

Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry



Robert Brewster, President of The Alaska Club Company

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Robert Brewster...

North for the Future of Fitness

FEBRUARY 2013

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Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

Robert Brewster...

North for the Future of Fitness

By: Justin Cates

In business, as in life, strategic plans are a good thing to have and to follow. By the end of Day 1, however, that plan will almost certainly need some tweaking. By the end of Day 2, a little bit more tweaking... By Day 200, that plan may now be a completely new and improved shadow of its original self. This is a good thing; this is evolution.

Why does this happen? A good plan should always take internal and external factors into consideration in a balanced manner, but it will *never* be perfect. Internal issues are ones you can exert much greater control over because, by definition, they are within your organization; however, external factors are the ones you really need to watch out for. You cannot control them, but instead, your internal preparations for and reactions to them will dictate their effect on your plan and it's ultimate success.

Robert Brewster is a man who understands this better than most. As you will hear from him, his childhood upbringing

spurred along the initial development of his ability to be keenly aware of external factors. Later, as Director of Operations for the Alaska Club Company, the external factors the company's clubs must operate in have continued to tune those skills. Now, as President of the Alaska Club Company, all of that knowledge and experience have come together to make him the key leader in his organization.

Like any great leader, though, he is not keeping his years of experience within his own company. As a current Member of the IHRSA Board of Directors, he is now a voice among the best in our industry whose long-term contributions of time and service will leave a lasting impact on all of us who call this industry home. Much of what IHRSA can teach through its conferences, publications, papers and surveys can effect how a club organization deals with internal factors. IHRSA does so much more, however, by providing a real vehicle for the industry to use to become aware of and affect external factors that can have an adverse impact on the industry as a whole.



Robert Brewster, President of The Alaska Club Company

This month, **CLUB INSIDER** is pleased to bring you an in-depth interview with Robert Brewster, President of the

Alaska Club Company and current IHRSA Board Member. We urge you to read on. (See **Robert Brewster** Page 12)

Catching Up With CHRIS RONDEAU, New Planet Fitness CEO

By: Norm Cates

Catching up with **CHRIS RONDEAU**, the new Planet Fitness CEO, now that his partner, Planet Fitness Co-founder and former CEO, **MIKE GRONDAHL**, has "retired," we learned a lot in a

short conversation.

As most of you now know, Planet Fitness sold a 75% interest in Planet Fitness Corporate to TSG Consumer Partners, LLC, a San Francisco-based investment banking firm, in early (See **Planet Fitness** Page 6)

Rick Caro's 17th Annual Financial Panel

Taking Place During IHRSA 2013 at Mandalay Bay, Las Vegas, Thursday, March 21, 9:45 - 11:30AM

Rick Caro's 17th Annual Financial Panel on the Financial Health of the club industry is a must-attend session for CEOs, CFOs, club owners, GMS, investors, suppliers, press and all who are interested in the current economic

conditions affecting the worldwide health club market.

Each of the presenters who make up this year's panel has been involved in a major club transaction within the past six months and will provide a unique viewpoint on the financial factors that influence our industry.

(See **Financial Panel** Page 6)

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- IHRSA's Latin American Report Shows Growth Potential in Key Health Club Markets
- "World Fitness Day" Marketing Campaign Delivers Record Results!
- And of Course, *Norm's Notes*

Norm's Notes

•**Hello Everybody!** This is your **CLUB INSIDER Publisher and Tribal Leader** since 1993 checking in!

•**Is America a great country or what?** We're all *pressing on and giving it our best, right?* Isn't that what Americans do! **Hmm... Hmm... Hmm!**

•**JUSTIN CATES**, my terrific 28-year old son, is President and Assistant Publisher of **CLUB INSIDER** and a 20-year veteran with the business. This month, he authored another terrific cover story featuring an in-depth interview with **ROBERT BREWSTER, President of The Alaska Club Company** and a current **IHRSA Board Member**. Starting this month, Justin and I will be sharing the cover story duties at **CLUB INSIDER**. Our plan calls for him to produce eight cover stories per year, and I'll produce four. Importantly, Justin will continue *all of his other duties* such as editing every word we publish, producing monthly pages for publication, all of our website development and maintenance at www.clubinsideronline.com, keeping up with subscription invoicing and collections, mailing list management, bookkeeping and producing IRS and State Tax Reports and filings each year. **Stay Tuned folks**, as Justin assumes more responsibility in this now 20-year running newspaper. He will also continue working on his own web development company, **Pristine Media**. If

you ever need to reach Justin, you can by phone at (770) 595 - 6086 or by email at Justin@clubinsideronline.com.

•**Since publishing our November, 2012 CLUB INSIDER 20th Anniversary Special Edition**, I had the opportunity to reflect back on my writing in that issue, and it became clear that I had not properly acknowledged and thanked the members of the **Faust Roundtable #1 Members** for their kind help creating and founding **CLUB INSIDER** way back in January, 1993. So, *late being better than never*, I want to again thank **RICK CARO, CECIL SPEARMAN, RED LERILLE, CARL PORTER, DICK TRANT, CURT** and the late **JANE BEUSMAN, TOM LYNEIS, MITCH WALD, MARK** and **DEBBIE EISENZIMMER** and **JILL KINNEY** for helping me dream up, name, develop and launch **CLUB INSIDER**. Those members of our **Faust RT#1 Group** back in 1993 weren't just many of the early founders of our industry as we know it, they're all **Co-founders of CLUB INSIDER**, and I thank each of them for their help. Without their help, **CLUB INSIDER** would never have happened, much less, happened and now be in its **20th year of publication!** So, **THANKS** to all of these wonderful friends! And, **Thanks** to all of you who read **CLUB INSIDER!**

•**RAY WILSON**, the *legendary* health

and fitness industry *icon*, and a friend since 1981, celebrates his **85th Birthday** on **February 19th. HAPPY BIRTHDAY Mr. Wilson!**

•**The new Sports Club/LA** location, slated to open this month in the **Chestnut Hill** area of **Boston**, has been dubbed at its "**signature jewel box club concept**" because it is a combination of cutting-edge equipment and technology, state-of-the-art architecture and a sensory experience like none other. Folks, having seen a few of the Sports Club/LA locations, I must say that's saying a lot! According to **SMAYRA M. MILLION** (now THAT'S a GREAT NAME, FOLKS!), **CEO of Millennium Partners Sports Club Management**, "Every aspect of the Club's design is intentionally constructed to create a full sensory experience that's grounded, healthy and motivating. We're thrilled to expand our footprint by bringing this new concept to the Chestnut Hill community." Among the features are a cycling studio with top-of-the-line bikes that have simulated rides on screens that were previously only available in IMAX Theaters, sun-lit Yoga and Pilates studios, communal space with free WiFi and more. Reportedly, there's a sense that this is *not a normal club*. Good luck with the new club, **Miss Million!**

•**The following message** was written and sent to me by the one, the only, the legendary, **AUGIE NIETO**:

"Hi Norm and Justin - Thanks for your kind words! I am inspired by all the people like Gary Jones and Chris Clawson of Life



Norm Cates

Fitness/Hammer Strength! They designed the leg press. I just increased the weight to 130 lbs with 60 reps! I'm also working with Octane Fitness' founders Dennis Lee and Tim Porth to develop for my use a seated elliptical total body machine! I plan to use both products in Vegas!

I was reflecting with Lynne last night about how it takes adversity to rise above. Never in my life did I think that:

- We would we raise a combined (Augie's Quest and ALS Therapy Development Institute in Cambridge) **\$77+ million;**
- We would we have **51 employees** and **36 scientists;**
- We would we have **two of our drugs** in **Phase 2 trials;**
- We would be **set up a for profit model** as a subsidy;
- I would be able to do **60 reps** with **120** (See Norm's Notes Page 7)

About Club Insider

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20 Years and Counting!

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...Planet Fitness

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November. In a phone conversation, newly minted Planet Fitness CEO, Chris Rondeau, and I spoke by phone, and we discussed several big-picture items.

Item #1 - On company production since TSG Consumer Partners, LLC acquired 75% of the parent company, Chris Rondeau commented:

"One of the things we previously really hadn't been able to do was look back at what we've achieved in the past ten years. I always tell people here in the corporate office that we live in dog years at Planet Fitness, meaning that we accomplish as much now in *one month* as other franchise companies accomplish in *a year*! As of this morning, we're at 623 open and operating locations! We've got a clock on the wall, and it changes almost daily, each time we open another location.

We now have 1,000 new, committed locations in the pipeline through Area Development Agreements (ADAs). Technically, if we were to stop selling locations today, we would ultimately have 1,600+ stores. One of the really important factors is *that the unit economics of our model are so powerful* that the Franchisees constantly parlay the dollars to keep opening more and more stores. Our model works very well for both sides, the Franchisees, and for us, the Franchisors. So, everybody's happy.

Importantly, in our company history, we've had a less than a 6% default rate on our ADAs. So, when I say we have 1,000 committed units, take 6% off of that and it's still almost 1,000; it doesn't really decrease significantly at all."

Item #2 - Chris, tell us about your day-to-day work life. How has it changed?

"Well, last year, we opened 120 new stores. We sold 75% of the company. I was appointed CEO by our new partners. Then, three weeks ago, we welcomed a brand new baby boy, we named BEAU, into our family!

One thing I will say now about our new partners, TSG Consumer Partners,

is that these guys came in here, and *they truly got it*. They really got that we are *all about giving ultimate value to our members* and that we go to bed every night trying to figure out how to *give more, not charge more!* They really *got the model*.

What TSG came in to do was to *re-enforce our model and put infrastructure around it*. We're an entrepreneurial business, and we've always run lean. The three founders and owners were here day-to-day. We've run it as an entrepreneurial business. *We run things lean*. Now that they are in here, they're putting in an infrastructure and looking at helping us find out where the holes are and what we can put in place today that will help us open 200 new locations this year, instead of the 139 we're projecting. The way they are working with our staff here is terrific. We have a lot of veterans working here who might have started with us 15 years ago. A lot of other private equity firms might have come in with their big giant degrees (don't get me wrong, they are geniuses), but you'll never get the experience of working in a store for the last 15 years and understanding the model. The TSG people are very aware of and respectful of that. *They just want to learn about our successful business model*. They want to understand and pick the brains of our staff so they better understand our model and how they can help our staff work better and do better.

I'll tell you, Norm, what my staff has produced in just three months since the TSG merger is amazing! I'm so proud of what they've done: the budget they put together, the models they're creating and the thought processes in their own departments about how they can put in more human capital and add better infrastructure to accelerate our growth even more. They've really been challenged, and I'm very proud of how they've grabbed the bull by the horns and taken off!

It's almost inevitable that we're going to grow faster than before, regardless of putting financing together and helping with more real estate. Just the sheer infrastructure improvements will help in over servicing the Franchisees so they can grow even faster. We're also working on some UNL Banking Agreements, and they're talking of North of \$100 million to



(L to R) - Planet Fitness CEO, Chris Rondeau; T. Kennedy of Gastonia, North Carolina; Phyllis Dännin from Life Fitness; Gerald Kennedy of Gastonia; and Matt Alligood from Life Fitness

help Franchisee growth. Some of our most successful Franchisees are being held back by their banks. Although the real estate market is so inviting now, we must all realize it will not last forever. This is a time to really run hard for the next few years. We really want to accelerate their growth. For example, instead of taking the next five to ten years to develop and open those 1,000 locations we now have in the pipeline, why not accelerate the ADA developments and get those open in the next three to five years? We really want to accelerate their ADAs and have the infrastructure here at the Corporate Office to service them."

CLUB INSIDER also posed a question to Chris Rondeau that was about a development Mike Grondahl had been working on before the TSG merger and his retirement. That was the simplification of fitness equipment as it is currently being

manufactured today so that it continues to be just as functional, but it costs much less. Here's just a little sample. How many of you who own hundreds and hundreds of cardio and selectorized strength training machines wonder *how much less your \$6,000 treadmills would have cost if they only had an On and Off Switch, a Speed Control Button and an Elevation Button?* My guess is a *lot less*. So, you all know, Planet Fitness is now working on a deal for cardio and strength equipment that will allow you folks to buy a line of equipment at a *mere fraction* of what you used to pay for the same line of machines. The *only difference* will be the *lack of those many bells and whistles that virtually no one uses, or have ever have used*, in the first place. So, **Stay Tuned**, folks!

...Financial Panel

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Rick Caro, President of Management Vision, Inc., will once again be moderating this annual Convention highlight. The Panelists are:

- **Jon Canarick**, Managing Director, North Castle Partners;
- **Doug Lehrman**, CEO, Pulse Equity;
- **Kayvan Heravi**, Partner, LNK Partners;
- **Diego Cordoba**, Managing Partner, Teka Capital.

Please visit www.ihrsa.org/convention.

Colorado Athletic Club Announces Second Location in Boulder, Colorado

DENVER, CO - Colorado Athletic Club (CAC) is excited to announce their new ownership of the Flatiron Athletic Club. Ed Williams, President of Colorado Athletic Club, said, "After making a strong entry into the Boulder community in 2009, we are thrilled about this second location, which will serve as a perfect complement to our location on the 29th Street Mall. Our aim is to better meet the needs of the Boulder resident who demands the best as they pursue their indoor and outdoor fitness goals."

The Flatiron Athletic Club, a two-story, 45,767 square-foot space along the Foothills Parkway at Baseline Road, will expand the number of Colorado Athletic Clubs to seven. Everything members enjoyed about Flatiron Athletic Club, including its indoor running track, tennis, racquetball and sand volleyball courts, will remain. Numerous enhancements and improvements, including a \$1,000,000 investment in upgrades to both the facility and equipment, will commence soon.

"We would like to extend our

gratitude to the previous ownership group for their care of the facility, their support during this transition and for placing their trust in us to move the club forward," said Williams.

As is expected of all clubs in the Colorado Athletic Club family, the new location will personalize each membership and exceed customer service, cleanliness and programming expectations. "We want our clubs to be an unmatched 'one-stop shop' for fitness, wellness, sports and fun," added Williams.

...Norm's Notes

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pounds on the leg press!;

- I would **personally benefit** from our efforts;
- I would be able to do a **Octane seated elliptical**;
- I would be **alive 8 years** after my diagnoses!

The leadership of John (McCarthy) as the Chairman of the Bash and Pat (Laus) as the Founder of Clubs for the Quest... They have rallied the fitness industry and have lead through their tireless efforts, and they are true superstars! I look forward to seeing you next month! Augie!"

So folks, I *urge* you to plan to attend the **8th Annual Augie's Quest Bash in Las Vegas on Thursday night, March 21st**, and if you have enough people from your club attending the IHRSA Convention, then please do **book a Table for all of you** so you may help Augie and Lynne find the **CURE to ALS!** Check out the **Augie's Quest Ad on Page #21**.

• **Speaking of PAT LAUS and her Atlantic Club Staff**, they recently conducted their **Annual Clubs for the Quest Weekend for Augie's Quest**. This year's weekend featured an action packed **36 hours** that raised **over \$50,000** to help in finding the **Cure for ALS**. **KASS MARTIN**, one of **Zumba Fitness's** top presenters flew in from **Salt Lake City** on Friday where she conducted the first **Zumbathon Charity Event** for over **200 Atlantis Prep School** students and parents (See **Photo Below**). Kass then conducted a special fundraiser for **Zumba Instructors** in the area later in the afternoon. This event was then followed by **The Atlantic Club's Annual Fundraiser** for **AUGIE NIETO**, where **over 500 individuals** attended our **"Kick up your Spurs for ALS"** **Country themed event**, which included a very successful **Silent Auction**, a top **Country Music Band**, a mechanical bull and an

array of southern cuisine and décor... It was a tremendous success, and The Atlantic Club is already starting plans for next year's events. On Saturday morning, Kass Martin concluded the weekend fundraising activities with the **final Zumbathon Charity Event** with **over 300 attendees**. **The Clubs for the Quest** team were able to generate \$50,000 in donations providing support for helping Augie find a cure for ALS. **Congratulations to PAT LAUS and KEVIN McHUGH of The Atlantic Clubs in New Jersey** as they continue their amazing work for Augie's Quest! Augie and **LYNNE NIETO are going to FIND THE CURE for ALS**, and when they do, Pat and Kevin's work will have been a big reason it happens!

• **GERALD and T. KENNEDY, Planet Fitness** franchisees of **Gastonia, North Carolina**, recently won a company contest sponsored by **Life Fitness** for the **"Best-Re-Equipped"** club nationwide! The Grand Prize? A Planet Fitness-branded Harley Davidson! The Kennedy's recently relocated their Gastonia club from a 14,000 square-foot shopping center location to a 30,000 square-foot location in the same center. The club owners also invested **more than \$300,000** in approximately **100 new pieces** of Life Fitness equipment, added two tanning beds and dedicated space for a **Planet Fitness 360 Circuit**, a 30-minute circuit, and 12-minute abs. The Kennedy's, Franchisees since 2004, own six Planet Fitness clubs in North Carolina, including centers in Gastonia, Hickory, Belmont, Shelby, Mooresville and Concord (See **Photo to Your Left**). Nationwide, there are 620 Planet Fitness locations in 48 states and Puerto Rico.

• **Off and running** we are with this **New Year! Bank your extra moola now, while you can! Enjoy the walk-ins now, while you can! Make your plans NOW to lean out your operation, to be done in time for Spring, while you can.** The **Summer**

will be on at your club before you know it! **Prepare now!**

• **"How can I prepare?"** you may ask? **Educate yourself more! Never, ever stop learning!** You can educate yourself more and more. **The 32nd Annual IHRSA Convention and Trade Show coming soon to Las Vegas** is right around the corner! **You should NEVER miss this world-class learning event!** I have never missed an IHRSA Convention, and this will be my 32nd. I know of maybe five or six people who can say that. For sure, you'll *learn from others* that you'll meet there. **NETWORKING is the #1 BENEFIT of**

IHRSA Convention and Trade Show! Network... Network... Network! Bring others into your life who do what you do every day in other cities. Listen to them and learn from them. Go to their city and visit their club(s). At the Convention, you'll learn a lot from the **brainy and brilliant Keynote Speakers** IHRSA brings in who'll provide you with ideas and concepts that you might never have dreamed up on your own! There, you will also learn from a world-class faculty of speakers who **will present over 200 seminars on a wide range of industry topics**. All of those topics are pointed at helping you improve
(See Norm's Notes Page 8)

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Clubs for the Cure Charity Event With Over 200 Atlantis Prep Students and Parents Attending

...Norm's Notes

continued from page 7

your business skills, knowledge, acumen and bottom line. You will leave loaded for bear and ready to change and improve your club(s). *You will leave reenergized with your battery totally recharged.* You will leave ready to go back to work and to take your club(s) to an entirely *new* and *better level of excellence.* You will have attended **the most important four days of the year when you go to IHRSA 2013 in Las Vegas!** Don't miss it. Go to www.ihrsa.org/convention to register and get started! See the **Directory of**

Exhibiting Advertisers on This Page.

• **Market your club aggressively now!** Check out the article this month by **Tracey Bourdon of Susan K Bailey Advertising** who presents **Part II** of her 3-part series started last month in **CLUB INSIDER's** January issue. She'll help you if you've hit the New Year without a marketing plan in place (See **Page #24**). You should know that Susan K. Bailey Advertising launched a new website on January 23rd, and it is www.susankbaileymarketing.com. Also, **SKB** has added **KEVIN DETTO**, as their newest **Marketing Coach**, so welcome Kevin! Kevin comes to SKB with a Degree

in Sales and Marketing from **Humber College** and is a youth sports coach, animal service volunteer, coffee expert, and yes, still a **Maple Leafs fan!**

• **Prepare your staff** so they have the **correct answers** to the questions that they will be asked day-in and day-out this year. For example, the **Atlanta Journal Constitution** featured an article on February 3rd entitled, **Selecting a gym? Do your legwork.** It had a subtitle that said, **"Find a center that fits your lifestyle... Take advantage of classes that match needs, goals."** The article states that, "Despite the sluggish economy, people are flocking to gyms in greater numbers than ever: An estimated 51.4 million people were going to fitness centers at the start of 2012, according to an annual survey by IHRSA, the Boston-based International Health, Racquet & Sportsclub Association representing gyms. That's up 12.8% from four years earlier. Members went to their clubs an average of 102.5 days during 2012, about twice a week." Then, the article highlighted several key points for your staff to study and prepare themselves for questions that prospective members visiting your club(s) will ask. Keep in mind that these are points directed to the reader of the AJC article, a/k/a as the "prospective member" to help them deal with you. Study these items while wearing a consumer's hat in order to prepare for meeting him:

1. What works for you?
2. What can you afford?
3. Compare and contrast by taking advantage of complimentary trial memberships that many clubs offer.
4. Investigate the great deals clubs offer. Check the fine print to see if there are limits with that super cheap monthly rate.
5. Join at the end of the month. Making a commitment later in the month enhances the odds that you'll get a good deal.
6. Bargain... When the moment of truth comes, negotiate with the representative of

the club to get your best possible deal. Ask if there's a discount if you bring a friend? Ask the Club Rep if they will waive the initiation fee or throw in some guest passes or a couple of personal training sessions. See if your employer or insurance company will reimburse you for the monthly cost. Check out neighborhood alternatives such as the **YMCA** or a community center you've not visited.

MELISSA RODRIGUEZ of **IHRSA**, and speaking for our industry, also says, "We have seen in our study that it's not uncommon for members to belong to more than one club. They might belong to one club near work and one near home. Whatever works for you and your lifestyle." So folks, use this Note to help prepare your sales staff and to role play so that, when such thoughts come up, they're prepared to address the prospective member intelligently and concisely.

• Word has it that **MARK MASTROV** is doing due diligence on the possible acquisition of the **Sacramento Kings NBA Basketball Team**. According to the phone call I received from **DAVID BIENICK**, a reporter for **KCRA TV 3, SACRAMENTO, California**, a spokesman for **Sacramento Mayor KEVIN JOHNSON** said that they are close to announcing a group of wealthy investors who will offer to buy the Sacramento Kings. Presumably, Mark is among that group. But, knowing Mark, I have a hunch he would not participate in that manner. It would be more like him to acquire the Kings outright and run the show himself. So, **STAY TUNED, Folks!**

• Writing earlier about the **IHRSA 2013 Keynote Speakers** in Las Vegas, here's the awesome **Keynote Speaker** lineup: **BERT JACOBS** will present his keynote address, **Optimism Can Take You Anywhere**, on **Tuesday, March 19th, 11:30AM - 12:30PM**, sponsored by **SPRI**; (See *Norm's Notes* Page 10)



SEEKING FRANCHISEES & AREA DEVELOPERS

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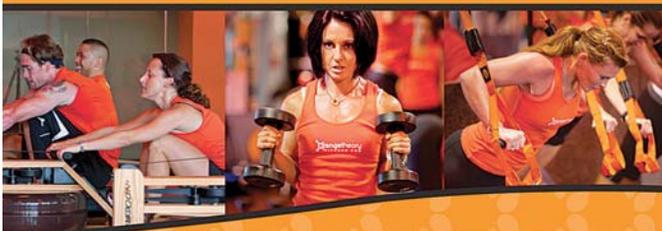
Over 80 Locations



"After the sale of our chain of Edmonton clubs (Club Fit) in 2008, we undertook an exhaustive search of opportunities in the fitness industry across North America. The industry was becoming commoditized with big box gyms all offering the same general product – and a new segment of micro gyms was just emerging. Orangetheory Fitness was the first new concept in the interval training market, that had amazing branding and high customer appeal. We believe Orangetheory will grow to over 500 studios in the next 3 to 5 years and be the

dominant brand in this space. We are currently seeking area developers with fitness industry background to help with our national and international growth."

David Hardy, Partner, Orangetheory Fitness
President, Franvest Capital Partners
IHRSA Board of Directors 2008-2012
Fitness Industry Council of Canada President



LEARN MORE:

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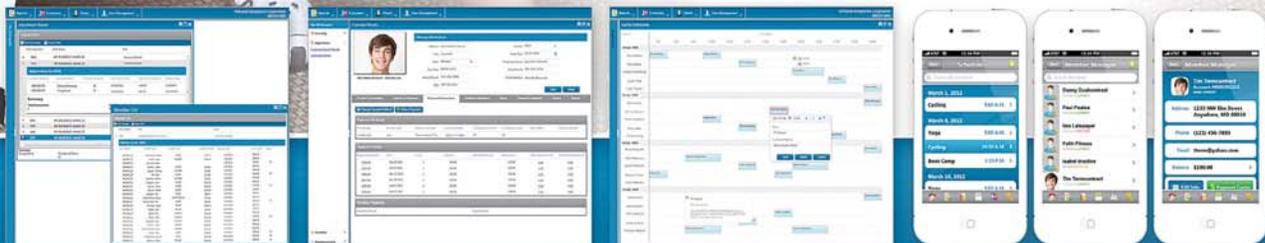
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...Norm's Notes

continued from page 8

NICHOLAS CHRISTAKIS will present his keynote address, **Connected: The Surprising Power of Our Social Networks & How They Shape Our Lives**, on **Wednesday, March 20th, 8AM - 9:30AM**, sponsored by **Technogym**; **CHIP CONLEY** will present his keynote address, **PEAK: How Great Companies Get Their Mojo From Maslow**, on **Thursday, March 21st, 8AM - 9:30AM**, sponsored by **Matrix Fitness**; and **PETER SHEAHAN** will present his keynote address, **FLIP: Creative Strategies for Turning Challenge into Opportunity, and Change into Competitive Advantage**, on **Friday March 22nd, 11:30AM - 12:30PM** sponsored by **MYZONE**. So, go to www.ihrsa.org/convention to register and find hotel booking information. I'll be the one in the **Black Fedora Hat**, and I'll be hanging out at my **Booth #735** at the **IHRSA Trade Show**. If you need to find me, I'll be staying at the **Mandalay Bay Resort**, and my **Cell Phone Number** is **(404) 626 - 1197**. See y'all there!

• **RICK CARO's 17th Annual Financial Panel** will be held **Thursday, March 21, 9:45 - 11:30AM** at the **2013 IHRSA Convention**. The 17th Annual Financial Panel on the Financial Health of the club industry is a must attend session for **CEOs, CFOs, club owners, GMs, investors, suppliers, press and all who are interested in the current economic conditions affecting the worldwide health club market**. Each of the presenters who make up this year's panel has been involved in a major club transaction within the past six months and will provide a unique viewpoint on the financial factors that influence our industry. **Rick Caro, President of Management Vision, Inc. in New York City** will once again be moderating this annual convention highlight. The Panelists are:

- **JON CANARICK**, Managing Director, North Castle Partners;
- **DOUG LEHMAN**, CEO, Pulse Equity;
- **KAYVAN HERAVI**, Partner, LNK Partners;
- **Diego Cordoba**, Managing Partner, Teka Capital.

For more information and to register for the convention, please visit www.ihrsa.org/convention.

• **The National Fitness Business Alliance (NFBA) Team** has provided an excellent writing on *customer service*, and it appears on **Page #23**. Also, please note the following NFBA event schedule and make plans to attend one of these *great industry educational events*: **Biz.Train.Con** - San Diego, California, April 5th; **Fit.Biz.Con** - Dallas, Texas, April 19th and **Mega.Fit.Con** - Baltimore, Maryland, May 2nd - 4th. For **Registration Information**, go

to www.thenfba.com or call **JILLIAN RUSSO**, Director of NFBA, at **(800) 726 - 3506 (Office)** or **(774) 238 - 9050 (Direct)**.

• **Best wishes to JAN WOODMAN**, Executive Director of **NEHRSA (New England Health Racquet and Sportsclub Association)** on the occasion of her retirement. Jan has served her **NEHRSA** Members, and our industry, for **22 years**. Check out Jan's nice letter to the industry, entitled, **A Fond Farewell**, in **CBI Magazine's February edition on Page #14**. Good luck, Jan, and best wishes for a healthy and happy retirement! **May all of your drives be long and straight down the middle of the fairway!**

• **CONGRATULATIONS to CASEY MURPHY**, the new Executive Director of **NEHRSA**! Casey moved to the job of Executive Director of **NEHRSA** in December from **IHRSA** where she worked in the **Global Membership Department** for the past six years. Best of luck, Casey, in your new and exciting role!

• **CONGRATULATIONS to CHUCK RUNYON and DAVE MORTENSEN**, Co-founders of **Anytime Fitness**, as they have reached the **2,000-location Milestone!**

• **The Sale of Brookfield, Wisconsin Blast Fitness Results In Information Runaround Building's Previous Owner Denies Demolition Rumors**. The recent sale of a retail property in Brookfield, Wisconsin has tenants and city officials scratching their heads in confusion. Blast Fitness employees at the 16985 West Bluemound Road, handed out a **Frequently Asked Questions** flyer to its members saying, "the building owner sold the entire building to Aurora Health Care," and that the fitness location would close its doors on February 28th. The flyer went on to say that Aurora had plans to demolish the site and that all of the building's tenants are out of a home. The **problem with all this is that it was a bald faced lie**. Who knows why **STEVE BORGHI** would issue a false memo to his members? I would love to talk to anybody who could explain the reason for this lie to me. My phone number is **(770) 635 - 7578**.

• **Fiserv, Inc. (NASDAQ: FISV)**, one of **CLUB INSIDER's lead advertisers on Page #5 for years**, and a leading global provider of financial services technology solutions, and business-driven technology and billing solutions for health and fitness clubs, announced that **SARA BOWMAN** has been named **Director of Sales for Club Solutions at Fiserv** (Don't confuse **Fiserv Club Solutions** with the industry magazine of the same name). Sara Bowman will focus on continued growth of the suite of club management software, EFT and billing services from Fiserv, including **Compete**, which provides functionality to support the specific business needs of fitness clubs. **Our best wishes for great**

success, Sara! Check out the **Fiserv Press Release on Page #26**.

• **Talk about a great day!** **World Gym Taiwan's MICHAEL SANCIPRIAN**, CEO of **World Gym Taiwan**, has produced a membership promotion that resulted in **100,000 guests** and **25,000 new members!** Check out the story on **Page #30**.

• **World Gym International** announced the opening of a new 30,000+ square-foot fitness center in **Lewisville, Texas**. Owned and operated by **Franchisees MARK MESSINA, JOE SPINO and BILL WINDSCHIEF**, the brand new facility is open 24 hours, Monday through Friday, and 8AM - 8PM Saturday and Sunday. The gym boasts a full-size basketball court, a World Gym Barbell Café/Smoothie Bar, Pro Shop, over 100 pieces of state-of-the-art Cardio Equipment, each with their own TV/personal viewing screen and top-of-the-line workout equipment. Members can also enjoy services such as Nutrition/Weight Loss Counseling, Personal Training, Tanning, Group Exercise Classes, Group Cycling Classes, a Women's-only Workout Area and On-Site Child Care. "Lewisville is the fifth World Gym in Texas, and our first in Dallas," says **GUY CAMMILLERI**, Managing Director of **World Gym International**. "Texans have welcomed us and appreciated our commitment to seriously fun fitness. Bringing a top-notch facility to a new community in the state is an exciting development for the brand." Owner, **Bill Windscheif**, who personally managed the development of the facility and oversees its operations, explained, "As a Franchisor, World Gym International has been a great partner for us in our five other gyms in Western New York

and Florida. So, it was an easy decision for us to increase our commitment to the brand and expand into Texas. We are very pleased with the response we've received from the community and are already looking for additional locations in the Dallas/Ft. Worth Metroplex."

• Some folks may not know that **CLUB INSIDER** is a **Paid Subscription-based Publication**. Are you a **Paid Subscriber**? If the words **PROMOTIONAL COPY** appear above your name and address on the cover of this month's edition, you are not a **Paid Subscriber**, and you are not enjoying the full benefits of a **Paid Subscription** to **CLUB INSIDER**. So, don't delay! Subscribe today for just **\$89**, which gives you nine years of **CLUB INSIDER** (one year of new editions and eight years of archived editions) by going to www.clubinsideronline.com/subscribe/

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

(Norm Cates, Jr. is a 39-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now in its 20th Year of publication. Cates was IHRSA's 1st President, and a Co-founder of the Association with Rick Caro and five others, in 1981. Cates may be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com)

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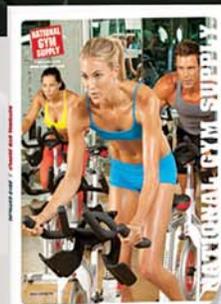
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...Robert Brewster

continued from page 3

An Interview With Robert Brewster

CLUB INSIDER (C.I.) - Where were you born and raised? Where did you attend school?

Robert Brewster (RB) - I was born in Portland, Oregon, where I spent a little time in an orphanage and was eventually adopted by my parents who have been outstanding people in my life. Almost immediately after my adoption, we moved to Guatemala where I lived for the next ten years. It was a fascinating place to grow up. There was a lot to learn from, and I really appreciate Central America and the people there.

That particular part of Central America was dominated by Mayan culture, and I clearly remember wandering around in ancient ruins dating back centuries. At home, we had these panoramic windows, and it was not uncommon, in fact almost a regular occurrence, to watch volcanoes erupting in the distance. It was a fascinating place, but difficult at the same time, not only because of language barriers, but because they were in the middle of a long-running civil war. It wasn't unusual to wake up in the middle of the night and find the Army going door to door, preparing to search our house.

When that is the only environment you know, you don't really think much about it, but now, it gives me an appreciation for the blessings we have in this country and the stability in which we get to live. In many places around the world, they don't have the stability of regulation, business infrastructure and all the things we take for granted. In addition, it gave me an appreciation for the opportunities laid before us here.

Due to the instability of the country and threats to our safety, we had to leave suddenly, literally packing the car in thirty minutes and driving away. We

drove through the night to El Salvador. My mother and I came back for a brief period to pack up our stuff, but my dad was never able to return. It was a very volatile environment, and as Americans, we were targets.

It happened suddenly and we just bolted. We moved back to the States, and I lived in a motel in Burbank, California for almost a year while my dad prepared our next safe home, Vietnam. Fortunately, he came to his senses and pulled out of that assignment just before we joined him. Very soon thereafter, he left the company and got a job here in Alaska. So, I've lived here since 1972 and have witnessed a huge evolution in the State during that time, especially with the advent of the Alaska Pipeline, which was a very significant event here.

I went to elementary school, middle school, high school and then the University of Alaska, which happened to all be within a square mile of each other. I call it "the block" where I got my education. It's been a really great ride. I got a degree in Marketing from the University of Alaska, which I attended on a cross-country skiing scholarship, and that has served me very, very well.

C.I. - When and how did you get started in the health and fitness club industry?

RB - It was really a part-time job. I had finished my bachelor's degree and still had a year to go before the Olympic Biathlon trials in 1984. There was not a lot of financial support available for athletes then, so I needed a part-time job while I worked on my training. I saw this ad for an attendant at a club, and I didn't really know that much about fitness centers. I went down to talk with the owner and I walked in and found that this club did not have a lot of redeeming qualities. It appeared that its most redeeming quality was that it was in the basement of a large liquor store. I go in, and I uttered some of the dumbest words that have ever come out of any



Alaska Club Members Leaving After a Great Workout

person's mouth in an interview. When he asked me what I wanted to do and why I wanted to work there, I told him, 'Well, you know, I need to train twice a day. I'm training in the morning, I'm training later in the day, and this midday shift would work out very well because I can rest while I am here.' I realized what I said, and he started laughing. He hired me anyway, but he never let me forget that comment. I have been constantly employed in this industry ever since.

I ended up taking a sabbatical for about four months during the racing season, as I was traveling a lot to various events. Unfortunately, I did not make the Olympic team, but like a lot of things in my life, I have been blessed with excellent timing. When I returned, he informed me that he was opening a new club, so I applied for the manager's job. I've been managing clubs continuously since that day in 1984.

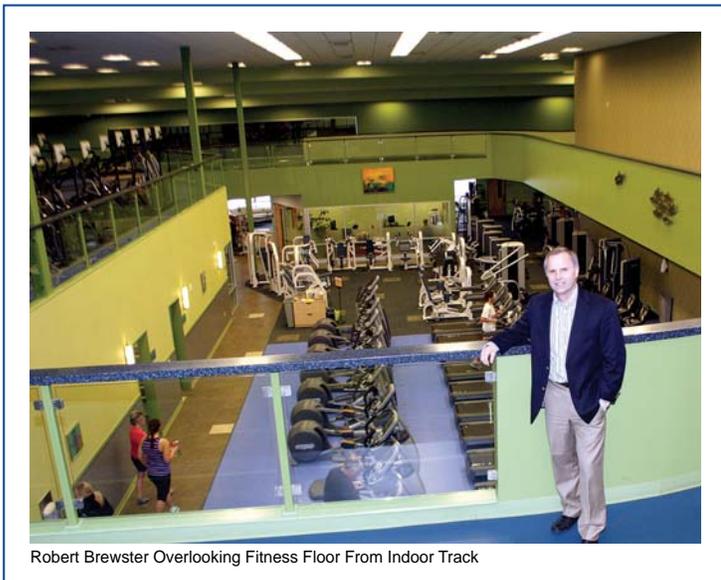
C.I. - You've been with The Alaska Club Company since it only had one location. What has it been like witnessing the growth of the chain over the years?

RB - I started at The Alaska Club in 1988. The team here was really, really experienced. Andrew Eker was a serial entrepreneur and very involved in large-scale real estate development. Tom Behan, his partner, had been the President of a bank and had extensive financial knowledge and connections. John Marchetti, who is still our CFO, was a very experienced financial manager. He's a guy who worked in every kind of industry you can imagine while he and Andrew had their eclectic collection of businesses prior to opening clubs. So, the Alaska Club was really primed for growth,

and it needed more of an operator, which was the experience I brought to the table. I was the Director of Operations when we had one club. They had been open for about a year and a half when I joined the team. That first club had 94,000 square feet and less than 300 members when they bought it. It was a colossal risk, and the day after they signed their agreement to purchase the club, Alaska experienced a Black Friday type of event that cratered the economy here. They were very, very savvy in those first couple of years to survive that shock. Without the strength of that management team, they wouldn't have made it. This all happened before I came on, and I was clearly the least experienced person on the team at that point.

For those of us who get a chance to work in the industry and work in dynamic club environments, it's very rewarding. It's a great job and a positive thing to do. One of the things that has been tremendous about The Alaska Club is that it scaled from that one club to 18 at the right pace for us to learn to take the right risks and observe the industry sufficiently to evolve so we could stay fresh and relative to what was happening in the industry. We've operated most club formats. We have done everything from manage large, multipurpose facilities to tennis centers, keyed access clubs and fitness-only to luxury... We have all of these concepts in our portfolio now. Each one has its own unique challenges, but we take a lot of pride in managing to make each one work.

C.I. - What are some of The Alaska Club Company's primary market differentiators? (See Robert Brewster Page 14)



Robert Brewster Overlooking Fitness Floor From Indoor Track



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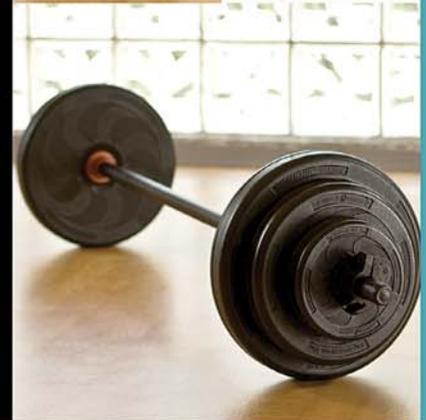
- ▶ Durable powder-coated steel construction
- ▶ Holds up to 24 sets of bars, collars and weights

THE COLLARS

- ▶ Quick release tab for convenient loading and unloading of the bar
- ▶ Will not scratch or damage the bar

THE 10 KG SIDE RACK

- ▶ Durable powder-coated steel construction
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...Robert Brewster

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RB - One of our primary differentiators is how convenient we are in the markets we serve. We have a very dense geographic distribution of clubs in our markets. In addition, we offer a very comprehensive set of options to suit any fitness need. Our clubs solve the full spectrum of fitness needs in the community. If you have a family, no problem; if you're single we have that; women's-only, got it; court sports, those too. If you had asked me 20 years ago, 'Are people going to use multiple clubs if they are relatively close together?' I would have said, 'Not many. People will generally settle on a club where they feel comfortable or the one that's near their home or work.' But, we've done cross-usage analytics that shows that large numbers of our members use multiple clubs and sometimes in the same day. Some people will take a Spinning class at West in the morning, and then, maybe drop in for some fitness at Midtown in the afternoon. Then, the next morning, they may be playing tennis at East. I've been surprised by the prevalence of that.

Another market differentiator is our family centric position in the market. It has been very difficult for people to compete against us in that sector. There are many fitness-oriented clubs in Alaska. Lots of low-price, high-value kind of facilities, but where we are very dominant is in the multipurpose, family sector. Also, our clubs are generally more visually appealing and have the amenities that are generally associated with higher end clubs. In addition, we own every indoor tennis court in the State of Alaska and 90% of all the racquetball/squash courts. So, we are big in courts, family-centric programming, and obviously, our fitness services are, I think, unrivaled. But, it's easier for competitors to try and compare against those services than the other features we have.

C.I. - Please describe a typical The Alaska Club. Total square-footage, amenities, services, etc.

RB - Our largest club is 108,000 square feet, and our smallest is 6,000. But, our core club is in the 45,000 - 60,000 square-foot range. They all feature fitness facilities obviously, but we also have pools, gymnasiums --whirlpool, sauna, steam and social lounges, which we think are an important part of the feel of the club-- and child care. Most of our clubs have the soft play structures. Other family-oriented facilities include youth lounges with rock climbing, Internet access terminals, and lately, we've started using the Xbox Kinect. It's great to see entire families here using that feature. Then, of course, at least one club in every market has indoor tennis courts.

As you can imagine, most of the infrastructure is concentrated indoors. We do have a few outdoor tennis courts. In Alaska, though, it's all about putting things inside, which makes operating here very, very expensive. We have a club in Fairbanks that's running through \$35,000 - 40,000 of fuel oil a month. It was 50 below zero there last week. It is amazing when you walk outside; you better be prepared. In Fairbanks, when the temperature is that cold, you can take a glass of water, throw it up in the air and it will crystalize before it hits the ground. It's pretty interesting. It basically just vaporizes it, and you could be next if you don't have a heavy coat.

C.I. - How many clubs and members does The Alaska Club Company now have?

RB - We have 18 clubs and tens of thousands of members.

C.I. - When did you become President of The Alaska Club Company, and how was that transition?

RB - I had the good fortune to become President at the point when Lincolnshire Management bought the company in October of 2007. It has been a pretty



Several Families Enjoying The Alaska Club Together

smooth and seamless transition. The previous President, Andrew Eker, was a great mentor. We had really been in a mode over the years, where our team had worked together for so long, that he gained enormous confidence in us and had largely stepped away from the day-to-day operations. He was still heavily involved in expansion and contract negotiations, where he was particularly experienced and an invaluable resource. I had also been working very closely as an operating manager with the CFO, John Marchetti, who has been here for the entire tenure of the company. So, moving from Vice President of Operations to President, especially with the partnership I have had with John, has been pretty much seamless. John and I have been able to satisfy all the stakeholders, from an operating, strategic and financial management standpoint. We are very strong together.

C.I. - As President of The Alaska Club Company, what are your primary job duties?

RB - My primary responsibilities are to set strategic direction, identify growth opportunities, and especially, to build and nurture a dynamic group of senior managers. That's something we spend a lot of time on, making sure we have the best personnel. We have been very fortunate to attract some very, very dedicated and capable people.

C.I. - Coming from the Operations side, do you still find yourself going on the floor to check out how things are going as a secondary duty?

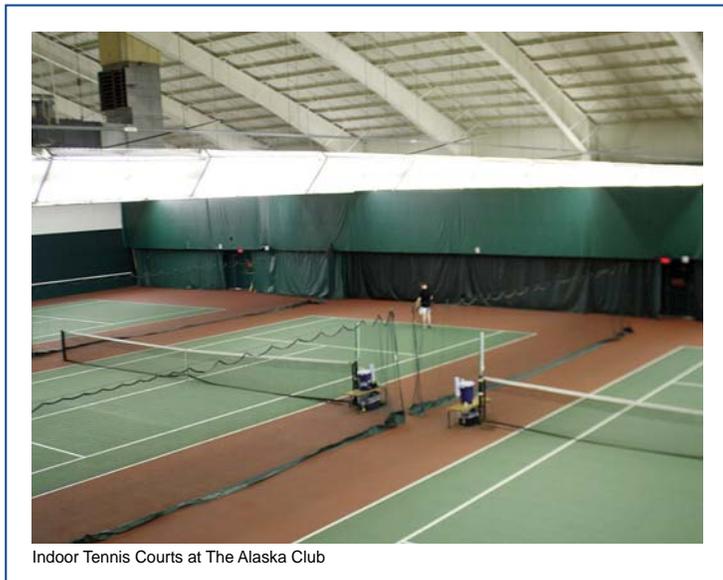
RB - Justin, I have to strap myself to a chair, so I don't go out and do that all the

time. I absolutely love operations. I really do. I love structuring things and organizing people. I've been on the personnel end of it so long that I'll say, 'Oh, I have a solution for that,' and it's tough not to do that excessively. But yes, I see that as my secondary calling really, to go out and mentor the people in the field who are doing that work now.

A manager jokingly told me the other day, 'You're not my mentor; you're my tormentor because you know exactly what is going to happen next.' I can tell you that there are many, many brighter people than I, but experience really does count. One thing that has been great about The Alaska Club experience is that we have worked with such a high volume of clubs and members over many years, and there are few things that surprise me. There are not a lot of things coming down the pike that I have seen before, or I know what is going to happen next. What a blessing it has been to gain this knowledge, and I am fortunate that people have helped me get there.

C.I. - Where can The Alaska Club Company grow from here? Are there any underserved markets? Would the company ever consider expanding beyond Alaska?

RB - We are always looking at new, add-on opportunities. I think the market here in Alaska offers us new ways to leverage our existing infrastructure by adding on some nontraditional club activities. But, we do look frequently at jumping to other states where we can apply our management expertise. Not only are we open to other states, but possibly in
 (See Robert Brewster Page 16)



Indoor Tennis Courts at The Alaska Club



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...Robert Brewster

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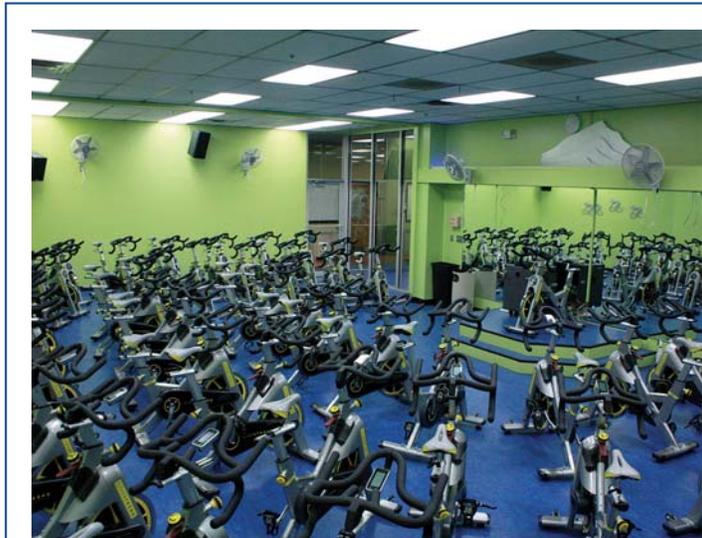
Canada as well. Having survived many winters in Alaska, I'd like to throw it out there that my ideal location would be in Hawaii (laughing). We would definitely consider any expansion opportunity that makes sense.

C.I. - The private equity firm, Lincolnshire Management, Inc. will want an exit. Who would be the ideal purchaser of The Alaska Club Company?

RB - Obviously, private equity's objective is to buy a company, build it and monetize the investment. Although there is a myriad of potential buyers that we would entertain, the ideal partner would be somebody who is definitely focused and committed to continue growing the brand and our management team. I think we have been using and can continue to use the systems, expertise and knowledge necessary to expand the number of locations we currently offer. Obviously, it would need to be an entity that has the capital to finance that potential. The other thing is, as you know, the industry is changing and a lot of interesting things are happening, so we would want an investor that is supportive of innovation so the brand can stay fresh and relevant as the industry evolves. We believe that, if you are standing still, you are going to get run over.

C.I. - How would you define a "WIN" for the Alaska Club Company in 2013?

RB - Obviously, like anyone in the industry, we want to make sure we maximize our membership sales and non-dues revenue development. A unique win for us would be the success of a new membership that we are in the process of developing in the leisure services area. We have already launched this option, and for me, a win would be to see exponential growth in that membership type.



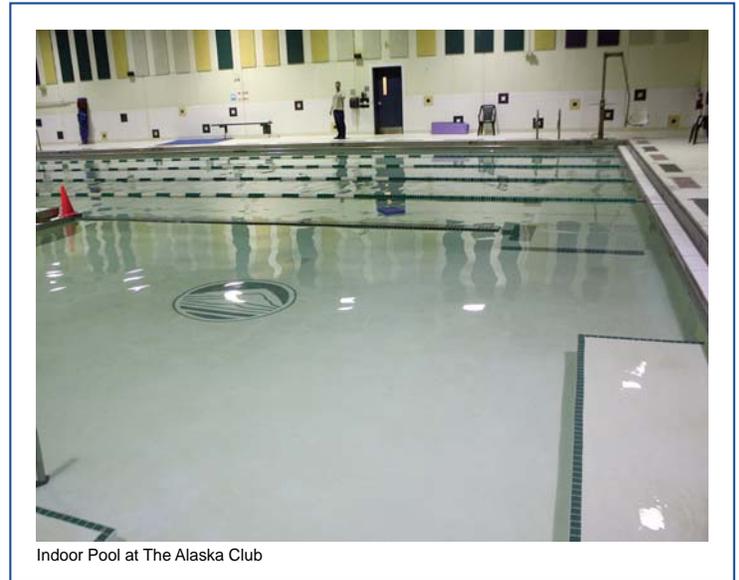
Spinning Studio at The Alaska Club

C.I. - Please name your key staff members and briefly describe their duties.

RB - **John Marchetti** is the *Chief Financial Officer* and manages all the typical things a CFO would normally be responsible for and then some. Bank relations have become much more important with private equity. He has a lot of responsibility for managing information flow to our Board and Lincolnshire, of course. He also reviews all the typical accounting functions. Uniquely, he also directly manages two of the Regional General Managers. He has over 25 years of experience and brings a lot of knowledge and structure to the organization. He's a good person to manage people that you don't see every day.

Debbie Cedeno is the *Vice President of Sales and Marketing* and has been with us for a very long time. She is a very seasoned club veteran. She started out with us, surprisingly, as a Group Fitness Director and then has moved up through the chain. If you meet her, you will immediately understand why she is so valuable to our organization. She is very, very smart and also very tenacious, something that you obviously want to have in a sales manager. She did that for many years at the club level, then on the regional level and then eventually took over our network sales, and ultimately, also became responsible for marketing. Her primary reports include the Marketing Director and a separate Network Sales Director. Those two manage all of the advertising agency relations, PR firm, in-house designers, our Webmaster, the club sales managers and related sales infrastructure.

One of the great things about being involved in the private equity arena is that they very much understand how important infrastructure is to success. We have an amazing phone system and call monitoring system that allows us to monitor every sales transaction live. This really enhances training and our ability to go back and



Indoor Pool at The Alaska Club

correct errors when salespeople have not put their best foot forward. We also use InTouch, which has been a fantastic tool for helping us keep track of all of our sales processes, leads and so on. It is both exciting and challenging to take the volume of information we collect and turn it into actionable data. It's not that it's difficult, but it requires discipline to listen closely and analyze that information to improve sales and the member experience.

Mike Guderian is the *Vice President of Operations* and is responsible for the General Managers at 13 clubs. He also oversees the Quality Assurance Director; the Director of Security and Safety; the Facilities Director and also an ancillary business we have called Alaska Fitness Equipment, which is a commercial exercise equipment distribution company. Mike is very systems-driven and has had tremendous impact on our operational consistency.

Kathy Bennett is the *Vice President of Accounting* and is responsible for all the typical accounting functions like accounts payable, receivables, internal auditing, personnel administration and the IT Department. Kathy has also been integral in the development of systems to manage a variety of complex member transactions and our membership recovery systems.

Adam Lonergan is the *Executive Director of Fitness Services* and manages all fitness-related departments, specifically the General Manager of Fitness Services, club fitness directors, fitness counselors, the personal training department, the group fitness department and Studio Rush, which

is a group training facility that we built at one of our clubs. Adam is maniacal about details and maximizing each touchpoint in the personal training sales and service chain. He is a workhorse!

Sam Kehler is the *Director of Facilities* for the network and manages ongoing facility maintenance, new construction, tenant improvements and renovations. He also serves as our *Director of Safety*. His skill base has allowed us to get the most from every dollar of capital available. The members love his work, and he is lifting the overall quality experienced by all users of our clubs.

C.I. - In addition to your day-to-day responsibilities, you are also on the IHRSA Board of Directors. Please tell us about that experience.

RB - Being selected to serve on the IHRSA Board has been a huge honor and a real opportunity for me personally. It's exciting to be involved in the process of protecting and nurturing the industry. I've been so fortunate to be a beneficiary of the Fitness industry that I really see it as a responsibility to give of my time to help shape and protect it, not only for my company, but also other people in the industry as well. Being elected to the Board has actually elevated my passion for our work and given me a better look under the hood to see what's really happening. It has been rewarding to start putting my experience to work helping to guide that process.

My Board service has given me a greater appreciation for the quality of (See *Robert Brewster Page 18*)



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*-Susan M. Adams,
Gold's Gym of Central Florida, Area Operations Director*

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...Robert Brewster

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work Joe Moore and the staff at IHRSA has been producing. As members of this organization we should be very pleased with the scope and quality of the staff's efforts. There are a lot of opportunities and issues that are affecting our industry that club managers and owners should be more aware of, but may not be. When you start examining the challenges with unfair competition, taxation, regulation, and so on, it's really a good thing that we have a trade organization monitoring all of that. No one club entity would be able to monitor the landscape and take on all of those issues by themselves. Whether people realize it or not, it's important to stamp out harmful issues in the industry even if they are far away, because it is likely that they will eventually come to their doorstep. For example, if you can defeat harmful legislation in other states, the likelihood of it coming to your door is much lower. Government entities love to copy revenue generation ideas from each other and become emboldened by success elsewhere.

C.I. - What do you see as some of the key challenges facing The Alaska Club Company? How about the challenges facing our industry in the coming years? How can IHRSA help combat them?

RB - Like the industry as a whole, we also suffer from increased competition. Another significant concern is what the cost of healthcare increases might be going forward. We have done some preliminary calculations based on what we know, and it's very disconcerting. It is certainly something we are monitoring very closely. Another cost center that continues to be a problem in our environment, as you can imagine, are increased utility costs. Ironically, our state is awash in oil development, but most of that production does not occur near the cities, and transportation costs are expensive to bring it here. Those are some of our challenges, and of course, you've got to throw in the quest to expand non-dues revenue.

On a macro basis, the primary challenge is that the industry is evolving rapidly, and we all need to determine whether or not we are adequately positioned to take advantage of that change. We have already seen a proliferation of low-price, high-value clubs; people who are opening stand-alone type facilities with keyed access and so on. I certainly wouldn't say it's bad, but it's just a change that people need to adapt to, and then there is the explosion of specialty studios, with everything from CrossFit to Pilates, Yoga and group personal training. Traditional clubs need to adapt to the reality of dozens of new competitor models, as opposed to the one guy down the street who does everything. I think it makes it more difficult to manage a competitive response because it's hard to identify whom to deal with.

In addition to that, I think Government regulations and mandates; everything from the ADA to potential regulations related to AEDs and so on make it very difficult to operate. Taxation; local, State and Federal Governments are looking everywhere they can to raise additional revenue, so that rears its head all the time. On a non-Public Policy basis, something that is very problematic to long-term growth of the industry is figuring out how our industry can make more people successful in their fitness programs and increase their use of our facilities.

C.I. - Let's talk about Public Policy. If you were to talk to someone coming into the industry who knows nothing about the subject, what would you tell him? What is Public Policy? Why is it important? Please tell us about IHRSA's Public Policy efforts.

RB - The environment we live and work in is constantly in flux, and as times change, new technologies come into play, social issues arise and governments and industries look for new revenue, we need to be aware of the potential threats and have a vehicle to address them. Every day, someone somewhere is coming up with a new idea that, if implemented, would have a negative impact on our industry and individual club owners. Some of these problems are very isolated; let's say a local sales tax or something similar. Or, they may be very broad based, like music licensing fees. It's difficult for any one person or club to take on the burden of identifying those threats and then to accumulate the knowledge they need to credibly counter those issues and win. Public Policy is a very important part; in fact, from my point of view, if I had to identify the number one most important thing that IHRSA does, it's Public Policy.

One of the problems with getting club owners to participate in Public Policy issues is very logical. We tend not to worry about threats unless we see them at our doorstep. But, when it arrives at our doorstep, it may be too late. It is difficult to quantify what didn't happen to you as a result of efforts to counter threats elsewhere, but believe me, we have all benefited. IHRSA's Public Policy efforts may be their own worst enemy, in that it may be that people have become complacent with the high rate of success and don't always think that contributing is necessary. We all need to continue the fight and support IHRSA, as I believe it is going to get more difficult down the road. One major loss like the fight related to Music licensing fees would have caused many clubs to suffer substantially and possibly close. Public policy is an issue for large and small club companies.

C.I. - If you were chatting with a person who was brand new to our industry, but had gotten into the business by opening his own club, what would you tell him about joining IHRSA? Why should he join IHRSA, and how can IHRSA help his
 (See Robert Brewster Page 20)

IHRSA's 2012 Public Policy Advocacy Report

Reprinted Courtesy of IHRSA

Alabama: Bills Reviewed By IHRSA in 2012: **1,370**
Alaska: Bills Reviewed By IHRSA in 2012: **595**
Arizona: Bills Reviewed By IHRSA in 2012: **1,395**
Arkansas: Bills Reviewed By IHRSA in 2012: **298**
California: Bills Reviewed By IHRSA in 2012: **4,280**

•IHRSA led California operators in a successful grassroots advocacy campaign against legislation that would have imposed a sales tax on personal training services. Through IHRSA's campaign, fitness professionals sent 500 e-mails to state legislators, asking them to oppose a tax on healthy lifestyles. **VICTORY**

•IHRSA also worked with clubs across the state to begin planning a campaign to oppose the imposition of a sales tax on membership dues. While legislation did not advance in 2012, IHRSA is continuing to work with our lobbyist in Sacramento and clubs and consumers across the state to remain poised to defeat any future proposals to tax healthy lifestyles. **VICTORY**

Colorado: Bills Reviewed By IHRSA in 2012: **545**
Connecticut: Bills Reviewed By IHRSA in 2012: **1,015**

•IHRSA launched a grassroots advocacy campaign in March that helped to prevent a flawed AED mandate from becoming law. If enacted, the bill would have posed significant legal risks for health club operators and staff. **VICTORY**

•IHRSA's interaction with lawmakers and state agencies in Hartford over the past several years ensured health clubs were specifically exempt from potentially harmful legislation regulating consumer contracts.

Delaware: Bills Reviewed By IHRSA in 2012: **679**
District of Columbia: Bills Reviewed By IHRSA in 2012: **1,110**
Florida: Bills Reviewed By IHRSA in 2012: **2,107**

•IHRSA worked with club operators and our state lobbyist to successfully defeat a bill that would have imposed flawed licensure requirements on personal trainers in Florida. The bill proposed multiple requirements that would have raised the cost of doing business for clubs and trainers and done little to ensure safer sessions for consumers. **VICTORY**

Georgia: Bills Reviewed By IHRSA in 2012: **1,851**

•IHRSA successfully defeated a flawed AED mandate from becoming law. If enacted, the bill would have posed significant legal risks to health club operators and staff. **VICTORY**
 •IHRSA successfully ensured that a personal trainer licensure mandate introduced in 2011 did not advance in 2012. **VICTORY**

Hawaii: Bills Reviewed By IHRSA in 2012: **5,515**

•IHRSA worked with club operators in the state and the Governor's administration in order to ensure that personal trainers and health clubs would not be negatively impacted by the passage of legislation that regulates athletic trainers in Hawaii.

•IHRSA supported multiple pieces of legislation that would create tax incentives for employee wellness programs. The bills did not pass in 2012; however, IHRSA's efforts on the issue will continue into 2013.

Idaho: Bills Reviewed By IHRSA in 2012: **554**
Illinois: Bills Reviewed By IHRSA in 2012: **10,204**

•IHRSA worked with local clubs to prepare advocacy efforts for a potential fight against the imposition of the state's sales tax on health club membership dues.

Indiana: Bills Reviewed By IHRSA in 2012: **812**
Iowa: Bills Reviewed By IHRSA in 2012: **2,061**

•IHRSA supported legislation that would create tax incentives for employee wellness programs. The bill did not pass in 2012.
 •Over the past several years, IHRSA has worked to identify and support opportunities to repeal the state's sales tax on dues.

Kansas: Bills Reviewed By IHRSA in 2012: **1,270**

•Over the last few years, IHRSA has worked with the Kansas Health and Fitness Association (KHFA) to support legislation that would provide for-profit health clubs with equal tax treatment as their not-for-profit competition. IHRSA has worked to exempt health club properties from property taxes and exempt health club dues from the state sales tax.

Kentucky: Bills Reviewed By IHRSA in 2012: **771**

•In 2011 and 2012, IHRSA has worked with clubs to promote legislation that would create tax incentives for physical activity, and efforts are ongoing.

Louisiana: Bills Reviewed By IHRSA in 2012: **1,967**
Maine: Bills Reviewed By IHRSA in 2012: **1,913**
Maryland: Bills Reviewed By IHRSA in 2012: **2,580**

•In March, IHRSA led simultaneous consumer and club-operator advocacy campaigns to successfully defeat the imposition of Maryland's sales tax on health club dues. **VICTORY**
 •Over the past several years, IHRSA has worked with the Coalition for a Healthy Maryland (CFAH) to support legislation that would provide individual tax incentives for purchasing a health club membership



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...Robert Brewster

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business venture?

RB - All club owners should support IHRSA because it has an amazing success rate in combatting harmful legislation; it's almost 100%. Because I am monitoring it pretty closely, given my position on the Board, it's distressing to see the number of bills that are introduced each year. It's a colossal amount of threats across the country, and IHRSA is weighing in on a vast majority of those. A lot of them are just simple consumer protection laws that, though the legislators feel they are doing it in good conscience, have a lot of unintended consequences, everything from automatic billing restrictions to taxes. There are also opportunities, like sales tax exemptions, encouraging healthy lifestyles and so on. IHRSA has done a great job bringing their knowledge to the table and not having to reinvent the wheel every time one of these things pops up in a different place. That is very, very positive.

I believe that is why we have to really support our trade organization. There are no club groups that are big enough to take on these issues by themselves. First of all, it is hard for club owners buried in their clubs to even know problems or opportunities are coming. In fact, there have been bills introduced in Alaska, that would harm our business, but I was unaware of them until IHRSA brought them to my attention. Who is checking the legislative docket every day to see what's popping up? Collectively, IHRSA gives us that powerful voice that none of us would have individually.

I think it also goes without saying that IHRSA provides the framework for educating the industry and acting as a conduit for growth opportunities.

C.I. - If you were chatting with that same person, a person who was brand new to our industry and had just opened a new club, what five things would you encourage him to do in order to be successful?

RB - 1. First and foremost, fitness may be a passion, but you have to approach it as a business to get the opportunity to continue indulging that passion. Be marketing and sales focused.

2. Dovetailing off what I said earlier, you have to do whatever it takes to make members successful and deliver what they expect.

3. Another mistake I see often is that clubs don't have enough operating capital to get started.

4. Legitimately differentiate yourself from the competition. I say, 'legitimately,' because I see a lot of club operators who think they are different than the guy down the street, but they're not.

5. Don't reinvent the wheel; use industry

knowledge and systems that can get you from A to Z in a hurry. You can do that through IHRSA or by finding mentors. On the IHRSA website (www.ihrsa.org), there is a tremendous volume of briefing papers and information that can give you industry knowledge that would otherwise take you years to develop on your own. The other thing I am a huge advocate for, and I cannot imagine why everyone is not already doing so, is joining some kind of industry roundtable group, such as REX. Being able to network with other club operators with similar challenges and opportunities has accelerated our growth tremendously.

C.I. - What's your vision of the future of the health and fitness club industry? In your view, where are we headed?

RB - I think the industry has a very exciting future and a tremendous opportunity. I foresee that we are going to see an evolution, and we have already started down that road, similar to the hotel industry. Basically, you have businesses that have the same amenities and basic components, but they are wrapped in different packages. You are seeing that with the mega clubs, the low-price clubs, the boutique configurations, studios, luxury clubs and so on. People in the industry are going to have to better define their niche. We have had the luxury of being able to be generalists, and you are going to have to be relatively large to continue being a generalist. Obviously, it depends on your market, but if you are in a competitive market, it's going to be very difficult to carve out your piece if the consumer can't differentiate where you fit into the spectrum of products.

Although we have developed fairly quickly as an industry, I think we will see an acceleration in innovation and change. Going back to earlier, when we discussed small boutique/studio clubs, we should learn from them. They are doing a better job of defining for the customer exactly what they are going to get. If members are not highly motivated on our own, those clubs are providing the structure necessary to be successful, and we are adapting to those realities in our clubs. We are being successful programming people into the types of programs that they need in order to be successful. As an industry, and individually, our focus has to continue to drive innovation that will increase the chance that members will be successful at our clubs.

(Justin Cates is the President and Assistant Publisher of CLUB INSIDER and grew up in the health, racquet and sports club industry. Justin was born into a club business family in 1985, and from the age of eight, he spent his non-school and sports hours in a home which doubled as CLUB INSIDER Headquarters. Now, he is an integral part of the "Story" of Norm Cates and CLUB INSIDER. Justin may be reached by phone at 770-595-6086 or email at Justin@clubinsideronline.com)

IHRSA's 2012 Public Policy Advocacy Report

and other wellness services.

•Working with our state lobbyist and local health club operators, IHRSA has led efforts to work with state officials to resolve significant problems that clubs face with Maryland's health club bond requirements.

Massachusetts: Bills Reviewed By IHRSA in 2012: **7,027**

•IHRSA successfully defeated a bill that would remove essential liability protection for the "non-use" of an AED - currently in the state's mandate. If passed, health clubs in Massachusetts would be subject to a much higher risk of litigation than under the current law. **VICTORY**

•IHRSA defeated legislation that would impose onerous restrictions on health clubs' use of automatic renewal clauses in membership contracts. **VICTORY**

•IHRSA has worked over the past several sessions to ensure that any legislation aiming to regulate personal trainers does so in a way that does not harm the industry or make fitness services more expensive.

Michigan: Bills Reviewed By IHRSA in 2012: **3,482**

Minnesota: Bills Reviewed By IHRSA in 2012: **5,677**

Mississippi: Bills Reviewed By IHRSA in 2012: **2,735**

Missouri: Bills Reviewed By IHRSA in 2012: **1,548**

•IHRSA successfully defeated legislation that would restrict the use of electronic funds transfers (EFTs) in health club contracts. **VICTORY**

Montana: No 2012 Session

Nebraska: Bills Reviewed By IHRSA in 2012: **1,172**

Nevada: No 2012 Session

New Hampshire: Bills Reviewed By IHRSA in 2012: **1,624**

New Jersey: Bills Reviewed By IHRSA in 2012: **5,206**

•IHRSA has successfully prevented the advancement of ill-advised, harmful licensure requirements for personal trainers. IHRSA has defeated similar legislation since fall 2008.

•Over the past two legislative sessions, IHRSA has successfully defeated multiple legislative efforts to restrict New Jersey health clubs' use of automatic renewal in service/membership contracts.

•IHRSA is working with our lobbyist in Trenton, club operators and consumers across New Jersey to pursue opportunities to repeal the state sales tax on membership dues.

New Mexico: Bills Reviewed By IHRSA in 2012: **744**

New York: Bills Reviewed By IHRSA in 2012: **18,447**

•IHRSA successfully opposed legislation that would have extended the window during which a new health club member may cancel a contract to 14 business days. **VICTORY**

•IHRSA successfully opposed legislation that would have placed CPR staffing requirements on health clubs with unstaffed business hours. **VICTORY**

•IHRSA is working with our state lobbyist to support multiple pieces of legislation that would create tax incentives for health club memberships.

North Carolina: Bills Reviewed By IHRSA in 2012: **2,179**

North Dakota: No 2012 Session

Ohio: Bills Reviewed By IHRSA in 2012: **1,016**

Oklahoma: Bills Reviewed By IHRSA in 2012: **4,151**

Oregon: Bills Reviewed By IHRSA in 2012: **275**

Pennsylvania: Bills Reviewed By IHRSA in 2012: **4,308**

•IHRSA supported the enactment of legislation that amended Pennsylvania's CPR mandate to accommodate health clubs with unstaffed hours. **VICTORY**

•IHRSA worked to protect health clubs from legislation that would have created new rules for businesses that automatically renew service contracts. **VICTORY**

•IHRSA has worked with our state lobbyist to proactively introduce legislation that would reduce the burden that Pennsylvania's bonding requirements currently pose to health clubs. The legislation aims to allow expansion of club chains, reduce overhead for single club operators and acknowledge that clubs in business for a certain amount of time pose little financial risk to consumers.

Rhode Island: Bills Reviewed By IHRSA in 2012: **4,794**

South Carolina: Bills Reviewed By IHRSA in 2012: **4,064**

•IHRSA worked with South Carolina health club operators, legislators and state agency officials to successfully oppose proposed changes to the state's health club bond requirements that could have led to increased amounts for the bonds that health clubs are obligated to obtain. **VICTORY**

South Dakota: Bills Reviewed By IHRSA in 2012: **471**

Tennessee: Bills Reviewed By IHRSA in 2012: **7,704**

Texas: No 2012 Session

Utah: Bills Reviewed By IHRSA in 2012: **806**

Vermont: Bills Reviewed By IHRSA in 2012: **1,052**

Virginia: Bills Reviewed By IHRSA in 2012: **1,986**

•IHRSA worked with a bill's sponsor to successfully protect clubs against onerous regulation of up-front membership fees. **VICTORY**

Washington: Bills Reviewed By IHRSA in 2012: **3,332**

West Virginia: Bills Reviewed By IHRSA in 2012: **2,029**

Wisconsin: Bills Reviewed By IHRSA in 2012: **1,325**

Wyoming: Bills Reviewed By IHRSA in 2012: **229**



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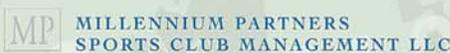
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Retention in the *Era of Instant Results* *Expand Your Focus*

By: Richard Ekstrom

As we enter another new year, it is difficult not to notice the media frenzy regarding the growing fitness and obesity crisis. Bestseller lists contain books on the latest diet fads and television infomercials are constantly hawking the newest exercise programs that people hope will be their magic bullet. As always, in January, we see our membership rosters grow with hopeful people looking for the help they need to win their battle for a healthier life.

As health club operators, we are in a great position to capitalize on people's obsession with health and fitness. However, there is a large percentage of our membership base that continues to leave us year after year. Retention rates have not significantly improved. Why?

We know it is important that we stay focused on the quality of our clubs, including the latest equipment, comprehensive program offerings and wonderfully friendly and educated

personnel. Our clubs have impacted a large number of people in extremely positive ways. However, is this dedicated focus truly serving the needs of all of our clients? Stagnant retention rates indicate that we are somehow not impacting a large enough number of our members (35 - 55% cancel every year).

We do not make major inroads with retention because people are constantly bombarded with messages of instant results; success in 30 days, 10 pounds in 10 days, etc. This all leads to dissatisfaction with the long process of developing and leading a healthy lifestyle. Secondly, our customer communication is geared toward the masses. We must tailor our communications based on individual needs and desires.

There are some things that we can do to make sure we provide focused communication to our members from the very beginning so they are working with realistic expectations:

- Get new members integrated and comfortable with a comprehensive orientation. This is not merely showing them how to use equipment but emphasizing that the first two months of their membership may not only be the hardest but is the most critical to their long term success.

- New member goal setting should focus more on regular usage than results. Educate them on the importance of creating a pattern of regular usage.

- Remember to include a focus on new member's building connections to the club, through personal training sessions, group exercise classes and other social events. These connections help new members create support groups that can lead to them reaching their fitness goals and also be a positive influence on them when they hit the wall of making lifestyle changes.

- To make a significant improvement in



Richard Ekstrom

retention, we need to also aggressively reach out to those members who are not visiting our clubs regularly; they are the ones who hold the key to improved retention. Identify and target low- and non-users and make sure you are keeping them

(See *Richard Ekstrom* Page 24)

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Photo depicts a typical facility; some locations may vary. ©2013 Fitness International, LLC. All rights reserved.

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Customer Service Is As Simple As...

By: The NFBA

Searching for Legendary Customer Service

The most important asset in your business, and the hardest thing for any competitor to copy, is a well-trained staff.

Fitness trends come and go, but a quality, professional staff is something so rare that it gives any owner who has the drive and patience to build one an almost insurmountable competitive edge in the market.

The definer for this staff is the commitment to delivering legendary customer service to the members who have trusted that business with their money, faith and time. In most markets, people interested in becoming a member of a fitness facility have an almost unlimited choice in today's marketplace.

The people who become your members and support your business deserve more than just the insulting service that most people have come to expect from all fitness businesses in this country.

Delivering legendary service should be your goal every day you are in business. People have a choice in fitness, and they choose you and your business as their own. Legendary service can be defined as exceeding the member's expectation in relationship to what he pays, and what he gets in exchange, from your business.

Members expect a great deal in this exchange for the hard-earned money they spend each month, but exceeding that level of expected service is what will separate you from all the other pretenders in your market.

Good service is defining for your business in the sense that your image in the market is based upon a solid reputation of taking care of your members. Creating legendary service ensures that your business will be a financial success for the years to come by setting you apart from all other fitness businesses.

Being on Time

When you value someone's time, you are really placing a value on that person. Being late for an engagement devalues the person, and the relationship you have with them, because by being late, you made a statement that it just wasn't worth it to you to make the effort to show up as promised.

In the fitness business, honoring set times sends a direct message on the value you place on your clients. Trainers who walk in just a few minutes before a training appointment, for example, are sending the client a message that they had

better things to do than to make the effort to get to the facility on time.

In a service-based business, which is what the fitness business is really about, there is no greater insult than to abuse the time of someone who is paying you for a service. The rule is that the client's time is always the most important thing for you to protect. There is absolutely no excuse for abusing a paying client by being late for a training session.

This rule applies to all other aspects of the business. Group Exercise classes that begin a few minutes late send a message that the instructor, and her time, is more important. Instructors who keep the class for an extra five minutes are not providing great customer service. The clients who have other commitments, such as picking up a child, don't see the extra time running over as a service benefit, but as another stressful situation that is going to make them late for what they have to do next in their lives. Don't forget that the next class now starts late, which hurts the facility's image with all of its members.

Do exactly as you promise when you promise it. You are laying a solid foundation of customer service. *On time for any appointment, or for any situation in the facility such as a class, is 15 minutes early.* If you say the class begins at 7:00, then customer service dictates that the class begins as promised and ends as scheduled, each and every time.

Valuing your clients' time sends the message that we want them to hear that **we respect them as people, and we respect the obligations they have in their own lives.**

Answering the Phone

Fitness businesses are very intimate people businesses. People pay for help and guidance, and we provide it in exchange for that money.

The fitness business is somewhat wacky in that we service our guests when they are wearing almost nothing compared to their normal day clothes. We laugh together, sweat together and work together on the journey of health and fitness. This makes us an informal business far removed from the image of a company that doesn't know you or care about you as a person.

The fitness business is a simple business that depends on each guest receiving the service and attention they expect in exchange for their monthly fee.

What does all of this mean? It means that you have to answer the phone when it rings, live, within three rings and with a happy attitude that lets the caller know how happy we are that they called today!

The phone is the first line of

customer service for potential members. Potential members or clients are often nervous about fitness, embarrassed about their fitness level and weight and don't even know what to ask on the phone expect for, "What's the cost?"

What this person doesn't need to hear when the phone is answered is a machine-generated voice that says, "For billing questions, press 1; For sales, press 2. Hold please, and I will ring that extension. I am sorry, but no one is answering that number. **Please leave a message at the tone and when naked sumo wrestlers dance in heaven, someone will call you back.** Thank you for calling and have a good day."

We should always answer live, which is our chance to demonstrate our great customer service, and we should use a powerful welcoming statement, "Hello, we are having a great day at the Workout Company."

Answer live and with energy, and leave the voicemail hell to the businesses that don't value their customers.

Know the Customer's Name

There is no greater insult than to take money from someone and then not remember that person's name.

We have used the excuse over the years that there are just too many of them and not enough of us, but we still get mad when someone who has paid for a year just disappears at the end of his membership and we never hear from him again.

Put yourself on the member's side for a moment. Can you imagine paying your membership fee for a year and then walking into the facility for a workout and the "front counter person du jour" just stares vacantly at you as you scan your card. How does it feel for the member who has invested a full year's worth of payments into that business? No one even takes the time to learn who this member is!

Not knowing a name is not business-threatening. Not trying to learn names, or to have staff introduce themselves politely to someone they haven't met is totally unacceptable and a sure way to destroy a business over time.

Incentivize your staff to learn names. Make sure your check-in system can accommodate pictures of the members and can flash the member's name in large print as they check-in. Reward your management team for seeking out members on the floor and making it a point to greet every member by their name.

If you know the member's name, you have the start of a relationship between you and them. They will be much more



likely to stay longer and pay longer than someone who has been ignored for their entire membership.

Using the Magic Words

There is customer service magic in certain words that convey our intent and willingness to make the person's day better.

Many people use a defense mechanism (which is something someone does automatically without thinking about it), which gets in the way of their ability to deliver service. For example, a member approaches the front desk and asks a staff person if he has time to take a look at the treadmill that is acting weird.

The staff person is a little stressed, glances up while trying to do three other things, and says, "Not right now, but I will get to it," and continues their task. The member turns away a little dejected because he knows that, "I will get to it" really means, "I am busy here buddy, and that just isn't important!"

"Not right now" is just another form of No. No is not part of a customer service culture. The staff person might have good intent, and may get to it, but they missed a chance to deliver good service in the name of the business.

The correct response is:

**Of Course!
 Absolutely!
 I'd love to help.
 Yes, I can do that.
 I'd be happy to help you.**

Using a combination of these words, the staff would have responded. "Of course, I can help you with that. Which treadmill is it? Give me just a few minutes to finish up here, and I will be right on it."

Service is attitude, but it can be the perception the customer gets through the use of a few simple words. These can be taught and should become part of your culture in your business.

(About the National Fitness Business Alliance - We are a continuing education group in the fitness industry that specializes in the business of fitness. With 20 events located throughout the country in 2013 there is no reason you can't get educated this year!)

Working Your 2013 Marketing Plan

By: Tracey Bourdon

Part II

Have you got the habit yet? You know, the marketing habit! Have you ever made a New Year's resolution? If so, you may have heard that you only have to stick with your resolution for 21 days for it to become a habit. This suggests that it's easy and that it will become second nature, an automatic pattern of behavior. If only...

I prefer to think that developing a habit is like any other frequent behavior in that it requires planning and discipline to form and sustain it. It has been 21 days since I wrote about what to do if you don't have a marketing plan for 2013, so now, early as it may be in its development, let's feed your marketing habit!

Is It Working?

If you have had the opportunity to review and measure sales and revenue results in January, we hope you enjoyed a flurry of activity with a slew of new members joining the club. The year is still new, and February is a great time to capitalize on that success and implement a strategic marketing plan with programs targeted at the three main audiences who will benefit your club business.

The Loyalty Program - Reach out to new and current members with touch-points that keep them engaged and motivate them to achieve the results they were looking for to ensure you keep them. This loyalty-building marketing effort falls under the heading of *Member Retention* and is key to any successful club business.

Start by developing a *member-centric initiative*. Your members should receive regular communications from you right from the start of their membership

with special offers, nutritional recipes, new program announcements and even a rewards program. It does not need to be complicated. Even a punch card that involves a member achieving 20 workouts/classes/training sessions in 30 days makes it easy for them to get involved. The incentives can be simple too, focusing on club programs, signature products and services. An in-club campaign with posters and signs will support this member program and provides a sound and positive message that also resonates with prospects touring the club.

Your new members are keen and interested, and your current membership probably has renewed energy based on the New Year's resolution effect. Take advantage of this momentum and their excitement by inviting them to refer their friends and family to the club. A great offer at this time of year is the family add-on. There is also a marketing opportunity in offering members a chance to amplify their results and take their membership to the next level with promotions and special offers that also boost your profit centers such as specialty classes, nutrition and training programs.

A follow-up phone call from the club (preferably live, not recorded) can make a significant difference to the member buy-in you achieve for your loyalty program.

The Outreach Program - Remind yourself that prospects are "the lifeblood" of your club business. Remind prospects that the success of their resolution to be fit or to achieve a weight loss goal will be far more attainable if they join your club rather than trying to do it on their own. When marketing to prospects, do not neglect the corporate customer. As long as your club has the people and programs in place to support employee wellness, get out there

you can get them involved.

- Keep them informed of special events, holiday hours or changes in class schedules. These members are not as active as your regular users, extra care should be taken to keep them informed and connected.

- Send them interesting fitness-related articles and health/nutrition tips. They will be receiving value and benefit from their membership even though they may not be visiting regularly.

Low- and non-users are very fragile. It is imperative that they have a positive experience when they visit. A welcoming smile and hello is very powerful. Also, analyze your attendance

and network.

You do not have to reinvent the wheel. If you marketed to prospects last month, repeat the process with every tool that your marketing budget permits and simply tweak the offer. Your advertising should look the same. Inconsistent marketing that dislodges any foothold in the marketplace you might have established for your brand is simply a waste of your money. A prospect must often be exposed to the same message in the same way numerous times before they recognize they are ready to entertain a buying decision. Maintain those marketing vehicles that provide an ongoing presence and consistent messaging.

Dependable favorites are direct mail, email (although email may be considered an unwanted intrusion if the prospect has not chosen to "opt in" in the first place) and print advertising, especially in local newspapers or publications that have home distribution and popularity in your market area. A billboard strategically located on a main route close to your club is also a great reinforcement of your ongoing presence. Keep your look and message consistent and do not try to present a time-sensitive offer that will make your advertising look stale if the board stays posted for a longer period of time.

The Welcome Back Program - Did you reach out to your former members in January? If not, do it now. If you did, do it again. You are in the powerful and enviable position of access to a list of people who once made the decision to improve their personal fitness and who made a commitment to join your club. Their return will impact your return on investment. Make sure your marketing delivers a personalized message that addresses their potential needs, acknowledges they may have new or different expectations, details

data and target those individuals most likely to leave. Flag those who are not using the club regularly and respond quickly to changes in attendance patterns. Contact them to see how they are doing and if they need your help with any part of their routine. Knowing that someone noticed their absence and cared enough to reach out will have a positive reflection on your club. This individual attention may be just what they need to get rolling again or at least postpone a cancellation.

We don't need to change our focus, but we do need to expand our focus to include low- and non-users. These forgotten ones are your key to improved retention and long-term financial success.

In this era of "Instant Results,"



Tracey Bourdon

any recent changes and improvements at the club, and assures them of how you will make a difference this time if offered the opportunity to regain their business and their trust. Reach them by mail, email and make a telephone call.

Walk A Mile In My Shoes - Although this article does not drill down into creative execution or offers, when developing your marketing message, it is important to keep in mind the state of mind of the aforementioned target markets and put yourself in their place. Walk a mile in their shoes, communicate something meaningful and specific to them and they will be more likely to take the desired action.

You should ask nothing less of any agency or firm whose services you enlist to facilitate your marketing. Ask yourself: Do they understand my club business? Have they properly analyzed my unique situation from all perspectives? Do they appreciate the challenges? Have they researched the opportunities? Do I feel like we are partners, or at least on the same team?

(See Tracey Bourdon Page 25)

...Richard Ekstrom

continued from page 22

connected to your facility by providing updates on club activities and health trends. They don't necessarily need more effort on your part, just a different type of effort than you are used to giving.

- Send your members information on everything available at your club; include details, policies and procedures on how to sign up and take part. Include links to your website or Facebook page so they can easily see what is available and sign up. New members and low- and non-users are often passive and will not ask questions or seek out new activities. Make it as easy as

it is important to be persistent with your retention efforts. Stay focused on setting member expectations, communicating the opportunities your facility offers and providing them the information they need to lead a healthier life. With this expanded focus, you will help your members achieve the results they desire and positively impact your retention.

(Richard Ekstrom is President of Retention Management whose Company Mission is: Create a positive impact on a club's bottom line by improving retention. He can be reached at info@retentionmanagement.com. Comments and questions are welcome and appreciated.)

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...Tracey Bourdon continued from page 24

All programs should be reflected and supported in the content of your website and Facebook page. Do not let your social media stagnate and happen to you while you were busy doing other things. It is a "living" media garden that requires tending!

If your club is practicing most of the marketing tactics below, that's impressive! If not, and you are doing a few of them, that is also admirable. However, if you can manage to increase the number of ways you market, or do those you are doing *better*, you will almost certainly see a significant positive impact on revenue.

- Direct Mail;
- Internet Marketing;
- Email Marketing;
- Telephone Marketing;
- Direct Sales;
- Strategic Alliances and Networking;
- Existing Member Marketing;
- Referral Programs;
- Public Relations and Community Involvement.

Keep an open mind when it comes to marketing and learn from the best and worst! From big-name brands to your competition around the corner, we all love advertising that entertains us, understands us, educates us or at least respects our intelligence. Have you ever thought, "I wish I had thought of that?"

Don't be hesitant to grab hold of the essence of a good idea or marketing campaign and make it your own. Chances are, if a message touches you, it will move others. A good example is the tried-and-true testimonial campaign. Sure, it has been done before, by many types of business, done well and not so well, but the theme is a powerfully compelling one, which when well executed has had proven success time and time again.

Work your marketing plan and keep growing it. Foster your marketing habit and keep it well fed.

(Tracey Bourdon, of Susan K Bailey Marketing & Design can be reached at 888 - 349 - 4594. To learn more, go to www.susankbaileymarketing.com)

Helping Your Team Embrace BIG Change

By: Brenda Abdilla

Why do people seemingly “lose their minds” when it comes to big change? If you have ever led a team through a big change like a merger and acquisition, a leadership upheaval or even a software change, you may have noticed that people become a bit unhinged by it. Wouldn't it be great if people just accepted the inevitability of change and even expected it? *Embraced it?*

Three Essentials for Rolling Out Big Change

1. Be extremely deliberate about how you package the change. Every team leader in America can take a lesson from our politicians on how NOT to package change. The worst possible way to roll out change is to try and make something that is essentially difficult or bad look like something that is easy or “good for you.” Even if the change is 100% necessary and you do a great job of justifying the change to your team, people will see through that and may resist you in ways that you never imagined if you misrepresent what is really going on when you package it.

Here's Why: Each person in your organization has access to the most sophisticated lie detector available, the Amygdala. This part of the human brain is hardwired to scan the atmosphere for threats to survival, and in today's world, information is a big part of survival.

The impulse in organizations is to protect their people from the ugly truth of change, but this denies the team the opportunity to be resourceful and actually embrace the change. Inconsistencies, cover-ups, sugarcoating the facts or omitting key information will only hinder your success in the long run. Give some serious thought to how you package your information and give your people some

credit; err on the side of telling them too much (obviously without breaking the law or breaching ethical responsibility) instead of too little.

“The world as we have created it is a process of our thinking. It cannot be changed without changing our thinking.”

-Albert Einstein

2. Know what you are up against. During the stress of initiating change, it can be easy to assume that everyone affected will react in a certain way. But, if you look more closely, you will see that there are a few different ways in which people deal with change.

The Panickers: Some people are resistant to *all* change and will generally be the first to panic. Often, this type of person has many good qualities, like a passion for structure, accuracy or follow-through, but their downside is a resistance to change. They cannot help it. Ideally, you would clue-in these people first to give them time to accept the change. But, when that isn't feasible, try to give them less access to the rest of the team for a little while so they don't “recruit” more Panickers.

The Passive Resisters: These people may be the most difficult type to deal with during change. They will agree and accept change on the surface while actually resisting the change in subtle ways below the surface. Passive Resisters may quietly sabotage the progress made on change in small ways that can have a big impact, such as missing key meetings, claiming to not understand some key aspect of the change, subtly alerting customers to the change or “forgetting” to take key steps in the process. It's very important that organizations don't tolerate this passive form of resistance. Once the intention behind the behavior is exposed, it has much less power to derail your change.

The “Union” Leaders: Anyone on your team could suddenly take on the role of defending the workers and organize resistance to your change. While most companies do feel threatened by this individual (and they can be irritating!) it's best to give the Union Leader in your organization a chance to impact your leadership, and if possible, to have some of his concerns addressed on behalf of the team, or at least heard.

The Silent Majority: Whether you are dealing with your customers, your team or your constituents, the vocal types tend to command all of the attention during times of change and can make you feel as if *everyone* is resisting the change. But, if you look closer, it is more likely that the true resistance comes from a vocal minority, while the statistical majority of your people will go along with the changes and do their best to comply with your requests. Make sure the silent majority is receiving positive attention and is acknowledged for their acceptance of the change.

3. Check your own resistance to change. Many leaders rant about how much resistance they are getting to change when, ironically, they are doing a poor job of launching the change because they have their own issues with it. No judgment here; anyone who has had a career in the past thirty years has dealt with a roller coaster of change, uncertainty and instability. Many leaders are experiencing change burnout, and this can impact the packaging, delivery, and ultimately, the way people hear the information about the change. If this is true in your case, don't worry too much; the most important step is realizing it. Ultimately, to be a leader who is a little bit burned out on change can be a good thing because it can make you more empathetic to what your team is going through, and empathy is a key competency present in the most effective leaders.



Brenda Abdilla

Use your past experiences with change to help the team learn to accept and adapt to change themselves. Take time to see the change from various perspectives and prepare your answers and solutions from those vantage points. In preparing your approach for your team, reflect on some of your past experiences with change and consider sharing those stories with your people. It may help them switch perspectives and develop more of a “big picture” mentality than they might have without your empathy and understanding.

Change is infinitely easier when organizations are straight with their people about the inevitability of the change and explain the real reasons for it, have realistic expectations about the various reactions from the team and respond accordingly. Finally, look closely at the issues higher-ups may have developed from dealing with so much change.

(Brenda Abdilla is the author of two books about getting results at work with a third book underway. Sign up for her free newsletter and inquire about hiring Brenda's Management Momentum at www.managementmomentum.net.)

Fiserv Names Sara Bowman As New Director of Sales for Club Solutions

BROOKFIELD, WI - Fiserv, a leading global provider of financial services technology solutions, and one of the leading providers of business-driven technology and billing solutions for health and fitness clubs, announced that Sara Bowman has been named Director of Sales for Club Solutions at Fiserv. Bowman will focus on continued growth of the suite of club management software, EFT and billing services from Fiserv, including Compete, which provides functionality to support the specific business needs of fitness clubs.

Bowman has a broad sales

and management background in the fitness industry, in addition to extensive business-to-business sales and sales management experience focused on technology, financial services and business solutions. As Director of Sales for Club Solutions at Fiserv, Bowman will manage internal and external sales teams to deliver comprehensive, user-friendly and scalable club management software, EFT and billing services to the health and fitness industry.

Before joining Fiserv, Bowman focused on sales management for TriNet

and Insperty Performance Management and Organizational Planning. As Sales Manager for Insperty, she helped organizations optimize human resource and business solutions to improve productivity. Prior to this, she focused on software solutions for Career Builder and Global Services, LLC and was a corporate sales manager for 24 Hour Fitness, Inc.

“Health and fitness club owners will benefit from Sara's experience in both the fitness and technology industry,” said Chris Millner, Vice President and General Manager of Club Solutions, Fiserv. “Sara

will help industry professionals achieve their goals and maintain efficiencies with comprehensive solutions from Fiserv, including integrated club management and billing solutions.”

Fiserv has continued to provide software and billing services designed to meet the operational, financial and membership management needs of the health and fitness industry for more than 30 years. The suite of solutions offered by Fiserv enables clubs of all sizes to grow and retain membership while maximizing revenue and minimizing day-to-day costs.



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IHRSA's Latin American Report Shows Growth Potential in Key Health Club Markets

BOSTON, MA - the International Health, Racquet & Sportsclub Association (IHRSA) released the English language edition of *The IHRSA Latin American Report: Size & Scope of Key Health Club Markets*, sponsored by Hoist Fitness. This research publication, the first of its kind, was produced in collaboration with Mercado Fitness (Argentina) and supported by Fitness Brasil.

IHRSA President and CEO, Joe Moore, introduced this groundbreaking report at the 2012 IHRSA/Fitness Brasil Latin American Conference and Trade Show in São Paulo. The Portuguese language edition report was distributed at the event this past September and a Spanish language edition was published shortly thereafter.

The IHRSA Latin American Report is the most comprehensive examination of key Latin American health club markets available anywhere," Moore stated.

Richard Bilton, the President of Companhia Athletica and member of the IHRSA Board of Directors, agrees. "There has always been much speculation about the market size of this region and Brazil represented this reality well by the lack of data available. We often heard that

market growth was stopped or even that it had grown at 15% a year but without the slightest database to determine if such results were accurate. A report such as this is a paradigm shift because we will finally have data that we can all examine, knowing that there was indeed a criteria in the determination of the numbers."

According to the new publication, the health club industry in Latin America is robust. *The fifteen Latin American markets analyzed in the report generate \$5.6 billion in revenue from more than 46,000 clubs. Nearly 15 million Latin Americans are members of a health club. Brazil, alone, accounts for more than half of the health clubs in Latin America. Argentina has the highest penetration rate among all Latin American markets as 5.7% of Argentinians belong to a health club.*

"The report provides insight into a region where credible data is scant or non-existent," added Jay Ablondi, IHRSA's Executive Vice President of Global Products. "Credit goes to Mercado Fitness, Hoist Fitness, IHRSA's many strategic partners throughout Latin America, and of course, the innovative club leaders who were interviewed, for making this groundbreaking publication

an indispensable resource for owners, investors, fitness industry suppliers and the media."

"I believe it is essential for industry entrepreneurs to have information that will help them to make good decisions," said Guillermo Velez, Editor and Director of Mercado Fitness. "In addition, the worldwide industry needs to have a realistic scope of the opportunities available in our region."

"In case of the number of clubs in Brazil," Bilton explained, "we had an immeasurable help from CONFEP (Federal Council of Physical Education) to aggregate the data clubs logged on all CREF's (Regional Council of Physical Education), and this has, in the past, enabled these comparisons, since by law all trainers must be logged in the health club CREF from their regions. This data is then passed to IHRSA and its associated ACAD Brazil. With that, we saw that the industry did experience a rapid increase in recent years in the number of clubs registered in CREF's, but that does not mean the same 15% growth for the market. We're finally coming to the end of this calculation, this survey of the number of units in operation and registered in the CNPJ (Company



National Register). The trend, therefore, is that for the next few years, we not only have to calculate the number of existing clubs, but also the variation of the market, increase or decrease, that number every year. This is something that was completely unthinkable a few years ago."

The 2012 *IHRSA Latin American Report: Size & Scope of Key Health Club Markets* (60 pages) is available at www.ihrsa.org/latin-american-report in print and PDF formats in Portuguese and Spanish. The English language edition is available in PDF format. The price for IHRSA members is \$74.95, and for non-members it is \$149.95. Contact Jacqueline Antunes, IHRSA's senior manager Latin America at ja@ihrsa.org or (617) 951 - 0055, Ext. 171 with questions or to order by phone.

3 Proven Methods to Increase Profit in Your Gym

And Examples of How They Work!

Recently, we completed a project containing several powerful profit-building techniques...

You can use them whether you are experienced or not, have skill or not, or know very little or a lot about your industry. In fact, if you even consider yourself an amateur in the fitness industry, you can use this to out-perform an experienced pro.

As promised, I'm going to lay out the methods for you exactly as we use them every day.

I'm a firm believer that examples make everything more clear (and thus, increase your chances of success). So I'll be telling you how we used all three of these profit-building techniques with our new project, *Thin & Healthy Cooking: Quick & Easy Recipes DVD*.

Proven Profit Technique #1: "Be In It For Them"

When you invest actual concern in your members, it's rewarding for both of you.

For them, that genuine sincerity is rewarded with a closer personal connection that can inspire them and make them feel a sense of accountability. If Mary knows that when she doesn't come in on Thursday, you truly care and you're asking about her, she's more likely to come in.

For you, that connection breeds trust and a loyalty that no competitor can provide them. Even if the club across town is bigger, has more stuff and is cheaper, people still want to go where their friends are.

But you can't stop at a casual concern -- you must really convey that you care about their results, not just their pocketbook.

Your members (and your prospects) came to you for a reason. It builds a mutually beneficial bond when you keep that in mind.

We made the *Thin & Healthy Cooking: Quick & Easy Recipes DVD*, we did it because we feel that eating healthy, grocery store food should be easier for the average person.

With so many unhealthy "life-made-easy" options like fast food, pre-packaged junk and more, cooking healthy seems that much more difficult.

Every day our coaches were hearing how people were having difficulty with time. So we provided a solution...

The DVD includes tasty, healthy recipes that are focused around being quick and easy, so our members would have more time to do things important to them.

We made sure to include a variety of recipes ranging from desserts, side dishes and entrees. But we didn't stop there.

The DVD is also chocked full of little tips and tricks that allow you to cut corners and save time in the kitchen and in the grocery store -- without compromising your meal.

Proven Profit Technique #2: "Sell to Serve"

Does the lifestyle you wish you had require more money? Do you also want to help people? The good news is that the two go hand-in-hand.

If you really want to serve people, you really can make good money doing it. You can be a difference maker, and you can save lives. And you can also make money doing it, without needing to feel guilty.

Doctors make their money every day by serving people. They do it by removing sicknesses and helping people get well.

You can make money by serving people, too. You can do it in the form of motivating people to commit to making themselves healthier.

But you have one-up on the doctor. You can make a difference in their life, so they don't NEED a doctor.

I don't have to tell you all the stats about the leading causes of death being preventable through good diet and exercise. Most people know that, and you especially know that as someone in the fitness industry.

But how can you make more money by serving?

The answer is simple. You have to encourage people to commit to buying things that are beneficial to their health. Things like protein... vitamins... supplements... helpful information products and more.

Your members are buying things out in the world - some that keep them further from their goals. If you encourage them to spend their money on things that help them, they will be more committed and get results faster.

If you are their source for these solution-providing products and services, then you will make money by selling to serve.

When one of our locations sells a copy of the *Thin & Healthy Cooking: Quick & Easy Recipes DVD*, it doesn't stop at the transaction of sale.

Our licensee made money... then that member watches the DVD and learns how to save time in the kitchen.

Soon, they learn ways to feed their family a healthy meal, rather than having junk and fast food.

By investing in something beneficial to their health, they make a commitment to follow up and do something healthy. Not only that, but you get a reward in the form of money.

What's not to love?

Proven Profit Technique #3: "Let Go of the Reins"

You're busy.

Not just at work, either. You've got family, friends, and more. It can be tough trying to juggle everything.

Wouldn't it be nice to have someone else do the work for you?

Well, while our licensees are busy answering calls, cleaning messes, and handling the day-to-day routine...we are busy creating!

If you spend all of your time handling the daily work routine, you never have a chance to grow. You don't get to create. And truth be told, it's tiring trying to handle all of that!

So, let go of the reins.

You need to have a source for help...one that provides proven marketing techniques, so you don't get slammed by learning the hard way.

That's why we create entire marketing campaigns for our licensees each month. More than already being tested...everything is done for you!

We include flyers, scripts, and all kinds of things -- all to ensure our licensees are successful.

So I promised an example, right?

Send an email to Beth at bhammond@thinandhealthy.com or call right now at 866-260-8446, and we will send you a link to a printable PDF flyer.

Our licensees write in their location's phone number and address, then print it out and post it up inside their club and all over town.

Do you have something automated and done for you like this is?

Learn More Gym-Profit Tips

Did you like what you've read so far, and want to learn more? We

practice what we preach, because we are "In It For You," and we truly want your gym to succeed.

That is why we have dedicated ourselves to becoming the country's top revenue enhancement company for fitness centers.

To learn more ways you can increase profit in your gym, call now at 866-260-8446, or email Beth at bhammond@thinandhealthy.com to schedule your FREE Club Profit Strategy Session!

by Donna Krech



Free Preview DVD

If you found my article helpful, and you would like to learn more ways to increase profit in your gym, then you are in the right place.

Now days, the fitness industry is bigger than ever, and there are several gyms on every corner. The only ones that have a chance of setting themselves apart and succeeding are the ones with people like you, who seek to learn and grow.

It should be your duty and your goal in the fitness industry to thrive financially...on a business level as well as a personal level. That way, you can spend more time focusing on your members, and less time worrying about your bills.

That's why we are dedicated to helping you, so that you can focus more on the things and the people that matter.

Call now at 866-260-8446 to schedule a FREE Club Profit Strategy Session where we will educate you on more ways to increase your profit.

Be one of the first 7 callers to schedule your appointment, and receive your Free Preview DVD, featured in the article. There's no better way to understand the tips than seeing them.



Recipes included in your free DVD:

- Chicken Broccoli Alfredo
- Angel Food Pineapple Cake
- Scruptious Baked Beans
- Dutch Apple Pancake
- Key Lime Pie
- No-Bake Cookies
- Chicken Pasta Salad
- Creamy Ranch Pork Chops
- Spicy Chicken Tomato Soup
- Sweet & Sour Sasuage Stir-Fry
- Mexican Stuffed Green Peppers
- Baked Carrots

Call 866-260-8446 right now now to receive your free copy of "*Thin & Healthy Cooking: Quick & Easy Recipes DVD*," and see the marketing tips used first-hand!

World Gym Taiwan

“World Fitness Day” Marketing Campaign Delivers Record Results!

TAIWAN - World Gym Taiwan, the largest fitness operator in Taiwan with 26 locations, recently conducted the most successful marketing campaign in company history. The campaign was named “World Fitness Day.” World Fitness Day allowed the entire country to have free access to all clubs island-wide for two months. By doing so, they all qualified for a drawing to win a Mini Cooper worth more than \$50,000.

“Being a leader in the fitness industry in Taiwan, we wanted to motivate

and educate people to get off the couch, come and experience a healthy new life style at World Gym and have a chance to win a car,” explains Michael Sanciprian, the CEO of World Gym Taiwan.

World Fitness Day was promoted with many marketing sources including Facebook, Twitter, newspapers, magazines, two press conferences that were attended by over 200 media outlets. In addition to those outlets, a World Gym flashmob gathered in one of the busiest train stations

in Asia, which was led by two of the most popular models in Taiwan. These events created staggering numbers: Over 100,000 guests, and from that number, 25,000 became World Gym Taiwan members.

Sanciprian says, “This event blew my mind and exceeded all my expectations!” The climax of the final press conference to give the car away was star-filled with professional dancers, supermodels, members of the media and with one person from each club eligible

to win the Mini Cooper. The winner was Mr. Lieu-Hung-Tse, a 22-year old member from Taichung. Sanciprian says, “The key to this event was to promote and educate the 23 million people about fitness and healthy lifestyle, and that’s why it was the most successful marketing campaign we have ever put on!”

Congratulations from **CLUB INSIDER** to Michael Sanciprian and his World Gym Team on their success of this huge membership promotion.

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Thanks and Appreciation

At **CLUB INSIDER**, we are excited to be celebrating our **20th Anniversary** of this home-based health and fitness club trade newspaper! The thought that this newspaper 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 run possible.

A very sincere **Thanks and Appreciation** go to **Rick Caro, Dr. Gerry Faust** and the **Faust Executive Roundtable #1** for helping me decide in 1993 what my home-based business would be. **Thanks and Appreciation** to my long-time friends, **Ron Hudspeth** and **Cathy Miller** of **Atlanta’s Hudspeth Report** for the tremendous assistance they provided us during *our first 8 years of publication*. **Thanks and Appreciation** to all of the folks at **Walton Press** in Monroe, Georgia. They’ve done an absolutely excellent job for us all these years and have printed every one of our monthly editions! **Thanks and Appreciation** to all of our readers. Sincere **Thanks and Appreciation** to our **CLUB INSIDER Advertisers**, past and present, for their kind and dedicated support of this publication. It’s amazing to know that we have several advertisers with over 15 years of continuous advertising with us. Plus, we have one advertiser, **National Gym Supply**, with over 18 years advertising with us and one, **Affiliated Acceptance Corporation**, with over 19 years as they have advertised in every single edition of **CLUB INSIDER** since the first month that we sold advertising in June, 1994! We also want to say sincere **Thanks and Appreciation** to all of our **CLUB INSIDER Contributing Authors**, past and present, who’ve contributed *hundreds and hundreds* of excellent articles to help our readers with their Best Business Practices. **Thanks and Appreciation** to **IHRSA** for all it does.

Sincere **Thanks and Appreciation** to my son, Justin, who started working part-time for **CLUB INSIDER** when he was just 8 years old (helping with mailings). This young man, pretty much behind the scenes for 20 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 occasional writing for us.

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 in fact, survive. He would like to give sincere **Thanks and Appreciation** to the power that made that survival happen: **God**.

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

Norm Cates, Jr.

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