

# Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

## Brooklyn Boulders

*Building Community One Climb at a Time*



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**JUNE 2017**

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A photograph of a Planet Fitness gym storefront. The main sign is yellow with purple borders and features the Planet Fitness logo (a hand giving a thumbs up inside a gear) and the words "planet fitness" in purple. A purple flag with the logo is flying on a pole to the right. The building is a multi-story brick structure with large windows. The text "GET READY TO OWN THE CLUB... LITERALLY." is overlaid on the top half of the image in white and yellow.

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LITERALLY.**

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# Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

## Brooklyn Boulders *Building Community One Climb at a Time*

By: Justin Cates

It's a sport that has been around for years, and in 2020, it will make its debut in the Olympic Games, to be held in Tokyo. Coinciding with the sport's growth, facilities dedicated to the discipline are entering the mainstream instead of being relegated to empty, unused corners of multipurpose clubs. Among the leaders in this segment is this month's CLUB INSIDER Cover Story Subject, **Brooklyn Boulders**.

*"Brooklyn is where it all began in 2009, when we opened our doors in the old Daily News Garage. To us, Brooklyn is more than just a city; it's a state of mind. It's about the creative clash of cultures that creates a diverse community, filled with passion and the drive to make things happen."*

Those words appear on the website of Brooklyn Boulders (BKB), and they perfectly sum up the mantra that drives **Jeremy Balboni**, *Co-Founder and CEO*, and **Lance Pinn**, *Co-Founder and President*, of BKB. For them, it is more than providing a box with walls to climb. Of course, that exists and drives business, but BKB is much more than that with their innovative co-working spaces, cross-utilized event spaces, extensive youth programs and meaningful community outreach with the BKB Foundation.

Currently, with four locations in New York (2), Boston and Chicago, as well as multiple new locations on the horizon, BKB is at the forefront of this growing sport. But, beyond that, they are building community one climb at a time!

I welcome you to read on as we interview BKB Founders, Jeremy Balboni

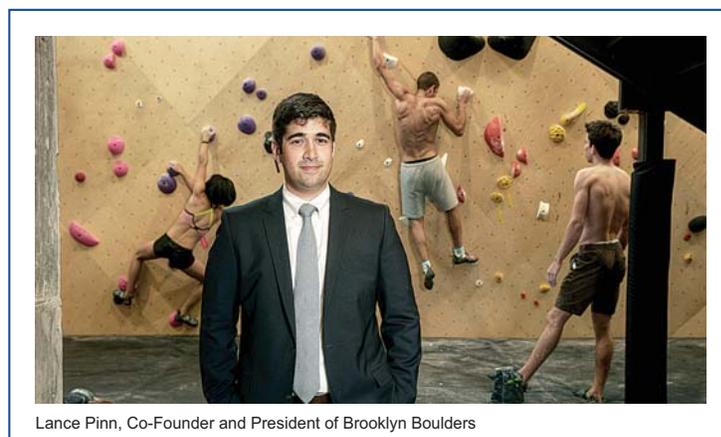
and Lance Pinn.

### An Interview With BKB Founders, Jeremy Balboni, CEO, and Lance Pinn, President

**CLUB INSIDER (C.I.)** - How did you first get exposed to rock climbing? Later, how did you find a career in this field?

**Jeremy Balboni (JB)** - In college, a friend of mine took me climbing. I think I was 19 when I first climbed. At first, I was completely reluctant. I had played pretty traditional sports in high school and was more into typical gym stuff. So, I said something like, 'I don't know; climbing seems kind of silly.' He finally convinced me. I did it once; I was addicted, and I've been doing it for 15 years. I've traveled to Switzerland and South Africa to go climb, so it's been a tremendous life changer.

We went to Babson College for undergrad. It's a great program for entrepreneurship, so everybody is entrepreneurially-minded at that school. There's a great culture of everyone



Lance Pinn, Co-Founder and President of Brooklyn Boulders

wanting to start his own company. As I got into the sport, the climbing landscape was very different back then, so there was no offering/product that was sexy, premium, clean and made the sport look cool. Everything that was open at the time was a little bit drabby or whatever; there was nothing super inspiring. I thought the sport

was incredible, and I didn't think that the offerings really did the sport justice.

So, combine passion for the sport with the realization that what was out there left a lot to be desired and the fact that everyone thinks entrepreneurially where I was going to college, we wrote a business plan. We didn't do anything with it for a while, and I ended up going in the investment management business. I did that for about six years before we finally made it happen. Then, it took another three years before we went full-time with it.

**C.I.** - Please tell us about the first facility (location, size, amenities, services, etc.).

**Lance Pinn (LP)** - With the first location, we were seeking a 6,000 - 8,000 square-foot facility. Low and behold, the recession dropped prices for us, and we were being taken seriously with our deposit money. We were able to secure an 18,000 square-foot facility. (See *Brooklyn Boulders* Page 10)



**BROOKLYN BOULDERS**  
CLIMBING + COMMUNITY

### Inside The Insider

- The Claremont Club - Inspiring a Community of Healthy Living - **By:** Tracy Stepp
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- When A Health Club's Dress Code Conflicts With A Member's Religious Beliefs - **By:** Paul R. Bedard, Esquire
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- The Life Cycle of an Organization: The Growing Phases - **By:** Dr. Gerry Faust
- The Bay Club Company Expands Southern California Presence With Acquisition Of Manhattan Country Club
- Life Fitness Launches New Integrity Series Cardio Line
- And, of Course, *Norm's Notes*

# Norm's Notes

•**Hello Everybody! This is your CLUB INSIDER Publisher and Tribal Leader Since 1993 checking in with our 282nd monthly edition!** Do you want to hear something amazing? Check this out... **CLUB INSIDER's Online Archive Library** now has over **9,000 archived pages** going back to our first edition which was a little 12-page edition with our friend, **RED LERILLE**, on the cover! Check it out today by going to [www.clubinsideronline.com](http://www.clubinsideronline.com).

•**I'm very sad** to report to you that our good friend, a talented industry expert and long-time **CLUB INSIDER Contributing Author, KAREN WOODARD - CHAVEZ' Father, JERRY RICHARDSON, passed away on May 19, 2017.** At age 86, he'd been hospitalized with pneumonia when he was hit with a major stroke. Karen and her Mom and Family had the very difficult experience of receiving stunning and emotionally rocking news when the pulmonologist told them that her Dad had a stroke and would never be able to speak or hear again or even survive without life support due to the stroke he suffered and the pneumonia he was admitted for. Sadly, Karen's family made the decision to take him off life support and let him go at 1:30 PM on Friday afternoon, May 19, 2017. **May Mr. Jerry Richardson Rest In Peace,** and may Karen and her Family find solace in the fact that he is no longer suffering. **God bless Mr. Jerry Richardson and his Family.**

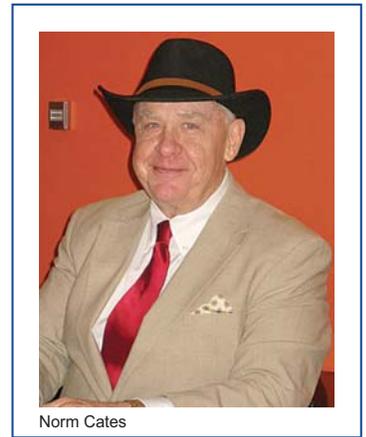
•**Is America a great country, or what!?** Every night, when I say my prayers, I say "Thank You" to the good Lord for making me an American. Do you have gratitude in your mind and heart for being American? If you don't, and you ARE an American, consider this... Consider how fortunate you and I, and our families, are to be among the **4% of the world population** who live in the **United States of America!** And, yes, if you are a long-time reader of **CLUB INSIDER**, you have read this same message in previous **Norm's Notes**. So, you may ask, "Norm, why repeat this?" My response simply is this: **I'm very happy and extremely proud to be an American. Because of how strongly I feel about being an American, I believe it's both my right, and in an interesting way, it's my responsibility, to express this happiness with being an American from time to time. Thank GOD America has freedom of speech, and I welcome YOU to use your freedom to agree with or disagree with me. Either way, FIRE AWAY at Norm@clubinsideronline.com.**

•**CRAIG WATERS is the intellectually gifted Editor at the always interesting CBI Magazine, also known as "The IHRSA Magazine."** Each month, Craig leads off each *CBI* edition with comments about some of the stories of contained in that particular issue. This month, in the June *CBI* edition, Craig commented on three articles, with the first comment being about the **Page #25 article and photo**

in which yours truly was shown with several of my long-time industry friends taken at **IHRSA Los Angeles in March: RAYBOB GORDON, BOB McKENNA and NESTOR FERNANDEZ.** The headline of the article summarized the content of the piece, which has been presented in this column more than once, so I will repeat only the headline: **Norm Cates to Receive Club Industry's 2017 Lifetime Achievement Award. Thanks Craig** for your entertaining comments about me and the Club Industry honor, and **Thanks to JAY ABLONDI, CBI Publisher,** for kindly covering this story in your **June edition.**

•**This month, CLUB INSIDER brings another All Star Line Up of Contributing Authors,** including excellent articles by: **PAUL R. BEDARD, Esquire,** who addresses **When A Health Club's Dress Code Conflicts With a Member's Religious Beliefs. BILL McBRIDE** writes about **Innovation - Disruption - Progression,** and **Professor GERRY FAUST** tackles **The Life Cycle of an Organization: The Growing Phases.** Also weighing in are **Tracey Stepp** and **Mike Boos of the Claremont Club** with their comments on what they do and how they do it at the amazing **Claremont Club in Claremont, California,** courtesy of **MIKE ALPERT, CEO and President** of the fantastic organization.

•**Welcome back to MELISSA KNOWLES,**



Norm Cates

**Vice President of GymHQ, a Division of Club Ready,** as she has delivered another excellent article this month entitled: **What Is Your Company Culture?** Gym HQ specializes in **back office operations,** so while I am at it, let me mention my own personal experience in that realm:

In 1974, I met **RAY IRWIN** while we were waiting for our turn to get on the racquetball courts at the apartment complex where we lived here in Atlanta. At the time, I was involved in the business of raw land syndications, and I asked Ray if he might want to invest with us. He replied, **"No Thanks, Norm. I'm saving my money to someday build a racquetball club."** As it turned out, Ray was a Certified Public Accountant (CPA).

(See *Norm's Notes Page 7*)

## About Club Insider

# Established in 1993

## 24 Years and Counting!

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# The Claremont Club

## Inspiring a Community of Healthy Living

**By:** Tracy Stepp

As The Claremont Club's Director of Human Possibilities, I am proud and honored to be a small part of the life-changing events that are happening everyday at The Claremont Club. In addition to myself, our staff will tell you that there isn't anything more powerful than being part of such purposeful and meaningful work.

My journey with the club began in June of 1986. At that time, we were known as Claremont Tennis Club, one of Southern California's finest health, fitness, tennis, aquatic, wellness and social clubs located on 19 beautiful acres in Claremont, California. In August of 1997, the club's Founder, Stan Clark, hired Mike Alpert to serve as the club's President/CEO. I remember having conversations with Mike early on about the medical industry and why our industries should be working together, instead of so independently.

We began serving less fortunate populations in our community, specifically those struggling with chronic injuries and illnesses. We were giving them hope, acceptance, possibilities and a renewed

outlook on life. All of this resonated with our staff, and it became an important part of what we do every day. It gave us *purpose*.

Most of us didn't know what the coming years would bring. Now, twenty years later, the club is being recognized in our industry for leading important change: **Exercise is Medicine**. We believe that clubs like ours have the ability to improve and save lives, and we are proving it.

For the past eleven years, we have demonstrated that exercise has had a profound effect on people struggling with Spinal Cord Injuries and other neuromuscular illnesses, including Multiple Sclerosis', Cerebral Palsy, Parkinson's, Stroke, ALS, PLS and Traumatic Brain Injury through their activity-based therapy in *Project Walk*. We opened the first Project Walk franchise in the world in February, 2013 with 17 full-time SCI clients. Today, we have over 90 clients and continue to grow. The club has also had tremendous success with our *Living Well after Cancer Program* and Pediatric and Young Adult programs, helping improve individual's overall health, physically, mentally, emotionally and spiritually, for over 800 cancer patients and their families.

Most of us recognize the benefits of exercise as medicine, because of our own experiences: relieving stress, increasing energy, boosting confidence and self-esteem, better sleep, etc. We also know through science that exercise improves your mood by stimulating various brain chemicals, such as serotonin, norepinephrine, endorphins and dopamine. Exercise boosts high-density Lipoprotein (HDL), the "good" cholesterol, which decreases your risk of cardiovascular disease. We know that regular exercise helps prevent a wide range of health issues, including stroke, metabolic syndrome, type-2 diabetes, depression, arthritis and a number of types of cancer.

We are witnessing life-changing events everyday through the programs and services offered at the club and through the "Exercise is Medicine" initiative. For all owners and operators, the business model not only works, but it is also very successful.

**Learn more:**

View our documentary: [bit.ly/clubinsider34](http://bit.ly/clubinsider34)  
 Visit our website: [www.claremontclub.com](http://www.claremontclub.com)



Tracy Stepp

View our YouTube videos:

[www.youtube.com/user/theclaremontclub](http://www.youtube.com/user/theclaremontclub)

*(Tracy Stepp is the Director of Human Possibilities, also known as the Human Resources Director for The Claremont Club. Tracy started with the club in June 1986 in the Accounting Department for years before being promoted to the Human Resources Director where she found her true passion; serving the needs of others. Tracy may be reached at 909-625-6791, EXT 232 or [tstepp@claremontclub.com](mailto:tstepp@claremontclub.com))*

## Why Working at The Claremont Club is More Than a Job

**By:** Mike Boos

I have worked at The Claremont Club for 23 years now, and there are many reasons why. Let me tell you about one.

I am associated with people who volunteer their time in an interfaith group in our community of Claremont. This group has been working to place and integrate

refugees from the war-torn Middle East. One such family is from Syria. Their teenage daughter was shot and paralyzed by a sniper three years ago, and she arrived with her family in the United States several months ago.

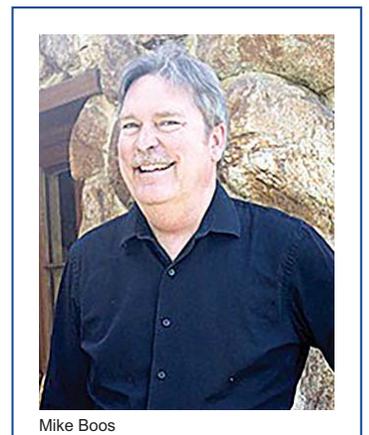
When I found out about their circumstances, I immediately thought that we here at The Claremont Club

and Project Walk, our spinal cord injury therapy center, could help. I brought their story to our CEO, Mike Alpert, and he was so enthusiastic and optimistic about the prospect of helping that he presented the situation to *Lori Hargrave*, at the Be Perfect Foundation, to see if they could sponsor Nadia and her family into the program.

After a few meetings, it looks as though Nadia will be receiving fully-funded therapy at Project Walk, and her family a full membership at The Claremont Club, and she will also be receiving important medical attention thanks to *Dr. Salas* and the Kaiser medical team. *Christy Anderson*, from the refugee resettlement team, sent me this note when I asked her how the important meeting went.

*"Hey mike! I've been meaning to write you all day! It went fabulous!!! thank YOU!!!! Nadia and her dad were so, so grateful. I had to hold back tears. You got this rolling for them. The world is better for having people like you in it! This is life changing!"*

While Nadia and her family



Mike Boos

still have many challenges to overcome, it is gratifying to know that I had the opportunity, in some small way, through my work here at The Claremont Club, to make a positive impact in the lives of people truly in need of help.

*(Mike Boos is the Facilities Director at The Claremont Club)*



## ...Norm's Notes

continued from page 4

Time passed, and we teamed up with two other fellows, **RICH BOGGS** and **FRED STRECK**, to build the first racquetball club in the **Southeastern United States**, opening on May 1, 1977. Ray took care of all of the financial matters for our growing number of clubs, which had reached four company-owned clubs and five out-of-town franchises.

On May 1, 1981, our partnership broke up, and we split the company up by placing the names of the four locations into a hat and each guy drawing one (The franchises went to their owners from then on). There I was a former U.S. Air Force pilot and airline pilot turned business entrepreneur running my own club. Before long, I had built my club group to four locations. Here's the catch though, so to speak. During my rapid growth, I failed to find somebody to truly take on and run the back office operations of my four clubs, leaving it all... all four locations to a lovely lady named Ruth. She was just a bookkeeper. As it turned out, Ruth the bookkeeper, purely and simply was not capable of running the back office of all four club operations simultaneously. Due to that, I would very honestly confess to you that I probably lost more than a million dollars over five years due to multiple problems in our inefficiently-operated back office operations. I would give anything if there had been a company back then like **Gym HQ** on the job running financial departments of my clubs. But, I didn't, and I paid greatly for that. I'm just saying that my story is true... and **YOU** and **YOUR CLUB** could easily become a victim of your own success by *not having ALL of your financial matters in excellent order*. See Melissa's excellent **Article on Page #20** and get qualified help as soon as possible if you don't have it already.

•The Dallas Morning News released a report that was shared online by **Athletic Business' iClub: The Cowboys Club**, part of a \$1 billion development in Frisco, Texas, a suburb of Dallas, will open in September. Reportedly, industry luminary and icon, **MARK MASTROV**, was involved as a friend of **JERRY JONES, JR.**, the son of Cowboys owner, **JERRY JONES**. According to the report, "Mastrov told Athletic Business affiliate iClubs that he is a friend of Jerry Jones, Jr., but he had no involvement with the Cowboys Club other than answering questions the Jones family had from time to time." The report also went on to say that membership of The Cowboys Club includes access to **Cowboys Fit, a 30,000 square-foot fitness facility where the Dallas Cowboys Cheerleaders will train!**

Yours truly remembers his own experience with NFL Cheerleaders when in 1983-84, I hosted the **Atlanta Falcons Cheerleader Team** at my **Lenox Athletic Club** in Atlanta. To say that having the

Falcons Cheerleaders coming in and out of my club twice a week for a couple of years was good for our membership business would be an understatement.

Another understatement would be that, with the family membership Initiation Fees for **The Cowboys Club** being **\$4,500** and **dues being \$350 per month**, they're gonna need all the help they can get. But, the *Dallas Morning News* reported that the memberships to the Cowboys Club had been available only to Cowboys season-ticket holders until recently when they became open to the public. So, there is little doubt that Jerry Jones and his son, Jerry, Jr., will cut the mustard in this big deal. **Nor is there ANY doubt that the Jones' will benefit greatly from advice they get from the vastly experienced and one and only MARK MASTROV, Founder of 24 Hour Fitness, who is Chairman of the private equity firm New Evolution Ventures. Stay tuned, Folks!**

•IHRSA's Global Report... what I would describe as "The **OFFICIAL State of the Health Club Industry Report**" is an amazing compilation of facts and figures measuring 126 pages and well worth checking out. Of course, **The Global Report** is just **one of many benefits of IHRSA Membership**, just like **CBI Magazine** and **many other IHRSA Membership benefits**. Interesting and frankly, amazing numbers include the **estimated total number of 200,000 clubs worldwide generating \$83.1 Billion while serving 162 million members!** Boy oh boy, has our great industry become a **monster** or what!? And folks, **we ain't seen nothin' yet!**

•Last month, I wrote about **The IHRSA Institute** being a place where you'll find the "Fast Burners" of our industry. These people I refer to as "Fast Burners" are industry leaders who, because of their excellence in multiple aspects of this industry, have been invited to be professors at the IHRSA Institute. In case you didn't see my comments last month, let me pass this on: the next **IHRSA Institute** will be held **August 1 - 4, 2017** at **The University of North Carolina Chapel Hill**. For information on attending, call **IHRSA** at **(800) 228 - 4772**.

•The **Club Industry Show** is right around the corner, and before you know it, many of us will be in **Chicago** for the **35th Annual Club Industry Show**, to be held at the **Chicago Hilton, October 4 - 6th**. I hope you'll be there with us! Make plans today to be in Chicago where we'll gather once again to "Get better" at what we do. Special reduced enrollment rates are now available for the **Seminars**, and the **Trade Show registration is complimentary**. That combo makes **now** the time to take action and sign up to attend! So far, **58 companies** have signed up for the Trade Show, including **CLUB INSIDER Advertisers: Gym Wipes** and

**Sports and Fitness Insurance**. So, go to **www.clubindustryshow.com** to check it out and **get signed up!**

•It didn't take **MARK SMITH** long after he left **24 Hour Fitness** before he landed on his feet in what appears to be a good place. **Congratulations to Mark**, as he's now the **Executive Director** and an **investor in Zeamo, Inc.**, a digital global gym platform. From **Zeamo's Press Release:**

By partnering with health clubs and gyms, Zeamo offers easy access for users to work out anytime, anywhere. Developed by an experienced leadership team who are passionate about the fitness industry, Zeamo's goal is to increase the revenue of their partners through cutting edge technologies and unique B2B partnerships.

As former CEO of three different companies, two of them being in the top five gym chains in the world, Mark brings 35 years of fitness industry experience and leadership to Zeamo. Mark built Town Sports International to 150 clubs and 500,000 members. At 24 Hour Fitness, he headed a company with 430 clubs and 4 million members. He has experience operating in the USA, Europe, and Australia. He was on the board of IHRSA for four years.

"The digitization of the fitness industry is long overdue, and Zeamo is bringing a smart, succinct user experience to the business that gym owners and consumers are going to appreciate and which our corporate partners are in dire need of." said **Mark Smith**.

"As a Captain of the fitness industry, we

at Zeamo appreciate what Mark brings to the table. His knowledge and contacts will help bring us to the next level. He is a proven industry expert and has already demonstrated his commitment and passion." said **PAUL O'REILLY-HYLAND, Zeamo Founder & CEO**.

•As reported in their **June 5, 2017 Press Release, and subsequently reported by Club Industry, RICH NELSEN, In-Shape CEO, promoted FRANCESCA SCHULER** to be the new **In-Shape Health Clubs, Inc. COO** to increase focus on member experience inside and outside the clubs by integrating marketing and operations into one team. In the new role, Ms. Schuler will manage member experience in **more than 70 clubs throughout California**. This will include all club teams, operation services, sales, marketing, corporate partnerships and learning and development. **In-Shape also announced the promotion of KRIS MULKEY to Vice President of Marketing**. Ms. Mulkey has over 20 years of marketing experience building brands in multiunit companies. Most recently, Ms. Mulkey led In-Shape's corporate partnership program. And, **GEORGE BISHOP was named Vice President of Operations, Learning and Development, and KRIS JOHNSON was named Vice President Fitness. Congratulations to all four of the In-Shape Teammates on their promotions!**

•**JOE MAJOR**, a 20-year industry veteran, has been hired to serve as **General Manager of Sport Fit** in **Bowie, Maryland**. Major previously worked at **The Merritt Clubs**, where he managed the (See Norm's Notes Page 8)

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The Pulse of the Health and Fitness Club Industry

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Ray Gordon Wins IHRSA Raffle Conducted By GoalPostPro

*...Norm's Notes*

continued from page 7

**Towson Club**, reportedly the oldest club in the Merritt group. A **Howard University graduate**, Major managed ten clubs during his career, including the **Chevy Chase Athletic Club**, **The Downtown Athletic Club in Miami** and the **West End Executive Club in Washington, D. C.** He also served as the District Manager for the Western New York region of **World Gym**. Best of luck to Joe in his new role.

• **Congratulations** to my long-time industry friend, **RAY GORDON**, Manager at the **Apple Athletic Club in Idaho Falls, Idaho**, for winning the **IHRSA Raffle** conducted by the **GoalPostPro Company** for a new **55" HD Samsung Smart TV!** The **GoalPost Pro Company**, and its fellow associates, are part of the **IHRSA** community of organizations that seek to make the world a better place through exercise and activity promotion. Through their partnership, they aim to provide guidance and assistance to the health and fitness club industry. The **Apple Athletic Club** aims to create an online community via **GoalPost**. **GoalPost** provides fitness clubs with their own private online community centered around betterment via setting and accomplishing goals. **Ray Gordon** commented, "With **GoalPost**, we can actually create our own private 'invite only' online community and our trainers work directly with our members in helping them set and accomplish their goals. It helps provide focus and direction, and we all know that goal-setting works." Folks, for more information about **GoalPost Pro**, please visit [www.GoalPostPro.com](http://www.GoalPostPro.com), and better yet, call **MR. SAM JOHNSON** at (760) 583 - 3054 or email [Sam@GoalPostPro.com](mailto:Sam@GoalPostPro.com).

• I rarely mix reports of sad losses of my friends outside the club world with my **CLUB INSIDER Norm's Notes** writings. But, today I'm going to make an exception. One of my very best friends, **BILL DOMENICO**, passed away at age 85 on May 28, 2017. I can safely say there will never be another **Great CHARACTER** quite like **Bill Domenico**. In fact, though I use the term, **Great CHARACTER**, to describe **Bill** here today, at the same time, he was a long-time member of a group called the **Great CHARACTERS of Atlanta**, for whom I produce a special party each year. On **May 23, 2017**, we had the **30th Anniversary of our Great CHARACTERS of Atlanta Party**, and several hundred turned out for and to achieve our **Mission** with these parties, which simply stated, is to: "Make it FUN!" Sadly, since I took over the production of these events in the year 2000 from another of my closest friends, **RON HUDSPETH**, 25 of our friends have gone to the promised land.

Surviving **Great CHARACTERS** and new **GCA Classes** each year allow

us to continue on... and they include such luminaries as former **Atlanta Mayor**, **SAM MASSELL**; **BRAD NESSLER**, one of the all time favorite and best TV football broadcasters ever in America, who will step in at **CBS** for **VERN LUNDQUEST** this Fall; **DOUG McKENDRICK**, one of the best and most prolific bar, restaurant and night club developers with many great bars and restaurants opened over the years; **BILL SWEARINGEN**, another all time nightlife great here in Atlanta; and **BILL HOUCK** of **Houck's Bar and Grille** Fame here in North Atlanta, just to name a few.

So, in **MEMORY** of and in **HONOR** of "WILD BILL" **DOMENICO** and the 24 other **Great CHARACTERS** of Atlanta whom we've lost, I say, **REST IN PEACE, Boys!**

• **JUSTIN** and I want to say Thank You for reading **CLUB INSIDER!**

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

(Norm Cates, Jr. is a 40+ year veteran of the health, racquet and sportsclub industry. Cates is the **Founder and Publisher** of **CLUB INSIDER**, now in its 24th year of publication. Cates was **IHRSA's First President**, and a **Co-Founder** with **Rick Caro** and five others, in 1981. In 2001, **IHRSA** honored Cates with its **DALE DIBBLE Distinguished Service Award**, one of its highest honors. Cates may be reached by phone at 770-635-7578 or email at [Norm@clubinsideronline.com](mailto:Norm@clubinsideronline.com))



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## ...Brooklyn Boulders

continued from page 3

foot facility in one of the best possible neighborhoods, Gowanus, Brooklyn, which is sandwiched between Carroll Gardens and Park Slope. There's just a tremendous amount of people over there, and we were bounded on the north side by the new Barclays Center and the south by the largest Whole Foods in the country. Those things weren't there when we started, but we knew they were coming. So, Gowanus is undergoing a huge renaissance, and we happened to pick the right place and know we did so because we were living there at the time.

The space is beautiful. It's an old *Daily News* garage and came with 10,000 square feet of windows on two levels wrapped around, and there are no columns. They certainly don't make them like that anymore. And, the ceiling heights are from 16 feet to 32 feet, so it was perfect for us. We opened on 9/9/9, September 9, 2009. We only opened the first half of the facility at that time. We finished the rest later. So, at that time, there was about 6,000 square feet open for climbing, and the rest was some training walls and a slack line, which is like a tight rope that has a lot of give to it. We also offered Yoga, Pilates and Capoeira. Let me add that, at that time, there were no showers or locker rooms and limited bathrooms. We have since added locker rooms.

One thing we were able to do, which was a big boost to the environment we were in, was that we were really connected to the New York City street art community. One of the people who coordinates murals and contests was a really good friend, so she put the word out on the street that we had a garage and were trading memberships for artwork. So, we have had some of the best graffiti artists of all time paint in that facility. It's basically like a graffiti hall of fame and is a very special place. It's visually appealing, and there

is eye candy every which way you look.

### Concept Learning Curve and Evolution

**C.I.** - Growing and evolving to now having four facilities, please take us through the learning curve and key improvements of each new facility as they were opened.

**LP - Somerville, Massachusetts:** We opened Somerville July 31, 2013, so that process began towards the end of 2010. We signed the lease by the end of 2011 and started getting things going. It took us a while to build out this location. It was a massive 40,000 square feet, in which we constructed a 10,000 square-foot mezzanine in it and had to lift the roof to 50 feet, so there was quite a bit of foundational and exterior work that needed to be done. It's part of a 300,000 square-foot former paper mill, and before that, it was a foundry. So, it's got that raw characteristic, and there are relatively few columns with about 10 - 12 in the whole place. That also came with challenges, and there was a new management structure that we had to operate under for the general building. That learning curve caused some delays. We built next to a train line, so coordinating with the city was super tough. Dealing with the fire department was delicate. And, we had to get mayoral approval for the project, which was something new for us.

Because the space was 40,000 square feet, we were able to put a lot more into it. We were able to put in a really sweet Yoga facility with separate climate control. There were two other classrooms that we built into the space. There's a climbing training room. And, we built several spaces for people to hang out. When you walk in, we have bike parking for 100, indoors. It's awesome. You can go to the retail area and get coffee, play ping pong or check out some of the retail gear. Pass the retail area on the second level is an area where we have co-working space, or you can also do co-working in the main area (See **Sidebar on This Page**).



Brooklyn Boulders in the Old *Daily News* Garage

We also have awesome locker rooms there with showers and dry sauna, hoorah! (laughing) We have two party rooms there, whereas, in the first facility, we used the Yoga room. So, we carved out space for two really cool party rooms and sort of quarantined the space so that they are adjacent to each other with their

own private wall; that way, as kids come through, we can corral them into the area. The second level overlooks that area, so parents can video-record from above.

We have more slack lines, and we have so much space that we are able to host parkour and our own indoor obstacle (See *Brooklyn Boulders* Page 12)

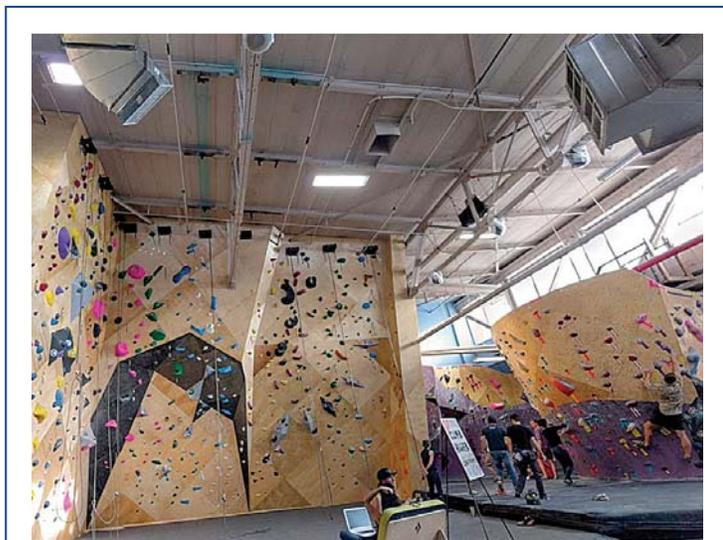
## Innovating With Co-Working Spaces

The first space we ever designed for this was a little ski chalet-style room with a working fireplace. It's a great place to chill while taking a call or something like that. We analyzed that and decided to develop it more into an overt offering to people because we noticed we were among the first to put co-working space adjacent to fitness. *Fast Company* picked this up, and it went kind of viral. Coca-Cola put us on the front page of their employee website. *Architecture Daily* featured us on their cover page, as well. And, PSFK came and asked us to do some speeches about it. It was a very big campaign, and it rocketed our desire to be useful to our community, which is sort of why we evolved.

Originally, we just wanted to be a rock climbing gym. People told us we should put in Yoga, so we did before we opened and were able to start with it because we were that open about serving the community. Now, we've had this opportunity to expand the co-working concept and paint the picture for people not having to choose between getting work done *or* going to the gym. This became our desire because we observed the natural occurrence of this in our first facility. There, people were bringing their laptops and using our free wifi. At first, we thought, 'Why not leave them alone?' Then, they would be sitting underneath people who were climbing, and we had to say, 'Don't sit there; it's dangerous. Come to the back. Grab a desk where you can go to town until you are done, and then, go play.' That was good customer service and all, but it was not sustainable or duplicatable.

So, in Somerville, we really sought to accommodate that need. Then, it turns out, when you design things for people, they use them more. We basically made it like Starbucks with co-working, but then, because we made it like Starbucks, people will hang out there all day. Now, you have people setting up shop all day to work. Then, they take breaks in between to do fitness to get their blood pumping. I don't know if you've ever done an all-nighter, but at some point, the Red Bull stops working, and you've got to do push-ups or something like that. So, imagine if you are doing that kind of work all day long with your workout.

It just so happens that, at the same time, an article came out saying 'sitting is the new smoking,' and, 'every half hour you are sitting, you are dying.' One of our buddies, who we were working with at the time, put all that together into a nice campaign and video explaining that this is the perfect solution for the horrible ways of working. Since then, we have been featured in the *Wall Street Journal* as innovators of this concept, along with Equinox and Life Time Fitness, who are now incorporating 6,000 square-foot co-working spaces into their new builds. It's pretty interesting.



Climbing Room at Brooklyn Boulders Gowanus

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## ...Brooklyn Boulders

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course, which has been pretty successful. This second facility is our marquee space. We moved the roof up to 50 feet and put windows at the top, so if you get up there, you can see all of Boston.

**Chicago, Illinois:** We know Boston and New York pretty well, so this was new territory. We surveyed the whole space over the course of a year. We had a deal lined up that didn't go through at the last minute. Once again, because of the economic downturn, someone else decided not to go through on a lease in the amazing West Loop area of Chicago at the corner of Morgan and Monroe, which is halfway between the United Center and the Willis Tower. It's a very up-and-coming neighborhood. We got in before a lot of the development that is going on there but just before and a little bit later than we would typically go into an emerging neighborhood. It just happened to be an awesome deal --right time, right place-- and a really great landlord who wanted to work with us because he had a dealmaker style.

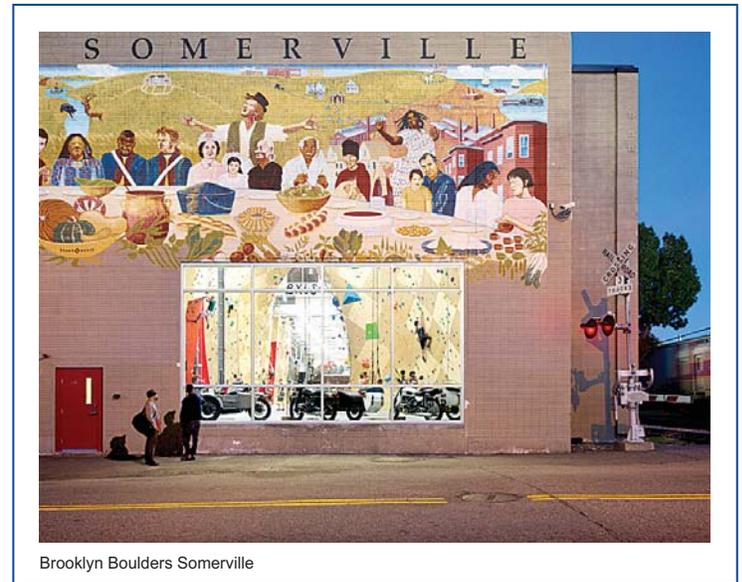
That facility is two buildings adjacent to each other. One is an old church headquarters, and the other was their garage. Both have a beautiful bow-truss roof. We saved the one in the main building, and in the second building, we removed the entire roof and repurposed the wood throughout the facility. Then, we moved the entire roofline up from 20 feet, where it stood, to over 50 feet. In the first facility, we only did 5,700 square feet of roof-raise. This was a 10,000 square-foot roof-raise.

As far as amenities, this place has all the polish. We won an *AIA Design Award* for this location. It's important to know that we work with a fantastic firm called *Arrowstreet*, and they are out of Boston. They've done places like *Patriot Place*, the high-end retail space adjacent to Gillette

Stadium, and they are responsible for other high-end retail leases being sold based on their renderings. They are amazing, and they work together with an architect on our team, **Chris Ryan**, who has been with us since the Somerville project. He developed 60 rock climbing gym designs for climbing wall manufacturer, Eldorado, and he gives us a distinct architectural advantage in creating these spaces. He was able to join our team because he lives in Somerville, and we were developing the largest indoor climbing gym in the country there. The way he puts it together with the wall builders and Arrowstreet makes it seamless, and they have created some pretty magical landscapes. I think we have some of the most beautiful facilities in the country, but of course, that's in the eye of the beholder (laughing).

So, in Chicago, it was the first time we had two buildings. We punched some pathways through. This one has 7,500 square feet on the ground floor of the first building, as well as a mezzanine of about 5,600 square feet. The second building is about 10,000 square feet and has an adjacent parking lot, which we have been able to use for community events like festivals, parties, bon fires, etc. We did learn that, being in a neighborhood like this, with thousands of families adjacent to us, we have to be very careful with notifications of loud music. In the first weeks we were open, we received a couple of cease and desist notices because we tried to have a Red Bull Monday party the week of Christmas (laughing), so we didn't have any parties for about six months after that. The community has gotten to know us now, so they know we aren't going to do something like that every day.

We also learned that Chicago is not as easy of a market to penetrate with a new product. We were the first climbing gym in the Chicago market, and we weren't called something like 'Chicago Climbing Gym.' So, I'm not sure how much that had to do with it or some other reasons, but it



Brooklyn Boulders Somerville

just wasn't as fast as we thought it would be. We did do well in the beginning and eclipsed our starting membership goal, but it didn't continue to grow at the clip the next facility grew. But, the good news is we have turned the tide there, and things are going really smoothly in Chicago. We are actively seeking a new space there.

**Queensbridge, New York:** Somerville, Chicago and Queensbridge were all discovered in the same year, but each took a different lead path because of various factors. I'm a local here, so I'm always looking for new apartments and new places to put Brooklyn Boulders. In my daily imagination, every single building could be a Brooklyn Boulders. As a New Yorker, I haven't had a car in I don't know how long, so my life depends on trains, preferably, as well as cabs. So, I look at the most convenient places possible, and those tend to be the most expensive. Go figure (laughing)... So, down by Barclays Center, where our first location is, there are ten trains within a mile of the facility, which is amazing. Up here, in Long Island City, we still have eight trains within 5 1/2 blocks of the location we chose, which is great. That, alone, has always interested me in being part of Long Island City, but it wasn't always apparent what was coming here. So, one day, I was doing my due diligence, I saw the zoning map, and this place had been rezoned. A tremendous amount of rezoning occurred here thanks to the city's bid for the 2012 Olympics. It changed the landscape of this industrial neighborhood from a 2-story allowed buildable to a 15-story allowed buildable on all property for 37 blocks. Everyone here hit the jackpot. Some places got 25

stories, and some places got 50 stories. It was just about finding who wanted to make a deal and didn't want their space to be vacant for very long, as well as knowing we would have to wait two or three years for a building to be built.

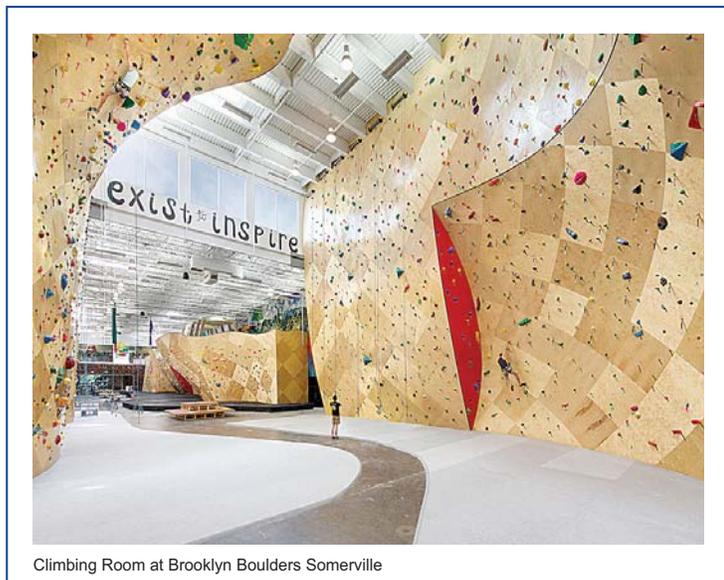
We found a wonderful group who was willing to work with us, and the landlord actually built that project for us, which is awesome. We had complete alignment. Construction began in 2014, and it opened at the end of 2015. It's the most convenient climbing facility in the country because it is so close to so many trains, and they all go into Midtown, Manhattan one stop away. It's in a beautiful condo building. We are on the bottom three floors, and there are 100 units above us. On the first floor, there is several thousand square feet. We have a wrap-around curtain wall of windows, so light pours into the cellar space; it's beautiful. Then, we have a 6,000 square-foot cellar, so we are able to have all of our climbing programming, some of the co-working space on the cellar floor, as well as training space and fitness classes. And, in the sub-basement is where we have our workout areas and equipment, Yoga, Pilates, training rooms, lockers, showers, sauna, etc.

**C.I.** - What is the typical cost to build out such a facility?

**JB** - Depending on the size and the complexity, it's a range of about \$3.5 million to \$6.5 million. I know that's a wide range, but it's determined by the size, location, complexity, height, what the building is like before we get there, how much work the landlord will do, etc.

**C.I.** - I understand liability insurance is a challenge for operators of climbing walls: What kind of problems do such facilities have? Are there insurance carriers that specialize in this type of exposure? And, what is the typical premium for a facility?

**JB** - For us, it's never been a problem (See *Brooklyn Boulders Page 14*)



Climbing Room at Brooklyn Boulders Somerville



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## ...Brooklyn Boulders

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getting insurance, and we've always had multiple carriers that bid on our business. So, it's less of an issue in terms of finding the coverage, but it's expensive. At this point, system-wide, we have four big facilities that are all multi-million dollar businesses and see a lot of people and have a lot of members, so the insurance is commensurately in line with the kind of revenues we bring in. But, it still remains expensive at hundreds of thousands of dollars. So, it's really less about getting it than it is about being smart with costs and who we go with. The devil is in the details because some will look cheaper but cover a lot less, so you've got to be smart in terms of what you are buying.

### Local Adaptation and Key Market Differentiators

**C.I.** - Your sites are in dense areas. What are some of the criteria you use when choosing a new site?

**JB** - First and foremost, we are an urban brand, so we don't go into malls, suburbs, industrial parks, etc. Then, within that, we look for metropolitan cities, and what I mean by 'metropolitan' is not in terms of size but what the cultural relevance of the city is. How's the music scene? How's the art scene? Is it a city that influences the culture of our country in a way that is relevant? We might pass on a city that is really large because it may not necessarily have the cultural impact, richness and diversity we are looking for. We were born in Brooklyn in New York City, which is incredibly diverse and rich in culture, so we look for places that have similarities to that, which thankfully, we find a lot of.

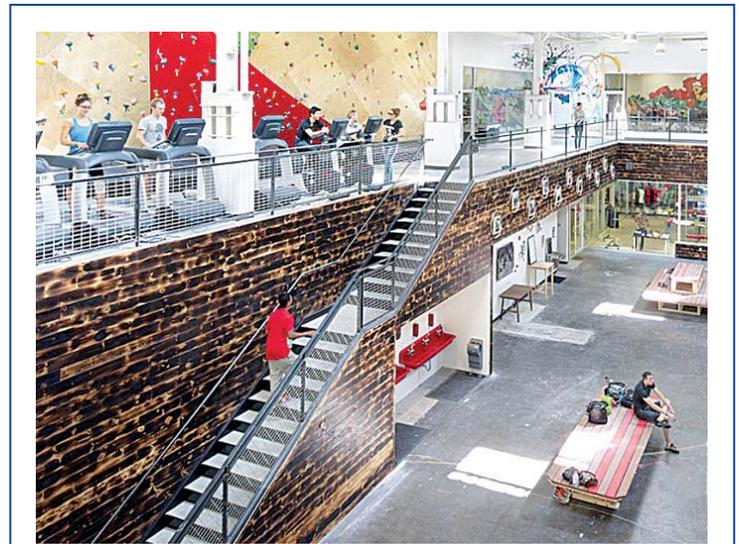
Then, we think of ourselves as being an *experiential platform*. We don't really think about ourselves as a 'climbing gym' because that really limits the upside of what we are able to do. If

we are going to build community and bring cultural diversity to the community and provide an experience, then we have to be in a neighborhood where, before coming to us and after playing with us, you have other things to do. So, we look for neighborhoods that have other things going for itself, whether its theaters, great street art, amazing restaurants, cool nightlife, etc. The up-and-coming neighborhoods tend to provide a lot of the cultural diversity we are looking for. I would say that it's best for us to get there four or five years after it has been discovered because, in the beginning, it's just too new and there aren't enough people. When we got to where we were in Brooklyn, it was the beginning of that neighborhood, and it took three or four years for the neighborhood to really develop into what it is now. And, now, you can have a full experience at BKB and around it.

Then, of course, we look at demographics, psychographics, spending patterns and what the people are into. We do pretty deep market insights to understand where to go because our clientele is particular, and our brand only appeals to a particular slice of the population. So, we have to be very careful about where we go, but we have gotten better and better at figuring that out.

**C.I.** - What local factors are taken into consideration when crafting/adapting the experience of each new facility to its market?

**LP** - At each location, we were able to tap into the local graffiti culture. Because we were anointed with 'coolness' by the awesome crew in New York City and showcased their work, they were able to easily explain the value to other heavy hitters and get them in there. So, in Boston, for instance, the entire first 130-foot wall, one particular crew painted that at the same time. It was a sight to see, and they were super happy to do it. Then, various other crews did things. It's really easy to adapt



Workout Mezzanine at Brooklyn Boulders Somerville

when you already have people outside painting what people see all the time. There are certain characters that are recognizable, or if they have pride in designing other city-centric icons into their work, it really ties in well. And, no one else can really do it. If you try to contract that work, it would be prohibitively expensive.

We have ping pong at every facility. Our mentality is to not really force our climbing agenda on people, but instead, always try to be useful to them. You see that with our other amenities like co-working, fitness, etc. But, the spaces designed for this are only useful for those purposes during certain times of the day. The rest of the day is for us to program with other things we like. So, we have everything from concerts to Ted Talks to full facility rentals by various organizations. We do quite a bit of outreach in trying to build a community around what people are interested in.

**C.I.** - As a brand, what do you consider the key market differentiators of Brooklyn Boulders?

**LP** - First, we are in climbing, which is an emerging differentiator in and of itself, so it's disruptive. Climbing is skyrocketing in popularity. It just became an Olympic sport, so in 2020, you will see it in the Olympics. It's crazy because some kids I know are going to be Olympians. So, you are going to see even more of a boom. Right now, there's actually not enough wall climbing surface to cover the interest level, not by a longshot, maybe 1/3 is covered. So, you will see the industry of climbing growing and filling in places where there is no climbing.

In entertainment, with a cross-breed entertainment venue, there is a lot

of market to be built for that. That's an emerging industry as well. Yes, there are all kinds of event spaces and co-working spaces, but the way those are used on a regular basis, that's just beginning to get categorized.

As far as fitness differentiators, our people are very into the healthy lifestyle modality. I don't know if you've ever rock climbed before. I always say that, if you can climb a ladder, you can climb a rock wall, which is true. Anyone can climb at any time, and you can have a lot of fun climbing at a basic level. I'm not that awesome myself. But, in order to get better, you have to train and pay attention to your fitness, flexibility, etc. If you are at BKB and into climbing, it can become super addicting. It's super fun when you start figuring out the puzzles.

Maintenance of the climbing routes is important. The basic concept is that you get to know the difficulty of the problem you are trying --the route-- before you start. If it's in your range, you should be able to get it, physically. But, mentally, you still have to perform the choreography ahead of time and figure out the puzzle. When you are in a place where there are a lot of routes in your difficulty range, but there are various styles, you have to go around and figure out which ones you can do, you can't do and if you can outsmart yourself. In our facilities, and other elite facilities, the routes are changed so often that you never get bored. We change part of the facility (the wall holds) every single week day, and the whole facility gets changed in about six to eight weeks. So, the concept is that you are coming in and getting your problems because you know they are in your difficulty range. You may not be able to figure them out, but then, you come back in two or three days, you've become stronger because that's how your muscles work and the muscle memory kicks in, the knowledge of the problem kicks in and all of a sudden, you succeed (See *Brooklyn Boulders* Page 16)



Co-Working Space at Brooklyn Boulders Somerville



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## ...Brooklyn Boulders

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and beat the problem. Then, after three or four weeks, you move up a grade in difficulty.

We have a wonderful capital partner in North Castle Partners. They are leaders in the health and wellness investment space. They're famous for buying and selling Equinox, but they also currently hold Barry's Bootcamp, Curves | Jenny Craig, SLT and about dozen others. They lend us quite a bit of credibility when we are trying to negotiate for something. They are also extremely wise people, and they give us a lot of their time. They help us think through perspectives in which we just don't have the data to interpret properly.

Finally, we have a fantastic team. They are willing to grow with us over time, and they are very pliable.

**C.I.** - When did North Castle Partners invest in Brooklyn Boulders? What changes did they bring to the company?

**JB** - In August of 2015, North Castle took a minority position in the company. To be honest, we've remained masters of our own universe, if you want to call it that. The reason we went with them, even though we had a number of choices, was because, they were very much aligned with our culture and what we're looking for. Their investment horizon is 7 - 10 years, which I think is the amount of time required to really bring the vision to life. So, they are a very patient investor, and they are not overbearing. It's been nearly all positive with these guys, and it's another set of intelligent people at the table trying to figure it out, trying to make it happen, trying to help us navigate through the nuances of business and help us succeed. They have a ton of experience, and their network of operating partners is really impressive, from top HR people to top brand and marketing people. The

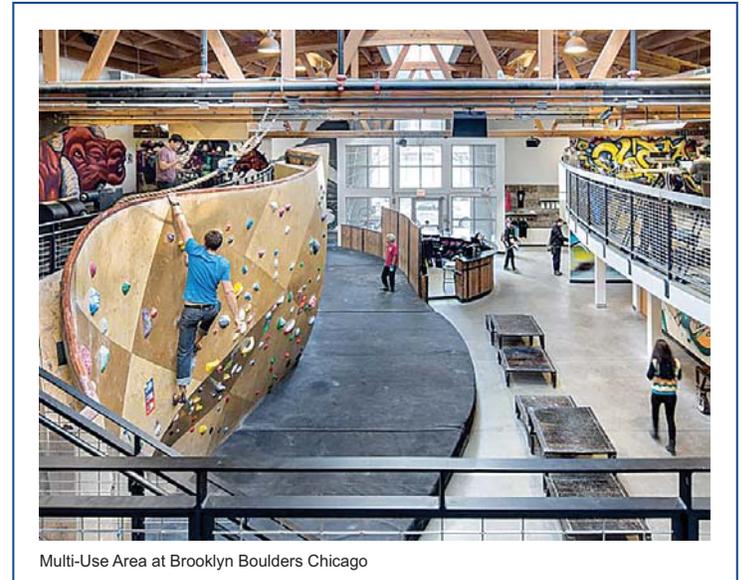
expertise they bring and the questions they ask, in turn, gets us thinking about the brand, the marketing, operations, sales, how we position ourselves, how we design things, etc. The questions they ask and the answers they give are some of the most helpful things. So, I only have positive things to say, and it has been an incredible experience and everything we expected.

### The Membership

**C.I.** - Brooklyn Boulders' membership structure and pricing is straight forward. Please tell us about the membership types/prices, as well as pass packages.

**LP** - Membership is definitely the best way to enjoy the facility, and you can come unlimited times for about \$135 a month. When you look at the value proposition, comparing it to other facilities at \$200 or a co-working space at \$400 a month, I'm pretty psyched in the difference we offer. Traditional climbing gyms are about \$89 a month, and they don't offer everything that we do. Programming is difficult.

Then, the ten packs are our easy entry way for people who are less committal. It's more of a legacy product from the climbing gym industry and maybe not as popular in regular fitness. We also sell day passes and for a reasonable amount, similar to that of a New York City movie theater. Groups that are organized by an individual will come in, as well as parents deciding the family is going to do this for the day. Then, there's all kinds of people who want to try it and get it off their bucket list; they come in on their own or in pairs. And, there are people who are interested in a new fitness lifestyle. They are still coming in on a day pass, so we have had to infuse a class into the day pass just to make sure they understand what they are missing out on because it's more than meets the eye. If you come in and I give you a day pass, then you go climb, you might not be successful. You signed your waiver, and that's good for me, but you might not know



Multi-Use Area at Brooklyn Boulders Chicago

how to interact with everyone here and the collegiate atmosphere where everyone is happy to talk to you, give you guidance and teach you how to climb. You wouldn't believe how friendly it is in there.

**C.I.** - One thing I noticed in particular about your membership options is the *Beginner to Badass* introduction option. Can you tell us more about this?

**LP** - It doesn't take much to advance quite a few grade levels in the first month. It just takes paying attention to your technique and being confident in choreographing moves. Then, working on particular strength characteristics and training your body to act a certain way. If you climb a few days in a row, your hands become significantly stronger and more callused, which gives you advantages when trying to grip. You can also cross-train, putting your hands in rice buckets and squeezing. There's all kinds of stuff you can do to train in the beginning, but if you don't have the education, then you might burn out. Our goal is to give people who are interested the best possible pathway to be successful and train them very closely during the first month.

**C.I.** - If you are willing to share, system-wide, how many members do you current have?

**JB** - Among the four facilities, we have about 9,000 members.

### Youth Programming and Community Outreach

**C.I.** - Youth Programs are also important to Brooklyn Boulders. Please tell us about those.

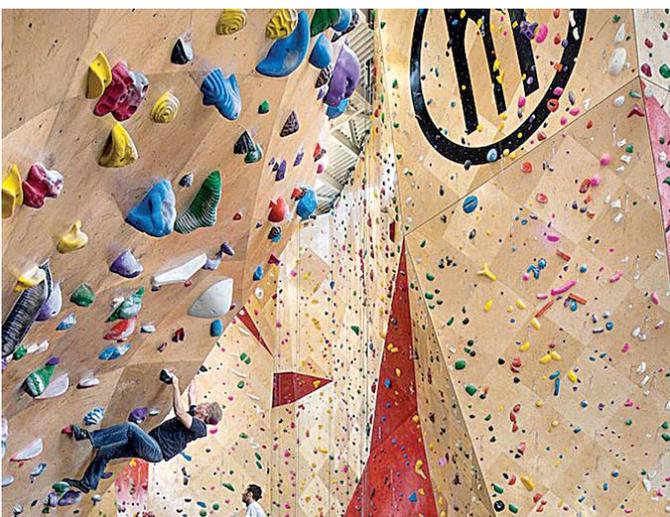
**LP** - Youth programming started at



**BROOKLYN BOULDERS**  
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our facilities with parents being really interested in getting their kids involved and wanting to do something with them after school. We didn't start with that as part of the plan. The Park Slope moms and Windsor Terrace moms of Brooklyn forced it on us (laughing). So, we reached out to the brightest minds around in childcare and youth development. Then, it became extremely successful because there is a drought of awesome programming with proper adult to child ratios. Most youth camps have a 1:15 ratio. In a safety concern environment, such as ours, we require a 1:5 ratio for all of our programming. That blew the competition out of the water. So, we ended up getting all kinds of reviews and accolades from the moms. We also became really popular with our birthday party offerings and ended up winning *Best Birthday Party in New York City* in *New York Magazine* and *Time Out New York*. That was the impetus of why we started youth programming.

Also, kids should learn to climb because they are better at it. Their strength-to-weight ratio is off the charts. Since then, a super-elite, master-educated person from Columbia, **Nicole Chernyakhovskiy**, who happened to run a rock climbing program nearby and wanted to move to New York City, joined our team. She has brought *STEAM education* (Science, Technology, Engineering, Arts and Math) into our programming because you can only climb a few minutes at a time before you get exhausted momentarily, so what can you do to keep kids entertained during an 8-hour youth camp that also educates them, makes them feel good, as well as function better in society? So, Nicole has really built and rebuilt that program over the past five years. Parents say we should open a school, so we will be looking into that. But, yes, our youth programs are super successful; I just wish we had a bigger space for it in Brooklyn because 18,000 square feet is a little small to run a hundred kids through (See *Brooklyn Boulders* Page 18)



Climbing Walls at Brooklyn Boulders Chicago

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## ...Brooklyn Boulders

continued from page 16

anything, let alone the other people who want to be there.

**C.I.** - What efforts are made to interact with/help the communities in which you operate? Specifically, can you tell us about the BKB Foundation?

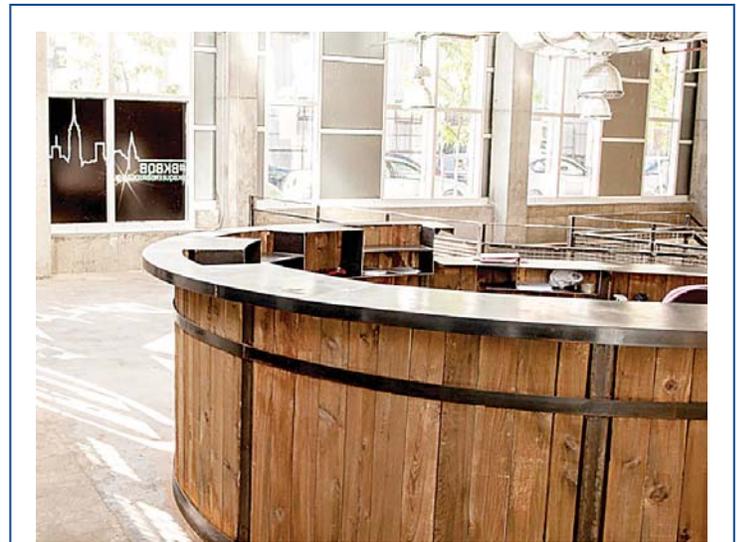
**LP** - The BKB Foundation is a result of the community forcing it's will upon us (laughing), which is awesome, because we are receptive. Before we opened our first location, we were adjacent to a park across the street. It wasn't much of a park, just a blacktop with some basketball courts, but it did have a swimming pool they were trying to shut down and sell. Some developer wanted the space. Luckily, this nice community steward, Sue Wolfe, was adamantly against it and organized a group called *Friends of Douglas/Greene Park*. She heard we were coming to town and immediately made us Board members, which we were honored to be. It was great because we became part of the community before we even got a chance to think about it. That park has since been resurrected and turned into this lush green space with brand new everything, including a skate park. But, that's not our Mission.

Our Mission is to provide climbing access for all. That started with a kid who happened to walk by one day when we were building the place out and wanted to climb, but he didn't have an income because he is a child. We told him to have his mom fill out and sign a waiver, and he could come climb for free, which we don't do anymore obviously. It just seemed like the right thing to do. It's not sustainable and bad business, so how to make it sustainable was the impetus for starting the foundation. We thought that, if we have a good, transparent secondary motivation, it could maintain itself at some point, once we have proven its worthiness and created a feedback loop. From there,

we tried to work with the city to get kids from public schools in there because they don't really have playgrounds, and we wanted to offer services to them. Any principal who wanted to reward their kids with a trip to Brooklyn Boulders at the end of the year could do so, and that is how it got started. Then, we learned about fundraising through climbing, so like the March of Dimes, we have the *March of Climbs* and call it the *Climbathon*, where you get your constituency to donate to whatever cause you want. So, if you need uniforms for a team, you can earn them here with climbs. Maybe spend the night camp style at the facility. It's just a lot of fun getting kids excited that way. And, actually, the first fundraiser we did for our youth competitive team was a *Climbathon* in which they named our mascot, *The Beast*, so that was an extremely valuable investment that we made because we use that all the time now.

Later, the Foundation became more formalized, organizing other groups that had been trying to get a footing. About ten years before we opened, a guy here had something called *City Rock Mentorship*, and he wanted to resurrect it. With it, he would train kids to climb in Central Park, then take them out to go climbing on a mountain range. He wanted to do the same kind of thing with at-risk youth in Brooklyn. So, he started a program to train volunteers from our community to be good mentors and then would pair them with 50 kids a semester from a local Title I school. This was mostly to get them comfortable with interacting with adults who are contributing to society so that they knew, when they go back to school, bad influencers who were bothering them, they didn't want to be like that. They would become the shining star examples who could then infiltrate the minds of bad influencers. It motivates them and keeps them out of trouble. That's been going strong the past five years.

Finally, and probably our most famous program is the Adaptive Climbing



Check-in Area at Brooklyn Boulders Queensbridge

Group. That started with a lady who worked at Eastern Mountain Sports and wanted to host a clinic for those who are missing limbs, deaf, blind or impaired in some way, to come climb. Because, when you are climbing, you have enough help and equipment that you can do everything. We said, 'Of course, you can have an event here.' Being New York City, the event became extremely popular and overcrowded, so it turned into a 2-day event. Then, someone came up with the idea of doing it more often, so twice a week for the past seven years, adaptive climbers have worked out and trained others in our facilities. It's the only program that is super strong in all of our locations, and we are actually hosting the World Cup for adaptive climbing in Somerville at the end of next month. It's pretty awesome and sustainable; this market just hasn't been served properly before.

**C.I.** - Please share some of Brooklyn Boulders' great accomplishments to date.

**JB** - I'll mention a few things:

1. It starts with the staff and the quality of the people who work at BKB and the kind of talent we attract. From Facility General Managers to Managers to the people who run the floor, all the way to the team of people who are around me, it's a level of talent and expertise and passion that I truly believe is very unique in the industry. We have been able to attract a level of professionalism that is in line with some of the bigger players in the fitness industry, not just climbing operators. So, to me, that is an incredible accomplishment: the culture of the company, the people who work here, the passion they display, their



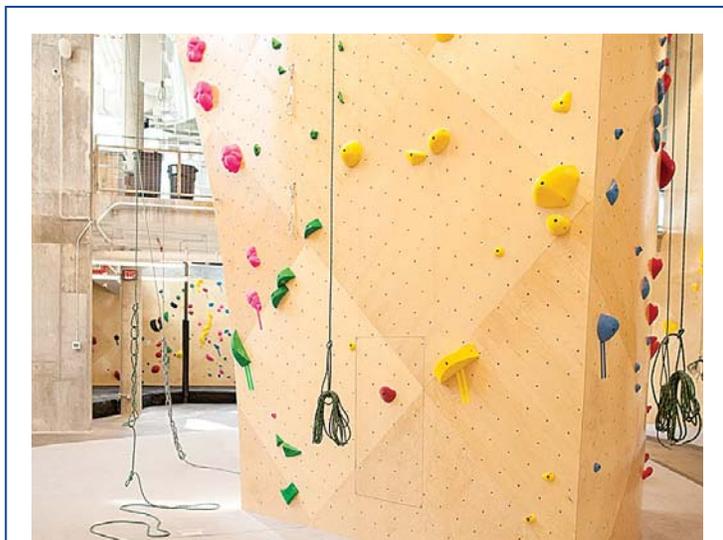
**BROOKLYN BOULDERS**  
CLIMBING + COMMUNITY

professionalism and the expertise they bring to the table.

2. North Castle and bringing that investment was a major accomplishment because of what it means. It means you're running a good operation and you have a brand that has a lot of upside. So, it wasn't the fact of raising money itself, but rather, what it meant that I feel is the accomplishment.

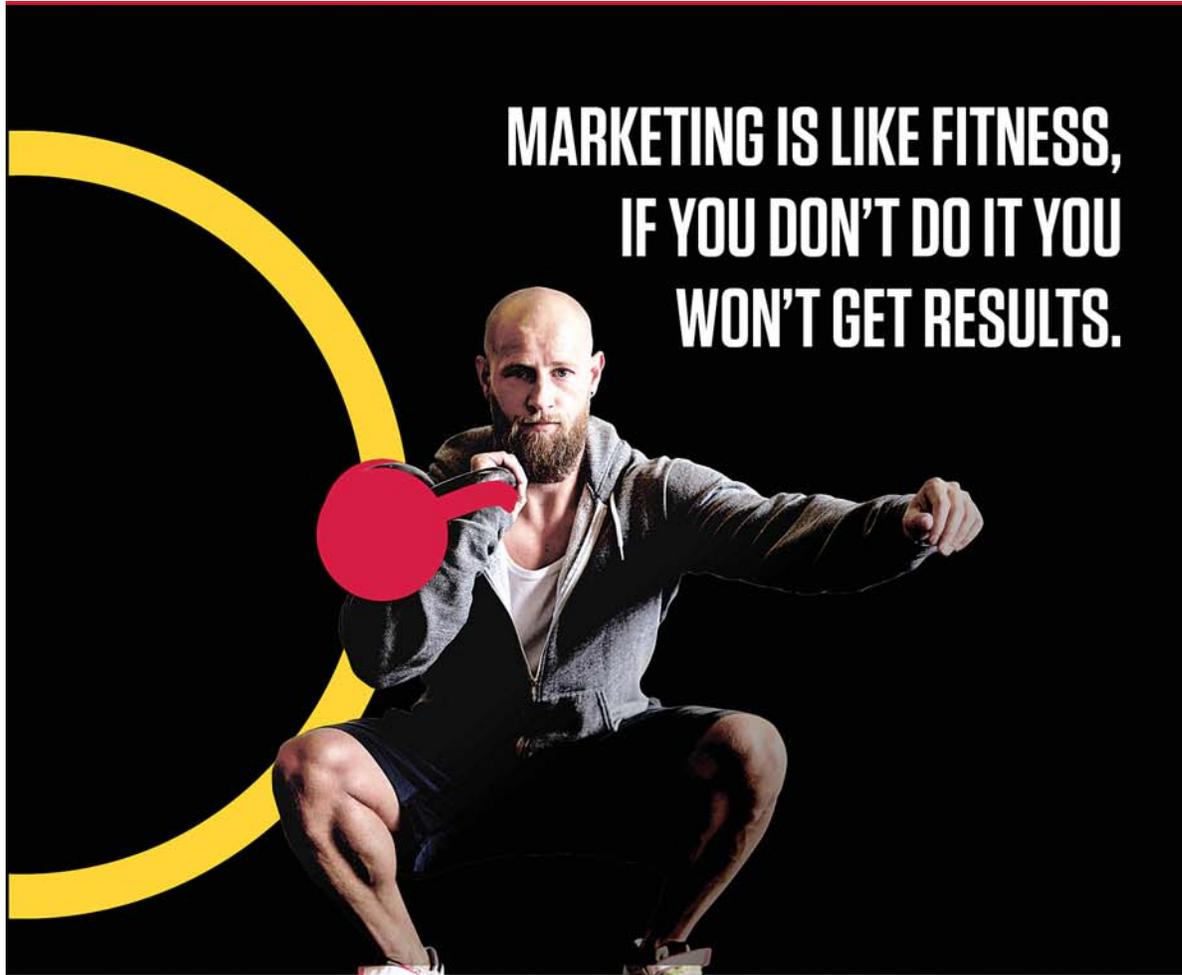
3. In the sport, we've pushed a level of diversity and inclusion that I feel is unique. Even though it is becoming a lot more prevalent, we brought topics to the table and supported causes that very much reinforce one of four brand pillars: *diversity and inclusion*. Whether its LGBTQ, Brothers of Climbing or one of the other number of groups we've supported, and the issues we have talked about is extensive. Bringing that diversity and inclusion into the sport, talking about it and getting others comfortable in talking about it and hopefully making it a welcome environment for people who may not have seen themselves as climbers is a pretty major accomplishment.

4. Finally, I will just mention the brand we have built and the brand we are building. There are great operators in the business of climbing in the United States. We have formidable competitors, we really do, and they are people I look up to. But, when it comes to the brand, in my mind, I think we are the most interesting in the business. We are doing something a little bit different, trying to take a different approach. As I said before, we don't think of ourselves as a climbing gym, but instead, an experiential platform. We use climbing, but it is not the end goal and not the only thing we do. So, the brand we have built and the brand we continue to build is something we are really proud of, and it's one of the reasons why people like us.



A Climbing Wall at Brooklyn Boulders Queensbridge

(See *Brooklyn Boulders* Page 19)



**MARKETING IS LIKE FITNESS,  
IF YOU DON'T DO IT YOU  
WON'T GET RESULTS.**

*...Brooklyn Boulders*  
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**C.I.** - What are two or three near-term goals for Brooklyn Boulders?  
**JB** - In terms of facility growth, and we will see what happens because it's easier said than done, but we will probably go from four to eight or nine facilities by the end of 2019. We are very excited about the properties we have discovered and signed, so next year is going to be a very active year. But, given all the work we have done internally, I feel we are ready for that. That's going to be a big one. Then, we have a lot of ancillary businesses that we have been growing, from BKB Expeditions, which is where we take people on adventure trips all around the United States, to some of the products we are developing internally. Then, of course, training for climbing and using climbing to train for other sports. I believe the integration of climbing and fitness is still very much ahead of the industry, so that's something we are pretty excited about. So, these things alone are going to take up quite a bit of time and bandwidth the next two years.

• • •

Sincere Thanks and Appreciation to *BKB Founders, Jeremy Balboni and Lance Pinn*, for their time interviewing for and their contributions to this cover story. Thank you also to **Paul Kabacinski** for his assistance throughout the process.

*(Justin Cates is the Assistant Publisher of CLUB INSIDER and grew up in the health and fitness club industry. Justin was born into a club business family in 1985, and from the age of eight, he spent his non-school and sports hours in a home that doubled as CLUB INSIDER Headquarters. He has lived and breathed this industry for 32 years, since his own day one. Cates graduated from the Terry College of Business at The University of Georgia in 2007 and then went on to two years at The Art Institute of Atlanta, where he studied Interactive Media Design. Now, he is an integral part of the "Story" of Norm Cates and CLUB INSIDER. Justin can be reached by phone at 423-314-4310 or email at Justin@clubinsideronline.com)*

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# What Is Your Company Culture?

By: Melissa Knowles

Culture is something we talk about quite frequently here at **GYM HQ**. When we founded the company, it was very important to us that we always remain a place our employees looked forward to working, a place where they felt appreciated, supported and invested in.

We wanted them to see our vision and care about the mission we were on as much as we did. Over the last several years, as our client portfolio has expanded, we've seen our team grow from five to 40 (with new team members being added monthly)! The growth has been exciting and challenging.

But, it's brought with it all the standard pain points growing businesses

face: thinking through systems, upgrading tech and honing in strategy. One that caught us a bit off-guard, though, was the need to actively focus on our culture. When you have a small team, it's easy to ensure everyone is on the same page, understands where you're headed and feels like an integral part of the mission. When you grow, that message can get muffled, diluted or lost completely! It takes a clear and ongoing effort to shape your culture. In the absence of any meaningful or focused discussion on culture, mission or core values, an unintended culture will install itself.

So, how does a company go about working on its culture? First, you have to truly believe that working on culture is an important endeavor. It must come from a place of authenticity and an understanding that change *can* happen and *is* important. Once you've cleared the thought hurdle, get to work! Sometimes, the hardest part is just getting started. Below are a few key steps to help you through the process:

**Who are we right now?** Start with an audit of where your organization currently stands. What culture has developed organically? An easy way to do this is to simply ask your staff! Take time to ask them leading questions about who they are, what their career objectives are and how they're fitting into their role with your company. Starting the conversation with them as the focus makes it much easier to transition into questions about their perceptions of the company's mission, work environment and vision. Ask about the business's current strengths and weaknesses. What are you as a leadership team doing well, and where do you need work? You'll walk away from this exercise with plenty of insights for not only your culture project but several process improvement projects.

**What do we want to be?** If you could snap your fingers and have the perfect culture, what would it be? Culture is like a personality. It is made up of the values, beliefs, underlying assumptions, attitudes and behaviors shared by a group of people. If you take the pure dictionary definition, culture is "the manifestation of human intellectual achievement regarded collectively." It's the culmination of all your team's effort boiled down to its essence.

### List Your Core Values

Take the time to make a list of your core values. Here are a few from **GYM HQ** to help you brainstorm:

**RESPECT:** We treat our customers and



Melissa Knowles

each other with respect. We keep the golden rule front and center.

**COMPETENCE:** We are the professionals who know back-office work. We built trust in our clients by demonstrating competence every day.

**CONSISTENCY:** Once we decide on a process, we follow it every time.

**PASSIONATE:** Love what you do, otherwise do something else.

**ONE TEAM:** Everyone has an important role. Understand your role and how you fit into the larger picture.

**CREATE YOUR HAPPINESS:** Personally, and professionally, you control your own destiny. No victims. Your thoughts create your reality.

**Find the disconnect.** If there is a big gap between who you want to be and who you currently are, what needs to change to fill the void? What tools are you missing? Are there systems in place that nurture your core values? For example, if one of your core values is consistency (as it is here at GYM HQ) and you don't have clearly documented policies which guide your daily operations, you're not going to be very successful in getting that value to take root. It's okay for core values to be somewhat aspirational, but moving from dream to goal takes action! It's one thing to proclaim you care about your member experience and value your team, it's another to roll up your sleeves and make it happen if you aren't quite hitting the mark. As the old adage says, "actions speak louder than words."

**Work at it daily.** A great culture isn't magic. Realizing this is empowering in and of itself. Each day, you and your team have

(See *Melissa Knowles* Page 21)

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— LEAH GOLDMAN, WEYMOUTH CLUB —

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## ...Melissa Knowles

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a new chance to define what the “culture of the day” will be. String enough great days together and a cultural pattern starts to take shape. Have a stressful few weeks and take your eye off the ball, you need only hop back in and get back on track. Nothing in business is ever perfect; what matters is planning and effort.

**Make sure that all team members realize their impact.** A change starts with one person in one department, and it spreads. While your leadership team may be at the helm of the ship, it’s the crew members who provide the momentum. Get *buy-in* and acknowledge good examples of team members who exhibit the culture you want for your entire team!

**Make it authentic.** There are some great examples of companies who do culture very well. A quick Google search will yield... well, *Google!* While taking inspirations from companies like Google, Zappos or Southwest Airlines is smart, *your* culture should be *yours*. Maybe free lunches, pajama Friday and open work spaces work for you, but probably not! Culture can’t be copied and paste.

Finally, it’s important to remem-

ber that, just because a business is big and successful, doesn’t mean it isn’t struggling with a crisis of culture. Uber, the top ride sharing service in the United States, enjoyed a valuation of nearly \$70 billion as recently as February of this year. However, issues with bad press and struggles with identity and culture have diminished their value over the last several months (with some putting them down \$20 billion). On June 5th, Uber brought on Frances Frei, Senior Associate Dean for Executive Education at Harvard Business School, as Senior Vice President of Leadership and Strategy. Her entire role focuses on shifting their company culture (including a perception of sexism) and working with the leadership team on strategy and management training. The takeaway is that you’re never too big to have to start over on culture or put in a concerted effort. Luckily, it should be much easier to shift the culture within the four walls of our fitness clubs vs. across a remote network of thousands of independent contractors.

**Happy strategizing!** Feel free to shoot me your ideas. I’m eager to hear about the values your brand holds near and dear.

(Melissa Knowles is Vice President of GymHQ, a Division of Club Ready, and she can be reached at [mknowles@clubready.com](mailto:mknowles@clubready.com))

## The Bay Club Company Expands Southern California Presence With Acquisition Of Manhattan Country Club

**SAN FRANCISCO, CA** - The Bay Club Company (“Bay Club”), a California-based hospitality company, announced the acquisition of Manhattan Country Club (“MCC”), continuing its growth of luxury properties in the California marketplace. Manhattan Country Club will complement the current offerings that Bay Club is recognized for and further expand their Four Points of Focus: fitness, sports, hospitality and family.

Over the past decade, Manhattan Country Club has undergone major renovations to build the premier swim, tennis and hospitality membership in the Los Angeles beach cities marketplace, including a 6,000-square-foot fitness and group exercise facility; 18 hard-surface tennis courts; paddle tennis, squash and racquetball courts; and a 25-meter outdoor swimming pool. Hospitality offerings at Manhattan Country Club include the *Poolside Bar + Grill* for upscale, casual quick service; *Atrium + Terrace* for a more elegant, relaxed fine-dining experience; *The Bar*, featuring a full-service menu, coffee, tea, artisan cocktails, local beers and boutique wines; and *The Wine Lounge*, with 12 rotating wines on tap.

“We continually seek out strategic

opportunities that add value and upgrade our membership experience,” says Bay Club President and CEO, **Matthew Stevens**. “Manhattan Country Club’s state-of-the-art amenities and offerings perfectly complement those found at our swim and tennis clubs, sports resorts, and golf and country clubs.”

This addition follows the Bay Club’s 2016 acquisitions of Fairbanks Ranch Country Club in Rancho Santa Fe, CA, and Boulder Ridge Golf Club in San Jose, CA. Now, with Manhattan Country Club, the company operates 23 locations across seven California campuses, located within the San Francisco, San Jose, Los Angeles and San Diego markets.

Celebrating its 40th anniversary this year, the Bay Club is best known for its sports resort model, which typically includes 12 to 18 indoor/outdoor tennis courts, 2 to 4 indoor/outdoor swimming pools and 60,000 to 80,000 square feet of clubhouse amenities, which are consistent with those found at Manhattan Country Club. Their most recognized sports resorts include Bay Club Carmel Valley in Del Mar, CA; Bay Club Courtside in Los Gatos, CA; and Bay Club Redwood Shores in Redwood City, CA.

# When A Health Club's Dress Code Conflicts With A Member's Religious Beliefs

By: Paul R. Bedard, Esquire

Most health club owners and operators have had to decline or terminate someone's membership against that person's will for any number of reasons. Theft, threatening conduct, inappropriate attire and unsafe use of equipment are just some of the reasons that immediately come to mind. Yet, when does denying someone membership constitute illegal discrimination? It depends. Some instances of such discrimination are blatant, while others require individual analysis of the facts at issue and the federal, state and local laws that apply within the jurisdiction.

This article will provide a brief overview of Title II of the Civil Rights Act of 1964. It will also detail a recent federal court decision in a case alleging a health club's violation of the Act, as well as violations of state and local laws. **However, this article is not intended as legal advice. State and local laws specific to each jurisdiction prohibit one-size-fits-all recommendations. Please consider these comments as merely an educational guide to assist you when you consult your own attorney for specific direction.**

## Title II of the Civil Rights Act of 1964

Title II of the Civil Rights Act of 1964 bans discrimination based on race, color, religion or national origin in places of public accommodation. The law declares that all people shall be entitled "to the full and equal enjoyment of the goods, services, facilities, privileges, advantages and accommodations of any place of public accommodation... without discrimination or segregation on the ground of race, color, religion or national origin." Title II was enacted with a goal of eliminating the discriminatory denials of access to places of public accommodation and the humiliation and indignity associated with these denials. Hotels, restaurants, theaters and health clubs are all examples of places of public accommodation.

## A Recent Federal Court Decision

Just last month, a federal court in New York addressed whether a health club was in violation of Title II due to religious discrimination. The case, Yosefa

Jalal v. Lucille Roberts Health Clubs, Inc., particularly centered on whether it was discriminatory for a health club to enforce a dress code that was contrary to a member's religious requirement. The plaintiff, Yosefa Jalal, alleged violations of Title II of the Civil Rights Act of 1964 and violations of New York State's and New York City's human rights laws. Ms. Jalal is a Jewish woman who wears a knee-length fitted skirt in public for religious reasons, attire that is contrary to Lucille Roberts' dress code.

Ms. Jalal became a member of Lucille Roberts in November of 2011. For approximately two years, Ms. Jalal wore her skirt while exercising at various Lucille Roberts locations without incident. In October of 2013, Ms. Jalal left the Kings Highway in Brooklyn location after personnel notified her that she could not wear a skirt while exercising.

Following the initial notification, Ms. Jalal continued to use the Kings Highway location and others without incident or additional comment from personnel. In October of 2014, she was again approached at the Kings Highway location and again instructed that she could not wear her skirt while exercising. Ms. Jalal explained that she needed to wear her skirt for religious reasons. The manager suggested that she instead wear a long t-shirt. Ms. Jalal left after explaining to management that wearing the long t-shirt would not comply with her religious beliefs.

After the 2014 exchange with management, Ms. Jalal began to utilize Lucille Roberts' Flatbush Avenue location rather than the Kings Highway location. From October of 2014 until June of 2015, Ms. Jalal wore her skirt to this location without incident or comment from staff. However, on June 26, 2015, a manager at the Flatbush Avenue location instructed Ms. Jalal that she could not wear her skirt while exercising. Ms. Jalal once again explained that she had to wear her skirt for religious reasons. Additionally, she pointed to the fact that the club's dress code did not expressly prohibit skirts. The manager was unconvinced. Ms. Jalal left the club after the manager asserted that she was in violation of the dress code and trespassing.

A few days later, Ms. Jalal again exercised at the Flatbush Avenue location

while wearing her skirt. There was no comment from personnel. On July 1, 2015, she returned to the club and a front desk employee again instructed that she could not wear a skirt while exercising. Ms. Jalal disregarded this instruction and went to participate in a kickboxing class while wearing her skirt. Ultimately, the front desk employee spoke with the instructor who then stopped the class and refused to resume the class until Ms. Jalal would comply with the dress code. Rather than complying, Ms. Jalal left the class and decided to use an elliptical trainer. At this point, the front desk employee informed Ms. Jalal that her membership had been revoked, that she was trespassing and that the police were coming. Ms. Jalal left the gym and ultimately received a letter dated July 1, 2015, indicating that her membership had been terminated. Ms. Jalal subsequently filed suit on October 2, 2015.

The federal court declined to exercise supplemental jurisdiction over the claims brought under state and local law. As for the federal claim, the court dismissed the case and found in favor of the health club. The court declared that a plaintiff asserting a Title II claim must allege facts indicating that the plaintiff "was deprived of equal use and enjoyment of a covered facility's services and facts which demonstrate *discriminatory intent*." The court further declared that "a plaintiff can use either direct or circumstantial evidence to show *discriminatory intent*."

The court found that the plaintiff's complaint failed to provide "plausible support to a minimal inference of discriminatory motivation." While the plaintiff argued that she suffered discrimination based on her religion, "the factual allegations only suggest that she was treated differently because she insisted on wearing an article of clothing that, according to defendant, was inappropriate gym attire." The court left the decision regarding what constituted appropriate gym attire to the health club. Additionally, the court opined that any dispute as it relates to the dress code in question would give rise to a contractual issue rather than a federal civil rights lawsuit.

The court found that the plaintiff's complaint failed to allege that there was *selective enforcement* of the health club's



Paul R. Bedard, Esquire

dress code. For example, the complaint did not allege that non-Jewish women were allowed to exercise in skirts, or that non-Jewish women were allowed to violate rules or regulations that were otherwise enforced against Jewish women.

The plaintiff argued that, absent discriminatory intent, the health club's policy was nonetheless a violation of the plaintiff's civil rights due to the policy's "disparate impact on modest Jewish women." Claims of disparate impact generally do not require a showing of discriminatory intent because disparate impact theory targets practices that are "fair in form, but discriminatory in operation." However, the court dismissed the idea that a claim based solely upon disparate impact, without any allegation of discriminatory intent, was identifiable under Title II of the Act. The court elaborated that Congress' goal in enacting Title II was "to correct intentional wrongs" and that "practically any rule created by a public accommodation could adversely affect an individual or one group of people." The court held that "there is no claim under Title II for a facially-neutral policy when there is no indication of discriminatory motive."

It is important to note that the court clearly indicated that a facially neutral policy adopted as a pretext for intentional discrimination would implicate Title II. "By way of example, if a restaurant's facially neutral prohibition against hats were shown to be a surrogate for a rule excluding Sikhs, Hasidic Jews and/or Muslims, a disparate treatment claim under Title II would be appropriate." It is also

(See Paul Bedard Page 23)

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**...Paul Bedard**

continued from page 22

critical to remember that this case provides only a federal analysis. State and local jurisdictions have varying interpretations of their own public accommodations statutes. However, in this instance, the court noted that the plaintiff's complaint alleged exclusion due to her attire being nonconforming with the health club's dress code rather than alleging facts that would suggest the health club prohibited skirts as a pretext for barring Jewish women.

**In Summary**

Civil rights violations are not to be taken lightly. This should be clear and obvious to all. However, although we share a simple and heartfelt understanding that we cannot and should not discriminate against others based on their race, religion, color or national origin, the law is not always so simple to interpret. Federal, state and local laws are constantly evolving. The Jalal case primarily addresses a single key issue as it relates to an alleged Title II violation, as interpreted and decided by one federal court. Yet, I hope that this one very recent court decision provides a glimpse of how a court evaluates a discrimination claim against a health club or any other place of public accommodation.

**Life Fitness Launches New Integrity Series Cardio Line**

**ROSEMONT, IL** - Life Fitness, a global leader in commercial fitness equipment, announced its new Integrity Series cardio line, including a Treadmill, Elliptical Cross-Trainer, and Upright and Recumbent Lifecycle Exercise Bikes.

The new Integrity Series is designed and revamped for facilities that require robust cardio equipment and that is simple and intuitive for exercisers. It is rooted in Life Fitness' existing and proven Integrity line, the most reliable cardio equipment in the fitness industry, which combines extreme durability with ease of serviceability. To accommodate the growing fitness industry and the customization needs of facilities, the line allows facilities to choose their preferred product configuration when prioritizing price and features.

*"The new Integrity Series cardio*

*line was redesigned based on the knowledge that Life Fitness has gained during nearly 50 years of listening to customers and manufacturing the best fitness equipment in the industry,"* said **Mike Kavanagh**, *Cardio and Group Training Category Director for Life Fitness.* *"The line is field-tested and has proven itself time and time again as the cardio line that our customers can trust."*

The Integrity Series is available in three product models with two console options for each machine, along with the choice of a variety of product features to best fit the needs of a facility's exercisers. The standard Integrity Series C Console provides easy get-on-and-go functionality for users, with a large LED display and simple, intuitive navigation. The featured Integrity Series X Console includes a 7-inch LCD touchscreen, smartphone-

inspired navigation and Bluetooth connection. Both consoles offer wireless connectivity to allow customers to take advantage of LFconnect digital solutions.

The Integrity Series can be connected to a facility's free LFconnect account which, among tracking and asset management capabilities, allows monitoring of equipment through LFconnect Protect, a unique service that seamlessly connects the equipment to the skilled digital service professionals at Life Fitness, allowing for proactive alerts and guidance for preventive maintenance. If a machine requires maintenance, service is simplified due to minimal hardware and easy-to-remove shrouds.

For more information about Life Fitness' new Integrity Series cardio line, visit [www.lifitness.com/new-integrity-series](http://www.lifitness.com/new-integrity-series).

*(Paul R. Bedard, Esquire, has nearly twenty years of experience in the health and fitness industry. As a practicing attorney, Paul's health and fitness industry operations experience provides him with a unique*

*perspective when advising on or litigating matters involving health club contracts, policies, disputes or injuries. Paul strives to be active in his local community and has served on the Southington Zoning Board*

*of Appeals and the Board of the Central Connecticut Regional Planning Agency. He also volunteers his time and fundraises for various local charities. Paul can be reached at [ppedard@smddlaw.com](mailto:ppedard@smddlaw.com))*

# Innovation - Disruption - Progression

By: Bill McBride

I love listening to all of the discussion about “disruption” in our industry. In my opinion, much of it is conjecture, but I also believe there are many disruptive forces that are affecting our industry. We need to adopt new technologies to better serve our clients and remain a sustainable and viable option for our consumers. We must also be careful not to mistake change for growth.

We all know the history of innovation creating obsolescence: the horse and buggy, travel agencies, video stores, pay phones and the list goes on and on.

For a long time, I have tried to predict what will change in the future. This has proven to be somewhat of a fool-hearted endeavor. Who could have guessed trends like CrossFit, where many operators create their club from a garage, are able to charge a premium for this experience. It is one thing to admit we do not know the future, but if we are blind to new trends and technologies, we run the risk of becoming obsolete. When we look at the “disruptive” innovation in our industry, it has not been driven by technology. All things considered, it has been based on serving unmet needs in the marketplace, and at times, technology has had a role to play.

There hasn't been a lot of disruption in our industry that can be directly attributed to technology. Most disruption has been innovative... based on progression. This is not to say there won't be in the future, and of course there are a limited amount of exceptions. For instance, Peloton ([www.pelotoncycle.com](http://www.pelotoncycle.com)), is a truly disruptive technology changing the way people consume fitness. I know there are other “on demand” and virtual fitness offerings out there, but Peloton is the first piece of commercial grade equipment with a scientific, interactive user interface creating a great user experience, which in turn, has created a community of zealots. It is a game changer. It is still virtual and won't meet the needs of socialization around other humans, but it solves the problem of proximity, something a health club cannot do. That is disruption.

How many health clubs/gyms have added 2 - 4 Peloton Bikes in private areas for members who like virtual fitness and don't want to be in a live class? It might not be a bad idea. A member who loves this but also wants other attributes of your club/gym might stay and not quit. Embracing new versus denying or ignoring is going to be a key to progression. This goes for all virtual fitness offerings.

I think virtual fitness as a

whole, along with public access to fitness spaces (e.g. the success of the November Project, [www.november-project.com](http://www.november-project.com)) and increased fitness offerings in hotels, companies and residential complexes will have a dramatic impact on the industry as a whole. The private sector must acknowledge these trends, or better yet, embrace them, in order to compete.

While we all get hyped about the things changing around us, as well as the latest things in technology, the truth is there are some things that innovation will change and some things that might not. For example, the way people want to enroll is changing, but the need and desire for human contact has not.

Let's look at how the sales experience has changed due to technology:

**Clubs/Gyms have got to be price transparent** - Your prices can't be a secret; post them online. Share them during the telephone inquiry after one or two simple redirects. Be upfront and don't create friction during the customer journey. Never create ill-will on sharing your pricing. You should not be embarrassed by what you charge.

**Make it easy to join. Period.** Remove hassles. If prospects don't want to deal with a salesperson, provide them an “Online Join Button.” If I want to purchase online, let me.

**Use electronic agreements in-club** - Get rid of paper. This makes it easier for the staff, members and the back office.

**Use the latest in CRM technologies** to capture leads and continue the customer/member relationship. **GymSales.com** pulls in the prospect's social media feed with their profile photo, giving you a wealth of information before the prospect even shows up. This solution is one of the lowest-priced CRMs currently on the market. It's brilliant and integrates seamlessly with your MMS. It also has an amazing dashboard for reporting on each membership representative's activities.

However, what I have seen as the constant among all the perceived “disruption” with technology is our members valuing the experiences they receive and the results through relationships they achieve.

Think about pubs in the Northeast, bars everywhere and saloons in the Old West. People don't go to drink virtually. Most who drink do so with family and friends. The pub, bar and saloon industry still exists today as it always has and shows no sign of extinction. Why? Human

contact, socialization and experience. This is what we can never relinquish as an industry. This is why hiring authentic, friendly, social, nice and caring people *must* be part of our secret sauce. You cannot marginalize or take your eye off the ball on hiring the right people. Creating a tailored experience through socialization and friendliness is our sustainable position with expertise, environment, etc.

Everything I shared above holds true for restaurants. We can pick up dinner “to go” from the finest restaurant in town. We can even have UberEats deliver us our favorite food from their app. Why do we still go to restaurants? Because we like to get dressed and go out. We want the experience. We want to see and be seen and interact with human beings. We are social creatures.

There are some emerging provocative technologies that will challenge the status quo:

- For instance, imagine tracking every member from entry through every aspect of their workout through facial recognition... It's here!

- Imagine a member walking by the front desk without stopping, in full stride, and their check-in is captured (without a smartphone or need for a membership card)... It's here!

- Imagine calculating working heart rate without a chest strap or arm band... It's here!

- Imagine on-demand group exercise classes available in every modality whenever, wherever the class is needed... It's here.

The technology that will augment the member experience in the future is already being tested today and already making headlines. You might have read that you may no longer need a boarding pass at Logan Airport because JetBlue can use your stored passport photo to check you in as you simply walk on the plane. As these types of technologies get more pervasive, privacy issues will get resolved and fade away. What once was perceived as a violation of privacy will likely be openly accepted as a member solution enhancement.

For instance, think of the convenience of self-check-in at airports. When gate agents began to disappear, it was met with a lot of resistance like most changes do. However, can you imagine a world where we reverted back to standing in line to get our boarding passes and check our luggage? It would be horrendous.



Bill McBride

A lot of technology and innovation in our industry is hype. However, there are a lot of players that are less about hype and more about reducing friction and augmenting the member experience. These are the players to watch because when you reduce friction and improve a member's experience that's when you see growth.

*(Bill McBride is President & CEO of BMC3 - Bill McBride Consulting, Coaching & Club Management; and Co-Founder, President & Chief Executive Officer of Active Wellness. Bill is a health club industry veteran with over 25 years of experience leading and managing all aspects of commercial health clubs, medical fitness centers, residential, community, multi-tenant and corporate fitness sites. He co-founded Active Sports Clubs and Active Wellness, LLC and owns a health club consultancy, BMC3. Bill has served as Chairman of the IHRSA Board of Directors, President of MACMA and served on the Industry Advisory Board for ACE. Bill was recently appointed to the Faculty of the Medical Wellness Association and as Consultant for the ACSM Facility Standards & Guidelines Text - 5th Revision. He is actively engaged as an author on industry education, serves on several fitness related technology company Advisory Boards, serves on the Medical Wellness Association (MWA) and Medical Fitness Network (MFN) Advisory Boards and consults and speaks regularly on industry topics throughout the world. Bill can be reached at [BillMcBride@BMC3.com](mailto:BillMcBride@BMC3.com).)*

# BMC3

# The Life Cycle of an Organization: The Growing Phases

By: Dr. Gerry Faust

All organizations go through predictable phases of growth and decline. At each phase of this life cycle, organizations have predictable problems, strengths and weaknesses. In order to succeed over time, an organization must change and adapt. It must overcome the challenges of one phase and make the changes needed to move into the next phase.

These phases are similar, no matter what the industry or the type of organization. In fact, this model has been applied to understand the growth and development and decline of organizations of all kinds, including churches, non-profit organizations, industries and businesses, government agencies, states and countries.

An organization's life cycle has two major components... a series of *Growing Phases* and a series of *Aging Phases*. During the Growing Phases, the organization builds its strength, vitality and long-term potential. During the

Aging Phases, it is progressively losing its strength, vitality and long-term potential (See the **Chart** on **This Page**).

### The Growing Phases

**Courtship (paEi):** The growing phases start before the organization exists. They start in the mind of the founder. They start as a little spark, which over time, is fed with more thought and a growing conviction that "this is what I should do." The founder is "courting" the idea, adding to it, planning and testing the idea in conversations with friends, relatives, colleagues and maybe some potential partners. In these discussions, there is a lot of convincing talk going on as the people who will be involved try to convince themselves that this is something they are willing to dedicate a major part of their life to.

Starting a new venture always involves risk... risk in terms of career, money and change. Some people are

willing to take the risks. They generally have an *Entrepreneurial (E)* personality, and certainly, this new venture requires some "E" thinking. But, for a successful courtship, you also have to do *some work (P)*, *organize (A)* and have *some ability to integrate (I)* a group of people who will make it all happen.

**Infant (PaeI):** At some point, the talking stops, the risk is taken and the ride is on. The organization has been born. Like any newborn, the infant business has to be fed. It cries out regularly for "cash." The time for new ideas and sitting around talking is over, and it's time to *Produce Results (P)*. Infant businesses generally require constant attention... 24 hours a day... 7 days a week.

They typically have trouble making ends meet, are vulnerable and even little problems can create a crisis. Infant businesses have limited plans, policies and systems. They are very flexible as they try to find their place in the big and ever-changing market. The founder leads the way in almost all things and is in the field and makes the first sales. As working in the field brings knowledge of the market, and the *leaders' "E"*, creative insights become the vision, mission and strategy of the organization. But, even more than insight, the new organization needs hard work and dedication. The danger is that infant organizations can make big mistakes, run out of cash and suffer infant mortality.

**Go-Go (PaEi):** As the organization begins to achieve success, it expands. Founders get some relief from the "24/7" work, and they have at least a few moments when they can come up with some new ideas once again (*E increases*). But, Go-Go is also an *action oriented (P)* phase, and the



Dr. Gerry Faust

organization must aggressively implement the new ideas. The organization is still founder-dominated. The founder can come up with new ideas (a new product line, a new market segment or promotion), makes the decisions and often drives much of the implementation of the ideas. Executive team members are often limited in the decisions they can make. Mostly *hard work (P)* and *detail stuff (A)* are delegated and all *new ideas (E)* start at the top. Go-Go organizations measure success in growth and sales. Confident founders often launch new projects with limited analysis and input. Not wanting to miss opportunities, founders make mistakes and often overextend their resources (getting into businesses they can't afford or do not have sufficient expertise to manage). New people are rapidly hired, often without proper process, and the business is structured more around people than functions. The people are spread thin.

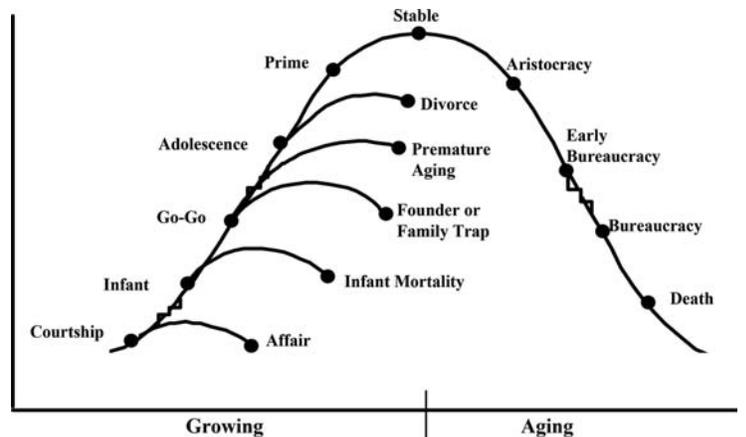
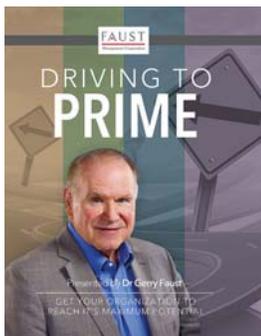
Still, this is an exciting time, and for a while, this excitement carries the day (See *Dr. Gerry Faust Page 26*)

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## ...Dr. Gerry Faust

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and keeps everyone working long hours to meet the demands of the not-so-well organized business. The fast paced and quick decisions of Go-Go can get the organization into big trouble.

### The Founder's Trap

**Premature Aging in the Go-Go phase is often caused by the Founders Trap.** This happens when the founder *does not learn to let go and to delegate "E" (decision making)*. Founders need to learn to release the reins, relax their personal control and build a team of competent executives who can and will make their own decision. If they don't do this, the organization will slip into the founder's trap where decisions aren't made by workers and managers, but rather, are pushed up to the founders.

**Adolescent (pAEI):** The Adolescent phase is initiated by the insight that we have to get ourselves under control. Many times, this is motivated by a near death experience where mistakes of Go-Go placed the

organization in serious jeopardy. The move to adolescence is the most revolutionary of the life cycle moves. It is not easy to make, and many of the needed changes are counter-intuitive for a typical founder. The move to adolescence is the move that ensures the company avoids the founder's trap. It is the move from Entrepreneurial to Professional Management (Actually, I prefer a move to Entrepreneurial Professional Management). It also involves a shift of emphasis from getting bigger to getting better. Adolescence is also a time of conflict between old and new people, department heads and particularly the Es and As.

**Premature Aging (PAei):** One unusual form of Premature Aging is the one caused by too much focus on getting bigger and not enough focus on getting better. This form of aging can actually be caused by outside financial interests (venture capital or the public shareholders) who expect growth and continue to demand it. If there is not enough focus on getting our act together or getting better, rather than just bigger, the organization may slide into Premature Aging. It is best for

organizations to follow periods of growth with periods of consolidation and building the systems and teams that will be able to handle even more growth. Without this "pause," the organization will race into Premature Aging.

**Divorce:** The conflict between E and A can result in premature disengagement of the founder... usually the result of people not tolerating the chaotic management style of an entrepreneur. The *entrepreneur (E)* is removed, an *organized/sophisticated manager/executive (A)* takes over, and the organization runs well for a year or two before the loss of entrepreneurship causes the organization to get behind the market and begin a slow decline.

**Prime (PAEI):** A successful Adolescent phase gets the organization organized to succeed. It balances the need for order with the need for innovation. It creates a complimentary group of leaders who respect and trust one another enough, though they may often disagree. And, it systematically solves big challenges over a period of a few years. The end result is **PRIME**.

Prime is the nirvana of organizations. It is a time of balance of: control and flexibility, profit and growth orientation, a concern for the organization and team members. At this point, the organization has functional systems and organizational structure. It has clearly defined and institutionalized its Mission and Vision and is able to adapt its strategy to deal with the changes in the market and business environments and to seize new

opportunities. It is likely to be developing new profit centers, opening new clubs, expanding old ones and maybe even starting a new line of clubs. Performance is both predictable and exceptional for the organization and its customers. Prime organizations deliver on their strategies, have budgets and stay within them, balance investments in current and future opportunities, and generally, are a great place to work.

As with any phase, even Prime organizations have challenges. The most common ones are not enough great people to fill all the emerging jobs and avoidance of overconfidence and complacency.

Soon, you may hear, "we used to have to take chances like that..." The aging of the organization has begun. But, the story of the Aging phases is a story for a future issue of **CLUB INSIDER**. For now, you might want to reflect on where your organization is in its life cycle. Ask your team members what they think. Remember, wherever you are you can start or restart your **Drive to Prime**.

For more information on the life cycle of organizations, see Dr. Faust's YouTube Channel at: [www.youtube.com/user/FaustManagement](http://www.youtube.com/user/FaustManagement).

*(Dr. Gerry Faust has been helping club owners and managers create quality results for over 30 years. He is the author of **Responsible Managers Get Results**, and a new 4-DVD series entitled **Driving to Prime**. See Dr. Faust's Ad on Page #25. To learn more about Gerry, his services and his programs, visit [www.Faustmanagement.com](http://www.Faustmanagement.com))*

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## Thanks and Appreciation

At **CLUB INSIDER**, we are excited to be in our **24th Year** of this home-based health and fitness club trade publication! The thought that this publication was *founded to serve an industry I truly love*, and so that *I could become a Mister Mom for my son, Justin*, is still *intriguing and amazing* to us. I wish to extend our most sincere **Thanks and Appreciation** to everyone that's made this amazing 24-year run possible.

A very sincere **Thanks and Appreciation** go to **Rick Caro, Dr. Gerry Faust** and the **Faust Executive Roundtable #1** for helping me decide in 1993 what my home-based business would be. **Thanks and Appreciation** to my long-time friends, **Ron Hudspeth** and **Cathy Miller** of Atlanta's **Hudspeth Report** for the tremendous assistance they provided us during *our first eight years of publication*. **Thanks and Appreciation** to all of the folks at **Walton Press** in Monroe, Georgia. They've done an absolutely excellent job for us all these years and have printed every one of our **282** monthly editions! **Thanks and Appreciation** to all of our **READERS**. Sincere **Thanks and Appreciation** to our **CLUB INSIDER Advertisers**, past and present, for their kind and dedicated support of this publication. It's amazing to know that we have several advertisers with over 15 years of continuous advertising with us. Plus, we have one advertiser, **National Gym Supply**, with over 23 years advertising with us! We also want to say sincere **Thanks and Appreciation** to all of our **CLUB INSIDER Contributing Authors**, past and present, who've contributed *hundreds and hundreds* of excellent articles to help our readers with their Best Business Practices. **Thanks and Appreciation** to **IHRSA** for all it does.

Sincere **Thanks and Appreciation** to my son, Justin, who started working part-time for **CLUB INSIDER** when he was just 8 years old (helping with mailings). This young man, pretty much behind the scenes for 24 years now, has truly been a fantastic partner for his Dad in **CLUB INSIDER**. Justin does our editing, publication layouts, all of our website design and maintenance, all of our bookkeeping and subscription processing work, as well as archive management and anything else that needs doing, including writing eight cover stories per year.

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

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

*Norm Cates, Jr.*

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