Gym sales managers condone incompetence. Salespeople can actually believe their lack of competent performance is acceptable when they see no consequences for lack of performance. Learn to raise expectations.

Now, go develop your sales staff!

(Jim Thomas is the President of Fitness Management, USA. He may be reached at 800 - 929 - 3898)

Fitness Management & Consulting Announces Member Attrition Solution for Gyms and Health Clubs

DALLAS, TX - Jim Thomas' Fitness Management & Consulting announced a groundbreaking member retention format for health clubs, fitness centers, gyms and studios worldwide to help independently-owned fitness facilities turn their member attrition issues into a profit center.

According to Jim Thomas, "Through our Member Attrition Solution, we will help club operators realize a new revenue stream from previously lost leads. Our member retention program will work effectively for any size facility."

Consulting Member Attrition as a Profit Center delivers a simple and turnkey program to generate better member retention results for your health club. This groundbreaking format is offered with a no risk guarantee.

Jim Thomas' Fitness Management & Consulting provides the most up-to-date information on how to best operate and grow clientele at your health club, fitness center or gym. Jim and his company are recognized and respected for their service and expertise.

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Why Ignore 810 Million Potential Consumers?

By: Colin Milner

For the past 66 years, corporations around the world have profited from the baby boomer market. As baby boomers now swell the ranks of the 810 million people aged 60 and over, their economic impact continues to be felt. "Thirty years ago, there were no 'aged economies' in which consumption by older people surpassed that of youth. In 2010, there were 23 aged economies, and by 2040, there will be 89." (UNFPA and HelpAge International)

An example of this can be found in the United States where the older market represents more than \$2.3 trillion in spending power (Age Wave); it is 47 times richer than its younger counterpart (Pew Research Center), controls roughly 50% of all discretionary income (Deloitte), and dominates 1,023 out of 1,083 categories in the consumer packaged goods industry alone (Nielsenwire).

On paper, there is no reason to neglect this sector. Yet, that is exactly

what occurred in a recent World Economic Forum survey. Respondents ranked population ageing highly as an issue thought to be underestimated in current times. Of particular interest is the fact that survey respondents from business backgrounds, the single largest group of respondents, completely neglected the topic. In other words, other sectors of respondents disproportionately raised this trend enough for it to come forth on the survey's list.

Think about this for a moment. Many corporations have profited from these consumers for more than 50 years, yet today, they are ignoring this group. Why?

Is it that these businesses cannot see the economic power of the older consumer? To answer this question, we need look no further than the following findings:

- Many companies are either not aware of the potential or have failed to respond and adapt to the changing market and demand

for products. (Ageing Well Network)

- A widespread lack of thought exists in this area, resulting in "limited availability of goods, products and services appropriate for people in older age groups." (Futureage)

- 88% of survey respondents in the hospitality and leisure industries claimed to be highly engaged with the over-65s. However, almost 62% did not offer any specific product or service for these consumers. The research indicated that 82% of survey respondents with no offering for the older consumer had no plans to introduce any. The main reason was because they simply had not considered it. (Barclays Corporate)

What does this mean to you? Immense opportunity! By creating or adapting your products and services to meet the needs, wants, dreams, desires and expectations of an ageing world, your organization will profit from the "aged economy" now and well into the future.



Colin Milner

(Colin Milner is a leading authority on the health and wellbeing of the older adult, Founder and CEO of the International Council on Active Ageing (ICAA) and a member of the World Economic Forum's Global Agenda Council on Ageing.)

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Zig Ziglar Inspired Millions!

By: Donna Krech

One of the most profound moments of my life was *not* when Zig called me on the phone, nor was it when I was humbled to share the stage with him. That most profound moment was in the conversation that occurred after I shared the stage with him. I wanted to say something to him that was heartfelt. Being totally transparent with you, I also wanted to say something to him that I thought would be memorable; perhaps, something no one had ever said to him... You know, unique. So, I thought about what to say, and it came to me. My number one focus is to show someone their calling, God's anointing on

their life, their purpose... I would make it about the thing I am completely dedicated to. What I said is below:

"Zig, I just wanted to tell you what an honor it is to stand in the presence of one who so operates in his anointing."

Without missing a beat, he looked at me with that grin that was only Zig's and responded with that drawl and in that melodious tone that no one will ever duplicate, "Oh no, Donna, it is an honor to stand in the presence of The One who does the anointing."

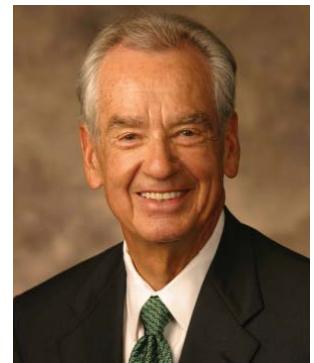
Of course he would respond like

that. He was Zig. I wept. Yet again, he was teaching me what it meant to give glory to God and not acknowledge your gift as of your own doing. I loved this man, as did many of you.

I'll share the same line I wrote about my mother, who passed in July, about Zig, "The angels stood at attention as this world-changing prayer warrior entered heaven's gates today. So you're Zig! You're the one God's been bragging about all these years!"

Remembering a legend and committed to helping others get what they want, En Agape,

-Donna Krech



Zig Ziglar

ICAA Unveils New Model of Active Aging

VANCOUVER, CANADA - A new model of active aging was introduced by the International Council on Active Aging (ICAA) at the 2012 ICAA Conference in New Orleans, Louisiana. Established in 2001, ICAA has led, connected and defined the active-aging industry for the past eleven years. The association's new, industry-shifting model, the *Nine Principles of Active Aging*, is designed to guide governments, product and service providers, employers and the health care industry in implementing their active-aging strategies.

Colin Milner, ICAA Founder and CEO, presented the *Nine Principles of Active Aging* during his keynote presentation, called *The Big Think: Ideas that Drive Change*. According to Milner, all change starts with an idea. These ideas grow into new innovations, trends and opportunities. The ICAA leader provided insights and information in his keynote to help conference attendees identify new

ideas within the "Nine Principles." He also challenged them on how these ideas may change the active-aging industry and its future when incorporated into the model for aging services providers.

Nine Principles of Active Aging

1. Populations: The older population is extremely diverse, from ability and age, to income and culture, to sexual orientation. How will we meet the needs of these different individuals?

2. Perceptions: Ageism and negative stereotypes of aging are stalling the opportunity to empower older adults. To move forward, we need to leave the old way of thinking behind.

3. People: Who will serve the older population's needs? With fewer people entering the labor market, where will the workers come from? Will technology fill

the gaps?

4. Potential: A society in which older consumers dominate purchasing decisions creates untold business opportunities. What are these opportunities, and how can businesses tap them?

5. Products: Whether due to a lack of interest or understanding among product or service providers, too few offerings today are geared to the older population. From technology to housing, the result is immense opportunity for those who respond strategically.

6. Promotions: Effective promotions are needed to inspire change. Yet, marketers often earn a failing grade from older adults when they focus on the older population, perhaps because they have an inaccurate or incomplete picture of these consumers. To be effective, promotions must be rooted in the realities of today's older adults.

7. Places: Environments can encourage or discourage older adults in leading active, engaged lives. From indoors to outdoors, what environments support active aging?

8. Policies: How do policy decisions affect active aging? Consider how important policies are in areas such as age discrimination and affordable care and housing.

9. Programs: As promoted by ICAA, the seven dimensions of wellness --physical, social, spiritual, intellectual, emotional, vocational and environmental wellness-- are the backbone of active aging. They are also key to meeting the challenge of providing diverse programs and environments that fulfill the needs of the diverse older population.

More information about ICAA and the annual ICAA Conference is available online at www.icaa.cc.

Latest IHRSA Trend Report Analyzes Health Club Membership Trends

BOSTON, MA - The International Health, Racquet & Sportsclub Association (IHRSA) released *The IHRSA Trend Report: Volume 2, Issue 4*. Conducted in partnership with the Leisure Trends Group, Boulder Colorado, the report analyzes American attitudes and perceptions surrounding health clubs.

"Health club memberships in the third quarter 2012 held steady compared to the same period in 2011," said Jay Ablondi, IHRSA's Executive Vice President of Global Products. "However, our research shows that Americans are open to programs

and age-appropriate offerings to help them increase their physical activity levels."

For the quarter ending September 30, 2012, 15% of Americans ages 16 and older were health club members, a statistically similar finding in comparison with the same quarter in 2011, when 16% of Americans belonged to a health club. Nearly one out of five were former members, while two out of three had never been a member of a health club. The report provides analysis of generational groups ages 16 and older along with potential

opportunities for club operators.

"Of all the age groups observed, those between the ages of 16 and 20 are most likely to participate in an activity outside of the health club," said Melissa Rodriguez, IHRSA Senior Manager of Research. "Knowing this, club operators can develop programs and customize personal training to complement non-club physical activities that are popular with younger users."

The Trend Report also provides trend data on why people join and stay

at their health clubs as well as barriers to becoming members. Health club members cite a need to stay healthy/in shape and feel/look better as the top reasons for joining.

Although a frequently cited reason for staying, fewer members selected "to get my workout in, rather than to socialize," in 2012 in comparison with 2008.

The IHRSA Trend Report: Volume 2, Issue 4 is available in PDF format at www.ihsra.org/research free to IHRSA members and to non-members for \$99.95 at www.ihsra.org/store.

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A New Emerging Fitness Club Model

By: Greg Maurer

The rise of the low-priced fitness club model has forced many traditional clubs to adjust their offerings and value propositions to remain viable. Low-priced clubs, such as Planet Fitness, can and do take significant market share from traditional clubs in their immediate geographic area. However, there is a new club model emerging that can successfully compete side-by-side with low-priced clubs and traditional clubs but with significant leverage in terms of costs to open and overall overhead and profitability.

A New Value Proposition

These clubs can be referred to as *Group Training Clubs*, which have a completely different value proposition that resonates with many consumers even more than low-priced clubs or high-end clubs with many amenities. *The value proposition for these clubs is about guaranteed results*

through effective programming. Many traditional clubs say they do this, but the fact is their business model is not built around programming for results. They are not perceived to be results-based facilities by prospects because their marketing is not built around this value proposition. Traditional club marketing focuses on price or amenities with barely a mention about results-based programming. In addition, traditional club programs often do not consistently produce results nor do these clubs hold themselves, their programs or their staff to a consistent standard based on members achieving results.

Characteristics of Group Training Clubs

Group Training Clubs do offer memberships, but that is where the similarity to other clubs ends. The member pays a monthly fee (usually all memberships are month-to-month with little to no enrollment fees), and their fees

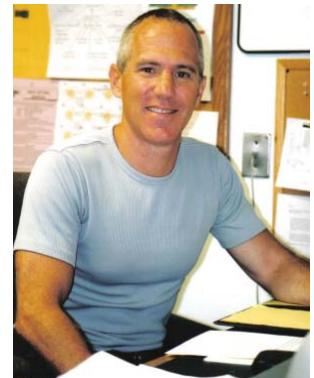
allow them to participate in one, two, three or an unlimited number of group training classes each week, which can be scheduled in person or online at any time via easy-to-use, web-based scheduling software. Classes are offered many times throughout the day, every day of the week, and many of these clubs offer a full money back guarantee if a person attends two or more classes per week. Monthly fees range from \$79 - \$199 depending on the number of classes per week.

These facilities are small, ranging in size from 2,000 - 5,000 square feet, with a very simple setup that includes lots of open space with a minimal capital equipment outlay and limited locker facilities and other amenities. The classes offered are thorough, rigorous and often include detailed instruction by a highly trained instructor along with other feedback, such as heart rate monitoring, to customize the workout to each participant. Since everything is program-based, there is consistency to the offering which puts customer loyalty with the club and program without the need to figure out which trainers do a great job!

Instructors are very well paid because they instruct groups of 5-25 people per class. At the same time, these clubs provide a great value to consumers looking for assistance and coaching along with effective programming that produces results at a fraction of the cost of personal training.

Group Training Clubs usually go out of their way to obtain effective and compelling testimonials, including before and after pictures, which are the most effective marketing vehicles that exist, and their entire marketing message is built around results through programming. In addition, their sales strategy is direct and simple: Try us out and experience what our program will do for you! After the prospect tries the program, the staff simply asks them to consider what would happen if they committed to 2 - 3 classes per week for a month. This is in stark contrast to most traditional clubs where prospects trying a club usually end up wandering around the club with no clear idea of what to do and no guidance.

Examples of this new emerging model include: Orange Theory Fitness,



Greg Maurer

Kosama, The Bar Method, Barry's Bootcamp, LA Boxing and a slew of one-off examples.

The *advantages* of the Group Training Club Model from a business standpoint are:

- Much lower cost of entry; many can be successfully opened with a \$300K - \$500K investment; yet, these clubs can be highly profitable grossing \$500K per year.
- Powerful value proposition for the prospect; results at a fraction of the cost of traditional personal training.
- Ability to attract and keep highly qualified trainers because trainers can earn significantly more than in one-on-one training models.

The *challenges* to this model include:

- The development of effective, scalable and compelling programming that is refreshed regularly.
- Commitment to trainer education.
- Location, as with all clubs, is king.
- Attrition; since most serious players in this category and still young data on attrition is sparse, but there is evidence to suggest that attrition may ultimately be higher than in traditional clubs with longer-term commitments. Therefore, ideally these clubs would be located in areas with regular population transition to make it easier to continue to attract new members over the long haul.

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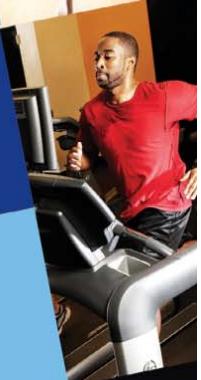
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