

Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry



(L to R) Patrick O'Brian, CPA, Chief Financial Officer; Janine Williams, VP of Human Resources; Steve Gilmour, President and CEO; Cory Ferraro, VP of Sales and Marketing; and Ralph Rajs, Senior Vice President

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JULY 2013

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Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

Leisure Sports Sets A Standard All It's Own!

By: Norm Cates

Steve Gilmour, Founder of Leisure Sports, Inc., has an amazing story to tell. This is a story about a young pitcher in baseball who went to a physical therapy center for treatment for an injury. That injury resulted in Steve launching what's now Leisure Sports. Steve has grown it to an \$83 million dollar business over the past 34 years, and the company now has eight unique locations totaling 735,000 square feet, plus significant outdoor facility space as well.

After his experience with the visit to that rehab center, Gilmour started a small physical therapy center of his own, but he envisioned something much greater. His vision grew and grew until his idea became one of the "Better Mousetraps" in the history of the health and fitness club industry. His dedication to excellent staff and providing excellence in every facility in his company have been trademarks of

Steve Gilmour.

Leisure Sports is a Pleasanton, California-based company that Steve and his team of 1,700 employees have grown and built into a veritable health and fitness club dynasty in Southern and Northern California, Oregon and Nevada. The company now serves over 72,000 members across three different high quality, upscale brands: **ClubSport**, **Renaissance ClubSport** and **The Studio**. Leisure Sports now has five large ClubSport locations ranging in size from 85,000 to 185,000 square feet; two Renaissance ClubSport clubs and hotels; one new prototype of a new business model called *The Studio*.

Great leaders find, teach and groom great individuals to take leadership roles in their companies, and that's precisely what Steve Gilmour did 23 years ago with, now 49-year old, Ralph Rajs (Rajs is pronounced *Raise*). Ralph started working for Steve Gilmour on July 6, 1990. This year, on May 1st, 2013, Gilmour promoted Rajs to the title and role of Senior Vice President for Leisure Sports.

It's my pleasure to deliver this special cover story about Leisure Sports, starting with a conversation with Founder, Steve Gilmour, and then, an in-depth interview with freshly named Leisure Sports Senior Vice President, Ralph Rajs.

A Conversation With Steve Gilmour, Leisure Sports Founder and CEO

CLUB INSIDER (C.I.) - Steve, let me first say that your facilities are extremely well done and quite beautiful! Let's share some



Welcome to Leisure Sports' ClubSport, Pleasanton, California

of your thoughts about Leisure Sports with our readers. Let me start off with a simple question. How many total memberships do you have, and how many members does that convert to?

Steve Gilmour (SG) - Our total member number is over 72,000 across all properties in California, Nevada and Oregon.

C.I. - Let's talk about one of my favorite subjects, IHRSA. I think I met you at one of the first conventions. When did you join IHRSA?

SG - We were on board at the beginning. We bring quite a few associates to the

annual Convention and Trade Show each year. We take it as an opportunity to stay in touch with others, and our associates learn a lot from it and bring back knowledge that helps us improve as a company. There's a lot of good things going on with IHRSA.

C.I. - How many clubs did you have at that time?

SG - One. We started in Dublin, California in a very small rehab/sports medicine fitness center, and that was the first facility that I built in 1979. That eventually merged over into the Pleasanton club. We added

(See *Leisure Sports* Page 8)



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- Salute You Scholarship to Place Thousands of Returning Troops on New Career Path
- Honolulu Says "Aloha" to the Island Club & Spa
- And of Course, *Norm's Notes*

Norm's Notes

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

•**Is America a great country, or what?** I hope you had an excellent 4th of July Independence Day Holiday!

•I think our hearts are collectively aching after those 19 young forest fire fighters died in Arizona on June 30th. God bless them all and their families, and May They Rest In Peace.

•I'm very honored and very pleased to be able to share one of the greatest success stories in our industry this month, the amazing story of STEVE GILMOUR. Here's a former high school and college baseball player (a pitcher) who was injured and went to a physical therapy facility for help with a back injury. From this experience Steve ended up building his own small physical therapy center. Gilmour took that foot in the door of our industry to build an amazing club business called Leisure Sports, Inc., and his business now generates over \$83 million annually, occupies 735,000 square-feet of indoor space and serves over 80,000 members in 8 locations across 3 States! So, I invite you to read this very special story of Steve Gilmour. I urge you to read it in its entirety because I'm sure you'll learn from Steve, and from his Senior Vice President of

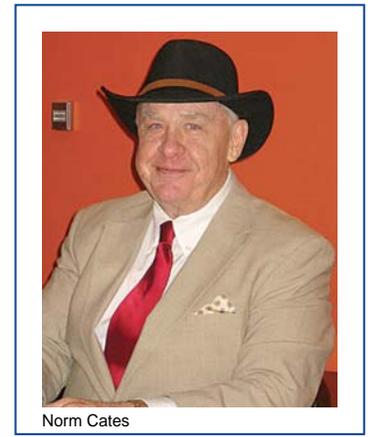
Leisure Sports, RALPH RAJS. Also, in my next Norm's Note, I provide a run-down of our Contributing Author articles this month. Don't miss the Note, and more importantly, don't miss reading each of these presentations because you will find something helpful for most every aspect of your club business in this issue.

•IF you are looking to SELL your club or gym, then be sure to read CLUB INSIDER Contributing Author, JIM THOMAS' article this month entitled, **Preparing to Sell Your Club**, on Page #18. IF your club's back office financial situation and operations are a total mess and out of control, be sure to read our new Club Insider Contributing Author, MIKE MANNING's article entitled, **Beware! Common Payroll Traps That Will Get You In Trouble**, on Page #20. Welcome aboard Mike Manning! IF you want to break into the weight loss market and increase your sales this summer, be sure to read DONNA KRECH's article entitled, **Double Your Success and Triple Your Marketing Response, Even in the Summer**, on Page #24. IF you want to increase your Membership Sales this Summer, don't miss CASEY CONRAD's article entitled, **Driving Summer Membership Sales** on Page #22. IF you want to improve your problem solving skills, be sure to read WILL PHILLIPS' article entitled, **Reframing Problems**

for Better Solutions, on Page #16. And last, but certainly not least, IF you want to want to improve your club's member retention (and, who doesn't), be sure to read LAURIE CINGLE's article entitled, **Team Trek, a Great Retention Program** on Page #26.

•Welcome to new CLUB INSIDER Contributing Author MIKE MANNING! Mike served as the CFO for Rush Fitness based in Knoxville, Tennessee during their run when they increased their club count from 5 to 23. Mike is now a consultant, and his firm is named Strategic Advice, LLC. Mike is available to help club owners get their financial matters straightened out. You can contact him at manning@strategicadvicellc.com.

•Congratulations to my friends RON and SANDY Franco, Founders and Owners of Franco's Health & Lifestyles, in Mandeville, Louisiana (a suburb of New Orleans), and former occupants of our CLUB INSIDER cover, as they're celebrating their club's 25th Anniversary! I was happy to receive an extremely well done 32-page four color newsletter, better described as a beautiful glossy magazine, produced by Franco's Health and Lifestyle, Sandy Franco, Publisher. Franco's has recently been honored locally with the Saint Tammary Chamber of Commerce Business of the Year Award. And, in the spring, Franco's was also voted the Northshore's Best in four categories: Best Health Club, Best Summer Camp, Best Swim Club and Best Massage Therapist. International fame and recognition also



Norm Cates

came their way this year when the Francos were honored by the world's largest and most respected health and fitness club industry trade association, IHRSA, in March with its prestigious Community Leadership Award. For 25 years now, the Francos have been "Bringing a culture of health and fitness to all generations" in their community, and they've endured, survived and prospered, even though the New Orleans area was totally devastated by Hurricane Katrina in 2005. Again, congratulations to a wonderful couple who have made a huge contribution to their community and have helped give our industry a great reputation in their marketplace. The Francos are a huge credit to our industry, and I'm glad to share their success and their 25th Anniversary milestone here today! Here's to another terrific 25 years, and again, Congratulations (See Norm's Notes Page 6)

About Club Insider

Established in 1993

20 Years and Counting!

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**MORE
ABOUT
JONAS!!**



...Norm's Notes

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to **RON and SANDY FRANCO!**

•It's with great and never-ending pride that I inform you all that my son, **JUSTIN CATES**, has recently finished a large update of our **CLUB INSIDER Online website!** So, when you go to www.clubinsideronline.com, you'll see a number of new Buttons to go to for a number of applications. **Here's the new Button summary:**

1. The new "eVersion" Button for easier

reading of **CLUB INSIDER** editions will let you *turn the pages just like you would if you were sitting in your easy chair at home reading a printed edition.*

2. The new **Download PDF Button** makes it much easier for you to download the current and past issues of **CLUB INSIDER** to your computer, tablet or phone devices.

3. The new **Share a News Scoop Button** makes it very easy for you to send scoops and breaking news items to **CLUB INSIDER**. The Button allows you to share information anonymously, or you may provide your name and contact information.

4. The new **Share Your Story Button** will give you direct access to us to share the story of your club. From those submissions, we may share pertinent news items, or we may even decide to produce a cover story about you and your club(s).

5. The new **Search Bar** will enable you to easily search **CLUB INSIDER** for any topic.

6. The past eight years of **CLUB INSIDER Archives**, dating back to 2005, have now been outfitted with "eVersion" capability. It's our plan to place every single edition of **CLUB INSIDER**, dating way back to the inaugural November/December, 1993 edition, in our **Website Archive Collection**. What this means is, right now, for just your **\$89 Annual Subscription**, you'll have nine full years of the coming year and past **CLUB INSIDER** editions, and before long, you'll have access to **ALL** archived editions of **CLUB INSIDER**, dating back to 1993 included in your annual Paid Subscription.

7. We have also added an **Augie's Quest Supporter Button** so you may go there anytime to access the **Augie's Quest Website** and get updates on all kinds of Quest events, including the annual **Augie's Quest Bash** at **IHRSA** that's *always so well planned and executed every year by AUGIE and LYNNE NIETO, Big JOHN McCARTHY* and the **Augie's Quest Board of Directors**.

In essence, Justin's goal and plan is for the **CLUB INSIDER Archives** to someday become a *veritable encyclopedia* of the health and fitness club industry! **Good on 'ya and Thank You, JUSTIN CATES, for a job extremely well done on our updated website concept, design, coding and launch!** Folks, I urge you to go to and enjoy the many fruits of Justin's many hours of hard work at www.clubinsideronline.com.

•The always terrific **Club Industry Conference and Trade Show** is just around the corner and is scheduled to return to **Chicago on October 23 - 25th**. We're pleased to present comments from **ERICA STONE, Club Industry's new Show Director**, on the **Bottom of Page #7**. Also, check out the **Club Industry Show Ad on Page #23. Make plans now to head to Chicago in October!**

•This from **Medical Fitness Association Chairman (MFA) of the Board, MICHAEL RICHMOND:** The operation of the Medical Fitness Association is currently being guided by our interim President and CEO, **BOB BOONE**, and the watchful eye of the Board of Directors. Going forward, the Board of Directors will be conducting a nationwide search for a long-term President and CEO. We will be accepting resumes and other inquiries from those interested in leading operations of the Medical Fitness

Association in the coming years. Those qualified parties may submit their resume and any related material by email only to MRichmond@hellerrichmond.com. The deadline to submit this information will be July 19, 2013.

•**MARC TASCHER... out, STEVE TUCKER... in** as the new **CEO of Bally Total Fitness** according to a report by **Club Industry Magazine's STUART GOLDMAN**. **I've got to wish Steve the best of luck... because he's sure going to need it!**

•**STEVE ROTEN**, the **Gold's Gym Franchisee in Jackson, Tennessee**, has been named to serve on the **Gold's Gym Franchise Association (GGFA) Advisory Board**. Steve's replacing **JOE HARRISON**, of the **Southern Region**, who moved on to a seat on the **GGFA Executive Board**.

•**Approximately 10 years ago, IHRSA** produced a report about why people **DON'T** join health clubs. The report singled out **fear and intimidation** as primary factors. According to the report, many people, both men and women, have been hesitant to even venture in to take a look at a health club, much less join one, because of their fear of embarrassment due to their poor physical condition and their fear of intimidation by what they **THINK** they will see in a health club or a gym. This **THOUGHT** in the minds of millions and millions of possible health club members has prevented a lot of people from doing business with any commercial health club. The report stated that some men are intimidated by the mere thought of muscleheads with bulging biceps and pecs all over the place, and women are intimidated by the thought of competing with scantily clad hot young babes in the fitness center or gym.

Well, if many of you are wondering what the secret ingredient has been for **Planet Fitness**, it's that they eliminated these issues in their centers. Planet Fitness has a statement posted on a big sign right at the front door that declares that Planet Fitness Management does not and will not tolerate muscleheads in the weight room slamming barbells or dumbbells down on the floor or screaming and hollering while doing reps. In short, there is a culture in all Planet Fitness intended to make members feel comfortable being there, and apparently, it works. Take, for example, two of Planet Fitness' TV ads. One ad features a big, hulking muscleheaded wearing shorts and a flannel shirt open to the waist with the sleeves torn off. The dude's on a tour with a normal looking Planet Fitness guy wearing a Planet Fitness logoed shirt. During the tour the Planet Fitness guy asks the musclehead what he liked to do? Repeatedly, in response to that question, the musclehead says, "I pick things up and put them down." After about three or four (See Norm's Notes Page 7)



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...Norm's Notes

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repeats of those exact words, the Planet Fitness dude leads the musclehead to a door at the back of the gym, opens it and gently leads him out the door into bright sunlight. The ad then closes with a short view of the Planet Fitness logo and \$10 a month. Another great Planet Fitness ad has a scene where four girls, all of whom are quite hot and busty babes in short shorts and halter tops, are shown in a locker room saying over and over to each other, "Your body is SO HOT!" Cut to another average woman in the locker room just sitting there wrapped in a towel watching these hotties oooh and ah over each other's bodies. The copy accompanying the ad says, "Working out at a gym can be both motivating and discouraging at the same time. Motivating because you can inspire yourself to become as fit as those around you and depressing because of how fit the people around you are." Planet Fitness' ad perfectly captured this contradiction, which the company dubs, "Gymtimidation." The TV ad then says, "We're not a gym. We're Planet Fitness." Then, a "Lunk Alarm" sign pops up and the ad ends with, "NO Gymtimidation. NO Lunks. \$10 a month."

So, to all of you out there competing with the ever-growing and booming Planet Fitness, you now have one of their secrets. But, you all knew this if you are a long-time CLUB INSIDER reader because, three years ago, I wrote about these same Planet Fitness messages and urged club owners to realize that consumers are no longer responding positively to huge muscleheads or hot bodies in print and TV ads. In fact, I argued then, and I argue now, that MIKE GRONDAHL figured all of this out over a decade ago and used this principal thought throughout all the years that Planet Fitness was growing and growing and growing. Quite simple, really.

•Drawing sports and fitness professionals from across the country, a first-annual golf tourney and dinner auction hosted by the Scott Dennis 44 Fund raised

\$140,000 toward raising awareness and financial support for suicide prevention and grievance counseling. The fund was founded as a legacy to Wichita native Scott Dennis, who played high school and college football, and had a successful fitness industry career prior to his death by suicide in 2012. In addition to raising funds, 44 Fund board members are becoming active in national and local suicide prevention efforts, speaking to school audiences across Kansas. Contributions can be made via paypal, donate@sd44fund.com, or directed to Equity Bank, c/o 44 Fund/Scott Dennis Foundation, 555 North Webb Road, Wichita, KS 67206.

•CANUSA, parent company of Robert Kennedy Publishing, which produced Muscle Magazine International, Reps!, Oxygen, American Curves and Clean Eating, as well as hundreds of books (New York Times best sellers: Hardcore Bodybuilding, Reps!, RockHard!, Beef It!, Pumping Up! and the Eat-Clean Diet Series) ceased business operations by officially closing its doors on Friday, June 7th 2013.

Kennedy's wife Tosca Reno states, "As many of you know, last year, I lost my husband of eight years and reluctantly took the helm of the distressed publishing business he built. Robert was a tremendous visionary who grew a unit of bodybuilding, health, fitness and clean-eating magazines and books that were global staples in its long-distant prime days." Reno continues, "One of the most difficult factors is knowing our dedicated employees are facing this reality now, too, though I labored long and hard to avoid my ultimate decision. I have done everything I can to preserve and respect the brands by working with some exemplary individuals for whom I am deeply grateful."

•Some folks may not know that CLUB INSIDER is a Paid Subscription-based Publication. Are you a Paid Subscriber? If the words PROMOTIONAL COPY appear above your name and address on the cover of this month's edition, you

are not a Paid Subscriber, and you are not enjoying the full benefits of a Paid Subscription to CLUB INSIDER. So, don't delay! Subscribe today for just \$89, which gives you nine years of CLUB INSIDER (one year of new editions and eight years of archived editions) by going to www.clubinsideronline.com/subscribe!

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

bless America!

(Norm Cates, Jr. is a 39-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now close to finishing its 20th Year of publication. Cates was IHRSA's 1st President, and a Co-founder of the Association with Rick Caro and five others, in 1981. 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)

As the new show director of Club Industry, I would like to introduce myself to each of you. I have spent much of the past decade creating events in the healthy lifestyle industry and now have the privilege to announce the opening of registration for the 2013 Club Industry Conference & Exposition. With the return to Chicago and the Midwest after a short hiatus, my team and I are looking forward to re-creating this important industry event. The three main pillars of any successful trade event are creative product demonstration capabilities, a robust networking platform, and a relevant, provocative education program. This year we have all of those for you, our Partners, to take part in. Some of the highlights include:



Yours in partnership,

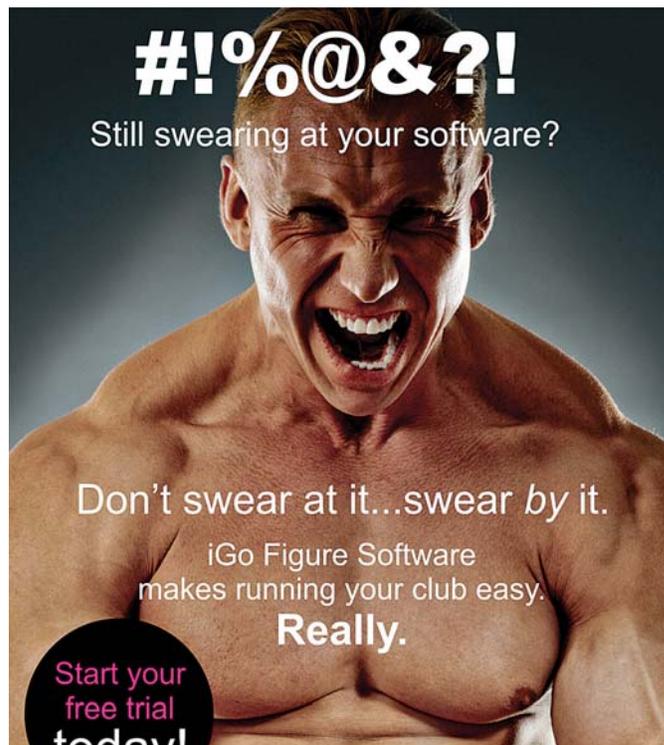
Erica Stone

Erica Stone
Group Show Director
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- Exhibits and Demos from Legacy Partners—showcasing their products in larger booth spaces and re-engaging with invigoration as a part of Club Industry LIVE as well as opportunities for NEW companies to break into the industry as a part of the New Exhibitor Program
- Special Recognition, a toast and a chance to network with the best in the business at the "Top 100" Fitness Facilities Reception, as recognized by Club Industry Magazine
- A revamped Education and Training Program featuring Keynote Speaker, Bridget Brennan, who will explore the idiosyncrasies of female buying power and how the Club Industry (owners, operators, marketers, trainers) can capitalize on this prowess to better their business

So, I ask you to join me in a new partnership as we re-create the Club Industry Conference and Exposition in 2013. I look forward to meeting you and working together to achieve our goals and support the industry as we do it. Let's make Club Industry a part of your ritual—either once again or first the first time, as it is now mine.

Feel free to contact me with comments or questions at 303-998-9408 or erica.stone@clubindustry.com. Reach out to me anytime.



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...Leisure Sports

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our second club in 1982, and we grew from there.

C.I. - Steve, did you grow up in that area?
SG - Yes, I did. I was born in Oakland, California and grew up in San Lorenzo, which is just south of Oakland.

C.I. - How did you get involved in this industry? What caused it to happen?
SG - After college, I had an athletic injury which required rehab. This was about the time that Nautilus equipment came out, and it was being used at the sports rehab facility I was using for my shoulder injury. I could see that my sports career was coming to an end, so I started to think about the idea of putting together sports medicine/rehab and fitness together. It made sense to me, so I did it.

C.I. - Steve, fast forward 34 years. I understand that you now have another of your big Renaissance ClubSport facilities in the works. Tell us about that, please.
SG - Yes, we are developing a 230-room, 60,000 square-foot club in Calgary, Canada with a local developer and Marriott International. This will be our third Renaissance ClubSport. We are also working on another Renaissance ClubSport here in Northern California.

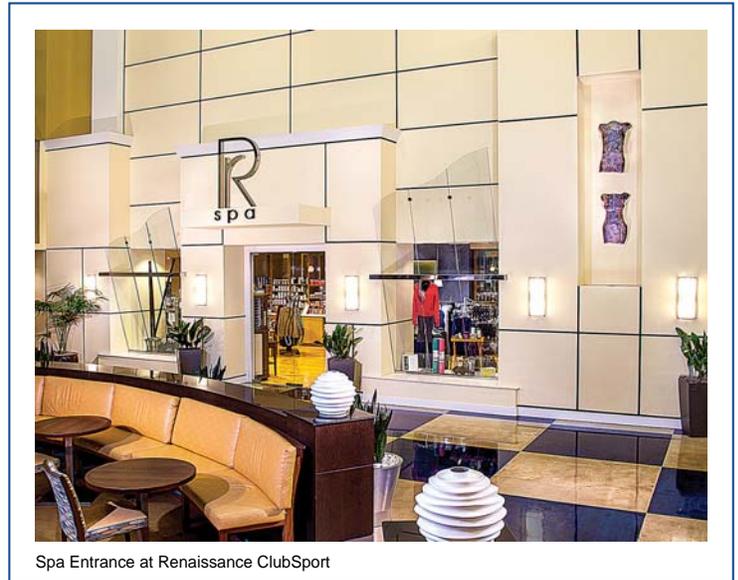
C.I. - What will one of your big Renaissance ClubSport facilities cost you, with land and everything? Just a ballpark figure...
SG - Every project is different depending on the location, whether it's urban or suburban, land requirements, building heights and parking all play into the costs. For example, the Calgary project is a downtown location with three levels of underground parking. That project is coming in at just over \$100 million dollars. Our Southern California Renaissance ClubSport was opened in 2008 in a

suburban business park in Aliso Viejo. The cost was \$74 million dollars. As I said, there are a lot of variables that make up the total cost.

C.I. - So Steve, you had to learn a whole new world in the hotel business.
SG - A lot of the hotel business is very similar to the club business. They are both hospitality and focus on cleanliness, service levels, accounting and so on. The areas that differ are food and beverage meeting space and banquet business, along with room inventory management. Room inventory management is a daily challenge, sometimes requiring pricing changes daily or even hourly to maximize profitability.

C.I. - Steve, your niche with the club hotels is very, very rare. Is there anybody else out of the 30,000 health and fitness club facilities in the United States that do what you do?
SG - I don't believe anyone is operating a club hotel as a single business unit. Hotels have had fitness rooms for years, and some have arm's length relationships with clubs in their same complex. We on the other hand operate as a single business and have three profit centers under one roof: club, rooms and restaurant.

C.I. - It looks like you guys have mastered the merger of the cultures of hotels and clubs.
SG - We have a great team here at Leisure Sports. They've worked very hard over the years to create a service culture that provides world-class service to both our hotel guest and our club members.
It all started back in 1985 when we purchased the land adjacent to our Pleasanton club and developed our first hotel, a 300-room Hilton. We connected the two buildings and started with two separate management teams. We quickly learned that, by combining the teams, we could save department costs and the customer experience would be better. The



Spa Entrance at Renaissance ClubSport

Pleasanton facility created the working model for the future club/hotels.

We learned through the development of the two separate facilities that there is an opportunity to save building square footage by eliminating the duplication of the front entry lobby area, the back of the house space, office space and food and beverage areas.

Construction savings along with operational savings gained by combining the club and hotel services and associates is key to the Renaissance ClubSport concept and its success.

C.I. - What percentage do you save?
SG - Again, depending on the location, we have been able to save about 20,000 square feet of building costs over stand-alone club and hotels by combining the space. There are savings across the board: pool area, landscaping, parking, utilities and such. Staffing costs are also reduced by cross training associates and consolidation of departments.

C.I. - Thanks for your time on this interview, Steve. I wish you and your Leisure Sports Team all the best of continued success.
SG - Thanks for taking the time with Ralph and me.



Ralph Rajes

An In-depth Interview with Ralph Rajes, Leisure Sports Senior Vice President

CLUB INSIDER (C.I.) - Ralph, please tell us about your early days. Where were you born, and where did you grow up?
Ralph Rajes (RR) - I was born in Glendale, in Southern California. I grew up in the San Fernando Valley and went to James Monroe High School. I graduated from Cal State Los Angeles with a degree in Nutrition in 1986.

C.I. - Please tell us about your family. Do you have children?
RR - My amazing wife of 25 years, Elizabeth, and I have two children. We have a son named Davis. He's 21, and our daughter, Hannah, is 19 years old. They're both currently students at the University of Arizona.

C.I. - What activities did you enjoy as a youngster, and how did sports as a youth influence your career direction?
RR - In high school, I ran track. Early in my college days, I started to really get involved with the boom in running. I did my first marathon in 1984, and I've been hooked since! I was running regularly, and fortunately, I'm still blessed to be running, biking and swimming regularly. My running mileage went up and down
(See Leisure Sports Page 10)



Lap Pool at Renaissance ClubSport



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...Leisure Sports

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depending on the kids' activities and spare time when they were younger. Fortunately, I've been able to keep running over the last 30 years.

C.I. - What year did you originally become involved in the health and fitness club industry, and how and where did you begin your career in this industry?

RR - I originally became involved in the club business while I was going to college. I worked at the Mid Valley Athletic Club, in Reseda, California starting in 1986. It was in the days when we had towel attendants and the locker key exchange. I started working at the towel desk handing out keys, and we covered the locker room. So, I was folding towels, vacuuming and cleaning the locker room. As time passed, I moved up to Manager on Duty. Then, the Director of Operations gave the General Manager, Harold Wright, six months notice that he was moving on. Harold asked me about taking that Director of Operations job.

I had a degree in Nutrition, and I was kind of tracking a different way, but I really loved the club industry and the club environment. I wasn't super excited about the prospects that my Nutrition Degree offered. So, the timing of Harold's offer forced me to make a decision on which route to take. I accepted the Director of Operations position at Mid Valley, and it turned out to be a great decision. After a few years there, I met Linda Pejcher at one of the early IHRSA Conventions --I think it was 1989-- and found out she was doing some headhunting work. She was connected with a company, Leisure Sports, and the ClubSport, in San Ramon, California, a place that I'd never heard of. Linda set up an interview, and Elizabeth and I took our first trip to San Ramon. We found that we really loved the area, and we clicked with Steve Gilmour and his business philosophy. Eventually, I was

offered the Director of Operations position with Leisure Sports at the Club in San Ramon (this club was soon sold out of the Leisure Sports portfolio).

C.I. - Please describe what Leisure Sports was like when you arrived on the scene? What role did you play in the beginning with that startup job?

RR - When I came up here, the San Ramon club was going through that natural sort of turnover that happens after an initial opening: the staff was turning over, people were getting slotted into the right places, that type of thing. They saw the need to have a Director of Operations, which created a spot for me. At that time, we had two clubs in operation, the San Ramon location and the ClubSport Pleasanton location, which was the company's big flagship club. Plus, the Fremont club was on the drawing board. Pleasanton was an older club, and the San Ramon Club was the shiny new toy. I felt very fortunate to be there with a growing, progressive company.

I remember when I would open on Saturday mornings. Steve would come by with his daughter, and we'd chat about club things. It was great to have access to one of the owners. I worked there about a year and a half, and it was a great experience. I was then offered the position of Director of Operations for the new Fremont facility project. We didn't have a General Manager for that club yet; it was just the Membership Director and me. We added a couple of people, and we worked the pre-opening until the new General Manager, Janine Williams, was hired about a week before we opened ClubSport Fremont. Janine is now our Vice President of Human Resources. Opening a new club was an incredible experience; I learned so much.

C.I. - Please continue with the history of the company after the Fremont opening.

RR - We got the property opened, and we ramped it up. I was there about a year and a half. We did some personnel reshuffling,



Fitness Floor at Renaissance ClubSport

and Janine Williams approached me to become the General Manager at the Pleasanton Club. I'm a Pleasanton resident, so the opportunity to work in the same community I live in was a fantastic idea. But, I thought, "It's the Home Club... It's the Mother Ship." I was just 29 years of age at the time, so I had to ask if they were *sure* that I was ready because I wasn't sure. They said, "Yes." So, I moved over to ClubSport Pleasanton. A big chunk of my time with the company was spent there. I was the General Manager for 12 years. I was unbelievably green! I was such a bull in the china shop! I think back on it and think of how I'd have done things so much differently with the knowledge I have now. I think about how clumsy I was at that time, so my heart goes out to my original crew.

C.I. - It's funny how *hindsight* is so *perfectly clear*!

RR - Yes it is! Over time, I was able to smooth the edges, and we developed a really great team and a much-improved facility. The club is 185,000 square-feet, and it's basically a humongous warehouse. The only limitation is a grid of poles that are about 48 feet apart throughout this warehouse. In 1996, we were able to buy the building adjacent to ours, which we then razed, to enable us to reorient the front doors and the parking lot. This change then allowed us to develop a complete aquatic

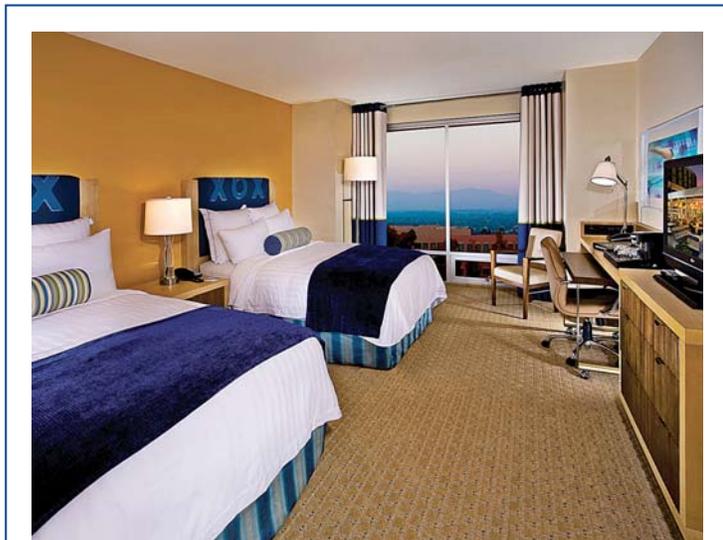
center. Then, it was like a domino effect happened. Inside, we took out four tennis courts and allocated that space to fitness, group exercise rooms and added a second basketball gym. It was as if we reshuffled the deck entirely at that club. It took about a year and a half to go through the phases of this total remodel, while at the same time, keeping the club open and operating. A couple of years later, we rebuilt the locker rooms. All these changes allowed us to increase the capacity of the membership by 20%, a level we still enjoy today. I loved being part of all of these things.

Two of the key people in the various phases of the Pleasanton remodel efforts were Brian Amador and Heather Stanek. Brian is now General Manager of Renaissance ClubSport Walnut Creek, and Heather took over the reins from me as General Manager of ClubSport Pleasanton. One of the major takeaways from the remodel was a training presentation that Brian and I developed for our staff on 'Surviving Construction in Your Building.' We were able to use that at our other properties as we made facility improvements. During that time, Leisure Sports bought what is now ClubSport Oregon in Tigard. Tigard is a suburb seven miles south of downtown Portland. We used many of the lessons learned from ClubSport Pleasanton on the Oregon club remodel, and we still find those original lessons useful today.

C.I. - How did the Leisure Sports tie-in with the hotel industry come about?

RR - We started with Steve's concept of hospitality and athletic clubs having a natural tie-in, using many of the same business side services. Steve also realized that business travelers want to have a place to be able to go to after hours that's a healthy and productive place to go beyond a hotel bar.

Steve's first foray into the hotel business was at the Pleasanton Club, where (See *Leisure Sports* Page 12)



Hotel Room at Renaissance ClubSport



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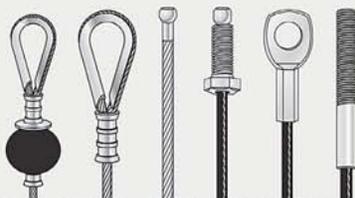
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...Leisure Sports

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he built the Hilton Hotel adjacent to the club. Although we no longer manage it, we maintain a relationship with them for their guests to use the club. We negotiated a usage rate with the hotel that is stipulated on a monthly basis based upon their occupancy. Now, the hotel provides a nice recurring revenue source for the property.

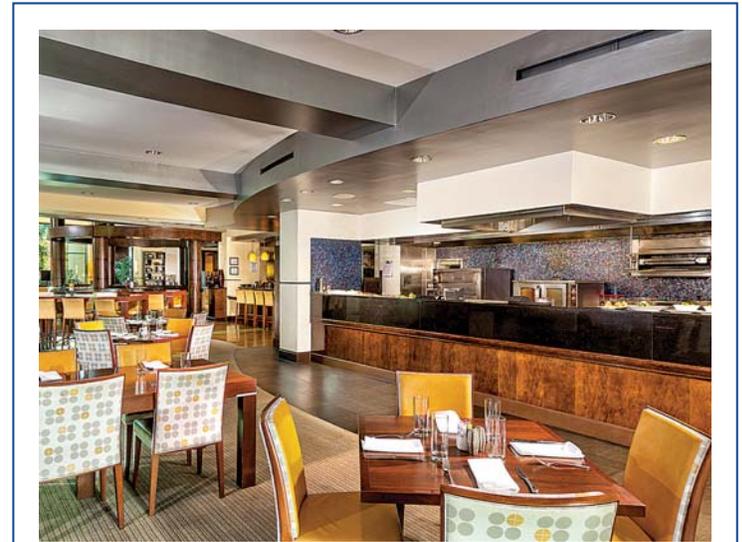
Back to the idea of consolidating the two properties, the lesson learned from the Hilton was that it was still a separate business; thereby, we incurred the full costs of running two businesses when both share many of the same services: housekeeping, accounting, food and beverage management. With the Renaissance ClubSport concept, we brought them under one roof, which enables us to have two profit centers with one management structure. We've created an awesome economy of scale. Our Walnut Creek, California facility, and in the Orange County, Aliso Viejo, California property, we have the hotel room towers with 174 and 175 rooms, respectively, and the central lobby has a bar, a full-scale restaurant, a deli, and just like you would have in any Renaissance-branded hotel, a large day spa that's right next to the lobby. Opposite the hotel check in desk is the club. All the services are shared by both the hotel and the club, giving club members upscale amenities of the hotel and hotel guests the convenience and luxury of an on-site world-class fitness center.

Currently, Walnut Creek has a full membership of about 5,000 memberships (13,000 total members). We have one General Manager, one Club Operations Manager, one Hotel Operations Manager and a Director of Food and Beverage. This small group of leaders run the entire property. It's a huge competitive advantage because people come in and ask, 'Oh my gosh, I can have this?' This club product allows us to get premium hotel room rates

in our markets. That's the awesome synergy between these two entities. There are other advantages, too. Instead of the classic hotel restaurant that depends entirely on room occupancy, we have 13,000 club members who help support the restaurant! If we want to do an activity, such as the current Confederation Soccer Games, and we want to create a big event around that, we can because we have the membership base to support it. The synergy between the two is fantastic!

Norm, I want to bring up Brian Amador's name again. Think about starting this concept of mixing the hotel business with the club business. Now, you've got to bring in people who know how to run hotels. They are very complicated with hotel room revenue management, food and beverage management, event space, etc. Plus, you need to bring in a club person. Then, you've got to have the willingness of these two people to say, 'How do we blend this together seamlessly so that we don't have to have two black and white boxes; we have one gray box.' Brian Amador, who worked with me in Pleasanton, went up to Walnut Creek as the club operations guy. He's been working with the hotel people to create a single property with a single-minded guest satisfaction culture for everyone to follow. We're not a hotel... We're not a club... We're a club hotel whose two silos we think of as one property, which means there has to be cooperation all the way around. For example, you can't have the hotel sales people booking a humongous event in the banquet room on Monday morning because that's going to destroy the parking for the members. You've got to coordinate the business operations of each side so they don't negatively impact the other side and other parts of the business. This synergy was all part of Steve's amazing vision and Brian's excellent execution.

C.I. - Let's talk about the money side of Leisure Sports. How did Steve finance



Restaurant at Renaissance ClubSport

these huge mega clubs many years ago?

RR - The clubs have been funded through private investment with separate funding for each club. Plus, a lot of growth capital was generated from the success of the big Pleasanton Club.

C.I. - Leisure Sports has now created a unique, high-end studio in the East Bay area of San Francisco called *The Studio*. Please tell us how the concept evolved and whom it's targeting? What's the price point?

RR - Again, this is Steve's vision. The club and the club/hotel properties are extremely expensive to develop. You need a lot of land and a lot of money to put up those buildings. The question became, 'How can we do a small club product and stay on a par with the high quality of the club products our parent company is delivering?' We landed on the concept of a high-end studio experience that can offer the boutique studio specialties, such as Yoga, Pilates, Barre, etc. This gives people the convenience and variety of having all these disciplines under one roof. To keep up with our commitment to excellence, we made *The Studio* very upscale in feel, with high-touch service and amenities.

C.I. - Ralph, Leisure Sports has grown into three very special and specific brands:

• **ClubSport** which includes five major multipurpose clubs ranging in size from 85,000 to 180,000 square feet serving almost 50,000 members in California, Nevada, and Oregon;

• Two **Renaissance ClubSport** facilities, which provide full-service hotels and world-class sports clubs located in Walnut Creek, California and in Orange County, Aliso Viejo, California with 21,000 members;

• Last but not least, **The Studio**, which is the latest concept added to the Leisure Sports portfolio, with the first location in operation in Danville, California with 1,500 members. A primary market differentiator is that *The Studio* offers a more personal and less overwhelming club environment.

So, Ralph, let's discuss some numbers:

Q - What's the total indoor square-footage of all Leisure Sports facilities?

A - 735,000 square feet.

Q - What are the annual revenues for all three brands combined?

A - Last year, revenue was \$83 million. Our goal is \$100 million. Average club dues are \$165 per month.

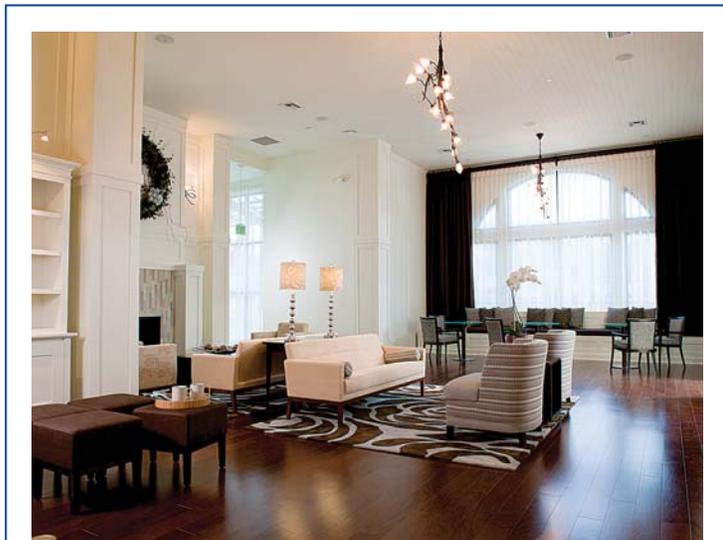
Q - What are some of the primary market differentiators for each?

A - Cleanliness. The Experience. Of course, the size, quality and magnitude of the Renaissance Club Sport and the ClubSport Clubs are very similar. Most of all, it's so much about our people. Our people make the value.

C.I. - Does Leisure Sports have any future club plans?

RR - We have a few areas that we are focusing on now. We want to grow *The Studio* concept. Steve has another of the Renaissance ClubSport facilities in

(See *Leisure Sports* Page 14)



Living Room at The Studio



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...Leisure Sports

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the works, and we're also looking at the sports/speed performance center market. And, of course, we're working very hard on efficiencies and value in our existing operations.

C.I. - What has it been like witnessing the growth of Leisure Sports over the past 23 years?

RR - It has been awesome. It's been so exciting to be involved in the conversion and evolution of existing facilities and maintaining our very upscale, multipurpose Leisure Sports facilities. We've developed a great track record that has spawned the consulting side of our business too. We are frequently called upon to consult on development and management operations for other club properties and investors.

C.I. - Ralph, viewing your bio on the Leisure Sports website, one gets the idea that you're quite a club business/industry star having been honored by IHRSA in 2001 as GM of the Year and by Club Solutions Magazine as the 'Most Fit Health Club Professional in America' in January, 2008. You are also an accomplished Triathlete. My question is: How do you do it all?

RR - Super early mornings. I get up at about 5:30 every morning, and I start with doing some administrative work or just thinking through my day over coffee. I use all our clubs for my workouts, where I can interact with the members and associates. I swim a lot and have worked out in every pool in all of our clubs. It's a huge advantage to be able to experience the clubs as a member does. I'm just the type of person that, on a weekend, I'm looking to pack three days into two. I get up early, and I just want to get things done. That's what charges me up.

C.I. - Our cover this month, and your terrific website, www.leisuresportsinc.com, shows a great photo of Steve Gilmour, President and CEO; Patrick J. O'Brien, CPA, Chief Financial Officer; Cory Ferraro, Vice President of Sales and Marketing; Janine Williams, Vice President of Human Resources; and you, Ralph, Senior Vice President. Please tell us about the Executive Team.

RR - We talked about the fact that I have

been with the company for 23 years. I think Cory has been here longer than me. She has been with Leisure Sports for 25 years, and Janine has 21 years with the company. When I was at the Pleasanton club, Cory and I worked together there when she was a sales representative. As I mentioned earlier, Janine was my General Manager when I worked in Fremont. We have a lot of history and great experience on our Executive Team.

C.I. - It seems that with these three distinct Leisure Sports brands, with operations in three states, a real key to the success of Leisure Sports must be your people on the ground in those states. Ralph, in addition to your Executive Team, who are your key operational people in the company, and what are their titles?

RR - Norm, I've put them into two groups: Our Leisure Sports Executive Team and our Club General Management Team.

My Leisure Sports Reports: Janine Williams, Vice President of Human Resources; Cory Ferraro, Vice President of Sales and Marketing; Travis Shannon, Vice President of Information Technology; Erin Gilmour, Director of Programming; Dennis Dumas, Director of Wellness; and Marco Rongen, Director of Food and Beverage.

My General Manager Reports: Brian Amador, Renaissance ClubSport Walnut Creek; Heather Stanek, ClubSport Pleasanton and Fremont; Ed Tomlin, Renaissance ClubSport Aliso Viejo; Andrea Moore, ClubSport Green Valley; and Jason Schlager ClubSport Oregon.

C.I. - Ralph, how many total employees does Leisure Sports have, and what's your company's annual payroll?

RR - We have 1,700 full- and part-time employees, and our annual payroll cost is \$29,600,000.

C.I. - Please tell us about your membership fees and dues for the **ClubSport**, **Renaissance ClubSport** and **The Studio**.

RR - Below is a range of our rates and fees for membership types:

Fitness

Single - \$125 - \$165

Family - \$248 - \$365
Membership Fee - \$200 - \$500

C.I. - Thinking of the three brands offered by Leisure Sports, surely there are specific and clear challenges for each brand. Please share the biggest challenge you face with each brand.

RR - A unique challenge that we face is running the hotels. The hotel brings its own revenue management, which is much different from clubs. For example, when we're dealing with discount websites like Expedia or Priceline, the Director of Sales is on the other end setting a rate for those deals as well as managing club sales. The General Manager has to make decisions based on occupancy. He needs to understand which channels to open up at what rate and how many rooms to make available. He needs to look at that potential discounted revenue against what could potentially come in from transient revenue. I didn't realize how incredibly complex hotel pricing and revenue management is before we got into the business.

Then, there's corporate rate negotiations, plus banquets, food and beverage and all of the rest. The hotel business is a real challenge all by itself. Beyond that, we're a membership-driven company, so sales and marketing is always a challenge. Sales costs must be controlled and retention is a key factor. Of course, we strive to reduce our sales costs by increasing our member retention. These are the challenges we're working on every day.

But, like other health and sports clubs, we really focus on getting members properly integrated. Trying to help them get results and trying to help them meet other members and associates are fundamental aspects to retention and part of the daily tasks of keeping members happy. It's a universal challenge across all of our brands because we're a membership-based product.

C.I. - Is there anything in particular that's emerged as the biggest challenge in The Studio, even though it's relatively new?

RR - The big thing there is getting the payroll correct because the payroll is much more variable versus a stand-alone club. You have maybe one front desk person; everything else is much more variable due

to the group exercise classes. But, getting the right amount of people attending the classes to justify the payroll is the real challenge there. In the big clubs, you've got so many things going on it tends to blend in a little more. Another challenge is how much time do we give a new class to get traction after we introduce it before we decide to pull the plug? We look at each class as an investment that needs to show a return.

C.I. - Please share what you can with us on the wellness aspect of The Leisure Sports portfolio.

RR - We're looking at a lot of fee-based services in our wellness focus. In our Oregon Club, we converted two basketball courts to The EDGE sport-performance center. We have an altitude chamber, and we've got a Compu-Trainer studio that's part of the concept. That's a cool entity, in and of itself. What we're doing now is looking at the success of that concept, and we're bringing a lot more fee-based, performance options to our other properties. We're reallocating square-footage within the properties to accommodate these fee-based services. Then, on the group fitness side, we're working on our own signature classes to develop our own identity within the fitness world.

C.I. - Ralph, please tell us about Leisure Sport's involvement with IHRSA. When did Leisure Sports join IHRSA, and to you, what have the benefits of IHRSA been to the organization?

RR - I can remember my first IHRSA Convention and Trade Show. It was in Reno. I was just getting started at the Mid Valley Athletic Club. I remember going into that Trade Show for the first time ever and thinking I was in Heaven! I was there riding bikes and trying everything I could! It's still exciting to go to IHRSA to reconnect with people, see what's going on and to try the equipment at the Trade Shows. When we take our people to the trade show, we talk about *WORKING the Trade Show*. We talk about what *working it means*. To us, it means really diving into things and really taking the opportunity to understand products and things that we're not currently using. It's the poor guy at the far end of the aisle that may just have the solution we're looking for. Our Facility
(See Leisure Sports Page 15)



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...Leisure Sports

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Director from our Oregon Club was there, and he came across a booth where they offered a variety of unique, green, cleaning products. It became a cool solution for equipment cleaning. Another thing we discovered there was the 'Air Washer.' This is basically an industrial size air purifier that Jason Schlager found there. It comes on a cart, and we use it in between classes to purify the air in the group exercise rooms and other heavily utilized areas. If we've got a particularly heavily attended cycle class, we'll roll that thing in there between classes, and it really improves the experience for the people attending the next class.

These are examples of *really working the Trade Shows at IHRSA*. Going in and asking, "What are the solutions that are on the floor that I can mine out of this show?" I think that, over the course of years, that's the real value we've gotten from IHRSA. I think Steve's been an IHRSA participant since day one, ever since he entered the industry years ago.

C.I. - Ralph, let's close your really terrific interview with any comment you'd like to make. But first, I want you to know that, with your permission, I'm going to

nominate you for service on the IHRSA Board of Directors. One reason I'm fortunate to have this job is that I'm able to meet and interview some of America's greatest club business operators and entrepreneurs and share their excellence with our readers.

With respect to your long-demonstrated, multitasking skills that you've used during your career in our industry, you could contribute greatly should you be chosen to serve on the IHRSA Board of Directors. So, we're going to be sure that Brent Darden, the new IHRSA Chairman of the Board as of July 1, 2013, and all of the current IHRSA Board Members receive your amazing Cover Story. So Ralph, please close this awesome interview out with your final comments.

In particular, I recommend you now to whoever is selected as IHRSA's new Board Selection Committee Chairperson.

RR - I am very flattered that you would say that; thank you. Thank you for this opportunity to speak with you, Norm, and the great service you provide with this publication. I would like to close by thanking all the incredible Leisure Sports staff at the corporate office and in the properties for their dedication to changing people's lives. Every day I come to work, I am grateful to be working with this team.

• • •
This in-depth interview with 23+ year club business veteran, Ralph Rajs, gives me great joy on a couple of levels:

1. I'm happy and encouraged greatly by the excellence of Ralph's experiences and abilities that we exposed to our readers during this interview. In my opinion, Ralph Rajs is one of the top young club operators/leaders/thinkers in our industry anywhere.
2. I'm also excited about the *potential for IHRSA, and our industry*, should Ralph Rajs be chosen by IHRSA to serve on the IHRSA Board of Directors. Should that happen, I predict that Ralph will fit in very

well with the current Board of Directors, as they are a very special group of people who are some of the very best club operators on the face of the Earth.

(Norm Cates, Jr. is a 39-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now in its 20th Year of publication. Cates was IHRSA's 1st President, and a Co-founder of the Association with Rick Caro and five others, in 1981. 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)



Reframing Problems for Better Solutions

By: Will Phillips

"People tend to see what they want to see. Out of the mass of information available, they tend to pick out and focus on those facts that confirm their prior perceptions, and to disregard or misinterpret those that call their perceptions into question." - **Getting to Yes** by Roger Fischer and William Ury

Whenever problem solving fails, it is likely that you were working on the wrong problem. Reframing is a problem solving tool to help you look at a problem from different frames of reference which can uncover underlying assumptions. The reframing process shifts inappropriate and potentially misleading problem definitions into more effective problem definitions and better solutions.

A stunning example of reframing became public at the 1968 Olympics in Mexico City where Dick Fosbury won the high jump by going over the pole on his back rather than the time honored stomach to pole jump. Every high jumper changed his style after seeing the success of the Fosbury Flop. Look for this on You Tube.

A Look At Your Club

Here is a reframing of the challenge of staff development in your health club. Owners of health clubs place attention on caring for their equipment and facilities. There are industry guidelines suggesting what percentage of your annual revenues should be set aside for upgrading and maintaining your facility. I wonder if clubs devote as much attention to the maintenance and improvement of their staff?

Some of the hot trends in clubs are captured in the phrases of: customer engagement, customer loyalty and net promoter scores. All of these are about the emotional connections that members have to a club. Several IHRSA convention speakers, Marcus Buckingham and Frederick Reicheld, for example, spoke about how the way the business engages the employee drives how the employee engages the customer.

The *challenge* is that hiring, developing and retaining the most engaging staff *costs time and money*. When we look at the goal of member engagement against the costs of superior staff, many clubs opt to save costs on staff development in particular. The cost is now, the returns are later, and often this is not easily seen.

Looking at this issue from the frame of reference of the accountant and the standards of accounting, staff development is a cost and every good accountant and business person wants to contain costs.

Thus, the rules of Generally Accepted Accounting Practices (GAAP) determine how we look at staff development, a cost. If staff development were looked at as an investment, instead of an expense, might we act differently? Reframing the problem of staff development from an accounting framework to customer framework better supports the investment in developing your staff. Here are some suggestions on what you might do with relatively low cost investments in staff development.

Taking Charge of Your Own Development

Ultimately, as a staff member, you are responsible for your professional development and career growth. You cannot always depend on your organization to take responsibility for this at the level that you would choose. When you let your business be responsible for how satisfying and rewarding your job is, you lose some control over your job and your life. When you take responsibility for your growth and career, you can change the inner aspects of your mind, which will change the outer aspects of your life. Here are some tools that can help you.

The starting position is to always identify the challenges that you are facing and try to match those with resources that will give you more options on how to address and respond to those challenges.

For everyone, here is a basic resource list for your development. I'd start with *Take Charge of Your Life* by Jim Rohn. This is available on audiotapes and is a good foundation for the theme of your own development. To extend the ideas that Jim Rohn presents, listen to *How To Be a No Limit Person* by Wayne W. Dyer. This is an audiotape series, which will help you push the limits instead of accepting the status quo.

For Supervisors

Some great resources to give you perspective on the role of supervising are *Common Sense Supervision* by Roger Fulton and *The One Minute Manager* by Ken Blanchard. This latter book is

a business classic that talks about three important aspects of supervision:

1. Setting goals for other people to achieve;
2. Appreciating work done by other people;
3. Taking corrective action when there is a shortfall in what you had expected from other people.

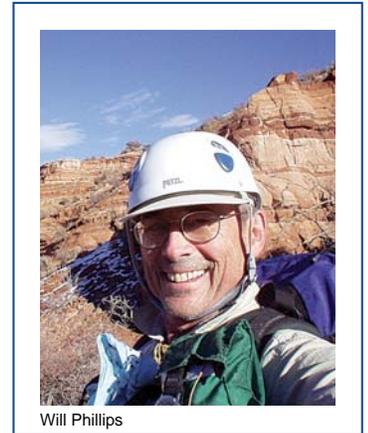
For Managers and Supervisors

The very fact that you are a manager or a supervisor means that you are getting things done through other people, and the process of successful delegation becomes critical. Ken Blanchard has another simple, easy and straightforward guidebook to this area, called *Empowerment Takes More than a Minute*. This can be supplemented by *Zapp! The Lightning of Empowerment* by William Byham. These two should give you a good start in learning how to empower and delegate. This skill does not come easy, but when you begin to master it, you begin to leverage your ability and become able to accomplish much more, and all successfully. This puts you in an excellent position for further career promotions.

Empowerment and delegation fail completely if you do not have the right people working for you. Almost all businesses fail by hiring too quickly and firing too slowly, whereas Tony Hsieh, the founder of Zappos, recommends strongly that you should hire very slowly and fire fast. To encourage and support you in cleaning house of people who are not able to carry the necessary load, read *Tough-Minded Management* by Gareth Gardiner.

One way to quickly assess all the staff that you supervise or manage is to write down their first name, and after each name, write down the letter A, B or C depending upon their current level of performance. It's challenging and difficult to create a team of all As. But, it may be the single most important thing that you do as a manager or supervisor. Trying to win the game with the wrong players is an uphill and frustrating battle. So, the place to begin is with any C ratings that you have given. If someone has been a C in performance for more than six months, it is unlikely that you have the resources to change that. It's time for these folks to move on and for you to find an A to fill their position.

Once you start with a good team, and your delegation and empowerment skills are moving along successfully, it is now time to learn how to create a total environment of high performance. The single best research on this was done by Marcus Buckingham and reported in his book *First, Break the Rules*. In this book, he outlines the 12 factors that identify high performance management environments.



Will Phillips

All of these factors are the result of how individuals manage and supervise their team. You can use the 12-question assessment once or twice a year to help you zero-in on areas for you to improve.

For Leaders

When you are the leader, all of the above resources are appropriate. But, here are three that apply specifically to the top leader who has ultimate say in all personnel, capital and programmatic decisions. Many of you are familiar with the work of Patrick Lencioni, as he has spoken at IHRSA Conventions twice. REX Roundtables have been using his materials for over a decade now. His book for leaders is called *The Five Temptations of a Leader*. In it, he provides a quick assessment for you to determine which, if any, of these typical temptations or traps you might fall into and what you might do to avoid them. It is best to have your direct reports rate you on each of the five. Ask for our assessment.

Next is a fun book by an accomplished business leader Max De Pree, CEO of Herman Miller Office Furniture. His book, *Leadership Is An Art* is short, pithy, insightful and lacks management jargon altogether. Each chapter is a standalone gem.

Now, when you are ready for some serious feedback on how your direct reports see you as a leader on twenty plus qualities, send an email to me at Will@RexRoundtables.com with **Management Assessment** in the subject line, and I'll send you a free assessment tool.

(Will Phillips is the Founder of REX Roundtables for Club Executives. Over 150 top club executives are in Roundtables in North America, Brazil, Australia, New Zealand and from a dozen European countries. Will may be reached at Will@RexRoundtables.com)



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-Kevin Buck, Owner, Newport Athletic Club

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Preparing to *Sell* Your Health Club

By: Jim Thomas

Have you thought about it? Is that time coming? Is it time to go fishing?

We work with many potential buyers of health clubs as well as current gym owners who would like to sell. If your business is in good shape, now is a good time to sell as there are buyers but not enough gym inventory to go around. But, before you decide to list your club for sale, please consider the following:

Get a valuation of your gym. One of the first things you should do is obtain a realistic idea of what your gym is worth from an objective, outside industry source. A professional valuation by an industry expert will give you a basis for considering buyer offers and will give you an idea of what you can expect to net from the sale of your gym.

The biggest problem we see is that owners of gyms consider their club to be different, primarily because they've put a lot of tears, sweat, heart and money into growing and developing it. In many

cases, it becomes personal. As a business consultant, we understand this, but that's why you want an objective valuation.

When an owner starts to factor in all the personal issues that helped them grow and sustain the business, they start to believe it's worth more. Gym owners then end up zeroing-in on an asking price that's too high, despite the advice of their business consultant. If it's priced incorrectly, a gym can sit on the market for many months. Unfortunately, many times, the gym owner will end up selling for less money than they would have gotten if the gym was listed at an appropriate price from the beginning.

Have clean books and keep good records. Buyers evaluating your gym generally will ask for three years' worth of financial information. The more professional your statements, the better the impression you'll make and the easier the due diligence for a prospective buyer of your gym.

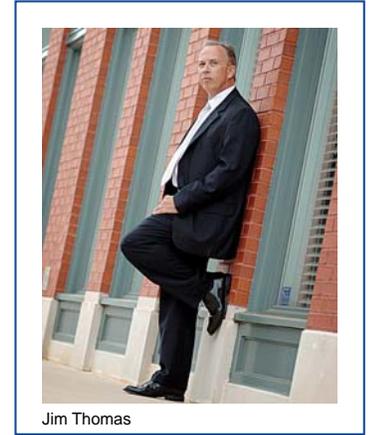
Understand the real profitability of your

gym. Many gym owners claim a variety of nonoperational expenses. Make sure you have supporting documentation for these expenses. For example, your gym may be paying for your personal vehicle lease or cell phone.

Make a good first impression. I know this sounds obvious, but it's important to clean up the gym before a showing. Potential buyers touring your gym usually don't appreciate stepping over the free weights and normally fail to see the value of water bottles or towels that have been left behind. Buyers want to feel that the gym is clean and well maintained. If it's not, there is a good chance they will continue their search elsewhere.

Organize your agreements and important documents. Review your permits, gym licensing agreements, leases, customer and vendor contracts, etc. Make sure you have them readily available, current and in order.

Consider the management succession



Jim Thomas

of your gym. If you, as the owner, are absolutely vital to the business, who will a buyer be able to turn to for the day to day operation of the gym after you leave? You should have a succession plan in place before listing your gym for sale.

Get your advisors in place. Start talking (See Jim Thomas Page 19)

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Johnson Health Tech Promotes Several Senior Executives

COTTAGE GROVE, WI - Johnson Health Tech. Co. Ltd. announced several leadership promotions for its Australian and North American business units. Gary Peak, a seasoned industry professional who has been with Johnson Health Tech North America (JHTNA) since 2006, will assume the role of Managing Director of JHT Australia (JHTA), replacing the retiring Terry McIver, effective August 1, 2013. With his departure from North America, Jeff Moser, an 11-year veteran of JHTNA, will assume responsibility for the specialty retail dealer channel. Steve Lindal has been promoted to director of commercial dealer business development.

"Gary is a strong leader with sharp business acumen and an in-depth knowledge of the fitness industry," said Jason Lo, President and CEO for Johnson Health Tech. Co. Ltd. "Under his guidance, JHTNA strengthened its market leadership position in the specialty channel. We look for him to bring this expertise to the Australian market."

For more information about Johnson Health Tech, visit www.johnsonfitness.com.

...Jim Thomas

continued from page 18

to attorneys, consultants and accountants who are proficient in acquisitions. Strongly consider hiring an intermediary to represent you and help you through the selling process. We don't suggest you go it alone.

Keep your eye on the ball. This is perhaps the biggest of all. Don't let your business performance decline because you're too focused on the sale of your gym. This will only give potential buyers the negotiating power to lower their offers. You should continue to operate your gym in a manner that is consistent with someone who is planning on being around a while.

Now, go sell your business, for a profit!

(Learn About Jim Thomas' Fitness Management & Consulting by going to www.fmconsulting.net/gymsforsale)

Beware! Common Payroll Traps That Will Get You In Trouble

By: Mike Manning

No club owner wakes up one morning and says, "I think I'm going to start violating Federal or State Labor Laws." Even so, a quick Internet search reveals that some of the largest, most prominent companies in our industry have dealt with lawsuits or other government enforcement action related to payroll. If big chains with access to in-house legal departments and high-dollar outside attorneys have costly legal issues because of their payroll practices, you might, too, one day.

The health club payroll trap I see more than any other is an Assistant Manager or Sales Manager working 50 to 60 hours a week and being paid a salary with no overtime. If the Assistant Manager duties are structured properly according to the Fair Labor Standards Act (FLSA), it is acceptable to pay a salary with no additional overtime pay, but FLSA has very specific criteria. If you are smart enough to subscribe to and read **CLUB INSIDER**, you are probably also smart enough to design a job description for your Assistant Manager that meets the "exemption for executive employees" under FLSA, but a good job description only gets you half way to compliance. To get the rest of the way to compliance, your Assistant Manager needs to spend time actually exercising the authority that your FLSA compliant job description says they have, and that is where many run into trouble.

To qualify as an "exempt executive" under FLSA, your Assistant Manager needs to have authority or significant input in hiring and firing employees, and he needs to be the primary supervisor of at least two other employees. Does your Assistant/Sales Manager interview potential new hires, have input on pay increases or promotions for the employees he supervises, allocates work between employees throughout the day and deals with employee disciplinary issues? Even if the answer to each of those questions is "Yes," is the Assistant/Sales Manager's input in these important decisions documented in a way that you could prove it two or three years from now if you need to? If this manager is part of a lawsuit against you one day, he probably won't volunteer information that will help your cause, so you should be gathering documentation of his decision-making input in your human resource files as time passes. If your salespeople are closely supervised by both your Club Manager and an Assistant/Sales Manager, you might have a problem with FLSA. If your Assistant/Sales Manager is expected to gross significantly more than any other sales employee, an argument can be made that they don't have time to do all of the supervisory activities that your job

description says they are doing.

One consequence of having a strong type A personality Club Manager is that he can mess up the overtime exemption under FLSA for an Assistant/Sales Manager if he dominates all of the decision-making inside the club and effectively pushes the Assistant Manager into a role that requires overtime pay. If you have a type A manager, you'll need to work with him to be sure he is allowing your Assistant/Sales Manager to do the job as you've laid it out in the job description.

A Second Payroll Trap

A second payroll trap for club owners is not paying hourly pay employees for overtime they have actually worked. Numerous lawsuits have been filed alleging that Club Managers have improperly changed time records to delete overtime pay, which they might do because many club owners don't allow their hourly employees to work overtime at all, or unless it has been preapproved. If your salesperson actually works 30 minutes of unanticipated overtime during a pay period, it can put your Club Manager in a tricky spot because he might get in trouble for allowing the overtime. He may think his life will be easier if he makes the extra 30 minutes disappear from the time records. Your Club Manager is often in a position to strong arm the hourly employee to have short-term memory loss about the 30 minutes of missing pay. As a club owner, you need to have controls in place to monitor edits to time sheets or electronic pay records, and there shouldn't be a lot of edits. If you use a time clock, your hourly employees should always clock in and out, and make sure your managers document reasons for edits to time records. Two or three years down the road, if you end up in court accused of improperly editing time records, you'll be surprised how hard it is to explain why your hourly pay employees never clocked out for lunch and caused your Club Manager to edit an hour off their time record several days each week. Your ex-employees may recall always working through lunch because they were under pressure to hit numbers.

A Third Trap

A third trap that club owners fall into is not adjusting commission or bonus pay for sales employees who work overtime and are paid time and half pay at their fixed hourly rate. If overtime pay causes your salesperson's hourly pay to be \$50 above their normal pay rate times the number of hours worked, and the salesperson also earned variable commission or bonus pay on top of their hourly pay, you'll need to increase their variable pay in proportion to

the extra fixed overtime pay as a percentage of total fixed pay.

A Final Payroll Trap

A final payroll trap is not paying employees for coming to "voluntary" meetings that may not meet the legal definition of voluntary. If you call employee meetings "voluntary" to avoid paying people who attend, you can't legally punish employees who choose not to attend, even if the punishment is something subtle like passing them over for a promotion.

Most veteran club owners have experience designing their payroll systems to avoid some of these traps. The best advice I can give is to try to make decisions and set policies for payroll that are so clear cut that a good attorney could not effectively argue the other side of the issue against you in court. If there is a reasonable argument against your position and you end up in a lawsuit or dealing with a government agency about your payroll practices, you will spend an insane amount of money on legal fees even if you eventually prevail. The next best piece of advice is to find a good employment attorney you can call when you have questions. My last piece of advice is to surround yourself with a few employees, consultants or board members who understand business and aren't afraid to tell you when you are wrong about something.



Mike Manning

(Mike Manning is a former CFO of The Rush Fitness Complex and owns Strategic Advice LLC, a business consulting firm. Manning is passionate about working with business owners to grow great companies and has experience with corporate boards, private equity transactions, mergers and acquisitions, bank agreements, club software systems, site selection and lease negotiation. Manning is a member of the National Association of Corporate Directors and Financial Executives International, a former member of the International Council of Shopping Centers and can be reached at manning@strategicadvicellc.com)

Salute You Scholarship to Place Thousands of Returning Troops on Promising New Career Path

SAN DIEGO, CA - The American Council on Exercise (ACE) has launched a new program to give thousands of men and women leaving the United States Armed Forces the opportunity to continue to serve their nation in an important new way. The **ACE Salute You Scholarship** will prepare honorably discharged military personnel to start an all-new career as an ACE-certified personal trainer, a respected designation in a rapidly growing field.

Free of charge to candidates selected, ACE will provide study materials, registration for the **ACE Personal Trainer Certification Exam** and one-on-one study assistance. The organization is committing 1,000 such scholarships in 2013 alone, a nearly \$1 million value in product and in-kind service and support. ACE is pursuing partners to help increase that commitment in 2014 and beyond.

The **Salute You Scholarship** is aimed at alleviating that battle among the 300,000 service members expected to cycle out of the Army, Navy, Air Force, Marines and Coast Guard in the next five years. Eligible scholarship recipients will be those servicemen and women who have

been discharged within six months of their application date.

"This is our way of honoring and helping those men and women who've served our nation so courageously," said ACE President and CEO, Scott Goudeseune. "We are providing new veterans with a no-cost opportunity to place themselves on a promising career path in a growing industry. It's a career path that makes perfect sense for them because of their prevailing sense of duty and natural inclination to serve. The respect they command, and the courage they exhibit, will prove invaluable as our industry marches more directly into accountability in the fight against the obesity epidemic. ACE wants to help far more people forge and live their most fit lives, and these young heroes will help us to do that."

Applications are being accepted at www.acefitness.org/military.

In an effort to fund more Salute You Scholarships, ACE is looking for corporate sponsors. For more information, contact Victoria Kreutzkamp, VP of Business Development, at Victoria@ACEfitness.org or (858) 576 - 6573.

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Driving Summer Membership Sales

By: Casey Conrad

For many health and fitness clubs, the summer represents a slow time in regular membership sales. There is no denying that walk-in club traffic suffers when nice weather drives people outdoors, and the kids who are at home from school interrupts typical schedules. But, A does not always equal B, and this does not mean that membership sales “have to” slow to a crawl. What slower “natural” club traffic means is simply that salespeople need to be more proactive at driving prospects into the club! When making statements like this, the question that many owners and operators pose is, “Okay, so how do I get my salespeople to generate more leads during times of slower club traffic?” Well, it takes effort, but below is a 7-step plan for achieving summer membership sales success at your facility.

1. Set clear expectations for lead generation year-round. Producing a sales team that sells memberships year-round is a product of your expectations. I know that sounds overly simple, but it all starts here. When salespeople begin working in non-summer months, they often enjoy a regular flow of prospects, which makes their job much easier. If they are not expected to self-generate a certain amount of leads from the day they are hired, that becomes their habit, and a bad one at that. Then, when the summer months hit, they start moaning about a bad paycheck. Instead of knowing what to do and how to do it, they give up.

By establishing with new hires that lead generation is a daily part of their job, this creates a positive, empowering habit that puts them in control of their paycheck. They understand that it is up to them to create sales, and that the walk-ins are considered “freebies” that they enjoy because they earned the privilege of receiving them. The bottom line is to make self-generating leads part of the new hire expectations!

2. Establish a clear plan. Once expectations have been set, it is necessary to establish a clear and specific plan. This is “101” stuff, so we don’t need to say too much about this one. Determine how many sales you expect the rep to make with self-generated leads and calculate the average show and closing ratio. Then, back-into the number of actual leads that need to be obtained each month in order to hit the sales target. Of course, this will depend upon the quality of the lead (i.e. is it a referral, a lead box, a joint marketing lead, etc?), but this should all be taken into consideration in the coaching process. From there, take the monthly goal and break it down into

weekly and daily goals. Finally, set a specific agenda for exact times when the salesperson will go out and prospect.

3. Don’t buy into limiting beliefs and excuses. While performing a recent sales and marketing audit, the club owner gave me this story about how the businesses in their area weren’t open to lead boxes, how the ordinances didn’t allow the reps to do this or that and how they had tried so many things with no success. That is why they don’t focus on it anymore. Bull!

This was a classic example of an owner who had never sold a membership in his life and a group of sales reps who had whined and moaned enough that he believed their stories of why he needed to spend more money so they didn’t need to be out prospecting. That may sound really cruel, but it is true.

We all know Henry Ford’s famous statement, “Whether you think you can, or think you can’t, you are right.” I am telling you there is NO excuse for a salesperson not to self-generate leads, end of subject. If something doesn’t work in your area, another means needs to be discovered. Bottom line, there are no excuses; just do it!

4. Provide the right tools and resources. The next step in succeeding with lead generation is giving your salespeople the right tools and resources. For example, if you want them to get point-of-sale referrals, make sure you have a system for new member guest passes, professionally printed passes and gifts and incentives that motivate new members to give referrals. If you are having them focus on joint marketing promotions, make sure you have professional materials that will impress another business and give them credibility. This is your image, and if you expect salespeople to go out and represent your brand, make sure it conveys the image necessary to entice prospects to consider visiting and joining. Bottom line, with resources like Elance and ODesk, there is no excuse not to have professionally-created tools and resources for your sales team.

5. Show and train them properly. Very often, owners, operators and sales managers take for granted that a new hire will know what to do and say when sent out to prospect. Nothing could be further from the truth! Many of the sales reps in the fitness industry are young or fresh out of college. Even those who are older don’t necessarily have any experience in “cold calling” a business or prospecting to the general public. Many of them are terrified at the thought of doing this and getting rejected.

The one way to help them succeed

at this is through training, shadowing, role-playing and mentoring. Specifically, if you are having the sales rep approach local businesses about joint marketing, then do these things:

A. Provide them with clear guidelines for creating such a relationship;
B. Provide them with a script for exactly what to say when approaching the business (gate-keeper and decision maker);
C. Take them out and have them shadow you (or your sales manager) while you actually prospect to a business;
D. Role-play with them back at the club;
E. Go out with them on their first call and mentor them through the process, so if they need support, you are there to take over or answer difficult questions that they may not yet know the answer to.

6. Inspect what you expect. Such a simple concept, “Inspect what you expect.” Yet, so many organizations don’t do it. When it comes to lead generation, daily inspection is necessary until the sales rep is succeeding. Then, weekly might be enough. Check their leads, question them on the qualifying, have a sales manager do some spot checking, etc. Sounds like a lot of work? It is, but it is necessary to establish good, consistent habits.

7. Provide incentives and rewards. Finally, know that top salespeople are incentive-driven. They love to be top dog, they like to be compensated for their efforts and they like to get recognition. In fact, if you have a sales rep that isn’t motivated by money and/or rewards, he is probably not meant to be in sales! Remember that incentives don’t have to be huge monetary values (hopefully their pay is fair and motivates them to sell more), but find ways to keep sales reps engaged and pushing for more self-generated leads. Don’t fool yourself into thinking they will be/should be motivated enough with the basics. I’ve seen a team do more for tickets to a local



Casey Conrad

show than the equivalent in money! Ask your team what motivates them and then make it fun.

None of these steps are rocket science. As a consultant, however, I find that many club operators fail to do the little things that keep a sales team on track for self-generating leads. Then, when the summer months come, the salespeople are unhappy and the club owner/operator is stressed because budgets don’t get met. If you follow these seven steps with your sales team, you won’t experience the dog days of summer, but rather, transition into the back-to-school season strong, confident and happy.

(Casey Conrad has been in the health and fitness industry for 26 years. In addition to authoring “Selling Fitness: The Complete Guide to Selling Health Club Memberships,” she has created and published over 25 other sales, marketing and management training products for the industry (www.CaseyConrad.com). She has spoken in 19 countries, is a feature presenter at conventions and trade shows worldwide and writes monthly for numerous international magazines. For 80 minutes of free sales training, please visit www.HealthClubSalesTraining.com)

Honolulu Says “Aloha” to the Island Club & Spa

HONOLULU, HI - A new \$7-million health club and spa opened on May 10th, 2013. The new Island Club and Spa is located at 1177 Queen Street, and it brings a new level of sophistication and service to Honolulu residents. Island Club and Spa has found new owners in Praesidian Capital, a private investment firm. The club will be managed and co-owned by Honolulu resident Randy Otto, who formerly managed the Honolulu Club along with a number of Chicago-based clubs including Fitness Formula Clubs and Tennis Corporation of America.

“We couldn’t be more excited about this new club! The Island Club and Spa offers

a unique combination of features due its quality, location, availability of easy parking, and frankly, the need for a club of this type and high caliber,” stated Jason Drattell, Praesidian Managing Partner, which also co-owns David Barton Gyms and has invested in other fitness brands. “This is a facility that not only brings the best services to members in a beautiful environment, but it does so with a business model that makes sense from an operating perspective. Moreover, we have received very positive support from the Board at the Ko’olani Condominium Complex where Island Club and Spa is located. This promises to be a terrific venture for all concerned.”



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Bridget Brennan, CEO of Female Factor, a marketing and sales consulting firm, and author of the acclaimed book, *Why She Buys: The New Strategy for Reaching the World's Most Powerful Consumers.*



Double Your Success and Triple Your Marketing Response, Even in the Summer

By: Donna Krech

In the club industry, you might hear that summer is the "slow season." But, in our facility, we have figured out how to have kick-butt summers, and I'm going to share how we do it. The good news is it is so simple.

It started with a business experiment in a world we are all using anyway... Facebook, Twitter, LinkedIn... Social Media. Whether we own a club, manage it, sell memberships or lead fitness or personal training, we are all using it.

All it takes to make your summer sizzle using social media is passion, and passion is something we fitness folks have lots of!

One of the things I do in business is show people how to make more money with anything they are passionate about. It doesn't matter what that passion is. So, I decided to see how many people out there had passion. I decided to get to know my social media friends because they are my prospects.

You do know that all your friends on social media are your prospects, right?

This is what I wrote on Facebook during my experiment. I share this now for teaching purposes. This is not what you are going to write because this is not directly relative to your club, but I will help you with what you are going to write if you

keep reading.

I simply wrote, "Click 'like' if you love four-legged children, aka dogs." Then another one was, "Click 'like' if you love to dance." Another was, "Click 'like' if you love motorcycles." I know those are three passions; dogs, dancing and motorcycles (Just in case you are curious, dogs blew everything else away).

I had over 100 people tell me they had a passion for the specific thing they liked. That was over 100 prospects for my Purpose Led Profit program and coaching, because I can go to those people who have this passion and say, "I can show you how to make money on dogs, on dance and on motorcycles." That is what I have been up to with my social media experiment.

Now, let me tell you how we can do this with our gyms. Right now, list everything individually that your club offers. For example, in Lima, we offer life coaching. Other features we have are weight loss, personal training, free and paid group fitness, Pink Gloves Boxing, and so on. List the things that your club sells.

Now, beside those features, make a list of all the benefits members receive from each of those features. We're not going to post our features on Facebook and expect much response. We need to show the benefits.

For example, some of the benefits

of life coaching have been members making more money, getting promotions at work, beating depression and fixing relationships.

We sell life coaching, but I wouldn't go to social media and say, "Click 'like' if you like life coaching," because nobody is going to click 'like.' I would go to social media and say, "Click 'like' if you like to find more time every day."

Or, you can post the opposite and hit a benefit by mentioning a pain point. For example, "Click 'like' if you feel like you are running in circles and you are tired of it." See the difference?

Another feature we offer is nutritional supplements, but I am not going to post, "Click 'like' if you want to buy some supplements," because there isn't going to be a lot of action there.

However, I could say, "Click 'like' if you would like your energy level to double this month," or, "Click 'like' if your energy is drained." Focus on the benefit or pain point, not on feature.

If your club offers a weight loss program, I wouldn't have you post, "Click 'like' if you feel like you are overweight." I would encourage you to post, "Click 'like' if you want a tight little tummy this summer." Remember, you are looking for the 'likes', so post accordingly.

What do all those 'likes' represent? Those 'likes' represent an emotional connection. They represent your achieving your dream because they also represent your customer achieving his dream, and that represents money for your club and for you.

If you are in the business of sales, and we all are, these social media friends are your prospects. When they click 'like' based on what you are writing, here is what is happening... Your friend is saying, "Hello, it's me, I have my hand in the air, please call me!" And, they are your friends, so you can call them because you have their contact information.

If you start implementing this, you are going to triple your marketing response without spending any money. So, let's recap:

1. List your features - Break it down as detailed as you can. I tried to come up with everything that Lima offers, in detail. Some of you have tanning, you have massage; list everything you offer.

2. List all the benefits you can think of that go with each feature - With massage, the feature can even be the benefit! You could post, "Click 'like' if you could use a good backrub right now." Do you know



Donna Krech

how many people are going to go 'like, like, like!?' It is too simple; don't complicate it. Success is simple.

3. Post the benefit as a statement of something they'd want and ask them to "Click Like."

4. Reach out to those 'Likes' because they are prospects - Offer them a free opportunity to try the product or service you offer related to what they "Liked."

5. Enjoy the influx of new, zero-cost leads.

6. Enjoy the relationships with people you are helping to achieve their dreams as you achieve yours.

Follow/friend me on Facebook (www.facebook.com/DonnaKrech). You can also find me on Twitter (@DonnaKrech) and LinkedIn (www.LinkedIn.com/DonnaKrech). Connect with me on any and all social media, because I want you to watch what I'm doing, and I want you to tell me how this goes for you when you try it.

There are many people out there selling products about how to make money with social media, and you just got a great idea for free! Plug it in and tell me how it goes! Invite your prospects, members and friends to be your "friend," and tag others that you'd like to see your posts. Get a dialogue going about your 'likes.' Your prospect is going to see that and say, "Oh my gosh, these guys know how to make my tummy flat in the summer!" It is too easy to market and sell this way.

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advice, etc.

How To Easily Increase Your EFT Exponentially In Only 6 Days

Last year our growth tapered off in the last quarter. I knew going into the next year we would be looking at the same thing unless we did something different.

I'm always reading what IRHSA and Club Industry put out so I can learn and grow the business. I read the articles about Total Solution, and saw how clubs that implemented the program and the systems have grown their EFT bases. That is a challenge for all clubs and it's exactly what we were looking to accomplish. We sign up just as many people as are quitting, so it definitely caught my eye right away.

We are a very productive business, we have many different profit centers, and we're maxed out with our time, but I couldn't shake the feeling I got when I read about what Thin&Healthy's Total Solution (THTS) was

doing for clubs and their members. I became really passionate about it.

I shared it with the club owner but he thought our plate was full at the time, so I put it on the shelf. There was also the thought, "Sounds too good to be true." But I just couldn't shake the feeling this is what we needed.

In the last quarter of that year, I was thinking, "The new year is going to come around again, and we're going to have this flat growth on the profit line again," which had been the business trend. I knew unless we changed what we are doing, it would be the same.

That month, I saw another Club Insider article, and THTS really seemed like the right thing to do. It was the component our members were asking for that we were not providing, so we were continuing to send them to our competitors and it just made me sick!

I began interviewing club owners with Thin&Healthy's Total Solution, made a business plan, and took it to our club owner, Matt Ellison, again. He said, "OK, you've got

my attention with added EFT growth."

Before THTS, we found our club wasn't increasing EFT growth but not losing it either. It had flat lined.

We're crazy about attrition, always wondering how we can get members more connected and increase retention. I knew a program like THTS would change the game and allow us to be an overall wellness center, therefore attracting more than the 13% of the population that ever join a club.

So we got involved with THTS and headed to Ohio for the six days of training. By the second day, this feeling came over me that their culture is remarkable, and the people are so real and passionate about what they do. The testimonials from actual members about the weight loss and transformation of their lives had me almost in tears. I thought, "Wow, what a little gold nugget this place is in Lima, Ohio!" I felt so blessed to go back home and put a little piece of this in our organization.

We're in such a great industry where we can change lives, and THTS tools and systems gave us what we needed to increase our EFTs and member results. We know that just joining a gym doesn't get our members fit. It's so nice to have a road map for the members to follow, and the systems are simple and effective. In our first month, 21 members upgraded to THTS, paying an enrollment fee of \$99 plus an EFT of \$99 to \$119 a month.

We've added a lot of different profit centers that have been successful, but their profit has never been as fast as it is with THTS. It seems unreal that just getting started with THTS we've already seen \$5000 profit with minimum effort in only 30 days.

It is so uplifting! We are able to give our members an actual system to reach their goals of weight loss and be a true wellness center. Thin&Healthy's Total Solution isn't too good to be true. Talk to them and see the impact the systems can have on your club and your profits. X

We've seen \$5000 profit with minimum effort in only 30 days.

- SANDY MCCASLIN



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Programming For The “Fun Of It!” Team Trek, a Great Retention Program

By: Laurie Cingle, M.Ed.

Have your recent efforts in offering retention programs fallen flat? Here's a great program guaranteed to work in any setting --large or small club, high-- or moderate-income membership, young or mature ages. It's one of my all-time favorites. Expect BIG numbers, at least 120 members and staff.

Team Trek

Program Goal - Teams of four exercise to earn mileage points to four different virtual destinations over an 8-week period. Each time a team collectively earns enough miles to reach a location, a T-shirt representing it is awarded to all individuals on the team.

Overview - Members are asked to form teams of four. People exercise individually, not together as a team. Those members

who want to participate but do not have a team are put on one by the fitness staff. All employees are encouraged to participate by forming a team with three members. Being invited to join a team motivates members to participate.

Tip: Seniors and lower-fitness level people can have five people per team to even the playing field.

Each team decides on a name. A total of 10,000 miles can be earned during the eight weeks. Destinations can include other fitness centers, national parks, landmarks or major cities. Participants chart their miles in a logbook according to an exercise/mileage conversion chart. Upon reaching each destination, all team members receive a prize from that location. Double and triple mileage days help to motivate teams when the going gets tough. Advertise these at least four days prior.

Tip: Post a 5' by 5' map showing the routes to all destinations. Make a small flag for each team. Weekly, the fitness staff adds up the miles and moves the flags along the route to show progress.

Tip: If you use fitness centers as your destinations, contact each facility, describe your program and ask them to send you a camera-ready logo. T-shirts can be printed locally by you with each logo.

Fee: \$25 per person or the per person break-even cost.

Tip: Because of the length of the program, charge at least \$25.00. This commits people to complete.

Sample Team Trek Destinations From Baltimore, MD:

Gold Coast Multiplex, Chicago - 1,200 miles
 Houstonian Club, Houston - 1,600 miles
 San Francisco Bay Club - 3,200 miles
 Honolulu, Hawaii - 4,000 miles

Mileage Conversions in miles (sample):

Activity	5mins	10	30	60
Swimming	1.5	3	9	18
Running	2.5	5	15	30
Biking	2.5	5	15	30
Walking	2	4	12	24
Elliptical	2.5	5	15	30
Cardio Class	2.5	5	15	30
Rowing	1.5	3	9	18
DW Running*	2.5	5	15	30
Tennis	1.5	5	9	18
Basketball	2.5	5	15	18
Pilates Class	-	-	-	18
Yoga Class	-	-	-	18
Barbell GE**	-	-	-	18
Strength Training	-	1 mile each set		
Education Session	-	-	20	40

*Deep Water Running

**Barbell Group Exercise Class

(Laurie Cingle, M.Ed., is a fitness business success coach and club consultant and can be reached at laurie@lauriecingle.com)

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Thanks and Appreciation

At CLUB INSIDER, we are excited to be celebrating our 20th Anniversary of this home-based health and fitness club trade newspaper! The thought that this newspaper was founded to serve an industry I truly love, and so that I could become a Mister Mom for my son, Justin, is still intriguing and amazing to us. I wish to extend our most sincere Thanks and Appreciation to everyone that's made this amazing run possible.

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

Sincere Thanks and Appreciation to my son, Justin, who started working part-time for CLUB INSIDER when he was just 8 years old (helping with mailings). This young man, pretty much behind the scenes for 20 years now, has truly been a fantastic partner for his Dad in CLUB INSIDER. Justin does our editing, publication layouts, all of our website design and maintenance, all of our bookkeeping and subscription processing work, as well as archive management and anything else that needs doing, including 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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