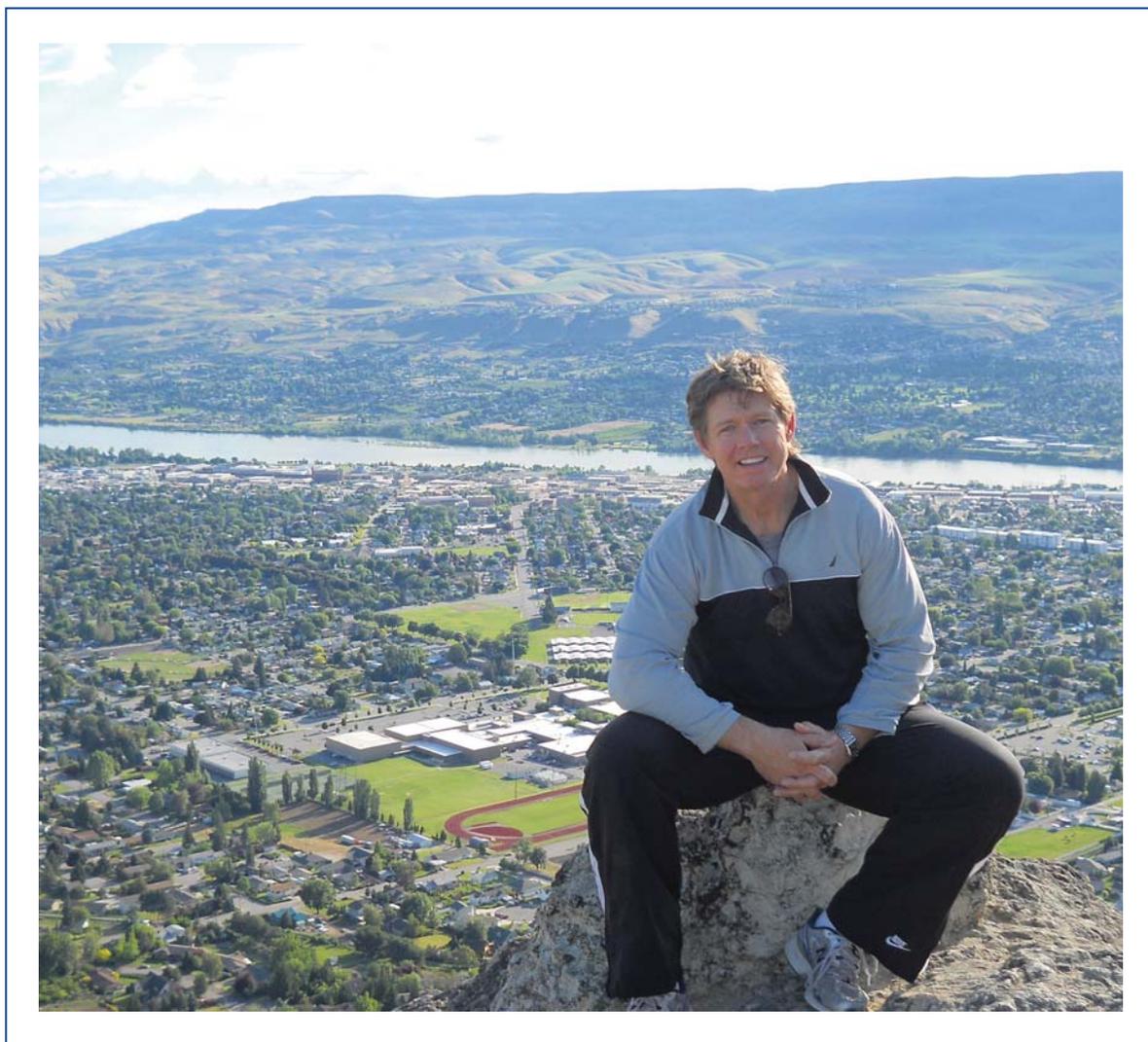


Norm Cates' **CLUB INSIDER**TM

The Pulse of the Health and Fitness Club Industry



Blair McHaney's Gold's Gyms *Making a National Brand Feel Local*

JUNE 2011

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Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

Blair McHaney's Gold's Gyms

Making a National Brand Feel Local

By: Justin Cates

We all know the major national and worldwide health and fitness club brands. Some are large and getting bigger, and others are coming of age. Economies of scale gives them the ability to make media buys on par with their size, keeping their brand top-of-mind in respective markets. This alone can drive traffic through their doors, both in large communities as well as small ones. Some, however, forget one important thing. Genuinely connecting at the local level, deep within a community, can make a difference. It can make a difference in the eyes of local citizens, which can then make a difference on the club's bottom line. In the town of Wenatchee, Washington, and its sister neighbor, East Wenatchee, this is exactly what Blair McHaney has done with his two Gold's Gym locations.

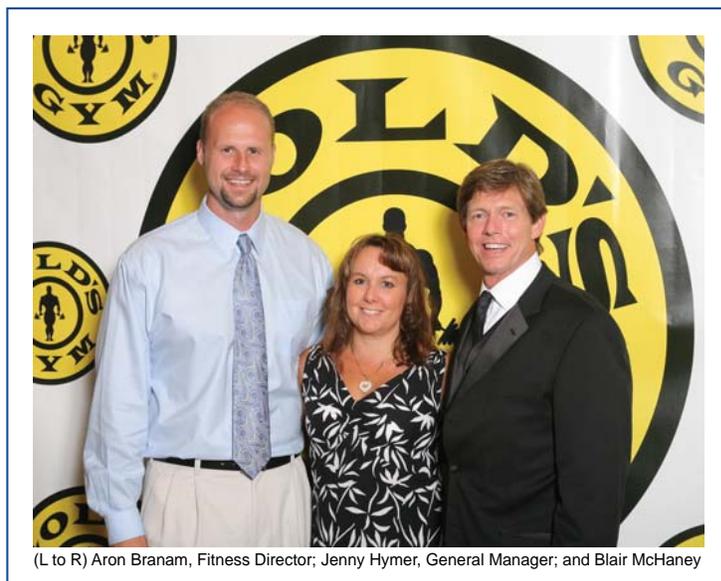
Wenatchee and East Wenatchee are not large cities. They are small towns

driven by local agriculture with the growing of cherries and apples. Every year is a fire drill, as Blair puts it, and people know their neighbors, from down the street to across town. What he has done with his Gold's Gyms, though, is on this same level. From personalizing the club's look and feel to the local neighborhood it is in, actually recycling an abandoned school and keeping its historical basketball floor intact, to award-winning community outreach efforts, the Gold's Gyms in Wenatchee and East Wenatchee are truly part of the community.

This is the essence of the Gold's brand, though. As Blair says in the interview that follows, "The way Gold's Gym succeeds is by being able to morph to its community and not have that cookie cutter box. The cookie cutter box would be the death of the Gold's Gym brand."

At the national level, though, Blair has also been deeply involved. On

(See *Blair McHaney Page 10*)



(L to R) Aron Branam, Fitness Director; Jenny Hymer, General Manager; and Blair McHaney

Government Launches New Dietary Guidelines Campaign: ChooseMyPlate.gov

WASHINGTON, D.C. - First Lady Michelle Obama and Agriculture Secretary Tom Vilsack have unveiled the federal government's new food icon, MyPlate, to serve as a reminder to help consumers make healthier food choices. MyPlate is a new generation icon with the intent to prompt consumers to think about building a healthy plate at meal times and to seek more information to help them do that by going to www.ChooseMyPlate.gov. The

new MyPlate icon emphasizes the fruit, vegetable, grains, protein and dairy food groups. "This is a quick, simple reminder for all of us to be more mindful of the foods that we're eating, and as a mom, I can already tell how much this is going to help parents across the country," said First Lady Michelle Obama.

"When mom or dad comes home from a long day of work, we're already

(See *Choose My Plate Page 6*)

Leve, AFIRM Part Ways With SGMA

SILVER SPRING, MD - Citing weaker than anticipated pre-registered attendance, AFIRM, the Association of Fitness Industry Retailers and Manufacturers, announced the cancellation of the AFIRM Showcase Tour event, June 6-7 at the Marriott Inn and Conference Center in suburban Washington, DC.

The event was to have been the second of three 2011 AFIRM Showcase Tour events and would have featured over 35 seminars, panel discussions and presentations, including some of the fitness

industry's most well-known speakers.

"We'll never knowingly put our members' investment in jeopardy," said AFIRM Executive Director, Chuck Leve. "We had an awesome educational agenda, strong exhibitor base and some great social events planned, but the numbers just weren't there."

"We're working with all parties to limit their out-of-pocket expenditures," said Leve. "To a company, our members have been appreciative of our decision."

(See *AFIRM/SGMA Page 6*)

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- Member Self-Service is the New Full-Service - **By:** Steve Ayers
- Open Your Fall Season With An Open House! - **By:** Sandy Coffman
- Vision For a Healthier, More Prosperous America

Norm's Notes: • United States Government Drops Food Pyramid • Planet Fitness to Reach 500 Locations By 2012 • Congratulations to Joe Shank and Almaden Valley Athletic Club Celebrating 35 Years! • Another one bites the dust! Trade show, that is... • Chuck Leve and AFIRM Part Ways With SGMA • Club Industry Show Coming October 12 - 14th • Joe Cirulli Tutorials on INC.com • Phil Wendel Reports ACAC Growth • RUSH Fitness Opens 23rd Location • Congratulations to Mike Motta! • Joining Forces Initiative Launched June 1st • Urban Active Responds to BBB Complaints • Stories of Theft • Anytime Fitness to be Honored • Apologies to Anthony Vivoamore • Are You a Paid Subscriber?

- Horsham Athletic Club Grand Opening
- Rochester Athletic Club Honored
- The Rush Fitness Complex Has It's 23rd Grand Opening Celebration
- Mike Motta Becomes Plus One Chairman
- ICAA Warns Consumers to Beware of "Graywashing"

Norm's Notes

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

•**Is America a great country** or what! **WEINERGATE!** Hmm... Hmm... Hmm!

•The **United States Government** has dropped the **Food Pyramid** that it has used for years to teach nutrition to Americans and is now using what they call **MyPlate** (See **Press Release** on **Page #3**). It's interesting to note here that industry veteran, and long-time friend, **RAY GORDON**, has been using a similar plate image in his sales efforts as far back as four or five years ago. To learn about the plates available through **JAIME BRENKUS'** company, **Slim&Fit**, go to www.slimandfit.com or call (440) 352 - 4300.

•Speaking with **Planet Fitness Founder, MIKE GRONDAHL**, the other day, I learned his new title, "**Chief Lunk.**" The Chief Lunk title ties into the now famous Planet Fitness **Lunk Alarm** that is sometimes sounded when weight lifting members slam down their weights, causing an intimidating environment for other members, behavior that Planet Fitness management won't tolerate. We both had a good laugh about his new title. Mike has one of the best marketing minds in our industry, and the company's TV ads last

year showing muscle bound dudes in a Planet Fitness center took humor in health club marketing to a level it's not been since the days of Doug Levine in the late 1980s/early '90s, when he owned Crunch Fitness. Planet Fitness is not ordinary because of several factors, and one big one is that they keep things simple. For example, last year, Mike Grondahl announced that they were banning personal training in all Planet Fitness centers, both corporately and franchisee owned. Speaking to him about that personal training decision, he said, "Getting out of personal training is one of the best things we ever did!" He explained that this change is making his members happier because they don't have personal trainers incessantly asking them to *buy a PT package*. There are now 438 operational Planet Fitness locations, and the company is growing despite the soft economy and have another 60 openings scheduled by the end of 2011, bringing the total to 500 Planet Fitness centers open by 2012. Kudos to the 200 Planet Fitness clubs that raised **\$370,200** from May 1st - 10th for **The Breast Cancer Research Foundation**. They donated \$10 per membership for all the memberships sold during that time period.

•**Congratulations** to **JOE SHANK** and his team at the **Almaden Valley Athletic Club** in San Jose, California, as they're celebrating their **35th Anniversary!** In

honor of its 35th Anniversary, the club is inviting their community to the **Sizzling 'n Safe Summer Fun Open House** on **Saturday, June 25th** from 7AM to 3PM. Parents can bring their kids to the open house and have them participate in kid-friendly exercise classes and activities, including the opportunity to win one of several bikes being raffled throughout the day. There will also be a carnival, mini-health assessments and specialty fitness classes for adults. To ensure a safe summer, the **American Red Cross** will share related safety tips; **AVAC lifeguards** will hold a water safety demo; and the **Santa Clara County Sheriff's Department** will offer free child fingerprinting. The **Stanford Bloodmobile** will also collect blood donations from able residents. For the full event schedule, go to www.avac.us/sizzlingsummer.

•**Another one bites the dust!** *Trade show*, that is... First came the announcement a couple of months ago by **Club Industry** that they were pulling the plug on their **Club Industry East Show** scheduled for **New York City** this month, a *very wise move*. Then, last week came the news that the second **AFIRM Showcase**, scheduled for June in the **Mid-Atlantic** area, had been canceled by **SGMA** and **CHUCK LEVE**, another *wise move*.

•On top of that, industry publishers have received an email from **CHUCK LEVE** stating that he and **SGMA**, with whom Leve created the **AFIRM Showcase**, had parted company as of June 3rd (See **Press Release** on **Page #3**). We wish Chuck well wherever he lands. And, I predict he will



Norm Cates

land somewhere good... someplace that needs a great salesman, because for sure, Chuck is that. I won't disclose the next industry trade show shoe that is possibly going to drop because there is still a chance that it will go on **IF** the producers are able to land a big advertiser they've been talking with about sponsoring the event. **Stay tuned** for news that I hope, for the veteran show producer, will be **good news**.

•*These are not just tough times for some club operators... They're tough times for trade show and publisher folks, too.* On a positive note, **Club Industry's Trade Show** floor plan chart shows **87 vendors** signed up already for the **October 12-14th event** (Trade Show 13th and 14th). I'm happy to report that my good friend, **RED LERILLE**, now a 48-year veteran club owner in Lafayette, Louisiana, will be (See *Norm's Notes Page 7*)

About Club Insider

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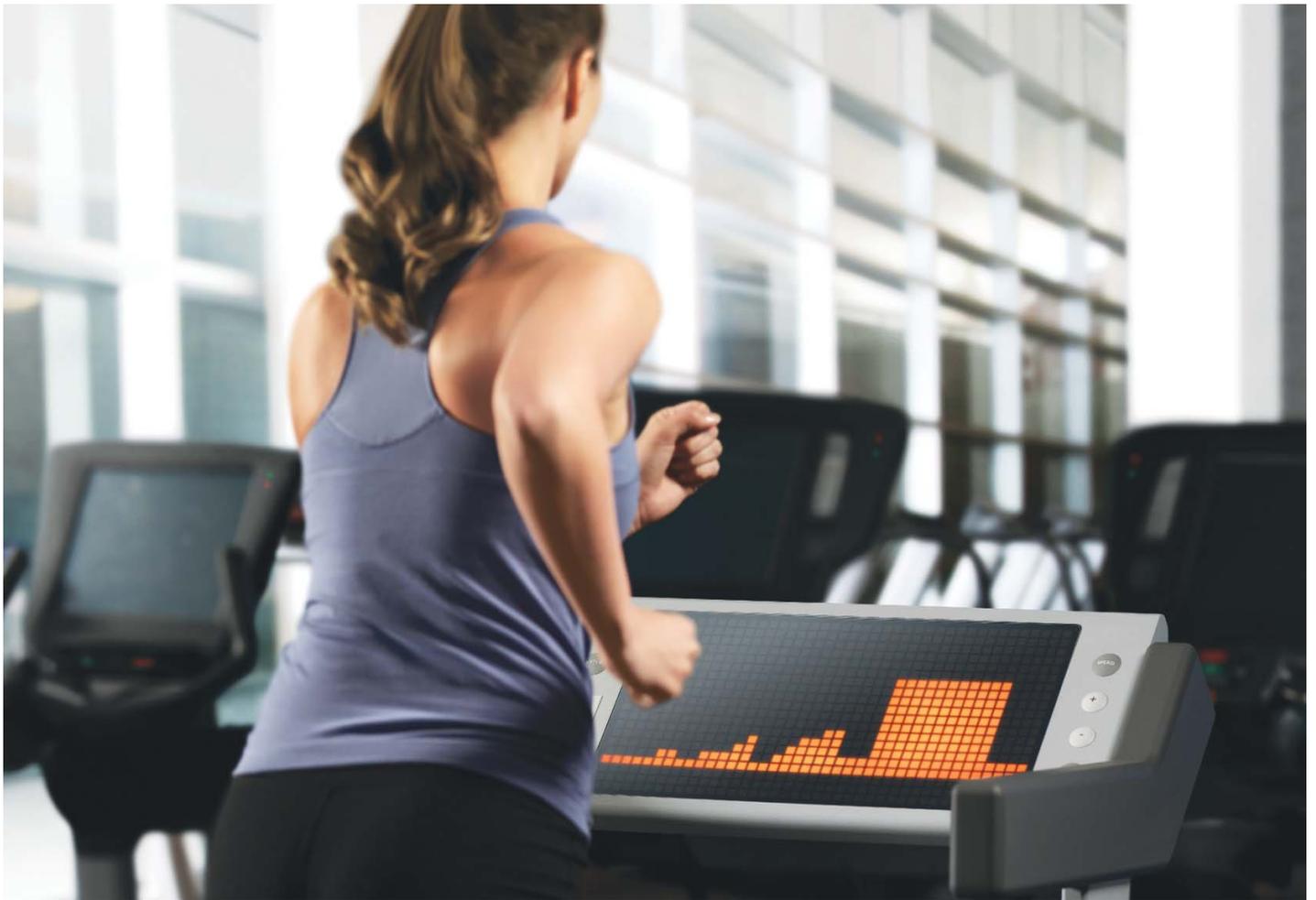
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Vision For a Healthier, More Prosperous America

A Unified Game Plan For The Entire Industry

What is the Vision for a Healthier, More Prosperous America?

It's a unified game plan for the entire fitness industry to make America a culture of wellness from the ground up, by encouraging local clubs to work together to advocate for health promotion legislation, both at the state and federal levels, and to also work toward making their clubs valuable community resources for disease prevention and healthy living.

The Vision is a set of five principles of a culture that views primary prevention and healthy lifestyles as the key to good health and managing health care costs.

The Vision is predicated on Senate Resolution 97, passed unanimously by the United States Senate on March 9th, 2011. The resolution encourages exercise to prevent disease, combat obesity and lower health care costs. Its passage signals that our country's leaders now fully recognize the importance of exercise to our nation and its people.

The Vision for a Healthier, More Prosperous America:

1. The prevention of a disease before

it occurs, including regular exercise, healthy eating, avoidance of tobacco and other controlled substances, stress management and routine medical exams, is critical to the public health and future economic competitiveness of our country. It saves lives, encourages increased individual responsibility, increases worker productivity, and lowers federal health care expenditures.

2. As individuals, professionals and taxpayers, we must recognize and encourage the role of primary prevention in reducing the toll that chronic diseases have taken on our country.

3. Since the late 1980s, roughly two-thirds of the increase in health care spending in the United States has been due to the increased prevalence of treated chronic disease. Today, about half of all Americans suffer from one or more chronic disease. A greater emphasis on primary prevention would significantly reduce the annual cost of treating chronic disease (currently \$1.5 trillion) in the United States.

4. According to The Centers for Disease Control and Prevention, primary pre-



vention may prevent 80% of heart disease and stroke, 80% of type 2 diabetes and 40% of cancer. A greater emphasis on primary prevention would significantly reduce the incidence rate of preventable chronic disease.

5. Individually and collectively, we must help our citizens, legislators and community leaders understand and respond to the documented correlation between chronic disease and primary

prevention. We must actively promote public policies and principles that promote primary prevention and personal responsibility, such as financial incentives, and that remove barriers to healthy lifestyle choices. We must also support businesses, health professionals and local public health communities to encourage individuals to accept personal responsibility for many aspects of their own health through the active practice of primary prevention.

...Choose My Plate

continued from page 3

asked to be a chef, a referee, a cleaning crew, so it's tough to be a nutritionist, too. But, we do have time to take a look at our kids' plates. As long as they're half full of fruits and vegetables and paired with lean proteins, whole grains and low-fat dairy, we're golden. That's how easy it is."

"With so many food options available to consumers, it is often difficult to determine the best foods to put on our plates when building a healthy meal," said Secretary Vilsack. "MyPlate is an uncomplicated symbol to help remind people to think about their food choices in order to lead healthier lifestyles. This effort is about more than just giving information, but it is a matter of making people understand there are options and practical ways to apply them to their daily lives."

Originally identified in the Child Obesity Task Force report, which noted that simple, actionable advice for consumers is needed, MyPlate will replace the MyPyramid image as the government's primary food group symbol as an easy-to-understand visual cue to help consumers adopt healthy eating habits consistent with the 2010 Dietary Guidelines for Americans. MyPyramid will remain available to interested health professionals and nutrition educators in a special section of the new website.

ChooseMyPlate.gov provides practical information to individuals, health professionals, nutrition educators and the food industry to help consumers build healthier diets with resources and tools for dietary assessment, nutrition education and other user-friendly nutrition information. As Americans are experiencing epidemic rates of overweight and obesity, the online resources and tools can empower people to make healthier food choices for themselves, their families and their children. Later this year, USDA will unveil an exciting "go-to" online tool that consumers can use to personalize and manage their dietary and physical activity choices.

Over the next several years, USDA will work with First Lady Michelle Obama's Let's Move! initiative and public and private partners to promote MyPlate and ChooseMyPlate.gov, as well as the supporting nutrition messages and "how-to" resources.

The 2010 Dietary Guidelines for Americans, launched in January of this year, form the basis of the federal government's nutrition education programs, federal nutrition assistance programs and dietary advice provided by health and nutrition professionals.

The guidelines messages include:

Balance Calories

- Enjoy your food, but eat less;
- Avoid oversized portions.

Foods to Increase

- Make half your plate fruits and vegetables;
- Switch to fat-free or low-fat (1%) milk;
- Make at least half of grains whole grains

Foods to Reduce

- Compare sodium (salt) in foods like soup, bread and frozen meals and choose foods with lower numbers;
- Drink water instead of sugary drinks.

Coupled with these tested, actionable messages will be the "how-to's" for consumer behavior change. A multi-year campaign calendar will focus on one action-prompting message at a time starting with "Make Half Your Plate Fruits and Vegetables."

"What we have learned over the years is that consumers are bombarded by so many nutrition messages that it makes it difficult to focus on changes that are necessary to improve their diet," said Secretary Vilsack.

"This new campaign calendar will



help unify the public and private sectors to coordinate efforts and highlight one desired change for consumers at a time."

As part of this new initiative, USDA wants to see how consumers are putting MyPlate in to action by encouraging consumers to take a photo of their plates and share on Twitter with the hash-tag #MyPlate. USDA also wants to see where and when consumers think about healthy eating.

...AFIRM/SGMA

continued from page 3

Several days later, in a separate release:

EVANSTON, IL - AFIRM Executive Director, Chuck Leve, and AFIRM's parent organization, the Sporting Goods Manufacturers Association (SGMA), have

parted ways, effective as of June 3, 2011.

"I want to thank Tom Cove and the SGMA Board of Directors for the opportunity to help create AFIRM," said Leve. "I continue to believe wholeheartedly in the concept of a trade association representing our industry's manufacturers and retailers."

...Norm's Notes

continued from page 4

honored by **Club Industry Magazine** with their **Lifetime Achievement Award!** Red Lerille is arguably one of America's top club owner/operators, along with guys like **JOE CIRULLI**, the now retired **CURT "BROTHER" BEUSMAN, PhD** and **JIM GERBER**. So, we urge you to register yourself and your key staff members to attend the Club Industry Conference and Trade Show in October. Go to www.clubindustryshow.com, and if you're a manufacturer or service provider, we urge you to contact **SAM POSA**, the **Club Industry Trade Show Exhibitor Sales Manager**, to *reserve your booth today!* Sam can be reached at **(800) 254 - 9154**. I do hope to see you at our **Booth #447!**

•Speaking of great club operators, and mentioning **JOE CIRULLI** of the **Gainesville Health & Fitness Center** in Gainesville, Florida in the previous Note, I learned today from **IHRSA's JOE MOORE** that Joe Cirulli has been featured on an **INC.com video tutorial page** focusing on **how to run effective meetings**. In the tutorial, Joe suggests that separating short-term operational meetings from long-term strategic meetings results in each meeting being more productive. For the short-term operational meetings, he advises that they be held frequently and that they are kept short. Long-term strategic meetings can be held less often and off-site to discuss long-term planning.

•**PHIL WENDEL**, **Founder** of the **Atlantic Coast Athletic Clubs (ACAC)** and **former IHRSA Board Member**, sent us an update on his three Atlantic Coast Athletic Clubs, and it is, to say the least, very impressive. ACAC has locations in **Richmond and Charlottesville, Virginia** and **West Chester, Pennsylvania**, which on January 1, 2011, had a total of 16,883 membership accounts (individuals, couples and families). That total increased to **17,394** by May 31st. Their collective annualized growth rate for 2011 (12 months assumed) is on track to equal 7.3%. On the attrition side, ACAC's attrition is tracking to end the year at 24%, close to as good as it gets! **They've had 1,593 medical referrals (PREPS)** during the first five months of this year compared to 1,201 during the same five months of 2010, a net percentage gain of just under 33%. They have also purchased the land to build a second club in **Richmond**, and that deal is still in development.

•**LARRY GURNEY's RUSH Fitness Complex**, based in Knoxville, Tennessee, is set to open their 23rd location this **Saturday, June 17th** in **Greenville, South Carolina**. We wish Larry and his Team well as they continue to grow. Larry Gurney is one of this industry's best club marketers, and one of Larry's best talents

in the marketing realm are his outreach programs. For example, on May 23rd, The RUSH Fitness Complex and the **Tennessee Orthopedic Clinic** teamed up to hold an **Awareness Seminar** for the **Oak Ridge, Tennessee** community. The seminar addressed *Common Shoulder and Knee Conditions and How to Recognize, Treat and Prevent These Conditions*. The seminar was conducted by Board-Certified orthopedic surgeon, **Dr. SEAN GRACE**, fellowship-trained in sports medicine and arthroscopy. The focus of the seminar was on avoiding injury and pointed out which exercises have a potential for injury and which are essential to include in a planned workout and treatment regime. The seminar was scheduled to last an hour, but because of a tremendous amount of interest and the many questions and answers about the subject, *it ran two hours longer than anticipated!* One of the many secrets to Gurney's success is that, throughout the year, The RUSH Fitness Complex organization holds many informative seminars at all of their locations. If you're not doing this for your club(s), you're missing the boat!

•**Congratulations to MIKE MOTTA** and his **Plus One Team**, as Mike has taken the title of **Chairman of Plus One** in **New York City**. Check out the **Press Release** on **Page #23**, which also shares the promotions of **CHRIS CIATTO** to **CEO** and **TOM MARADAY**, who will assume the role of **Chief Development Officer**. **Congratulations to all!**

•**June 1st** was the official launch date of the **Joining Forces Initiative**, a partnership between **IHRSA** health clubs and the **White House** to aid military families and remove barriers to healthy lifestyles. Participating clubs across the country are giving back to the honorable men and women in uniform by opening their doors and offering free 6-month memberships to immediate family members of actively deployed Reservists and National Guard members. Clubs may also provide additional benefits, such as child care, children's programming, group classes, discounts for veterans and discounts for active duty families. Spouses and teenage-children can find participating clubs in their area online at www.healthclubs.com. **IHRSA** would like to commend the clubs that have already signed up as **Founding Members** of the Network and ask those who still have yet to do so to lend their support to this industry-wide mission today. Make a positive impact in your community by helping a family in need. Join the **IHRSA Joining Forces Network** today!

•**ROYCE PULLIAM's Urban Active** is now faced with four lawsuits. There is good news, though, as Urban Active has started to respond to complaints filed by consumers to the Better Business Bureau (BBB), and by doing so, has seen their **BBB Rating** improve from an **"F"** to a **"C."** **Congratulations to ROYCE PULLIAM** on that positive effort.

•Here's a couple of *stories of theft in our industry* that just might *make you cringe!*

Story #1: New Zealand - I received an emailed report from **PAUL RICHARDS**, one of our friends down under in **New Zealand**. Paul and his wife, **TINA**, own a chain of ten clubs called **Club Physical** that included one *franchised club*, for which he owned the club and the equipment. Paul reported a robbery at his franchised club where they loaded all of the equipment into a big panel truck in the middle of the night! The thieves took hours to load the equipment, and the club's security video captured all of that work by about six people as they robbed the place. Paul wrote:

"Last Tuesday morning, I received a member complaint call that she couldn't get in for a workout and shower because our franchised Women's gym in the central CBD was closed. I immediately drove to the city and discovered a roughly printed sign stating, 'Sorry, closed two days for renovations.' I later found out that our loyal receptionist had been told at the close of her shift that day, 'By the way, you won't be needed for two days because we'll be renovating.' Our trainer was awakened by a text at 2AM stating the same. But, a far more sinister plan had taken place. We had franchised the gym to a lady named **CINDY McDONALD** last April, who had been coached and expected to *add* to the business."

Note: Cindy McDonald is being referred to as **"The Pink Lady"** because of the pink t-shirt she was wearing in the **YouTube Video** that captured the entire theft.

"Ongoing advice wasn't taken and our systems not followed. Training meetings were not attended. Accounts fell behind. And then, this surprise... We were suddenly left liable as a lease guarantor to serve our valued members and to pay significant rent on a gym that had been stripped bare overnight. You will see by the **CCTV** footage that the Police *did* arrive after a landlord complaint. The **"PINK LADY"** spun a yarn to them and was allowed to get away with just being ordered to put back what she had taken. You can see this on video. What the video doesn't clearly show though is that she had *already removed* truck loads of equipment from the gym. In the morning, when I discovered this, I called the Police to see if we could quickly track down the rest of the gear. But, because she was a franchise operator, they basically said, 'Do it yourself.' Rather than dwell on the negative, we have chosen to look ahead and seize the **POSITIVE**. Tina, I and the team have retaken over the operation of the gym, contacted all members and quickly purchased an entire new gym fit-out. Classes returned within 48 hours, and we had a brand new StarTrac cardio gym up and running within seven days. The resistance equipment was installed

yesterday, with more being shipped from the United States. Our goal is to use this *challenge* as a learning curve and to make **Club Physical Women** in the Auckland CBD *twice* as good as before! We're in a very positive industry; we love it and do a lot of good for many, so the show must go on! To help us, look at the lighter side of life, and we've completed a little editing to security footage since discovered. Hope you also see the funny side and have a laugh along with us."

Well folks, at this point, to see the YouTube Video showing this outrageous theft you'll have to contact Paul Richards directly, as he's pulled the video off YouTube because The Pink Lady has threatened to sue him for showing the video. I'm sure there's a way he can share it individually with you. You can contact Paul at **PaulR@clubphysical.co.nz**, and if you contact him, please indicate to him you received his contact information from **CLUB INSIDER**.

Story #2: India - This one came to me from India, by way of **CASEY CONRAD**, and is about an **Anytime Fitness** facility in the city of **Kalyaninagar** that reportedly served 1,300 members. The report I obtained stated that **Chairman and Managing Director, CHANDAN LUNAWAT**, closed the gym without notice on May 1st by posting a sign saying the club would be closed for one week for maintenance. The gym has not been open again since then, and Lunawat's whereabouts are unknown. Lunawat left everybody holding the bag, including the landlord for four months of rent, the employees who went unpaid and all the members, including everybody who had pre-paid for a lifetime membership and people who had paid monthly and quarterly fees. To follow up on this situation, I contacted **Anytime Fitness Founder, CHUCK RUNYON**, and asked for comment. Chuck responded right away, and **Anytime Fitness' National Media Director, MARK DALY**, provided the following comment about the situation in India:

"We are proud of our position as the world's largest chain of health clubs for men and women, with over 1 million members and 1,600 locations operating in nine countries on three continents. Our success has been built by our commitment to enriching the lives of our members through convenience and better health and our franchisees through ownership in a proven franchise system.

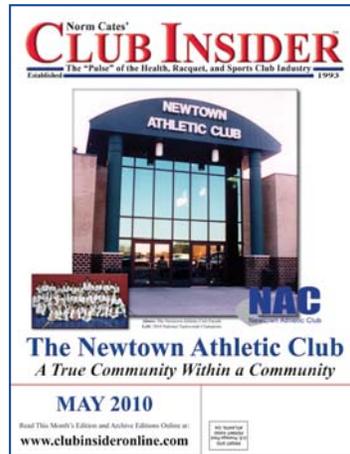
In India, unfortunately, the licensee of the Anytime Fitness brand took great liberties with our traditionally low-investment model, creating a bloated corporate infrastructure and adopting practices which are contrary to global standards of health club management. In spite of our stern warnings, our master franchisee frequently deviated from our
(See Norm's Notes Page 8)

Horsham Athletic Club Grand Opening

HORSHAM, PA - After several months of build up, the Horsham Athletic Club opened the doors of a beautiful fitness facility in the Philadelphia area. Doug Steinly, formerly of HealthQuest of Hunterdon, NJ, is the President and owner, along with the Newtown Athletic Club, of this premier 50,000 square-foot facility, designed by the award winning Ohlson Lavoie Collaborative under the direction of Hervey Lavoie.

Some of the exciting features include three group exercise studios and a spin studio; a full service café; fully-equipped, spacious fitness center with a track for sports drills; state-of-the-art kid's club, which boasts a teen room with foosball, Wii and air hockey; locker rooms with every imaginable amenity and a private community room for special events and parties.

Over 500 local dignitaries, community members and club members attended a grand opening cocktail party while enjoying club services and winning prizes. Owner, Doug Steinly, remarked,



"My goal for the club is to provide the finest fitness services and facilities, while making a significant contribution to the wellbeing of the community, both physically and economically."

For more information, go to www.horshamathletic.com.



The Horsham Athletic Club in Horsham, PA

...Norm's Notes

continued from page 7

systems and charted his own course.

As a result of these breaches, we delivered a notice of termination of our agreement to our master franchisee at the beginning of May, 2011. Regrettably, we were unable to apply resources from overseas to protect the numerous individuals that have been affected by this problem, including club members, staff, landlords, vendors, respected financial institutions and a prominent Bollywood celebrity.

Anytime Fitness is actively searching for alternatives to reopen the clubs, and we remain committed to the fitness business and to improving the lives of our members, staff and franchisees, in India and around the world."

• On a very positive note about **Anytime Fitness**, check out this news that **MARK DALY** sent me about the company. Anytime Fitness will be named one of the **Top 10 Most Successful Franchises** by **CNN.com/money**. That's Top 10 franchises of all types, not just fitness club chains. Daly says they have also been notified by a major newspaper that Anytime Fitness will also be honored as a **Top Place to Work**. And, the company growth continues now with 1,600+ locations in 49 States and coming soon to Hawaii and nine countries. Daly said that for three years in a row, Anytime Fitness has opened 300 clubs or more. Daly also reports that their international business is thriving with nearly 100 new clubs open in Australia, with plans for 200 more in Australia and New Zealand in the next five years, and Anytime Fitness has also

recently opened in Mexico, the United Kingdom, Japan and the Netherlands.

• In case it never occurred to any of you, one reason fitness clubs in Europe, Asia, South America, Japan and other countries have boomed over the past 15 to 20 years is because those countries do not have the history of industry-damaging situations like the U.S. did from the 1950s until the early '80s, before IHRSA came about and began to help establish our industry as a more legitimate one. Well, it looks like some of the operators in countries around the world are hard at it now, hard at damaging the reputation of our industry in their own countries! Pick an industry... any industry, and you'll find bad things happening. The key for our industry is how great the *vast majority of health and fitness club operations of today are thanks to your efforts.*

• I owe **ANTHONY VIVOAMORE**, an **Anytime Fitness** club owner in **Groton, Massachusetts** and other **CLUB INSIDER** readers an **apology**. Here's the deal. A couple of months ago, in our April edition, I published an interview with **MICHAEL BRUNO**, the new owner of **Star Trac**, and admittedly, I reported what Mike said in our interview without searching around for **Star Trac** owners who are unhappy with **Star Trac** customer service, as is **Anthony Vivoamore**. Anthony's scathing email dated May 31st, in which he is very upset about the poor customer service at **StarTrac**, is one for the books and too long to publish here. Suffice it to say, he criticized **Star Trac** customer service up and down and then attacked me for not searching out unhappy **Star Trac** customers

for their comments in the article. **My Apologies!** Now, he's taken care of that for me. So, for the record, I did ask **Michael Bruno** about their customer service in the second question of our interview which was, "**How are you doing on getting spare parts out to existing U.S. Star Trac customers?**" **Bruno's** response first was that **he laughed**, and he said, "**I don't know what you mean by that.**" Then, **Bruno** went into an in-depth explanation of the things **Star Trac** has been doing to improve customer service since he took over. Well, obviously, **Michael Bruno's** customer service department has not pleased **Anthony Vivoamore** of **Groton, Massachusetts** yet, but I'm hoping they will because I do believe **Mike Bruno** genuinely wants to provide perfect **Star Trac** customer service, which is a tall order when you start with 4,000 or 5,000 backed up customers like **Bruno** did when he took over the company. **Stay tuned, folks!**

• **My heartfelt condolences** go out to those in **Tuscaloosa, Alabama** and **Joplin, Missouri** and points **North, South, East and West**, as the heartland of America is trying to recover from several hundred tornados that **killed 525 people** in April and May. Additionally, we wish the best in their recovery to those folks that have been and are being flooded by the **Mississippi and Missouri Rivers**. Many Americans have lost loved ones, their homes and their businesses to tornadoes and floods and we hope you all can get your lives back together as soon as possible. To all club owners who've had their clubs damaged or destroyed by tornados or flooding, **God bless you all** as you fight to recover and continue operating your club businesses.

• **Breaking News! JIM SNOW, President of Gold's Gym International (GGI)**, announced on June 14th, "Effective immediately, **Joel Tallman** is no longer with **Gold's Gym International**." Franchisee response to the news was not good and included this comment from veteran **Gold's Gym** owner, **GORDON JOHNSON**, "**A darkness falls over Gold's Gym.**"

• Some may not know that **CLUB INSIDER** is a **Paid Subscription-based Publication**. Are you a **Paid Subscriber**? If the words **PROMOTIONAL COPY** appear above your name and address on the cover of this month's edition, you *are not* a **Paid Subscriber** and are not enjoying the full benefits of a **Paid Subscription** to **CLUB INSIDER**. Don't delay, subscribe today by going to www.clubinsideronline.com/subscribe.

• **God bless and protect our troops and all of our American servicemen and women** serving in the **Middle East** and around the world. **God bless** you and your family, your staff and members. **God bless** everyone that is recovering from tornados and floods. **God Bless America!**

(Norm Cates, Jr. is a 37-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of **CLUB INSIDER**, now in its 18th year of publication. Cates was **IHRSA's 1st President**, and a Co-founder of the Association 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. Cates may be reached by phone at **770-850-8506** or email at Norm@clubinsideronline.com)



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Join our community!



...Blair McHaney

continued from page 3

behalf of the brand, he has toured clubs across the country to learn from the best and bring that information into Gold's. As President of the Gold's Gym Franchise Association (GGFA) from 2007 until 2010, a tumultuous time period with Gold's Gym International (GGI), he successfully led the way to bettering the brand, a completely different result than what could have occurred. Now, after almost thirty years of business in the industry, he is one we can all learn from. So, let's do just that, as **CLUB INSIDER** presents an in-depth interview with Blair McHaney.

An Interview With Blair McHaney

CLUB INSIDER (C.I.) - Please tell us about where you grew up and were educated. Were you involved in sports as a kid?

Blair McHaney (BM) - Primarily in the Wenatchee valley in Wenatchee, Washington and oddly enough, also in Las Vegas. My mom lived in Las Vegas and my dad lived up here in Wenatchee. I went through most of grade school in Las Vegas and then moved up to Wenatchee and went to Junior High and High School here. I grew up playing hockey, and then, I eventually coached high school hockey also. As a kid, I played baseball, football, basketball and hockey, but by the time of high school, hockey was my sport of choice.

The Training Station

C.I. - Please tell us about your first club, The Training Station, which you opened in 1983 in the bottom level of a mini-storage building. What size was it and what were your key offerings?

BM - It was just over 6,000 square feet, and all we offered was weights. That was it. It was all concrete. It was the hardcore, dungeon gym. It just so happened that we were looking for a place to put a gym and a longtime family friend, who was a developer in Wenatchee, showed us a space. Our entrance was on an alley. We had no dedicated parking. You parked on the street, and there were a few spots in the alley you could park. He took us into the basement of this old parking garage. The ceilings were about ten feet, but you also had these big concrete columns running through it that dropped down to about eight feet. There was a ton of overhead pipe and steam that they used to run up to the offices on the top floor.

It was a nightmare, and we spent a month with cutting torches just cutting stuff out. It was a ton of hard, greasy work. My background is I am a journeyman carpenter, so I have done a lot of construction. I've done both commercial and residential, not as a contractor, but as a carpenter. In that, I learned a lot of other building skills as well, so we did all of our own stuff. We did everything ourselves. It started off as a dungeon, but by the time we



Blair McHaney

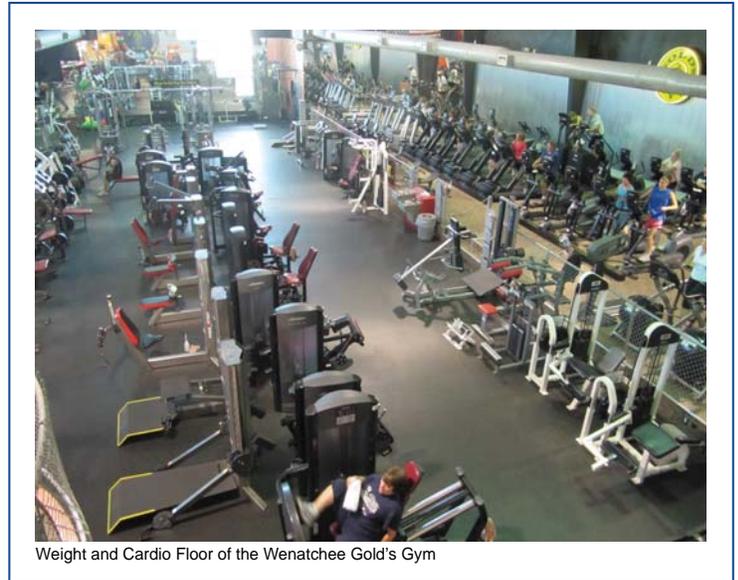
were done, it was pretty cool.

C.I. - In 1986, you moved to a new 10,000 square-foot location. Please tell us about that facility and your motivation for the move. What did it offer?

BM - We had grown and were getting crowded. The same landlord, who owned a different building and had just remodeled it, said, 'Hey, I have a space you ought to look at.' It's really nice to have great relationships in business and in community because you build a lot of trust and you work with people you know who trust you. In this case, the landlord said, 'Oh, I'll just kill that lease. Let's do this.' If you have that kind of trust, you can just make stuff happen really fast.

So, we took a major plunge. Our rent went from \$750 a month to \$3,000 a month and scared the life out of us. The real downside of it was that it was on an upper floor, but we managed to have modest success up there.

By this time, we had a couple of Tunturi Bikes. We bought a LifeCycle, and I purchased the first Stairmaster ever sold in the State of Washington. So, we had a few pieces of cardio. Actually, we had that at the old club before we moved in '86. That Stairmaster was our first real piece of



Weight and Cardio Floor of the Wenatchee Gold's Gym

cardio. So then, we began to invest more in cardio equipment, which were mostly LifeCycles at the time, and we had some Quinton Treadmills. I remodeled up there and put in a group exercise room, and we had a hot tub, too. That was about it. It was still just fitness only.

Becoming a Gold's Gym

C.I. - You moved to your present location in 1996, took on a business partner and joined the Gold's Gym chain. Please tell us about the combination of those moves.

BM - I grew up with Gold's Gym emblazoned in my mind. I graduated in 1977, and *Pumping Iron* came out the same year. By that time, I had been religiously into weight training since I was 14. Gold's was kind of *the thing* to anybody who was in that culture of weight training. So, I really wanted to be a Gold's Gym from day one, the first day of the Training Station. It wasn't possible then. So, in 1995, we were in a space where we really needed to

make some changes and either get bigger or downsize and just do personal training.

This is the nature of a smaller town. Another close friend of mine, who's also a developer, had a piece of property that had been in his family for a long time, and he was able to build a 15,000 square-foot building for us. We put our first Gold's Gym in and opened it in 1996, the day after Labor Day. It was an instant boom for us at that time. Membership doubled in the next four months. It was instant. What happened was we had the building built, and then it was all-hands for three days. We closed the Training Station at 2PM the Friday of Labor Day Weekend. That's kind of appropriate... it was nothing but labor. We put a crew together, family and friends, and we opened at 5AM on Tuesday. Everything had been moved, and the place was ready. Of course, the offices were stacked high and deep with crap because you are just scrambling, no sleep, but it was pretty neat.

As for my business partner, Jacki Thomas, she and I are not just partners in business, but we have been together for 21 years. She used to have an aerobics studio here in Wenatchee. If it wasn't for her, I wouldn't have been able to do any of this really.

C.I. - Was the boom in the business because of a combination of the new Gold's name and location, or how did this come about?

BM - I've heard other operators who have been in business as long as I have say the same thing I've said, and I am always wishing we could have talked a lot earlier because we have made every mistake you can possibly make. I wish I could stop making mistakes, but I don't appear to do that. That said, no one would have chosen this location. Thom Plummer would have looked at me and slapped me around for this location. We have the Columbia River on one side of us and railroad tracks on the other side. It's just sandwiched between the two, and we have very little visibility

(See *Blair McHaney Page 12*)



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...Blair McHaney

continued from page 10

in this location, but the price was right. We have a lot of relationship capital in our community, though. So, to that question, the boom was both. In a town like this, the very fact that something is being constructed gets a lot of play. When we did our second Gold's location in 2008, which occupies the space that was the stand-alone basketball gymnasium of the old Eastmont High School, everyone in the valley seemed to understand that it was a giant, wonderful recycling project. People were so appreciative because this whole former high school building had been abandoned for five or six years and we converted it into a new Gold's Gym! It just got a lot of attention.

C.I. - What were the key reasons you joined Gold's?

BM - This was something Jacki and I really tossed around. I really wanted to be a Gold's Gym, and we decided it would be two-fold. It would be offensive and defensive: (1) We could maybe attract more people, and (2) Having a national brand might help keep other competitors out. It was those two things. We went to our first Gold's convention in 1995 and have been to every one since.

C.I. - You and Jacki took on two additional partners in 2008 to open your second Gold's Gym location. Who are they, and how is the new club doing? How far is it from your original Gold's? What are the key differences between your two clubs?

BM - First of all, we are so fortunate to have our partners, Brent Anderson and Dianna Weeks. We created a list of criteria that would be acceptable for finding partners. Brent and Dianna are first class, helpful, fun, and we appreciate each other, which I suppose in a literal sense means we increase one another's value. For the gym, we really thought the Valley was

underserved. When you have a river that runs through the middle of your valley, even in a small town when commutes from one side of the river to the other are seven minutes at the longest, people don't cross the river. It's one thing for companies to do demographic research. It's another to go down and really understand the local knowledge of a community, and the local knowledge about this community is people don't cross that river. I mean, they do, but it's one thing to go grocery shopping once a week and quite another to go to a gym four or five times a week.

So, we thought maybe the other side was underserved. We looked at it more and more and thought it was more real. We had been looking at locations over there for five years. We looked at the school conversion back in 2003, but we didn't have the wherewithal to do it at that time. So, what happened was a developer came along and looked at that entire old Eastmont High School that was vacant. They thought they could put together a business office there and really make this a cool project. They took it on, and we got a call from them asking, 'Are you interested in the building?' We said, 'Yep, we have been interested in it for a long time.'

A Building With Great Bones

It is 22,000 square feet, and it is what was formerly the basketball gym at this high school. It's a building with great bones. It's all concrete and has wonderful hardwood throughout. It's just a beefy building. They essentially gutted it except for the basketball hardwood floor, which we repurposed and kept in there. It has thirty-foot ceilings and just has such an incredible feel to it.

We have been unbelievably fortunate with our landlords. We have a phenomenal landlord at our Wenatchee location. He has not just been a landlord but a friend and mentor. At our new East Wenatchee location, these were people we



Entrance of the East Wenatchee Gold's Gym

didn't know, so when we started this deal, we did a little research on them and found out they were this family business from Oregon and were just rock solid.

Our clubs very much fit the neighborhood they are in, and that's intentional. The Wenatchee gym is in more of an industrial area, and it has more of an industrial look. For example, our countertops are half inch steel, the same thing you would do shipbuilding out of. We ground them down, and there's a clear coat of epoxy on them. We tried to keep the essence of the school and neighborhood in East Wenatchee, even the artwork. When people first come into the club, there's a nice little fireplace lounge. People don't really notice it at first, but if they start looking at the artwork, we went to the school district over there, they gave us yearbooks all the way back to the first year Eastmont High was there in 1955, and we scanned in a bunch of photos and had them blown up. That's the artwork (See **Photo on This Page**). We wanted to really celebrate what it was, not make it something it's not. The hardwood under all our selectorized equipment is the old basketball floor. We just kept it in there and put rubber over it where we have the weights.

As I mentioned before, the way Gold's Gym succeeds is by being able to morph to its community and not have that cookie cutter box. The cookie cutter box would be a bad idea for the Gold's Gym brand. Here's another essential difference. Our East Wenatchee club has way more seniors because it's easier to get in and to get around. It has a little easier access, and we put in a Technogym Easy Line in over there. We run that as a class for seniors three times a week. At both clubs, we do Free Coffee Friday, and what we found is our senior population just loves it. They will hang out there for hours.

By the way, we opened July 1st of 2008, right on the threshold of the recession. Here were some more mistakes I made. Let's broadcast these mistakes out there

so maybe no one else will make them. We did two months of presale, when we should have done four or five. I know there are some models out there now that are doing no presale and doing fine, so I'm not saying I have the answer on it. I'm just saying we should have done four or five months of pre-sale. Wenatchee has four very distinct seasons, and it is a very athletic, outdoorsy town. Opening in July was a bad idea. It just didn't ramp up fast enough. June, July and August in Wenatchee Valley can be pretty empty in a gym. So, we did too short of a presale, we opened July 1st and we only got three months rent free when we should have insisted on six. Three rules for me, personally, for opening another gym will be (1) Get six months rent free, (2) Do four or five months of presale, and (3) Open in October or November. Those were the mistakes we made that we will not make again. So, the recession hits, and it's a struggle. We were able to work with our landlord at the new East Wenatchee location, and we bought it. We just closed the deal last month, so we now own this building. It freed up a lot of cash flow for us, and the reason it did so is because we had a great relationship with the landlord, they worked with us on getting an SBA loan, restructuring some finance. It's just so nice to have someone you can trust in those positions.

Things are looking really good now. As we just closed out May here, we have growth over last may, and last May was pretty good. June is looking good so far, but you never know. In 28 years, August still scares me. This is a very agrarian community, and our community thrives if we have a great apple crop and a great cherry crop. That feeds everybody. It's a big deal and brings a ton of money into this valley. This might sound foreign to a lot of people, but if you've lived in a community that is a major cherry grower, it's like a fire drill every year. It's panic. It's constant panic from the time the cherries

(See **Blair McHaney Page 14**)



Sitting Area in the East Wenatchee Gold's Gym



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...Blair McHaney

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get ripe until the last cherries are off the trees. The growers, packers and shippers; nobody gets a day off. Once the fruit is picked, it has to get to market, and you are fighting the weather. So, our community goes into this frenzy. It's really pretty amazing. There are trucks buzzing all around, hauling cherry bins everywhere. It's kind of exciting and pretty cool, and if you hear a thunderstorm, everyone panics. In August, that goes away, and it's right before the apple crop really starts to ramp up, so people just vanish.

Award Winning Community Outreach

C.I. - Last year, your club organization received recognition with the Gold's Gym Best Community Outreach Award, voted on by fellow franchise owners. What do your community outreach efforts include?

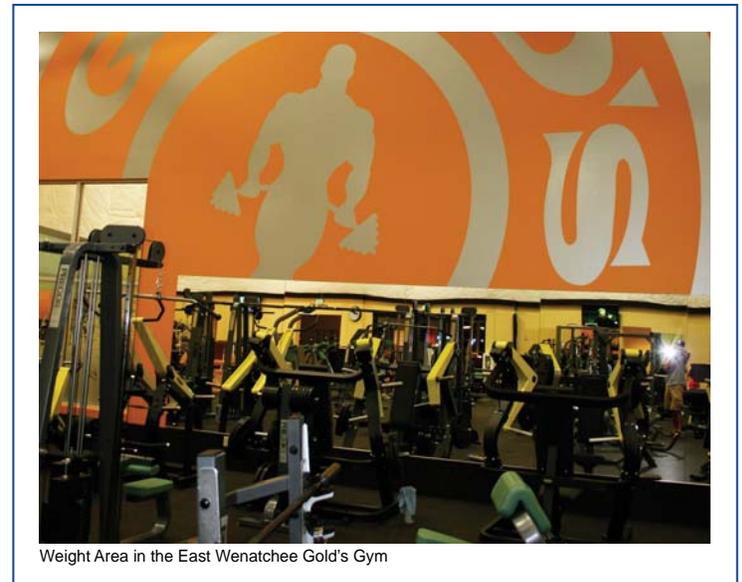
BM - Well, we do a lot. We are very good on social media here, but we also participate a lot with the local teams. We have a junior hockey team called the Wenatchee Wild that is very popular here, and we do a lot for their memberships, their coaches and any incoming teams. We do fundraising at Wenatchee Wild hockey nights. We have a semi-pro arena football team here called the Wenatchee Venom that we partner with, and we have a great semi-pro baseball team called the Wenatchee Applesocks that have been awesome partners for us. And then, we work a lot with both high schools, Eastmont High School and Wenatchee High School. I think other franchisees do this as well, but our team is pretty good at it. That is, we are going to spend this much money on advertising and marketing to promote our business in the community anyway, so what can we tag on to this that allows us to synchronize our business philosophy and utilize our platform to bring value to somebody's project? Our primary focus out in the community is to do fundraising

for what we call the Dr. Richard Tucker Project. Dr. Tucker was a very close friend and member for a very long time. He left the gym one night, and about three blocks away, got broadsided by a drunk driver and was killed. He was a champion for Diabetes education and prevention. With permission from his family, we went to a local foundation, of which he was one of the founders, and we asked them to brand a project we could start raising money for in his name to keep his name alive out there. So, that's what we do. We partner outside to raise money for the Dr. Richard Tucker Project, and all the money goes towards Diabetes education and awareness.

The GGFA

C.I. - When and how did you become involved in the Gold's Gym Franchise Association (GGFA)? How did it relate to Gold's Gym International (GGI)? Why is GGFA's role important?

BM - I got involved in 2003. Jerry McCall called me and asked if I would serve on the Board. If Jerry McCall calls me and asks me for something, my answer is going to be 'yes.' So, I served on the Board, and as John Burriss came on as President, I came on as Vice President. When John's tenure was over, I became President. With the GGFA, we have about 75% of the franchisees in North America as members. It was started by Jerry McCall, Jeremy Lowell and Angel Banos to be able to have a voice to negotiate when Brockway Moran was buying the brand and there was going to be a different franchise agreement. It was set up then, and that sort of established the purpose of the GGFA from the very beginning. In 2007, we signed an agreement with GGI to have a National Franchise Council. It was a ten-year agreement that said there will be three people that sit down from the GGFA, one being the President, and three people that sit down from GGI, one being the CEO or President, to speak once a month by telephone and meet a few times a year face-



Weight Area in the East Wenatchee Gold's Gym

to-face. The agenda is open. It's whatever we want to talk about in the system. While they were really stressing franchising and wanting franchising to really grow, that then gave franchisees a seat at the table for their future. It's not a place where you vote. It's still not a democracy. They own it and can do whatever they want to, but what it does is provides some transparency. The agenda will be discussed, and then, the GGFA will report back out to its Board and its constituencies. It at least allows for a seat at the table and a voice for the future.

Three things have to exist for the GGFA to be relevant: (1) It has to maintain a good membership base, (2) The franchisor has to care about franchising, and (3) They have to care about their public reputation. If you lose one of those things, then having a voice really doesn't matter and having transparency doesn't really matter. If you are not speaking for very many people or if the franchisor decides they aren't going to care about franchising anymore, and on top of that, they don't care what your group says about them publicly, then you can be as transparent as you want and have as big a voice as you want, but nobody cares.

C.I. - What are some of the products, services and benefits of GGFA?

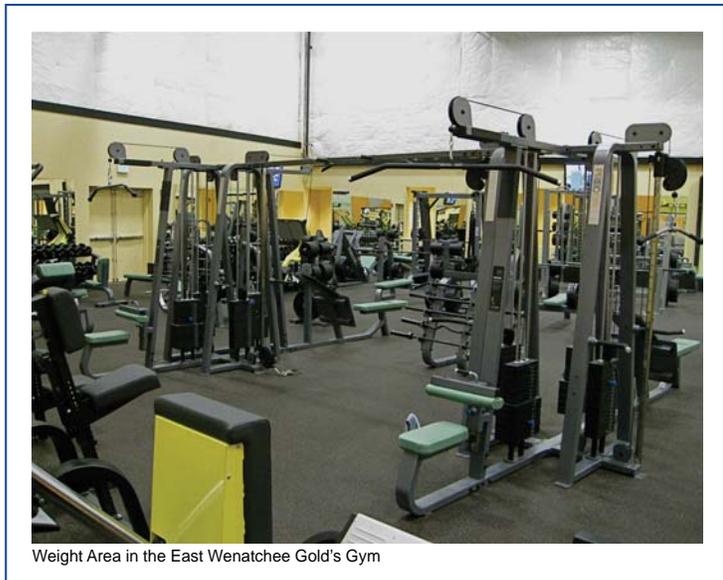
BM - There's a lot! The GGFA Webinars are incredible. I have to give credit here where credit is due. There's some great franchisees on the Board. People who put in a lot of time and effort. *I will tell you though, since Ginger Collins became the Executive Director of the GGFA, the increase in value has been incredible!* We charge \$43 a month per gym, and it's been the same for seven years, but the value has gone up 20-fold while Ginger has been the Executive Director. We do some group purchasing. That has been kind of cool; shirts, key tags, stuff like that. But mostly, it's education; operations, sales, just about everything. The Owner's Conference that we hold in the fall is sort of a lodge meeting of the GGFA, and beginning this next year,

it's also where votes will be taken for the Board and executive positions. Then, there are these little gems that have happened. One is called *Ask the System*. This really demonstrates the value of a peer group like this. People submit questions they want to ask the system. It could be anything, but they are generally tactical operational and marketing questions. Ginger, Deb Collins and Sarah Barrett will throw the question out to the system. People pile on and give their answers. Once they give their answers, they publish a document with the answers to the question, and it moves very quickly. It's really a powerful tool, and we get a ton of comments from it. You're getting regional ideas, people with fitness only or multipurpose clubs. People are responding differently, and it really gives you a nice, large set of eyes out there, looking at different solutions. They also maintain constant communication about what is going on out there. They partner with GGI on some of that communication.

C.I. - Please tell us about your time as President of GGFA (2007 - 2010). Tell us about the change in ownership of GGI and the changes in the franchise agreements, all things you've been through in your 28 years in the industry.

BM - Well, this was a bit of a tumultuous period there. It was really a tough time because there were material changes happening in the franchise agreement. From a franchisee standpoint, we looked at this and said, 'Oh my God, if these changes come through, we are going to lose a lot of franchisees. A lot of them are going to leave.' From GGI's standpoint, they were saying, 'We don't think that's true. We think we can make these changes and a lot of people won't leave.' So, that starts the two positions. Then, it's our job as the GGFA to persuade them that people *really were* going to leave, and they were going to leave in droves if we didn't change something. We have an incredible

(See Blair McHaney Page 16)



Weight Area in the East Wenatchee Gold's Gym



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...Blair McHaney

continued from page 14

attorney named Andy Selden, who really understands franchising from both sides and how franchisors and franchisees can work together to create entire systems that are better. So, with the help of great mentors and great counsel, we went through this ridiculously protracted negotiation to get the Legacy 2 franchise agreement formed, which had certain value propositions in it for these franchisees who have really built the brand. My time in leadership was really involved with a phenomenal Board, and we got quite a bit of stuff done. We got the National Franchise Council in place. We got the Legacy 2 franchise agreement agreed on, making a lot of people real happy. You can never predict the stuff that didn't happen. It's sort of like saying I don't know how many heart attacks I prevented, but you know the ones that happen. *I really think that, at that point, the work of the GGFA Board really saved the brand an unbelievably damaging blow that we would have been an exodus of over 200 clubs.*

Character and Capability = Full Trust

C.I. - What were some of the things you did that made you effective in that leadership role as President of GGFA?

BM - I think it starts with this understanding that we are not going to get anywhere if we walk in there with the franchise agreement in our left hand and a fist with our right hand. Understanding that trying to force our way through this isn't going to work. That's the starting point. If I am good at something, it's probably building relationships, but I'm also very candid and straight forward with people. I think I was fortunate that, at the time I became President, we shared a lot of trust with each other overall on the Board. There was just a tremendous amount of trust there, and whenever I was able to speak to franchisees more broadly, I think I was able to build a lot of trust

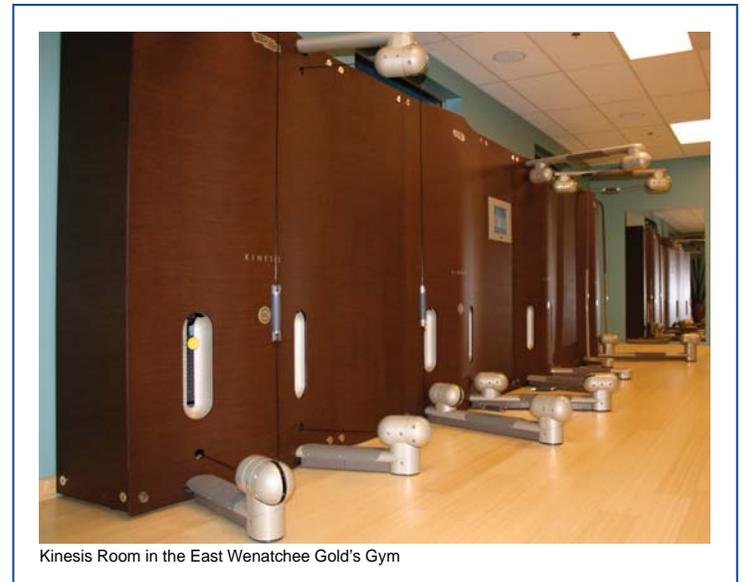
there. With anybody in any leadership position, if you can't get people to trust two things --your character, first of all, and your capability, second of all-- you're not going to get full trust. I am a chronic student. If there is something I don't know that I think I need to know to accomplish something, I will study harder than almost anybody you've ever seen, and I will find a mentor and learn everything I can from them. I've read every word of our franchise agreement multiple times. So, I think part of what made me effective was I went on this very fast track to learn everything I possibly could to fill in the gaps of what I didn't know but felt I needed to know. Then, I had shared trust on that Board. It was just a very good Board.

A key thing in leadership is to stop trying to look invincible. I don't have any formal education. I graduated from Wenatchee High School. In a year, I will probably read 50-60 books, and that has been for probably over ten years. For me and my staff, I think it's phenomenally important that you take responsibility for your own growth. Don't say, 'Well, they're not educating me, or they need to put me in a training program.' Sure, that's okay if that stuff comes up, but a lot of people out there right now can't afford to be doing that, and every single person needs to be responsible for his own growth. That's something I've believed my whole life and taken very seriously.

The Gold's Gym Member Experience

C.I. - Please share your thoughts on what makes your gyms unique, things such as your "Onboard" member integration, servicing and retention program and your Medallion Program.

BM - We look at the member experience as one long process, and it's made up of a myriad of touch points. We break it down into four big buckets. Advertising, marketing and PR is usually the first touch point people have with us. Then, they come



Kinesis Room in the East Wenatchee Gold's Gym

in and go through a selling process. Those are usually linked by a phone call or a step over a threshold. When the selling process is done, for us, they move into integration, the member 'onboarding' process, and there's another link between those two processes. Once that process is done, they go into what we call here in Wenatchee, 'conversion,' and that is when we are trying to convert them into a loyal, lifelong fan. So, the process starts with awareness of us, and it moves through these touch points.

Through each of these sub-processes, advertising/marketing, selling, member onboarding and conversion, a transformation should happen. Through the *first one*, a *civilian* should transform into a *prospect*. Through the *second one*, a *prospect* should transform into a *new member*. Through the *third one*, a *new member* should transform into a *comfortable exerciser*; in our terminology. And finally, through the *fourth one*, a *comfortable exerciser* should transform into a *loyal, lifelong fan*. Once we break it down into those processes, then we look at the actual tangible and actionable things humans do during those processes and whether we are doing things that contribute to our objectives in each of those.

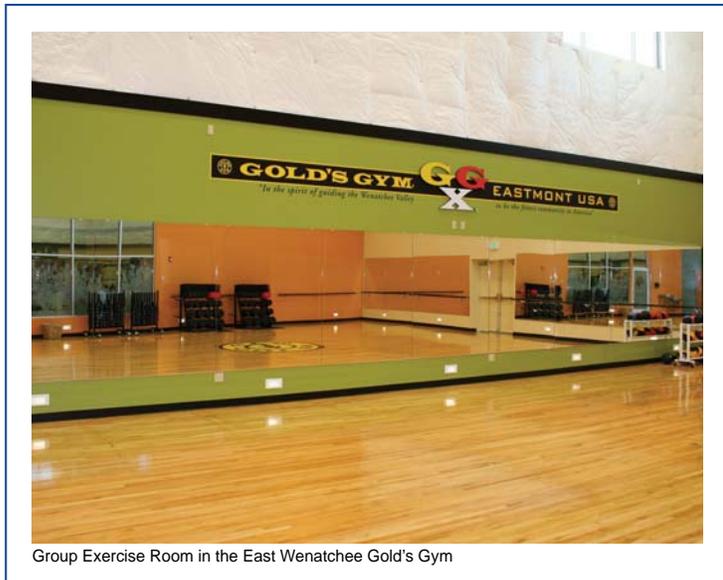
So, what we defined in that *member onboarding process* might be the single biggest thing where we need to innovate and master because if we don't get that done, then we are not going to get to the loyal, lifelong fan part.

"God, I love that place!"

The next thing is *loyalty*. I think our industry mislabels this a bit. *Retention* is not *loyalty*. You can use tactics to get retention. Speaking sort of philosophically here for a minute about loyalty... You certainly don't want to lose their body and wallet out of your gym, but something happens before that. If you can get people to think more like, 'At what point do they stop loving me?' If you lose their heart,

their body and wallet is going to follow at some point. Here's where we mess it up usually. You can lose their body and wallet and not lose their heart. This happens all the time. We have this standard quiz during our *Context Training*; of all the customers we have today, how many of them will not be our customer someday? The answer is 100%. You are going to lose all of your customers. They are either going to cancel their membership, or their estate is going to cancel their membership when they die, but you are going to lose 100% of them. So, let's forget this notion about creating a lifelong member (which is different than a fan). Let's just recognize that you are going to lose every single one of them. *What I can't afford to lose is their heart.* No matter where they go, for the rest of their life, I want them to say, 'God, I love that place!' With that as an objective, you back up from it and ask yourself, 'What does our cancellation process look like, what kind of contracts do we have and what are we doing?' You start to question everything.

Also, picture this. Let's say you've done absolutely everything you can and there is nothing else you can do. You're going to have 20% attrition no matter what. And by the way, we all know that, if you are using the right numbers, that is a ridiculously low number for attrition, but let's say that's it. Actually, let's say you can only get it down to 40%. *There's a big difference between 40% attrition in a club that has people leaving who love them (the club) and 40% attrition in a club that has people leaving who hate them.* Most of the people who join your clubs have had memberships before. Here so far, year to date, 74% of the people joining our two gyms have had a membership somewhere before. Of those, 40% have had memberships at our clubs before. So, in other words, people leave for different reasons. *They need to want to come back to you when they are ready to walk back in a gym.* How did you treat them when they (See Blair McHaney Page 18)



Group Exercise Room in the East Wenatchee Gold's Gym

advice, etc.

I Quit The Gym Wars!

SUSAN BEAN,
of Hot Springs
Health & Fitness
Total Solution
alone increased
EFT by \$3500
per month. It has
quadrupled our
enrollment fees
and has added
over \$20,000
overall since
we started mid
March. It really is
amazing!

Two things led us to add weight loss to our club. First, we needed more income, and secondly, we are passionate about making a difference in the obesity epidemic. We had many parents coming to us for help with their overweight children and also for themselves. We felt compelled to help. We knew there had to be something out there. We read in Club Insider (01/11) about the Thin&Healthy's Total Solution in Benton, Arkansas, and after doing some research we knew this was exactly what we were looking for.

Previously, we had attempted other programs to generate more revenue. At one point we tried the restaurant business, offering soups, sandwiches and smoothies. We quickly realized the reason most restaurants fail; you have to know the restaurant business! We moved only the smoothie bar to our lobby area. Is it a profit center? It's a wonderful service to offer and another amenity to the club, but not a big money maker.

We came very close to having a chiropractor rent the space where we ended up putting Thin&Healthy's Total Solution, but the deal fell apart and now we know why. God had a plan for that space so we could help many more

people. We've been approached by other weight-loss companies but we didn't believe in what they had to offer (deprivation diets, liquid diets, script writing for Adipex, etc...) We did not want to be a conduit for people taking more prescriptions. Because of the profit margins and the fact that clubs all over the USA were offering it, the doctors who approached us were shocked when we said no. But we knew we didn't believe in it, so we said declined and are glad we did.

Total Solution alone increased EFT by \$3500 per month. It has quadrupled our enrollment fees and has added over \$20,000 overall since we started mid March.

It generates 20% more club revenue already and we're still brand new. It really is amazing! We're up to 90 members after only 2 months and we're still in pre-grand opening. We have not even advertised it yet. Currently we are only targeting our membership base until we are ready for our official Grand Opening. Thin&Healthy's Total Solution has also greatly increased our club value through long-term receivables because our members are more committed. Our members are going crazy over the Thin&Healthy products too. In our first month alone, we sold over \$5,000 in products.

Since adding Thin&Healthy's Total Solution, it's a relief to quit the gym war. We are infested with competition in our area that cuts into the 13% of the population that will join a gym. We were all fighting over the same small number of people. It doesn't have

to be about the gym wars anymore with everyone fighting over that tiny sliver of the pie. Now we're saying, "You know what? If you think you can get a cheaper gym down the street, go for it. We've have the Total Solution here and you're going to love us when you become part of our team." When you are passionate about your cause it is contagious to others and makes a huge difference in people's lives.

We never seriously considered getting involved in an official weight loss business before. Our thoughts were, let the Jenny Craigs and Weight Watchers take care of it, no sense in getting into that market. Now we have discovered it is the missing link! It's what makes people have results and increases their self-esteem and overall health. Now our members feel like they are part of something bigger; they are part of a new lifestyle that gives permanent results. If you are considering adding weight loss, be open-minded and do your research. There are tons of gimmicky programs out there, but this one is not a gimmick. It's practical and real-life, and gives permanent results.

This program offers hope to people. A lot of our members truly did not believe there was a sensible way to lose their weight. They thought they would have to take extreme measures to get the weight off. Now our members have learned how to eat correctly, not feel deprived and still lose weight. Thin&Healthy's Total Solution is easy and it works. X

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JUNE 2011

...Blair McHaney

continued from page 16

were there? What did you do during that cancellation process? Are they going to be a candidate ever again?

A lot of people say they have great customer service. Let me tell you, when you start to really understand customer experience metrics, you now have a leading indicator that tells you what is likely to happen when you do certain things. Do you have a *lot of relationship capital* with your members or *very poor relationship capital*? We utilize Net Promoter Scoring, staff friendliness scores, overall experiences scores, gym cleanliness, equipment condition, etc. Our surveys are only about 2 1/2 minutes long, and they are available to all Gold's Gyms in the system. Not everybody utilizes them yet, but I think we are getting close to 300 gyms using them. It's a wonderful automated system that does the email surveys and puts it into a dashboard in a great way for us to manage that voice of customers. We utilize it internally to make changes and externally to fix a relationship if necessary. It's a powerful system for us.

I'm hoping our industry starts to better understand customer loyalty. Me too, I want to understand more about customer loyalty and look at companies like Apple and Nike Retail. Facebook actually does a lot of customer experience metrics. The Four Seasons... These companies can show you the difference between a high score, a low score and the amount spent between those customers, and it monetizes.

Looking to the Future

C.I. - What do you see as the future for your clubs? For GGFA? For GGI? For the industry as a whole?

BM - **For Our Clubs** - As we hit our profitability numbers on these two clubs, our plans for our business model, where we think our sweet spot is, are smaller communities in the Pacific Northwest. That's our broad objective. We are looking for smaller communities that are what we call isolated, meaning it's not a small community that's part of a larger community. We are looking for 80,000, maybe in some cases even as few as 50,000 people. It has one newspaper, probably a choice of only a few radio stations and the big competitors are not looking at them. At least, we don't think they are. We think there's an opportunity there. Also, the way we operate, we want to be in a community where we can really be part of the community. That's a big deal to us.

For GGFA - If I had my way, my aspirations for the GGFA would be to keep doing what it's doing. Keep building out the education. Bring together as much information from franchisees as possible. Franchisees need to look at the GGFA and understand that's their company. They own that company, and they need to help

build value in that company by providing it information when it needs it so that it can make that information available to all franchisees. The GGFA is an incredible vehicle for helping franchisees become more profitable. It's an incredible vehicle for having a voice to the franchisor. So, as long as the franchisor wants franchising, they need the GGFA.

For GGI - I'm a few degrees removed now, but Mike Epstein is one of my favorite people ever. He's the President of the GGFA now, and he might be the best relationship builder I've ever met in my life. He's just a really smart, passionate and hardworking guy, and he just has a lot of trust and respect, including from me. We count on the leadership to keep the relationship well. What we never know clearly from GGI is their strategic objectives. If we had real clarity on that, it would certainly help all the franchisees. I guess to any franchisor out there, the franchisor needs to make money. Let's face it, why should they be doing this if they're not making money? They also have an opportunity to make a lot of families' lives much better. You really want franchisors to understand that the strategic decisions they make can affect the lives of a lot of families who have everything on the line in their business in towns like this. They can make those lives a lot happier, or they can make those lives a living hell. What franchisors say and do behind closed doors has a cascading effect, so you want franchisors to really understand their responsibility in that. I know they have a responsibility to make money. I know that; we all do. But, you get these arm's length decisions in bigger companies. People move away, and they say, 'If we turn this dial three to the left, it will make that much more money for the shareholders.' But, what they don't see is if they move that dial three to the left, they will kill off some businesses out here and maybe ruin some lives. The franchisor can make more money and have more fun making lives better if they want to. Often times, their arms-length decisions, in the name of shareholder value, create only short-term value and long-term anguish.

For Industry - I think, like a lot of people, everybody is sort of looking at this giant healthcare issue, and we are all saying, 'We are kind of a good solution over here.' I said this a few years ago at one of the conventions. This industry needs to stop feeling victimized by that big healthcare thing out there and take ownership. Put a stake in the ground and say, 'We are going to be the solution for America on this.' Then, start working towards that. I know IHRSA has done a lot towards that with the IHRSA Summit in Washington D.C. and Public Policy efforts. The GGFA is involved in that every year, and it has been very good for us. I think, business-wise, and industries kind of go through this by the way; they start out very fragmented with a lot of specialists out there. Like our

industry, there were aerobics studios, yoga studios, small health food stores, etc. Then, those started to merge, and they became big health clubs. What happens then is all of those pieces come into one place, and one entity is running them. Then, in order to bring more value to that big player, somebody specializes in something, such as Body Training Systems for group exercise. I think we will start to see some fragmenting again, such as yoga studios, but performing at a much higher level. Or, fitness-only, but performing at a much higher level. So I think we will see it start to fragment out a little bit more with people trying to take on special niches out there.

C.I. - When did you join IHRSA and what value(s) do you get from your membership?

BM - I believe we've been members for 25 years. The convention and trade show is always a big deal for us. We get a ton of value there. I utilize all of the health bulletins they send out. We utilize those as third party references for sales and personal training. We have not used their group purchasing yet, but I guess just because I have not explored it. For me, personally, IHRSA support is a bit of an insurance policy for us that we have to have. To the broader industry, IHRSA is what the Franchise Association is to the Gold's Gym world. We've got to have a

collective voice out there. Look at what we are doing here. We have health clubs and programs are evolving and getting better and better. People are looking at healthcare and saying, 'I'm going to put in a Diabetes program.' We are getting better and better in this industry. We can't be ashamed here. We have to have a damn loud voice out there, you know. We're not selling cigarettes for God's sake. We are perfectly positioned here to solve a lot of problems for America.

• • •

My sincere thanks to Blair McHaney for his time interviewing for this story, as well as his help with photographs.

(Justin Cates is the President and Assistant Publisher of CLUB INSIDER and grew up in the health, racquet and sports club industry. Justin was born into a club business family in 1985, and from the age of eight, he spent his non-school and sports hours in a home which doubled as CLUB INSIDER Headquarters. He has lived and breathed this industry for 26 years, since his own day one. Now, he is an integral part of the "Story" of Norm Cates and CLUB INSIDER. Justin may be reached by phone at 770-595-6086 or email at Justin@clubinsideronline.com)

Rochester Athletic Club Honored

ROCHESTER, MN - The Rochester Athletic Club in Rochester, Minnesota, was recognized as the partner to Olmsted County, Minnesota when Olmsted County was given the Hubert H. Humphrey Institute for Public Affairs award for Government Innovation on May 25th.

This award was presented because of the creative and effective weight management program that Olmsted County implemented for its employees. This program was developed and is administered by the Rochester Athletic Club.

The program consists of county employees becoming members of the RAC while working with RAC dietitians, personal trainers and health coaches to lose weight and develop healthier lifestyles. To date, over 60 people have gone through the 12-week program.

Another part of the program is where RAC staff go to county offices over the lunch hour to meet with different groups. The hour consists of the staff eating a healthy lunch during a Q&A session on various topics followed by an activity.

Former Minnesota congressman, Tim Penny, presented the award and said, "In times of budget cuts, it is refreshing to see a great partnership between government and private business that helps people and saves health costs."

Greg Lappin, RAC General Manager said, "This has been an excellent



new profit center for us. Some of these people have joined as members, and it has given us great new exposure in the community. The data for the weight loss and keeping it off has been excellent. We will now take this data and offer this program to others. We hope to repeat this many times over. I hope other IHRSA clubs could be successful with such a program as well."

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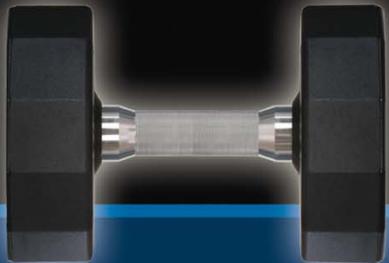
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How to Recognize Opportunity For Your Health Club

By: Jim Thomas

I was in a meeting with a health club owner recently. It was an owner who was going through some difficult times. In analyzing his business, he determined that "it is what it is." He was not able to see all the opportunity that was right in front of him. He had become convinced that other successful health club owners were simply in the right place at the right time.

Like all good things in the health club industry, the ability to recognize and utilize an opportunity doesn't simply show up in your inbox when you open your email. It requires planning and preparation.

Successful health club owners and operators do not wait for the knock at the front door. They go out into the community with opportunities already in mind and take action.

Successful health club owners follow a simple plan. They put their time and energy into identifying:

1. What they want to accomplish today;
2. What action they are going to take to accomplish it;
3. What strategies they will use to ensure their actions result in a successful outcome.

Then, if success does not result from putting their plan into action, they examine their opportunity from another angle.

Connecting With Others

In many ways, opportunities in the

health club industry have become harder to recognize as people have moved away from personal contact and the development of interpersonal skills.

Successful health club owners are good at mingling with others, often developing a social awareness to tune into good ideas. People talk to them, ask their opinion and bounce ideas off them.

While a successful health club owner might work hard to develop business or technological know-how, they also nurture their interpersonal skills.

Consider the following questions to gauge your own sensitivity to others:

- Did I discover something new about someone yesterday?
- Did I speak with someone new yesterday (more than just "hello")?
- Did anyone I know have a great day yesterday? Why?
- Did I teach someone something new yesterday?
- Did I help my friend/partner/colleague yesterday?

Don't be surprised if you can't answer "yes" to many of these questions. But, if you don't try to become more aware and engaged, don't be surprised if opportunities also fail to cross your threshold.

Improving Your Awareness For Opportunity In Your Health Club

Here are some techniques to help improve your awareness when that next

opportunity comes your way.

1. Get to know others and become a connector: Take the time to develop relationships with good contacts, and you may find opportunities coming at you through the keyboard with such vehicles as Twitter, Facebook, LinkedIn and others. Just remember to use your real-life instincts to validate the intentions of your virtual contacts.

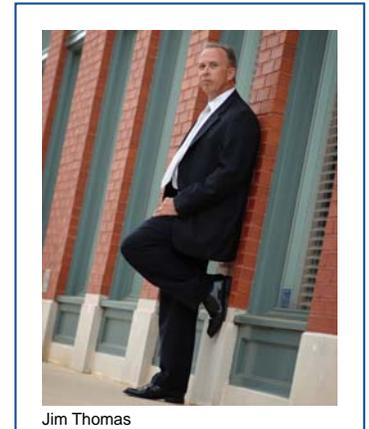
Get involved with a networking group... or two. **Meetup.com** is a great place to start in your local area.

2. Become a Problem-Solver. After all, you're in the solutions business, right? When people ask me what I do for a living I respond by saying, "I'm in the solutions business."

The important thing is to get into the practice of identifying solvable problems and then brainstorm opportunities to solve them.

3. Find your Inspiration: Of course, know what your goals are, but even more important, know why they are important to you. Then, make the decision to associate with others who motivate and inspire you, not bring you down.

4. Understand and Recognize Urgency: One of the challenges of recognizing an opportunity is that it is often only available for a quick visit. You need to react quickly while the opportunity still exists, the enthusiasm is still strong and while the



Jim Thomas

solution is still in your mind.

5. Get Creative: "Thinking outside the box" is a tired phrase, but if you recognize that there are lots of other problem solvers pursuing the obvious paths, then an alternative approach is a requirement.

6. Act Now: The most obvious technique is to *do something*... and do it quickly. Just remember that, as soon as you open a door to a new opportunity, there is the danger of allowing negative influences and self-doubt to pay you a visit, so be prepared!

Now, go find opportunity!

(Jim Thomas is the President of Fitness Management USA and may be reached at 800 - 929 - 2898)

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The Rush Fitness Complex Has Its 23rd Grand Opening Celebration

GREENVILLE, SC - The Rush Fitness Complex, a Knoxville, Tennessee-based club company, hosted their 23rd location's Grand Opening the weekend of June 17th. This 35,000 square-foot FUN and FITNESS facility located in the Cherrydale Point Mall in Greenville, SC allows members to achieve their fitness goals by utilizing state-of-the-art exercise equipment and participating in the latest in "group exercise" programs.

The Rush Fitness Complex stands apart from other fitness facilities in that it effectively offers a different approach to fitness by merging exercise with entertainment. The Rush combines a wide variety of services to keep its members "Actively Entertained."

Some of the amenities available at this new facility are, Cardio Theater, Spinning Room, Member Lounge with WIFI, Certified Fit Coaches, Individual Nutritional Programs, Kid Fit Classes and Free Kid Care. This facility will also include the popular 'Ring of Fire,' a 6-station, octagon-shaped circuit training center elevated 15 feet off the main floor, which surrounds a group exercise trainer who can work out six people at a time. This club also features a giant Whirlpool Spa, as well as indoor running bleachers, which allows members to combine the benefits of running outdoor bleachers with the convenience of an indoor climate controlled environment.

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Rules. Who Needs Them? We All Do!

Make Them Count For Your Club and Your Trainers

By: Angie Pattengale

I'm a fan of standards and guidelines. Let's face it, anyone who has children can appreciate the very basic need for rules and setting standards (and examples). There's something to be said

for accountability and consequence. The premise for our being is wrapped in instruction and outcome; without accountability, could we truly be successful in life?

As free spirited as it might sound, rules really aren't meant to be broken. In

fact, most rules are intended to keep us safe or responsible. What would happen without even the most simplistic of them? Traffic lights and stop signs are good examples, but what about when it comes to personal conduct or self-sufficiency? You don't always get the same obvious response. We generally tend to look to an authority for guidance, direction and even consequence. But, what happens when the guidance we might receive is self-serving or blurred by misdirected intentions? That's a rhetorical question. We know that rules not set for the greater good will ultimately affect people in a negative way. This is true for any topic, any household, or in this case, any industry.

We know that personal training has one of the biggest potentials for profitability in most clubs who report offering the service. It can also be said, given data from the Bureau of Labor Statistics, that a career in personal training can be a very lucrative, long-term option. Without the existence of standardized training methods in health clubs or professional codes of conduct for the individual trainer, though, the long-term isn't so much a sustainable option. Consider a club that sets policy which serves itself more than the public, or a trainer who conducts himself unprofessionally. You can't imagine those businesses operating for very long. A misguided focus or a blatant disregard for standards and accountability will always prove detrimental. It is ultimately your responsibility, as a trainer or a club owner, to protect your clients by setting parameters that are tied to assuring health, safety and overall wellbeing. In some unfortunate cases, it could be argued that guidelines are merely set to protect the bottom line, and for most people, in or outside the business realm, complying with standards that cannot be reckoned with quality, safety or responsibility doesn't come easily.

In the context of personal trainers who work in health clubs, it is crucial that standards be set and effectiveness be monitored. If personal training has the potential of being one of the clubs most profitable value-adds, then a focus on the types of standards and methods for monitoring club and trainer effectiveness should be more consistently considered. Rules that are set for trainers should represent a balance of safety and gratification that is felt by the client and the trainer alike. We've all heard "a happy worker is a productive worker." Well, "a happy trainer is a productive trainer." And, how much "happier" will your club be with a team of highly capable and productive trainers? Start with an assessment of current club standards. Are they well



Angie Pattengale

defined? What measurements are used for assuring compliance, or to gauge member/client satisfaction? To really maximize your personal training department, and subsequently, rates for retention and member-to-client conversions, have well-defined standards that pay special attention to the needs of your members as well as your team of professionals.

Can there be a balance of empowerment and parameters? Absolutely! Whether you're a club owner or an independent trainer, some high level concepts to remember when establishing, or re-assessing, standards and managing club-to-trainer or trainer-to-client relationships are:

Be Respectful and Responsible: Establish standards which speak directly to professional codes of conduct and expected behavior. Take responsibility for the missteps of those who represent your establishment, but avoid those missteps by defining, in writing, your professional expectations.

Be Fair and Objective: Establish standards that are equitable for all parties and that are detached from self-serving interests. Don't make decisions based on ready-made bottom line profits. They don't always equal long-term, sustainable profits. For example, requiring your trainers to comply with standards that aren't focused on performance, but rather, strictly on business interests won't make for happy, productive trainers.

Be Encouraging: Work to build up your staff, your trainers, your front desk and you! Exercise motivational techniques that will ultimately help productivity and trainer turnover rates. What do your trainers want out of their work? Recognize the perspec-

(See Angie Pattengale Page 24)

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Mike Motta Becomes Plus One Chairman

NEW YORK, NY - Plus One Health Management, Inc. announced that its founder and former CEO, Mike Motta, will assume the position of Chairman. As Chairman, Motta will focus on the overall strategy of Plus One, while seeking out the most effective customized solutions to help clients maximize their program goals and objectives.

Motta founded Plus One 25 years ago in 1986. He was instrumental in leading a team of Plus One professionals who were responsible for growing the company from one location in New York City to 160 fitness centers and wellness programs across 25 states, as well as Washington D.C., Puerto Rico and Canada.

Along the way, he pioneered several industry innovations, including the integration of orthopedics, physical therapy, nutrition and fitness into a commercial health club setting; introducing professional wellness programs in concert with spa services for five-star hotels and clubs; creating one of the first web-based personal training software applications; and forming strategic partnerships with related corporate service vendors in order to provide Plus

One's clients with a more comprehensive wellness solution for their employees.

From 2004 to 2008, Motta served on the Board of Directors of IHRSA and was the 2010 recipient of IHRSA's Dale S. Dibble Distinguished Service Award. He is currently a member of the National Coalition for Promoting Physical Activity, the Intel Fitness Technology Council and the University of Massachusetts Amherst Advisory Board for their School of Public Health. Before founding Plus One, Mike was a professor of Physical Education and football and lacrosse coach at SUNY/Albany.

"As the Founder and CEO of Plus One, the past 25 years have been the most rewarding years of my life," says Motta. "I am very proud of the company we have built together and the clients we serve. I am honored to be given this opportunity as Chairman to keep Plus One striving to be the Gold Standard on our industry."

With Motta's transition to Chairman, former COO Chris Ciatto will assume the position of CEO of Plus One. In his new role, Ciatto will continue to contribute to Plus One's success, leveraging his years of strategy, operations

and leadership experience to help the company achieve significant growth. In his six years as COO of Plus One, Ciatto has implemented an overall growth strategy, including the execution of three successful acquisitions that has propelled Plus One into its position as one of the fastest-growing private companies in the country. He has driven many operational improvements around Quality Assurance, Customer Service and Safety. Chris earned a joint Bachelor's degree in Political Science and Economics from Princeton University and an M.B.A. from Harvard Business School. Prior to joining Plus One, Chris served as President of ARAMARK's Clinical Technology Services business and was a member of the partnership at the renowned strategy consulting firm McKinsey & Company. In addition to his new position as CEO, Ciatto will also join Plus One's Board of Directors.

Plus One's former Senior Vice President, Tom Maraday, will assume the position of Chief Development Officer, where he will continue to drive the company's growth initiatives with an emphasis on new business development, program and facility design and marketing



Mike Motta

strategy. Tom has had a direct and profound impact on Plus One's growth through his numerous leadership roles over the past 21 years, which he has leveraged to deliver over \$100 million in contract awards since 2000. His past leadership roles in Operations, Technology, Design/Development and Sales and Marketing will continue to serve him well in being a trusted advisor to our clients and partners.

Successfully Launching New Club Programs

By: Greg Maurer

As the fitness industry continues to evolve, there is a growing focus on providing effective programming to attract new members, boost retention and drive club revenue and profits. There are many vendors providing turn-key programs, and clubs themselves are designing custom programs for nutrition, small group training, group exercise classes, etc.

Without an effective launch process and strategy, though, any new program will fail! It is important to have a formal process in place to evaluate, plan and then execute effective program launches, including a detailed timeline with tasks, responsibilities and dates to insure that a new program is successful.

There are several key areas to consider for any new program launch:

What is The Market For The New Program?

- Who is the ideal customer for this program (age, sex, profile, member, non-member)? The more specific and clearly defined the better!

- Why will this particular program appeal to this group?

- What is the “elevator speech” about this program? A short description that provides just enough information to get prospects to ask for more!

- What is the correct pricing for this program for members, non-members and staff?

- How many prospects are there in the club and in the club’s market for this program?

How Will The Program Be Marketed and Sold?

- What departments will be involved in marketing and selling the program?

- What is the length of the program?

- Will there be multiple program sessions?

- What is the projected program launch date?

- What is the projected program end date?

- How will the program be marketed?

Internal marketing to members:

- What marketing vehicles? Email, posters, club TVs, newsletters, member referral incentives, program presentation page, etc.
- Who will design the marketing for the program?
- What is the required lead time to prepare all the marketing materials?

External Marketing to prospects:

- Newspaper or other print
- Direct mail
- Building Signage

- How will you communicate necessary details to staff about the new program and “sell” the program to the staff so they are excited and actively promote the program?

- Will you provide any type of staff incentives for the staff to promote and sell the program?

- Who is selling the program?
- Who will enter the program into point of sale and club scheduling software systems?

- When will the program marketing begin and what is the exact timeline for new program marketing rollout?

How Will The Program Be Managed and Delivered?

- Who will be directly responsible for this program? It is critical to have a passionate program champion for any new program.

- What departments will be involved in delivery of the actual program services?

- What are the details of the program

delivery?

- Will the program use individual or group sessions?

- How many sessions per week?

- Who leads each session?

- Exactly what happens in each session?

- What materials and equipment are required for instructors and participants?

- How much will these materials and equipment cost?

- Who is responsible for each item?

- What is the timeline for creation and acquisition of materials and equipment?

- What space is required to conduct the program, and is it available at the right times?

- Is the launch timing critical for this program, such as a January launch of a new weight loss program?

- Is there enough time to plan and execute the launch correctly?

What is The Projected Program Profit and Loss?

Create a spreadsheet with following line items:

- List your assumptions and logic for all projections in spreadsheet;

- Revenues per person/couple/family;

- Monthly program sales projections.

- Start-up costs

- Materials and Equipment;

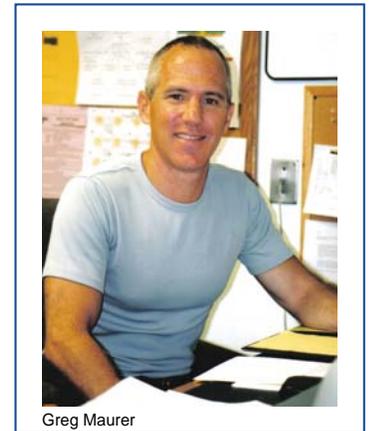
- Marketing materials creation and execution;

- Other start-up expenses.

- Staff Costs

- Sales commissions;

- Salary expense for program delivery.



Greg Maurer

- Total Costs over projected program period;

- Total Revenue over projected program period;

- Net Program Margin;

- % Margin (Projected profit divided by projected revenue) - *Must* be at least 40% to be worthwhile!

As you can see, there is a lot to consider *before* launching any new program. A general rule of thumb is that a new program launch will require about three months of planning and preparation in order to have a successful and profitable outcome. If you systematically answer the questions in each of these areas, you can rest assured that your new programs will go off without a hitch!

(Greg Maurer is an Associate Partner with New Paradigm Partners. His hard work, leadership, passion and knowledge of health and fitness provide clients the opportunity to improve all facets of their business and operations. Greg may be reached by phone at 302 - 528 - 1660 or email at gmaurer@newparadigmpartners.com)

...Angie Pattengale

continued from page 22

time of your staff and the company culture. Use flexibility wisely. Help trainers to learn and grow.

Be Diligent: Set on a path and follow it. Standard setting practices should be purposeful and created out of the need for accountability. Turning the other direction, or just plain being complacent, is a set up for failure. Communicate often, and when doing so, attack the problem, not the person.

Be Improving: Don't get stuck in “this is the best we can do” mode. Take deliberate steps to consistently improve. Whether you are improving character qualities and relationships or club services and member conversions, your club will be better for it.

Like I said, I'm a big fan of standards and guidelines. We need them to protect ourselves and others in almost every facet of life. Clubs need standards for their personal trainers, trainers need standards for their clients, certification companies need standards for their certificates, and

so on. There's no question that, regardless of the industry (or the relationship), accountability is a must, but standards can start to become easily skewed if we're not careful. It is important to recognize that we can let our own self interests get in the way of true productivity, connectedness and effective reach. In the club trainer context, guidelines should serve the purpose of making fitness programming safe, effective and accessible (our shared mission as fitness professionals and enthusiasts). To balance these standards with management skills that promotes growth and personal

enrichment amongst your staff will further your long term goals. Be motivated by the core of fitness training, helping people. Start by helping your trainers be better educators and motivators. Spark a passion for what you and your people do!

(Angie Pattengale is Vice President of Operations for the National Federation of Personal Trainers (NFPT) and may be reached by phone at 800-729-6378 or email at apattengale@nfpt.com)

Member Self-Service is the New Full-Service

By: Steve Ayers

As I look back into my youth, the idea of full-service to consumers was most transparent in gas stations and banks. I fondly remember driving to the gas station and sitting in the car while the attendants came out and pumped our gas, cleaned our windows and checked the fluids in our car. Banks were staffed with rows of tellers waiting to handle all aspects of our banking needs, whether it was opening a savings account, applying for a home loan or making a deposit. Today, however, consumers view full-service and great customer service based on today's technology. They enjoy having the ability to use their credit card at the pump to purchase gas, transfer funds online in their PJs and to apply for a home loan online while sitting by the pool.

The fitness industry's model shift over the past few years has been much of the same. Based on consumer demand and the technological advances, the industry has shifted from a large support and sales staff to online membership signup, class scheduling, billing updates, and now, in-gym member kiosks and smart phone member check-in.

Today, customers want more

control of how and when they interact with businesses, including their health club. They want to be able to gain access to their billing and check-in information when and where it is most convenient to them as the consumer. They want to be able to sign up for a group fitness class or join as a member from their home computer, laptop or smart phone when it is convenient for them, without having to drive to the club and wait to be assisted. This model shift, when embraced by the club, can not only increase the member experience but can also help make the club more efficient and profitable. This, in turn, helps the club lower costs, improve efficiencies and prevents transaction errors due to automation and technology.

Industry leading software and billing providers have made this model shift possible through these many technological advances. The added value of check-in kiosks, online and kiosk membership sign-up, online view and printing of billing history, online trainer schedules and iPhone apps have all streamlined the way we do business. By allowing member self-service to be the new full-service, we are helping leverage operational efficacy, and ultimately, ensuring PCI compliance, which takes the fitness industry to a new level.



Steve Ayers

(Steve Ayers is Senior Vice President of Sales for ABC Financial and may be reached at steve.ayers@abcfinc.com)

Publisher's Note: ABC Financial has created a Member Service Kiosk for clubs they call **MYiCLUBonline**. It's a self-service member portal that's a web-based application that enables clubs to enroll new members online and give current members access to their account information without involving the club back office. Check it out at www.abcfinc.com.



ICAA Warns Consumers to Beware of "Graywashing"

VANCOUVER, BC - Boomers and their parents, viewed as virtually non-existent by many marketers, until recently, are fast becoming coveted customers. People age 50 and above have over \$2 trillion in their wallets, and many have few qualms about spending that money to maintain an active lifestyle. Indeed, this burgeoning demographic spent \$79 billion in 2009 on products and services that claim to slow the aging process, despite the fact that "most of those products and services don't deliver what they claim to," says Colin Milner, CEO of the International Council on Active Aging (ICAA).

"Companies are increasingly recognizing the spending power of older adults and targeting them in advertising. Some are doing this responsibly, as part of an overall approach that acknowledges aging as a normal process that happens to everyone," Milner states. "Others are simply jumping on the bandwagon, positioning their products as appropriate for an older demographic when, in fact, they aren't... or coming up with products that allegedly 'combat' aging, as though there's something about getting older that needs fixing. Either way, the consumer loses." Milner has coined the word

"graywashing" to refer to "the act of misleading consumers regarding any purported age-associated benefits of a product or service."

Similar to greenwashing, graywashing gives older-adult consumers a false sense of security by positioning a product or service as uniquely beneficial to them, Milner explains. "Consider a health club that wants to attract more members. The club sets up a 'senior discount' that allows older adults to use the club during off-peak hours at a reduced rate. The clubs' services and offerings remain the same, though, geared to a younger population. Putting the word 'senior' in front of a discount or program doesn't automatically make it suitable for older people."

Graywashing also perpetuates ageist stereotypes and self-stereotyping. Milner continues, "Products that claim to make you look 20 years younger instantly, for example, are a waste of money, and they're promoted on the assumption that there's something wrong with the way you look now. The companies that market them treat older adults as though they're damaged goods, reinforcing the erroneous belief that aging equals illness and decline." Older adults themselves are not

the only ones at risk of being graywashed. Milner notes, "Young people may buy greeting cards for their parents or grandparents that they think are appropriate, when in fact, those cards use humor that demeans or trivializes an older person and reinforces negative stereotypes," he says. To avoid being graywashed, Milner offers these tips:

- Understand that no pill or procedure will stop you from aging, no matter what anyone claims to the contrary.
- Ask yourself if an expensive anti-wrinkle cream or cosmetic surgery will make you feel better about the way you look, or if lifestyle changes, such as getting more rest and eating a balanced diet, can make you feel better and look better, as well.
- Before enrolling in a fitness or seniors center, ask for a tour. Do you see people like yourself engaged in activities that interest you? If not, look for a club or



group geared to your interest, not your age.

- Does a product's claim, whether it's for energy, brain boosting, weight loss, getting rid of "age" spots or some other purpose, sound too good to be true? If so, it probably is. Why throw away your money?

The signs and consequences of graywashing will be explored in greater detail on the ICAA's Changing the Way We Age Campaign website (www.changingthewayweage.com), as part of the campaign's efforts to change perceptions of aging and overturn ageist stereotypes. This groundbreaking campaign is supported in part by Founding Partners Atria Senior Living, Thorolo, Inc. and the Institute for Preventative Foot Health.

Programming Tip of the Month: Open Your Fall Season With An Open House!

By: Sandy Coffman

Part 2, Chapter 12, in my book, *Successful Programs for Fitness and Health Clubs: 101 Profitable Ideas*, entitled *Specialty Programs* opens with helping you prepare your staff and club for an **Open House**.

The purpose of an Open House is to expose your club to the community. The event must make people very interested and excited about attending, and then, the event has to meet and exceed their expectations. An Open House is primarily produced for the benefit of the potential member, and it's expected to grow your business. But, it's great for the inactive member as well. You know, those members who were not active in the summer months. An invitation to your inactive members will more than likely be received as an opportunity for a new beginning. The Open House will stir up lots of conversation; first from

the members, who will be asked to bring guests to the Open House, and second, from people in the community who attend your event. It can surely be your most productive program of the year. Here are a few tips to get you and your staff started (Yes, right now, in the middle of the summer is the time to start preparing!):

1. Prepare invitations to send out to all your members. The invitation should include tickets to the event for your members and also for their guests. Make the members' tickets one color and the guests' tickets another. You'll need to identify guests as they arrive for follow-up after the event.
2. Make promotional buttons for your staff to wear for at least three weeks before the event.
3. Conduct telephone campaigns and email blasts in addition to the invitations. Most effective are the calls made by the

salespeople to all the members who joined within the last 90 days. Personal follow-up phone calls from the salespeople will result in referrals.

4. The club must be decorated for a party atmosphere using balloons and colored streamers everywhere, and you should create a display with a list of door prizes or display the prizes themselves. It's a great idea to have a sign at your driveway, or at the most visible to auto traffic place near your entrance saying: **CLUB OPEN HOUSE Today Come On In!**

5. Everyone attending should receive a tour card for several activity areas in the club that must be visited. For example, the fitness center, the pool, the group exercise studio, the child care room and the pro shop. As the guests visit the various activity areas, a staff person greets them and punches their tour card. When completed, the tour card is turned in for a drawing of a prize. This gives every Open House attendee a sense of belonging. Afterwards, the tour card is used as a tracking tool for follow-up.

6. Hire a DJ! He or she will verbally promote your club throughout the event and do a great professional job of announcing door prizes too.

7. Take pictures of the members and their guests during the party to put on the bulletin board.

8. Every Open House event should include a group activity in which people can



Sandy Coffman

participate, such as the Grand Prix or the Cardio Circuit. Also, demonstrations of various group exercise classes are exciting and get people interested in participating down the road.

9. Programs should be available for sign-up in all activity areas. Time some of the programs to begin approximately one to two weeks after the Open House.

10. This is a party! Do not run out of food or skimp on beverages. HAVE FUN! FOLLOW UP!

(Sandy Coffman is the Dean of Club Programming and the author of the book *Successful Programs for Fitness and Health Clubs: 101 Profitable Ideas*. You can contact Sandy at slcoffman@aol.com or www.sandycoffman.com)

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