

Norm Cates'

CLUB INSIDER

CELEBRATING 25 YEARS OF TRUST

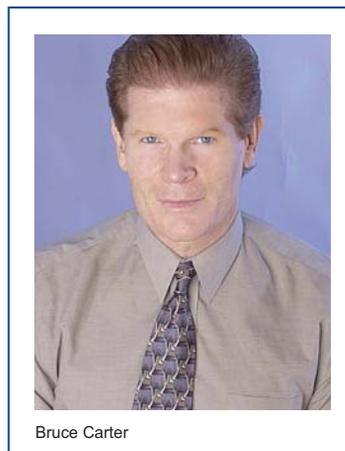
Modern Club Architecture and Design *Featuring Interviews With Rudy Fabiano and Bruce Carter*



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CLUB INSIDER

CELEBRATING 25 YEARS OF TRUST

Modern Club Architecture and Design Featuring Interviews With Rudy Fabiano and Bruce Carter

By: Justin Cates

Part I

Each month, at **Club Insider**, we attempt to bring to you, our readers, stories of club success. Though we always seek to report the full story of how an organization came to be, eventually, the core of the story becomes about what they are doing now. As so many have been quoted about overnight successes, though, the irony they

try to embellish is that an overnight success is never that. It is something that took years and levels of planning to achieve that most cannot comprehend. That is why, this month, I am personally excited to bring to you an in-depth cover story about modern club architecture and design, featuring two true veterans of the field in our industry, **Rudy Fabiano and Bruce Carter**.

Years ago, as I grew and learned, experiencing the trials and tribulations of K-12 and college, and of course, middle and high school-level sports, the path of

my future was not set. So, I started with the obvious career choices: astronaut, race car driver, fireman... Somewhere along the way, I was also completely sure I would be an architect! My LEGO creations were off the charts, yet my math grades not so much and my study skills even worse. Being an architect was a fun dream, yet only that. Now, in the field that suits me best, I write to you, authoring a cover story I am personally invested in because of my old love for this field, during which I learned a great deal. And, I hope you will as well.

When many initially think of a club's architecture and design, the likely images that come to mind are the end result a club's members and other customers will physically see and move around within. However, if we peel back the layers of the onion, we will find that the façade we think of is only that, and to become truly excellent, it must be built on a structure strong enough to support future success.

As I began the process of researching and writing this story, I was (See *Architecture & Design* Page 10)

NAC Owner and IHRSA Chairman-elect, Jim Worthington, Appointed to Presidents' Council on Sports, Fitness and Nutrition

NEWTOWN, PA - On May 4, 2018, the President's Council on Sports, Fitness & Nutrition (PCSFN) announced that it appointed *40-year industry veteran, newly-elected Chairman of the IHRSA Board of Directors, Owner of the Newtown Athletic Club (NAC) and physical activity champion, Jim Worthington*, to serve. Mr. Worthington will be serving with other newly appointed individuals including: Herschel Walker, Mariano Rivera, Bill Belichick, Dr. Oz, Lou Ferrigno and Misty-May Traenor.

The President's Council on Sports, Fitness & Nutrition was formed in 1956, and since then, has worked to create and promote programs that allow Americans to adopt healthy lifestyles that stress the importance of regular physical activity and good nutrition. The President's Council

plays a key role in educating Americans and leading outreach and awareness efforts to improve the health and fitness of the American people.

"I am honored to have been appointed to serve on the President's Council on Sports, Fitness & Nutrition and to work with Secretary Alex Azar of the Department of Health and Human Services to develop a national strategy to expand participation in youth sports, encourage regular physical activity, and promote good nutrition for all Americans. These initiatives align perfectly with my 40-year career in the fitness industry and my upcoming chairmanship of IHRSA, which begins on July 1," said Worthington of being selected for this high honor.

This achievement for Mr.

Worthington is the culmination of a lifetime of work and dedication to health and fitness for the members of the NAC, the community, the nation and the world. The appointment is a reflection and recognition of what the NAC has done to promote healthy living for 40 years (celebrating its 40th Anniversary) and how, with the support and dedication of the NAC members, staff and the community, its standing in the nation and the world has been validated. As the Chair of IHRSA (International Health Racquet and Sportsclub Association) and now a member of the President's Council, Jim will work harder than ever to create and promote health and wellness for the nation. He is grateful to the members of the NAC and the community for their support throughout this tremendous journey.



Jim Worthington, NAC Owner and IHRSA Chairman-elect

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Norm's Notes

■Hello Everybody! This is your Club Insider Publisher and Tribal Leader Since 1993 checking in with our 293rd monthly edition of Club Insider!

■Is America a great country, or what? Today, I'm thrilled to extend mucho congratulations to JIM WORTHINGTON, Founder and Owner of The Newtown Athletic Club in Newtown, PA and IHRSA Board Chairman-elect, as on May 4th, he was named to the President's Council on Sports, Fitness & Nutrition (PCSFN)! Folks, check out this great news on Page #3 of this edition and Stay Tuned!

■While I've not met the man, I'm saddened to pass on this sad news as reported by CBI Magazine in their May Edition. DAVID SWOPE, industry pioneer and Co-Founder of ClubFit, passed away in January at the age of 76. In CBI, former IHRSA Executive Director, JOHN McCARTHY, said this about David Swope: "David was a kind, modest and thoughtful man, and an early member of IHRSA, who came to many IHRSA Conventions. He partnered with BETH BECK to develop and steer the two magnificent ClubFit multipurpose and indoor/outdoor athletic clubs in Westchester County, New York, which were among the first of their kind in the region." May DAVID SWOPE Rest In Peace.

■I had a chance to spend some time on the

phone the other day with MIKE ALPERT, CEO and President of The Claremont Club in Claremont, California. One of the things we discussed was his article on Page #6 of this edition entitled, "Little Things We Take For Granted." We call Mike's monthly column, "Exercise IS Medicine!" and I urge you to read this month's article and all his past articles. The reason I urge you to read all of Mike's articles from the past two years is that he is making miracles at their Claremont Club. As I told Mike, I'm supporting and publishing his articles every month, because in my view, he's doing God's work at The Claremont Club. And, I really mean that statement. This month's article, an amazing sharing of experiences of VICTORIA ARLAN, whom some of you may remember from the Dancing With The Stars TV Show. Victoria's story is certainly a really good example of the miracles Mike is making. Don't miss it!

■Folks, please mark your calendar and Save The Dates for the following:

•The 2018 Club Industry Show, in Chicago, October 24 - 26th;

•The Athletic Business Show, in New Orleans, November 7 - 10th;

•The IHRSA Convention and Trade Show, returning to San Diego next year, March 13 - 16th, 2019.

■The IHRSA Institute, one of the best learning opportunities for club

professionals anywhere in the world, is coming up July 31 - August 3, 2018, and again, it will be held at the University of North Carolina Chapel Hill at the KENAN-FLAGLER Business School's Rizzo Center. Check out the IHRSA Institute Ad on Page #25, and seriously consider making plans to attend this special learning opportunity where you will have an unparalleled learning experience on how to successfully run a health club and take your career and business to new heights!

■DENEEN LAPRADE has re-joined our Club Insider Contributing Author Team, and I want to welcome her back! Deneen, formerly with Susan K. Bailey Marketing and Design, now works with JERAMY FISHEL's Instinctive Insights. Check out the Press Release and Instinctive Insights Ad on Page 23.

■Planet Fitness has announced financial results for its first quarter, ended March 31: Total revenue increased from the prior year period by 33.2% to \$121.3 million. System-wide same stores sales increased 11.1%. Net income attributable to Planet Fitness, Inc. was \$19.9 million, or \$0.23 per diluted share, compared to net income to Planet Fitness, Inc. of \$8.8 million, or \$0.14 per diluted share in the prior year period. Net income was \$23.5 million, compared to net income of \$17.9 million in the prior year period. Adjusted net income increased 42.3% to \$26.2 million,



Norm Cates

or \$0.27 per diluted share, compared to \$18.4 million, or \$0.19 per diluted share in the prior year period. Adjusted EBITDA increased 15.4% to \$48.8 million from \$42.3 million in the prior year period. 47 new Planet Fitness franchise stores were opened during the period, bringing system-wide total stores to 1,565 as of March 31, 2018. Check out the Planet Fitness Ad on Page #2.

■CRUNCH Franchising has announced its newest location opening in Tuscaloosa, Alabama. The new \$3 million, 42,000 square-foot Crunch location will be the largest fitness facility in (See Norm's Notes Page 7)

About Club Insider

CELEBRATING 25 YEARS OF TRUST

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PUBLISHER and TRIBAL LEADER - Norm Cates, Jr.
ASSISTANT PUBLISHER - Justin Cates

PRINTING and MAILING SERVICES - Walton Press

Club Insider
P.O. Box 681241
Marietta, GA 30068

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www.clubinsideronline.com

Proudly Published in The United States of America



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"Little Things We Take For Granted."

By: Mike Alpert

Last Saturday evening, I was privileged to attend the 8th Annual Be Perfect Foundation fundraiser in La Verne, California. The event is held to raise awareness and funds to assist people with Spinal Cord injuries and other forms of paralysis. Over 1,000 people came together for an evening of entertainment, food and dancing, and over \$500,000 was raised.

During the evening, several people were able to share their story and journey from active everyday lifestyle to paralysis to recovery.

The last speaker was Victoria Arlan, who many of you will remember from *Dancing With The Stars*. At a very young age, Victoria came down with a very rare disease that left her paralyzed from the neck down and in a vegetative state for years. The doctors told her parents that not only would she never walk again, but that

she also would most likely need to be put in a home and cared for the rest of her life. Everyone had pretty much written her off, except for her parents who agreed to never give up.

Four years ago, Victoria and her mother came out to *The Claremont Club* and spent several hours with me, asking about our program and *The Perfect Step*. At the time, Victoria was still in a wheelchair but had just competed and earned a Gold Medal in swimming in the Paralympics. She and her family opened a Project Walk franchise in Boston, and as of today, have helped hundreds of people who struggle with spinal cord/paralysis problems.

"Little things we take for granted."

Seeing Victoria on stage, walking on her own and knowing that she now works with ESPN was so very uplifting. So that, and hearing from all the other people who shared their journey and knowing the

incredible courage and perseverance they demonstrate every day, left me with the topic of my article this month: **"Little things we take for granted."**

There are so many little things that most people never think about. Things like being able to hold a toothbrush and brush your teeth; being able to hug your children; being able to scratch an itch on your nose; being able to pick up a glass of water and drink it. These are little things that people who are paralyzed often cannot do. Saturday evening, I heard this over and over again from people who are paralyzed. The good news is that, since being in our activity-based program, many of them can now do these simple things and much more. And, it occurred to me that, without the program at our club, they would not be able to do these simple things. When they were released from traditional care, they were told to go home and learn to live with their paralysis. So, watching their progress from day to day and month to month has been so rewarding and has shown us what exercise can do for people. All the costly procedures and medicine in the world had not allowed Jason Smoot to be able to use an iPad or to hug his child, but exercise has. I cannot express the impact that this has had on everyone we are associated with.

I urge everyone reading this article to click on this link (bit.ly/clubinsiders52) to watch this 1-minute video of an interview that FOX News Los Angeles recently did at our club. It was picked up nationally and had over 10,000 views within a few hours of it showing. It is about an amazing piece of equipment that actually allows a paralyzed person the ability to walk. The machine costs \$300,000 and was made possible by an anonymous donor who wanted this to be at The Perfect Step at The Claremont Club.



Mike Alpert

Now, many club owners and operators might look at this and be intimidated, thinking "We can't do this!" The truth is that you can do something. You can start small by offering a program for adults and children who are struggling with cancer. You can begin offering a support group for people with Parkinson's disease or diabetes. Your club is the right venue to bring people who need you the most in to an exciting and social environment.

At IHRSA San Diego in March, there was a lot of talk about technology and the role that it will play in our industry. There was also quite a bit of focus on Medical Fitness and Health Care and the role that our industry should be playing in it. Take a look for yourself: *Exercise IS Medicine*.

Exercise IS Medicine!

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



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...Norm's Notes

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Tuscaloosa and one of the largest Crunch clubs nationwide. Crunch Tuscaloosa will begin membership sales during its pre-opening phase with a planned opening in September. **Best of luck to all the folks at Crunch nationwide and in Tuscaloosa when it opens.** Check out the **Crunch Franchise Ad on Page #5.**

■ Let me mention **Our Town America**, a company that has placed a **full-page Advertorial** in this edition of **Club Insider on Page # 15.** Our Town America is a terrific source for new members of clubs everywhere, and I urge you all to read the Our Town Advertorial because I believe it will provide your club(s) with a never-ending source of new member prospects, something all of you want and need. **GRAHAM CHAPMAN** commented that Our Town will, *"Help reach thousands and thousands of new member movers across the country as they are settling into their new neighborhood."* He even provides the names and club names of three different forms of health club operations to support in his comments. So, don't miss **Page #15** and the **Our Town America Advertorial** because this could be something really big for our industry, and I want you to be able to take advantage of **all** of the benefits they provide! **Stay Tuned!**

■ Last month, I welcomed observations and comments from you all about IHRSA 2018 in San Diego, and our good friend and long-time **Club Insider Contributing Author, BILL MCBRIDE**, provided some comments for us. Here are some **"Takeaways" from Bill's observations.** He writes:

"Onboarding new members is more important than it ever has been in the past. With the increase in supply (more sites: Studios, HVLP, Corporate, Medical, Recreation, Public Space Fitness, etc) outstripping the increase in demand (new joiners), the need for ancillary service sales to deliver for members is critical to every operator. And, there are also many opportunities for ancillary product sales that support the member's brand affinity and/or active lifestyle.

Technology is still the "Hot Topic"...

- Embrace and Experiment, but make sure whatever technology you consider solves a business and/or member need;
- Don't do Technology because it seems "cool." It must solve a problem unknown or known for the business and/or the member;
- Make sure your provider is open to other third-party applications/providers.

Member Management Software (MMS) and other industry software are showing a bit of consolidation...

- All industry-focused software companies need to be open to third-party software applications;
- Closed systems and not collaborating with third-party software applications hurts the vendor(s) and industry;
- The industry is too small to not have open software access;
- Too many MMS companies are still saying, "We have it on our roadmap to develop/improve on our own;"
- Operators want to create their own technology stack that does what they want done, and they deserve to have their vendors let them decide which technology applications they want within their technology stack;
- Some MMS providers are holding their clients hostage and forcing them to not be able to utilize applications that will improve their business;
- Some are extorting high/unfair fees to third party software application providers to support integration; and
- I know all have Application Programming Interfaces (API), but to fully integrate takes a degree of cooperation that isn't happening by some.

Prediction: Any MMS provider that doesn't listen to its customer's requests/demands on cooperation with third-party applications will pay a price in lost customers, and once more open up, the damage will be done for those that didn't."

Folks, Bill McBride is a health club industry veteran with over 25 years of experience leading and managing all aspects of commercial health clubs, medical fitness centers, community centers and corporate fitness centers. He owns BMC3, a health club consulting company, and he is a Co-Founder, President & CEO of Active Wellness (dba Active Sports Clubs). Bill has served as Chairman of the IHRSA Board of Directors, on the ACE Industry Advisory Board, on the ACSM Facility & Standards Guidelines and Recommendations Committee and is actively engaged in industry Board Service, as well as education and speaking on industry topics throughout the world. **Thanks Bill!** See the **BMC3 Ad on Page #25.**



Bill McBride

■ **MATTHEW STEVENS, The Bay Club Company President and CEO in San Francisco**, has announced that their company has acquired **The Broadway Tennis Club in Northern California.** Check out the details on **Page #25.**

■ **24 Hour Fitness and the University of Pennsylvania's Behavior Change for Good Initiative have launched a groundbreaking science-based StepUp Program.** The goal is to explore what really motivates gym-goers with the goal of creating lasting habits. The StepUp Program is a science-based interactive

digital program developed to encourage more visits to the gym, and ultimately, better health and fitness for life. "StepUp is science in action and every participant's path will be different. Through this program, for example, many people will receive personalized support and incentives to keep them on track and engaged. Our ultimate goal is to help create a world of healthier people and this program will be a huge step in that direction," said **FRANK NAPOLITANO, President of 24 Hour Fitness.** Good luck to you and your Team Frank, as you proceed with *(See Norm's Notes Page 8)*



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this truly significant project. For more information on The StepUp Program, go to: 24go.co/stepup.

■ Save the date for the American College of Sports Medicine's 65th Annual Meeting, the 9th World Congress on Exercise is Medicine and the World Congress on the Basic Science of Muscle Hypertrophy and Atrophy. These three exciting meetings will happen simultaneously and will feature exciting

new trends and research in sports medicine and exercise science. **The 2018 Annual Meeting will be held May 29 - June 2 at the Minneapolis Convention Center and Hyatt Regency Minneapolis.** For detailed information and to register, go to www.acsm.org.

■ **MIKE GELFGOT, of Anytime Fitness,** sent this link (bit.ly/clubinsider50) to a video about an amazing story of a young man named, **ROY DAVIS, who will NOT give up!** Sadly, Roy, at age 31 and weighing over 300 pounds, developed a rare flesh-eating disease that forced doctors to

amputate both legs below his knees and part of his fingers. Instead of feeling sorry for himself, Roy joined Anytime Fitness and whipped himself into shape. Roy now competes, sometimes crawling, sometimes climbing, in mud runs with friends and staff from the gym. The video chronicles how he has not allowed that handicap to keep him from exercising and even participating in one of the most difficult and grueling challenges... **Anytime Fitness' Mud-Stash.** So, check out the video and prepare to be amazed at what you will see. **Way to GO ROY DAVIS and Thank You, Mike!**

■ Speaking of someone who will NOT give up, let me introduce you all to **SHANNON FARAR-GRIEFER.** Shannon is a 57-year-old ultra-runner with MS (multiple sclerosis) and an author, former fitness model, speaker, culinary chef and ultramarathon trailblazer. She has completed **seven Badwater 135-mile races** and will run in her 8th Badwater on July 23rd. Starting at Badwater Basin in Death Valley and covering 135 miles non-stop over the most epic terrain imaginable and finishing at the end of the road on Mt. Whitney, it is the most demanding and extreme running race offered anywhere on the planet. Only one hundred runners in the world are selected by a race committee to compete. *Shannon is the first woman in the world to double the Badwater (292 miles).*

Ten years ago, the 57-year-old mother of three was diagnosed with multiple sclerosis, but she has never let it slow her down. MS is a chronic disease in which the immune system attacks healthy tissue in the central nervous system, impairing communication between the brain and the body. **She believes ultra-running and a healthy diet are her best medicine.** "This disease has helped me appreciate each day as a blessing and has helped me with my own running," she said. Shannon claims that running not only defines her but **IS** her. She says she is a mom first in being but a runner in identity. "Ultrarunning is my metaphor in life. I don't know where the finish line is, but either the race beats you, or you beat the race."

She has been featured in **Runner's World, SHAPE, Los Angeles**

Times, CNN and Huffington Post, among others. Now, she has been featured in **Club Insider!** She is a passionate advocate for **Race to Erase MS** and domestic violence causes. Raising awareness and money provides the motivation Shannon needs to keep going every day. You can learn more about Shannon by going to www.ultrashannon.com. Also, check out her Instagram at [@ultrashannon](https://www.instagram.com/ultrashannon).

■ In this **Closing Norm's Note for May,** I want to comment on our **Cover Story production in recent years.** I want to say **THANKS** and express my **Sincere Appreciation and Pride to my son, and partner, JUSTIN CATES.** He's done a **magnificent job** on our truly **in-depth Cover Stories for years now, as exemplified by DR. KENNETH COOPER's great story last month and RUDY FABIANO and BRUCE CARTER's amazing Cover Story this month,** not to mention about 50 others! **Therefore, I feel it's important to honor and praise JUSTIN's work.** **Way to go DAWG DUDE** (*I call him that because he went to the University of Georgia and is a Bulldog through and through*), **Thank You! Folks, this is our 293rd monthly edition of Club Insider,** and we have over **9,500 pages** in our amazing **Club Insider Archive Library.** **All Paid Subscribers have access to it** by going to www.clubinsideronline.com/archives. **If you are NOT a Paid Subscriber,** then go to www.clubinsideronline.com/subscribe.

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

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

(Norm Cates, Jr. is a 40+ year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of Club Insider, now in its 25th year of publication. Cates was IHRSA's First President, and a Co-Founder with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. In 2017, Cates was honored with Club Industry's Lifetime Achievement Award. Cates can be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com)



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Shannon Farar-Griever

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...Architecture & Design

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in the category of the former, not realizing how much goes into the concept of a "design." Everything from your current or future location(s) and its local competition, to whom your customers will be and what you will offer them at all levels, as well as price points, will be but a few of many questions that must be asked before the first line of graphite is ever put down on paper.

Within the process that unfolds, the architect or designer should never be thought of as a mercenary, paid only to bring a steadfast vision to life. Instead, they should be thought of as a partner in the endeavor of your club's design because that is how they look at you in delivering to you a great design. Only by working cooperatively together can an optimal solution be found. From there, the foundation of yet another overnight success can be formed. The end game is their utmost priority, but know, it will take time, clear communication and multiple iterations before it comes to reality.

With that, I introduce to you the interviewees for **Part I of Club Insider's** cover story on modern club architecture and design: **Rudy Fabiano**, *Principal, Fabiano Designs*, and **Bruce Carter**, *Principal, Optimal Design Systems International*. I invite you to read on.

An Interview with Rudy Fabiano, Principal, Fabiano Designs

Club Insider (C.I.) - What is the difference between an architect and a designer? Where did you study architecture, and where did you first start out professionally?

Rudy Fabiano (RF) - I received my Bachelor of Architecture from New Jersey Institute of Technology. Typically, it is a 5-year program with a requirement of an additional three years working as an apprentice under a registered architect, meaning it is eight

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DESIGNS

years in total before you are allowed to take your licensing test, which is similar to the Bar Exam for lawyers. I had to take a 4-day, 9-part test. So, to become an architect, it's a very long education and apprenticeship process. Also, licensing is required by each individual state, so an architect needs to be licensed in the state in which they plan to work. Fortunately, I'm a nationally accredited architect, which allows me to get licensed in other states through a simple administrative process, rather than sitting for tests in each state. Today, I'm a registered and licensed architect in probably 35 states, as it may fluctuate as work comes in from different regions.

This is a very different process than being a designer, since the laws put a huge responsibility on architects to protect the health, safety and welfare of the users, whereas designers don't have that level of responsibility. As a designer, you don't require licensing; however, to call yourself an interior designer, in many states, you do. You can be a good designer or bad designer, and no litigation typically is going to stand in your way. However, I believe having a clear design strategy, understanding materials, life safety and project specific flow and function is very important to the project's success, whether you are the architect or the designer.

To my firm, Fabiano Designs, that distinction is important because, sometimes, we are the architects for the project, and other times, we work with a local architect as the project designers. We have architects and interior designers on

staff, so our clients do get the benefit of an experienced architecture firm, even when we are only the designers on the project. Personally, I am a registered and licensed architect, a certified interior designer and also a professional planner.

I became a registered architect in 1991. Starting out, I was an in-house designer for a land developer, so in the 1980s, we would find open land, purchase it and go through the approval process to change the zoning, which added to the value of the land, and allowed us to build what the market dictated to maximize the financial returns for our investors. So, I would develop the land, assist in the design of the buildings, and then, design the individual tenant spaces. I'd then get the permits and hire the contractors to build the space, so it was turn-key and gave me a great insight on the building process, understanding what makes it efficient and what could be better. As a young designer in my early 20s, this was an extraordinary well-rounded experience in all phases of the development process. I believe that experience still helps me to this day.

C.I. - When and how did you become focused on the health and fitness club industry?

RF - What got me into the health and fitness industry is that, while working with the development company, one of our tenants was Gold's Gym. I designed the club and built it for our tenants. The owners were a fun couple, starting a new venture. I really enjoyed the ability to mold



Rudy Fabiano

a big space into something people would enjoy being in. Interestingly, Bruce Carter was their consultant. I know he's the other interviewee in this story, so it's just an interesting circle that, 30 years later, we are still working in the health and fitness business. It was 1989, and my first of many Gold's Gyms was in the Princeton area of New Jersey.

As a young architect I had a lot of ideas. Some were buildable; many were probably not, but I found a way. In my second club, we poured the entire 35-foot front desk juice bar shaped like a snake out of concrete. We had to hire a surfboard maker to sculpt the form for it, which I think his payment was a lifetime membership. I will say it was a head turner showpiece that got lots of attention when members walked in the building.

As I said, I went through many years of schooling, and during that time, I really focused on design theory and how spaces can and do affect people. So many of my designs have had a social purpose to them, and not just the 'what's the flavor of the month style.' Because of my training, I very quickly came to understand

(See *Architecture & Design* Page 12)



Gainesville Health & Fitness Exterior - Gainesville, FL



SKYCYCLE at Gainesville Health & Fitness - Gainesville, FL



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that fitness had an interesting cultural perception to overcome; there was a lot of anxiety associated with people who were not familiar with working out. I started to experiment on how to communicate what fitness was really about to the regular person, how to put them at ease and reducing intimidation. In the late 1980s, you had the workout pros and then the others. The challenge was really to get everyone else to buy in to it and to understand it was about health and wellness and not just about muscle. For me, gyms allowed me to practice my theories of design as a motivation tool and social center for engagement.

Working on the first club, it became immediately apparent to me that fitness was a great laboratory to research and try out new ideas on how to affect people to be comfortable and at ease. Creating designs to allow people to interact with each other by bringing sociability, health and community into the design. We are still focusing on that in our designs today.

C.I. - How many facilities have you designed to date?

RF - Because that first club varied from the typical gym designs, it was very successful and won a few awards, and I got owners interested in our design. After a few more projects, it just snowballed, and I think we are now up to over 900 fitness/wellness-related projects worldwide.

Biggest Challenges and Top Advice

C.I. - What are some of the biggest challenges you have faced while designing within this industry?

RF - I believe the greatest challenge for the fitness industry for a while had been its success. The industry was basically mom and pop at the time, and it was hard to

convince some clients to take a chance on different design strategies or having them understand the value of design to their business. Part of the problem was that there was so much equipment there was hardly room or money for anything else. Bringing balance to the work and convincing owners of the importance of social spaces, or nodes as we called them, was a challenge.

I do not believe that is the challenge any longer. The industry is a well-established business model with savvy investors. Convincing the owners of the importance and the value of a well-designed club has gotten much easier. These guys are well-seasoned businessmen/women, and they understand that design will affect their bottom line. Everyone learned from Apple that smart design can help you build an empire. I believe elevated design standards aimed at increasing returns is part of our client's expectation in hiring us. We do that by connecting with a member's emotional need to be part of something unique and beautiful.

There are still the typical challenges that come with any building or renovation project: budget, quality and time. Building a quality club on a tight budget or short timeframe requires experience and creativity. However, I do believe that our trademark is that, regardless of the budget, our projects will flow, look and feel like we spend much more than we did. They should all feel highly-designed and thought-out. Our clients know that we are committed to a design that will bring a value to the project, both in terms of membership and membership experience.

Many people consider design to be an aesthetic creation that is judged by the look. Certainly, people do judge based on how everything looks. However, if the flow is confusing, or something doesn't work right, a user's perception of the space will change very quickly. True design is a solution-based endeavor with many layers that need to be considered and resolved.

Items such as the flow of the club, the correct square footage for each program, creating effective back of the house operations, proper heating and cooling, considering member comfort, creating the fostering social and cultural opportunities all need to be packaged in a beautiful and simple way that creates an *exceptional* experience. Rather than just go by the look, you've got to 'live' in it and use it to really appreciate a great space. One mantra we have is that, until we and the client think the design works on all these levels, it's not good enough to build. No matter what our fee is, we don't limit the number of designs we will create until we achieve that balance.

Stating the obvious here, this industry owes a lot to the driven, innovative and smart owners who led the way in trying out new programming, delivery methods and spending their resources on new ideas. I have been lucky enough to be allowed to do my job. I am still fortunate to count many of this industry's leaders as my clients. Together, as a team, we have been able to push the envelope, creating designs that really deliver a fulfilling experience to the members, which is what it's all about. We have a saying: Great clients create great projects.

C.I. - Above all, when beginning the process of either a new build or a renovation/expansion, what is the top piece of advice you can offer to a prospective owner?

RF - When renovating, before any work can be done, you have to have an understanding of what you have. What is broken and needs fixing, and what is not. One of the basic services we offer is a facility analysis and master planning. We will come out and do an analysis of your club, evaluate all the spaces and components and produce a master plan solution on what we recommend should be modified. It could be aesthetic or programmed-based; sometimes, it is just

the flow. Usually, it's a combination of many items. But, doing an evaluation and having a plan of action is really the only way to spend money on a renovation. Often, what an owner thinks is wrong is not necessarily what needs to be modified. They think to just fix the lobby and all will be well. But, from a renovation prospective, I think it's really important to look at the entire club: the flow, the programming and what's really affecting slow membership growth, lack of sales or low satisfaction for the member. What is frustrating your employees? What is frustrating your instructors? All the above can lead to poor sales or retention.

As an example, maybe the acoustics in a group exercise room are bad. The instructor can't communicate well because it echoes too much, and the members have a bad experience in terms of trying to listen. None of that has to do with aesthetics; it has to do with function, which is an important aspect of design.

So, if you're renovating, it's very important to carefully evaluate your starting point and have a vision of what you are trying to accomplish. Are you trying to become stronger in the marketplace? That will affect what you will do. Are you trying to retain your members because competition is coming in? That means you may want to improve on your programming, offer more innovative classes, create more studios or turf areas, or make your amenity spaces more legitimate, such as the locker rooms. If you're building new, you need to have an understanding of who you are or going to be, who your members will be and what your marketplace niche is. It all starts from the initial vision. Without that, it's very hard to just be everything to everybody, so it's important to understand who your core members are going to be and what your core values and competency in serving the community (your members) will be.

When it's a new a client, it might take some time for them to truly understand (See *Architecture & Design* Page 14)



Gold's Gym Anaheim Exterior - Anaheim, CA



Lobby and Lounge Area at Gold's Gym Anaheim - Anaheim, CA

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who they are as a club. Because we are so ingrained in the industry and so well-versed in most of all of the programming offered, we can run down the list with them and help them prioritize what is important to offer. Depending on the size of the club, do they want boutique style offerings within or will they be a general, basic club? We certainly do help and advise on programming and market opportunities, but what I have found is that, typically, the organization is going to take on the personality of its leadership. Strong leaders with a true vision are the ones succeeding today in our industry.

Currently, 80% of the people we work with are very experienced, multi-club owners who know what business they are in and know what they want to deliver to their members, but they come to us to enhance their vision to the next level. Working with successful companies is a bit of a challenge. You have to key into what is successful about their business genetics and where the opportunities for improvement are. Based on our extensive experience, I believe we are well suited to elevate these companies. The amount of money being poured into this industry by equity firms, financial institutions and investment groups is pretty impressive. But, there is a very short leash on how that money is spent when it comes to capital improvements. Stretching those dollars to create outstanding facilities has always been our strength.

C.I. - These are exciting times.

RF - They are exciting times, and it's interesting because it's really allowing us to now look way beyond where we thought fitness centers and health clubs were and look at the true picture, which is a multi-faceted facility that has wellness, fitness, recovery and social implications for members. So, it's quite interesting

and innovative. Let me also add this: We used to look at a lot of other industries to learn from. We used to look at hospitality, restaurants and hospitals. Those industries are now starting to look at us and learn from our experience and our success. It has come full circle. There was a time when owners would have tremendous difficulty in getting financing. Right now, if you have multiple clubs under your umbrella, *people are looking for you*, to invest in you or to provide you with the spaces you require. So, I think we are entering the real start of maturity for this industry.

Creating a Fit

C.I. - What things do you look for, and what things should a prospective owner look for, when determining if there is a good fit between designer and owner heading forward in what will typically be a year-long or more relationship?

RF - It's important to have the same goals. First, there are always going to be financial challenges. I've never had a project where someone said, 'Rudy, spend as much money as you want.' There is always a very firm budget because that makes good business sense. So, you need to be compatible from a financial standpoint versus what is achievable in the marketplace for that budget. You also need to be compatible from an ethical perspective. Beyond that, aesthetics don't worry me too much because we have many different styles and can adapt. We have a very high satisfaction rate of delivering clubs our clients and their members truly enjoy.

Owners who demand a lot and have very high expectations are the ones we really enjoy working with. At the same time, I think the most successful projects are when owners allow us to do our job. We look at the owner as being part of the design team; can we work together and come up with something better than

what we would come up with individually? So, I look for compatibility, but it's equally important to have different points of view that can stretch my imagination. We are part of the same team, as such, I enjoy when my teammates push me to be better.

Conversely at times, we do say, 'no.' There may be unrealistic expectations. Maybe they have an unrealistic timeline or unrealistic budget we simply cannot meet for various reasons. If the chances for success are very slim, or we don't feel we can provide what a prospect needs, we usually advise that we are probably not the proper fit. As a business owner, that is a difficult, but important concept to understand.

The Process

C.I. - Once that fit is determined, please take us through your typical design process. Does your process differ based on whether the project is a new build vs. renovation?

RF - The design process is one part of the overall process for the project. We are an architectural and interior design firm, so we have architects and interior designers on staff. We approach each project, holistically, as a team. We will typically have a project manager, who organizes and schedules the project. We will have a design principal, who is in charge of the strategic vision for the project and usually manages client's expectation to the team. Many times, that is me, but I'm not the only design principal here. Depending on the project, we will have an architect who puts the project together in drawing form, as well as interior designers, who are in charge of all the materials, finishes and what the look and feel of the club will be. Finally, we have support staff. Part of the team is the ownership. They may have someone who helps, or it may be the actual owner. We usually meet regularly until the project is complete.

The process begins with setting

up the project. What is the timeline? What are the milestones we are trying to hit? What is the budget? And, really getting into the parameters and defining what would make the project a success. We start by scheduling out the project, and we use a program called *Smartsheet*. It gives you a schedule, but it also allows for tasks to be given to team members, as well as to be used as a communication tool. It outlines how many days things will take, so it's a true project schedule that may or may not encompass the construction aspect of it as well. Once we have that, we get into the programming. At this point, no drawings are being done, and no finishes are being looked at. What we are really trying to do is understand the needs and requirements of the project. Typically, part of the process is a room-by-room analysis. What spaces does the owner want? How many people should we accommodate? We really get into the nitty gritty of the different rooms. If it's a new owner, he may not know, and we will help him.

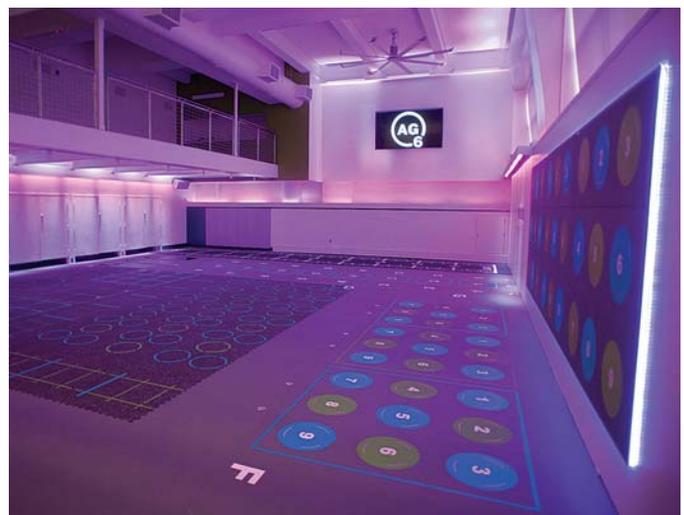
At the same time, based on what they've told us and the expectations, we will set up a Pinterest Board. This allows both of us to capture images from around the world and throw them into the bin. 'We like this,' or 'that's a cool look,' just to get us talking about the aesthetics and the direction we want to go.

Once we understand the programming and have a really good understanding of the timeline, we start designing. It starts with the floorplan, and we may go through 10 - 20 evolutions. We don't limit the amount of design iterations and design until everyone is happy with it. We don't settle. The owner might like something, but I might not like it yet because I can visualize what it will be like when complete. As the master plan starts to work with all the different rooms, we move into 3D visuals, which is incredibly helpful to all of us. 'Here's what it's going to look

(See *Architecture & Design* Page 16)



Lobby and Lounge Area at Studio Fifty Five - Jeddah, Saudi Arabia



Workout Space at Asphalt Green - New York, NY

Paid Advertorial

Our Town America: Helping Gyms/Fitness Centers Boost Their Bottom Line



A revamped economy is fueling a recent surge in wages, new homes and America's migration habits. The pendulum of homeowners on the move, stagnant throughout most of the decade, is gradually swinging upwards. New mover marketing firm Our Town America, the nation's first and fastest growing new mover marketing franchise, is happily connecting residents to the local businesses that are the lifeblood of their new communities.

As people move and adjust to their new city, Our Town America discovered that fitness centers are playing a major role in uniting new residents with friendly faces. The full gamut of fitness centers – ranging from national gym chains to CrossFit centers – are capitalizing on the uptick in moving.

Our Town America is the perfect platform and partner for fitness centers looking to get a jump on new residents, and ultimately, new clients. They offer a strategic model that provides new mover marketing solutions through direct mail for local businesses eager to welcome new residents to the neighborhood. This includes gyms and fitness centers trying to replace members that have moved away with the people that moved into their homes.

Each month, Our Town America helps gyms and fitness centers reach thousands of new movers across the country settling into their new neighborhoods. Those residents are sent warm, personalized offers from gyms and fitness centers in a customized Welcome Package that allows owners and managers to track and monitor their return on investment.

But don't take our word for it. Here are three gym owners who have dealt directly with Our Town America and are enjoying the results:

Kristen Iuppenlatz – Pilates Collective in Sebastopol, CA

"Our Town America is the most effective local marketing program I've used in my eleven years in business because it generates long-term customers," says Kristen Iuppenlatz, owner of Pilates Collective in Sebastopol, CA. Iuppenlatz has been offering a free introductory session (up to \$85 value) to an average of more than 130 new movers each month since January. In fact, she says Our Town America introduced her to more than a dozen new movers within the first year who signed up for a five-session introductory offer and became loyal customers.



Michael Murphy – Anytime Fitness in Saint Petersburg, FL

Anytime Fitness franchise owner, Michael Murphy, has been offering one free month of unlimited membership PLUS a free personal training session and thank you gift to new movers since September 2014. He says the key to his success is using the Our Town America program to get movers in the door which allows him to engage the entire family with the same offer. "I reach up to 1,000 new movers per month with Our Town America," says Murphy. "I extend the same offer to ALL immediate family members when a new mover redeems the gift certificate."



Brian Vest – YMCA in Charlotte, NC

"Our Town America is the most intentional and impactful marketing we've ever done at the YMCA," says Brian Vest, Associate Executive Director at the Morrison Family YMCA in Charlotte. Vest offers one free month of membership. "Hundreds of new movers are finding the YMCA on purpose now, not by accident."



Our Town America is a strong partner for fitness centers across the country. Contact Our Town today to "work out" a deal that will help you replace those who've moved away with new, loyal members!

Contact: Steven Sgroi | 800-497-8360 ext. 226 | sgroi.steven@ourtownamerica.com



ourtownamerica.com

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like,' and everyone gets excited.

From there, we go through the materials process and get to a final design that everyone is onboard with. Finally, we document it all so we can price it, build it and permit it. On a small project, everything I just explained can happen in three weeks. On a larger project, it can be 4 - 8 months. But, if you are going to spend the kind of money it takes to build properly, it's important to really be thoughtful and purposeful about your design decisions and the materials that you use.

One of the things I think I'm most proud of is, over the years, we have learned how to better hit budgets and timelines. To most owners, those are #1 and #2 in terms of their success matrix. And, I'll tell you, more and more, we work with chains that are owned by larger companies, and those two items are usually non-negotiable. 'Here's your budget. Here's your timeline. Deliver.' So, we've had to get very sophisticated in our approach to achieve those. With all that said, we fully understand that, when the project is complete, our clients want everyone to come in and say, 'Wow!' What we want is for members who have used the club for six months or more to still love coming to our project. They deserve a member experience worthy of their time, money and trust.

An Interview With Bruce Carter, Principal, Optimal Design Systems Intl

Club Insider (C.I.) - When and how did you become involved with designing facilities for the health and fitness club industry?

Bruce Carter (BC) - When I was 13 years old, I ordered a set of weights from Joe Weider. I just fell in love with it, and I started working at a health club in high school. I was a trainer, and this is back in 1965. Then, I worked at the gym at UCONN. And,



my first job out of UCONN was working at European Health Spa, so I have always been drawn to health clubs and have worked in them. As a result, I've worked every position in a health club. I've been a janitor, pool attendant, trainer, training manager, group exercise instructor, sales person, sales manager, a manager and a partner in many clubs.

In 1980, My brother, **Bill Carter**, and I started Optimal Designs. My brother went to school at Spring Garden Institute and Harvard, and he was the design end of it. I got my undergraduate and graduate work at University of Connecticut in marketing, so we combined his design experience with my health club business experience. That was the model.

As a company, for the first 15 years, we started out designing and doing complete start-ups, so we did everything: financial packages, the pro-formas, meeting with the banks, site finding, lease negotiation, site analysis, staff hiring and training, putting in all the financial systems, all initial marketing, sales hiring and training, and we designed it. So, we did everything. It was turn-key, and we did about 150 startups like that.

About 20 years ago, we sold the consulting end of it. In fact, one of my employees bought it and continued on

with it. Then, we just focused on design and certain types of consulting. Now, my brother just consults with the company, and the designers we have on staff are all degreed in design.

From a perspective of design, I've worked in all the positions of a club and been a partner in clubs, so when we design, we do so with a lot of hats on, including being the owner. That's because, as a partner in a club, you look at design differently because you are now spending your own money. It's not that, if we did design and nothing else, that wouldn't be wrong, but because we are working in a commercial industry, we are very disciplined on how we spend money because I know what it's like to spend it and then have to service the debt on it.

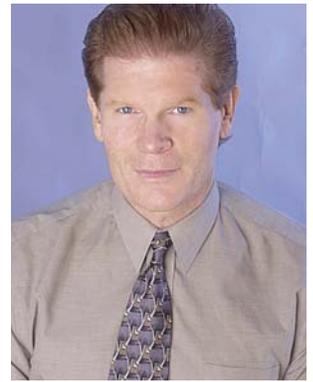
C.I. - How many facilities have you designed to date?

BC - We've worked on about 570 facilities.

Biggest Challenges and Top Advice

C.I. - What are some of the biggest challenges you have faced while designing within this industry?

BC - We are interior designers, so with everything we do, we will end up having a local architect working with us. We are the interior people and specialize in clubs



Bruce Carter

of all shapes and sizes, but we are not the people who will do the final mechanical drawings and things like that.

As things have evolved, initially, one of our biggest challenges was to get club owners to think about and understand that design was a critical component of a successful club. The club industry evolved out of the hobby business, meaning fitness people opening up gyms because that was their love and passion. So, as the industry evolved, it was all about the workout. The mentality of, 'What do we care if it looks nice; we are here to work out.' So, over the years, getting the club owner to see the importance of design has been one of the bigger challenges. It has definitely been changing, but it is still to some degree 'about the workout.'

In my last article that you published (*How to Design a Club for Maximum Sales Power - January 2018 Edition of Club Insider*), I wrote that the fitness industry is evolving into the hospitality industry. In the hospitality industry, we are here to welcome people, so we've evolved into a hospitality and social environment with an emphasis on fitness and wellbeing. And, we look (See *Architecture & Design Page 17*)



House of Fitness Lobby Area



Regymen Workout Floor

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at health clubs as a place in any market where people can come and make positive changes in their lives. That's more of the mind, body and soul component of what we provide. It's not just physical.

Of course, there are challenges from project to project. One for us is always getting the most exciting, dynamic and inviting club for minimal dollars. How do we get the most wow factor without spending a ton of money? Because the money has to be paid back... And, it's been proven that, just because you spent a lot of money on design, it doesn't mean you can charge more. There are a lot of clubs in the 'club graveyard' that spent a lot of money and then charged a lot because they spent a lot, but we are in a very price sensitive industry. And, the \$10 model proved that even more. However, with the fitness studios, price sensitivity has been readjusted to where some people are now paying a lot for a little. At the same time, on the other end of the spectrum, there are still the \$10 clubs. We are still in a price sensitive industry, but it has become skewed. Planet Fitness changed the model, and a lot of clubs had to come down in price. Then came the boutique studios. Like anything, you can go to Wal-Mart for clothing, but if you want a great, specialized piece of clothing, you will go to a boutique and pay four or five times the price. There will always be a certain percentage of people who don't have a problem with that.

C.I. - Above all, when beginning the process of either a new build or a renovation/expansion, what is the top piece of advice you can offer to a prospective owner?

BC - Design needs to support the business plan. The first part of the process is that we want to find out from the owner what their business plan is. The design has to have the facilities necessary to provide

the programming to generate the revenue planned for, and this applies to a new club or renovation. With the onslaught of lower-priced models and more competition in that segment, clubs had to start thinking of how to get more dues or average dues per member. This has led to the low-price \$10 model now wanting to upsell to additional facilities and programming. And, clubs that are not low-priced model are also changing their business plan to do the same.

To put it a little different: Everyone is doing it now, so it's a more dynamic business than ever. It used to be that you opened a club at \$39 a month, an add-on for \$19 a month and 90% of your revenue was dues-based. Now, it's down to about 60% of revenue being dues-based and the rest is fee-based programming. So, the trend, obviously, is to get more dues per member, and the key is to get more revenue per square foot. The boutiques do tremendous revenue per square foot and significant revenue per member, and they've been very successful against larger clubs.

Because of \$10 clubs, the model has changed. Then, because of studio clubs, the model has changed. And, now, we are adding studio clubs within clubs, so when they go to compete, their experiences are as exciting and dynamic as they are at smaller studio clubs but within a larger club. We do a lot of studio clubs as well, and still, people do look at the studios and say, 'They must be better at it because they specialize in it.' So, larger clubs need to make sure the environment and space looks really cool and is exciting in order for people to see they are really good at it. Then, they need to follow up with staff and support mechanisms like that.

Creating a Fit

C.I. - What things do you look for, and what things should a prospective owner look for, when determining if there is a good

fit between designer and owner heading forward into what will typically be a year-long or more relationship?

BC - For us, it has been pretty easy. The vast majority of our business for the past 38 years has been word-of-mouth referrals. We just look at the potential client and suggest they talk to other clients of ours that are similar to what they want to do. We have enough projects out there that we have done. Even if they have a chain of 8 - 12 clubs, we will say, 'Here's another chain with 8 - 12 clubs. You may want to talk to them.' But, how do we know we will be a good fit? A lot of it is rapport.

Our approach is to get the most bang for the buck club. That's where we come from, and again, that's from me having been a club owner on a number of occasions. I look at it and say, 'We want big-time wow factor but with discipline on what we spend.' So, we are very aggressive on how we specify things. On a side note, I will say that we do have some clients where we do not have a really tight budget, such as with some major country clubs, hotel and corporate fitness centers, and surgery centers. With these things, we have quite a budget and are not trying to get a return on investment. It's just a different set of variables, but in the commercial fitness industry, which is the bulk of our work over the years, we really have to please the market in every way possible and make sure the debt is in line with revenue. There's an IHRSA figure where debt should not exceed a certain percentage of revenue, and we understand that because we've done enough feasibility studies and financial planning over the years.

So, in determining a good fit, we just kind of know right away. We fit with most everyone, but at times people want to totally personalize their club. And, we tell people, 'We are not designing your house.' That's a big thing. This is commercial; we aren't doing homes. Designing a house means the health club owner will say something like, 'I

want you to design a club that I am going to love.' Well, we don't know if the market is going to love that, and we are designing for the market, not an individual. So, we let clients know that ahead of time. Obviously, they can have input and choices along the way, but it can't be so personalized as to be totally geared for them. That's where our team's background comes in. As a design firm, we are very market-oriented, and we create things we know the market will want and respond to.

The Process

C.I. - Once that fit is determined, please take us through your typical design process. Does your process differ based on whether the project is a new build vs. renovation?

BC - With a new build, you've got a clean slate and can start from scratch, if you will, to create what you want as an end result. With renovations, the number of things you might do is all over the place. One of the renovations we have done was an early IHRSA club called the Waverly Oaks Athletic Club, up in Boston, and that was a total renovation. Top to bottom, everything changed. But, other renovations might only be a cosmetic change, or it could be a partial or several phased-in changes. Often, you are working with an existing set of design variables, and you've got to work with those to put together something new, yet conforming, relative to budget. The creative process of renovation is to keep some things and bring in new things, making everything look brand new, yet you didn't change some things. And, there's an art to how you pull that off.

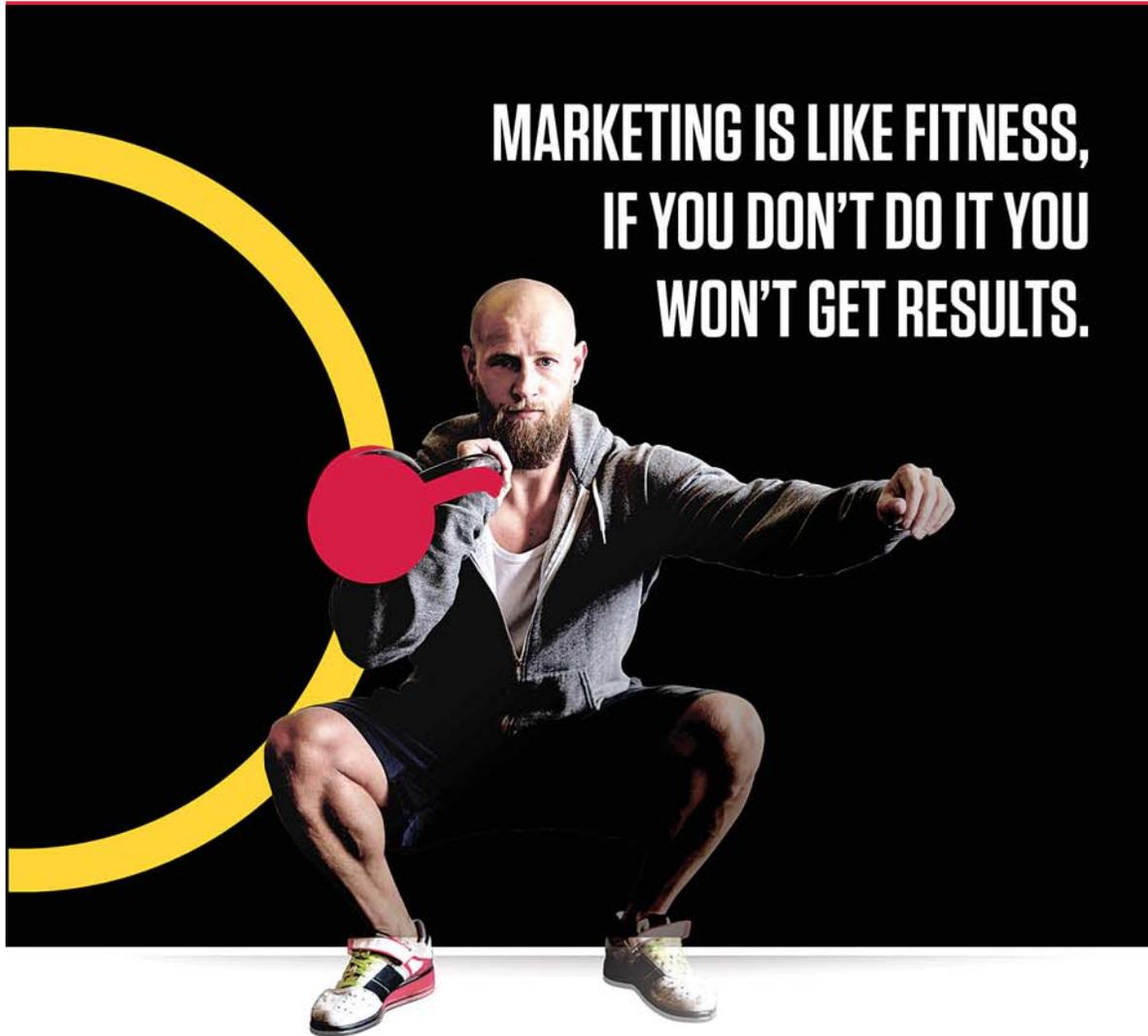
With both, the process is always to ask questions and find out what the client's objectives and goals are with the facility. Do they have an existing club? What is the business plan? Who is the competition? We will visit the competition, and we also look at the market demographics because (See *Architecture & Design* Page 18)



Waverly Oaks Lobby and Lounge Area



Waverly Oaks Workout Floor



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...Architecture & Design
continued from page 17

it lets us know who's in the marketplace and who we are trying to please. From there, we see what the space is or what space is available to them.

Then, we begin to create the plan. We will create a *schematic*. It's a space-planning tool. What goes where? From there, it flows into the details of the layout, materials, finishes, lighting and things like that. The homework, though, is first finding out those important things about them.

• • •

Thank you very much to **Rudy Fabiano** and **Bruce Carter** for their time interviewing for **Part I** of this in-depth cover story on club architecture and design. Next month, you will hear from them once more discussing the tangibles, modern materials and finishes, as well as offering additional advice they have for you in your next project. Thank you also to **Kellie Fabiano**, **Kirsten Braddock** and **Johanna Carter** for their assistance with photos, graphics and other support activities. **Stay Tuned** for **Part II** in the **June Edition** of **Club Insider**.

(Justin Cates is the Assistant Publisher of Club Insider and grew up in the health and fitness club industry. Justin was born into a club business family in 1985, and from the age of eight, he spent his non-school and sports hours in a home that doubled as Club Insider Headquarters. He has lived and breathed this industry for 33 years, since his own day one and is an integral part of the "Story" of Norm Cates and Club Insider. Justin can be reached by phone at 423-314-4310 or email at Justin@clubinsideronline.com)



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The Atlantic Club's Country Concert for ALS a Huge Success

MANASQUAN, N.J. - The Country Concert for ALS at The Atlantic Club in Manasquan on Friday, April 27th proved to be a great success. The event brought together both members and the community to raise awareness for ALS (Amyotrophic Lateral Sclerosis), also known as Lou Gehrig's Disease. A total amount of \$7,500 was raised for the ALS Therapy Development Institute, in an effort to get AT-1501, the most promising drug to date in the treatment of ALS, into human trials this year.

AT-1501 could be a major breakthrough, possibly halting the progression of ALS in persons suffering from this disease. In addition, AT-1501 may also have potential benefits for those suffering from Type 1 (Juvenile) Diabetes, Alzheimer's, and even in some skin transplant cases. "ALS isn't an incurable disease, it's an underfunded one, and we are doing everything we can, with the help

of our Members, Staff, and Community, to make a real difference in the lives of those living with ALS," said **Pat Laus**, *Owner of The Atlantic Club*.

The event, which hosted almost 400 attendees, featured an opening performance by Jade Glab, Belmar native crowned Miss Monmouth County, and headlining performance by popular country band After The Reign. Concertgoers enjoyed a special guest appearance by Chris VanZant and the Thunder 106 crew, a Beer Garden, Slider & Taco Bar and Cornhole.

This event kicked off The Atlantic Club's Team recruitment for The Rock n' Roll Marathon Series in Nashville, where team members will participate in their choice of a 10K or 1/2 Marathon race while fundraising for ALS TDI (ALS Therapy Development Institute). This will be the third Rock n' Roll Marathon Series The Atlantic Club Team

has participated in, making appearances in Las Vegas in 2017 and Brooklyn in 2016. In addition to the \$7,500 raised at the Country Concert, The Atlantic Club Team recruited ten team members for the Nashville Rock n' Roll race!

If you would like to learn more about TeamQuest4ALS, or join the Rock n' Roll race team and head to Nashville for a great cause, visit give.classy.org/TACnashville.



The Dance Floor at The Atlantic Club's Country Concert for ALS



THE ATLANTIC CLUB

The Boutique Storm is Cresting

What's the Play for Traditional Clubs?

By: Stephen Tharrett & Mark Williamson

In the 1940s, economist Joseph Schumpeter coined the term “creative destruction” that spoke to the peril and promise inherent in capitalistic innovation. He said, “*Situations emerge in the process of creative destruction in which many firms have to perish that nevertheless would be able to live on vigorously if they could weather a particular storm.*” If one didn’t know better, you would presume he was speaking about today’s fitness industry, where boutique fitness studios have become that particular storm of creative destruction.

Data from IHRSA’s 2017 *Health Club Consumer Report* supports the destructive impact of the boutique studio market on the fitness industry. As of 2017, 41% of consumers report being members of studios, more than any other industry segment. Over a 3-year period from 2013 to 2016, the data shows there was a 95% growth in the number of consumers who were members of boutique fitness studios. Compare this to the actual decline during the same time period for the percentage of consumers who claim to be members of commercial fitness clubs, not-for-profits, YMCA/YWCA/JCCs and corporate fitness centers, and you begin to grasp the disruptive power of boutiques.

ClubIntel’s work with its clients, whether mid-market clubs, premium clubs, or high-end businesses, show that anywhere from 25% to 40% of their members frequent fitness studios. This particular storm is about more than losing market share to boutique fitness studios; it also speaks to a loss of a club’s remaining members’ share of his/her wallet. In the words of Joseph Schumpeter, boutique fitness studios have become a singular storm whose destructive capabilities are heavily impacting the vitality of club operators who might otherwise have continued on vigorously.

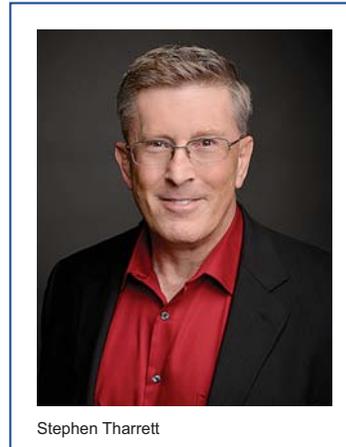
One of the most numbing impacts of the fitness studio storm relates to how it’s turned the industry’s cultural DNA on its head by saying you could get people to pay more for less. Many operators we speak to can’t grasp how a studio can offer consumers less than they do (e.g., facilities, programs and amenities), while charging significantly more. The majority of traditional operators still believe that consumer value is tied solely to price, facilities, equipment and programs (the more-for-less paradigm). In today’s hyper-competitive environment, boutique studios have reshaped the meaning of value to better fit consumer needs, and the consumer is responding.

So, what’s the play for traditional club operators? In some instances, there may not be a play, something we imagine no one wants to hear. But, for the majority, there is a play, and it will vary based on where you are, who you are and how courageous and nimble you are when it comes to change. Joseph Schumpeter spoke to the importance of adaptability and change in an environment where we have an F5 force of creative destruction hammering us on a daily basis. In his words, “*profit is the payment you get when you take advantage of change.*” His point, in order to weather the fitness studio storm, your business has to embrace change, possibly maniacally in a manner of speaking, if extinction is not on your radar.

Five thoughts on how to leverage the opportunity inherent in the growth of boutique fitness studios: The remainder of this article will bring forward five thoughts on how traditional club operators can establish a strategy to leverage the opportunity inherent in the growth of boutique fitness studios rather than succumb to the peril they pose.

1. Perform an ideological lobotomy. Every business has a cultural ideology. In the fitness industry, the vast majority of club operators approach business a specific way. You might call this the common cultural DNA of our industry. If you want to pursue the promise that fitness studios offer, then you have to think like they do, not like you’ve been conditioned to think. Albert Einstein referred to this principle of an ideological lobotomy when he said, “*We cannot solve our problems with the same thinking we used when we created them.*” In other words, solving the challenge of fitness studios can’t be done using the same thinking and constructs that were used to make your club what it is today. As Robert Bly inferred, “*Think in ways you’ve never thought before. If the phone rings, think of it as carrying a message larger than anything you’ve ever heard.*” For traditional operators, we need to stop thinking of price and facilities as the primary value driver. Instead, consider how consumers have redefined value today and how your competitors have responded in kind, then expand your thinking and integrate the learning into your ideological DNA.

2. Pursue odd. Dr. Seuss said, “*You have to be odd to be number one.*” What he meant was that being the same as others puts you at a competitive disadvantage; it makes you a blue fish in a sea of blue fish rather than a yellow fish in a sea of blue fish. One reason fitness studios are hammering away at the



Stephen Tharrett



Mark Williamson

success of traditional clubs is because they are a little odd, and we, traditional clubs, are too much alike. Odd might take many forms. It might involve turning your club into a boutique mall where, instead of a single undifferentiated brand, you are an umbrella brand with multiple micro-brands under its cover. It might involve doing less, such as refining your value proposition to offer precisely what your members and consumers really want. It might involve creating your own boutique studio brand and operating it separately from your present brand (think of it as a protective moat that stands in front of the wall of a fort). If you do decide to pursue your own boutique fitness studio, here are some thoughts to consider:

- Understand your business’s core competencies and brand promise; then, determine if they are suited to operating a boutique experience.
- Ensure the boutique offerings complement your traditional club offerings.
- Separate the studio and traditional business, both in management and branding.
- Marketing a studio is almost entirely about leveraging social media and word-of-mouth (WOM).
- Instructors and staff believe they have a powerful sense of ownership or stake in the outcome of the venture.

3. Become a connoisseur of craft and clan. Two of the most influential cultural storms fueling the growth of boutiques are craft consumerism and tribal consumerism. Studio consumers seek out experiences they perceive as local, authentic, genuine and trusted. They also seek to engage with businesses, and others, whose values and

lifestyle ideology are aligned. Audit your existing value proposition by speaking to members and the marketplace. Are you perceived as authentic or just a copycat? Are you seen as genuine or trusted, or are your business practices translucent and questionable? Do your business values and thoughts on a healthy lifestyle align with what the market, especially studio consumers, value? When you find yourself in alignment, chances are you will gain a competitive edge in delivering a favorable alternative to the boutique experience.

4. Become an arbiter and apostle of value. Craft your business offering, and just as importantly, its story around value. Find out what the consumer and your members really value, then deliver it in spades. Don’t assume you know what they value. Our work with clubs in discovering the drivers of value are very often at odds with operator perceptions of what drives value, and as a consequence, we find this is the culprit in their failure to deliver on what is of greatest value to their members. It isn’t just about delivering on value; it’s telling the story behind the value. Call-to-action promotions are the antithesis of communicating the value you offer. When you can deliver real value to the consumer, not contrived value, and when you can communicate that story of value with passion, you’ll find yourself having a distinct competitive advantage.

5. Become an innovator, or at worst, an early adopter. Today’s consumers, especially Millennials, place incredible value in doing business with organizations they perceive as innovative, especially when it comes to programming and technology. If your club is not perceived as being an innovator, or at least an early adopter of the latest trends in programming (See *Boutique Storm* Page 21)

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...Boutique Storm

continued from page 20

and technology, then make an about-face. While it's often safer, and often more profitable in the short run to hitch your business to the early majority or late majority (we hope it's not laggard), it is a fatal flaw if your goal is to successfully weather the fitness studio tsunami.

Many of today's studio operators can be equated to the innovators that Steve Jobs brings forward in the following quote, "Here's to the crazy ones --the misfits, the rebels, the troublemakers, the round pegs in the square holes. The ones who see things differently-- they're not fond of rules. You can quote them, disagree with them, glorify or vilify them, but the only thing you can't do is ignore them because they change things." For traditional club operators, the best play may be to become one of the crazy ones.

Capitalism offers no guarantees when it comes to profitability, especially over the long term. Capitalism does

hold some essential truths, among them the principle of creative destruction, the principle of being odd or different if you want a competitive advantage, and the principles of innovation and change to establish sustainable success. For traditional club operators, addressing the destructive storm brought on by fitness studios requires leveraging the other truths of change, innovation and odd.

(Stephen Tharrett is a 35-year veteran of the fitness industry having served in multiple leadership roles, including CEO of the Russian Fitness Group, SVP for ClubCorp and President of IHRSA. Mark Williamson has over 25 years' experience leading consumer insights teams and global research strategies for some of the largest hospitality and private club brands in the world. Stephen and Mark are the Co-Founders of ClubIntel, www.club-intel.com, a brand insights firm based in the U.S. Stephen can be reached at stevet@club-intel.com and Mark at markw@club-intel.com.)

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Life Time Disrupts Shared Workspace Industry With Opening of Life Time Work

PHILADELPHIA, PA - In a company first, Life Time, the Healthy Way of Life brand, is adding shared workspaces to its booming luxury health and wellness destinations and experiences with the introduction of *Life Time Work*. With elegant workspaces thoughtfully designed for a variety of needs and appointments that promote comfort, collaboration and productivity, Life Time Work is located within the new Life Time Athletic Ardmore destination at Suburban Square.

Unique from other shared workspace providers, Life Time Work is integrated into Life Time's luxury athletic destinations, which features healthy living, healthy aging and healthy entertainment programs and experiences, and was purposely designed to promote a healthy and fulfilling worklife. With unmatched amenities and an upscale design, Life Time Work is a high-end, flexible and turnkey office environment for the busy professional.

In tandem with its unveiling, Life Time Athletic Ardmore will also officially open its doors delivering unparalleled signature programming, luxurious services and amenities, and healthy entertainment

far-exceeding that of a traditional club or gym or variety-lacking boutique.

Life Time Athletic Ardmore is Philadelphia's premier flagship destination and offers more than 80,000 square feet across five stories and floor of expertly appointed spaces.

The elite shared workspace destination, Life Time Work, features 12,000 square feet of elaborate ergonomic workspaces, an exquisite dedicated outdoor terrace, state-of-the-art conference rooms and private and open-plan workspaces. All members of Life Time Work receive membership to the athletic resort club and all of the tools and amenities needed to work remotely.

"The Philadelphia market and Suburban Square were the ideal location for us to introduce Life Time Work to the world with its proven growth and dynamic business and entrepreneurial community," says *Life Time Work President, James O'Reilly*. "Life Time Work will offer an experience that truly champions the pursuit of a fulfilling and healthy worklife."

Life Time Athletic Ardmore is the 133rd Life Time destination in North America.

Qualities of Effective Counsel

By: **Paul R. Bedard, Esquire**

“This article is intended for educational purposes only. It is not intended as legal advice. Widely varying laws specific to each jurisdiction prohibit one-size-fits-all recommendations. Please consider these comments as an educational guide to assist you when you consult your

own attorney for specific direction.”

If you have read my previous **Club Insider** articles, you have repeatedly read the last four sentences. Yet, what qualities should you look for in an attorney to ensure that you engage truly effective counsel?

Whether you’re seeking to hire a full-time in-house attorney or to retain outside counsel on a more limited basis,

your selection of counsel will one way or another have a measurable impact on your organization. Methodical care must be taken within the selection process. In addition to performing due diligence to confirm that your candidate doesn’t have a history of client grievances or any other character concerns, you will need to assess numerous core competencies. The following are just some of the qualities that should be evaluated when selecting an attorney:

Understands Your Business and Industry

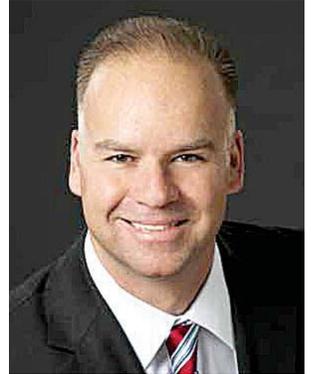
Beyond the prerequisite legal knowledge, effective health club counsel requires an understanding of the health club industry and the specific company’s P&L, business challenges, long-term strategies and key objectives. Your attorney should view legal issues through the eyes of the business while working to obtain legal outcomes that are in a maximum possible alignment with your business goals. Very often, a legal challenge can be effectively addressed by a number of approaches. The most effective attorneys can explain to business professionals the various legal avenues that are available and how each approach will specifically impact the business.

Has a Solid and Broad Range of Legal Skills

Most in-house counsel possess a broad range of legal skills and a solid fundamental understanding of the numerous legal issues that may affect the business. Unless an attorney is engaged for a limited issue, your attorney should at a minimum have a firm overall understanding of dispute resolution techniques, employment law, risk management, compliance, contracts and general corporate matters. An attorney with specialized legal knowledge can be retained on a limited basis when specific legal issues that require a deep dive beyond your counsel’s knowledge and experience present themselves.

Demonstrates Good Judgement

A seasoned business-savvy attorney will be able to demonstrate a history of having made the right legal decision. In particular, he or she will be able to describe how they have experience evaluating limited or fragmented information while nonetheless making legal



Paul R. Bedard, Esquire

recommendations to organizational leadership and simultaneously providing leadership with a solid understanding of how each recommendation will specifically impact the business. As often described within the legal industry, effective legal counsel can “see around the corners” by anticipating legal issues and by proactively advising leadership on the best possible course of action. Look for an attorney with a demonstrated history of being able to make “the right call” from both a legal and business standpoint.

Communicates Effectively

A brilliant attorney is of no value to a business if he cannot effectively communicate with leadership and others throughout the organization. The most effective attorneys ask the right questions and clearly communicate targeted legal advice that is void of legalese. Effective counsel requires the ability to break down complex legal concepts and legal language into plain English for the non-lawyers receiving this information. The best attorneys will also work to keep leadership focused on those legal issues that matter to the organization while minimizing time spent on matters that lack significance or those matters that can be more readily addressed through lawyer-to-lawyer communication.

Gets Along Well with Others

We all want to work with people we like. Unfortunately, lawyers in general have gained a well-earned reputation of being difficult to get along with. In fact, many people simply dislike lawyers, period! However, the most effective attorneys (See **Paul R. Bedard, Esquire** Page 23)

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Deneen Laprade Named VP of Business Development for Instinctive Insights

COLUMBUS, OH - Instinctive Insights announced that **Deneen Laprade** has been named *Vice President of Business Development*. Laprade's responsibilities include lead pipeline development and management, content development and marketing and key account management.

Jeremy Fishel, *Instinctive Insights Co-Founder* says, "We're thrilled to have Deneen join our team. She's been in the industry for 20 years and has successfully performed in several industry roles that give her a unique, dynamic set of skills that align with our profit-based commitment to club marketing campaigns at Instinctive Insights."

Deneen's fitness industry experience includes club management and operations, and recently, as Director of Sales and Marketing at The Thoreau Club in Concord, MA. Past roles include: Marketing Coach with Canadian-based Susan K. Bailey Marketing and Design, and as Sales Director, Northeast with Impact Mailers, located in Georgia. Laprade has also worked as an independent health

club consultant with such clients as Commonwealth Sports Club, HealthQuest Fitness and The Thoreau Club.

Fishel goes on to say, "Deneen's passion for the industry, along with her professional experience are an ideal match for the data-driven, full service marketing process we engage in every day. With her leading the business development we intend to expand our reach in fitness by growing our current base of satisfied clients."

Instinctive Insights is a full-service, data-driven marketing agency with one motivation: to truly help clubs, both big and small, be more successful in acquiring and retaining members. They've been helping club clients since 2002 and are currently working with such industry professionals as Healthtrax, Fitness Formula Clubs and Saco Sport & Fitness, to name a few.

If you would like additional information about this topic or Instinctive Insights, email Jeremy Fishel at jfishel@instinctiveinsights.com.



Deneen Laprade



Jeremy Fishel

...Paul R. Bedard, Esquire

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understand that they need to constructively function with respect and humility just like any other team member. When evaluating a candidate for counsel, ask yourself whether you can see this person getting along with you and the rest of your team. Look for a candidate who shows a genuine interest in your business and mission, one who has done his or her homework on your company and who asks the right questions to ascertain how they can bring the most value to the organization. Ask the candidate to elaborate regarding his work ethic, style of communication, workplace values and personal interests to ensure that a proper fit is present. The most effective attorneys possess an ability to work well with others, from organizational leaders to front-line personnel and everyone in between.

In Summary

Your selection of who will be entrusted to dispense legal advice to your organization will invariably impact nearly every aspect of your business. It is important that you engage an attorney who understands the health club industry and the unique goals and challenges of your organization, particularly as they relate to your current legal environment.

Furthermore, your selection should have broad legal experience to address the many varied and complex legal concerns within our industry and a practical business mindset. Finally, he should be an effective communicator with a proven ability to get along with others across all levels of an organization. By engaging the best candidate for counsel, you will add a new dimension to your business capabilities and measurable value to your organization.

(Paul R. Bedard, Esquire has nearly twenty years of management, leadership and operations experience in the health and fitness industry. As a practicing attorney, Paul's health and fitness industry experience provides him with a unique perspective when advising health clubs regarding employee training, handbooks, policies, contracts, disputes or premises liability claims. When not practicing law or spending quality time with his wife and daughters, Paul strives to be active in his local community. Paul serves as the current Assistant Town Attorney for the Town of Southington, Connecticut and has previously served on the Southington Zoning Board of Appeals and the Board of the Central Connecticut Regional Planning Agency. Paul can be reached at pbedard@smddlaw.com or 860-620-9460, Ext. 109.)



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How to Get More Prospects to Visit Your Website (And, it's probably not what you think)

By: **Jim Thomas**

I speak to gym owners all the time who are seeking more website visits and more leads from their website. The key here is to create internet density and visibility. You simply need to be everywhere your prospect may look. Now, this is not

meant to be all-inclusive, but it is a good starting point for most gyms. Here are five things you can do immediately to improve the branding of your gym and increase exposure.

1. Write a Blog. A blog is important to your website because of the fresh, new content

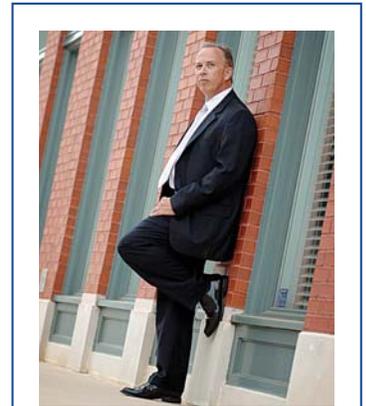
it provides, keywords used in the blog that may show up in search, and your customer will stay on your website longer. Many gym owners like the idea of blogging, but they struggle with what to write about. Here's what I suggest: Have each staffer write a blog, which should be about questions that come from members or prospects on how to achieve their goals or even personal testimonials. The blog can be as few as 300 words or more. If you have ten staffers, then you now have ten blog posts. To start, I suggest posting your blog once per week. Put it on your schedule. The key to any marketing that you do is consistency.

2. Quotes. Once you have posted your blog, you want to extract sentences from the blog that can be used as quotes attributed to you in social media posts. Typically, these will be posted on Facebook, Twitter and LinkedIn. To help you save time as you develop your content marketing strategy, be sure to set up all posts for future postings with an automated service. We use **socialoomph.com**.

3. Audio. For those who prefer to listen and not read, you want to set up an audio podcast and narrate your article. We use **soundcloud.com** for this, but there are many options. Not only will this help you reach a new audience, but you will also place these links into **socialoomph.com** for future postings.

4. Video. You will even have some folks who do not want to read or listen. But, they prefer to watch, so you now want to turn your blog into a video. Simply extract the 2 - 4 key points from your blog and record a video. I try to keep these videos at one minute so they can also be posted on Instagram and Snapchat. Don't procrastinate on this. Don't wait to be perfect. If you do, it will never get done. For those of you who simply will not do a video, try **lumen5.com**. This website will take your blog and turn it into a slide show with images and music that can be posted on YouTube.

5. Images. This can be used for all mediums, but it was originally intended for Instagram and Pinterest posts. There are many apps for things like this, but we use **Phonto** (good on either Apple or Android). This app allows you to place text on any image. For example, you can use the extracted quotes to place on images. One thing to mention here is that roughly 80% of all posts should be motivational, inspirational and educational; the other 20% should be of a sales or



Jim Thomas

marketing nature.

6. Press Releases. One final thing to increase exposure is to write and publish a press release. We use **americantowns.com** and **prlog.org**. The **americantowns.com** site will also submit your press release to all local newspapers. With both sites, you will now have additional online exposure and other websites will likely pick up your release; most everyone is looking for quality content. But, here is the real secret: On your Twitter account, be sure to follow all of your local media... radio stations, television stations, newspapers, magazines, etc. Now, you want to become known by your local media, and you can do that by likes, comments and retweets. Once that has been successfully accomplished, you can grab your link on the press release and send it as a direct message on Twitter.

• • •

What is the secret to all this? Just do it and you'll prosper.

Now, go market your gym!

(Jim Thomas is the Founder and President of Fitness Management USA Inc., a management consulting, turnaround and brokerage firm specializing in the fitness and health club industry. With more than 25 years of experience owning, operating and managing clubs of all sizes, Thomas lectures and delivers seminars, webinars and workshops across the globe on the practical skills required to successfully overcome obscurity, improve sales, build teamwork and market fitness programs and products. Visit his websites at www.fmconsulting.net or www.jimthomasondemand.com.)



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The Bay Club Company Acquires Broadway Tennis Center

SAN FRANCISCO, CA - The Bay Club Company ("Bay Club"), a California-based hospitality company, announced the acquisition of Broadway Tennis Center ("BTC"), continuing its growth of luxury properties in the California marketplace. Effective June 1, Bay Club will assume operations of Broadway Tennis Center, which will be offered as an additional amenity to Bay Club members in the Northern California market. The state-of-the-art tennis facility located in Burlingame, California will complement the current

offerings that Bay Club is recognized for and further expand their Four Points of Focus: fitness, sports, hospitality and family.

Built in 2015, the modern three-acre property boasts six indoor hard courts under championship lighting with balcony viewing for each court; men's and women's locker rooms; and two sports lounges with Wi-Fi and satellite TV.

"We're excited to expand our tennis footprint and give our members access to a sweeping, modernized facility," says Bay Club

President and CEO Matthew Stevens. "The addition of Broadway Tennis Center, coupled with significant investments in our current properties, will result in a more well-rounded assortment of signature amenities for our Northern California campus memberships."

A leader in the tennis space with over 100 indoor and outdoor tennis courts across California that play host to USTA Tennis Tournaments, Bay Club offers access to a comprehensive tennis experience. Programming consists of

Junior Tennis Clinics, year-round tournaments, academies, workshops, camps, and professional instruction for all ages and skill levels.

This addition follows Bay Club's 2017 acquisition of Manhattan Country Club in Manhattan Beach, CA. The Broadway Tennis Center will become part of the Peninsula Campus, one of eight California campuses located within the San Francisco, San Jose, Los Angeles and San Diego markets.

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

- Large Non-Profit Community Center Client, Northeast, U.S.

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

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

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

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

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The Best Financing Available Today

By: **Paul Bosley**

Introduction

Are you considering expanding your business or opening your first location? If so, often the biggest fears are, "How do I pay for this?" or "Can I afford to purchase equipment and rent a space?" This article describes two complementary

financing products that can be used by a business owner to provide the financing needed to finance your business so read on...

Equipment Leases Capital Leases to Own

Fitness center owners can finance the purchase of their strength and cardio

equipment, security systems, computer hardware and software, flooring, outdoor signage and other tangible items needed to run your business with an equipment lease. The equipment being financed is the collateral for the lease. All equipment leases require a personal guarantee from all owners who own more than 10% stock in the company.

Lease documentation fees range from \$95 to \$495. Down payments range from 1 - 20% of the amount financed so *an equipment lease preserves your operating capital*. The repayment term ranges from 12 months up to 60 months. All lease payments are a tax-deductible business expense, so the payments will lower your taxable income and tax liability. Since most owners plan to keep the equipment long term, they choose a capital lease, which offers a \$1.00 or \$101.00 buyout at the end of the lease term. A capital lease is used to finance the purchase of all of the equipment needed to open or to expand a fitness center.

Small Business Administration (SBA) Express Working Capital Loan

This government-backed loan is designed to provide working capital ranging from \$25,000 up to \$150,000 for start-ups and existing businesses. The main purpose of this loan is to provide the working capital needed to pay bills until a business becomes profitable. This loan process requires attention to detail and takes approximately 60 to 90 days to complete before the loan is funded. If the loan is being used to finance a new location that requires build out, the loan can be approved in advance. However, the funds will not be distributed until the location has received a certificate of occupancy. This insures that the money will not be used to finance the construction and will be available for working capital.

The interest rate is calculated by starting with the prime rate published in the *Wall Street Journal*, which is currently 4.75%. The bank charges a 2.75% risk premium for this loan so the interest rate is currently 7.5%. There are three points charged to close the loan, which makes the effective interest rate 8.5%, including all fees and closing costs. The repayment term is ten years with no pre-payment



Paul Bosley

penalty. All SBA loans require a personal guarantee from all owners who own more than 10% stock in the company. The best feature of this loan is that the collateral is the business assets... not your home! *This loan product is by far the best financing product on the market today!*

Conclusion

The main benefit of using debt financing is to use other people's money (OPM). The key is that the cost of funds must be at a lesser cost than your net profit percentage. For example, if a \$20,000 equipment lease has a 13% return to the lessor and an \$80,000 SBA working capital loan has an 8.5% interest rate, the business owner is accessing \$100,000 at a 11% blended interest rate. *Assuming your studio will operate at a 15% profit margin, your cost of using OPM is less than your anticipated return on capital!* Again, the equipment lease and SBA Express Loan are complementary products that can enable an entrepreneurial personal trainer with good personal credit to finance the opening of their new fitness center or to expand their existing business.

(Paul Bosley has worked in the fitness industry for over 40 years as an owner-operator and as a financing source. Paul is the owner of www.healthclubexperts.com dba Business Finance Depot, and he may be reached by calling 800-788-3884 or by emailing paul@healthclubexperts.com.)

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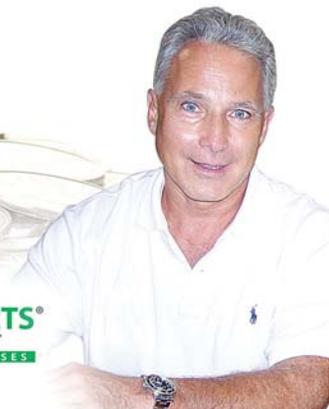
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Leases range from
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Make It Fun!

Social Media Isn't Going Away, But You Can Get In Front of It!

By: **Sam Johnson**

As the *Founder and CEO of GoalPostPro*, I asked Norm Cates if I could write an article to follow up an excellent article by **Paul R. Bedard, Esquire**, which was published in the **April Edition of Club Insider**. So, here goes:

Last month, in **Club Insider**, Paul R. Bedard, Esquire, wrote an article on social media covering the legal elements of a defamation claim and how to address defamatory issues on social media reviews. Social media isn't going away, and Paul stated that, "truthful assertions and mere opinions do not give rise to a viable defamation claim." The real problem results from posts you cannot control on social media platforms designed to generate those very posts.

For example, Yelp was literally built to generate reviews to help businesses. Unfortunately, poor reviews come along as part of the package. Nine times out of ten, the best way to handle a poor review is to provide the truth of what occurred. Most people do understand a logical argument when an owner or manager states the facts in a respectful manner. Taking the high road is key in these situations.

Facebook was created for more generalized "sharing." Facebook doesn't offer the same exposure as Yelp does; if someone posts a negative story or picture on your page, you can take it down immediately. However, Facebook wasn't built from the ground up to help health clubs increase business through reviews.

In any case, both Yelp and Facebook are here to stay. Every health club should deal with negative posts on either platform with a response, not a reaction. That being said, there is a new social media solution to help you get in front of the inevitable grumpy, angry client: **GoalPostPro**.

GoalPost can dramatically reduce the number of negative reviews, stories or pictures posted about your health club on both Yelp and Facebook.

GoalPost was built from the ground up to help organizations such as health clubs, and it is a very different type of social media platform that helps organizations, such as health clubs, grow and develop their private social media forum where their membership interacts. GoalPost carefully monitors every post and filters out inappropriate comments. In fact,

the platform is so sensitive to bullying and/or negative comments that it's promoted by the CIF as the "Official Goal-Setting Platform for California's high schools." The high schools serve a population that really cannot take chances on social media. They understand GoalPost's tools and products for what they are, built from the ground up to help specific organizations.

The GoalPost platform is goal-centric, meaning the only initial GoalPost that can be made is a "goal." That goal must be written in S.M.A.R.T. format. By design, the comments of others relative to that "GoalPost" are supportive.

First, the GoalPost Response Initiative™ screens the post. It does not allow any foul language, nudity, bullying or anything defamatory or negative to be posted. Next, it proactively provides health clubs with any comments submitted for posting that it might deem inappropriate. This allows problems to be addressed before it surfaces on another social media platform. Finally, the goal-setter must approve a comment before it can be posted under their goal (The individual making the post sees his comment as if it has posted for all to see, but that greater visibility only occurs after the screening process).

Additionally, GoalPost provides a disgruntled client a natural alternative to a defamatory post on Yelp or Facebook. In the secure, private, positive atmosphere created by the GoalPost platform, he can complain via messaging directly to the health club owner, you, or a group leader you have established.

The unhappy individual will very likely use this means for direct communication prior to posting on Yelp, for it provides the ability to say exactly how one feels to those who can provide resolution. If he decides to "post" the comment instead, he will most likely first post on GoalPost. Either way he will be using the social media platform YOU have created to help your population set and attain their health and fitness goal. The platform they see each and every day includes your company branding and their personal goals.

Either way, the health club can now contain and mitigate the situation privately. You can respond to their message or proactively reach out to them knowing the nature of their complaint or discontent. From a psychological perspective, GoalPost allows your health club to diminish the negative situation the client wants to vent about by creating a positive association

where he can attain resolution. He can do this with you on the GoalPost social media platform. You've changed the game. He will still vent, but he will vent using the medium he's on and uses daily, the controlled social media platform you manage, your private GoalPost platform.

GoalPost has created other powerful tools for health clubs: a Robust Event Calendar, the ability to make announcements, the ability to create groups that can represent classes, challenges or mutual objectives. Owners and trainers can message those groups. Owners and trainers can also create prewritten goals for those group members to choose from, moderate their RSS Feed, send announcements to them and schedule events on the calendar that is specific to the GoalPost user.

For example, the event calendar of an individual in your swimming program and cross training class would reflect those events for that individual, while another person in swimming and walking would have his own calendar. Owners can then cross-pollinate from group to group by adding an invitation to a nutritional class or a special event to create further "stickiness." And, as noted previously, owners can hide any comments they don't see fit and remove individuals from groups and organization at any time. Users also have privacy settings.



Sam Johnson

They can set goals that don't appear on the post board and only appear to them via their daily goals email, text or via the app. Even though they don't engage in the social media, they still see their goals and your company logo each day, so you stay top of mind.

Take charge of your social media and establish presence on GoalPost today, the social media platform built from the ground up for companies such as yours. (Sam Johnson is the Founder and CEO of GoalPostPros, and he can be reached at sam@goalpostpro.com.)

PRIVATE INVITE ONLY COMPANY BRANDED SOCIAL MEDIA PLATFORM CENTERED AROUND SETTING AND ACHIEVING GOALS

The Goal Setting Platform designed for the fitness industry where:

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- You reach them daily to encourage and advance their efforts
- Your fitness staff can interact and guide their progress
- You profit as your member engagement and retention skyrockets!

GoalPost
 The first step to winning is setting a goal

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Get Amazon Fit

By: **Nancy Trent**

Amazon has become the primary online shopping destination in the United States. It's impacting every industry, including fitness. Unlike most businesses, Amazon is not concerned with turning an immediate profit. They are consistent, persistent and obsessive about pricing. Amazon has nothing to lose, which means most fitness brands have much to lose on it. However, if you are not selling your brand on Amazon, someone is, and they are making a profit that could be in your pocket.

It's more important than ever to learn how to navigate your business in the Amazon jungle. This jungle is a place where hundreds of millions of customers shop each month to find more selection across more brands than any brick and mortar store can possibly carry.

"Whether you make money or not, Amazon does," warned Buy Box Experts partner, James Thomson, former Head of Amazon Services. "It's like opening a brick and mortar store in the middle of a cornfield."

Being on Amazon is all about making money, and you're going to have to throw out all your old notions of how to run your business and build a brand if you want to compete. Amazon knows all. They know which products customers are searching for. They know what they buy, who the customers are, how many they buy and at what price they buy it. Amazon doesn't sell what people don't want.

Developing a distinct brand is a necessity. Making people want it; that's the magic. We live in an experiential society. People expect to be able to Google their way to knowledge.

"Hope rarely gets you where you want to go. On Amazon, you need to buy your way into the game. The reality is 20 - 40% of items sold on Amazon lose money," said Thomson. "Invest in eyeballs, and don't lose money."

According to Thomson, "Amazon is starting to weigh in by building its own private label brands that compete with national brands. Given Amazon's huge database of customer search and purchase data, Amazon is very effective at finding and filling product gaps with its own products. For a national brand to find its own profitable space on Amazon, the brand needs to invest in representing its brand catalog with high-quality listings (properly SEO optimized, videos, images, etc.) and expect to invest an advertising budget on Amazon specifically to ensure that it gets at least its fair share of traffic; otherwise, the brand may get nowhere near its fair share of traffic, as smaller private label brands and Amazon-owned brands gobble

up prime real estate on Amazon with paid placement."

Fitness centers and equipment companies can benefit from being a business buyer as well as a business seller through Amazon Business. Amazon Business is where you can sell in bulk or at wholesale to other businesses that have a purchasing department. If you sell fitness supplies to retailers and wholesalers, consider a store here.

For gyms and fitness centers that sign up to be customers on the Amazon Business platform, they will find thousands of products suitable for their operations (including janitorial products, linens, etc.) as well as exercise equipment, often sold at volume discounts or available for tax exempt purchase (where appropriate). Should any of the gyms or fitness centers have private label products of their own, the Amazon marketplace is potentially an additional source of revenue, selling branded products to consumers.

"Be careful about using the channel to sell other companies' brands; it is likely, practically every exercise brand is already being sold on Amazon," warns Thompson. "They are selling at prices that make it hard for a gym to be profitable as a seller. Instead, focus on brands of your own."

Amazon has invested heavily in recent months into the Business platform, and it now allows you to upload user instructions and manuals, safety information, safety data sheets, and more, making buying through Amazon an attractive prospect for buyers.

Amazon influencer Rachel Greer, Founder of Cascadia Seller Solutions, which is a consulting firm that provides solutions to small- and medium-sized enterprises to protect and build their brand on Amazon, advises, "As customers, gyms and fitness centers should sign up for an Amazon Business account. This allows them discounts from many sellers on Amazon, including equipment suppliers. You can also request reductions in price directly through the buyer-seller messaging app to submit a purchase order via Amazon."

"If you are shipping heavy/bulky items, you do have to apply for a special shipping template, but this is not restrictive. They simply need to know enough about

who you are to know that you do, in fact, need the heavy/bulky shipping template. With the template, you can upload listings with information like arranged freight delivery information and request an updated phone number from your buyer so that you can effectively deliver via LTL. Opening up an Amazon Business account with the heavy/bulky template allows you to reach many potential customers who may not have known who you were previously, and the best part is that signing up is contingent only when having a professional selling account with Amazon," explains Greer.

A lot of gyms offer a small retail section in their gym. "They can supplement their in-store sales with online sales as well," said Greer. "Another area that we see service businesses successfully utilizing Amazon is in the Storefront feature. Because you can include multiple videos, it allows you to feature your gym, your trainers and what makes your gym special, on top of the products that you sell. Lastly, Amazon is a good place to sell off end of season products; you can often get more by selling on Amazon than you can through liquidation channels."

Because the barrier to entry is so low in Sports and Exercise Equipment for small items, sellers on Amazon need to find ways to stand out from the crowd. The simplest and easiest way to do this is to have a strong marketing strategy and invest heavily to make sure you're on the first page.

Brands in the heavy/bulky space are successful when they provide detailed specifications on their product. The biggest problem for customers in this category type is spending hundreds of dollars and potentially getting the wrong item, then having to go through the hassle of a return.

Here are the basics you need to know:

Calculating Pricing: You can't control what price Amazon charges when you sell it to them in the retail division. In the marketplace, where you sell it yourself, you set your own price. There are many factors to consider when pricing for Amazon, including the following:

- How much you make per product;
- Your overhead;
- Return rate;



Nancy Trent

- How much it costs to process returns;
- Your margin before and after taxes; and,
- The cost of buying keywords and listings.

The Listing: As with any sales and marketing tools, you need to understand your audience before you connect with them. It's all in the positioning of the product you are selling. You need to develop a message that resonates with an increasingly jaded audience. Then, you need to deliver that message in an entertaining and engaging way that does not compromise the integrity of your product or brand.

Conversion rate is your indicator of success. You get people to Amazon with search terms; that's the creative, fun part for Greer. Once you get them there, you need to convert them.

Most of Amazon's marketing tools are now available on the marketplace. Those tools include storefronts. "You want to have great copy on your storefront and great lifestyle photos with saturated bright colors. Alternate between video and pictures," suggests Greer. "People shop based on feelings, not specs, so your bullets better clearly show what problems you solve."

"You don't get to see who looked at your page, just the overall rates of conversion," said Greer. "If Amazon.com is the seller on the marketplace, they control their own listings, you can make suggestions, but they ultimately control the listings. If you're a brand registered seller, you control your own listings. Amazon will only interfere if you're breaking the rules and someone reports you. You can see customer information, but you're not supposed to market to them. In fact, you can't even download the full address," Greer says.

Discoverability: Just because you list it doesn't mean anyone will see it. 90% of the
(See Nancy Trent Page 29)

More than 700 Capitol Hill Staffers Set New Participation Record in ACE Congressional Fitness Challenge

WASHINGTON, D.C. - ACE's 3rd Annual Congressional Fitness Challenge, a competition that tracks steps and other selected forms of physical activity for six weeks, drew a record number of competitors with more than 700 individuals from 64 offices, a more than 200% increase from last year. The competition spanned from February 5 to March 18, 2018.

The challenge provided members of Congress, their full-time staff and interns the opportunity to get more physically active in a congenially competitive way, to build camaraderie while doing so and to inspire their constituents to embrace physical activity as part of a healthy lifestyle. The friendly competition drew almost equal numbers of teams from both sides of the political aisle.

"When it comes to embracing physical activity, the U.S. Congress leads by example," says ACE President and CEO, **Scott Goudeseune**. "The fact that so many of our nation's leaders showed up to walk the talk is a true testament to our

collective commitment to build better health across our communities and our nation."

This year, ACE utilized *MoveSpring*, a walking challenge app that syncs to most activity tracking devices and apps to automatically track steps. Not only did this make it easier for participants to stay focused on being active, but it provided a real-time leaderboard that helped motivate teams to get moving. Offices were invested in the challenge, which has quickly gained popularity over the last three years. One participant stated, "This is always my favorite part about January."

2018 Congressional Fitness Challenge

Team Winners:

Top 3 Stepping Teams (average # steps-Senate and House combined): ■ Team Ferguson (GA-03) - 19,691 steps; ■ Team Diaz-Balart (FL-25) - 17,422 steps; ■ Team Katko (NY-24) - 16,520 steps.
Top Stepping Team - Senate (total # steps):



Representative Susan Davis' Staff Taking a Stretch Break in the Capitol Rotunda

■ Team Casey (PA) - 14,556,643 steps. ■ Team Cartwright (PA-17) - 8,797,600 steps.
Top Stepping Team - House (total # steps): (See **Congressional Challenge** Page 30)

...Nancy Trent

continued from page 28

work is going to come before you put your product on Amazon. You're going to want to create demand for the product, not hope that people will want it. The reality is that it takes time to get those third-party endorsements from journalists, bloggers, Instagrammers, celebrities, experts and ambassadors. In fact, it can take 7 to 11 times for someone to hear something they haven't heard before, so the discoverability campaign is something that should be started at least six months out and run year-round.

Hovering: When a product starts to make money on Amazon, you need to up your game. In addition to Amazon algorithm changes that come often, and often without warning, you need to be aware of market trends and cultural shifts. Always be nurturing your brand awareness to increase demand. This is how fads turn into trends. Fads start fast, are all over and then disappear. It's profitable to piggyback on a fad, but it's more lucrative to nurture a trend that develops over time, has roots, sprouts up everywhere and has non-stop growth and durability.

Prime: You can't navigate Amazon without understanding Prime. Recent estimates have the number of Prime subscribers at 80 million globally. If your competition is there, you need to be there. The Prime customer is more likely to buy if

they see the "Prime" badge.

Greer crunches the numbers for Prime. "If you're doing retail, you can be giving Amazon 30-60% of the sale, depending on your price arrangement. For FBA, a standard account gives 15% for the 'Referral fee,' then whatever the cost of shipping is, which can be very small or quite a large percentage of the sale, depending on your list price and the weight and dimensions of your packaging. If you ship something yourself, you only pay Amazon 15%. Exclusive sellers pay an additional 5% (20% total referral fee), and certain categories have lower fees, such as some parts of grocery costing 8% right now.

Search: Amazon search is a very powerful but secretive beast that takes into account your listing text and bullets (search terms), along with recent sales velocity, listing conversion rate, image count and reviews. It weighs all of these factors together across their vast network of products to arrive at a final, ordered list that is presented to users.

Ratings can make or break your product listing on Amazon, so it's vital to acquire as many positive reviews as possible and prevent negative exposure.

"People don't realize that Amazon is a search tool. Think Google," says Greer. PR and social media is how you get people to click. Once they click, you get ranked for specific keywords. The search results are set up by keywords not product. This is hard for people to grasp who are used to traditional retail. It's not good enough for

people to know your brand; you need to increase your rank on your search terms.

Endorsements: People buy what people want. People want what other people tell them about. They want what makes them feel good. The third-party endorsement is going to be the most valuable asset on Amazon. In business today, it's not what you say about your company that counts, it's what others say that leads to sales.

When you see a product on the *Today* show, read about it on *Refinery29*, notice it's been on the *O List* or it shows up in your Instagram feed, that's when you start to believe you really need it. If you already have it, it reinforces your appreciation for it and makes you want to share your experience with it, too.

Thompson himself works with large brands trying to perfect their Amazon game. He knows from experience that most searches start by category, and fitness and sport can do well on the platform, especially items with repeat purchases.

"There are over 400 million products on Amazon," he says. "You need to be prepared, and give it time."

"Having a solid external to Amazon PR strategy, along with well-optimized pages and strategic keyword bids for your ads is the trifecta for success on Amazon," offered Greer. "When customers search for your brand specifically, along with the product name, such as "[brand name] kettle ball," you rank both for your brand name and 'kettle ball,' so those future customers who just searched for 'kettle ball' are now

more likely to see you. So, PR helps you on Amazon, and since so many people start their search for products on Amazon, Amazon helps you get known to new customers, too."

There are plenty of opportunities for the fitness industry on Amazon. Get started and get the help of experts if you can...

"Anyone who's been on the inside at Amazon admits they have their own quirky language and ideas, and they are encouraged to invent more," explains Greer.

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

...Congressional Challenge

continued from page 29

Individual Winners:

Top 5 Senate Steppers (total # steps): ■ Jerry Arteaga (Team Burr - NC) - 1,031,948 steps; ■ Cole Lyle (Team Burr - NC) - 957,114 steps; ■ Ann Hawks (Team Burr - NC) - 879,508 steps; ■ Sarah Benzing (Team Brown - OH) - 864,144 steps; ■ Bryan Wells (Team Roberts - KS) - 771,168 steps.

Top 5 House Steppers (total # steps): ■ Bill Rockwood (Team Soto - FL-09) - 1,536,015 steps; ■ Lee Lonsberry (Team Bishop - UT-01) - 1,367,268 steps; ■ Rolando Chavez (Team Gomez - CA-34) - 1,261,895 steps; ■ Roberto Gama (Team Gomez - CA-34) - 1,249,647 steps; ■ Kevin Dollhopf (Team Dingell - MI-12) - 1,240,393 steps.

A special congratulations to the two top performing members of Congress,

Senator Richard Burr (R-NC) and Representative Rob Bishop (R-UT-01), who both finished in the top 15 on the Senate and House sides, respectively.

Teams are already looking forward to next year's challenge. Senator Richard Burr's (R-NC) commented, "It was a team effort, and Team Burr is already gearing up for next year to take the top spot!"

"The challenge is appropriately named. It certainly was a challenge. It was a motivational way for my staff to interact beyond the office. I'm ready for next year," said Representative Rob Bishop (R-UT-1).

According to the Centers for Disease Control and Prevention, 117 million Americans have at least one chronic disease, and 79 percent of American adults do not meet the government's national physical activity recommendations. Overwhelmingly, studies show that physical activity plays an important role in the prevention and management of obesity

and chronic diseases. Roughly 86% of the nation's annual healthcare spending could be reduced through healthier lifestyle choices, including increasing physical activity levels.

The American Council on Exercise's annual Congressional Fitness Challenge will be back next year with registration beginning on January 14, 2019.

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Thanks and Appreciation

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

A very sincere **Thanks and Appreciation** go to **Rick Caro, Dr. Gerry Faust** and the **Faust Executive Roundtable #1** for helping me decide in 1993 what my home-based business would be. **Thanks and Appreciation** to my long-time friends, **Ron Hudspeth** and **Cathy Miller** of **Atlanta's Hudspeth Report** for the tremendous assistance they provided us during our *first eight years of publication*. **Thanks and Appreciation** to all of the folks at **Walton Press** in Monroe, Georgia. They've done an absolutely excellent job for us all these years and have printed every one of our **293** 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. We also want to say sincere **Thanks and Appreciation** to all of our **Club Insider Contributing Authors**, past and present, who've contributed *thousands* of excellent articles to help our readers with their Best Business Practices. **Thanks and Appreciation** to **IHRSA** for all it does.

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

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

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

Norm Cates, Jr.

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