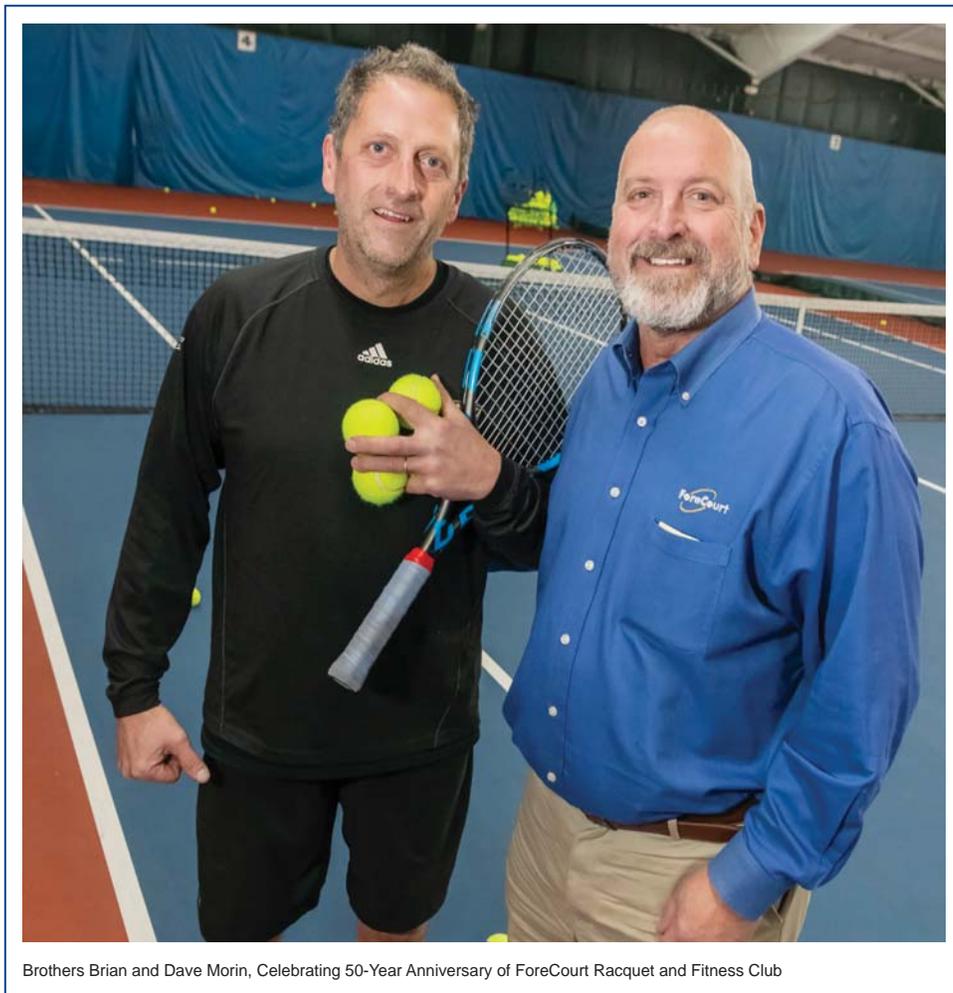


Norm Cates'

CLUB INSIDER

CELEBRATING 30+ YEARS OF TRUST

ForeCourt Racquet and Fitness Club *Celebrating 50 Years as a Community Institution*



FEBRUARY 2024

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CLUB INSIDER

CELEBRATING 30+ YEARS OF TRUST

ForeCourt Racquet and Fitness Club Celebrating 50 Years as a Community Institution

By: Justin Cates

Believe it or not, I have personally fulfilled every *Paid Subscription Order to Club Insider* for the past 15+ years. I send every email renewal notice individually, not in batches with a third-party sender. I sign every printed letter, as well as label, stamp, stuff and seal every envelope (Don't worry; I don't have to lick them anymore!). Over the years, the effort has been worth it. I have built relationships with our readership, many of whom have been *Paid Subscribers* for 5, 10, 20+ years. Each month, it is a wonderful feeling to send these messages out to so many familiar names. And, many times, in addition to their renewal, I receive personalized notes of thanks, good wishes, compliments, and sometimes,

critiques. Recently, with his renewal, I received a local news clipping from **Dave Morin**, *Owner of ForeCourt Racquet and Fitness Club*, sharing the story of their **50th Anniversary Celebration**.

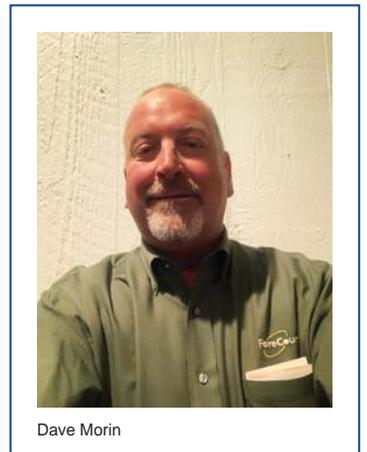
No matter how you slice it, *50 years in business is a story worth sharing*, and I look forward to doing that here. Further, I hope you enjoy reading it and learn something that helps your business also one day reach the 50-year mark.

I grew up in the transitional period of our industry from racquet and tennis sports to multi-purpose offerings, so this story hit home for me and was another reason I wanted to share it. Delving deeper during our interview, several similarities between Dave and I came to the surface.

First, we both came on board

our respective *family* companies to help our Dads with technology! Next, I learned that our family businesses both serve very tight-knit communities. Finally, and most importantly, I learned about the personalized approach taken at ForeCourt, and it reminded me of how we do things at *Club Insider*. As much as I taught my Dad, *Club Insider Founder and Tribal Leader Since 1993*, **Norm Cates**, about technology, I learned the business itself, as well as old-school things from him... Things such as personally signing a letter. And, as Dave helped his Dad, **Maurice**, with technology, he learned these things as well.

So, this month, I once again welcome you to read all about it and how you can make sure your business stands
(See *Dave Morin* Page 10)

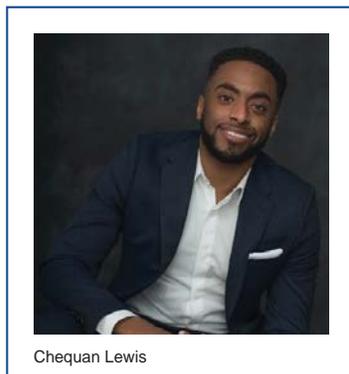


Dave Morin

Crunch Appoints Chequan Lewis, Former COO of Pizza Hut U.S., as President

NEW YORK, N.Y. - *Crunch Fitness*, a leading high-value, low-price gym, announces the appointment of **Chequan Lewis** as *President of Crunch*. **Ben Midgley** will transition from *CEO of Crunch Franchising to Crunch's Board of Directors* as of March 15, 2024, and will be integral in franchisee relations.

In his new role, Lewis, the former *Chief Operating Officer* and the first *Chief Equity Officer at Pizza Hut U.S.*, will guide and direct company operations for owned and franchised businesses. He will work directly with other Crunch executives and franchise owners to develop growth
(See *Crunch Fitness* Page 6)



Chequan Lewis

Genesis Health Clubs Acquires Both Locations of The Atlantic Club

MANASQUAN, N.J. - *Genesis Health Clubs* announces the acquisition of both locations of *The Atlantic Club*, effective immediately. The clubs, now known as *Genesis Health Clubs - The Atlantic Club Manasquan*, and *Genesis Health Clubs - The Atlantic Club Red Bank*, represent the 67th and 68th clubs in the ever-growing Genesis portfolio and the first in New Jersey and the Northeastern United States.

Genesis Health Clubs Owner and President, Rodney Steven II, commented on the acquisition: "To say we're excited about acquiring The Atlantic Club would be an understatement. There aren't many
(See *Genesis/Atlantic* Page 6)



Rodney Steven II and Kevin McHugh

Inside the Insider: Edition #362

- "Insider Speaks" - My Home Club for the Last 22 Years is Dying - **By:** Mike Manning
- Team vs. Tech and the Member Experience - **By:** Terry Browning
- Turning Members Into Allies - **By:** Herb Lipsman
- HWLS Announces Club Wellness Advisors
- Our Future Is Our Past - **By:** Thomas Plummer
- Fitness Premier 24/7 Clubs Expands, Renovates and Elevates in 2024
- The Perfect Financing Combination - **By:** Paul Bosley
- And, of Course, *Norm's Notes*

Norm's Notes

■ **Hello Everybody!** This is your **Club Insider Founder and Tribal Leader Since 1993** checking in with our **362nd monthly edition of this 31+ year running club business publication** I refer to as: **A Labor of Love!** I'm very thankful that you've tuned in again for this iteration of **Norm's Notes**, as I proceed on my keyboard with my longtime habit of "Telling-It-Like-It-Is!" I'm really happy that you're reading this edition, and I want to **THANK YOU ALL** for sticking with us every month! As usual, we have a bunch of health and fitness club industry news, **so please read on!**

■ **Is AMERICA a GREAT COUNTRY, or WHAT!?!?** Hmm... hmm... hmm! And, as usual, let me start these **Norm's Notes** with my normal monthly salutation to you all: **GOD BLESS AMERICA and GOD BLESS YOU, YOUR FAMILY and YOUR BUSINESS!!!**

■ Folks, **IHRSA 2024** is just a few weeks away, taking place in Los Angeles, **March 6 - 8**. If you have not already registered, it is not too late! Go to ihrsa.org/convention today! **JUSTIN and I** look forward to seeing you there. We will be at social events, keynotes, panels, and of course, our

Booth: #1159. Stop by and say "Hi!"

■ **Big News** from *Crunch Fitness*, as they announce **Chequan Lewis** as *President*. **Ben Midgley** will transition from *CEO of Crunch Franchising* to *Crunch's Board of Directors* as of March 15, 2024. Check out the **Press Release** on **Page #3**. And, see the **Crunch Franchise Ad** on **Page #2**.

■ **More Big News** from *Genesis Health Clubs* as they announce the acquisition of both *The Atlantic Club* locations on New Jersey. Check out the **Press Release** on **Page #3**.

■ **PAUL BOSLEY**, our friend and longtime *Club Insider Contributing Author and Advertiser*, has written another terrific article you may find helpful *if* you are considering growing your business *and/or* creating a new business. Paul is your guide through the world of club financing, and you can check out his **Article** on **Page #16**. Be sure to also check out the **Articles** from our *other great Contributing Authors* this month and every month!

■ Folks, this item is credited to **ANDY BERG** as this news was recently covered in my

friend, **PETE BROWN's** great *Athletic Business Magazine* in an article entitled: *USA Pickleball Announces Site for 2024 National Championships*. Andy reported: "Today, January 26, 2024, *USA Pickleball* named Mesa, Arizona as the location for the *2024 Biofreeze USA Pickleball National Championships*. The tournament is slated to be hosted at the Arizona Athletic Grounds (formerly Legacy Sports Complex) from November 10 - 17, welcoming competitors from around the country to sunny Arizona."

Andy's article continued: "Formerly known as Legacy Sports Park, Arizona Athletic Grounds boasts 41 pickleball courts and a 2,000-seat pickleball stadium! Nearly 3,500 pro and amateur pickleball players took part in a total of 6,928 matches over the course of last year's USA Pickleball National Championships. The tournament, which took place at Brookhaven Country Club in Phoenix, Arizona brought in more than 50,000 attendees and 390,000 viewers tuned into ESPN during the hour-long broadcast of the final event. Collectively, over 2.6 million TV viewers tuned in during the tournament to catch over 20 total hours of coverage on ESPN, Tennis Channel and PickleballTV."

Wow, folks, stay tuned! Be



Norm Cates

sure to catch further details in *Athletic Business Magazine!*

■ This item should help *stimulate exercise around the world* because of the potential impact on *non-exercisers* who decide to *become exercisers* just because they read it. On January 28, 2024, the *Atlanta Journal Constitution Newspaper (AJC - Page 15)* featured an article written by (See *Norm's Notes Page 7*)

About Club Insider

CELEBRATING 30+ YEARS OF TRUST

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Thanks and Appreciation

At *Club Insider*, we are excited to be in our **31st Year** of this home-based health and fitness club trade publication! The thought that this publication was *founded to serve an industry I truly love*, and so that *I could become a Mister Mom for my son, Justin*, is still *intriguing and amazing* to us. So, I wish to extend my most sincere **Thanks and Appreciation** to everyone who has made this amazing 30+ year run possible.

Very sincere *Thanks and Appreciation* go to **Rick Caro**, the **late Dr. Gerry Faust** and the **Faust Executive Roundtable #1** for helping me decide in 1993 what my home-based business would be. *Thanks and Appreciation* to my long-time friends, **Ron Hudspeth** and **Cathy Miller**, formerly of **Atlanta's Hudspeth Report** for the tremendous assistance they provided. *Thanks and Appreciation* to all of the folks at **Walton Press** in Monroe, Georgia. They did an absolutely excellent job for us all these years and printed every one of our monthly printed editions! And, of course, *Thanks and Appreciation* to the **United States Postal Service** for sending those editions to our readers!

Now, as we have gone all digital, *Thanks and Appreciation* to all of our **READERS**. Sincere *Thanks and Appreciation* to our **Club Insider Advertisers**, past and present, for their kind and dedicated support of this publication. *Thanks and Appreciation* to all of our **Club Insider Contributing Authors**, past and present. *Thanks and Appreciation* to **IHRSA** for all it does for all of us. And, sincere *Thanks and Appreciation* to my son, **Justin**, our *Publisher*, who is a truly great business partner. You name it and Justin does it each and every month!

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

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

Norm Cates, Jr.



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“Insider Speaks”

My Home Club for the Last 22 Years is Dying

By: Mike Manning

In November 2001, I joined the best health club I'd ever walked into and experienced. My best guess is that this club will close its doors in the next 12 months, and its decline has been a sad and frustrating journey. Maybe, this short story will help a reader or two save one of your clubs from the same sad fate.

When “my club” opened in 2001, it quickly shut down several older clubs in a three-mile radius. The club had more new strength and cardio equipment than I'd ever seen in one place and many other amenities. The club was full of members and was as much a social club as a health club. I loved everything about it, even when I had to wait a few minutes for a bench or machine.

After a few years, it was hard to get spare parts when something broke on the batting cage. Insurance carriers strenuously disliked trampoline basketball and pushed to have it removed, but the club just kept on rocking until the great recession really kicked in during early 2008. The employees were well-trained, and other than Christmas day, the club almost never closed its doors.

The years 2008 and 2009 were hard for most clubs, including mine.

...Crunch Fitness

continued from page 3

strategies, improve performance and elevate the brand. Lewis is a *Howard University* and *Harvard Law School* graduate, former business litigator, and *Presidential Leadership Scholar* who is deeply committed to civic engagement.

“We believe Chequan’s strategic mindset and proven track record will continue to lift Crunch to new heights,” says **Jim Rowley**, CEO of *Crunch Worldwide*. “Chequan brings a wealth of experience and has delivered tremendous results in his previous roles. We look forward to working together to build on the strong foundation at Crunch and drive our company’s success into the future.”

“I’m fired up to join the Crunch team on our journey to deliver legendary experiences for our Members, Gym Teams, and Franchisees,” said Chequan Lewis. “As a lifelong fitness enthusiast with a passion for franchising, coming to Crunch feels like a homecoming. I’m excited to grow the Crunch legend alongside a talented team and a committed franchise network.”

During Midgley’s tenure since 2009, the franchising of Crunch Fitness

Employees were pushed hard to generate revenue because the bills still needed to be paid. My club got through the recession even if several good employees burned out, decided a career in fitness was no longer for them and left to sell medical devices or something comparable.

In the first 12 years of the club’s life, there were two major equipment refreshes where maybe a third of the cardio and strength equipment was replaced each time. By 2014, the club was still nice but not what it had been in 2006, as some of the equipment that had never been replaced was showing its age, and the member numbers never fully recovered to what they were in early 2007.

An ownership change happened in 2014. The new owner brought a different perspective but spent less money on advertising while trimming the sales staff, which led to fewer new members to replace the normal member attrition. Several experienced employees soon left, and it became harder to find competent club managers who would last longer than a few months. The club’s decline slowly continued, and the equipment really started to show its age. If something broke, it began to take longer to get a spare part, and that piece of equipment might be out of order for several months. The club still sold

has achieved remarkable results, setting new standards of excellence in the industry. Midgley has taken the Crunch franchise business from conception to being one of the fast-growing fitness concepts in 41 states and seven countries, with 460+ gyms, more than 2.5 million members and the #1 Fitness franchise on the *Entrepreneur 500* list.

“Ben’s unwavering commitment to Crunch, our members and our franchisees has led us from being a concept to becoming the fastest-growing gym franchise in the country,” added Rowley. “With Ben joining the Board, our franchise partners will continue to have a dedicated advocate and liaison to represent their needs across Crunch’s business strategies. This is the right move at the right time as we gear up for even greater growth in 2024 and beyond.”

These announcements come at a pivotal time as Crunch is gearing up for an unprecedented year. In addition to ranking first in the fitness category, Crunch also came in #29 overall in *Entrepreneur’s Franchise 500*. The brand is also celebrating its 35th anniversary, pushing towards 3 million members and is on pace for over 500 club locations in 2024.

personal training, but with fewer members, the volume dropped along with the number of personal trainers who made their living in the club. HV/LP clubs were starting to take off in our local market around this time, and that model was forcing changes in the club operation that might not have otherwise been made. While expense control is sometimes necessary; it is not a path to prosperity.

Another ownership change in 2019 hurt the club badly. The new owner decided to switch to a HV/LP model, but they dropped prices while spending no money on advertising and without replacing equipment that was just getting older. The new owners made it harder for club employees to qualify for health insurance, so several of the better employees left within a few months. HV/LP without advertising or refreshed equipment did not work, so after a while, the dues pricing went back to mid-tier for new members. But, many of the older members had rewritten to a lower dues rate, and the damage was done.

When the club re-opened after being forced to close for six weeks during the pandemic, no attempt was made to enforce COVID-related rules, which caused some members to stop coming in or to cancel. Personal training was soon outsourced, and the new owner seemed to spend no time training club employees, including inexperienced managers. I’ve seen some clever signs in clubs, especially in the *Virgin* clubs in the U.K., but the signs in my club are not a bit clever. My club’s manager once taped up paper signs threatening to cancel memberships if certain bars were used to bench press. The steam room, which still works, is now used for storage because the club staff cannot figure out how to stop one or two members



Mike Manning

from overheating it by messing with the thermostat, and they’ve threatened to close the sauna for the same reason. The new owners did one minor equipment refresh in late 2020, and the club was closed for three days while they moved in maybe 15 pieces of used, pin-loaded equipment manufactured by a vendor known more for cardio equipment than strength.

The club is no longer open 24 hours every day, and getting club employees to show up to open the club has been a challenge. For reasons I’ve never understood, the club does not open until 7 AM on Saturday, which is later than many members would like, and it’s almost a joke that there is no reason to show up before 8 AM because the door will probably still be locked. On Black Friday, I stood outside in the cold for 50 minutes waiting on the employee who was supposed to open the club at 7 AM before giving up and leaving.

Clean clubs matter, and over time, my club has switched back and forth (See **Mike Manning** Page 8)

...Genesis/Atlantic

continued from page 3

clubs in the entire nation with as much history, success and impact on people’s lives. We’re excited to be able to jump into something that’s already working so well, re-invest in it and help them keep doing what they’re doing.”

Kevin McHugh, previously President and COO of *The Atlantic Club*, has accepted a management role, overseeing the clubs along with his leadership team and staff across both campuses. McHugh commented: “We’re excited to be able to continue providing everyone the same great product they’ve enjoyed for years and also to become part of a fitness leader like

Genesis that will support the growth of all of our businesses and willingness to reinvest into both campuses’ future growth.

Steven continued, expanding on McHugh’s sentiments, “We plan to welcome the staff into the Genesis family and bring them 401k plans, health insurance and a lot of the benefits that can be hard to come by in the industry sometimes. Staff is family at Genesis, and they’re about to join a great one. As for the members, this is such an exciting time for them. They’ll continue with the same great programming they are currently providing, and we will also be reinvesting in both these outstanding fitness facilities. We’ve got big plans for the region now and in the future, and we can’t wait to share more soon!”

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...Norm's Notes

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GRETCHEN REYNOLDS of the *Washington Post* entitled: *HEALTH: Study finds exercise increases brain volume. Brain shrinkage contributes to risks for cognitive decline and dementia.*

This interesting article presented a case for regular exercise, *NO MATTER HOW MUCH EXERCISE!* Here's the leadoff sentence from Gretchen's article: "Exercising for 25 minutes a week, or less than four minutes per day, could help to bulk up our brains and improve our ability to think as we grow older." The next paragraph adds: "A new study, which involved scanning of the brains of more than 10,000 healthy men and women from ages 18 to 97, found that those who walked, swam, cycled or otherwise worked out for 25 minutes a week had bigger brains than those who didn't, whatever their ages." The next sentence said: "Bigger brains typically mean healthier brains." **STAY TUNED Folks!**

■ **TIM TEBOW** is the former *University of Florida* football great, an All-American player who was so great that, as a sophomore, he won the Heisman Trophy Award as the best player in America. This put Tebow in special company as one of the youngest Heisman

winners in history. Tim has gone on in life to dedicate himself to a truly great cause and one that deserves our support and help. On February 9th, *The TIM TEBOW FOUNDATION'S 10TH ANNUAL NIGHT TO SHINE* was celebrated, crowning thousands of individuals with special needs as *KINGS* and *QUEENS*. More than 720 churches across more than 50 countries worldwide participated in this unforgettable experience centered on *God's Love*.

In addition, on the same night, *The Night to Shine Virtual Celebration* went live for guests who are unable to attend in person. Founder, Tim Tebow, said, "As we celebrate the 10th anniversary of Night to Shine and look forward to the next ten years, I hope you will join us in spreading the worldwide movement to every corner of the globe. Our job isn't done until all are celebrated, until all are loved, and until all know their true identity as God's royalty."

Since its inception in 2014, Night to Shine has been held in 56 countries around the world, impacting over 1,000 cities and creating more than 555,000 honored guest experiences! For this 10-year celebration, Tim Tebow will be making special appearances at several events to celebrate with honored guests. Tim has already attended Night to Shine's 10-Year Worldwide Kick-Off events in Guatemala, Brazil, Belize and Colombia.

Folks, check out this great cause at www.timtebowfoundation.com, and please consider involving your club(s) or businesses in this very worthy cause because it's a mighty worthy cause and **TIM TEBOW** and his **TEAM** deserve all the help they can get. **STAY TUNED!**

■ To close this month's **Norm's Notes**, I received an email not long ago that contained a batch of puns from which I thought y'all might get a good laugh, or two, (or three!) **Haha! And, FYI folks... this falls under the category of Making It Fun!!!**

With his permission, I'm going to credit the supplier of this **FUN** as our good friend, **RICK CARO**, the great man I call, "The Industry's **BEST FRIEND**." **Uncle Rick**, as Justin and I call him, describe this collection of **FUN** phrases as, "The best batch of puns in ages!" For your fun. For your enjoyment. Read on!

Here Goes:

■ A pun isn't ready to send until it is *full Groan!*

■ I once dated a girl who broke up with me because I only have eight toes. Yes, she was *lack-toes intolerant*.

■ I've started telling everyone about the

benefits of eating dried grapes. It's all about *raisin' awareness*.

■ I've started investing in stocks: beef, vegetable, chicken. One day I hope to be a *bouillianaire*.

■ If you boil a funny bone, it becomes a laughing stock. Now that's *humerus*.

■ I accidentally rubbed ketchup in my eyes. Now I have *Heinzsight*.

■ Did you know *muffins* spelled backwards is what you do when you take them out of the oven? *Sniffum*.

■ Scientifically, a raven has 17 primary wing feathers; the big ones at the end of the wing are called pinion feathers. A crow has only 16. Therefore, the difference between a raven and a crow is only a matter of a *pinion*.

■ I was walking in the jungle and saw a lizard on his hind legs telling jokes. I turned to a local tribal leader and said, "That lizard is really funny!" The leader replied. "That's not just any old lizard... he's a *stand-up* chameleon."

■ I tried to come up with a *carpentry pun* (See *Norm's Notes* Page 8)

Turning Members Into Allies

By: **Herb Lipsman**

I once overheard a private club owner lamenting, "This would be a great business if it were not for all those damn members!" We have all felt this way at one time or another. We all have them, those members who keep reminding us they pay our salaries when they don't get what they want.

Long ago, I learned a valuable lesson that has shaped my approach in dealing with both difficult members and members in general. I call it *turning members into allies*. In this sense, an ally is a member who is both a friend and supporter of the club. The problem with most clubs is that members never become allies. Instead, members view their relationship with club ownership and management from an "us against them" mentality. They don't trust the club leadership, whether deserved or not.

Some members have been burned in the past by unethical clubs, hence they are jaded toward the entire industry. They assume the club is trying to cheat them. In other cases, members have not formed any personal connections with the staff. Therefore, they can only go by what they hear from other members, whether

accurate or not.

My approach is to proactively form personal connections with every single member by learning their stories. Every employee must be hired based upon their proven empathy as well as their competency. Then, train them to proactively engage with each member they meet, asking questions that will invite the member to share personal interests and other information. We need to befriend each member in a genuine, trustworthy manner. Once a member feels this personal connection to at least one person on the team, they are far more likely to "suggest" rather than "complain" when they have a concern.

For example, when a club sends out the notice of a dues increase, allies may not like that prices are going up, but they will rationalize this is necessary for the viability of the club and will lead to club improvements. The distrustful members will immediately migrate to the dark side that the club owners are simply trying to squeeze more profit from their powerless members. It is all about establishing a **Culture of TRUST**.

Why is it so important to work to turn members into allies? *Allies are Raving Fans* who tell their friends, relatives and

acquaintances positive things about their club experience. They will invite friends to be guests at the club. They will help shift any negative chatter from the non-allies in the locker room or group exercise classes or out on the fitness floor to a more positive understanding. In essence, allies can be gold for your club, while non-allies can poison the well.

In closing, I want to emphasize that turning members into allies will not cost your club one nickel more. I'm not suggesting capital expenditures, adding more staff or paying more. Rather, I'm urging you to shift the focus of your team on getting to know your members and prospective members on a personal level during each and every interaction. Nothing will have a more positive impact on the culture of your club.

(Herb Lipsman is a veteran of the club industry, having managed some of the most prestigious athletic clubs and golf/country clubs in the Houston, Texas market over the past 30 years, most notably The Houstonian Hotel, Club and Spa. Lipsman has served on the Board of Directors for IHRSA. He was appointed by Mayor Bill White to serve as Chairman of the Mayor's Wellness Council for the City of Houston. Lipsman has also



Herb Lipsman

been invited to speak at numerous industry conferences and conventions around the world, including the U.S., UK, Australia, New Zealand, Germany, Italy, Russia and Mexico. Most recently, Lipsman authored and published his book, Caring (The Sequel): Valuable Insights into Effective Club and Hospitality Management. Learn more about Herb and order his book at bit.ly/herb-lipsman-caring.)

...Mike Manning

continued from page 6

between in-house and contract janitorial. The club was reasonably clean until the most recent owner took over. Now, it is not clean, and it is also not unusual to have empty soap dispensers in the bathroom for 3 - 4 days running. Dumbbells picking up dirt from the floor and dropping it into your eyes while doing fly exercises is not fun.

In the last 22 years, a lot has changed in the industry. Dues pricing

is generally down before factoring in inflation. Advertising has mostly moved online. Contracts lasting 2 - 3 years are a relic of the past. Clubs rarely employ an army of salespeople, and sometimes, no salespeople. Group exercise is more important than it was in 2001, and group training is much bigger. Keeping clubs clean and the equipment in good working order will always be important, and if your model doesn't generate enough cash flow to replace your strength and cardio equipment in a reasonable time frame, you

badly need a new model because you're operating on borrowed time.

Fortunately, as I type this, a new HV/LP 2.0 club is opening less than a mile from my club in less than a month. The new club will be this operator's second club in my town, so I've been able to tour their first club and have already signed up. Everything is new and clean, and the only complaint I've heard about their first local club is that it is too crowded at times. It will not surprise me if this new club takes half of my old club's members in its first six

months, and while I'll miss the memory of what my old club once was, I will not miss the poorly run disaster it evolved into over 22 years.

(Mike Manning has been a CFO, Consultant and Board Member in the fitness industry since 2006 and works with club owners and private equity groups who invest in fitness. Manning can be reached at manning@strategicadvicellc.com.)

...Norm's Notes

continued from page 7

that *woodwork*. I thought I nailed it, but nobody saw it.

■ Singing in the shower is fine until you get soap in your mouth. Then it's a *soap opera*.

■ The Black-Eyed Peas can sing us a song, but the *chick peas* can only *hummus* one.

■ Then, there was the time *Fruit of the Loom* took *Hanes* to court... it was a *brief case*.

■ How much does a chimney cost? Nothing, it's *on the house*.

■ My friend said she wouldn't eat a cow's tongue because it came out of a cow's

mouth. So, I gave her an *egg*.

■ Once upon a time, there was a King who was only 12 inches tall. He was a terrible King, but he made a *great ruler*.

■ Ran out of toilet paper and now using lettuce leaves. Today was just the tip of the iceberg and tomorrow *romaines* to be seen.

■ My friend, Jack, says he can communicate with vegetables. That's right... *Jack and the beans talk*.

■ I want to tell you about a girl who only eats plants. You probably have not heard of *herbivore*.

■ I was struggling to understand how lightning works and then it *struck me*.

■ Six cows were smoking joints and playing poker. You guessed it... *the steaks were pretty high*.

■ I went to the paint store to get thinner. *It didn't work*.

Folks, to close this sharing of **FUN**, let me just say: **This has been FUNTASTIC!**

■ **JUSTIN** and I want to **THANK YOU** for reading **Club Insider!**

■ **God bless our troops, airmen and sailors worldwide and keep them safe. Thank you, Congratulations and Welcome Home to all of our troops who have served around the world. God bless America's Policemen and women**

and Firemen and women; keep them safe. Finally, God bless you, your family, your club(s) and your members. God Bless America! Laus Deo!

(Norm Cates, Jr. is a 50-year veteran of the health, racquet and sportsclub industry. He is the Founder and Tribal Leader Since 1993 of Club Insider, now in its 31st year of monthly publication. In 1981, he was IHRSA's First President, and a Co-Founder of the Association with Rick Caro and five others. In 2001, he was honored by IHRSA with its DALE DIBBLE Distinguished Service Award, one of its highest honors. And, in 2017, he was honored with Club Industry's Lifetime Achievement Award. You can reach Norm by phone at 770-635-7578 or email at Norm@clubinsideronline.com.)



INCURABLE IS UNACCEPTABLE



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venmo

...Dave Morin

continued from page 3

the test of time. *These are tried and true methods, and while others come and go, the stone of history is chiseled from the personalization of a moment.*

An Interview With Dave Morin, Owner of ForeCourt Racquet and Fitness Club

Club Insider (C.I.) - Where were you born, and where did you grow up?

Dave Morin (DM) - I was born in Bellingham, Massachusetts, and I grew up there, which is about 11 miles from the club from here.

C.I. - You're a hometown boy!

DM - Yep. I actually built a house and still live right next door to my mother. I built the house there about 28 years ago, so my kids grew up with my mother. I still see my mother three or four times a week.

C.I. - Oh, that's beautiful. I know my mom wishes I would do that. I live in Orlando, and she lives in Atlanta, so it's a little bit of a trek. Where did you go to school, and what did you study? Did you play any sports along the way?

DM - I went to school at *Bryant College*, which is now *Bryant University* in Smithfield, Rhode Island. I studied business management, operations and production. I grew up playing tennis, and I played racquetball in college.

C.I. - Was that intramural, or did they have a league?

DM - No, we actually had a league and used to play against *Providence College*, *Harvard*, *West Point*... So, we did some traveling. We went to Nationals out in Colorado in 1986. Of course, this was when racquetball was still busy.

C.I. - Oh yeah, I remember the tail end of those days when I was growing up. Now, I

know we're going to be talking about your Dad, **Maurice ("Moe")**, here shortly, but when and how did you get involved in the industry? Was it with the family business, *ForeCourt*, or somewhere else?

DM - It was here. During my second year of college, my father asked me to come and help him. Computers were just getting started back then, and people were introducing them into business, including the racquet sports industry. My father was not technologically savvy at all, so I helped him install his computers here in 1985. Then, in 1987, when I graduated from college, he asked me to help him out for a couple of years. I started working here full time, and here I am so many years later.

My father got ill with esophageal cancer in 1990, and that's when I took over the management of the club itself. He was gone for about a year with surgery, chemo and all that. Fortunately, they were able to alleviate it, and he actually lived another 20 years. In the end, the effects of the chemo and stuff just weakened his heart, so he ended up dying of congestive heart failure.

C.I. - I'm sorry to hear that; thank you for sharing.

Celebrating 50 Years at ForeCourt!

C.I. - First, let me say: *Congratulations on celebrating 50 years at ForeCourt!!!*

DM - Thank you.

C.I. - To my next question, you were a kid back then, but as best as memory serves, please tell us about the founding of *ForeCourt* 50 years ago.

DM - Well, in the 1960s, my father was in the construction business. He was the business guy, though, so he couldn't really bang a nail at all. When his business partner passed away, he had to sell everything off. He had an accounting degree from *Bryant University* (as well), so he ended up seeking a managerial position at a tennis



Fitness Floor at ForeCourt Racquet and Fitness Club

club organization with two locations. So, he started with that organization and was running those clubs. Then, they were building a third club, and he approached them about wanting a little piece of the action. They said no, that's not how they do it.

So, my father approached his brother and another gentleman about building a tennis club. They put the money up, and my father built a little four-court facility in Bellingham, our hometown. Three years later, in 1973, he built the Cumberland facility, where we are now, as an eight-court facility. In 1975, they built another eight-court facility about ten miles away from this club. Then, in 1978, as Racquetball was coming of age, they built a Racquetball building that attached to this facility here, and it had ten indoor racquetball courts. And, in 1987, they closed the other facility and sold the building because we were competing with ourselves. Additionally, at that time, the partners were bought out, and it was just owned by the Morin family.

C.I. - Since that consolidation, what have been some of the key evolutions over the years?

DM - Tennis is still our mainstay here. When I started working here full time in 1987, we took two of our ten racquetball courts out and added sixteen pieces of *Nautilus* and two *LifeCycles*. So, we were in the fitness industry. Then, the EFT concept was just coming around, so people allowing access to their banking information was quite new. It was kind of challenging. We then took out two more racquetball courts to add more

fitness, free weights and the training side of it. Around 2003, we took out a few more courts, decking them over and putting in mezzanines. Today, we are down to just two racquetball courts. Like so many, over the years, we just got more into fitness, training, group exercise, etc.

C.I. - Well, you still have courts, and I am sure someone still uses them.

DM - Yes, they get a little bit of use. Of course, when I see someone out there, I stop for a moment and watch because we don't see a lot of action out there.

C.I. - Please tell us about *ForeCourt* today (acreage, size, amenities, services, etc.).

DM - Today, the club sits on 5-1/2 acres of land. The building itself is 70,000 square feet. We have indoor tennis, and now, we offer Pickleball on our tennis courts. About a year and a half ago, we started offering Pickleball on our tennis courts, and it has just grown. On a typical night, we'll have eight Pickleball courts going; that's 32 people out there for a league. We have nets on wheels and roll them in and out. We put painters' tape down, and it works fine. Of course, we ask ourselves if we should put another building up and add some dedicated courts or just continue to retrofit our Tennis courts?

C.I. - As Racquetball history shows, maybe better safe than sorry for independents. Literally, hundreds of millions are now being invested by the big boys, but is Pickleball a fad, a trend or the future? Will it become a mainstay? I believe that remains to be seen...

DM - My uncle, who originally partnered with my father, is now 99 years old. I was with him a couple of weeks ago, and he asked, 'What's your take on Pickleball?' And, I told him, 'I just don't know...' I think that, if my father were here, he would put a

(See *Dave Morin* Page 12)



Pickleball at ForeCourt Racquet and Fitness Club





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...Dave Morin

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building up tomorrow. He was just that kind of guy. And, you can always repurpose a building.

C.I. - Well, I certainly look forward to seeing where things go with the sport and reporting on it. Please continue about ForeCourt today.

DM - We have fitness (12,000 square feet), group fitness (2,500 square feet general, 1,250 square feet cycling; *MOSSA* and *Les Mills*), steam rooms, locker rooms, etc. With fitness, we have a full array of equipment (treadmills, stairs, cross-trainers, rowers, free weights, plate-loaded, etc.) across multiple brands. Post-COVID, group fitness has slowed down a little bit, but as far as training goes, we've seen a big increase with males and females. We have adapted to that and budgeted/invested accordingly. We order equipment as needed when the demand is there.

Finally, we have a beer and wine license, so after a workout, people have the opportunity to sit down, have a cold beverage, and you know... socialize. This is a very social club.

C.I. - I love to hear that, because it has been lost over the years (the beer and wine licenses first, then the socialization). What you have is a beautiful thing.

DM - It's a great time, and I have met some of my best friends here. In fact, I met my wife here, and my brother, **Brian**, our *Vice President*, met his wife here as well. He started working here when he was 24 and is a big part of our business. He takes care of the facility management and is also a Tennis Instructor. I run the day-to-day, but every day, he is with me in the trenches.

C.I. - Speaking of Tennis, you mentioned it still being your mainstay. Please tell us more about that.

DM - Yes, we have youth and adult Tennis programs. In fact, we have someone who has been playing Tennis in the same league here for 50 years! He has played in a league here on Tuesday nights that we call the *Animal League*, and it started in 1973.

C.I. - Wow, that's incredible!

DM - Yes. His name is **Lee Bernardo**. He's 81 now and still playing. He wanted to hit the 50-year mark, which he did, playing all those years in one league without ever taking time off. We personalized a jacket for him (See **Photo** on **This Page**).

C.I. - That is beautiful!

DM - That was quite a milestone, but we actually have a handful of members who started at our first facility in 1970. They are still members here at this club today. They are still playing, and it's quite a thing. Naturally, we're on the third generation, now. The kids came in. The grandkids are coming in. It's just great to see.

Key Market Differentiators

C.I. - What do you consider your key market differentiators?

DM - First, the staff that we have. I have multiple staff members who have been here 15+ years. Of course, we've had staff who have moved on for different opportunities, but we have so many who are consistent with us.

Next, we have a family-friendly atmosphere. I'm here every day. My brother is here every day. Everyone sees us. Inside, we change the light bulbs. Outside, we shovel the snow on the stoops. Just like you did, Justin, we grew up learning every facet of the business. We've taken down walls. We've built walls. We've moved equipment from one floor to another. Wives have been met; best friends have been made. They met them at ForeCourt. We've gone to people's weddings, as well



Lee Bernardo and Dave Morin

as funerals.

My dad was here up until four days before he passed away. I worked six feet away from him for 20+ years. All those years were spent talking, hanging out, enjoying meals, you name it. Of course, we had our tough times. We had arguments and different ways of thinking as I'm sure any father/son team does.

C.I. - Yes, indeed.

The Membership

C.I. - What are the membership options/price points you offer?

DM - Basically, we offer two types. We have a racquet sports membership with an annual fee. A single is **\$185**, then court time is charged. The average is **\$25 to \$32** an hour, singles, doubles, etc. On the fitness side, an adult membership is **\$40** a month. It's a one-year contract, then month-to-month after that. We don't charge various other fees, because we're in the community every day. We don't want there to be any bad blood or bad vibes out there.

C.I. - How many membership accounts do you have, and how many members does this equate to?

DM - With our youth tennis program, we see about 250 kids a week. Our adult tennis programs see about 400 people. Pickleball has around 200 people. On the fitness side, we have about 1,200 members. We are very comfortable with what we have, so we do not use high-pressure sales. We show them the facility, and we invite them

to try it out. If they like it, great! We're not a big box, but we are able to offer everything they do, as well as things they don't want to. Importantly, for us, we have a lot of first responders who are members here.

C.I. - Please tell us about local area competition. What does that landscape look like?

DM - The biggest thing is there is a *Planet Fitness* about a mile and a half away, and actually, another one about five miles away. Then, there's a few other small locations/genres within five miles of here. But, for us, it's the test of time. Places come and go. We've seen many, and so have our members and the people around here. We have been here 50 years, and that is something.

C.I. - How did January go? Please tell us about some of your New Year's initiatives to attract new members, and of course, retain them.

DM - January was very busy. We added 50+ Members. Again, we are not a high-pressure place. When someone comes in, it's, 'Here's our facility; we will help you get started.' Then, we will follow up. The staff is very friendly and encouraging to everyone, but the members themselves are great, too! Some of my long-time members are great helpers. They're just looking to help people get involved with the gym. Our big initiative this year, though, is that we're launching new releases with our group fitness.

Community

C.I. - Along similar lines, what do you do to get out in the community and give back to it?

DM - Our community has about 36,000 people, and it's a great little community. It is humble, and everyone knows everyone here. Our word is our bond with everyone.

(See **Dave Morin** Page 13)



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...Dave Morin

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In a tight-knit community, any little thing can ripple.

One of the ways we support our community is through our work with the *Boys & Girls Club*. For school kids, we host free graduation party lock-ins. We donate the whole facility for seniors graduating, and they spend the night here. It is sponsored by the *Police Department*, and we have the *Fire Department* here, too. It's a great time for the kids. We run the rec tennis program for the town and donate our facility when it's raining. We also supply instructors to the Town as well.

In addition to supporting schools, we also work with nursing homes, rehab centers, PT clinics, etc. We donate 5,000+ used tennis balls to various facilities/organizations. We know people who run dog parks, and something we love to see is *Police Dogs* going after 100+ balls!

C.I. - I bet that is fun!!! What does the future hold for ForeCourt? Any thoughts about the future of the industry as a whole?

DM - We're going to keep on our current course for now. We are continuing to grow the gym part of it, but Pickleball is the up-and-coming thing at this time. But, we'll see what the long-term trends show. We always

have our ear to the ground listening to see what's going on, you know?

Our Youth Tennis Program is as strong as it has been, so we are going to keep pushing the game to get kids going. We start at three years old and go all the way until they graduate high school. Then, we have kids who graduate college then come back, joining our Adult Program.

As far as the industry, it is still a very exciting one. And, it's one that

recreates itself every few years. It's very interesting to watch and see. What is everyone doing? What is the cutting edge?

Importantly, if we can pass the *PHIT Act* or get fitness into healthcare in a meaningful way, that will go a long way. It's all about getting more people exercising. Even if someone starts at 60, they will still feel a big difference. But, if you can get people to start at 25, it's just better for overall health.

C.I. - To close, what key lessons and pieces of advice would you like to impart to our readers?

DM - For us, here, it's about being fair and being friendly. Treat everyone as you would like to be treated, as the *Bible* teaches.

C.I. - Absolutely, the *Golden Rule*.



Thank you to **Dave Morin** for sharing his story with us. Thank you also to **William Landon Farrell** for the photos included in this story.

(Justin Cates is the Publisher of Club Insider. Having been born into a club business family in 1985, Justin grew up in the health and fitness club industry. He has lived and breathed this industry for 38 years, since his own day one, and he loves it dearly. Graduating from the Terry College of Business at The University of Georgia in 2007, Justin has run day-to-day operations of Club Insider for 15+ years. Justin became Publisher of Club Insider in April of 2020. Justin's Dad, Norm Cates, continues to serve as Founder and Tribal Leader Since 1993. You can reach Justin by phone at 863-999-2677 or email at Justin@clubinsideronline.com.)



Our Future Is Our Past

By: **Thomas Plummer**

My granddaughter opened her Christmas present and giggled. It was just what she wanted: *Chuck Taylor Converse* high-top black sneakers. When I was 12, which let us say was maybe 55 years before my granddaughter was born, my mother handed me my Christmas present, wrapped in red paper with snowmen sledding down steep hills, one I had left hints for every day since early summer... a beautiful new pair of *Chuck Taylor Converse* high-top black sneakers.

Like those old school, black flat-soled basketball shoes, the best never goes out of style. It might be hidden for a time, but if it is something people still feel a need for, a void they can't get filled anywhere else. The trend or product always rises again. This is why the old school, serious lifting gym of the early 1970s, the **Arnold** days, is going to be the next big thing in fitness... again.

Joe Gold was right twice and ahead of his time by several decades. The first *Gold's Gym*, opened in 1965, deemed the *Mecca of Bodybuilding*, provided the fundamental blueprint for what a good gym had to be, leading to a 40-year run and thousands of imitators worldwide. Joe and **Mike Uretz** followed that success with *World Gym*, adding another 300 gyms to the category.

In many ways, those early gyms seemed to be crude affairs... just basic equipment, barely survivable locker rooms, no amenities except a horrible cup of free, black, nasty coffee for the early workout crowd, but the looks were deceiving.

Every piece of equipment had a purpose. Enough weight to train the giant men developing their bodies, and these places were early acceptors of the new generation female lifter in the '70s venturing into this testosterone jungle. No frills. Get in; get it done. Rerack the weights or get kicked out. Serious gyms for serious lifters who didn't need, nor want, the frills that followed in the later years, such as seas of cardio equipment or group classes, mere bait to get more women in the '80s to cross the thresholds.

Why this style gym is going to be the big thing for the next ten years.

Several drivers are already in play which lead us to the reemergence of the serious training gym. First of all, the big box, everything to everyone gym, has reached a saturation point. Investment groups acquiring 40,000 - 60,000 square-foot spaces, just down the road from a competitor running the same concept, is a broken plan.

Simply put, how many of these box players can a single market hold, especially when they are all chasing the exact same demographic, the 24- to 44-year-old, middle of the affluent scale, I haven't quite made it big financially yet folks? The gyms charge just enough to create the illusion of upscale, then stuff the box with a few thousand people, negating the elite feeling.

The lower segments by affluence have found their low price, value gyms; and the upper class, those in the top 30% by affluence, hate big boxes, hate crowds, hate peasants and are happily discovering those upscale adult training gyms (our first-class section in the gym business). Like attracts likes, and no one in the top 30% by wealth and income wants to hang out with a mob of folks stuffed into a box paying \$39 per month. The reason you chase money in life is to be one of the few, not one of the many, yet we never learn this lesson in mainstream fitness.

These box facilities offer a touch of everything, but the hole in the market is what if the guy just wants to get in, do his routine, maybe walk on a tread on his off days and does not need, nor wants, yoga rooms, soft cardio equipment, recovery rooms, group anything, immense lounge areas, selfie stations, infrared saunas, barre classes, cardio theater areas or potted trees along the workout areas.

What is driving this? *Instagram* and *TikTok*. The influencers have returned to the serious gym life. Heroes in the fitness world, such as **Don Saladino**, one of the most respected coaches in the modern training world, posts pictures of his personal training days visiting the *Bev Francis Powerhouse Gym*, considered by many to be one of the last real gyms in New York. Instagram has endless pics of guys squatting in racks, women punking heavy dumbbells and guys in worn out workout clothes that would make Arnold smile. Serious lifting is cool again, and social media is driving a lot of this trend.

Most importantly, people are tired of paying for what they don't need. Here is my money, I just want to lift, hit my treadmill and go home. I do not want to pay for sweaty yoga classes or steam rooms I never use. The serious gym is not another fitness option in today's market, it is an alternative to the over-built, over-developed, over-stuffed giant box.

Easy to build, easy to staff.

Simple boxes of about 10,000 - 12,000 square feet. No group experience, meaning no search nor need for *Group Instructors*. No secondary areas, such as recovery rooms, meaning no extra staffing or cleaning staff needed. Simple décor,

retro design, treads and rowers, none of the fluffy cardio needed, just a box and a couple of front counter staff needed per day.

Most importantly, you could create these across the street from the typical big chain club, draining their gyms of the clients tired of too much of too much, the ones who want to return to the days of heavy equipment, big plates and dumbbells, mirrors and loud music.

One of the industries' creative geniuses, **Eric Casaburi**, hit it right with his first *Retro Gyms* in 2004, positioned as the anti-frilly alternative to what was considered a sellout by the legacy brands who diluted the purity of the original serious gyms, overloading them with group exercise and other distractions that worked against the serious lifting culture. Several decades later, as the investment groups dominate and dictate the shape of the industry, the hole Casaburi filled at that time is now open once more.

Your price can go up, but your operating costs go down.

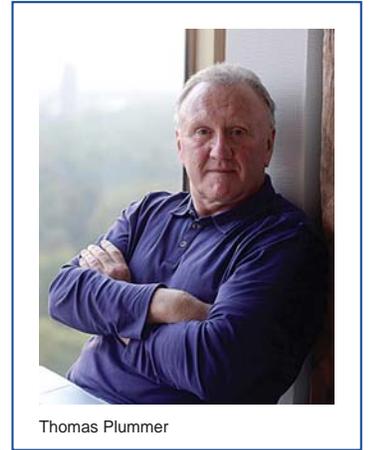
These gyms can be priced at \$59 - \$99 per month for simple access, niching them above both the value \$10 gyms, as well as most box gyms in the \$39 - \$59 range. But, your labor is about half of a mainstream box, your marketing is simpler since you are marketing these as real gyms for the serious people neglected in the mainstream market, and you can operate these with far fewer clients than needed to support the bigger concepts.

What has changed since Arnold's days?

These gyms are recreating the body building experience, or physical culture as it was called, and the basic tools, such as dedicated body part equipment, still work. Big dumbbell areas. Squat racks. Massive leg areas. Selectorized equipment for body specific areas. All still vital for the concept. But, what has changed is more open space for kettle bells, TRX, heavy sleds and the other tools not in play in the 1970s, including stretching corners.

Nutrition could also be part of this concept, especially in recovery shakes, supplements and guidance, and that free cup of morning crap coffee would now be a \$5 decent cup of the real thing.

These modern versions could also add pod areas, which are small gyms within the gym, usually about 300 square feet. Instead of dragging a training client through the gym to share equipment, these dedicated spaces are only for coaches and their clients and include everything the client needs for the workout, such as



Thomas Plummer

half racks for squatting and power work, dumbbells and even a rower restricted to the clients in that pod.

Training revenue can be a big part of this business plan, or none at all, depending on the owner. As more clients seek these gyms out, training will be more important since the new clients usually will not have much experience in these training environments.

We lost our way in this industry.

In the late '80s, there was a burst of new energy in the fitness business. Aerobics was on fire, a must have to attract females, child-care was added, locker rooms expanded, cardio areas became theaters and the players, including some of the founding chains and franchises, attempted to build one gym where every single person in the community could belong.

It seemed logical at the time. Offer more of everything, hoping to attract a wider variety of people in the market, and you would make more money. This worked until the early '90s when the specialists arose again and segmented the market.

In the early 2000s, *CrossFit*, one of the most successful marketing concepts in the history of fitness; *Curves*, which brilliantly based itself on a client that didn't fit into other gyms; *Orangetheory*, group only studios, such as cycling, and a second wave of training gyms, targeted specific demographics, and they were all good at it, taking bits and pieces of the mainstream players.

Now, we have arrived where the market is driven by investment players, not by individual gym owners. They have taken the fitness market back to the one size fits all concept, but the consumer is going the other way. They want, and demand, a gym to fit their specific needs and wants, such as
 (See **Thomas Plummer** Page 15)



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HWLS Announces Club Wellness Advisors

AUSTIN, TX - Health, Wellness and Lifestyle Services (HWLS) announce the company has established a new division specializing in supporting luxury private country clubs with their health and wellness needs. *Club Wellness Advisors* is the name of the newly formed entity.

"Due to the volume of requests for our expertise from our powerhouse team to assist private clubs, it was a natural progression for us to form Club Wellness Advisors," says HWLS President and CEO, **Frank Guengerich**.

"We have a number of new clients

we're already working with just through word of mouth and referrals," Guengerich went on to add.

Club Wellness Advisors offers a wide variety of services to include brand and concept development, design, medical wellness and recovery, medical-spa, and curated operational consulting and management.

"Club Wellness Advisors never takes a 'cookie cutter' approach when working with a client. Every club is unique and must be treated as such," explains Guengerich.

Club Wellness Advisors is accepting a limited number of clients to ensure focused and personalized attention. HWLS and Club Wellness Advisors will be attending both the IHRSA and CMAA conferences in March.

To learn more about how Club Wellness Advisors can assist you with improving your operation's revenue, programming or service, email frank@hwlservices.com or visit hwlservices.com/clubwellnessadvisors.



Frank Guengerich

...Thomas Plummer

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as women's-only gyms focused on women over 40, or training gyms designed to capture the top 30% by affluence, the ones who cannot stand being one of many in a box.

The key, ignored too long in this industry, is the consumer doesn't want a single methodology gym, which eventually burns down the client through repetition fatigue. Single concept gyms have worked, and worked well, but they are hard to

sustain over time because the client gets that 'been there, done that' mentality and moves on to the next big thing.

The next generation serious workout gym eliminates burnout because the concepts of training are based upon the individualization of the workout, versus all clients following one specific training philosophy. In other words, here is a gym full of serious equipment, and there are a thousand ways to use this equipment based upon what you want or need, versus let's do that circuit again for the 200th time... and again... and again.

The serious lifting gym is coming back; it's easier and cheaper to build; and it can throw off a higher profit margin due to lower staffing costs and offerings. It is being driven by social media, feeding this gym model from the backside. What is old is new again... Now, I have to go out and buy myself a new pair of *Chuck Taylor Converse* high-top black sneakers.

(*Thomas Plummer has been one of the primary thought leaders in the fitness industry for over 40 years. His approach of change through leadership, delivered in the*

1,100+ workshops he has taught all around the world since 1980, has resulted in the creation of many of the current business concepts now in use in the industry, such as the modern training gym business model and layered pricing structure used by so many financially successful fitness businesses. He is perhaps best known for helping young fitness professionals understand and master the business side of the gym business. You can contact Thom at info@thomasplummer.com.)

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The Perfect Financing Combination

By: Paul Bosley

When a health club owner is considering improving their business or launching a new business, various financing options are considered, and the most appropriate financing product(s) is typically selected. An equipment lease is often chosen for financing new fitness equipment needed to run the business. Another option is to finance the entire business using a Small Business Administration (SBA) 7(a) loan. It is unusual when two financing products are complementary and can be selected jointly to provide financing. As a result of recent rule changes made by the SBA, an SBA 7(a) loan up to \$500,000 can now perfectly complement an equipment lease!

The underlying concept of the SBA 7(a) loan is to provide working capital, construction financing, equipment financing and franchise fees, if any. The SBA recently changed the rules for SBA 7(a) loans up to \$500,000, so the borrower's real estate collateral is *not* required! As a result, SBA lenders can now choose to just require the business assets as collateral for SBA

7(a) loans under \$500,000. Since the collateral used for an equipment lease is the equipment being financed to operate the business and the collateral for SBA 7(a) loan under \$500K is just the business itself, these two debt financing products are compatible!

Capital Leases - Lease to Own

The most common financing option available for financing fitness equipment is a capital lease. The main purpose of a capital lease is to finance the equipment purchase while preserving the owner's working capital. Health club owners can finance the purchase of their fitness equipment and non-fitness equipment, including security systems, computer hardware and software, flooring and outdoor signage needed to operate the business using an equipment lease, etc.

The down payment required ranges from no money required up to 20% of the amount financed. Lease documentation fees may range from \$95 to \$495. Repayment terms typically range from 36 months up to 60 months. The

borrower is the business, so all payments are tax deductible. The payments will lower the business' taxable income, and in turn, the business's tax liability. All partners with more than 20% ownership are required to personally guarantee the equipment lease. In most cases, the plan is to keep the equipment long term, so a typical capital lease will offer a \$1.00 or \$100 end of term purchase option. In short, an equipment lease is used to finance the purchase of all equipment needed to operate the business; thus, preserving the owners' working capital.

SBA 7(a) Loans

This government-backed loan with no personal collateral requirements is designed to provide working capital and construction financing ranging from \$250,000 up to \$500,000 for start-ups and existing businesses. The main purpose of this loan is to provide the funds necessary to support the company until the business generates positive cash flow. The SBA 7(a) loan approval requirements are good personal credit, sufficient liquid assets for

the down payment, and either industry experience or transferable skills. If the application is to finance a new location, an application can be submitted to prequalify the borrower. Once a location is identified and all project costs are determined, the loan can be submitted into underwriting to secure a commitment letter.

The loan process will typically take up to 120 days to complete before the loan closes and the construction financing begins. Since the use of funds includes construction financing, an experienced general contractor is required and must be approved by the lender. The SBA lender pays the contractor directly, making progress payments as the construction is completed. The SBA lender also pays the fitness and non-fitness equipment invoices directly to the manufacturer or dealer. Typically, SBA loans include working capital ranging from 3 to 6 months of the average first year's monthly overhead. These funds are paid directly to the borrower before the loan closes, so working capital is available to pay bills while they are building their member base.

(See **Paul Bosley** Page 17)

Team vs. Tech and the Member Experience

By: **Terry Browning**

I was in the crowd for the recent initial review of our MMA-style group fitness workout, *Group Fight*. There was a buzz in the room with team members chatting and preparing for the workout. We have an open office concept, but lunchtime workouts are the social highlight of the workday at MOSSA HQ. The instructor **Mike**, part of our program development team, was walking around, "working the room," building up the pre-workout energy. His excitement was contagious, his intro was electric and the workout was absolutely delivered. The experience reinforced one of the only unique selling positions a facility can have: a dynamic instructor delivering a live experience to your members.

To be fair, Mike has that X-factor. He's been part of our program development and teaching team for years, and his energy and passion are undeniable. You might be surprised to learn that Mike had never taught before getting trained in MOSSA programs; he's the athletic, engaging "actor" that brings our pre-programmed workout to life. He follows the formula but also makes it his own, and it's the combination of Mike's delivery, meticulously engineered music and professional programming that ensures a great workout for everyone in the room.

That day, the connection between the instructor and participants, and between the participants themselves, was undeniable. Everyone was engaged and feeding off each other, evident by the

high-fives, laughter, banter back and forth, and the grunts, groans and moans that went with the punches, kicks and strikes. Everyone was lost in the experience... together. You could just feel it. You could see it. You didn't want it to end. And, when it did end, the energy and connection carried on in conversation and laughter for another 15 minutes.

All of us felt an electric buzz and connection, because we were moving together, in-person. This *Social Motion*, coined by *Blue Zones* research longevity experts, not only enhanced our performance – literally making us work harder – but it also lifted our spirits and benefited everyone psychologically and emotionally. *Social Motion* reduced the
 (See **Terry Browning** Page 18)



Terry Browning

Fitness Premier 24/7 Clubs Expands, Renovates and Elevates in 2024

MANHATTAN, IL - With plans to award between 10 and 15 units in 2024, Fitness Premier 24/7 Clubs, the 19-unit fitness franchise that works to bring accessible fitness options to underserved markets, spent 2023 leveling up its systems, clubs, offerings and strategies to prepare to grow by over 50% this year.

"We had a lot of very involved projects this year that worked to create more and better resources for the system," said **Jason Markowicz**, *Founder and CEO of Fitness Premier 24/7 Clubs*. "We're excited about the progress we made in 2023 and are in a great frame of mind going into 2024. We're primed up for growth and ready to roll."

In recent years, Fitness Premier 24/7 Clubs has been working to grow its system intentionally to maintain the health of the network. In 2023, it opened a new

club in Blue Ridge, Georgia and awarded a franchise for a western suburb of Chicago. These two developments alone are positive indicators for the system, showing continued demand and growth in markets near its headquarters and original locations, as well as the brand's viability in markets across the country, but that's not all.

Though Fitness Premier 24/7 Clubs is still an emerging brand, it made some big moves in 2023 to keep it at the forefront of the industry and continue bringing top-notch resources and experiences to its members and franchisees.

As the team made major changes at the club level, empowering franchisees to bring even more amenities to their locations and address the continuously growing demand for a fitness concept like Fitness Premier 24/7 Clubs, it also invested in the corporate team to prepare for a great

year in 2024.

"One of the most exciting projects of the fourth quarter was moving our headquarters," said Markowicz. "We are now in an 11,000-square-foot building in Frankfort, Illinois; it's a really nice office. This upgrade punctuates the year perfectly, allowing us to start 2024 in a bright, new space with all of the space and amenities we'll need to continue collaborating and engaging the system as we grow."

In 2024, Fitness Premier 24/7 Clubs is looking to grow its system by at least 50%, adding 10 - 15 clubs to the system through both acquisitions and franchise development. The Fitness Premier 24/7 Clubs model offers new entrepreneurs a strong platform and robust playbook to get started and existing gym owners a new realm of support, brand recognition and amenities to drive membership and



revenue growth.

With a focus on the states neighboring its Illinois and Indiana strongholds, as well as Georgia and Southern Tennessee, the brand is looking to enter markets that need a concept like Fitness Premier 24/7 Clubs to address unmet demand for fitness concepts.

To find out more information on costs to buy this franchise, please visit ownfitnesspremier.com.

See **Fitness Premier 24/7 Clubs' Ad** on www.clubinsideronline.com.

...Paul Bosley

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The interest rate for SBA 7(a) loans is calculated starting with the prime rate as published in the *Wall Street Journal* (which is 8.5% as of this article). The bank is allowed to charge a risk premium up to 2.75%, so in this example, the interest rate is 11.25%. These are variable rate loans which adjust quarterly when the *Federal Board of Governors* decides to raise or lower the prime rate. The repayment term is ten years. There is no pre-payment penalty, so if the business is extremely profitable, the loan can be prepaid to save interest expense.

Conclusion

A common goal is to access

capital using SBA loans and equipment leases at a cost less than the business's profit percentage. For example, if a \$100,000 equipment lease has an imputed 15% interest rate and a \$400,000 SBA 7(a) loan has a 11.25% interest rate, the business owners are borrowing \$500,000 at a 12% blended interest rate. Assuming the business operates or is projected to operate at a 15% profit margin, the owner is accessing capital at a cost less than the actual or projected profit margin! The best part about this financing combination of an SBA 7(a) loan and equipment lease is that the collateral is your business assets... not your home!

For more information, go to

www.businessfinancedepot.com. Or, please contact **Paul Bosley**, *Health Club Experts.com dba Business Finance Depot* at (800) 788 - 3884 or paul@businessfinancedepot.com.

(Paul Bosley is the Managing Member of *Healthclubexperts.com dba Business Finance Depot*. Bosley is known for his expertise in financing franchises and has partnered with several national brands to assist new franchisees acquire the capital needed to launch their new businesses or to expand their current business. Paul has been a volunteer counselor for SCORE, a division of the SBA, for over a decade where he learned the value of SBA loans for funding new and existing businesses. Paul can be reached at paul@businessfinancedepot.com.)



Paul Bosley

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feeling of fatigue and made everyone enjoy the workout even more. The excitement and energy were palpable.

This is human beings being human. Together. And, in the fitness business, it's unique and incredibly valuable. So much of the conversation about "the future of fitness" revolves around technology. Virtual workouts, leaderboards, tracking devices, AI, etc. But, in most of our work lives, we're often overwhelmed with technology, leading to less in-person facetime and more screen time. And, when too many people's work lives are spent consumed with Zoom meetings, slack channels, emails, and text messages, group fitness is a solution for real, authentic, human interaction. It is the antithesis of screen time. It's people time.

And, it can't be replicated through technology. It can't be done at home. Amazing instructors, professionally developed programs, and motivating music combine to drive member visits, build your reputation in the community and create an experience that can't be copied by any of your competition, in-person or online.

So, where does technology belong in your facility? Tech has a role (more on

that shortly), yet none of it drove the Group Fight experience we had. Imagine if Mike had just sent us a video and we pressed play in a quiet room; no real connection to or feedback from the instructor and... well, pressed stop and moved on. Yes, we'd all have checked DONE on a workout, but... less buzz, less bond, less results and less real drive to return.

Now, I know technology has its place. In a customer service business like ours, it should *complement* our service, not *be* the service. Not replace it. Not distract from it. We should use technology so members can conveniently view the schedule, book a workout and maybe digitally track the workout as DONE. But, the experiences, the group fitness workouts that will connect members to you like family,

should be built around your team, not your tech.

Technology is replicable by your competitors. But, in the group fitness space, only skilled and supported people can deliver exceptional experiences and services. People who are exclusive and dedicated. That team, that energy, that human-to-human attention to your members is what gives you a unique selling position.



Our Group Fight workout with Mike was a slice of our quarterly program development process. Following initial review that day, we fine-tuned the workout and sent it (and 11 others) out for testing.

More than 100 instructors around the world teach the new workouts to thousands of participants and provide feedback through surveys and conference calls. *The Goal:* To produce the most trusted and tested workouts in the business, that by design are welcoming, motivating, amazing experiences. If you are looking for a proven way to build an exclusive team that delivers Social Motion experiences, MOSSA can help. Learn more at mossa.net/clubs-facilities/why-mossa.

See the **MOSSA Ad** on the **Opposite Page** and visit them at **IHRSA 2024: Booth #854**.

(As President and CEO of MOSSA, formerly known as The STEP Company, Terry Browning has been instrumental in guiding the company's directions after the introduction of The STEP to the fitness industry and retailers, has led the team that introduced Branded Group Fitness to health clubs in 1997 and now steers the company's growth in the consumer digital workout market. Terry has nearly 30+ years industry experience and holds a degree in Marketing and Business Administration from the University of Akron. Terry can be reached by email at terry@mossa.net or phone at 800-729-7837, Ext. 242.)



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