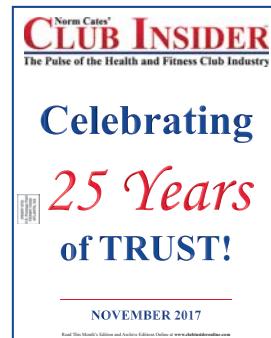
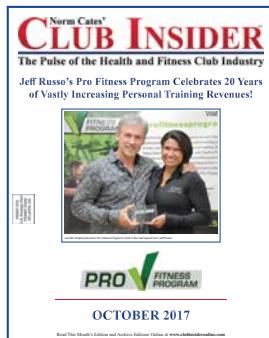
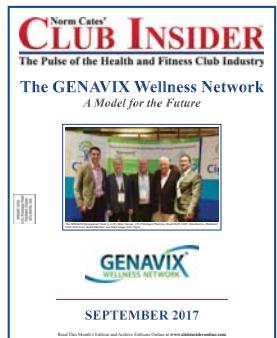
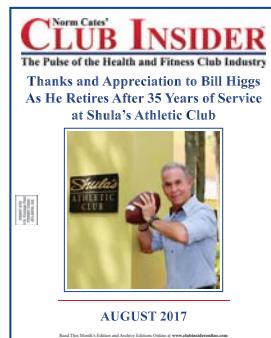
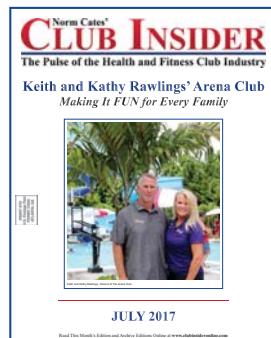
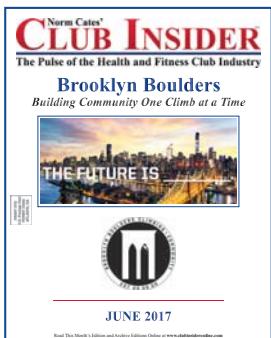
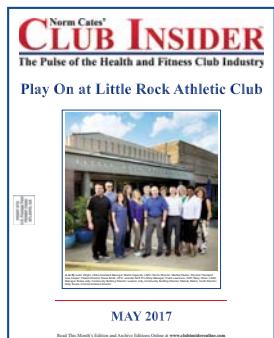
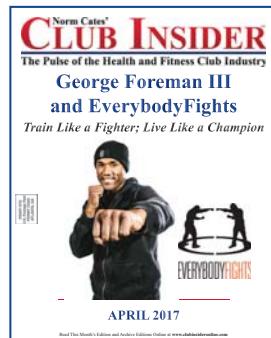
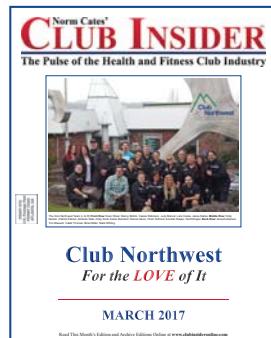
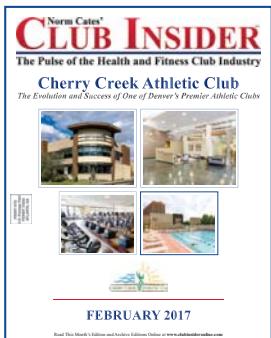


Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry



“2017 In Review”

DECEMBER 2017

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Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

“2017 In Review”

By: Justin Cates

We, at CLUB INSIDER, hope this finds you in good health, good cheer and having had a great year! In days, 2017 will be over, and 2018 will be in full swing. Let's make it the best year yet! But, before we go, it's time for CLUB INSIDER's "2017 In Review." As always, this year, our goal was to bring you informational and inspirational stories of health and fitness club industry knowledge and success with a fresh lineup of cover stories, in-depth best practices articles from our team of Contributing Authors and timely news and thought-provoking insights in Norm's Notes. In 2017, we hope you have enjoyed what you have read and have been able to use this information to better your health and fitness club business.

This year was also special for us at CLUB INSIDER because we celebrated our 25th Anniversary. And, beyond

that, CLUB INSIDER Publisher and Tribal Leader Since 1993, my Dad, Norm Cates was honored with Club Industry's Lifetime Achievement Award. We thank you: Our Loyal Readers, as well as our Contributing Author and Advertising Teams, because without all of you, neither of those humbling events would have occurred. We are honored, and it is our privilege to serve you.

Moving on, let's take a quick look back at this year's cover stories. If you missed any of them, always remember that our Online Archive Library features every edition ever published, which at this time, contains 288 monthly editions totaling 9,500+ pages, and we welcome you to check that out at www.clubinsideronline.com/archives.

A Summary of Our 2017 Cover Stories

Our January Edition began the

year and featured our friend, Ray Irwin, Principal of The STEP Company, as they unveiled KUSHH! - The New Sound of Exercise. Everyone has heard of and probably used the world-famous STEP, and now, KUSHH! is its natural evolution. As part of the story, we also got insights from Gin Miller, Creator of Step Aerobics and Renowned Group Exercise Instructor to get her in-the-trenches view of this evolution.

In our February Edition, we shared the story of Cherry Creek Athletic Club, located in Denver Colorado. This Top 100 Club (recognized by Club Industry) is an independent single-club facility on par with legendary facilities such as East Bank Club, Dedham Health and Athletic Complex, The Claremont Club and Rochester Athletic Club. Our interview with General Manager, Janet Fletcher, shined light on their key factors of success.

One of the reasons CLUB INSIDER



Justin Cates, Assistant Publisher of CLUB INSIDER

exists is love: Love for our readers. Love for our industry. Love for what we do. In our March Edition, we featured Club Northwest and interviewed General (See "2017 In Review" Page 10)

A Letter From John McCarthy About Augie's Quest

Dear Friend of Augie and of Augie's Quest,

Thanks to you, and above all, to Augie and Lynne, we now have a drug, AT-1501, that may be the BREAKTHROUGH we have all been hoping for.

Let me tell you about AT-1501:

In lab tests:

1. AT-1501 has extended life expectancy beyond any other drug that has advanced into human clinical trials;

2. AT-1501 delays disease onset;

3. AT-1501 improved body weight,

signaling that muscle is healthier;

4. AT-1501 improved the number of neuro-muscular junctures that remain intact, allowing more muscle to remain functional; and

5. AT-1501 decreased indications of inflammation in nerves and spinal cord.

Funds-willing, we expect to have AT-1501 begin human clinical trials in 2018.

Thus, thanks to your generosity, and to that of so many others, we now have a drug on the brink of a major breakthrough.

Please join me at IHRSA in San Diego at the Marriott Marquis on

the evening of Friday, March 23, as we celebrate the progress we have made and support the next stage of development: human clinical trials.

You can reserve a table, purchase seats, or make a contribution at www.augiesquest.als.net/bash.

Or, you can donate an item for the Silent Auction by contacting Kelly Campbell at kcampbell@als.net.

I'm looking forward to seeing you at our biggest and best BASH ever.

With Warm Regards,

John McCarthy
Chair, Bash for Augie's Quest



John McCarthy

Inside The Insider

•The Secret to Increasing Average Price Per Member - **By:** Daron Allen

•Exercise IS Medicine During the Holiday Season - **By:** Mike Alpert

•Five Steps to Boost Non-Dues Revenue in 2018 - Part II - **By:** Karen Woodard-Chavez

•Workplace Sexual Harassment - **By:** Paul R. Bedard, Esquire

•Hiring, Training and Recognizing... Humans - **By:** Bill McBride

•It's Never Too Early to Start a Publicity Campaign - **By:** Nancy Trent

•In Touch With Jeff Stokes - **By:** Norm Cates

•Results and Experience-Based Marketing - **By:** Michael Gelfgot

•Fitness Financing Available in Today's Market - **By:** Paul Bosley

•ClubIntel Announces the Release of Its Third Annual Fitness Industry Trend Report

•And, of Course, *Norm's Notes*



Norm's Notes



•Hello Everybody! This is your CLUB INSIDER Publisher and Tribal Leader Since 1993 checking in... with our 288th monthly edition, and this is the 1st Edition of our 25th Year publishing CLUB INSIDER... I hereby declare my feelings about this milestone: YAHOO!!!

•Sadly, next month, I'll report on the losses we are aware of that our industry experienced during 2017. But, for now, just in case you were not aware, I want to remember my (our) friends, MICHAEL SCOTT SCUDDER, who passed on June 30, 2017, and LYLE SCHULER, who passed on September 23, 2017. Stay tuned next month for a complete report on our industry's losses during 2017.

•As I write this, today is Thursday, December 7th, which is also known as Pearl Harbor Day. The next day, December 8th, American President Franklin Delano Roosevelt, began his speech to the U.S. Congress with these immortal words: "Yesterday, December 7, 1941, a date which will live in infamy, the United States of America was suddenly and deliberately attacked by naval and air forces of the Empire of Japan." This immortal speech is one that I remember well, not because I was alive in 1941, but because in 1965, I memorized it for a speech class I was attending at N.C. State. I can only say now that I hope all of you remembered this special date and that you honored the memory of the 2,402 people

who died in that cowardly sneak bomb and torpedo attack right after sunrise, killing 2,117 Navy men and women, 228 Army troops and 57 civilians. May they all Rest In Peace.

•Is America a great country, or what? Where else could an Air Force Brat, now a guy who's lived in 18 different cities during his lifetime (including at age 6, attending 1st Grade on the island of Okinawa, Japan), and one who has now found his special spot on our Mother Earth, where he's quite happy having first been a former "Mr. Mom" and is now the 25-year publisher of his "Labor of Love" he calls CLUB INSIDER. As we close out this amazing year and look forward to the New Year, I want you all to know that, by serving YOU, on this keyboard every month to produce CLUB INSIDER, I believe I'm doing work that I was put on Earth to do, and I'm happy for that daily goal in my life. My daily goal IS to try to find ways to help each of YOU in our industry make your clubs and your lives better and better!

Ladies and Gentlemen... IF you're like me... and you do believe in a Higher Power being the creator of and the force behind all human beings, and IF you believe in Divine Guidance... then when I say to you that, clearly CLUB INSIDER, and all of us involved with the publication, including JUSTIN CATES, my son and Assistant Publisher, and all of you wonderful Readers, Advertisers

and Contributing Authors are the beneficiaries of this Divine Guidance causing the "Labor of Love" called CLUB INSIDER to happen every month... I want to THANK YOU ALL for the reading CLUB INSIDER now and every time you've EVER read it! We also want to express our sincere Thanks and Appreciation to all of you who've shared or passed CLUB INSIDER on to your friends and associates. We appreciate that greatly, too! Justin and I are grateful beyond words for your involvement with and support of CLUB INSIDER, so let me just say again: Thank you ALL!

•I also write today about "Labor of Love" in your club businesses, and again, I draw your attention to the fact that I'm a bit picky about how many, and who the club franchising organizations are that we will publish advertising for. You may recall me writing about this before. *But, just in case you don't recall, let me say that it's our honor and pleasure to present the advertising messages of Planet Fitness, Crunch Fitness and Workout Anytime* each month. And, just in case you've asked yourself why there are not more franchising organizations advertising in CLUB INSIDER, my answer is and has remained the same since day one: *I limit how many franchisors I publish advertising for because I truly believe that our industry has too many club franchising companies out there in the first place.* In the past, I've had a waiting list, and our newest



Norm Cates

franchisor to come on board, **Workout Anytime**, had been on that waiting list for two years before a spot became available. **AND**, because I'm not sure about some of those club franchise companies out there, **what I AM quite sure ABOUT is that IF you are a prospective club franchisee... i.e. someone who's on the outside looking in at our interesting industry...** and you are **considering** becoming a participant in our industry as a club owner/operator, you most certainly can't go wrong by contacting our **three club franchising company advertisers: Planet Fitness, Crunch Fitness and Workout Anytime** for information on their services. Check out Pages #2, #5 and #32 this month for their messages.

(See Norm's Notes Page 7)

Thank You to Our Contributing Authors

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- John McCarthy - 25-Year Executive Director Emeritus of IHRSA
- Joe Moore - IHRSA President & CEO - (800) 228 - 4772
- Angie Pattengale - National Federation of Personal Trainers - (800) 729 - 6378
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- Paul Bosley - Owner, Business Finance Depot - (800) 788 - 3884
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- Stephen Tharrett - Co-Founder and Principal, ClubIntel - (866) 691 - 9223
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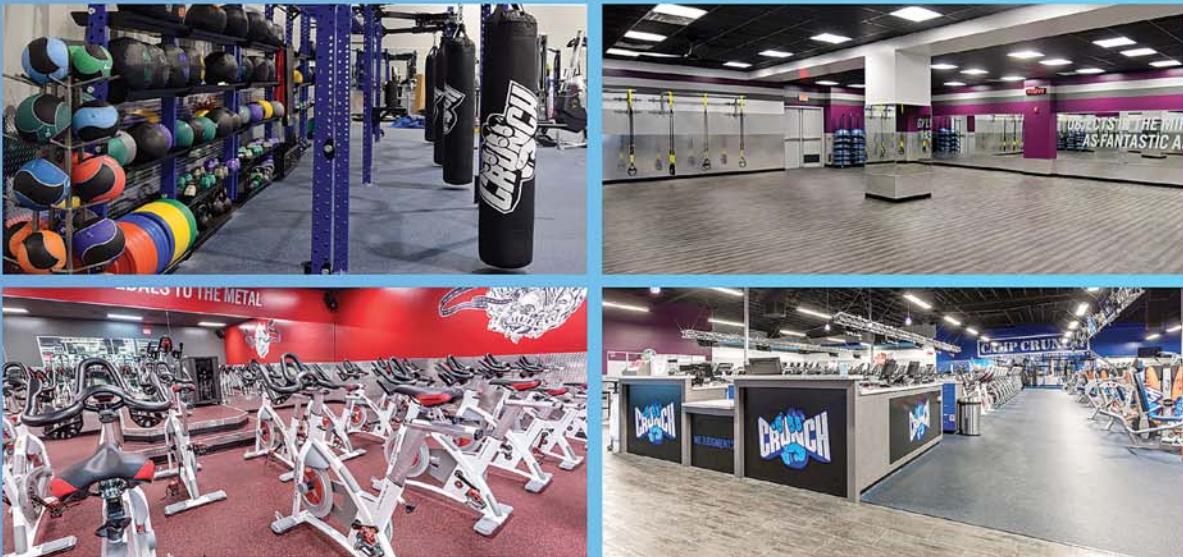
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Exercise IS Medicine During the Holiday Season

By: Mike Alpert

The Christmas Holiday Season is my very favorite time of the year. It is a time that I find myself reflecting on all the things that I have to be thankful for. One thing is for being able to be in the greatest country in the world, the United States of America and the freedom that we are so lucky to have. I also realize how lucky I am to work in the health and wellness industry and what it has meant to me over the past 27 years. What other industry allows you to have such an impact on people and their quality of life on a daily basis?

The journey has taken me from being a stock broker to helping develop and run a club in Central Oregon; back home to Southern California; and eventually to Claremont, California and The Claremont Club where I get to work with the finest people in the world. What makes me so proud of them is seeing their dedication, commitment and passion for making a difference in people's lives everyday I come to work. At our club, it is about more than marketing to and serving the fit population. It is doing that and also making our club inclusive and welcoming to all populations, and especially, those who suffer with chronic injuries and illnesses.

As we are out holiday shopping for gifts and getting our homes ready for guests who will visit and parties that we will have for friends and family, I continue to think of the many people in our community who will struggle to have any of these things, those who are homeless and others who are strapped financially

due to injury or illness. Then, there are the children who are in our Pediatric & Young Adult Cancer program and what parents and families must be going through. These issues are prevalent in every state and every city in our country. As an industry, we can use our venues and great staff to do something about it. It is the season of giving and giving back to your community.

I want to share a story about a beautiful 17-year-old girl by the name of Nadia. She was born in Syria, and as her family was attempting to escape the warzone when she was 12, she was shot by a sniper and paralyzed from the waist down. Her family spent three years in a refugee camp in Jordan and were finally able to find their way to America. She eventually settled in Pomona, California, not too far from The Claremont Club. I met her about nine months ago in my office with her father and brother, and she held my hands and told me that she wanted to come to our club and enter our spinal cord paralysis program. Seeing her progress has given me hope and gratitude and a sense of great pride.

This past year, I have witnessed so many miracles, generosity and the gift of hope to so many. Having these programs in our club has been a gift to those who struggle and have been forgotten about but also a gift to the community at large. Here are some things to think about:

- Run a fundraiser to adopt families in your community during the holidays by raffling tickets that you sell for \$5 each to win services and products that you offer to

your members;

- Try a sales promotion that allows new members joining to make a cash contribution to your charitable cause in exchange for the Initiation Fee;
- Hold a food drive for the homeless;
- Encourage your members to donate a new pair of tennis shoes to *Shoes that Fit* or to an elementary or junior high school for youngsters who need shoes;
- Allocate some camp scholarships for financially disadvantaged children;
- Start a support group for Parkinson's or Alzheimer's and award club memberships to people who are obese or who have chronic health issues.

Make your club the club of choice, and become the employer of choice in your community. Looking ahead to 2018, our industry is positioned to play a vital role in the health and wellbeing of our citizens. Health care in our country is a mess, and it is putting such a financial strain on the economy. The obesity epidemic is continuing, as are all the chronic health issues associated with it. Economic pressure has taken physical education out of most schools and technology has kids spending more time on their cell phones, tablets and computers and less time playing and being active. And, it is hard to believe that, in a country that says it wants to promote exercise and healthy



Mike Alpert

living, in many states, people are taxed on their health club dues. How does that make sense?

As an industry, we must do all we can to work with IHRSA to get legislation like PHIT passed. This legislative bill allows people with HSAs or FHAs to deduct an amount of money that they contribute to membership dues from their taxes. Population Health is all about prevention and wellness, and PHIT is a step in the right direction that gives people an incentive to join clubs and to exercise regularly.

It's a given fact: **Exercise IS Medicine!**

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

ClubIntel Announces the Release of Its Third Annual Fitness Industry Trend Report

DALLAS, TX - ClubIntel announces the release of the *2017 International Fitness Industry Trend Report - What's All the Rage*, a comprehensive study of current global trends impacting the fitness industry.

ClubIntel, in partnership with various industry leaders, invited club/studio owners, executives, and managers, as well as fitness professionals from around the world to participate in its annual study of industry trends. The global study tracks over 90 different practices across four major categories: programming, equipment, facilities and technology. With over 1,300 professionals responding, the study reflects activity from operators accountable for representing approximately 14,000 facilities worldwide

responded to the study.

Among the numerous game-changing insights brought forward by the report, we highlight three below that are significantly impacting the landscape of the fitness industry:

1. Barre classes and HIIT classes have experienced the most significant growth of any program over the past four years (30 percentage points). It is no coincidence that barre studios and HIIT studios are among the most popular concepts for boutique fitness studios.
2. Non-traditional functional training equipment experienced the greatest growth of any type of equipment over the

past four years, experiencing growth of approximately 20 percentage points. This category of equipment has grown so rapidly that it has pushed traditional selectorized equipment into the niche segment.

3. The use of social media and club-based mobile applications has grown by more than 20 percentage points over the past four years. Other emerging platforms such as on-demand and streaming GX classes and internet middlemen appear poised to grow quickly in the years to come.

A complimentary copy of the full report can be downloaded from ClubIntel's website at www.club-intel.com.



...Norm's Notes

continued from page 4

• Speaking of "Labors of Love" in our industry, on Saturday Night, December 2nd, I was impressed when my wife, ILENA, and I had the pleasure of attending the 2017 Workout Anytime Awards Dinner and Christmas Party as the guests of STEVE STRICKLAND, Workout Anytime CEO and Co-Founder; JOHN QUATTROCCHI, President and Co-Founder; and MARK de GORTER, Chief Operating Officer. I'll tell y'all the same thing I told those three fellows at their party. I enjoyed and was impressed with their awards presentations, and I complimented Steve, John and Mark on the fact that they **do provide a very important service to people who wish to either enter our wonderful industry for the first time, or to people who're already in our industry and are seeking ways of making their club(s) better and more competitive in the marketplace.** The exact same comment applies to the great folks at Planet Fitness with CEO, CHRIS RONDEAU, leading the way, and to Crunch Fitness, with CEO, BEN MIDGLEY, at the helm. To close this Note, I want to mention that it was terrific seeing other friends from our industry at the party, including: JENNIFER LOWE of Sports & Fitness Insurance; LEE GUTHRIE of reACT Strength Training; JOHN CARSILLO of Workout Anytime; and Workout Anytime's lovely MARNIE SAYLOR.

• IHRSA's 37th Annual Convention and Trade Show is right around the corner, and I'm thrilled to be able to tell you that it'll be held in the venue that is a favorite IHRSA venue for many of us... the scenic city of San Diego, California! Yahoo!!! As always, IHRSA will feature the world's largest health and fitness Trade Show, and if you're a vendor or manufacturer and have not yet secured your Exhibit Space, it's *not too late* to contact TOM HUNT, IHRSA's Vice President of Exhibit Sales, to secure your spot. Call Tom at (800) 228 - 4772, Ext. 157. The San Diego Convention Center venue is right on the water, and you'll find attending this event there will be a LOT like being on vacation. It should draw **over 15,000 of us** March 21 - 24, 2018, so I urge you to get active today by registering for the IHRSA Convention and Trade Show by going to www.ihsra.org, then clicking on Events and scrolling down to IHRSA 2018. And, be sure to buy your airline tickets and book your hotel ASAP so you can get the best deals on everything! Check out the new IHRSA 2018 Ad on Page #29 of this edition.

• The theme for this year's Augie's Quest Bash on Friday Night, March 23, 2018 in San Diego is "The Hacienda Bash" in honor of the Hispanic population in the San Diego area. Pursuant to the request of our friend, AUGIE NIETO, and in honor of the "Hacienda Bash" Theme, I dressed in Mexican attire, complete with a big sombrero, a fake mustache and even a big Mexican scarf for a photo (See the Photo on This Page). Hola and Feliz Navidad to

all of you out there! Don't MISS Augie's Bash! It'll be a HOOT, and for SURE, it's for a great cause: that is to find the Cure of ALS, a/k/a Lou Gehrig's Disease!

• JUSTIN and I are very excited to continue celebrating CLUB INSIDER's 25th Anniversary at the 2018 IHRSA Convention and Trade Show in San Diego! Please make plans to help us celebrate by dropping by our IHRSA Trade Show Booth #2834!

• Congratulations to CLIFF BUCHOLZ, as he sold his four Miramont Athletic Clubs with 23,000 members in the Fort Collins area of Colorado to RODNEY STEVENS II's Kansas-based GENESIS HEALTH CLUBS Company in November. That brings Stevens' Genesis Club count to 44 in Kansas, Missouri, Oklahoma, Nebraska and Colorado. I'm happy to be able to say that I think Cliff hit a real home run making that deal with RODNEY STEVENS II, because in my view, Rodney's one of the top owner/operators in America, and I wish him and his Genesis Health Clubs Team all the best!

• Congratulations to the lovely PAMELA KUFAHL, Director of Content and Engagement, and our friend at Club Industry, on her 25th Anniversary with Penton Media (and 15th with Club Industry)! Last week, Pam celebrated by doing something she does very well. She wrote a terrific column entitled: **Silver Anniversary Calls for Reflections on the Changes in the Fitness Industry** about her years at Club Industry, and I urge you to take the time to read it by going to: bit.ly/clubinsider42.

Also, folks, please be sure to mark your calendar for the **upcoming Club Industry Conference and Trade Show in Chicago, October 24 - 26, 2018.** The folks at Club Industry are conducting a **Call for Speakers right now**, so if you would like to learn more about becoming a speaker at the 2018 Club Industry Show, please go to bit.ly/clubinsider44. If you want to learn about exhibiting, contact CRYSTAL ROMBERGER at Crystal.Romberger@clubindustry.com. And, very importantly, registration for the **2018 Club Industry Conference and Trade Show** will begin in 1Q18 at www.clubindustryshow.com.

• My friend, PETE BROWN's Athletic



Señor Norm Cates

Business reported today that an LA Fitness Club in Portland, Oregon, has been closed indefinitely due to flooding. COURTNEY CAMERON, lovely Athletic Business writer and editorial assistant, reported the flooding was caused by a burst water line. She also reported that, "The three-story club had flooding and damage to the street-level lobby, locker rooms and children's center, as well as to a below-ground cardio fitness space." And, she reported that the, "Portland Fire and Rescue was notified around 4:45AM on Monday, December 4, and they arrived to find water gushing into the lobby and cardio room. Crews were not able to stem the water flow completely until around 6:15AM. Responders told KOIN6News that one to two inches of water covered some of the lower-level treadmill bases, and at one point, water in the lobby came up to a firefighter's hip. The club's basketball and racquetball courts also have significant water damage. As of Monday afternoon, the club's website predicted closure through Friday December 8th at 5PM. A sign posted on the front door directs local members to use the Lloyd District LA Fitness location." I wish the folks at LA Fitness the very best of luck as they deal with their Portland, Oregon LA Fitness location flooding damage!

• PAUL BOSLEY, Principal of HealthClub Experts.com, has contributed a nice article, which if you're in the market for funding for equipment, or a new club production, you should check out on Page #28. And, contact him for additional information. Paul's a really fine guy with a terrific sense of humor!

• You'll see a new article series this month I'm calling, "In Touch," which will offer you the opportunity to be "In Touch" with interesting people in our industry. This month, we feature JEFF STOKES, Vice President of HYPOXI North America, on Page #26.

• Welcome to MIKE GELFGOT, our new CLUB INSIDER Contributing Author, whose article appears on Page #27 this month.

• JUSTIN and I want to say THANK YOU for reading CLUB INSIDER! And, we wish you a Happy Holiday Season AND Happy New Year!

• CLUB INSIDER is a Paid Subscription based Publication with a money back guarantee on all new subscriptions. Are you a Paid Subscriber? If so, the words **PROMOTIONAL** (See Norm's Notes Page 8)

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The Secret to Increasing Average Price Per Member

By: Daron Allen

With all good secrets, there's a story. This story starts with how did we get here; how did the average price of a membership get so low? The introduction of the high-volume, low-price (HV/LP) business model created an immediate short-term surge for the industry. The attractiveness of the low-price offering was designed to bring in the untapped masses of the unfit population. If we could just get to the 90% of people who don't exercise with this

low-price offering, there would be plenty of revenue to offset the decrease in average price per member, right?

For most operators, this business model worked for a few years. But, with the volume decreasing and the low average price per member, margins have become extremely tight or nonexistent for a lot of operators.

The dilemma of deciding how to increase the average price per member looked to have one solution: sell them personal training. So, your member base that came in for

low-price offerings is now your target market for selling EFT personal training. But, what we failed to see was that all the high-ticket members had slipped out the back door for boutique studio training while we were packing our gyms with low-price members. The reality was that finding a low-price member willing to pay for EFT personal training was like trying to find a needle in a haystack; there were just not enough needles.

A new offering had to be created, something appealing to the masses that was low-priced, offered core competency (fitness results) and had a cost-effective delivery method.

The solution, the secret, the answer is TEAM TRAINING. What a revolutionary concept! Get an instructor and a group of people together to exercise. Oh, wait, we've already been doing that for 30 years; we've been running group classes in our gym forever, and we're good at it. But, the concept of using a personal trainer to run a class that combines cardio fitness, resistance training and stretching... now that's out-of-the-box thinking.

Operators who were leading the charge on running this play of Team Training from the fitness side had some challenges, including changing the mindset of personal trainers from one-on-one to group training, coming up with the programming and designing the floor space in their gym. But, these challenges were nothing in comparison to the uphill battle of convincing the \$9.95 member that they needed to pay for fitness.

"Group training has always been free. If I just walk around the gym and use these weights, I'm going to get fit. That's what you told me when I bought this membership." Overcoming this mindset of members and prospects appeared to be too big a hill to climb.

Club owners started moaning, "I'm going to have to change my marketing message from just advertising my prices to now selling results and fitness. I'm going to have to change my entire sales process from just order-taking to selling fitness at the point-of-sale. I'm going to have to change my whole pricing structure. And, more importantly, I'm going to have to use my sales staff to educate customers on why



Daron Allen

spending more on fitness is beneficial to their life. Maybe I should open a Subway."

As with all seismic shifts in any industry, there are always a few brave souls who forge on and create a new way; thus, team training was born, a complete program from fitness to sales.

And, now, you know the full story. So, what's the secret? How do I increase my average price per member?

Team Training. But, how do I move my clubs to this business model? How do I know it's proven? How can I avoid the mistakes of rolling out a new program? The answer: **Partners.** Partners who have been there before, who have a proven track record and who can help accelerate your speed to revenue.

Start by calling your **Visual Fitness Planner (VFP)** representative. They will put you in touch with the right people to help you roll out the right compensation plans, floor plans and fitness programming. And, of course, VFP can handle the sales system. It all starts with a conversation.

Contact your VFP sales rep today at **VFP.US**.

(Daron Allen is President and CEO of Visual Fitness Planner and he can be reached at daron@vfp.us.)



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...Norm's Notes

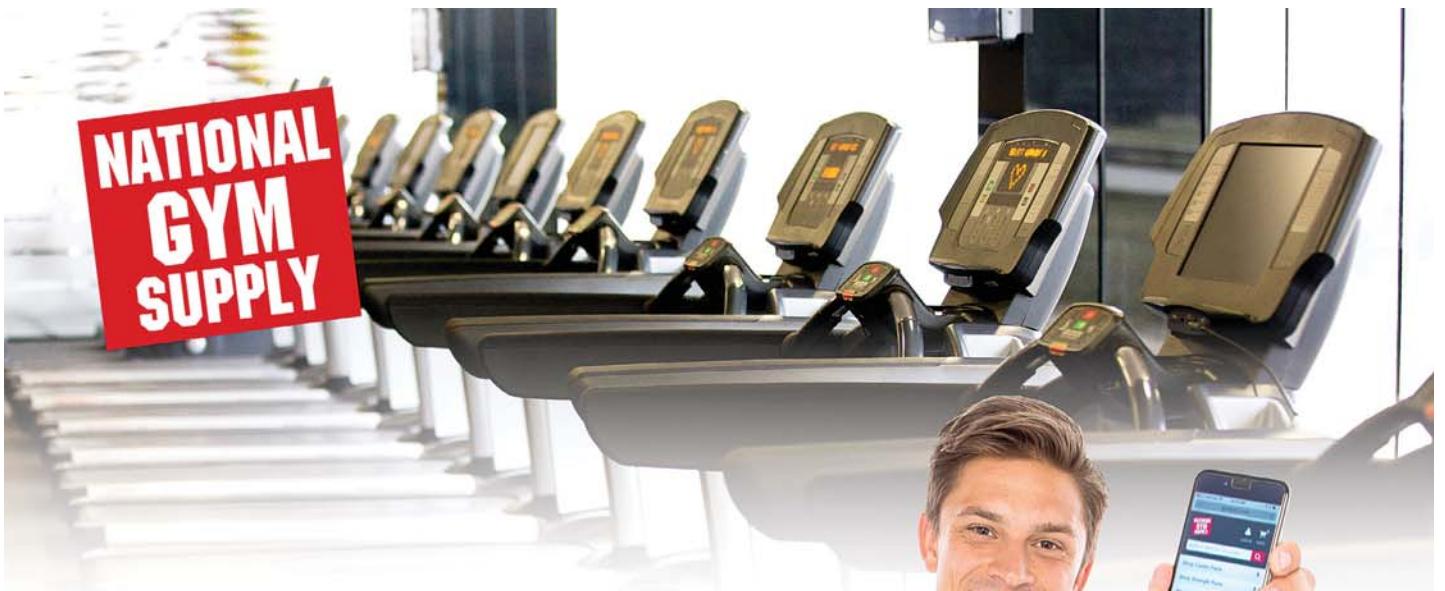
continued from page 7

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Iraq, Afghanistan and around the world. God bless America's Policemen and Women and keep them safe. God bless you, your family and your club(s). God Bless America!

(Norm Cates, Jr. is a 43-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of **CLUB INSIDER**, now in its 25th year of publication. Cates was IHRSA's First President, and a Co-Founder with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. In 2017, Cates was honored with Club Industry's Lifetime Achievement Award. Cates can be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com)



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... "2017 In Review"

continued from page 3

Manager, Scott Draper. The love for what he does, his staff and club members is clear to see, and it is what makes the difference for this great facility in Grants Pass, Oregon. Catching up with Scott Draper, he had this to say:

"We've had a great, growing year here at Club Northwest in Oregon. Our dues line remains strong, and we continue to increase our non-dues revenue through innovative programming and community partnering. We don't have the exact numbers at press-time, but it looks likely that our income will surpass the 60% non-dues revenue mark for November of this year. Over the years, we have continued to grow our dues line at a healthy pace, yet continue to grow our non-dues revenue even more aggressively. We are also very happy to announce a new partner in The Blue Zones Project (see oregon.bluezonesproject.com), located in our new building on campus. Our medical wellness offerings continue to grow, including the Rock Steady Boxing Program for Parkinson's patients, and we look forward to launching the GENAVIX Wellness Programs in 2018. The executive team and entire staff see 2018 as a year of immense possibilities here at Club Northwest. We wish all our friends and colleagues in the wellness industry a happy and well new year!"

Our April Edition featured the son of a legend who has made his own name in boxing, and now, the health and fitness club industry. **George Foreman III's Everybody Fights** is a niche offering that is turning heads in the northeast, and it is poised to expand nationally. *Train Like a Fighter; Live Like a Champion.*

A group of clubs in Little Rock, Arkansas was the feature of our May Edition. Led by **CEO, Frank Lawrence**, Little Rock Athletic Club is a place where, "We believe that fitness and fun not only can co-exist, but that they are soul mates that should never be apart." As already mentioned with the idea of love in business, fun must also be a key

ingredient to a successful organization! Frank Lawrence shared this update:

"All is good at LRAC. Things continue to bounce along in a positive way. A challenge is the rising cost of operating, but the positives are growth, member engagement, NPS and low attrition."

Our June Edition featured another niche industry offering, this time in the field of climbing. We interviewed **Jeremy Balboni and Lance Pinn, Founders of Brooklyn Boulders** to learn and share their story.

Another story about FUN, the July Edition featured **Keith and Kathy Rawlings' Arena Club in Bel Air, Maryland**. Their story is one of extremely hard work and perseverance. Having never given up, now, they are reaping the rewards of that investment. I caught up with Kathy Rawlings, and she commented:

"The club is doing great. We continue to emphasize family, fitness and fun. We have continued to grow. The Sports Factory is going well but not as strong as we had hoped; we have definitely learned a lot regarding training seasons for different athletes and when there's downtime. We have been diversifying our offerings during those down times by securing numerous tenants that have helped offset or supplement our costs, such as a local church and club sports teams. Unfortunately, the minimum wage increase has added approximately \$300K in added payroll since the 30% increases that has been phasing in the last couple years. That continues to be our challenge in making up those expenses without raising dues. We continue to streamline, cross train and automate where we can."

Our August Edition was a special thank you to **Bill Higgs** for his 35 years of industry service as General Manager of the famous **Shula's Athletic Club** in Miami Lakes, Florida. Bill, we hope retirement is treating you right!

Health Care is THE issue facing the populations we serve. And, despite our industry's product and service offering, which can combat some of the root causes

of that issue, getting a toe-hold in being recognized as a true part of the solution has been a challenge. There has been limited success with some operators in various communities, but developing a reliable and reproducible system the entire industry can utilize has still been elusive. Our September Edition featured an organization that could represent the change in this field, **GENAVIX**, led by **President and CEO, Mike Benton**.

Our October Edition featured **Jeff Russo's Pro Fitness Program** as they celebrated 20 years of vastly increasing personal training revenues. If you are experiencing the woes of running a successful Personal Training Department, you absolutely need to talk to Jeff Russo and learn about his program. Catching up with Jeff Russo, he had this to say:

"Many things have happened since being featured as your cover story. Although we were celebrating our 20-year anniversary, I felt as though the majority of clubs were hearing about us for the first time. Yes, the power of advertising! We have been in discussion with clubs from all over the country, both single- and multi-unit organizations. The inquiries have been from clubs of all sizes and price points and even some clubs who are still in the planning stages. The response has been incredible, because the revenue our program generates for our clients is really unprecedented. As one of our recent clients noted, 'Nobody focuses on one-to-one training like we do!' Furthermore, we are about to release our greatest software upgrade in our 20-year history, so all good things are happening here with the Pro Fitness Program!"

Closing out our cover stories for 2017, the November Edition was a special one for us, as we celebrated the **25th Anniversary of CLUB INSIDER**. In this feature, I interviewed my Dad, our Publisher, and he also interviewed me, which was a lot of fun! We shared the story of how this publication began, some of its early and key reports on industry hot topics and explained our plan and goal to be around for the next 25 years and beyond!

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 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. We also want to say **Thank You** to our printer, **Walton Press**, a fantastic 117-year-old company in Monroe, Georgia for the great work they've done on all 288 monthly editions of CLUB INSIDER since 1993.

Next, 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: **Angie Pattengale, Anthony Dominic, Antionette Mara, Bill McBride, Bruce Carter, Casey Conrad, Daron Allen, Dave Beadle, Denise Johnson, Derek Barton, Erik Charles Russell, Dr. Gerry Faust, Jillian Curl, Jim Thomas, Joe Moore, John McCarthy, Jon Butts, Jon Webster, Karen Woodard-Chavez, Mark Williamson, Matt Zagrodzky, Melissa Knowles, Mike Alpert, Mike Boos, Nancy Trent, Paul Bosley, Paul R. Bedard, Esquire, Shannon Maloof, Stephen Tharrett, Thomas Plummer and Tracy Stepp.** Thank you to our CLUB INSIDER Contributing Author Team!

And, of course, 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: **BMC3, Club Industry, Crunch Franchising, Faust Management Corporation, GoalPostPro, Gym HQ - A ClubReady Company, GymWipes, Health Club Experts, HYPOXI, IHRSA, Instinctive Insights, Iron Grip Barbell Company, iGo Figure, JLR Associates, LA Fitness, MOSSA, Muscle Up Marketing, National Gym Supply, NFPT, Planet Fitness, Pro Fitness**

(See "2017 In Review" Page 12)



Scott Draper



Frank Lawrence



Keith and Kathy Rawlings



Jeff Russo Presenting a PFP Workshop



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... "2017 In Review"

continued from page 10

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A Note About Subscriptions

Before we move forward with "2017 In Review," let me mention our **Paid Subscription** options. Some of you reading this are doing so on a *complimentary basis* with a promotional copy of our printed edition. If the words "**PROMOTIONAL COPY**" appear above your address on the front cover, you are *not* reaping the full benefits of a **Paid Subscription** to CLUB INSIDER. One thing to think about when considering a subscription investment to CLUB INSIDER is that, for just **\$89**, you will receive **one year** of printed and online editions *plus* online access to **all archived editions (288 to date)** of CLUB INSIDER! Or, for **\$149**, you will receive **two years** of printed and online editions *plus* online access to every archive edition of CLUB INSIDER ever published! Or, you can now take advantage of our **\$10** monthly option.

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And Now, 2017 In Review

January 2017

KUSHH!™ - The New Sound of Exercise! - **By:** Norm Cates

Front Page Article Headlines:

•Catching Up With VFP - **By:** Norm Cates

Inside the Insider:

•Pump Up Your Profits By Extending the Life of Your Out-of-Warranty

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



KUSHH!
- what fitness sounds like.

JANUARY 2017

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Cherry Creek Athletic Club
The Evolution and Success of One of Denver's Premier Athletic Clubs



FEBRUARY 2017

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Club Northwest
For the **LOVE** of It

MARCH 2017

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March 2017

Club Northwest - For the LOVE of It - **By:** Justin Cates

Front Page Article Headlines:

•"Insider Speaks" - The Five Hardest Lessons You Will Ever Learn In The Fitness Business - **By:** Thomas Plummer

Inside the Insider:

•Management Styles: Or, Why Sometimes Working Together is So Difficult - Part I - **By:** Dr. Gerry Faust; •Club Marketing Tips For Incorporating Video - **By:** Jim Thomas; •Be - Do - Have - **By:** Bill McBride; •How to Minimize Your Legal Exposure to Slip and Fall Claims - **By:** Paul R. Bedard, Esquire; •World Gym Starts 2017 With Deals For Over 30 New Gyms; •Fitness & Lifestyle Group Launches United States Growth With HYPOXI; •Brunswick Names Jaimie Irick as Fitness Division President; •And, of Course, **Norm's Notes**.

February 2017

Cherry Creek Athletic Club - The Evolution and Success of One of Denver's Premier Athletic Clubs - **By:** Justin Cates

Front Page Article Headlines:

•You Risk Everything You Have To Create A New Business - **By:** Thomas Plummer
Inside the Insider:

•Five Issues in Your Back Office That Need Your Attention As We Start this New Year! - **By:** Melissa Knowles; •Shake Things Up! - **By:** Derek Barton; •Five Tools to Maximize Your Winter Selling Season - **By:** Karen Woodard-Chavez; •New Year Sales Success - **By:** Casey Conrad; •Ten Predictions for the Health and Fitness Industry in 2017 - Part I - **By:** Stephen Tharrett and Mark Williamson

•The Most Versatile Commercial Loan Product - **By:** Paul Bosley; •Understand the Power of Why and You Will Close More Sales - **By:** Erik Charles Russell; •A Letter From IHRSA President & CEO, Joe Moore; •Planet Fitness Debuts New Brand Campaign: "The World Judges, We Don't. At Planet Fitness, Be Free."; •Augie's Quest Update; •Gale Landers' Fitness Formula Clubs Opens 10th Location In Downtown Park Ridge, Illinois; •And, of Course, **Norm's Notes**.

April 2017

George Foreman III and Everybody Fights - Train Like a Fighter; Live Like a Champion - **By:** Justin Cates

Front Page Article Headlines:

•Planet Fitness Reaches 10 Million Member Mark

Inside the Insider:

•"Insider Speaks" - Mike Alpert... Our Industry's Most Dedicated Prophet Leads the Exercise IS Medicine Charge! •What's Your Story? - **By:** Derek Barton; •Minimize the Likelihood of Medical Emergencies and Mitigate Your Responsive Liability - **By:** Paul R. Bedard, Esquire; •Workplace and Medical Fitness Case Studies - **By:** Dave Beadle; •Is Your Organization's Culture Independent or Integrated? - Part II - **By:** Karen Woodard-Chavez; •At IHRSA 2017, We Asked, "What Makes You Great?" - **By:** Matt Zagrodzky;

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George Foreman III and EverybodyFights
Train Like a Fighter; Live Like a Champion



EVERYBODYFIGHTS

APRIL 2017

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Play On at Little Rock Athletic Club



MAY 2017

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May 2017

Play On at Little Rock Athletic Club - **By:** Justin Cates

(See "2017 In Review" Page 14)

Donna Krech, the 30-year industry veteran that brought you "Thin & Healthy", now has something even More Amazing...

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Tiffany T. Franklin, TN
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... "2017 In Review"

continued from page 12

Front Page Article Headlines:

- Exercise IS Medicine! - **By:** Denise Johnson

Inside the Insider:

- How to Develop a Fitness Center Business Plan - **By:** Jim Thomas; •Mining for "Sales Gold" - **By:** Casey Conrad; •Do Your Due: Are Your CPTs Still Certified? - **By:** Angie Pattengale; •Is Your Organization Culturally Congruent? - **By:** Karen Woodard-Chavez; •Utilizing a Cease and Desist Letter to Enforce Your Legal Rights and Protect Your Interests - **By:** Paul R. Bedard, Esquire; •The Customer Experience: The New Competitive Battleground - **By:** Stephen Tharrett and Mark Williamson; •"Diet" Products Can Make You Fat, Study Shows; •FDA Approves Radicava (Edaravone) as Treatment for ALS; •Instinctive Insights Passes 30-Club Milestone - New Club Launches Up 55% Year-To-Date For 2017; •Inclusive Fitness Coalition Launches New Partnership for Inclusive Health; •National Survey from Parker Finds Majority of Americans Hopeful and Optimistic About Aging; •Phil Wendel's acac Fitness & Wellness Centers Raise More Than \$90,000 for the Focused Ultrasound Foundation; •And, of Course, **Norm's Notes**.

June 2017

Brooklyn Boulders - Building Community One Climb at a Time - **By:** Justin Cates

Inside the Insider:

- The Claremont Club - Inspiring a Community of Healthy Living - **By:** Tracy Stepp; •Why Working at The Claremont Club is More Than a Job - **By:** Mike Boos; •What Is Your Company Culture? - **By:** Melissa Knowles; •When A Health Club's Dress Code Conflicts With A Member's Religious Beliefs - **By:** Paul R. Bedard, Esquire; •Innovation - Disruption - Progression - **By:** Bill McBride; •The Life Cycle of an Organization: The Growing Phases - **By:** Dr. Gerry Faust; •The Bay Club Company Expands Southern California Presence With Acquisition Of Manhattan Country Club; •Life Fitness Launches New Integrity Series Cardio Line; •And, of Course, **Norm's Notes**.

July 2017

Keith and Kathy Rawlings' Arena Club - Making It FUN for Every Family - **By:** Justin Cates

Front Page Article Headlines:

- A Tribute to Brother Michael Scott Scudder - **By:** Norm Cates

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Brooklyn Boulders

Building Community One Climb at a Time



JUNE 2017

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Keith and Kathy Rawlings' Arena Club

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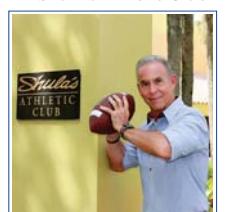


JULY 2017

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Norm Cates' CLUB INSIDER™
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Thanks and Appreciation to Bill Higgs As He Retires After 35 Years of Service at Shula's Athletic Club



AUGUST 2017

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Inside the Insider:

- Why Not Start Today! - **By:** Antionette Mara; •Protect Your Information, Knowledge and Materials with Non-Disclosure Agreements - **By:** Paul R. Bedard, Esquire; •Minimize Hiring Mistakes and Increase Success with the Criteria for Success - **By:** Karen Woodard-Chavez; •Basic Rules of Reinvention - How to Move the Health and Fitness Industry From Infancy to Adulthood - **By:** Thomas Plummer; •Workplace and Medical Fitness Case Studies - Mike Feitelberg and The Edge - **By:** Dave Beadle; •Why Entrepreneurs Should Open a Fitness Business - **By:** Jim Thomas; •Drive Revenue and Memberships with HYPOXI; •Youfit Health Clubs COO J.J. Cregan Receives "40 Under 40" Honor; •Club Industry 2017 is on The Horizon! A Focus On This Year's Educational Tracks; •Planet Fitness Honored For Excellence In Corporate Social Impact; •Paul Grzymkowski Joins NutriMost Management Team; •Wounded Veterans Gather for Wounded Warrior Project Fitness Training; •2017 IHRSA Institute Scholarship Recipients Announced; •And, of Course, **Norm's Notes**.

August 2017

Thanks and Appreciation to Bill Higgs As He Retires After 35 Years of Service at Shula's Athletic Club - **By:** Norm Cates

Front Page Article Headlines:

- Planet Fitness and its Franchisees Award \$50,000 in Inaugural Judgement Free Generation Scholarship Program

Inside the Insider:

- Exercise IS Medicine! - **By:** Shannon Malooly; •Properly Utilizing Facebook and Instagram Ads - **By:** Jillian Curl; •Key Components of an Effective Compliance Program - **By:** Paul R. Bedard, Esquire; •Maximizing Your Member-Guest Events - **By:** Karen Woodard-Chavez; •IDEA World Fitness Convention Celebrates 35th Anniversary! - **By:** Angie Pattengale;

September 2017

The GENAVIX Wellness Network - A Model for the Future - **By:** Justin Cates

Front Page Article Headlines:

- REX Seeks to Assist Member Clubs in the Wake of Hurricane Harvey

Inside the Insider:

- Exercise IS Medicine - A Letter From Mike Alpert - **By:** Mike Alpert; •Seven MUSTS for a Healthy Draft - **By:** Melissa Knowles; •How Does Your Leadership Team Stack Up? - **By:** Dr. Art Curtis; •Federal Court Strikes Down Final Rule - **By:** Paul R. Bedard, Esquire; •Sales Success Discussion - **By:** Karen Woodard-Chavez; •Fitness Connection Poised for Growth By Merging Management Teams; •Club Industry 2017 is on The Horizon! A Focus On This Year's Networking Events; •Iron Grip Account Executive, Michelle Gonzalez, Named to the SFIA Future Industry Leaders Scholarship Program for 2017; •Crunch Fitness West Florida Launches CrunchTV: Instantly Drives Millions of Member-Generated Social Media Impressions; •2017 World Gym Convention Celebrates The Barbell With "Made Of Iron" Theme; •And, of Course, **Norm's Notes**.

October 2017

Jeff Russo's Pro Fitness Program Celebrates 20 Years of Vastly Increasing Personal Training Revenues! - **By:** Norm Cates

Front Page Article Headlines:

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

The GENAVIX Wellness Network A Model for the Future



SEPTEMBER 2017

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Norm Cates' CLUB INSIDER™
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Jeff Russo's Pro Fitness Program Celebrates 20 Years of Vastly Increasing Personal Training Revenues!



OCTOBER 2017

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Front Page Article Headlines:

- Lyle Schuler Passes Away at Home In Hurley, New York

Inside the Insider:

- Simplify Your Marketing and Achieve Better Response in 2018 - **By:** Jon Butts; •The Fitness Industry's Game Changer - **By:** Daron Allen; •Eight Steps to Designing Your Niche Program - Part I - **By:** Casey Conrad; •What's in Your Product? - **By:** Derek Barton; •How to Maximize the Enforceability of Your Membership Agreement - **By:** Paul R. Bedard, Esquire; (See "2017 In Review" Page 16)

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... "2017 In Review"

continued from page 14

•How to Create Dynamic "Studio Clubs" Within Your Club - **By:** Bruce Carter; •Convert Your Weaknesses to Strengths! - **By:** Thomas Plummer; •Pro Fitness Program Announces Major Upgrades to its Fitness Assessment Software; •IHRSA Releases 2017 Health Club Consumer Report; •And, of Course, Norm's Notes.

November 2017

Celebrating 25 Years of TRUST! - **By:** Norm Cates and Justin Cates

Inside the Insider:

•A Man of Many Hats: Through CourtSouth, IHRSA and Club Insider, Norm Cates Has Devoted a Lifetime to the Club Industry - **By:** Anthony Dominic; •Exercise IS Medicine! - **By:** Mike Alpert; •The Fitness Industry Undergoes Seismic Shifts... Again - **By:** Daron Allen; •Eight Ideas for Getting More Active Monthly Gym Members - **By:** Jim Thomas; •Eight Steps to Designing Your Niche Program - Part II - **By:** Casey Conrad; •Jeff Stokes, Vice President of HYPOXI North America, Weighs In - **By:** Norm Cates with Jeff Stokes; •Five Steps to Boost Non-Dues Revenue in 2018 - Part I - **By:** Karen Woodard-Chavez; •Gearing Up for Government Hoops Such As ALE - **By:** Melissa Knowles; •Legal Ramifications When a Member or Guest Suffers From an Eating



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25 Years
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NOVEMBER 2017

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Disorder - **By:** Paul R. Bedard, Esquire; •Zeamo Inc. Announces Appointment of Rick Caro to Advisory Board; •Expands Global Fitness Initiative; •Genesis Health Clubs' Acquires Miramont Lifestyle Fitness; •Planet Fitness Announces Leadership Appointments; •And, of Course, Norm's Notes.

Stay Tuned in 2018!

(Justin Cates is the Assistant Publisher of CLUB INSIDER and grew up in the health and fitness club industry. Now, he is an integral part of the "Story" of Norm Cates and CLUB INSIDER. Justin can be reached by phone at 423-314-4310 or email at Justin@clubinsideronline.com)

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Five Steps to Boost Non-Dues Revenue in 2018

Part II

By: Karen Woodard-Chavez

In last month's edition of **CLUB INSIDER**, we ran **Part I** of this 2-part article. This is **Part II**. The first few paragraphs are worth repeating/rereading:

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

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

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

A 5-Point Assessment

With this in mind, let's do a quick **5 - Point Assessment** for you that's like the ones I do with my clients. If you *can* answer "YES" to all of the five questions, then **KUDOS to you!** But, please don't interpret your YES to mean that you should *stop* reading this article. To the contrary! *Read on!*

We can always learn at least one new approach or way to improve what we already do well by reading/listening/researching. If you *cannot* answer "YES" to any of these five questions, then there is a silver lining in your dark cloud right now. The silver lining is that, by implementing the five points in this article, **you will increase** what I refer to as the **RRR - Results, Retention and Revenue**, which will lead you to much better financial performance in 2018. Here we go:

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

2. Is each NDR program/department run like a business, complete with a business plan, sales plan, marketing plan, daily goals and accountability measures to ensure that goals are met?

3. Does the club have a *growth goal* for current members and new members getting involved in NDR programs as they join the club?

4. Does the club have a *systematic way* (meaning *each* and *every time*, not just once in a while) to get new members involved in NDR programs as they join the club?

5. Is the staff that is responsible for selling these programs/services professionally trained on how to sell the programs/services?

All right, moment of truth, how did you do? Whether you did well or not so well, I invite you to read on and learn more about *implementing points 2 - 5 from above (Part I of this article covered Point #1):*

2. Is each NDR program/department run like a business, complete with a business plan, sales plan, marketing plan, daily goals and accountability measures to ensure that goals are met?

This is critical to the success of RRR and is part of the strategic planning process. Whomever is in charge of the program/department **must own it... everyday**. This means tracking of the plan, communication and sales results must happen *every day*. Agreed upon results of the plan **are not negotiable**. That is the job of the program manager. If the plan is to sell two programs per day, then the manager *does what needs to be done* to manage that outcome. **Goals being met or exceeded = RRR.** Goals not being met impact the bigger picture of the club, not merely the success of that particular program or department.

3. Does the club have a *growth goal* for current members and new members getting involved in NDR programs as they join the club?

As part of strategic planning, a goal to set includes how many more members will we get involved in NDR programs each month from both current and new members. This precisely addresses program growth and RRR. I caution you to avoid the trap of being happy with solely current program participation retention. This trap may sound something like: "We *have been training the same members for 12 years.*" While retention is a good thing, achieving RRR is about continuous growth. How should you determine growth? The sample calculation below should help you:

•Calculate the total annual revenue *growth* for each program: **\$100,000**

•Break down to monthly added revenue: **\$8,334**

•Divide the monthly revenue growth by average amount a member would spend

for lessons/sessions or services for the program: **\$8,334 / \$650**

•Average number of new program participants needed monthly to meet your goals: **13 (12.8)**

If this simple calculation is accurate, then you would need 13 new participants per month (156 annual) to meet or exceed program goals, correct? **NO! There's more! It's imperative to factor in program attrition.** If you lose two members each month, then the goal becomes 15 new participants monthly (180 annual) to meet or exceed goals. Remember RRR works better the more people you engage in NDR programs and services. That's why continued growth is what needs to be managed.

How do you get these new participants? Lets go to **Point #4.**

4. Does the club have a *systematic way* (meaning *each* and *every time*, not just once in a while) to get new members involved in NDR programs as they join the club?

It is critical to have a system for new members, as well as current members.

For **New Members** answer the following questions:

•How do you engage new members in NDR programs... rather than simply selling them a membership?

•Does the membership sales team have a required goal for NDR program sales? Yes, and it should be 20 to 30%.

•Are they selling NDR early and often on the tour, or are they mentioning NDR programs at the end?

•Does RRR guide the *beliefs and behavior* of the sales team?

For **Current Members**, answer the following questions and consider the following points:

•Who is responsible for reaching out to current members who did not engage in NDR programs at the time of joining?

•With regard to programs, who's responsible for members who have participated at one point in their membership but are no longer doing so?

Consider the following points for your current member system:

•Divide the membership base by membership staff;

•Create a goal to grow participation in each member base group with NDR programs that correlates with program growth goal;



Karen Woodard-Chavez

- Incentivize sales staff with commission;
- No double dipping on commission: if you pay a commission to membership sales staff then total value of what is paid out to the professional who delivers the service is adjusted based on what commission is paid;
- Exceed your participation and revenue goals; and
- Grow RRR.

Consider the following sample calculation for **New and Current Members** as part of your systematic plan to impact RRR:

New Members:

- Total new member sales annually: **900**
- 20% goal for member sales staff to engage in NDR at POS: **180**

Current Members:

- Total current members (not including new growth): **3,000**
- 5% growth goal for current member participation in NDR programs: **150**

330 new NDR participants! By creating a structure to increase engagement you wildly exceed goals.

5. Is the staff responsible for selling these programs/services professionally trained on how to sell the programs and services?

Five Core Competencies

Most program staff are experts in their specific program but are not trained well on how to sell the program. What this means is that, often, program goals are not met or exceeded. There are **Five Core Competencies** in successfully selling any

(See Karen Woodard-Chavez Page 21)

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-Steve Block, Operating Partner, Crunch Fitness

Workplace Sexual Harassment

By: Paul R. Bedard, Esquire

Matt Lauer, Harvey Weinstein and Charlie Rose are all making news headlines for reasons they wish they were not. Reported incidents of workplace sexual harassment, allegedly committed by various celebrities and top executives, are generating news headlines on a daily basis.

Although most incidents of workplace sexual harassment involve neither a celebrity nor a top executive, current news headlines are shining a spotlight on this issue regardless of positional rank or celebrity status.

Workplace sexual harassment is a complicated and sensitive legal issue. This article is intended to provide an overview

of this issue and is not intended as legal advice. Widely varying laws specific to each jurisdiction prohibit one-size-fits-all recommendations. Please consider these comments as an educational guide to assist you when you consult your own attorney for specific direction.

Some Statistics

A recent *ABC News-Washington Post* poll found that 54% of American women have experienced “unwanted and inappropriate sexual advances” at some point during their lives; 38% of women have experienced this type of conduct from male colleagues, and one-quarter of the male offenders were males with influence over the careers of the female victims.

Although at a far lower rate of occurrence, men have reported experiencing sexual harassment in the workplace, too. It was recently reported that one in ten men have experienced workplace sexual harassment. The Equal Employment Opportunity Commission (EEOC), the federal agency responsible for investigating federal sexual harassment claims, reports that 16.6% of charges of sexual harassment are filed by males.

Education is an employer’s best defense against sexual harassment claims. Having a thorough understanding of governing laws; engaging in proactive policy development and ongoing training; and responding swiftly to any allegation of sexual harassment can help employers mitigate their exposure to sexual harassment claims while reaffirming their commitment to a professional workplace that is free of illegal harassment.

Applicable Federal Law

Title VII of the Civil Rights Act of 1964 prohibits discrimination against employees on the basis of sex, race, color, national origin and religion. Sexual harassment is a form of sex discrimination under this federal law. Title VII applies to employers with 15 or more employees. When the EEOC investigates a claim of sexual harassment, they analyze the entire picture. Claim evaluation is made on a case-by-case basis, based upon the facts at hand including the circumstances surrounding the allegation, the nature of the conduct at issue and the context in which the alleged violation occurred.

When a complaint of sexual harassment is filed, it is illegal to retaliate against the individual for filing a discrimination charge or for testifying or participating in any way in an investigation surrounding the complaint. It is also illegal to retaliate against anyone who opposes



Paul R. Bedard, Esquire

employment practices that they reasonably believe are discriminatory.

Conduct that may constitute sexual harassment includes but is not limited to unwelcome sexual advances; requests for sexual favors or any verbal or physical harassment that is sexual in nature and that affects a person’s employment; unreasonably interferes with a person’s work performance or creates an intimidating, hostile or offensive work environment.

However, qualifying conduct does not necessarily have to be sexual in nature. For example, making offensive remarks about a person’s sex, such as harassing a female by offensively commenting about females in general, may qualify as illegal harassment. Offensive jokes, intimidation, insults and offensive objects or pictures may also qualify as illegal conduct.

The victim and the harasser can be male or female, same sex or not. A harasser can be a victim’s supervisor, co-worker, client or customer. The victim of harassment does not have to be someone who was directly harassed. The victim can be a person who was residually affected by offensive conduct.

It is important to note that unlawful sexual harassment must be unwelcome conduct, but such harassment can occur regardless of whether the victim was discharged or affected financially. Isolated (unless very serious) incidents, annoyances and petty slights do not generally qualify as illegal conduct. To be unlawful, the conduct at issue must create an intimidating, hostile or offensive work environment for a reasonable person.

Mandated Employee Training Due to State Law

In addition to Federal law, State laws prohibit sexual harassment in all states. However, Maine, California (See *Paul R. Bedard, Esquire* Page 22)



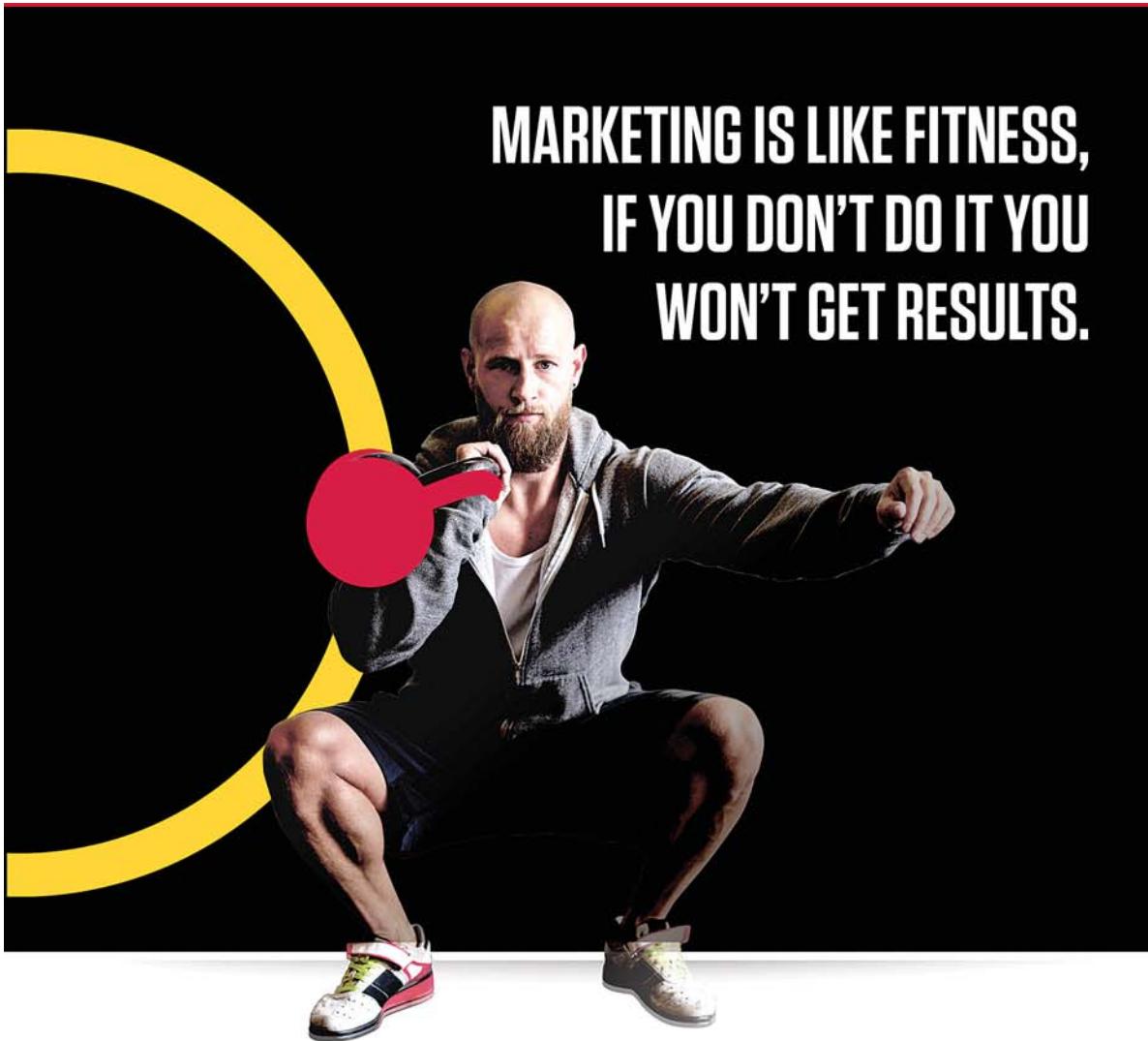
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...Karen Woodard-Chavez
continued from page 18

service or product. They are:

1. Lead Generation or creating an interested audience;
2. Appointment Setting Skills;
3. Face-to-Face Persuasive Conversation Skills;
4. Follow Up Skills; and
5. Business Planning/Reporting Skills.

A smart business person would do one or both things below with regard to selling programs. A smart person would:

1. Train their program people to be very good sales people; and/or
2. If this smart person were not willing to do that or the program people were not willing to do that, then the smart person would train their best sellers (likely the membership sales people) to sell all NDR programs and create accountability for the sales team to not only meet and exceed new membership sales goals, but also, to meet and exceed NDR sales goals.

By doing one or both of these steps, the smart business person would see a definite bump in **Results, Retention and Revenue**.

Take the time to review **Parts I and II** of this article with your staff. They cover all five points and how you can utilize this content to maximize your participation in your Non-Dues Revenue programs in 2018.

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(Karen is President of Premium Performance Training in Boulder, Colorado and Ixtapa, Mexico. Karen has owned and operated clubs since 1985 and now consults and trains staff throughout the world on sales, service, management and leadership. These services are offered on-site, online and through her books, manuals and DVDs. Karen can be reached at karen@karenwoodard.com or 303-417-0653.)

...Paul R. Bedard, Esquire

continued from page 20

and Connecticut have taken a proactive approach to combating workplace sexual harassment by mandating employee sexual harassment training for public and private employers under various circumstances. All three of these states have had these laws in effect for a good number of years. Employers subject to these laws must be proactive and compliant when it comes to employee sexual harassment training.

While Maine, California and Connecticut have similar training requirements, they have some key differences between them. For example, California and Connecticut require that employers of 50 or more employees conduct sexual harassment training, whereas Maine mandates that employers of just 15 or more employees meet this requirement. Both California and Connecticut limit the training requirement to just supervisory employees, whereas Maine extends this requirement to all employees. Maine's law does not stipulate who is qualified to conduct this training, whereas Connecticut law requires that only "qualified trainers" can be utilized, and California law dictates that only attorneys, human resources professionals, harassment prevention consultants and law school or college professors with knowledge and experience within this area are qualified to conduct this training. Maine has no training documentation requirement, Connecticut encourages documentation and California specifically requires documentation. These are just a few examples of the differences between these laws. If you employ people in any one of these states, please see an attorney for specific direction in this regard.

Sexual Harassment Prevention

Employers can mitigate their exposure to sexual harassment claims by taking a proactive approach to this issue. Starting with the hiring process, an employer should conduct due diligence before hiring any employee. Each applicant's social media and criminal history should be thoroughly researched to uncover any red flags or potential concerns.

On-boarding and training procedures should be standardized. New employees should immediately receive an employee handbook that includes the employer's formal policy against sexual harassment and other forms of illegal discrimination.

Regardless of any legal training requirement, provide sexual harassment training to all employees, regardless of level and tailor the training to the level of the employee. For example, an employer will want to avoid stressing to lower level employees what it means to sue and how to collect meaningful damages. However, executive and supervisory employees must understand what legal remedies are available to victims of workplace sexual harassment and the implications as they relate to the employer's bottom line and overall legal risk.

Employers should require that all employees sign formal acknowledgements that they have received their handbook and

sexual harassment training and that the employee has understood what has been provided to them accordingly. Employers should keep detailed records in this regard for three years or for the tenure of the employee, whichever is longer.

In addition to an employee handbook, having a code of conduct can help to communicate the values of any organization. Both the employee handbook and code of conduct must foster an atmosphere of professional conduct while setting a tone of compliance from the very top of the organization. Just like the employee handbook, the code of conduct should be formally acknowledged by the receiving employee and maintained within the employee's personnel file.

Ongoing education and training is essential to reinforce expectations and to ultimately achieve a long-term record of success, void of any allegations of inappropriate conduct. As I explained in more detail within the *August 2017 Edition* of **CLUB INSIDER**, training efforts must address the unique challenges within each role while educating employees of the legal ramifications, should they fall short of policy expectations. This ongoing training will further emphasize the employer's commitment to ethical conduct while helping to foster a professional and compliant workplace environment. Documentation of these efforts may also prove helpful should a claim of sexual harassment arise.

Implement internal controls to evaluate ongoing compliance and to identify potential issues before they become legal headaches. Self-evaluation is crucial, and an outside monitoring agency can be brought in if necessary. Site visits, interviews of current personnel and exit interviews are all helpful tools in this regard.

To quickly address any potential harassment concerns, a method for reporting must be easily accessible to employees. The expectation that any and all harassment concerns must be promptly reported should start from the top. A non-retaliation policy should be clearly and widely communicated to assure employees that they can confidently report sexual misconduct or harassment without fear of retribution or retaliation.

Handling a Complaint

A complaint of sexual harassment must be taken seriously. When a complaint is made, the receiving employee should report this immediately to the appropriate personnel, as designated by the employer. The contents of the complaint are personal and confidential, and this information should not be disclosed to anyone other than those with a need to know.

Employers must keep an open mind when receiving a complaint. Many employers have a hard time believing that sexual harassment could be happening within their four walls. Employers must investigate all complaints and not make any conclusive determinations until the investigation is complete.

Treat the person making the complaint with respect and compassion. It is very difficult for most employees to step

forward and make a harassment complaint. Listen, be understanding and show the employee that you are taking their complaint seriously. This will make it less likely that the employee will feel compelled to escalate the issue to a government agency or court.

Don't shoot the messenger! It is easy to become frustrated when faced with a complaint and then become angry with the one complaining. However, an employer must remember that the employee making the complaint is the potential victim of harassment, not the harasser. When an employer becomes frustrated with the employee making the complaint, this may give rise to a retaliation claim. And, as earlier stated, retaliation is illegal. Therefore, blatant retaliation (termination, discipline, demotion, pay cuts or threats thereof) or even subtle retaliation (later shifts, different job responsibilities, exclusion from meetings) may land the employer in hot water.

Interview the parties involved and gather relevant information. Talk to the employee making the complaint in order to determine the exact concerns. Obtain the key details: who, what, when, where and how. Then, speak with the person accused of the harassment. Compare the details gleaned from the alleged offender and speak with any available witnesses to begin to corroborate events.

Continue to look for indications of corroboration or contradiction. When gathering the details of an alleged offense, very often, there will be two or more versions of the same story. Utilize other resources to help corroborate events. Witnesses, time cards, attendance records, emails and other information can be utilized to help firm up the true version of events.

Keep detailed notes and thoroughly document the details of interviews and any other activity utilized during an investigation. Include the names, dates and places of interviews and note any and all documents that have been reviewed. Memorize any disciplinary action that is taken or reasons for deciding not to take action should it be determined that no disciplinary action is warranted.

Cooperate with any government agency or legal authority. If an employee makes a complaint with a government agency, the agency may investigate. The employer will likely be asked to provide specific documents. Explain what efforts you have taken to handle the complaint and present this information in the best possible light. However, be truthful and be cooperative while also remembering that the agency is gathering evidence that may ultimately be utilized against the employer. An employer should engage legal counsel at the earliest possible stage when faced with an agency inquiry.

When heavy discipline or the termination of an offender's employment is warranted, written protocol must be adhered to without regard to personal influence or the level of the offender's position. Take appropriate action based upon the nature of the offense. Termination may be warranted for serious harassment, such as unwanted physical contact, threats or stalking. Lighter disciplinary action, such as a written

warning, suspension or counseling may be more appropriate for a lesser offense, such as a distasteful joke or a failed attempt to ask out a coworker.

It is very important that the organization be viewed by employees and legal authorities alike as consistent, fair and transparent in this regard. Moreover, a demonstrated history of handling any complaints in such fashion will minimize the likelihood of future violations. And, a track record of prompt and consistent responses to unethical and/or non-compliant conduct will bolster the employer's ability to prevent such conduct from repeating.

Conclusion

When sexual harassment occurs, it negatively affects the victim and the employer's overall productivity due to interpersonal conflicts, decreased performance, absenteeism, employee turnover and grievances. Proactively working to prevent sexual harassment in the workplace helps to foster a more positive and professional work environment, resulting in increased productivity and a lower overall legal risk.

An employer may be liable for harassment by a supervisory or non-supervisory employee, or even a third party such as an independent contractor, when the employer knew or should have known about the harassment and failed to take prompt and appropriate corrective action. Offenders may also be subject to criminal penalties. Legal remedies for victims of workplace sexual harassment include but are not limited to cease and desist orders, back pay, compensatory damages and hiring, promotion or reinstatement.

The best defense against sexual harassment claims is a strong offense. Proactive policy development, ongoing training and the swift investigation and handling of any reported sexual harassment will help to decrease the employer's legal risk in this regard. Consistently reducing this legal liability requires that expectations for employee conduct span all levels of the organization. Employers that are viewed to be ethical by their employees, customers and by the public at large not only operate with reduced legal risk, they also function with an abundance of goodwill that can add measurable value to the organization's bottom line.

(Paul R. Bedard, Esquire, has nearly twenty years of management, leadership and operations experience in the health and fitness industry. As a practicing attorney, Paul's health and fitness industry experience provides him with a unique perspective when advising on or litigating matters involving health club handbooks, policies, contracts, disputes or injuries. Paul also conducts sexual harassment training for private employers. Paul strives to be active in his local community and has served on the Southington Zoning Board of Appeals and the Board of the Central Connecticut Regional Planning Agency. Paul can be reached at pbedard@smddlaw.com or 860-620-9460, x109)

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Performance Health (6,000 sq ft), Ontario | Spartanburg Athletic Club (25,000 sq ft), SC | Penfield Fitness (40,000 sq ft), NY

Cederdale Fitness (180,000 sq ft), MA | Fitness Firm (12,000 sq ft), Ontario | Franklin Athletic Club (230,000 sq ft), MI

Blush Fitness (12,000 sq ft), KS | Latitude Sports Clubs (80,000 sq ft) MA | RPM Total Fitness (12,000 sq ft), Ontario

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Michele Glaeser - General Manager,
Adventure 212 Fitness



"This program is the organizational tool that we were missing and it is now the foundation for everything we do. The program is easy to follow and our department is making more money than ever before. Because our members love the program it's been great for retention and it also provides our membership team with a great differentiator when prospects compare us to our competitors."

Jenna Breen - Fitness Director,
Penfield Sport & Fitness

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Hiring, Training and Recognizing... Humans

By: Bill McBride

I know there is a lot of talk about Millennials (more now as they are the major force in the marketplace), Boomers, Generation X and every other classification demographers can come up with. There are currently five (Yes - FIVE) generations in the current workforce:

Generation Z: born 1996 and after;
Millennials: born 1977 - 1995;
Generation X: born 1965 - 1976;
Baby Boomers: born 1946 - 1964;
Traditionalists: born 1945 and before
(The Greatest Generation: 1914 - 1929).

(Credit: genhq.com)

But, let's spend a few minutes



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

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

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

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

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

on Humans and Human Nature. I will make some assertions that are simply what I believe:

- The Generational Classifications are a result of what people have experienced during their formative years, not some radical shift in genetics, human behavior or even moral compasses.
- Everyone wants to do a good job and not be mediocre within a quality organization.

If you agree, then the goal is to set very clear, and there are granularly explicit expectations on what a "job well done looks like." We often make assumptions on Great Customer Service, Immaculate Cleanliness, Profit Optimization, Expense Control, etc... But, we don't dive deep on what these things truly mean within our organizations, how to do them and what the outcome/results look like. We sometimes (many times) still leave too much to chance on the interpretation of organizational objectives with the new associate/team member (or even more senior team members).

So, how do you approach this challenge? We need to share what great service looks like; share what immaculate cleanliness looks like; share how to create new profit centers; share how to rethink expense control, etc. We shouldn't mandate or dictate something without teaching/mentoring it.

Tell - Show - Do... *Tell what you want - Show how it is done - Do it with the new associate (hands on).* Without all three, you will just be "hoping" that your expectations are met... Remember, no matter how talented your team is, they cannot read your mind, at least not in the beginning.

Think about cleaning for example. If I said, "Wash the car," one might have varying degrees of what that means. The iterations could be one of these examples or many more possibilities:

- Wash & Rinse;
- Wash, Rinse and Dry;
- Wash, Rinse and Dry plus add Armor All to the tires and plastic trim;
- Plus clean the interior windows and vacuum the interior; and...
- Wipe off the dashboard as well.

But, if I said, "Detail every aspect of the car's exterior and interior other than the undercarriage and engine," that would have a different meaning. Again, each expectation should be shared. The point in communication around expectations and responsibilities is that, all too often, we assume others view things the way we view them. Then, we get disappointed with them.



Bill McBride

when they didn't do it "right," right being defined the way we envisioned it being done. When someone doesn't "get it," it very well may be them, but as leaders, we should first question: did we do what was necessary to make sure they "got it?" If we did our job, and they didn't perform, that is a performance management issue. If we didn't do our job in setting up clear expectations, then that is on us, not our team member as good leaders/managers.

My good friend Brent Darden (www.brentdarden.com) often shares the concept of the "briefback" / "brief back" / "backbrief." This is a concept where when a directive is given, the recipient repeats it back so that both parties are clear on alignment and understanding.

From Velaction.com: *"The process of giving instructions often leaves a significant amount of room for misinterpretation. People are often distracted during the briefing or skim the email containing instructions. Or, the recipient may just make some different assumptions than the person delivering the instructions. Regardless, as in the childhood game of 'telephone', the message's intent can be distorted. The briefback is an effective tool to manage that ambiguity. A briefback (sometimes called "brief back" with two words, or "backbrief") is exactly what it sounds like. The person or people receiving the instructions give a synopsis of the instructions he just received. The person originally giving the instructions can then determine whether the message was received properly. Obviously, if the repeated version is not the same as the original intent, the instructions should be clarified."*

• Everyone wants to be respected and appreciated for his efforts and results (and tenure). What are you doing informally and formally to show appreciation for your teams? Handwritten notes (a lost art); (See Bill McBride Page 25)

It's Never Too Early to Start a Publicity Campaign

By: Nancy Trent

It may still be 2017, but your marketing for 2018 should already be knee-deep. That's because of media lead times!

"Lead time" refers to the period of time that reporters and producers need to prepare stories and information for publication or broadcast, which can vary from hours to months. Attention to lead times is critical for successful media publicity, which is free editorial coverage in magazines, newspapers, TV shows, podcasts, sites and blogs.

Strategic publicity is a marketing and sales tool that helps you grow your company, especially if you don't have the budget to do anything else. It is by far the most cost effective and efficient way to convince more people they need you.

Companies never feel that they are totally ready to take the publicity plunge. As in life, who is ready for the most important developments and events? The reality is: the right time to start publicity is never soon enough.

If you are interviewed for an article in *Men's Fitness* or *Woman's Health* in the winter, that interview might not come out in print until the summer. Even newspapers which print breaking news on the same day will stash a series of lifestyle stories in advance and run them at a later date. Websites and blogs that push out a large chunk of content daily will have already determined, researched, prepped and stored that content to run in a timely line up. TV segments and radio podcasts are also slated well in advance and will often relate directly to what's in the print and in the online buzz.

Add to the media cycle that it takes seven to eleven times for people to

hear things they haven't heard before, and you are late to the game. If you want to get in the press pipeline you need to be thinking six months to a year in advance. No amount of power or price tag will speed up this process. Here are some typical lead times:

- Newspapers have a lead time of one to three weeks for dailies. Check with the newspaper that you are trying to work with as some newspaper sections will have longer lead times. Don't expect to call up a newspaper the day of the event and get them to cover it.
- Monthly trade magazines like this one have lead times of six weeks to two months.
- Monthly consumer magazines have lead times of five to six months.
- Monthly metro magazines have lead times of three to four months.
- Weekly magazines have lead times of one to two months.
- Sunday magazine issues with Sunday newspapers have lead times of three to four months.
- National TV morning shows have lead times of two weeks to two months.
- Local TV talk shows have lead times of two to six weeks.
- Local news outlets have lead times of two days.
- Radio promotions have lead times of two weeks to two months.

● TV talk shows have lead times of one week to one month.

● Breaking news can have lead times of two days. Broadcast producers prefer a day's notice on breaking news, but they are set up to respond within minutes or hours to true breaking news. Be sure to give them four weeks on seasonal or non-breaking news.

● Bloggers and online media like to get the scoop when the news breaks. However, bloggers' preferences vary. Ask them how much advance notice they need and whether they even accept pitches, as some do not and some charge for media coverage. This is not journalism; this is advertising.

If you are introducing a new location, class, trainer, equipment, etc., you need to work backwards from your launch date.

Media stories, especially lifestyle stories like fitness news are cyclical. Every January, the media reports on New Year's resolutions, how to get the Red Carpet glow for awards season, new health and fitness trends and fads, etc. These stories are pitched and placed starting in September through December.

Most media outlets will have a media kit available online so you can see when their advertising closing dates are for upcoming issues and editions. Editorial lead times are longer, but this is a good indicator. The media kits will also clue you into what subjects they plan to cover, including fitness special issues, such as "best of" roundups, new classes to try, openings, trends and more.

Always welcome journalists to visit your facilities because you never know what story ideas, expertise or photo



Nancy Trent

opportunities they will find there.

(*Nancy Trent, The Trend Spotter, is a writer and speaker, a lifelong health advocate, a globe-trotting trend watcher and the Founder and President of Trent & Company, a New York-based marketing communications firm with an office in Los Angeles. Trent & Company grew out of Nancy's personal commitment to helping people live longer and healthier lives. A former journalist for New York magazine, Nancy has written seven books on healthy lifestyles, serves on the editorial boards of several magazines and travels around the world speaking at conferences and trade shows on trends in the marketplace. She is a recognized expert in PR with more than 30 years of experience creating and managing highly successful campaigns. Nancy can be reached at 212-966-0024 or nancy@trentandcompany.com. You can also visit www.trentandcompany.com.*)

...Bill McBride

continued from page 24

meaningful gifts; public acknowledgement in person and in written communications, appreciation for spouses/partners that put up with our team's passion and work schedules, raises, bonuses, titles, promotions... ● Most if not all want to have a purpose in their work.

Does our full team know the WHY of your organization? The real WHY? Why did your organization begin? Why did the founders do what they did? What is the current vision, mission, and most importantly, **Core Values** that are non-negotiable to the organization? Knowing the founder's story and the WHY is critical to enrolling people into the cause of your organization. We should all acknowledge and celebrate the community benefits we

deliver and the difference our organizations make in the world. For example, if your organization is involved in *beating ALS with Augie Nieto* (www.augiesquest.org), do all of your team members, including the most part-time employees, know what you are doing to make a difference in curing this disease? Or, whatever other charitable contributions your organization is making to the community or nation at large...

Some people have better skills than others in various job functions. Try to get your team members in the optimal roles for their skill set. It is much easier to make someone better at what they enjoy and are currently good at than to try to teach them something they don't have an aptitude or enjoyment of. Our goal is team members enjoying and being fulfilled in their work; this is where passion shows up.

Culture is dependent on who you hire, who you terminate and how

you compensate:

- "What you tolerate - You encourage!"
- "Lack of involvement = Lack of commitment!"
- Everyone in the organization should understand the organization's "WHY." This is the only way to differentiate beyond your facility and programming aspects (both also very important).
- If you have a compelling product for a specific target audience/market, you can excel with a focus on your team, facility controllable items and program offerings.

I firmly believe that the biggest crisis our traditional clubs and our industry is currently facing is who and how we hire. So many operators are hiring on a very ad hoc basis with one or more interviews with little or no structure. My next article will be on the screening and hiring process.

(*Bill McBride is a health club industry veteran with over 25 years of experience leading and managing all aspects of commercial health clubs, medical fitness centers, community centers and corporate fitness centers. He owns BMC3, a health club consulting company and is Co-founder, President & CEO of Active Wellness - dba Active Sports Clubs. Bill has served as Chairman of the IHRSA Board of Directors, on the ACE Industry Advisory Board, on the ACSM Facility & Standards Guidelines and Recommendations Committee and is actively engaged in industry Board Service, as well as education and speaking on industry topics throughout the world. Bill can be reached at BillMcBride@BMC3.com or 415-299-9482. You can learn more about Bill at BMC3.com, www.linkedin.com/in/billmcbride or www.twitter.com/billmcbride65.*)

In Touch With Jeff Stokes

By: Norm Cates

Publisher's Note: We're going to wrap up 2017 with something **new!** I'm going to call it **CLUB INSIDER's "In Touch" Series.** As we move into our **25th year** of publishing **CLUB INSIDER**, one of the things I've felt that I wanted to do more of was to share information on special people in our industry with you, our readers. So, I've dreamed up this little article series, and we start off with

my friend, **JEFF STOKES**, Vice President of **HYPOXI** North America.

CLUB INSIDER (C.I.) - Folks, I'm happy to introduce Jeff Stokes who's the Vice President of North America for HYPOXI. Jeff, please tell our readers about your amazing background in our industry going back to when I first met you, what was it something like 25+ years ago, or maybe even earlier that?

Jeff Stokes (JS) - Norm, I've been blessed with 25+ years of working in an industry I truly love. After graduating from Salisbury University in Maryland and playing college baseball, I fell into the health and fitness club industry as a natural extension for my love of sports and fitness. At that time, U.S. Health & Tennis Corporation was the big player in our industry, and they were growing rapidly in the Baltimore/Washington DC area under the brand Holiday Spas. I interviewed for an entry level sales position right out of college, and it was a match made in heaven. I took the position and have never looked back. I worked as a personal trainer, sold memberships and quickly became a club manager at a very young age. They provided great training, so it was a good foundation for my career, and I learned a lot. Unfortunately, Bally's purchased Holiday Spas and other regional health club chains in 1992, and we all know how that story ended. I worked as a Regional Director of Corporate Sales for Bally's for a few more years, but eventually, I got the entrepreneurial bug and started my own company in 1994.

I believe that's when you and I first met, Norm. You had just started **CLUB INSIDER**, and I was looking for ways to promote my new business, *Club Services*. If you recall, we were the first company to offer professional secret shopper and customer experience research for the health and fitness club industry. I partnered with Mike and Dale Bare at Bare International, and we created a full-service consumer research firm dedicated to the health and fitness club industry. Bare International was already established in the hospitality industry, and we felt there was a need for a similar service in the club industry. After meeting with John McCarthy and several other key players in the industry at that time, we determined the timing was right, and I launched Club Services. Our first client was the East Bank Club in Chicago. But, I quickly grew my Club Services business over the next four years and ended up working with over 1,000+ clubs nationwide. I got involved with IHRSA and began speaking, writing and researching, which helped me grow as a consultant and industry expert in customer service, quality control and club operations. In addition to presenting at the annual IHRSA Conventions, I had an opportunity to travel and speak at several international conferences and trade shows. This was truly a wonderful time in my career, and I had the privilege of meeting so many great people in our industry, many whom I'm still great friends with today!

Looking back, I should have probably stuck with Club Services longer. It was a great business and a valued service in our industry. But, honestly, I missed being in the day-to-day operations of running clubs and interacting with people. I moved to Chicago in 1998 to work with TBG Development (TBGD) to help design, construct and operate a large hospital-based fitness center. It was a big \$20 million-dollar project and just one of



Jeff Stokes

several hospital-based fitness center projects for TBGD at that time. We had a great team of industry veterans, and the future looked great, except for one thing... the hospitals wanted to operate under a nonprofit status. As you know, this became a hot topic in our industry, and I felt stuck between my role with TBGD and IHRSA. The mission and purpose of the hospital-based fitness centers were no different from the commercial clubs. So, ethically, I had issues with operating under the nonprofit status... but fate would lead me down a new path.

In late 1999, I met Bahram Akradi, Founder and President of Life Time Fitness. At the time, they were a small regional club chain based in Minneapolis and looking to grow rapidly in the Midwest. I loved Bahram's vision and passion to create a national chain of healthy living destinations, so I took a leap of faith to open and operate their first and only club with a hospital partnership in Bloomingdale, Illinois, and that started a wonderful 10-year career with Life Time. After a few years of helping open and operate several locations throughout the Chicago area, I moved to Phoenix, Arizona to expand their West Coast operations into Arizona, Colorado, Utah, Nevada and California. As you know, Life Time builds some of the most incredible health clubs in the world, and I had the pleasure of being involved with over 30 Life Time Club openings.

Prior to taking on the role to launch HYPOXI in the United States in 2014, I also worked with Anytime Fitness and co-owned and operated several corporate clubs in the West Coast while also working as a franchise coach helping other franchisees operate their businesses. It was this experience that helped me better understand the 24/7 small club model and franchising. As you can see, good or bad, I've done just about everything in the industry. Owner, Operator, Senior Director, Medical Fitness, Consultant, and now, Vice President of HYPOXI North America.

C.I. - Thanks Jeff. To close, let me direct our readers attention to your **HYPOXI** Ad on **This Page**.

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Results and Experience-Based Marketing

By: Michael Gelfgot

In less than a month, 2018 will begin. One of the main questions that most of us ask ourselves this time of year is: How can we retain more members and clients to make it easier for us to turn a **10% return Year Over Year (YOY)**? Most of us know that close to 40%, maybe even 50%, of our sales will come through in the first trimester of 2018. In a hyper-competitive market, winning is the end result.

What is your definition of winning? Is it signing up more members? Is it doing 10%, 20% YOY return? Is it retaining 5% more members than you did the year before? Here is our definition of winning:

Making sure that our members and our clients see results and that every experience they have in our facility is memorable. Our mission, our purpose is to raise the self esteem of the world. We do it one person at time.

First Trimester Preparation

Here is how all of this plays out in the first trimester:

The preparation for the first trimester begins in *September/October* with staffing and training the staff being the number one concern. We put more of an emphasis in the last three months to make sure our clubs are fully staffed. We take more energy and time to train our staff to make sure they are skilled in all aspects of the job.

When it comes to marketing and promos, the main question to answer is: How will this promo help our members see more results or provide a better experience? If we all agree that the promo does both, then it almost doesn't matter what the cost is... we do it. Here is a play by play:

December: This is the month that we give back to our staff and our community. We partner up with the local community beginning in November and carry that fundraising effort halfway through December. We make it easier for our staff to give back by increasing the amount of commission they make during this time of the year. As a company, we match a certain percentage. It really is a wonderful time of the year when everyone comes together to give back to the local community in which they all live.

As far as our staff goes, we make it a point in our managers' meeting to talk about taking time off to be with their families. We put on a very elegant Christmas party where our staff can win prizes and get recognized in front of their peers for hard work in 2017. Recognition is

free and MUST be done regularly.

As far as our clients go, every client who has trained with us in the past 30 days will receive a Christmas present. This tradition has been going on for the past 15 years. Our clients don't expect anything from us in a form of a gift during Christmas. Ritz Carlton hotels call this moment, "unexpressed emotions." It's when a client expresses a positive emotion at a time and a place where they never thought they would ever express such an emotion, particularly at a gym. Clients get completely surprised and are caught off guard. They leave the gym feeling good about themselves. The Mission of raising the self esteem of one person is accomplished, and we try to follow the wisdom in David Wagner's book, *Life as a Day Maker*.

January: The first week of January is typically some sort of a membership promo where we give 30 days of unlimited personal training with every membership purchased. As a company, of course, we are still selling personal training when members join the club; however, what we are really going for here is to have the ability to form a relationship with our new members first, treat them like royalty, make sure they love the experience and then convert these new members into personal training clients the first week of February. What we found was that, when we have our new members try personal training, our conversion rate is about 55%.

February: The first week of February is typically some sort of a personal training promo that capitalizes on memberships sold in January. We throw out bonuses for salespeople based on most sales done. Following up is key for both ends of the house in February.

March: The month of March is the beginning of a promotion called "The Road to Game Day." We prepare for this promo for three months before releasing it in March. The promo lasts through April. Essentially, this promo incentivizes clients and members to use the facility. Each visit is worth a certain amount of raffle tickets that they will get during our party in April. Clients and members who use the club at least 15 times in the months of March

and April earn a t-shirt. Clients can earn extra raffle tickets by taking team and SGT personal training sessions. Clients and members can earn bonus tickets by bringing in a buddy during happy hour (Tuesdays and Thursdays between 5PM and 6PM) for a free workout. If a buddy signs up, more tickets are given out. Our staff has heavy incentives to enroll people into memberships and personal training programs, not just with extra cash but also with additional prizes. What is great about the promotion is that both members and staff are working toward one day in the future, our party day, hence "The Road to Game Day," to celebrate their accomplishments and their successes. This is a big focus of ours in March and April, and we go all out on this promo. If our staff hits 100% of goal for March and April, then we take our staff on an all-inclusive trip to Mexico for four days and three nights. Our staff is super motivated to make sure the entire promo goes well.

April: There are a ton of things happening in April. "The Road to Game Day Promo" is in full effect. Staff is pumped up because they have an opportunity to go to Mexico. Party day preparations are in full effect. The last week in April, we begin training our members for a mud run that we do as a company called The Mudstash (Check out bit.ly/clubinsider43).

Mudstash has been talked about and promoted internally for the past five months. In fact, for Mudstash, one of the Christmas presents for our clients is a BOGO for four weeks of unlimited personal training along with a ticket, t-shirt and all the mud you can carry to prepare our clients and their buddy (whomever they want to split the BOGO with). Mudstash is the single coolest, baddest event that we can do as a company that lives up to our mission of raising the self-esteem of the world. As the month comes to an end, Mudstash training and hype begins, which carries us through May and into the first weekend in June.

Ongoing marketing:

1. The social media calendar that is produced by our marketing team is given to each club to produce local, relevant content daily. This is a lead generating machine,



Michael Gelfgot

and it is super important to make sure its run well. Every month, whatever is happening in the club is what's being highlighted by our social media ambassadors who are located in every club. Ambassadors are either trainers or membership staff.

2. There is always a promo that's happening online to gather email addresses.

3. Business to business marketing is happening daily to promote our Corporate Fit Challenge program.'

To wrap this up, if you don't have something cooking in the first trimester to engage and interact with your members, you are in the wrong business. If you want to make it in a business where 19% of the total population is a member of a health club, you must have fun and engage members. Our goal is to engage the other 81%. However, the other 81% is smarter now more than ever, and what they are looking for is not just a facility that gives them access to a treadmill. They are not interested in renting equipment. What they are interested in is seeing results and staying motivated.

(Mike Gelfgot immigrated from Tashkent, Uzbekistan in 1993, and since then, he's devoted his life to helping people get to a healthier place. Mike holds credentials from: NASM, CES, PN, TRX, FAI, FMS, and in 2012, he was the Anytime Fitness Personal Trainer of the Year. Mike can be reached at Mike.Gelfgot@cloud.com.)

Make It Fun !

Fitness Financing Available in Today's Market

By: Paul Bosley

Today's fitness centers come in all sizes with a wide variety of fitness equipment. Consequently, the appropriate financing for the diverse fitness centers varies considerably based upon the dollar amount of capital required. This article offers an overview of the best financing available based upon the amount of money required to properly capitalize any given fitness center.

Financing a Fitness Center for \$350,000 or Less

Introduction - In 2014, the Small Business Administration (SBA) introduced the Small Loan Advantage loan program some lenders refer to as the SBA Express Loan. After the "The Great Recession," many homeowners lost their real estate equity, which was used as the collateral requirement for a SBA 7(a) loan approval in most cases. Consequently, many perspective borrowers were unable to secure financing because they lacked the equity in their home required to collateralize their loan

request. The SBA Express loan is capped at \$150,000 to limit the lender's risk since the borrower's **real estate collateral is not required**, and business assets are used to collateralize the SBA Express Loan. **Since the collateral used to secure an equipment lease is the equipment being financed and the collateral for the SBA Express Loan is the equipment needed to operate the business, these two debt financing products are compatible.**

Capital Leases - Leasing Equipment to Own - The most common financing option for fitness equipment is a capital lease. The main purpose of a capital lease is to finance the equipment purchase while preserving the owner's working capital. Fitness centers can finance the purchase of their proprietary equipment, security systems, computer hardware and software, flooring, outdoor signage and other tangible items needed to run the business using an equipment lease. The owner(s) are required to personally guarantee an equipment lease. The required down payment ranges from a lease payment up to 20% of the amount financed. Lease documentation fees may

range from \$95 to \$495. Repayment terms typically range from 12 months up to 60 months. All payments are tax deductible, so these payments will lower business' taxable income, and in turn, tax liability. Since the plan is to keep their equipment long term, a typical capital lease offers a \$1.00 end of term purchase option.

Small Business Administration (SBA) Express Working Capital Loan - This government-backed loan is designed to provide up to \$150,000 of working capital to support the company until the business generates positive cash flow. The loan process takes 90 days to complete before the loan is funded. The SBA Express Loan approval requirements are good personal credit and some liquid assets, and the loan process requires attention to detail. If the use of the loan funds is to finance a new location, the loan can be approved in advance. However, the funds will not be distributed by the bank until the new location has received a certificate of occupancy. This insures that the money will be used to operate the new business and will not be used to pay for facility



Paul Bosley

build-out expenses. The interest rate for this loan is calculated by starting with the prime rate as published in the *Wall Street Journal*, which is currently 4.25%. The bank charges a 2.75% risk premium on this loan, so the interest rate is 7% now. The repayment term is ten years, and there is no pre-payment penalty. So, if the borrower/franchisee is extremely profitable, the loan

(See Paul Bosley Page 30)

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RATES GO UP
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...Paul Bosley

continued from page 28

can be prepaid to save interest expense.

Conclusion - Equipment leases and SBA Express Loans are complementary products that will enable the owner of a fitness center with good personal credit to finance the opening and expansion of a franchise. **The best part about the financing combination of a SBA Express Loan and equipment lease is that the collateral is your business assets, not your home!**

Financing a Fitness Center for \$350,000 or More

The SBA 7(a) Loan - The SBA 7(a) Loan will provide financing ranging from 70% to 90% of the total project cost, which typically includes the equipment needed to operate your business, organization costs, location build-out, deposits, inventory, operating working capital and franchise fees. The owners' equity injection ranges from 10% to 30% of the total project costs and cannot be borrowed money such as a home

equity loan. The borrowers must provide their resume(s) demonstrating industry experience, transferable management skills and/or related education. The collateral for the loan includes all business assets. Addition collateral is often required, which is typically residential real estate only up to the loan dollar amount. Good personal credit is required. The loan repayment term is ten years. Prepayment penalties typically range from 1 to 4% over the initial term period. The interest rate is typically the prime rate as published in the *Wall Street Journal* (4.25%) plus a risk premium of typically 2.75%, so the current rate offered is 7%. Closing Costs are approximately 3% of loan amount and are usually added to the loan amount.

Real Estate Acquisition - The SBA loan will finance up to 90% of the real estate acquisition cost. The owners' equity injections are typically 10% of the acquisition cost of the real estate and cannot be borrowed money, such as a home equity loan. The business must occupy at least 50% of the useable space, which provides an opportunity to lease out up to 49% of the useable space. The collateral is the real

estate being purchased. Good personal credit is required. The loan repayment term ranges from 20 to 25 years and is fully amortized with no balloon payment. The interest rate is calculated starting with the prime rate (4.25%) plus a risk premium, which will vary based on the appraisal and the strength of the borrower. The closing cost is typically 3% of the loan amount added to the amount financed at closing. The timing to close is 90 days and varies with bank work load, time for real estate appraisal and borrower responsiveness.

Conclusion - There are many benefits of the SBA 7(a) program to finance your business. The business owner will have only one monthly debt payment 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 the SBA 7(a) loan is 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.

(Paul Bosley is the Managing Member of Healthclubexperts.com, and he can be reached toll free at 800-788-3884, by cellphone at 561-702-5505 or email at paul@healthclubexperts.com. Or, check out www.healthclubexperts.com)

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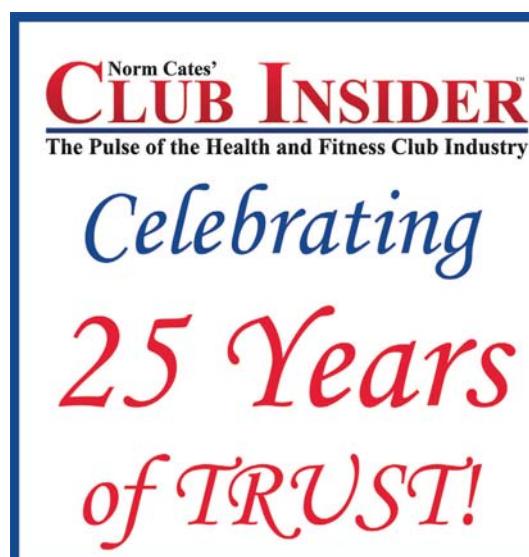
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Thanks and Appreciation

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

A very sincere **Thanks and Appreciation** go to **Rick Caro, Dr. Gerry Faust** and the **Faust Executive Roundtable #1** for helping me decide in 1993 what my home-based business would be. **Thanks and Appreciation** to my long-time friends, **Ron Hudspeth and Cathy Miller** of Atlanta's **Hudspeth Report** for the tremendous assistance they provided us during our *first eight years of publication*. **Thanks and Appreciation** to all of the folks at **Walton Press** in Monroe, Georgia. They've done an absolutely excellent job for us all these years and have printed every one of our **288** monthly editions! **Thanks and Appreciation** to all of our **READERS**. Sincere **Thanks and Appreciation** to our CLUB INSIDER **Advertisers**, past and present, for their kind and dedicated support of this publication. It's amazing to know that we have several advertisers with over 15 years of continuous advertising with us. Plus, we have one advertiser, **National Gym Supply**, with over 24 years advertising with us! We also want to say sincere **Thanks and Appreciation** to all of our CLUB INSIDER **Contributing Authors**, past and present, who've contributed *hundreds and hundreds* of excellent articles to help our readers with their Best Business Practices. **Thanks and Appreciation** to IHRSA for all it does.

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

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

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

Norm Cates, Jr.

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