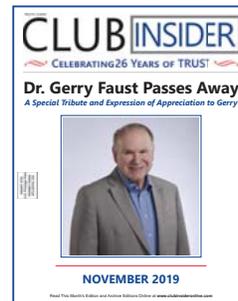
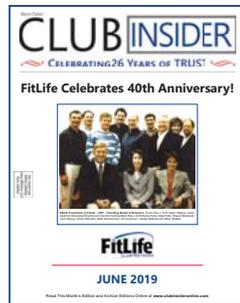
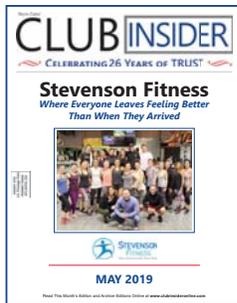
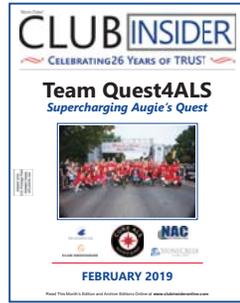


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CELEBRATING 26 YEARS OF TRUST



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2019 In Review

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CELEBRATING 26 YEARS OF TRUST

2019 In Review

By: **Justin Cates**

What a year! What a decade! We hope things are going great for you, your family, your team and your facility (or facilities). As we look back, what a year it has been. What a decade it has been! As always, this year, as we have for decades now, our goal with **Club Insider** is to bring to you another stacked slate of informative cover stories by *Publisher and Tribal Leader Since 1993, Norm Cates*, and *Partner and Assistant Publisher, Justin Cates*; high-level best practices articles by the always-improving **Club Insider Contributing Author Team**; and key industry news and insights via selected press releases, and of course, monthly installments of **Norm Notes**.

At **Club Insider**, the new decade brings **Year 27 of our Mission**, which is: *"To help the owners and operators of health and fitness clubs professionalize their clubs and gain the trust and business of their*

community." We are honored to serve this great industry with that Mission and to serve you, our loyal readers. Simply, without you, this publication would not exist.

So, from the bottom of our hearts, we thank you; first, for dedicating your professional lives to this great industry; second, we thank you for turning to us in this capacity to partially help you accomplish that life's mission. It is our honor. It is our purpose. Now, I welcome you to read on as we recap yet another fun and exciting year in the ongoing history of the health and fitness club industry.

A Summary of Our 2019 Cover Stories

We began 2019 with our **January Cover Story** about **Scott and Linda Felsted's VASA Fitness**. Interviewing **CEO, Rich Nelsen**, we learned the story of VASA's rapid expansion to 40 locations and how it's ushering in what they call the *HV/LP 3.0 model*.

Our **February Cover Story**, we featured **Team Quest4ALS** and their fundraising effort for **Augie's Quest**. Under the leadership of **Kevin McHugh, Jim Worthington, Larry Conner** and **Paula Neubert**, the group has participated in numerous Rock and Roll Marathon and Half Marathon events over the past three years and raised over \$1.3 million for ALS Research.

In our **March Cover Story**, we shared the story of our long-time friend, **Pete Moore**, and his **company Integrity Square**. Pete coined the term **HALO: Health, Active, Lifestyle and Outdoors**. And, his podcast, **HALO Talks, www.halotalks.com**, features very illuminating discussions with industry leaders.

The **April Edition of Club Insider** did not feature a cover story, but instead, several important news items coming out of the **IHRSA's 38th Annual Convention and Trade Show. IHRSA39** is coming up in March of 2020, so register



Justin Cates

today of you have not already! Go to hub.ihrsa.org/ihrsa-2020.

Cover stories resumed with our **May feature** on **Chris Stevenson** and (See **2019 In Review Page 10**)

The Boutique Fitness Studio Stampede - Part II

By: **Stephen Tharrett & Mark Williamson**

Publisher's Note: Our friends, **Stephen Tharrett** and **Mark Williamson**, *Founders and Principals of ClubIntel*, a health and fitness club industry research firm and consultancy, recently released an in-depth Whitepaper Report on a subject that affects all in the health and fitness club industry: *The Boutique Fitness Studio*. Given the depth of research provided and interpreted into key insights, we felt this a worthy report

for reprinting in **Club Insider**. With their permission, we presented **Part I** of their report in our November Edition. Now, for the conclusion with **Part II**.

...

Pricing Approaches and Price Points for Boutique Fitness Studios

When the fitness studio market (See **ClubIntel Page 26**)



Inside the Insider: Edition #312

- Exercise IS Medicine! Living Well After Cancer - **By:** Jessica DeHart, Ph.D.
- \$10M Lawsuit Filed Against Health Club Alleging False Claim of Lewd Behavior - **By:** Paul R. Bedard, Esquire
- Protect Your Data and Your Money this Holiday and Tax Filing Season - **By:** Kristen Deazeley, IRS
- The Power of "B2B" - **By:** Jarod Cogswell
- Retail Relationships: Service & Perks - **By:** Bill McBride
- When is the Best Time to Sell My Gym? - **By:** Jim Thomas
- Are You Charging Enough For Your Membership? - **By:** Michael Gelfgot
- Majority of Adolescents Worldwide Not Sufficiently Physically Active, Says WHO
- Industry Leaders From Across the Globe Connect at IHRSA Women's Leadership Summit
- Provide Your Members With Easy, Secure Access to the Fitness Items 24/7
- Introducing Active Cat Around the World
- 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 312th monthly edition! We're SO GLAD to be here today writing these special Norm's Notes for you! Yahoo! Merry Christmas, or Happy Holidays, and a very Healthy and Happy New Year to you and your family!

■ **Is America a great country, or what?** Where else could a guy who flunked English Composition 101 in college end up as the 27-year publisher of Club Insider, a special newspaper for people who own and operate health and sports clubs around the world, and ON TOP OF THAT, a guy who has a son who grew up in this industry that we all love and worked his way up to become the Assistant Publisher and a Partner in the business. And, ON TOP OF THAT, this young partner in Club Insider, JUSTIN CATES, is a very industrious young man who went out and got a hobby job as a Disney World Monorail Pilot, Trainer and Coordinator. And, ON TOP OF THAT, this young man was one of just 81 Disney Cast Members (employees) out of 84,000 in Orlando who were recently introduced as the carefully hand-picked 2020 Traditions Team. In preparation of Disney World's 50th Anniversary in 2021, the Disney Traditions Team will introduce all new Disney World Cast Members, Crew Members, Imagineers and operating participants to the culture and heritage

of the Disney Company. The Disney Traditions Program encourages participants to explore and understand how happiness is created for Disney Guests each and every day. Each year, hundreds of talented Disney Cast Members audition for the opportunity to continue the legacy of Walt Disney, himself. After four rounds of intense auditions, our industry's JUSTIN CATES has been selected, and he was introduced along with 80 other Traditions Team Members in early October. So, now, I write loud and clear that YES, America is definitely a great country! Congratulations again, JUSTIN CATES, and GOD BLESS AMERICA!

■ The day that I wrote this was December 7, 2019. In case you do not know it, December 7, 1941 is a date that is also known as "Pearl Harbor Day," and each year, those of us who keep up with American history know that, on "December 7, 1941, a day which will live in infamy, the Naval and Air Forces of the Empire of Japan suddenly and deliberately attacked Pearl Harbor," killing 2,403 Americans which included 2,009 Navy personnel, 109 Marines, 218 Army service members and 68 civilians. May all of those killed Rest In Peace.

■ Check out the Press Release from Vending.com's PHIL MASTERS and TODD HITTENMILLER on Page #22 and their New Ad for Vending.com on Page #23. Welcome to the Club Insider

Advertiser Team!

■ **Happy Birthday to DARON "Rocketman" ALLEN, CEO of Visual Fitness Planner on his 50th birthday!**

■ Here's an announcement I picked up from LinkedIn about our long-time friend, HERB LIPSMAN, who wrote: "I'm pleased to announce that I have accepted a new assignment with VillaSport Athletic Club and Spa as the new General Manager for our club in The Woodlands, Texas. I'm looking forward to using my decades of experience to make many positive contributions to the continued success of this bustling club." Best wishes to Herb on his new role at VillaSport!

■ Our good friend, and long-time Club Insider Advertiser in Club Insider, JEFF RANDALL of JLR Associates, has announced that GARY POLIC has been hired by RODNEY STEVEN, II, Founder and Owner of Genesis Health Clubs, to be their Vice President of Sales. Congratulations, Gary! AND, congratulations to RODNEY for his wise choice of Gary for that job, because Gary is a great guy and will do a great job. Rodney, your company is lucky to have Gary on board!

■ Speaking of Genesis Health Clubs, this News was sent by JAKE McCABE, Vice President of Marketing for Genesis Health Clubs:



Norm Cates

"Genesis Health Clubs announced their milestone 50th location with the acquisition of four Aspen Athletic Club locations in Des Moines, Iowa and with more to come. Genesis Health Clubs continues its explosive growth with the addition of these four Des Moines, Iowa clubs. The explosive growth cements Genesis Health Clubs as the largest Health Club provider in the Midwest. McCabe quoted Genesis Health Clubs Owner and President RODNEY STEVEN, II, who announced the four Des Moines, Iowa Aspen Athletic Clubs locations, and he mentioned that they plan to start a major remodeling project on the clubs soon. The acquisition (See Norm's Notes Page 7)

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CELEBRATING 26 YEARS OF TRUST

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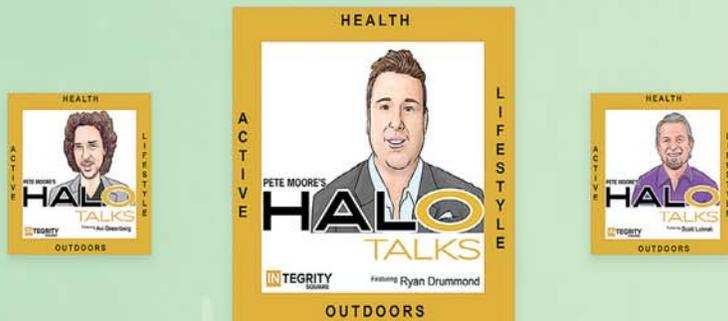
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Living Well After Cancer

By: **Jessica DeHart, Ph.D.**

Mike Alpert: I thought that it would be very appropriate to end this year with an article written by **Jessica DeHart Ph.D.**, who is doing the medical research for *City of Hope* and *Claremont Graduate University* on our *Living Well After Cancer* program. In October of last year, I was able to do a presentation in Chicago with Jessica, and the medical data she presented was really astounding. Here it is in her own words.



There are currently 17 million people in the United States asking, "Now What?" By 2029, this number will rise to 22 million, and by 2040, the number will reach 26 million. If you are reading this article, you hold the answer to their question.

Cancer treatment is becoming more effective, which is increasing the number of cancer survivors exponentially each year. *It is truly something to celebrate.* However, when the celebratory bells fall silent and the confetti is swept up, cancer survivors are faced with their "new normal."

Many women and men experience dramatic physical, emotional and psychological symptoms during cancer treatment. Sometimes, these symptoms disappear soon after treatment is finished. Other times, more often than we previously thought, "they become long-term." The collateral damage of successful cancer treatment is burdensome, and the rally cry against the acceptance of a "New Normal" is growing louder. It is time to help the cancer community to do more than survive. It is time to help them thrive!

Common forms of collateral damage of cancer treatment are pain, neuropathy (debilitating numbness with nerve pain in limbs), fatigue, weight gain, depression, anxiety, social isolation, decreased self-efficacy and cognitive concerns (sometimes referred to as "chemo brain"). What is less known is that, after cancer treatment, a large proportion of patients also experience metabolic issues, including increased blood pressure, high blood sugar, excess body fat around the waist and abnormal cholesterol or triglyceride levels that increase a person's risk of heart disease, stroke, type 2 diabetes, and even, cancer recurrence.

The **FANTASTIC news** is that exercise has been shown to not only alleviate the collateral damage of cancer treatment and substantially increase quality of life but also to reverse metabolic syndrome. However, only 30% of cancer

survivors are currently meeting the physical activity guidelines. Why?

You know very well the difficulty of getting people to exercise, and cancer survivors have additional challenges to consider. In order to be successful within the cancer community, a program should: (1) have a strong social support component; (2) take place outside of cancer clinics/hospitals due to potential treatment-related post-traumatic stress disorder (PTSD); and (3) be doable and maintainable given the potential limited resources.

The *Living Well After Cancer (LWAC)* program provides all of these components for success. The LWAC is a 12-week wellness program offered twice a year at the Claremont Club. Participants meet twice a week to exercise together and receive health education. They, and a caregiver, are given a free club membership during the 12-weeks and a deeply discounted membership thereafter. Over 1,200 cancer survivors have successfully completed the program, but until 18 months ago, no data had been collected formally evaluating the program. Therefore, in partnership with City of Hope and Claremont Graduate University, a pilot study was conducted to evaluate the impact of the LWAC program on 70 cancer survivors.

After 12 weeks of participating in the LWAC program, participants were significantly healthier both physically and psychologically. Fitness capability increased, all measures of psychological distress decreased, and all measures of quality of life increased. Metabolic



Mike Alpert



Jessica DeHart, Ph.D.

measures (including glucose, triglycerides and cholesterol) all decreased significantly; in fact, most of the participants who had higher than normal metabolic levels returned to normal after the 12-week program. In addition, measures of self-efficacy, including managing symptoms, daily activities and emotions significantly increased, and a measure of chronic inflammation significantly decreased.

We are excited to announce that, within the next couple of months, we will be publishing two papers reporting our results in medical journals. In February, we will be conducting a randomized trial with one group participating in the program and a "control" group who will receive the program in September.

The LWAC program is an easy-to-implement, cost-efficient, low-resources

program that provides an environment of healing and wellbeing, social support with other cancer "thrivers" and exposure to multiple forms of exercise. The LWAC program may be the health club industry's answer to the cancer survivor's "Now What?"

Given what we know about the effect of exercise on cancer survivorship and the growing number of cancer survivors, the time for action is *now*. It is time to help cancer survivors become cancer thrivers.

Become committed: **Exercise IS Medicine.**

(Jessica DeHart Ph.D. is a medical researcher for City of Hope and Claremont Graduate University on their *Living Well After Cancer Program*.)



...Norm's Notes

continued from page 4

of the *Merle Hay, Hickman Road, SE 14th* and *West Glen* locations brings the total count of Genesis Health Clubs locations to a milestone 50th locations! In the near future a brand-new location will also be announced. The clubs will receive additional strength and cardio equipment, new amenities, renovated luxury locker rooms, and the latest innovations in health club design. *Genesis Health Clubs Owner and President, Rodney Steven, II*, commented, "We've been looking at Des Moines for a while. It's such a natural fit for us, being in the Midwest and similar in size to our home base in Wichita. These clubs are wonderful, but we can't wait to transform them into true Genesis locations and show Des Moines a new standard in fitness."

■ It's my pleasure to mention a **Press Release** from IHRSA's **JAY ABLONDI**, announcing the publication and release of a book entitled, **Active Cat Around the World**. We've shared **Jay's Press Release** about the book on **Page #27**, so check it out!

■ **GEORGE JACKSON** of **Muscle Sports Productions**, whose ad appears this month on **Page #8**, informed me that the **MITCHELL THORP FOUNDATION (MTF)**, which supports families whose children suffer from life-threatening illnesses, diseases and disorders in Carlsbad, California, and surrounding San Diego County communities, will come together to celebrate the **11th Annual Mitchell Thorp Foundation's (MTF) 5K Run/Walk and Family Festival on Saturday, February 1, 2020 at Poinsettia Park in**

Carlsbad. The event runs from **8:30 AM to 12:30 PM**. George told **Club Insider** that the event is once again being made possible by the support of their generous sponsors, including: **The Independent Financial Group, Planning Center, Aethercomm, Incubate Ventures, The Gym, Skydive San Diego, San Diego Padres and ViaSat**. George says it's never too late to become a sponsor, so check out **www.mitchellthorp.org** to register, start a team or donate to help a child. To contact George directly, his email address is **musclesportproduction@gmail.com**.

■ **MATRIX FITNESS**, a division of **Johnson Health Tech (JHT)**, has announced its partnership with the **National Cooperative Purchasing Alliance (NCPA)**, as their new preferred athletic supplies and equipment vendor. NCPA is a leading national government purchasing cooperative, working to reduce the cost of goods and services by leveraging the purchasing power of public agencies in all 50 states. There are over 90,000 agencies nationwide from both the public and nonprofit sectors that are eligible to utilize NCPA's cooperative purchasing contract
(See *Norm's Notes* Page 8)

Majority of Adolescents Worldwide Not Sufficiently Physically Active, Says WHO

GENEVA - The first-ever global trends for adolescent insufficient physical activity show that urgent action is needed to increase physical activity levels in girls and boys aged 11 to 17 years. The study, published in *The Lancet Child & Adolescent Health* journal and produced by researchers from the World Health Organization (WHO), finds that more than 80% of school-going adolescents globally did not meet current recommendations of at least one hour of physical activity per day, including 85% of girls and 78% of boys.

The study, which is based on data reported by 1.6 million 11 to 17-year-old students, finds that across all 146 countries studied between 2001 - 2016 girls were less active than boys in all but four (Tonga, Samoa, Afghanistan and Zambia).

The difference in the proportion of boys and girls meeting the recommendations was greater than 10 percentage points in almost one in three countries in 2016 (29%, 43 of 146 countries), with the biggest gaps seen in the United States of America and Ireland (more than 15 percentage points). Most countries in the study (73%, 107 of 146) saw this gender gap widen between 2001 - 2016.

Young People's Health Compromised By Insufficient Physical Activity

The authors say that levels of insufficient physical activity in adolescents continues to be extremely high, compromising their current and future health. "Urgent policy action to increase physical activity is needed now, particularly to promote and retain girls' participation in physical activity," says study author **Dr Regina Guthold, WHO**.

The health benefits of a physically active lifestyle during adolescence include improved cardiorespiratory and muscular fitness, bone and cardiometabolic health, and positive effects on weight. There is also growing evidence that physical activity has a positive impact on cognitive development

and socializing. Current evidence suggests that many of these benefits continue into adulthood.

To achieve these benefits, the WHO recommends for adolescents to do moderate or vigorous physical activity for an hour or more each day.

The authors estimated how many 11- to 17-year-olds do not meet this recommendation by analyzing data collected through school-based surveys on physical activity levels. The assessment included all types of physical activity, such as time spent in active play, recreation and sports, active domestic chores, walking and cycling or other types of active transportation, physical education and planned exercise.

To improve levels of physical activity among adolescents, the study recommends that:

- Urgent scaling up is needed of known effective policies and programmes to increase physical activity in adolescents;
- Multisectoral action is needed to offer opportunities for young people to be active, involving education, urban planning, road safety and others;

The highest levels of society, including national, city and local leaders, should promote the importance of physical activity for the health and wellbeing of all people, including adolescents.

"The study highlights that young people have the right to play and should be provided with the opportunities to realise their right to physical and mental health and wellbeing," says co-author, **Dr Fiona Bull, WHO**. "Strong political will and action can address the fact that four in every five adolescents do not experience the enjoyment and social, physical and mental health benefits of regular physical activity. Policy makers and stakeholders should be encouraged to act now for the health of this and future young generations."



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...Norm's Notes

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with Matrix Fitness, including: **K-12, Higher Education, City, County, State, Healthcare, Church/Religious** and all **non-profit organizations**. "Partnering with NCPA has been a tremendous experience for Matrix Fitness. Bypassing the time-consuming RFP process by utilizing a highly reputable, national contract is a win for everyone. We look forward to working with members of NCPA to provide them with solutions for their fitness equipment needs," said **MARC LOOMER**, Sales

Manager of College and Recreation at Matrix Fitness.

■ This from SARA KOOPERMAN's Team:

On Wednesday, November 13, 2019 in Orlando, Florida, female directors, managers, trainers and medical personnel, both experienced and novice, from health and wellness facilities all over the USA, gathered to be inspired and educated by the **CEO of SCW Fitness Education, SARA KOOPERMAN; Owner of Shapes Fitness for Women, ANN GILBERT; and President of Midtown Health,**

DEBRA SIENA. These executive women spent the morning exploring **Women: Vision, Values & Verve**, an exceptionally innovative event supported by the **Medical Fitness Association (MFA) and Women in Fitness Association (WIFA)**. Everyone who attended came with the desire to fuel their fire and advance their career. The program, based upon both personal resolutions and professional aspirations of these incredible leaders, explored proven strategies and successful practices filled with active discussions.

Each individual began her journey by looking at her **Vision**, examining what they wanted to achieve and developing a vision statement that supported their professional growth. Once a vision was developed, each attendee took the time to clarify and understand her **Values** so that they aligned with her individual behavior. Each participant then developed a purpose based upon the female desire to please everyone while remaining true to herself. This interactive workshop concluded by addressing **Verve**, reviewing confidence and its ramifications on success. Every woman left with a *defined* and *purposeful vision*, a set value and the gusto to take on their future with verve!

■ **JUSTIN** and I want to say **Thanks for reading Club Insider!**

■ **Club Insider** is a **Paid Subscription based Publication with a money back guarantee on all new subscriptions**. Are you a **Paid Subscriber?** If the words

PROMOTIONAL COPY appear above your name and address on the cover of this month's edition, *you are not a Paid Subscriber*, and you are not enjoying the *full benefits* of a **Paid Subscription** to **Club Insider**, which includes **one year of new editions** (print and online) and **online access to all previous 26 years of Club Insider's 312 archived monthly editions**. So, *don't delay!* **Subscribe today for just \$89 for one year, \$149 for two years or \$10 a month** by going to www.clubinsideronline.com/subscribe.

■ **God bless our troops, airmen and sailors worldwide and keep them safe. Thank you, Congratulations and Welcome Home to all of our troops who've served in Iraq, Afghanistan, and around the world. God bless America's Policemen and women and Firemen and women and keep them safe. God bless you, your family and your club(s). God Bless America! Laus Deo!**

(Norm Cates, Jr. is a 43-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of **Club Insider**, now in its 26th 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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Industry Leaders From Across the Globe Connect at IHRSA Women's Leadership Summit

BOSTON, MA - On November 14th, women and men from across the globe came together for the **IHRSA Women's Leadership Summit** hosted by Athletic Business in Orlando, Florida.

The event kicked off with a networking activity that set the tone for an afternoon of connection and sharing. During the interactive keynote presentation that followed, business coach, author and speaker, **Debbie Peterson**, offered attendees tips to create clarity for their career and discover strategies for being more productive in ways that work with a demanding lifestyle.

A highlight of the day was the panel discussion, "*People, Perspective, & Purpose*," moderated by **Michele Melkerson-Granryd**, **IHRSA Board Member and General Manager of Castle Hill Fitness 360** in Austin, TX, which attendees described as powerful, insightful, inspiring and informative.

The three panelists, **Lynne Brick**, **Co-Founder of Brick Bodies** in Greater Baltimore and **Co-Owner of Planet Fitness Growth Partners; Carol Nalevanko**,

President of DMB Sports Clubs in Arizona; and **Greta Wagner**, **Executive Director/EVP at Chelsea Piers** in Connecticut, shared the decisions and experiences that helped shape their career paths.

The afternoon included multiple opportunities for attendees to catch up with familiar faces and meet new colleagues, through a second networking activity facilitated by Peterson and a closing cocktail reception.

"The success of the IHRSA Women's Leadership Summit is a testament to the community of women in the fitness industry who are committed to empowering each other," said **IHRSA COO, Anita Horne Lawlor**. "The energy, connections and sharing of ideas is what we envisioned when we created the IHRSA Women's Leadership Summit over 12 years ago."

The 2019 IHRSA Women's Leadership Summit was sponsored by Club Automation and MyZone. The next IHRSA Women's Leadership Summit will take place on March 18th during **IHRSA 2020, IHRSA's 39th Annual International Convention & Trade Show**.

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...2019 In Review

continued from page 3

Stevenson Fitness. Beginning his career in martial arts and then on TV, Chris eventually transitioned into the health and fitness club industry. After several iterations, he has reached the sweet spot. Chris is also now an **IHRSA Board Member.**

In honor of **FitLife's 40th Anniversary**, our **June Cover Story** featured a group interview with long-time industry veterans, **Neal Simpson, Mark Eisenzimmer** and **Chuck Richards** (and **Jennifer Harding** via written comments in the following edition). They discussed the formation of FitLife, its evolution over the years and influence on clubs in the northwest.

Our **July Cover Story** took us "*Inside the Red Room*" with **Barry's Bootcamp CEO, Joey Gonzalez.** Their concept is not new, but its now polished model is a very exciting concept and brand. In this story, **Jon Canarick, Managing Director of North Castle Partners,** also commented on what they saw in Barry's that led to a large investment.

Moving into the field of amenity management, our **August Cover Story**

featured **URBN Playground** and its **Founders, Jeremy Brutus and Amy Blitz.** There are many lessons to be learned about how value is created for residents of a property and guests of hotels.

The **September 2019 Edition** of **Club Insider** and its **Cover Story** paid homage to another veteran and **LEGEND** of our industry, **Ruth Stricker.** She created the idea of the *mind-body* connection, and she lives it in her own life every day. Imagine what her members experience!

Our **October Cover Story** featured the revolutionary **Black Box VR** brand, founded by **Ryan DeLuca, Founder of bodybuilding.com.** Winning awards are CES, the future is bright for this concept and others like it.

Closing out 2019, our **November Cover Story** was a **Tribute to the Late and GREAT Dr. Gerry Faust.** After **Rick Caro's** introduction of Dr. Faust to the health and fitness club industry, simply put, the industry changed for the better. With the advent of the **FAUST Roundtable**, club owners and operators had a true outlet to share their ideas and learn from others. Since then, that idea has grown, and only time will tell where it goes.



(L to R) Justin Cates, Norm Cates and Bill McBride at IHRSA San Diego

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 for 312 months.

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 119-year-old company in Monroe, Georgia for the great work they've done on all **312 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: **Ben Midgley, Bill McBride, Bruce Carter, Casey Conrad, Charley Swayne, Dave Johnson, Denise Johnson, MS, Derek Barton, Jarod Cogswell, Jim Thomas, Jon Butts, Karen Woodard-Chavez, Kristen Deazeley, Mark Williamson, Melissa Knowles, Michael Gelfgot, Mike Alpert, Nancy Trent, Paul R. Bedard, Esquire, Ron Alterio, Stephen Tharrett and Thomas Plummer.**

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 financial support. **Thank you all!** Our advertisers this year included: **ABC Financial, American Gym Trader, Augie's Quest, BMC3, Club Industry, Crunch Franchising, FIBO USA, Flexit, Health Club Experts, iGo Figure, IHRSA, Integrity Square, Iron Grip Barbell Company, JLR Associates, LA Fitness, Lock America, MOSSA, Muscle Sport Productions, Muscle Up Marketing, Sports & Fitness Insurance, The STEP Company, Vending.com, Visual Fitness**

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(See 2019 In Review Page 12)

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advice, etc.

This non-dues revenue model has generated nearly \$200,000! These members are also sending their friends in to join plus they continue on with the revenue generating Listen To Your Body program, which has built my receivables back up by the hundreds of thousands.

They aren't just leads. Because of 2030 FastTrack, the moment a person contacts us they are literally ready to buy from our club.

**MARY BETH
& JOHN CLARK**



“I Literally Get A Text Or Call Every Day From Somebody Wanting To Join!”

As if the devastation to our club from hurricane Katrina wasn't enough, what really almost took us out was how much competition was moving in between the big box club, a couple of smaller club chains, (one that opened at my back door) and then a new wellness center. We were trying to survive, but this left us with no leads, no revenue and certainly no profit.

At the same point in time our economy had taken a devastating hit and people were losing their jobs by the hundreds and I was even facing laying off some of my own team. I had to find something that would overcome the low-price club options, bring people through my door and save my club.

I started looking for that missing piece that would diversify us from the traditional fitness club and provide an additional revenue stream. I wanted something that would truly help people, allow me to do what I

love and still make money doing it.

You may not have had a hurricane Katrina, you may not have had a big box club take over your town or another gym open on your doorstep, but I bet the idea of having someone reach out to you every single day wanting to join appeals to you.

I started searching for options that would diversify my business from the traditional fitness club and truly help people get results. Because in the fitness business, people can exercise forever and never change. I wanted something that truly would help people see real results and at the same time, make money doing something I thoroughly love. When I learned about 2030 FastTrack I felt it was the missing piece I was looking for that was really going to save my company and set us apart from everyone. I thought to myself, if anything could save us this would. It truly was the missing piece and I was right!

Becoming a part of 2030 FastTrack did in fact save our company. It saved us financially. Remember, we were coming out of a few tough years and the revenue I was getting from my membership base had dropped.

2030 FastTrack didn't just cover its own expenses, it helped me to pay for the bills from my club as well.

2030 FastTrack has people coming to us every day ready to join. They aren't just leads. Because of 2030 FastTrack, the moment a person contacts us they are literally ready to buy from our club.

I'm not even marketing yet, it really is all coming from referrals.

Not only are people seeing amazing results from the 2030 FastTrack, this non-dues revenue model has generated nearly \$200,000! These members are also sending their friends in to join plus they continue on with the revenue generating Listen To Your Body program, which has built my receivables back up by the hundreds of thousands.

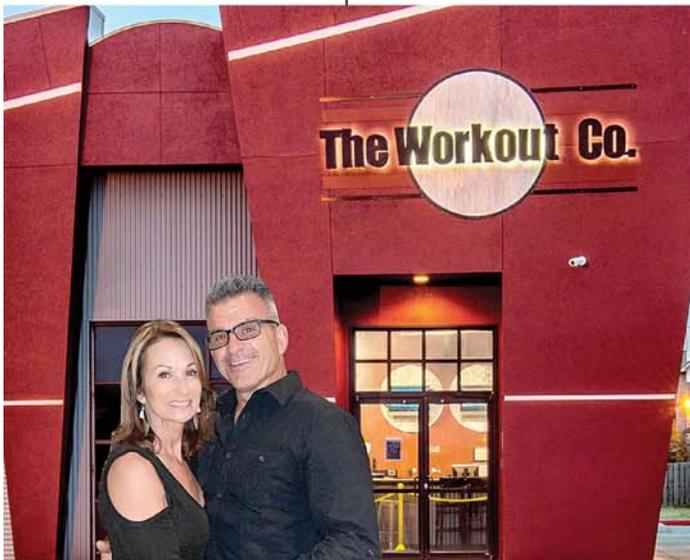
Thirty-six years ago I got into the fitness business to change people's lives... To help people to be healthy and happy. But, I did not have the formula to do it until 2030 FastTrack. Adding 2030 FastTrack has created a different model of a gym for me that has people walking through the door ready to join.

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And Now, 2019 In Review

January 2019

VASA Fitness - The Rise of HV/LP 3.0 - **By:** Justin Cates

Front Page Article Headlines:

■Six Reasons The Fitness Industry Is Booming - **By:** Ben Midgley

Inside the Insider:

■Nadia - **By:** Mike Alpert ■Let's Roll The Tape - **By:** Michael Gelfgot ■My Most Important Coaching "Mission" - **By:** Jarod Cogswell ■Your Task List for 2019 - **By:** Melissa Knowles ■Age Discrimination in the Workplace - **By:** Paul R. Bedard, Esquire ■How to Improve Sales at Your Fitness Center - **By:** Jim Thomas ■The Pricing Game - Determining What to Charge and How to Deliver It - Part II - **By:** Stephen Tharrett and Mark Williamson ■Mountainside Fitness Founder, Tom Hatten, Releases "Dream On" For Charity ■End of 2018 Update From ALS TDI ■And, of Course, Norm's Notes

February 2019

Team Quest4ALS - Supercharging Augie's Quest - **By:** Justin Cates

Front Page Article Headlines:

■Kenneth O. Melby - 1929 - 2019

Inside the Insider:

■Launch Your Own Augie's Quest Fundraising Effort! - **By:** Mike Alpert ■Properly Classifying Workers as Employees or Independent Contractors - **By:** Paul R. Bedard, Esquire ■How Technology Is Changing Club Design - **By:** Bruce Carter ■What is Holding You Back From Being a Better Manager or Leader? - **By:** Karen Woodard-Chavez ■Getting Celebrities To Work For You - **By:** Nancy Trent ■How to Sell More Memberships, Even When You're Surrounded by Competition - **By:** Casey Conrad ■LA Fitness Uses New Technology To Add Member Benefits ■ABC Financial Services Acquires Brazilian Market Leader, Evo W12 ■LNK Partners Exits Investment in Fitness Connection ■And, of Course, Norm's Notes

March 2019

Pete Moore & Integrity Square - Connecting the HALO Sector with Growth Capital - **By:** Justin Cates

Front Page Article Headlines:

■ABC Financial Names Bill Davis as

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The Rise of HV/LP 3.0

JANUARY 2019

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Inside the Insider:

■Exercise IS Medicine! - **By:** Mike Alpert ■Washington State Supreme Court Rules - **By:** Paul R. Bedard, Esquire ■What's Your Reputation? - **By:** Derek Barton ■Flex Your Social Media Muscle - **By:** Nancy Trent ■Does Your Gym Have a Club Concierge? - **By:** Jim Thomas ■The Biggest Lead Generation - **By:** Michael Gelfgot ■The Bay Club Company Partners With Troon - Appoints New Members to Board of Directors ■TRT Holdings, Inc. To Maintain Ownership and Reinvest In Gold's Gym ■Zeamo Announces Vendor Relationship With ABC Financial ■And, of Course, Norm's Notes

April 2019

Front Page Article Headlines:

■More Than 12,000 Convene in San Diego for IHRSA 2019 ■Augie's Quest to Cure ALS Celebrates Strong Night at 14th Annual 'BASH' ■IHRSA Applauds Reintroduction of PHIT Act into the 116th Congress ■Latest IHRSA Data: *Over 6 Billion Visits to 39,570 Health Clubs; And An Update on IHRSA's 2030 Initiative*

Inside the Insider:

■Exercise IS Medicine! - **By:** Mike Alpert ■The Five Love Languages for Employees - **By:** Melissa Knowles ■Why We Do What We Do... and Who Cares? - **By:** Bill McBride ■What Employers Need to Know About Background Checks - **By:** Paul R. Bedard, Esquire ■Are You Still Playing Monkey in the Middle? - **By:** Ron Alterio ■Mindshift - **By:** Michael Gelfgot ■Are You on The Path To Be a Master or Disaster? - **By:** Karen Woodard-Chavez ■ClubReady Adopts a Progressive Structure to Meet Needs of the Fitness Industry ■And, of Course, Norm's Notes

May 2019

Stevenson Fitness - Where Everyone Leaves Feeling Better Than When They

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Supercharging Augie's Quest

FEBRUARY 2019

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Arrived - **By:** Justin Cates

Front Page Article Headlines:

■Life Fitness to Be Acquired by KPS Capital Partners for \$490 Million

Inside the Insider:

■Exercise IS Medicine! - **By:** Mike Alpert ■A Letter to The Claremont Club ■Selling in a Hyper-Competitive Market - **By:** Casey Conrad ■Casey Conrad Releases New Fitness Sales Book Targeted at Helping Clubs Compete ■How Can Edmund Burke Help You Grow Your Small Group and/or Team Training Programs? - **By:** Ron Alterio ■Lawsuit Involving Transgender Locker Room Policy Can Go to Trial - **By:** Paul R. Bedard, Esquire ■Follow These Six Critical Steps Before Designing a New Club or Renovation - **By:** Bruce Carter ■IRS Highlights Expanded Tax Benefits For Depreciation and Expensing - **By:** Kristen Deazeley, IRS. ■2019, A Year of Significant Disruption - **By:** Stephen Tharrett and Mark Williamson ■Tips and Strategies For Increasing Member Retention ■Synergy Capital Investments Makes Growth-Oriented Investment in Fitness Holdings Northeast ■And, of Course, Norm's Notes

June 2019

FitLife Celebrates 40th Anniversary! - **By:** Norm Cates

Front Page Article Headlines:

■Warren Wertheimer Passes Away After Tragic Fall - *December 6, 1933 - April 20, 2019*

Inside the Insider:

■Exercise IS Medicine! - **By:** Mike Alpert ■Five Tips to Strengthen Your Social Media Marketing - **By:** Jon Butts ■The Elements of a Negligence Claim - **By:** Paul R. Bedard, Esquire ■Five Things Every Gym Owner Must Do - **By:** Jim Thomas ■Pain + Reflection = Progress - **By:** Michael Gelfgot ■The Illogical Logic of the Fitness (See 2019 In Review Page 14)

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Pete Moore & Integrity Square
The Force Behind Your Growth

MARCH 2019

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2019 IHRSA Convention & Trade Show is Another Home Run!

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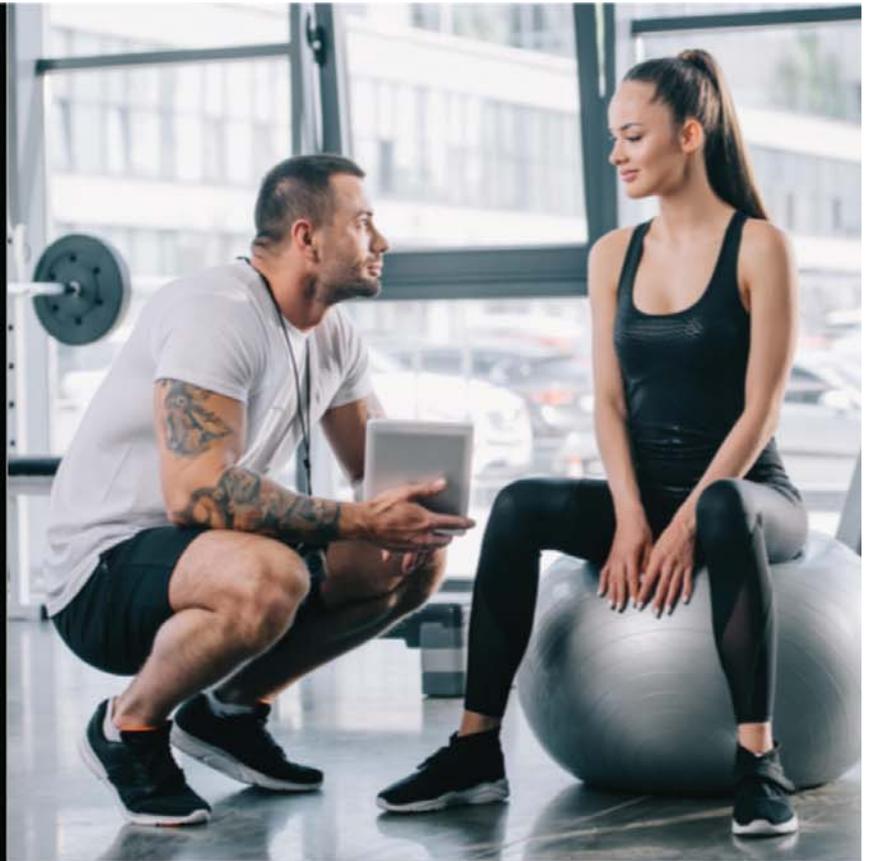
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Business - **By:** Thomas Plummer ■ You Won't Get Too Far Without the Gas - **By:** Ron Alterio ■ Robert "Bob" Fitzgerald Passes Away ■ IHRSA Report: Worldwide Health Club Membership Now 183 Million Strong! ■ How IHRSA Can Help Your Club Stop a Proposed Sales Tax ■ IHRSA Passport Program Grows to Over 1,000 Clubs in 35 Countries ■ Stone Creek Club & Spa Brings Crawfish Boil to Chicago and Raises \$50,000 for ALS Research ■ And, of Course, Norm's Notes

July 2019

Barry's Bootcamp - Inside the Red Room With CEO, Joey Gonzalez - **By:** Justin Cates

Front Page Article Headlines:

■ Cedardale Founder, John Edwin Veasey, Passes Away at 89 - *February 17, 1930 - June 27, 2019* ■ TPG Partners With Crunch Fitness

Inside the Insider:

■ Are We Ready for the 55+ Market Growth? - **By:** Denise Johnson, MS ■ FitLife Celebrates 40 Years! - Part II - **By:** Norm Cates ■ Are You An Asset or a Liability in Your Workplace? - **By:** Karen Woodard-Chavez ■ Jackpot: What Can Slot Machines Teach Us About Driving Higher Paid Group Training Margins? - **By:** Ron Alterio ■ Peloton's Infringement Lawsuit and What It May Mean for Health and Fitness Clubs - **By:** Paul R. Bedard, Esquire ■ Basics of Estimated Taxes for Individuals - **By:** Kristen Deazeley, IRS. ■ IDEA Health & Fitness Association Honors Industry Leaders at the 2019 IDEA World Convention ■ Recipients of Two 2019 IHRSA Institute Scholarships Announced ■ And, of Course, Norm's Notes

August 2019

URBN Playground - Lessons From the Field of Amenity Management - **By:** Justin Cates

Front Page Article Headlines:

■ Frank Adam Eisenzimmer - *April 12, 1936 - August 1, 2019* ■ PTR Mourns the Loss of Dennis Van der Meer

Inside the Insider:

■ "Insider Speaks" - The JOY of Football - **By:** Norm Cates ■ Exercise IS Medicine! - **By:** Mike Alpert ■ How Great Leaders Think - **By:** Charley Swayne ■ How to Capture a Larger Piece of the Wearable Pie - **By:** Ron Alterio ■ Maximize the Enforceability of Your Liability Waiver - **By:** Paul R. Bedard, Esquire ■ How To Own A Gym Business - From Dream to Reality - **By:** Jim Thomas

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Inside the Red Room With CEO, Joey Gonzalez

JULY 2019

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■ Key Pieces of Advice to Make Your Club Better - **By:** Melissa Knowles ■ And, of Course, Norm's Notes

September 2019

Ruth Stricker - The ICON of The Marsh! - **By:** Norm Cates

Inside the Insider:

■ Exercise IS Medicine! - **By:** Dave Johnson ■ How Trainers Can Get Better With Referrals - **By:** Michael Gelfgot ■ Positive Power - **By:** Karen Woodard-Chavez ■ The Sales Professional's Checklist - **By:** Casey Conrad ■ Respondeat Superior and Vicarious Liability for Employee Conduct - **By:** Paul R. Bedard, Esquire ■ FlexIt is Pushing the Envelope, One Push Notification at a Time ■ And, of Course, Norm's Notes

October 2019

Black Box VR - The Virtual Reality Gym Experience - **By:** Justin Cates

Front Page Article Headlines:

■ Keynote Speakers and Agenda Announced for IHRSA 2020 ■ Justin Cates Named to Disney World's 2020 Traditions Team

Inside the Insider:

■ Exercise IS Medicine! - **By:** Mike Alpert ■ How to Design A Club to Be Less Intimidating - **By:** Bruce Carter ■ Here's What You Can Do Right Now to Improve Your Business - **By:** Jim Thomas ■ The Ultimate Paid Group Training Roadmap - **By:** Ron Alterio ■ Influence With IMPACT - Building, Bonding and Beyond... - **By:** Nancy Trent ■ In-Shape Health Clubs to Raise \$185,000 For Cancer Research ■ And, of Course, Norm's Notes

November 2019

Dr. Gerry Faust Passes Away - A Special Tribute and Expression of Appreciation to Gerry - **By:** Norm Cates

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URBN Playground
Lessons From the Field of Amenity Management

AUGUST 2019

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Front Page Article Headlines:

■ The Boutique Fitness Studio Stampede - Part I - **By:** Stephen Tharrett and Mark Williamson

Inside the Insider:

■ Exercise IS Medicine! - **By:** Mike Alpert ■ Six Weeks to Sales Success - **By:** Casey Conrad ■ Sure-Fire Ways to Maximize Your Group Fitness Participation - **By:** Jarod Cogswell ■ Attabooy! - **By:** Derek Barton ■ Your Members Can Have Their Cake and Eat It Too! - **By:** Ron Alterio ■ Effective Lead Follow-Up Cycle for New and Existing Leads - **By:** Karen Woodard-Chavez ■ Understanding and Protecting Your Health Club's Intellectual Property - **By:** Paul R. Bedard, Esquire ■ Fitness Holdings Northeast Acquires Crunch Paramus ■ ABC Financial and Trek Announce Vendor Partnership ■ Planet Fitness Reaches \$5 Million Fundraising Milestone Benefitting Boys & Girls Clubs of America ■ Casey Conrad Appointed as Northeast Regional Director for BEMER, USA ■ And, of Course, Norm's Notes

Stay Tuned in 2020!

(Justin Cates is a Partner and the Assistant Publisher of Club Insider and grew up in the health and fitness club industry. Justin was born into a club business family in 1985, and from the age of eight, he spent his non-school and sports hours in a home that doubled as Club Insider Headquarters. He has lived and breathed this industry for 34 years, since his own day one. Cates graduated from the Terry College of Business at The University of Georgia in 2007 and then went on to two years at The Art Institute of Atlanta, where he studied Interactive Media Design. Now, he is an integral part of the "Story" of Norm Cates and Club Insider. Justin can be reached by phone at 423-314-4310 or email at Justin@clubinsideronline.com.)

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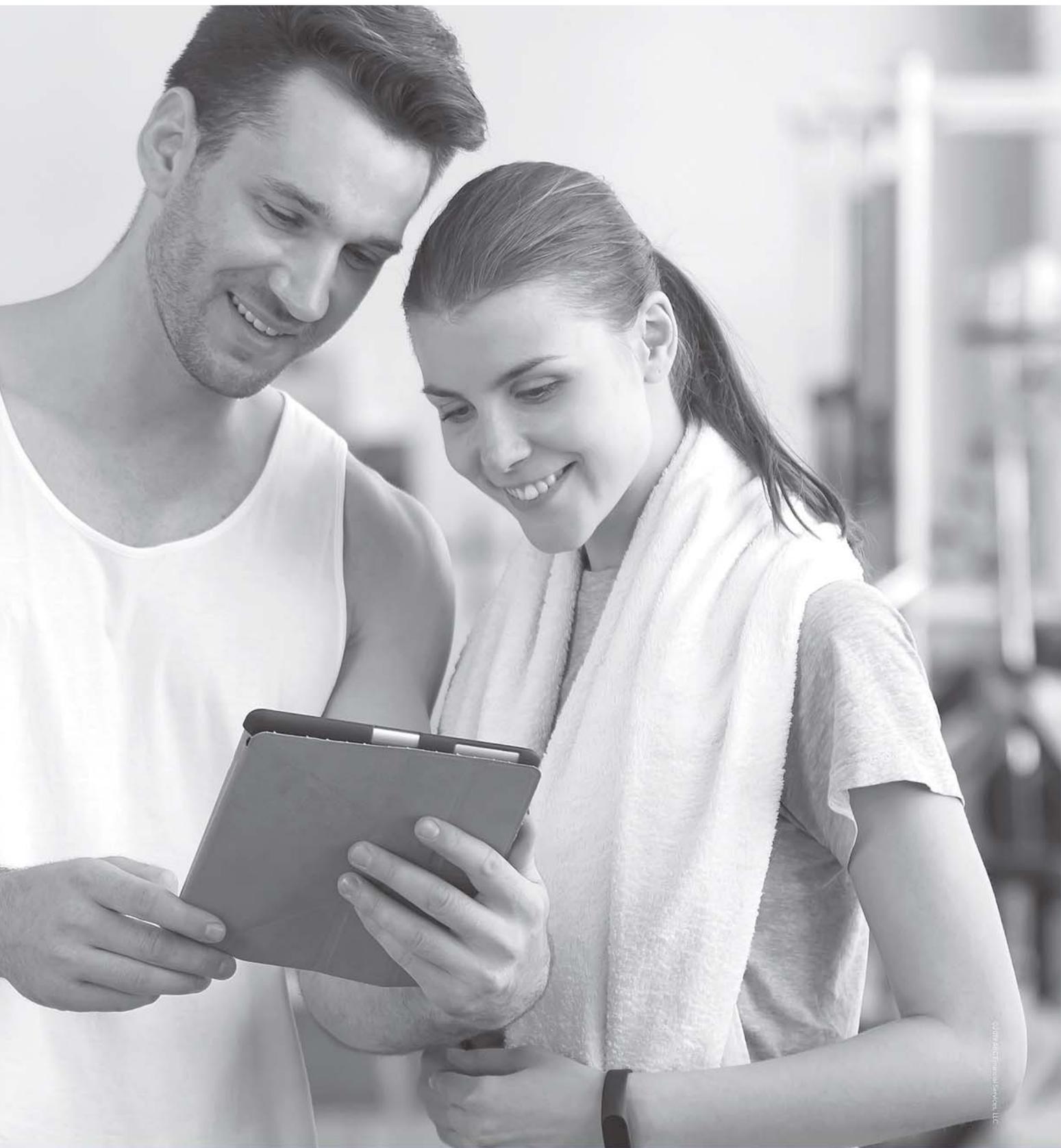
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Attorney Files \$10M Lawsuit Against Health Club Alleging False Claim of Lewd Behavior

By: Paul R. Bedard, Esquire

A lawsuit filed earlier this year by a former partner of a large law firm whose health club membership was terminated for alleged misconduct highlights the duties owed to our members and guests. Reviewing this suit also provides an opportunity to recap some of the best practices that should be applied when having to suspend or terminate someone's membership or guest privileges.

The plaintiff, Richard Hammond, filed a lawsuit in New York against Equinox, asserting claims of defamation, negligence, gross negligence, breach of contract, breach of the covenant of good faith and fair dealing, negligent infliction of emotional distress, as well as negligent hiring, supervision and training. The lawsuit alleges that Mr. Hammond has suffered, "immense financial and emotional harm, as well as irreparable public embarrassment and harm to his reputation," with damages estimated by the plaintiff to be more than \$10 million dollars.

Mr. Hammond alleges that Equinox, "sought to promote an image of its clubs as venues for immoral behavior," for more than a decade before the allegation of lewd behavior on the plaintiff's part. The suit ties this claimed promotion of Equinox's image by asserting that Equinox, in response to increasing complaints of immoral conduct in its clubs, "systematically failed to safeguard its members from such false and defamatory statements by adoption of a so-called 'zero-tolerance' policy that, in fact, was a tactic to recklessly afford zero protection to its members' legitimate rights."

The complaint goes on to say that Equinox acted recklessly by intentionally failing to follow its protocols as they relate to allegations of inappropriate conduct on the part of the plaintiff, alleging that Equinox unilaterally terminated the plaintiff's membership, "without investigating or otherwise attempting to verify the false allegation," against the plaintiff.

As for the timeline of the events at issue, the suit states that Mr. Hammond is an attorney specializing in international arbitration and litigation and a now-former member of Equinox whose conduct had never been questioned before the alleged behavior. However, in May of 2018, an Equinox Front Desk Associate reported that he saw Mr. Hammond masturbating in the steam room of the Equinox Wall Street health club. The lawsuit claims that the

then Front Desk Associate who made the report, Michael Alexander, had received a final warning from Equinox some 20 days before the alleged lewd behavior, causing Mr. Alexander to maliciously fabricate a defamatory allegation against the plaintiff to, "bolster his bargaining position in his escalating attack on his then-employer."

According to the suit, an Equinox General Manager contacted the plaintiff later the same day of the alleged misconduct and conveyed that Equinox had a zero-tolerance policy towards such conduct. As a result, the plaintiff's membership was canceled. After the plaintiff denied the allegation and pushed back against the cancellation of his membership, hours later, the General Manager confirmed that the plaintiff's membership was, in fact, terminated. The General Manager added that an employee identified Mr. Hammond outside of the locker room.

The plaintiff asserts that the allegation of misconduct was not reported, recorded or investigated per Equinox's Unlawful Discrimination, Harassment and Retaliation Policy. The lawsuit states Equinox's policy dictates that a claim of such behavior, "should be as detailed as possible and include a description of the incident, the names of individuals involved, witnesses, direct quotes (when language is relevant) and any documentary evidence (e.g., notes, pictures, cartoons, etc.) or other information [the employee] may have," and that Equinox's policy was not followed.

The suit further alleges that, "Equinox's decade-long branding activities recklessly encouraged the making of false allegations of misconduct within its health clubs," resulting in the facilitation and encouragement of the, "very kind of unfounded and defamatory complaints of misconduct as the one at issue here." In response to the plaintiff's allegations, Equinox has publicly declared that the company will vigorously defend itself in court.

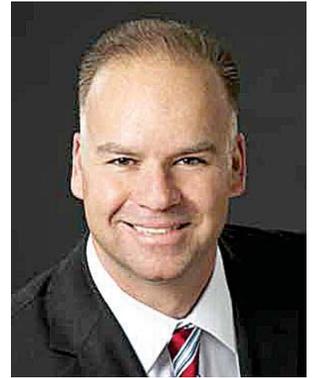
Only time and the evidence and arguments presented will determine which party will prevail in this case. Although some lawsuits filed by disgruntled former members and guests cannot be prevented regardless of the care taken, health clubs must be proactive with their policies and consistent with their actions to minimize their legal exposure when having to suspend or terminate someone's membership or guest privileges.

Ongoing employee training, as

well as consistent documentation of this training and any actions taken in this regard, will mitigate this area of legal risk. At a minimum, rules governing guest and member conduct should be detailed within the membership agreement and employee handbook. Staff must not only be aware of these rules; they must also be trained on how to tactfully approach a member or guest in violation of these rules in a proportionate fashion. A less serious violation of a key tag or cell phone policy must be treated differently than a more concerning issue, such as theft, threat of physical violence, lewd behavior, etc. However, regardless of the severity of the violation, consistency as it relates to how each type of violation is handled is key. Staff must be trained on *what to say*, as well as *how to say it*. Role-playing amongst staff to address potential scenarios can help to maximize the odds of successfully dealing with these issues in real-time.

Although it is vital to have a policy governing these concerns, it is even more important to follow any such policy! *Documentation is crucial*. Incident reports, written warnings and other relevant materials should be placed within the member's file for future reference. Witness statements should be obtained whenever possible for more serious offenses. If surveillance footage is available, it must be readily secured and archived for future accessibility. A demonstrated track record showing the fair and consistent handling of these issues will bolster the club's defense in the event of a lawsuit like the one described in this article.

Proactively minimize any residual damage to the club's brand when having to suspend or terminate someone's membership or guest privileges. The membership agreement should express whether initiation fees, pre-paid dues, etc., are to be refunded during these occurrences. The club should err on the side of refunding any amount a former member may arguably be due, determining whether it makes sense from a goodwill standpoint to refund fees that might otherwise be debatable. The amount of money involved in the typical refund scenario pales in comparison to the cost of defending against a lawsuit. And, such a refund might dissipate any appetite to sue the club over the club's actions. Although negative word-of-mouth is almost inevitable these days following someone's membership cancellation, handling these issues fairly and consistently will minimize



Paul R. Bedard, Esquire

the spread of negative commentary that might otherwise unfairly tarnish the club's overall brand.

When an initially seemingly simple member or guest issue develops into something more complicated, proactively seek legal counsel before taking action on the matter. The most effective and cost-saving method of handling any legal complaint is to avoid one in the first place.

This article is not intended as legal advice. Varying laws and circumstances prohibit one-size-fits-all recommendations. Please consider these comments as an educational guide when you consult your attorney for specific direction.

(Paul R. Bedard, Esquire has nearly twenty years of management, leadership and operations experience in the health and fitness club industry. As a practicing attorney, Paul's health and fitness club industry experience provide him with a unique perspective when advising health clubs regarding employee training, handbooks, policies, contracts, disputes or premises liability claims. When not practicing law or spending quality time with his wife and daughters, Paul strives to be active in his local community. Paul serves as the current Assistant Town Attorney for the Town of Southington, Connecticut and has previously served on the Southington Zoning Board of Appeals and the Board of the Central Connecticut Regional Planning Agency. Paul is also a partner at Sheffy, Mazzaccaro, DePaolo & DeNigris, LLP, in Southington, Connecticut. Paul can be reached at pbedard@smddlaw.com or 860-620-9460 x109.)

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Protect Your Data and Your Money this Holiday and Tax Filing Season

By: **Kristen Deazeley, IRS**

During the holiday shopping season and the upcoming tax filing season, the Internal Revenue Service, state tax agencies and the tax industry encourage individual taxpayers and businesses to secure their sensitive financial data. This can be a prime time for identity thieves seeking information they can use to file fraudulent tax returns.

Don't Take the Bait: Recognize and Avoid Phishing Scams

The Internal Revenue Service and its partners in the Security Summit are working together to protect taxpayers from stolen identity refund fraud. The Security Summit consists of IRS, state tax agencies and the tax community, including tax preparation firms, software developers, payroll and tax financial product processors, tax professional organizations and financial institutions. Here's what you need to know to protect yourself from phishing scams:

First, the most common way thieves steal your identity is simply by asking for it. Their favorite tactic is a phishing email. Phishing emails bait you into opening them. They pose as a trusted company: maybe your bank, a favorite retailer or your tax provider.

Second, learn to recognize and avoid them. The scams tell an urgent story, i.e. there's a problem with your account, and it instructs the receiver to open an embedded link or download an attachment.

Third, don't take the bait. The link may send you to a familiar website to log in, but your username and password goes to the thieves. Or, the scam suggests you open an attachment, which secretly downloads malicious software. Either are bad news, so just hit delete.

Emails aren't the only phishing tactic. Thieves may use letters or phone calls, especially when impersonating the IRS. For example, recent letters claiming to be from the IRS are demanding payment of an overdue tax bill. The letter requests the check be paid to IRS, but it provides an incorrect telephone number.

It's important to remember that the IRS never:

- Calls to demand immediate payment using a specific payment method such as a prepaid debit card, iTunes gift card or wire transfer.
- Asks a taxpayer to make a payment to a person or organization other than the U.S. Treasury.
- Threatens to immediately bring in local police or other law enforcement groups

saying they can have the taxpayer arrested for not paying.

- Demands taxes be paid without giving the taxpayer the opportunity to question or appeal the amount owed.

When in doubt, taxpayers can always check the status of their taxes by registering at **IRS.gov**. From there, taxpayers can check their account balance for the current tax year or any previous tax year with a balance due.

Taxpayers who receive an IRS-related or tax-themed phishing email should forward it to **phishing@irs.gov**. Taxpayers can also report scam letters and phone calls to **phishing@irs.gov** as well as the Treasury Inspector General for Tax Administration.

A new avenue is social media. Increasingly, thieves are embedding their links or malware in social media commentaries, tweets or posts. Do not open links from social media unless you are certain of the source.

How to Create Strong Passwords

A commonly overlooked step to protecting your personal tax and financial data is using strong passwords to protect online accounts and digital devices from data theft.

While many people use fingerprint or facial recognition technology to protect their devices, sometimes it's still necessary to use a password. In recent years, cybersecurity experts' recommendations on what constitutes a strong password has changed. With that in mind, here are four tips for building a better password:

- Use word phrases that are easy to remember rather than random letters, characters and numbers that cannot be easily recalled.
- Use a minimum of eight characters; longer is better.
- Use a combination of letters, numbers and symbols, i.e., XYZ, 567, !@#.
- Avoid personal information or common passwords.

Writing strong passwords isn't the only way to keep data secure. Here are a few more tips to remember. You should:

- Change default and temporary passwords that come with accounts or devices.
- Not reuse passwords. Rather use a completely different password for every account and device.
- Give a password a total makeover when changing it. For example, simply changing Bgood!17 to Bgood!18 is not good enough.
- Not use email addresses as a username, if that's an option.
- Store any password list in a secure

location, such as a safe or locked file cabinet.

- Not disclose passwords to anyone for any reason.
- Use a password manager program to track passwords if you have numerous accounts.

Whenever it is an option for a password-protected account, users should also opt for a multi-factor authentication process. Many email providers, financial institutions and social media sites now offer customers two-factor authentication protections.

Two-factor authentication helps by adding an extra layer of protection. Often two-factor authentication means the returning user must first enter credentials like a username and password. Then, they must do another step, such as entering a security code texted to a mobile phone.

Cyberthieves Target Businesses of All Sizes

Amid threats from cybercriminals, the IRS, state tax agencies and the tax industry also urge employers, large and small, to step up cybersecurity protections against business identity theft.

Identity thieves are displaying a sophisticated knowledge of the tax code and industry filing practices as they attempt to obtain valuable data to help file fraudulent returns. To address this and protect taxpayers and their business returns, the IRS has taken steps to identify and prevent business identity theft.

"As the IRS and the Security Summit partners have strengthened our protections against tax-related identity theft, cybercriminals increasingly look for other places to find data to file fraudulent returns," said IRS Commissioner, Chuck Rettig. "We urge businesses to protect their data and watch out for warning signs that could be indicators of identity theft or fraudulent filings."

As with fraudulent individual returns, there are certain signs that may indicate identity theft has occurred to businesses. Business, partnerships and estate and trust filers should be alert to potential identity theft and contact the IRS if they experience any of these issues:

- Extension to file requests are rejected because a tax return with the Employer Identification Number (EIN) or Social Security number (SSN) is already on file.
- An e-filed return is rejected because of a duplicate EIN or SSN is already on file with the IRS.
- An unexpected receipt of a tax transcript or IRS notice that doesn't correspond to anything submitted by the filer.
- Failure to receive expected and routine



Kristen Deazeley, IRS

correspondence from the IRS because the thief has changed the address.

For several years, the IRS has taken steps to help protect Form 1120-series filers, and the Security Summit effort is part of that. For example, tax software products now share many data elements with the IRS and state tax agencies. These data elements assist the IRS and states to identify suspicious tax returns and to reduce the impact to legitimate filers. This will allow legitimate returns to be processed as usual.

The IRS also now asks tax professionals preparing business-related returns to step up the "trusted customer" procedures. Tax preparation software for business-related returns asks the following questions to help protect the business filer:

- The name and SSN of the company executive authorized to sign the corporate tax return, including Form 1065. Is this person authorized to sign the return?
- Payment history - Were estimated tax payments made?
- Total income amount from prior-year filings.
- Parent company information - Is there a parent company? If yes, the name?
- Additional information based on deductions claimed.
- Filing history.

For more information on how the IRS, state tax agencies and tax industry work in partnership as the Security Summit to help protect taxpayers from identity theft and refund fraud, please visit **IRS.gov/SecuritySummit**.

*(Kristen Deazeley is a Public Affairs Specialist at the Internal Revenue Service and is reachable by email at **Kristen.K.Deazeley@irs.gov**.)*

The Power of "B2B"

By: **Jarod Cogswell**

In today's era, most fitness operators are relying heavily on digital media to market their businesses. Competition is fierce, and it's extremely challenging to get in front of potential members before the "other guys." However, there is still a cost effective and sustained approach to attracting and retaining customers... Local business-to-business marketing, or as some of the cool kids like to call it: "B2B."

Yes, it's true, old school tactics and grassroots marketing still works. Building relationships and being visible in the community not only exposes your brand but also elevates trust. Facebook and other social media platforms are great and necessary marketing tools, but it's people who connect with your brand.

So, why in this case, B2B? The answers are simple:

1. It aligns your brand with other top brands in your market. My recommendation is to choose one quality/retail service provider per category.

2. It gives your members and clients yet another benefit to belonging to your

club, studio or gym. "Membership has its privileges," right?

3. Partnering with other local businesses has more potential and power to create awareness of your business... a "co-marketing" agreement if you will.

How to set it up:

- Offer the desired business the opportunity to market and promote their services to your membership base only IF they are willing to give some type of exclusive benefit or discount on their products or services. You can even charge a monthly or annual rate since you most likely possess a strong captured audience, and again, your demographic probably matches theirs. There is tremendous value that you are bringing to them.

- Promotional opportunities for the "preferred merchant" can include promotion via your website, quarterly fairs, internal signage, newsletter highlights, social media and other marketing means.

- In exchange for the above, and when appropriate, the merchant will reciprocate

and allow your business to promote to *their* customer base. I have found that it's also very natural for the partner to promote our services due to the relationship.

Ideas for Categories:

- Golf;
- Skiing;
- Restaurants;
- Retail/Apparel;
- Chiropractic Care;
- MedSpa Services;
- Financial Services;
- Real Estate;
- And, more!

Yes, this is not mind-blowing marketing or anything new, but as I stated earlier, it can be very impactful with the right business representative out in the community.

The fact is, **B2B** is indeed "**Old School**" and an excellent way to help maximize your presence in your community, own your competitive radius, as well as provide even more valuable benefits to your members.

(Jarod Cogswell is the Founder of WORK



Jarod Cogswell

like an Athlete business consulting services, a Todd Durkin Platinum Coach, former gym owner, Alpha Warrior U.S. Army BOSS Strong Coach, veteran fitness professional, keynote speaker and author. He passionately serves fitness professionals and clients to maximize their personal, professional and business performance.)

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Retail Relationships: Service & Perks

Two Examples That Will Make You Think

By: **Bill McBride**

In this article, I'm going to share two very recent experiences I have had with a couple of well-known brands, *Ruby Tuesday* and a *Hilton Property*. I will foreshadow these examples with the caveat that these are *MY perceptions* on how I felt during the interactions. Many may say both of these are very reasonable and that I shouldn't have been irked. That very well may be true, but in the moment, I felt disappointment and was made to feel "wrong." I believe in the mantra, "even when a customer isn't right, you shouldn't make them wrong." So, here we go...

Ruby Tuesday - Newark, NJ Airport

I had a layover in the airport and was a bit hungry. Upon arriving at my gate area, there were two options: (1) A generic kiosk type café that served individual Pizzeria Uno pizzas, as well as some other items. (2) There was also a Ruby Tuesday adjacent. I decided to just grab a small pizza and a drink. I then proceeded to take a seat in an area that looked like it was "airport space," literally in the open within the gate area. Once approaching, I see a sign that says, "Ruby Tuesday Dining." There are plenty of tables open, and it's not in the actual restaurant across the hallway. So, I decide to sit down and enjoy my quick meal. After all, I do eat at Ruby Tuesday on some occasions at airports, and who knows, I may want a glass of wine as well. So, I sit down, begin to eat my pizza, and after a bite or two, I'm approached by a server. She starts the conversation with: "You can't sit here; this is for Ruby Tuesday customers only." I politely say, "I'll only be a few minutes." She responds, "I'm sorry, but you can't sit here." I simply say, "Okay, I understand," then I take another bite of my pizza.

This is where I began a social experiment. My mind was racing... She never asked me if I wanted anything from Ruby Tuesday, and she didn't offer me a menu. Or, what happens if someone just doesn't leave their seat? I wondered all of these plus a few other potentially interesting service outcomes. She left and sent over another server. He approached and said that the other server said that I wouldn't leave, and then, he told me the servers would get in trouble with management if they allowed anyone to sit here who wasn't dining at Ruby Tuesday. I replied, "I understand; go ahead and let the manager know that I simply wouldn't leave." He said, "Okay, no problem." All of this is being done in a very calm, polite manner by all involved. The manager then approached me and

said, "My servers said you wouldn't leave; this area is reserved for Ruby Tuesday customers." Then, he uttered some magical words, "Is there anything I can get you from Ruby Tuesday?" I said, "Yes, I'd love a glass of wine, would you bring me the menu?" He said, "Absolutely!" He brought over the menu, I ordered a glass of wine (which cost more than my pizza and drink from the café), I paid and I tipped.

So, here are the key points:

- Ruby Tuesday must have rented the airport lobby seating area for more space, leaving no sitting space for the café customers;

- I broke the rules and sat somewhere I wasn't supposed to sit;

- The servers were more concerned with getting in trouble than the loss of potential revenue (a lot of open tables in the late afternoon);

- The servers didn't start with any invitation to purchase anything from Ruby Tuesday (Dessert, Alcohol, Etc.);

- I resented that a somewhat regular customer would be treated this way for not buying something "Today." What about my past purchases, and what about my future purchases?;

- I felt they weren't thinking long term. They were thinking very short term and transactional versus relationship-based;

- I became a challenging trespasser... who

is also a customer who just might not have been buying that day (I've been to their restaurants many times);

- The manager was savvy and approached the circumstance in a very customer centric way and created a Win-Win... They got me to be a customer that day; I got some wine and all was good in the world once again;

- Except, I really wish they would have approached it differently... "Sir, this is for Ruby Tuesday customers dining with us today. Would you like to see a menu?" or "If we fill up, unfortunately, we'll have to ask you to move" and any number of other ways other than "You can't sit here."

Hiltons / C. Baldwin Hilton - El Paso, Texas

This one is less of a service breakdown and more of an organization not thinking through all aspects of the perk being offered.

I was checking in to a Hilton property, and my room wasn't ready. As a loyal Hilton Honors member, the front desk staff offered to give me a complimentary drink coupon to be used in the lobby bar. I was extremely pleased with this gesture. I approached the lobby bar and asked what kind of cabernet wine they had by the glass. I was given two choices. I said "I'll have 'X,'" and I'd like to use this drink coupon. The bartender said, "Oh, you can't use that coupon for that one; you can only use the free drink coupon on the well drinks and lowest wine. So, I respond, "No problem, can I just pay the difference between the two and use the coupon (I believe the free



Bill McBride

wine was \$9, and the little bit better one was \$12)? The bartender replied, "No, we can't do that." So, I can get the cheapest beverage as my perk/gift/reward/make right or nothing... It felt odd, but I didn't think too much about it.

Then, I was at another Hilton property in Texas last week and received another drink coupon. I ask the bartender if he has Woodford Bourbon, and he says, "Yes." I say, "I'll have that with this drink coupon." He replies, "Oh, I can't give you that with the coupon; it's only for the Well Bourbon." I ask, "I don't suppose I could just pay the difference?" He answers, "No, we can't do that." And, he gave me the Woodford in violation of company policy. We discussed the logic, and he shared that someone could order a very expensive exotic drink if there were no

(See **Bill McBride** Page 25)

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in your gym is a great way to make these items convenient for your members, while increasing your profit.

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When is the Best Time to Sell My Gym?

By: **Jim Thomas**

Many gym owners are so busy putting out fires and running the day-to-day operations of their gym that they typically do not give much consideration to this question (until it's too late). Before selling a gym, there are many factors that need to be addressed. However, if you do these things right, you can maximize the return on your gym.

In a perfect world, the best time to sell a gym is when the gym is performing well and not when it is trending downwards. However, there are certain things gym owners can do to make their business as attractive as possible to potential buyers.

To build value in the gym, take some time to review the following:

- Standardize documents and company procedures;
- Eliminate any liabilities or liens and resolve any litigation (if you have any);
- Investigate the transferability of leases, vendor contracts, etc.;
- Be sure all equipment is in good

working order;

- Consider securing key employees with employee agreements;
- Eliminate non-performing employees from the payroll;
- Give your gym a face lift (paint, carpet, drive up appeal, etc.); and
- Be sure your books are clean and information can be verified.

Consider taking the following action to free up cash flow:

- Reduce any unnecessary inventory;
- Collect on any outstanding receivables;
- Attempt to renegotiate any vendor agreements to more favorable terms;
- Review any owner discretionary spending; and
- Be sure financial controls are in place.

In addition to setting a future target date to sell the gym, gym owners should ask themselves what they want to get out of the sale of the business:

- Do you they just want to finance their retirement?

■ Is it important that their son/daughter remain with the gym?

■ Can they gain any tax benefits by financing part of the sales price?

■ Do they want to ensure the new owners will treat their members with the same level of service?

Make a list of priorities and seek the advice of gym business professionals to ensure there are no surprises during the gym transfer process.

Confidentiality Matters

Once a decision has been made to sell, a gym owner should be conscious of the need for confidentiality and non-disclosure. Any leaks about the sale of a gym can cause fear for the employees, suppliers, landlords and banks. Great care must also be taken to assure that your competition and members do not learn of the planned sale.

Your competition may (and will) sabotage a gym by leaking the information to employees and members. Key employees



Jim Thomas

may start looking for other jobs. Members could be concerned about how the gym will perform under new management and may seek to join other facilities.

If any one of these were to happen, the value of a gym could be significantly decreased. The name of the gym and any
 (See *Jim Thomas* Page 25)

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Jennifer Green, Ultimate Fitness, Magnolia AR



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Are You Charging Enough For Your Membership?

By: **Michael Gelfgot**

High Volume, Low Price (HV/LP) clubs are on the rise, but the market is willing to pay more. According to the International Health, Racquet & Sports Association (IHRSA), between 2005 and 2014, average monthly spend for a membership was between \$33 - \$37 per month. In 2018, it was \$43. As of 2018, Planet Fitness, the largest HV/LP club chain, had over 1,800 units, but the average monthly rate of a membership keeps increasing. The question is how can you justify increasing the cost of your membership when HV/LPs are popping up left and right?

1. Do you know the people who you do your best work with? The biggest challenge with a lot of gyms is that they are a place for everyone. Casey Conrad, President of Communications Consultants, says you get rich in the niche. What's your niche? You can't be everything to everyone, but you can be everything to someone. For example, there is a small 3,400 square-foot gym in a town of 18,000 with an average household income of \$43,000 that's

charging \$56 per month for a membership. There is a large HV/LP club in town along with a YMCA and a Mom and Mop place that's been there for decades. This place is known more for wellness vs. fitness, meaning what this place specializes in is working with diabetics, folks who are struggling and living with obesity, and people who have heart disease. They have a four-point plan that they offer as a unique selling proposition to show customers walking in that they have a real solution to a real problem. They offer an initial visit discount on enrollment and \$5 off of bi-weekly installments. The point is this: if you want to raise rates, stop generalizing and start specializing.

2. Become an authority in your specialized field. This raises value and justifies a cost increase. We all know this, but very few of us actually do it. Here are a few ways on becoming an authority:

Write a book. It sounds more complicated than it actually is. In that same town, the gym that charges \$56/month specializes working with folks who are 55 +. What

makes them special in working with that population is that they aligned themselves and got certified through the *Functional Aging Institute*. Since that relationship was formed, they decided to co-write a book, which anyone can do using this service: Nichepressworks.com.

Showcase your education in your facility and talk about it at point of sale. Just remember not to make yourself the hero. But, it's totally okay. In fact, it's very useful in letting your customers know that you understand how they feel. Many of your members felt the same way when it comes to exercise and nutritional advice, which is why you decided to get all of this education and align yourself with the best of the best in the business to take all the guess work out of exercise and nutrition. The idea is to help your prospects feel hopeful and secure that, this time around, they are working with a *true professional*. With all the noise in the business, not everyone will have the education that is required to specialize to work with a special type of an individual. This is not only a way to showcase your authority, it's also a way to differentiate



Michael Gelfgot

yourself from the competition.

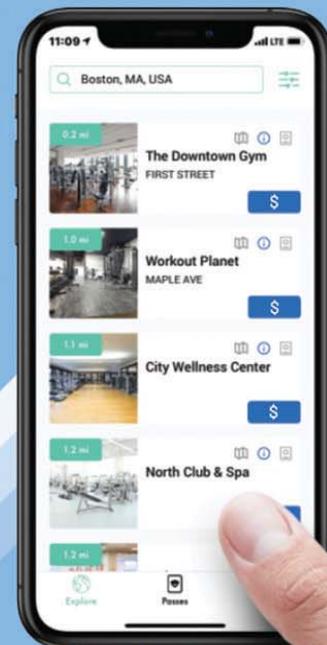
Hold monthly workshops, record content and share on social media (side note, this is a wonderful lead magnet). Have a special place in your club where people can come to learn more about the lifestyle they want to pursue. Have a (See [Michael Gelfgot Page 30](#))



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sportsfitness.com

...Bill McBride

continued from page 22

limits. I saw his point, but I still feel it could be approached in a more customer centric way, as both free nice gestures resulted in some disappointment.

So, here are the key points:

- Hilton (I love Hiltons) has a nice perk to give customers from the front desk team;
- I was disappointed that I couldn't get what

I wanted with two drink coupons on two different occasions;

- The risk to the hotel is more expensive drinks being given away than they wanted to give away;
- The pain point for the customer is they can't even pay the difference on what they were given and what they want;
- I believe there is a way to give a decent drink and still protect the organization from

abuse... Maybe any drink up to \$10, \$12, \$15...

- A great deed from the hotel led to disappointment in delivery based on company protective policy, putting the bar staff in an uncomfortable position on drinks that may only be \$3 more.



The point of my writing here today is that we all need to think through the long-term and short-term effect of our

customer service / customer experience / customer recovery approaches. Who is Ruby Tuesday's customer: Someone who has bought and will buy again, or someone buying right now only? Is it a one-time transaction or a relationship with a brand? What is Hilton's goal in giving a drink coupon? To buy someone a drink of their choice (to some degree) or make them feel they are only worth their cheapest offering?

(Bill McBride is the Founder of BMC3. He can be reached at BillMcBride@bmc3.com.)

...Jim Thomas

continued from page 23

detailed information should be disclosed only after it is determined that a potential buyer has the skills, experiences, financial capability and leadership required to run the business being considered. In addition, ALL potential buyers should be required to sign a non-disclosure agreement stating they will maintain confidentiality on all information discussed.

Conclusion

The early planning on the sale of a gym will generate the most value and

will likely expedite the gym ownership transfer. To summarize, focus on building market value and improving cash flow, prioritize the terms of the sale, seek the help of gym business professionals and maintain confidentiality.

(An Outsourced CEO and expert witness,

Jim Thomas is the Founder and President of Fitness Management USA Inc., a management consulting, turnaround and brokerage firm specializing in the gym and sports industry. With more than 25 years of experience owning, operating and managing clubs of all sizes, Thomas lectures and delivers seminars, webinars and

workshops across the globe on the practical skills required to successfully to overcome obscurity, improve sales, build teamwork and market fitness programs and products. In addition, his company will buy gym equipment from gyms liquidating or closing. Visit his websites at www.fmconsulting.net or www.jimthomasondemand.com.)



...ClubIntel

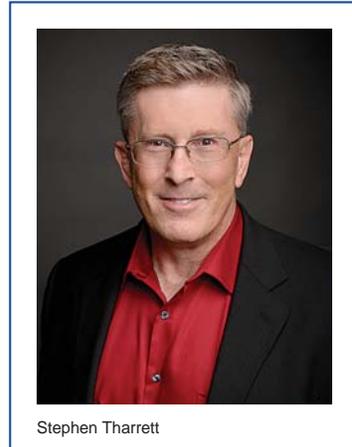
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first emerged on the fitness landscape, its approach to pricing was like a ride back in time where drop-in pricing (pay-as-you-go) was the predominant approach of fitness operators. The pioneers of the fitness studio industry saw drop-in pricing and bundled visit pricing (purchasing more than one visit) as both a means of differentiation from the traditional club industry and as a way of appealing to the purchasing behavior of young consumers. Fast forward to today and fitness studio operators continue to take an innovative approach to packaging and pricing their offering. So, what are these innovative packaging and pricing approaches?

■ **Pay-As-You-Go (PAUG)** - The PAUG approach works on the principle that consumers should only pay for what they use or plan to use, rather than pay for a full month of unlimited access when that is not their intention. The majority of fitness studios continue to use the PAUG approach, offering single-visit pricing and bundled-visit pricing. The most common PAUG offerings are packages of five visits, ten visits and twenty visits. Some studio operators, such as *Barry's Bootcamp* and *Soul Cycle*, offer PAUG packages of up to 50 visits.

■ **Traditional Subscription Membership (TM)** - The traditional membership subscription model (what most traditional health clubs use) is built on the principle that a consumer should pay in advance for unlimited access no matter how often they use or intend to use the studio. This approach is favorable for operators as it offers a more predictable cash flow than the PAUG approach. Earlier this decade, there was a surge in fitness studio operators offering a monthly subscription. Brands such as *Exhale* (barre and yoga) and *Core Power Yoga* include these TM offers in addition to their existing PAUG packages, often as a means to demonstrate greater flexibility to consumers and to generate a more predictable cash flow for the business.

■ **Prescribed Visit Membership (PVM)** - As the fitness studio industry has evolved, and as operators learned more about their clients/members usage behavior and the upside of predictable cash flow, PVM memberships emerged. PVM is a hybrid of both TM and PAUG. It provides the predictability of TM for operators (predictable cash flow) while allowing the consumer the flexibility to select and pay for a plan that aligns with their expected level of usage. The most popular PVMs are built around a prescribed number of visits each month. The most popular are four visits, eight visits, twelve visits, and of course, unlimited visits. *Orangetheory's* business model only offers PVM (4, 8 and unlimited). *Club Pilates*, an *Xponential* brand, only

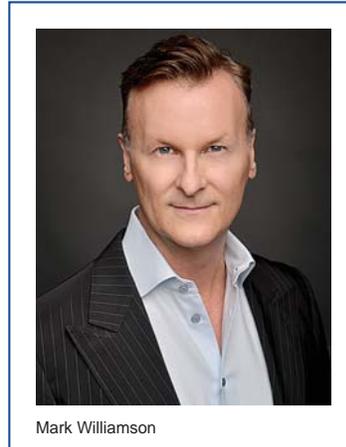


Stephen Tharrett

offers PVM (4, 8 and unlimited). It would be fair to say that many of the large fitness studio chains prefer this pricing approach.

■ **The Kitchen Sink (KS)** - This approach to packaging and pricing is a hybrid of PAUG, TM and PVM. What this means is that operators offer consumers the option to drop-in, purchase a pre-packaged bundle of visits, purchase a membership with a prescribed number of visits or purchase a membership offering unlimited access. We refer to this as KS because it offers consumers every presently available option for purchasing access. It is the ultimate expression of purchasing freedom when it comes to using a fitness studio. One highly recognized studio operator that takes this approach is *Barry's Bootcamp*, which offers PAUG bundles from one to 50, but also PVMs of 12, 16 and 30 visits over a 30-day period. *Exhale*, based out of New York offers PAUG packages ranging from one to twenty, along with two different membership options. *Pure Barre* offers PAUG options and PVMs of 4, 8 and unlimited visits.

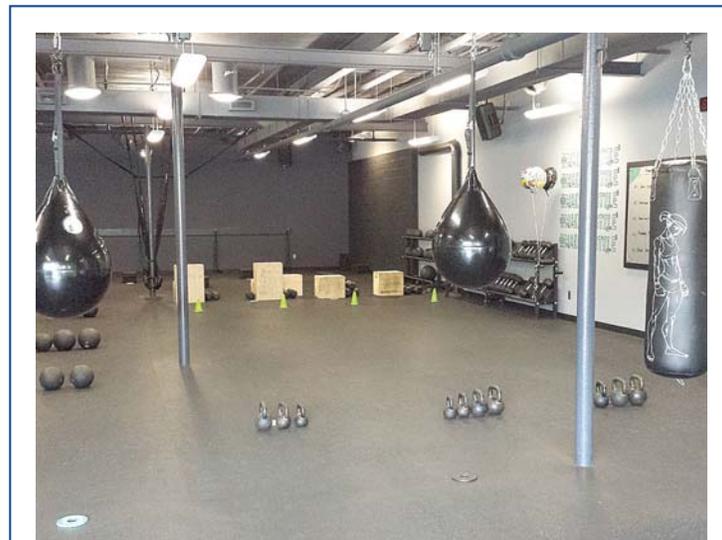
The other element of pricing that shouldn't be overlooked is how boutique



Mark Williamson

fitness studios price their offerings based on the competitive landscape and market location. It is rare that fitness studios, especially those with a multi-market footprint (*Barry's Bootcamp*, *Pure Barre*, *Core Power Yoga* and *Orangetheory Fitness*) price their offering the same across markets. What we've found is multi-market fitness studio operators' price their offerings differently by market, but within a market, there is very little difference between what the various brands actually charge. **Table 4 (bit.ly/clubinsider72)** provides some examples of how pricing across markets differs by brand, while within a market the price structures across brands are similar.

We believe there is one final point to clarify in respect to the approach some studio operators take with pricing. While the vast majority of fitness studios are transparent in their pricing, meaning you can find it on their website, there are a few operators, such as *Club Pilates*, *Pure Barre* and *Orangetheory*, that prefer a less transparent approach, something more common in the traditional fitness industry. These three operators, as well as a few others prefer to get prospects in the door and make a pitch. In our opinion, this



War Room 3 - Courtesy of Ripped Fitness, New York, N.Y.

approach is a movement away from what today's consumers expect and want.

Fitness Studio Performance

Possibly the most secretive aspect of the fitness studio industry, as might be expected, is reported financial performance. One general source of fitness studio industry financial benchmarks is generated by the *Association of Fitness Studios (AFS)*, which publishes an *Annual Operating and Financial Benchmarking Report* for the industry. It should be noted that, like many industry benchmarking studies, some of the more prominent operators don't participate, preferring to keep their financial performance protected. The most recent release of the AFS report, published in 2018, offered the following in respect to the overall financial performance of fitness studios in 2017:

■ **\$323,441.** The average revenue generated by fitness studios in 2017, equivalent to \$89 per square foot.

■ **\$500,000.** In 2017, 17% of fitness studio operators generated over \$500,000 in revenue and 7% generated over \$1 million in revenue.

■ **\$193 per square foot.** This is the reported revenue per square foot for the top 25% of revenue producers.

■ **20%.** The average reported EBITDA margin for fitness studios.

The numbers reported by AFS serve as an excellent foundation for understanding the general financial dynamics of independent fitness studios. As an example of an independent fitness studio's performance capability, *Peak Zone Fitness*, a privately-owned HIIT studio based in Dallas, Texas provided us with the information reflected in **Table 5 (bit.ly/clubinsider72)**.

In respect to fitness studio chains, obtaining their numbers is more challenging, since most private equity-backed firms (majority of large multi-unit fitness studio entities) prefer not to report financial performance to the public or competitors. In an effort to provide a portrait of the general performance, including financial performance for this group, we conducted a thorough online search, along with reaching out to some of the operators we know.

Tables 6 through 10 (bit.ly/clubinsider72) summarize our findings. It should be noted that other than the data from publicly-held firms, the information in these tables is based on what we were able to discover from a variety of articles and publications. In the case of certain metrics, these are estimates of ours and not KPIs reported by the firms themselves.

So, what can all this information (See *ClubIntel* Page 27)

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tell us when it comes to the revenue potential of boutique fitness studio?

■ A well-operated fitness studio, depending upon geographic region, could expect to generate revenue of \$100 to \$175 a square foot. Assuming the average fitness studio is approximately 3,500 square feet (AFS data and ranges described by many multi-unit operators), this would amount to \$350,000 to \$600,000 on an annual basis.

■ Large well-scaled multi-unit group training studios (Cycling, HIIT and Yoga), supported by large marketing dollars, have higher revenue potential than most independent fitness studios.

■ The large multi-unit franchises and corporately-owned studios report revenue levels that equate to \$150 to \$300 a square foot. If you operated a 3,500 square foot studio for one of these groups, it would amount to expected revenue of \$525,000 to \$1,000,000.

■ A well-operated fitness studio, once it reaches maturity, should be able to achieve EBITDA margins ranging from 20% to 30% of revenue. Some of the large multi-unit operations, due to their inherent efficiencies, have the potential to achieve EBITDA margins in the range of 30% to 35%.

■ Don't get enamored with averages. Averages are often skewed by the results of top performers more than that of the worst performers. For example, if one studio did \$200,000 and another did \$1,000,000 the average would be \$600,000. Absent a median number, averages should be seen as a benchmark for potential performance more than a statement of what will be achieved.

■ Beware of benchmarking the bell curve outliers. There are fitness studios, such as *Soul Cycle*, which are able to generate revenue on a square foot basis that could be two to four times greater than typically seen for fitness studios. In *Soul Cycle*'s case, one of the contributing factors to this outlier performance are the number of studios it has in some of the most dense and affluent U.S. markets (New York City with 24% of its total studio count and Los Angeles, CA with 15% of its total studio count). These markets offer the ability to charge higher prices and also pull from more dense populations.

Private Equity and Fitness Studios

As shared earlier in this report, many of today's largest fitness studio operators are backed by well-capitalized private equity groups. **Table 11 (On This Page)** provides a general overview of

Fitness Studio Brand	Private Equity Group
Barry's Bootcamp	North Castle Partners
Core Power Yoga	TSG Consumer Partners. Previously owned by L. Catterton
Orangetheory Fitness	Roark Capital Group
The Bar Method	Mainsail Partners
Xponential Fitness (AKT, Club Pilates, Rowhouse, CycleBar, Pure Barre, Stretch Lab, Yoga Six, etc.)	Snapdragon Capital
Soul Cycle	Equinox and the Related Properties

some leading fitness studio operators and the private equity groups presently fueling their growth.

Final Thoughts

The boutique fitness studio market has evolved into one of, if not the hottest segment of the fitness industry, hence the title of our report. The fitness studio stampede, or if you prefer phenomena, might best be described as the natural evolution of the fitness industry, driven by a variety of forces, including: the emergence of Millennials as a powerful consumer force; increasing urbanization of the American landscape; changing cultural views about fitness; and finally, the insatiable desire of investor groups for the next unicorn. Boutique fitness studios have captured the attention of investors, the media, and possibly more importantly, young consumers bored with traditional fitness offerings.

Our objective in writing this report was to present a well-rounded story of the boutique fitness studio segment by searching out a variety of sources. We felt it was important to bring forward the entire story; not just bits and pieces. As for ourselves, we've reached the following general conclusions:

■ Boutique fitness studios are part of the industry's evolution, driven by "business natural selection" and influenced by cultural, generational and economic forces.

■ Fitness studios offer consumers a very diverse and inspiring set of options for pursuing an active lifestyle. There is a potpourri of activity and movement options for those who consider fitness an essential part of their lifestyle.

■ The fitness studio industry is extremely competitive, especially in urban markets. In some urban and even suburban markets,

oversaturation is taking place where supply is exceeding demand or where the volume of businesses may be too great to allow everyone sustainable profitability.

■ Boutiques seem to be the flavor of the times when it comes to franchising. It feels like once a brand gets hot in a particular market, the next step is to quickly expand it through franchising.

■ The fitness studio industry has generated considerable investment from private equity. Large scale players, such as *Barry's Bootcamp*, *Soul Cycle*, *Core Power Yoga*, *Pure Barre* and *Orangetheory Fitness*, are among many franchise and corporate-owned studio chains backed by and flourishing because of private equity.

(Steve Tharrett and Mark Williamson are the Principals of ClubIntel and can be reached at stevet@club-intel.com and markw@club-intel.com.)

Introducing Active Cat Around the World

BOSTON, MA - The International Health, Racquet & Sportsclub Association (IHRSA) has announced the publication of a new children's book, entitled *Active Cat Around the World*.

"*Active Cat Around the World* teaches kids that there are fitness activities in every country that are fun to do," said **Joe Moore**, President and CEO of IHRSA. "Released in time for the holiday season, it's sure to make a unique educational gift for children worldwide."

The release of *Active Cat Around the World* is timely. A recent study by the World Health Organization states that a majority of adolescents worldwide are not sufficiently physically active, putting their current and future health at risk.

Written by **Jay Ablondi** and **Jim Schmaltz**, and illustrated by **Stan Tran**, *Active Cat Around the World* playfully showcases Active Cat traveling the world in search of fun sports to play and meeting new friends along the way.

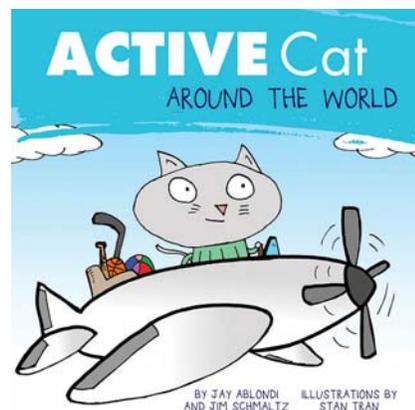
"Our goal is to promote physical activity for kids of all ages as well as learning about different cultures and countries," says Ablondi, a father of two daughters, ages 6

and 9. "My girls provided plenty of input on Active Cat and his adventures, so this book is not only kid-tested but peer-reviewed!"

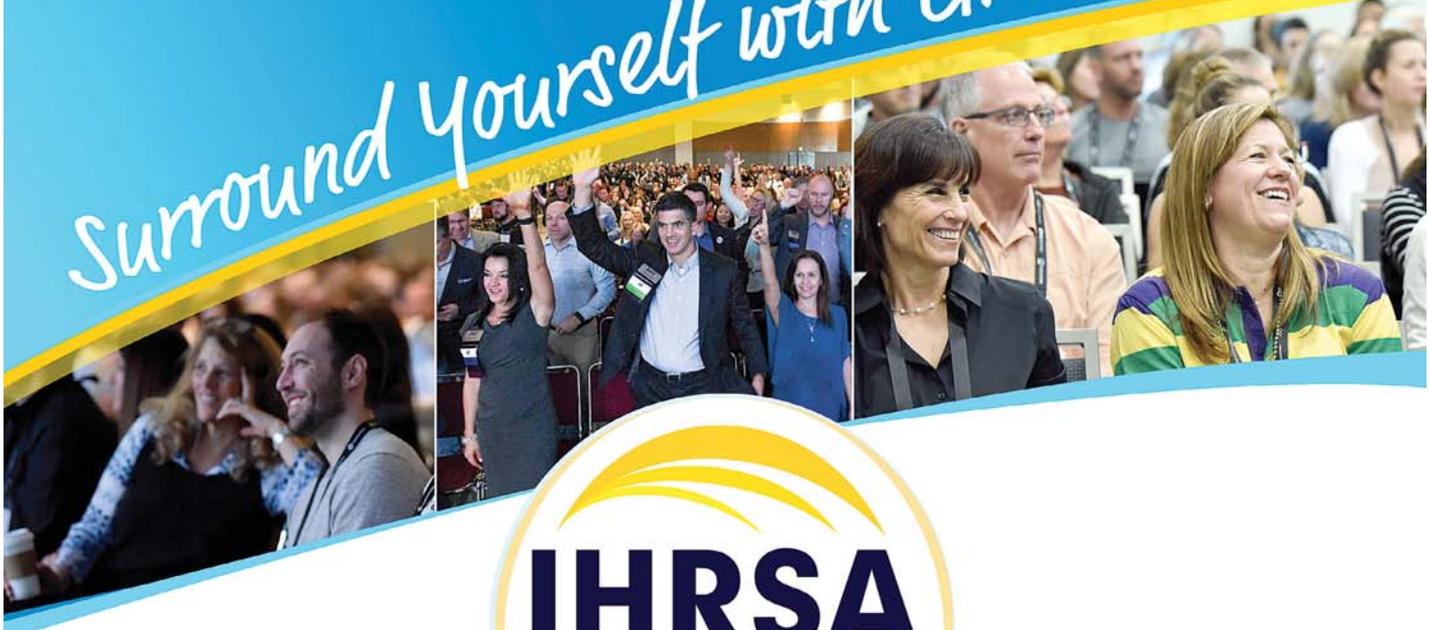
Stan Tran's *Out of Shape* cartoon appears monthly in IHRSA's *Club Business International (CBI)* magazine. Ablondi is the Executive Vice President of *Global Products for IHRSA*. Schmaltz is a Senior Editor at IHRSA. **Samantha Cuozzo** designed the publication.

Active Cat Around the World is

the second collaboration from the creative team of Ablondi, Schmaltz, Tran and Cuozzo. In 2014, IHRSA published *Active from A to Z*, an alphabet learning book that illustrates animals being active, such as frogs playing Frisbee and kangaroos kickboxing, even a mythical unicorn riding a unicycle, combined with fun facts. Both publications are available on ihrsa.org and Amazon.com.



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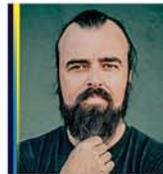
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...Michael Gelfgot

continued from page 24

PowerPoint with handouts and teach your members. Presentation is key, and delivery of the content is more important than the content itself, although the content needs to be good.

3. Find ways to make your members more valuable to you than they are to your competition.

"Value is what you get. Price is what you pay." - Warren Buffet

Adding more value to your core offering is the fastest way to raise the price of your membership. Typically, adding value means doing more than what you were doing. Someone is working harder than

you, someone is solving your members' problems faster and better than you, which is why your members are leaving you to go somewhere else. We all know there are many reasons why members will join a facility, but there are only a few reasons why most members will stay:

- A. Are they having fun? Do they feel welcomed in coming back? Are they enjoying their workouts?
- B. Are they changing? Are they seeing results?

Become better in anticipating your members' problems and solve them today.

In summary, first, knowing your niche, knowing the type of a member that you do your best work with and conversely knowing exactly who you don't do your best work with can help you increase the price

of your membership as long as you have a real solution that's crystal clear. Second, becoming an authority through publishing a book, keeping up with your education, and holding monthly workshops will change the perception of who you are to a customer when they walk in, which will allow you to charge more money for a membership. Lastly, make your members feel that they

matter more to you than they do to your competition. Find a way to make people feel special.

(Michael Gelfgot is a veteran Anytime Fitness owner and operator. Mike can be reached by email at mike.gelfgot@gmail.com.)

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Thanks and Appreciation

At **Club Insider**, we are excited to be about to finish our **26th 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 26-year run possible.

A very sincere **Thanks and Appreciation** go to **Rick Caro**, the **late Dr. Gerry Faust** and the **Faust Executive Roundtable #1** for helping me decide in 1993 what my home-based business would be. **Thanks and Appreciation** to my long-time friends, **Ron Hudspeth** and **Cathy Miller**, of **Atlanta's Hudspeth Report** for the tremendous assistance they provided. **Thanks and Appreciation** to all of the folks at **Walton Press** in Monroe, Georgia. They've done an absolutely excellent job for us all these years and have printed every one of our **312** monthly editions! And, of course, **Thanks and Appreciation** to the **United States Postal Service** for sending those editions out to our **10,000 readers!** **Thanks and Appreciation** to all of our **READERS**. Sincere **Thanks and Appreciation** to our **Club Insider Advertisers**, past and present, for their kind and dedicated support of this publication. It's amazing to know that we have several advertisers with over a decade of continuous advertising with us. We also want to say sincere **Thanks and Appreciation** to all of our **Club Insider Contributing Authors**, past and present, who've contributed *thousands* of excellent articles to help our readers with their Best Business Practices. **Thanks and Appreciation** to **IHRSA** for all it does.

Sincere **Thanks and Appreciation** to my son, Justin, who started working part-time for **Club Insider** when he was just eight years old (helping with mailings). This young man, pretty much behind the scenes for 26 years now, has truly been a fantastic partner for his Dad in **Club Insider**. Justin does our editing, publication layouts, all of our website design and maintenance, all of our bookkeeping and subscription processing work, as well as archive management and anything else that needs doing, including writing a majority of our cover stories each year.

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

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

Norm Cates, Jr.

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