

# Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry



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Greg Maurer



Bonnie Patrick Mattalian



John McCarthy



Angie Pattengale



Bonnie Pflester



Will Phillips



Thomas Plummer



Chris Russo



Jim Thomas



Maria Parella-Turco



Dr. Cary Wing

**CLUB INSIDER Contributing Authors  
Delivering the Goods!**

**AUGUST 2011**

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\*Figures obtained from the median performing corporate store with more than 12 months of operating activity as published in Item 19 of our 2009 Franchise Disclosure Document (FDD), and as adjusted for audited financials completed after filing of the FDD. A new franchisee's results may differ from the represented performance. There is no assurance that you will do as well, and you must accept that risk.

# Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

## CLUB INSIDER Contributing Authors Delivering the Goods!

**By:** Norm Cates

Our CLUB INSIDER Advertising Team was showcased last month with the cover story title "CLUB INSIDER Advertisers Delivering the Goods!" Our CLUB INSIDER Advertisers are one of the driving forces that keeps CLUB INSIDER presses rolling and "Delivering the Goods" every month for nearly 19 years now. Without them, we'd be up the creek without a paddle! We are thankful to our readers, our advertisers and our Contributing Authors for our upcoming anniversary (19 years of publication come November).

Our CLUB INSIDER Contributing Author Team has not just been "Delivering the Goods" for CLUB INSIDER for nearly 19 years. They've been *producing the goods*, too, via their very informative, *Best Practices* articles on all facets of the club business!

This month, we're showcasing our great Contributing Author Team. This group of 27 very dedicated club industry professionals produce and provide articles for CLUB INSIDER readers that educate our readers on Best Practices in virtually all disciplines in the club industry. Their work covers everything from club design and

marketing to sales, general management and executive leadership to weight loss management, personal training, medical fitness and club programming!

This article is intended to honor and thank all of our Contributing Authors over all these years. We will introduce you to all of our current authors (in alphabetical order), and we'll feature their photos and provide you with a brief bio, as well as contact information for them. CLUB INSIDER also seeks new Contributing Authors. The criteria for our authors are:

the area about which you will write and contribute articles.

2. We seek a minimum contribution of two articles per year. We don't have a limit on how many articles may be submitted, but we offer no guarantee of what will be published or when.

3. Each Contributing Author receives a listing in our Contributing Author Directory (See Page #4), and their photo and bio is also featured in each article. Additionally, our Contributing Authors' photos and articles are posted on our website at [www.clubinsideronline.com/authors](http://www.clubinsideronline.com/authors).

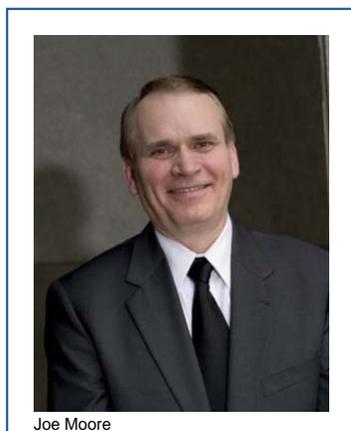
(See C.I. Authors Page 12)

1. You must be an experienced veteran in

### IHRSA Continues Voluntary Certification With Down Vote On Latest Draft

**By:** Joe Moore

**Publisher's Note:** A process of creating a voluntary facility certification for the industry has been underway for several years with a committee of industry stakeholders participating. Twice, IHRSA and others, have voted the proposed drafts down. Spearheaded by NSF International, a world leader in standards development for public health and safety, the process has been thorough and arduous. Once completed, though, the voluntary facility certification will provide our industry with a much needed benchmark for reaching out to the medical world for alliances and creating unity between the commercial  
(See Facility Certification Page 6)



Joe Moore

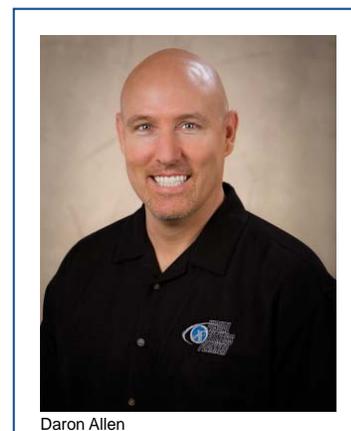
### Double Dip Recession? Another Great Depression?

*Economic Chaos... Meltdown of the Economy... What Should We Do?*

**By:** Daron Allen

The economic news continues to draw a negative picture for the United States, our economic future and the world as a whole. What does that mean for our industry? How does the health and fitness industry fit into this picture? What should we do? For starters, do not contribute to the uncertainty. Do not lament the negativity. Do not fret and worry about things outside of your control. Do not allow your team to *wallow in the media misery-fest*. Do not allow your team to contemplate and focus on the negative and shifting daily news.

What should we do? We should take *positive action*. We should provide a  
(See Daron Allen Page 7)



Daron Allen

### Inside The Insider

- Purpose Led Profit - **By:** Donna Krech
- Out of Chaos Comes Opportunity - **By:** Thomas Plummer
- Here's Why You Need a Sales System in Your Health Club - **By:** Jim Thomas
- Get Results or Get Out! - **By:** Misti Burmeister
- Professional Points, Programs and Policies - **By:** Karen Woodard-Chavez
- How Long Is A Piece of String? - **By:** Chris Russo
- Aquatics Programming For The Fall And Winter Season - **By:** Sandy Coffman
- Fred Elias Joins Visual Fitness Planner
- Iron Grip Introduces Functional Training Set
- Linda Mitchell Honored for 30 Years at Newtown Athletic Club
- Mid-Atlantic Club Management Annual Conference and Awards
- IHRSA Quarterly Index Posts Improved Performance for Fourth Consecutive Quarter
- Michael Scott Scudder Acquires Fitness Industry Group
- 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? **Mmm... Mmm... Mmm!**

• I'm *very pleased* to showcase our excellent **CLUB INSIDER Contributing Author Team** for this month's cover story. This is an amazing group of industry professionals whose dedication to the club business and work ethics are second to none. As I mention at the end of the article, I welcome *new* Contributing Authors. If you are interested, please contact me at [Norm@clubinsideronline.com](mailto:Norm@clubinsideronline.com).

• **Congratulations** to my good friend, **RICK CARO**, as he and his lovely wife, **SUE DENISON**, just celebrated their **10th Wedding Anniversary!**

• **Congratulations** to **CHRIS RUSSO**, **General Manager** and **Marketing Coach** for **Susan K. Bailey** and **JILLIAN TAYLOR**, an executive with **The Thomas Plummer Company**, as they were recently married. **God bless you both in your new life together!**

• **Congratulations** to **ART** and **LINDA CHAPPELL**, on their **30th Anniversary** of their **Courthouse Athletic Club (CAC)** in **Auburn, California!** I was honored

to visit their club way back in mid-1990s while writing a story about it. Art wrote to me in an email on July 22nd: "Hard to believe it was 30 years ago today I opened this club. I remember on our 1st year anniversary sending out invitations that said 'Can you believe it? I'm still in business!' I could use that again. Thanks for your friendship and contributions to CAC! Wish you were here to celebrate with us!" Art, I too wish that I could have been there to celebrate with you guys! **Keep up the great work, Art and Linda!**

• The word is that the *courtship* between **Gold's Gym International (GGI)** and **Bally Total Fitness**, for the acquisition of Bally, is *off*. But, here's the *inside story* on that. A reliable source recently commented to me on **TRT Holdings** and their previous acquisition of the **Omni Hotel** chain. It seems that TRT has established a bit of a "pattern" that it uses when it acquires chains. For example, when they acquired the Omni Hotel chain, there were just four or five company-owned Omni Hotels, and the rest (about 36) were franchised. Over the years, TRT changed that scenario so that the majority of Omni Hotels were company-owned. My source explained that TRT is planning the same strategy for Gold's Gym, which is why they were investigating buying Bally Total Fitness. The forecast is that the company-owned stores would increase dramatically, and the

number of Gold's franchisees would drop equally as dramatically.

Gold's Gym has already lost significant franchisees like the **GALIANI brothers** (who now own and run **One Life Fitness**), **ROYCE PULLIAM** (who owns **Urban Active**), and now, **JEFF SKEEN** (who owns **Titan Fitness**). Among these former franchisees, they had about 40 clubs.

Since TRT bought Gold's Gym in 2004, they have had *five* CEOs. That's a statement in itself. Going backward from today, the long line of **GGI CEOs** include: Current CEO **JIM SNOW** from the Omni Hotel; **JAMES WEAVER**, who lasted less than one year; **DAVID SCHNABEL**, who lasted about two years; **TERRY PHILEN**, who lasted a year; and **GENE LaMOTT**, who lasted two years with TRT. I can't think of another brand that has had that many CEOs in that amount of time, can you? You can imagine the impact that has on the staff, vendors, franchisees and our industry as a whole.

My bet is that, no matter if TRT resumes talks with Bally Total Fitness or goes after any other acquisition, Gold's Gym franchisees will continue dropping the Gold's Gym brand, leaving the most iconic brand in the health and fitness industry. This would be a loss for everyone. **Stay Tuned!**

• **The STEP Company**, the parent company of **Body Training Systems**, has filed a **13-count lawsuit** for **trademark infringement** against two former employees, **BRAD** and **WENDY DALE**,



Norm Cates

and **Power Music, Inc.**, a Utah-based music service provider. **BTS** retained the Atlanta-based law firm of **Troutman, Sanders, LLP**, one of the major firms in the country, to handle the litigation on their behalf. For more details **Google:** Brad and Wendy Dale Lawsuit. **Stay Tuned!**

• Well folks, **I really don't like to have to do this**, but I owe it to you. I apologize to my friends, **STEVE P. ROMA** and his son, **STEVEN ROMA**, the owners of **WOW! Workout World**, as they do business with the guy I'm writing about here. He's a **WOW! Workout World** licensee. Once in a while, **CLUB INSIDER** must bring to your attention the misdeeds of **bad guys in our industry**. In the past, I'm sure you regular **CLUB INSIDER** readers recall me reporting (See *Norm's Notes* Page 8)

## About Club Insider

# Established in 1993

## 18 Years and Counting!

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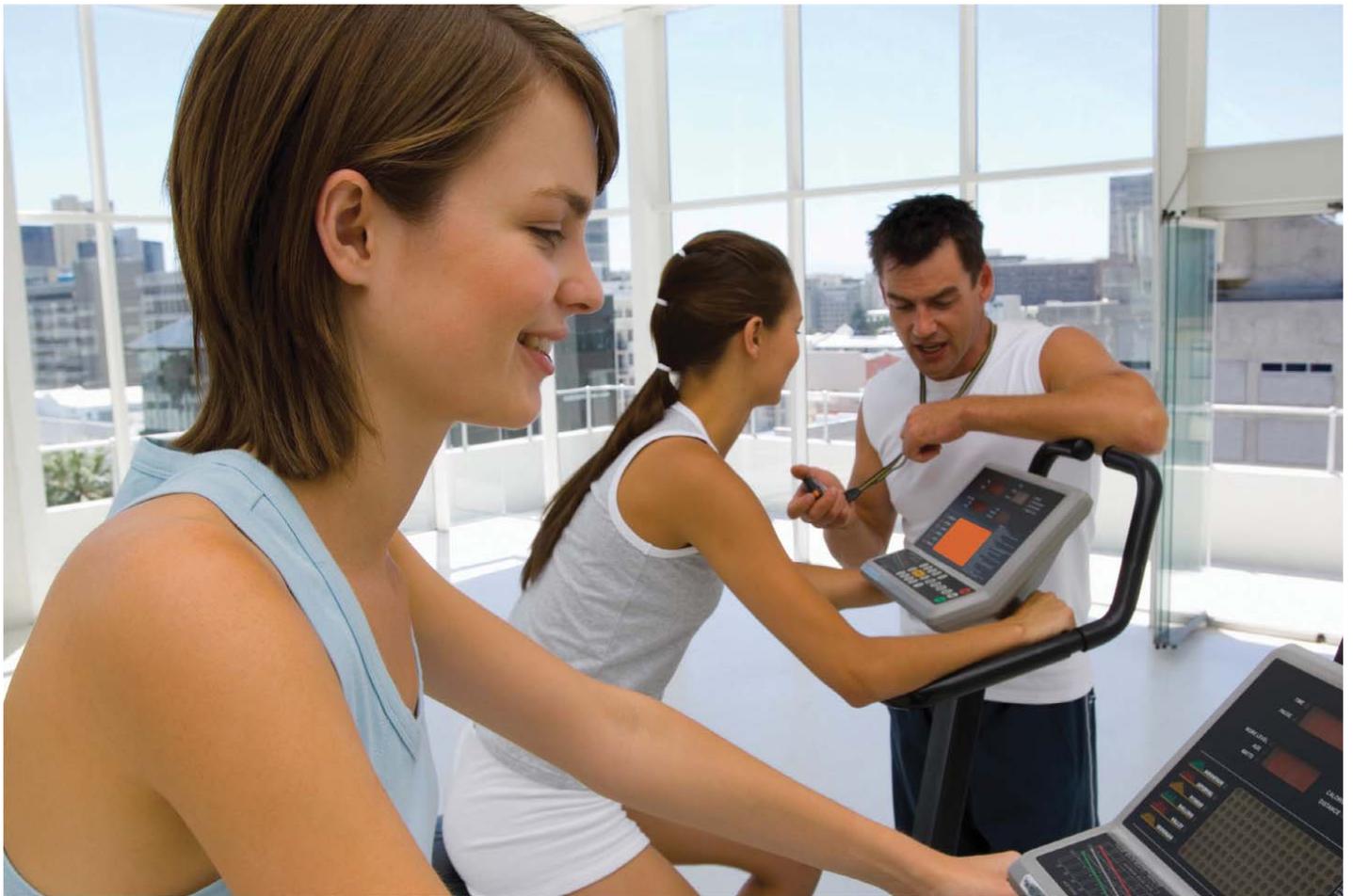
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# Purpose Led Profit

By: Donna Krech

"We're club people... WE SAVE LIVES!" The room resounded as I spoke at an industry event, sharing the difference it makes in your club's profit when you have a specific, articulated purpose. Decide to make saving lives your purpose, and more will be saved. Plus, more time, money and freedom will be found for you.

Do you feel like you're working all kinds of hours and still not having the success you'd like? The fact is there are folks in many other clubs and numerous other industries that aren't working nearly as hard as you. Yet, they're enjoying more free time and making more money, even during this down economy. Recently, a group of club owners asked me how many days a year I work in or on my club. My answer is one or two days per week. The rest of the time I work on my other businesses. "How?" you may ask. **Purpose Led Profit...** But, before we get to how it works, the key is to know *Why*. My team knowing *why* we do what we do in our club is what propels the entire team onward. It drives them to market, book, sell and service at excellent levels.

This article will help you uncover your club's *why*, and when you and your team know *why* you're doing what you're doing (beyond just offering a place to exercise), you will move from the opportunity to make an income to the explosive reality of your business making more money than you ever dreamt could be made.

I'll share both why and how others are seeing profits increase up to five times, teams catching fire and becoming raving evangelists, communities rallying behind the business and referring so many new prospects to it, all decreasing the need for external advertising. There are three tools for finding your club's *why*, and you only need one single component to implement it and watch massive increase occur. Interested? Good. Let's talk about

## Purpose Led Profit.

### Examples

A simple dictionary definition of profit is an increase in net income. The word purpose means a powerful driving force. The secret to making money easier is to connect them with purpose leading. You see, **Purpose Led Profit** is a powerful driving force that perpetuates an increase in income.

When I entered this industry in 1982, I knew nothing, but I discovered unconventional ways to produce award winning marketing results. So, when I opened my first location, my brain was in profit mode. With a tactical approach to making money, I produced about \$30K per month. Then, through a series of life events, I realized I wasn't focusing on how we were changing lives. Once I defined those benefits and began proclaiming them (adding purpose to the equation), we jumped to \$100K a month. With the **Purpose Led Profit** philosophy in tow, to date we've grown one location to 100+ across the nation, which have now produced \$100 million dollars! The only time money has been less than abundant is when I've taken my eyes off of **Purpose Led Profit** and focused on only one or the other. A business must have both to have real success.

My story is far from the only evidence of the power of **Purpose Led Profit**. Other clubs have gone from producing thousands to hundreds of thousands with this system. Roy Leedy's Super Fitness went from producing \$200K in one year to \$200K per month after articulating that he wanted to save lives, rather than just sell fitness. Glenda Pigue of Fitness Unlimited moved passed selling only fitness and saw income go from zero to 100K per month. Names like Nike and Zappos all know the secret, too. *They are making more money because they are*

*focused on making a bigger impact with their purpose.*

### 3 Simple Ways to Find Your Club's Why

**1. Why do you do what you do?** Remember, your purpose should be about the *benefit* of the *benefit*. Mary Kay is world renowned for cosmetics, yet the company's purpose is to 'Provide Women with Opportunity.' Nike is known for all kinds of athletic wear, yet its purpose is to 'Crush the Competition.' Hmmmm... What it sells tangibly is nowhere in its purpose. What is the benefit of what you offer inside your facility? In order for your club's purpose to truly drive those who encounter it, it will *not* be exclusively about fitness. Look deeper and identify what your purpose is beyond fitness. What are the benefits of fitness? *That* is the *benefit of the benefit*.

Last month, we talked about mindsets. Purpose reflects mindset. If yours is to serve the athletic person, your purpose might be "to create superior performers in life." It's not about fitness. What if you have the mindset to save the world? Perhaps something like, "to equip all to feel great being more." Your market just got bigger! So, one way to reveal your club's purpose is ask yourself, as well as your team, "Why do we exist beyond making money?"

Jim Collin's book *Good to Great* provides fabulous information for defining purpose, and Verne Harnish's *Mastering the Rockefeller Habits* gives an unparalleled format so communicating your purpose is easier.

### 2. The 5-Year Old's Favorite Question

- Ever been around a 5-year old? Then you've experienced the question "Why?" over and over again. Kids ask why until they get to the bottom of what they are trying to find out. To come up with your why, this simple technique helps. Really



Donna Krech

ask yourself *why* you *do what you do*, but after your first answer, ask why again. After that second answer, ask why yet again. And so on... Dig so deep that you have an answer that you can feel in your bones. Get the answer that stirs your passion. That is your real *why*.

**3. The Story of Your Life** - Everyone on the planet is driven by the same 3 things:

- Something we are passionate about;
- Something we've excelled at and/or;
- An adversity we've overcome.

Look at what the leaders of the club love, have excelled at or have overcome. These usually reveal the leader's personal purpose and can indicate the club's purpose.

### The Only Tool You Need to Implement: The BHAG (Big Hairy Audacious Goal)

The component that implements the purpose, and the production of the accompanying profit, is simply a measurable that communicates with the team how well it's doing with regard to  
 (See Donna Krech Page 7)

## ...Facility Certification

continued from page 3

health and fitness club industry and corporate America. **CLUB INSIDER** reached out to Dr. Art Curtis, current IHRSA Chairman, and Joe Moore, IHRSA President/CEO, for an update. Joe Moore was kind to provide the following update. **Stay tuned!**

### Joe Moore Updates Voluntary Facility Certification Process Development

A committee of industry stakeholders convened to develop a voluntary facility certification has voted down the latest draft of standards released

for ballot. A previous draft was also voted down in October of 2009. The committee has since begun work on a new draft, but a vote has not been scheduled.

The initiative to create a voluntary facility certification is spearheaded by NSF International, a world leader in standards development for public health and safety. The committee convened by NSF consists of 20 industry stakeholders, representing facility operators, certifying groups, persons with disabilities, academics, attorneys and insurance groups. The proposed standards cover several topics, including pre-activity screening, orientation, risk management and emergency policies, including the purchase of an AED, qualifications

for professional staff and independent contractors, facility construction, safety equipment, operating practices and signage.

IHRSA accepted the invitation to participate on the Joint Committee only after being assured that every IHRSA member would have the opportunity to participate in the process and make his/her voice heard.

So far, IHRSA has voted against both drafts released for a ballot but remains committed to the process. IHRSA's participation on the Joint Committee convened by NSF is guided by five principles:

**1.** Certification standards should be reflective

of current responsible industry practice.

**2.** Certification should grow the health club industry by increasing consumer confidence in the safety of certified facilities.

**3.** Certification should attract positive attention from the medical community, including an increase in the number of patient referrals to health clubs.

**4.** Certification should attract positive attention from employers, insurance companies and other potential third-party payers.

**5.** Certification standards must be practical.

For more information, please visit <http://bit.ly/nULkYp>.

# Fred Elias Joins Visual Fitness Planner

**FORT WORTH, TX** - Visual Fitness Planner welcomes 25-year fitness industry expert Fred Elias to the team. Fred is a former Apex Fitness Group Co-founder and recently a General Manager with 24 Hour Fitness. Fred joins the VFP team and will focus on selling and implementing the TouchPoint Follow-up sales system from In Touch Follow-up.

"I am very excited to have the opportunity to use my experience in sales management to help clubs manage their entire sales process," said Fred. "The combination of TouchPoint and Visual Fitness Planner provides the perfect solution to sales efficiency for clubs."

Fred was in charge of a 24 Hour Fitness Sport Club in Indio, CA, where he was responsible for an average of approximately 700 new memberships per month and an annual revenue budget in

excess of \$2 million dollars.

Fred co-founded the Apex Fitness Group in 1992. He managed the installation of the Apex Fitness and Nutrition System into numerous clubs on the West Coast. He was responsible for all licensee education, including personal trainers, nutrition technicians, sales staff and managers.

Visual Fitness Planner President/CEO, Daron Allen, said, "We're confident that Fred's extensive experience in the fitness industry and business development will push the Visual Fitness Planner brand to even greater heights. The company is well positioned as a market leader, and we're extremely proud of the fact that we're attracting some of the best executives in the fitness industry today."

TouchPoint Follow-Up increases staff efficiency and takes out human error by scheduling "What's Next" for every

lead and member. Never again will staff forget to book the next call or send out the next email. Every interaction they have follows your systems, every time. Four out of five clients surveyed directly credited TouchPoint Follow-Up in increasing membership sales by 34%.

The **Visual Fitness Planner (VFP)** has a passion for solving the burning needs of the health club industry. VFP specializes in unique technologies that combine to achieve sales perfection. The combination of our proactive follow-up and communication system, TouchPoint, along with Visual Fitness Planner, which is an automated presentation technology, delivers a turn-key system for marketing, capturing and integrating new members into a healthy lifestyle change. VFP automates your existing sales, marketing, orientation and revenue management



Fred Elias

systems with the power of our visually impacting technology.

## ...Daron Allen

continued from page 3

beacon of hope. We should step up and announce that we have a solution to positively impact the economy of the United States. One of the fundamental issues facing the American economy is that healthcare spending as it relates to our Gross Domestic Product (GDP) is significantly too high. Put another way, the trajectory of our healthcare spending is not sustainable. It is estimated that obesity and related chronic diseases, such as diabetes, heart disease and cancer, cost the United States \$1.8 Trillion in ANNUAL medical costs. This represents nearly 13% of National GDP today and is projected to hit 25% of GDP by 2025. Any solution to bring our nation's finances back to a sustainable future must include the reduction of healthcare spending as it relates to GDP, and this means reduced spending on preventable disease.

Our industry has a solution that can positively and significantly impact the economy. Nearly every month, another scientific study reaffirms the positive impact that regular exercise has as it relates to healthcare expenses. The majority of pundits declare that our country's debt is significantly high and not sustainable. At least one major rating agency has

downgraded our country's debt rating to AA+. The data suggests that the balance sheet of our country is not sustainable. Our debt does not scale, but the scale that speaks loudly is that of American's weight. Americans tip the scales at never before seen numbers. 67% of all Americans are overweight or obese. 67%! If you go to the mall, a movie or an airport, all you have to do is start counting people... Every two out of three people are overweight or obese, and it is costing our country dearly. The economic uncertainty, though, is presenting an opportunity. People are finally listening, they are looking for solutions and many believe that personal responsibility is an important aspect of any solution.

*This is our opportunity.* We must step up and declare loudly the solution we have to offer. The nation is listening from a perspective that has rarely been seen before. They are listening from a perspective of personal finance, national debt and national pride. Now is our time to step up and lead the way. In times of uncertainty, people seek leadership. Let's provide it. Immediately.

The aforementioned estimate that obesity and related chronic diseases is projected to hit 25% of GDP by 2025 demands a change of course. Regular exercise and diet are *proven* solutions to reducing weight and healthcare costs.

Once the number is determined, keep a tally and watch the team catch fire!

You might be wondering where mission plays in all this. Your mission is what you do differently or better than anybody else. Alone, it's not enough. Partnered with purpose, it's indestructible. Add measuring to the equation, and you can do huge things! Knowing what you want to accomplish with the mission is like putting rocket

fuel in a race car. Having the measurable determines whether you will win.

It is our responsibility to ourselves, our families, our community, and yes, our nation, to improve our collective health.

*We have a solution that can dramatically impact the future!* What should we do!?! Carpe Diem! Seize the day!

Dr. David Katz, medical contributor to ABC News and director and co-founder of the Prevention Research Center at Yale University, says, "For the first time in history, the number of overfed, overweight people in the world outnumbers those who are hungry. It's called a *global obesity pandemic*, and the United States is at the epicenter of it."

"We are a floating sea of dietary troubles in this country," says Katz. "We eat too much, and we do too little. That's all there is."

What should we do? Take immediate action in a time of crisis! Create a positive message for our country during a time of tumult. Deliver a message of hope. Give people around us something that they can actually control each and every day. When the media and the world as a whole say that chaos is looming, there is an opportunity and an obligation to lead. Our industry should step up and announce that we have a solution to debt reduction, and it is tied to reducing health care costs.

We can change people's lives, our nation, and dare I say it, the world.

## What Now?

Last month, many of you visited [www.moveformore.com](http://www.moveformore.com) to tell us where you stood on mindset. Now, you know that purpose is a reflection of mindset. Let's inspire more **Purpose Led Profit** clubs! Go to [www.moveformore.com](http://www.moveformore.com), and tell us

There is an old saying that if you want to change the world you have to start with yourself... then impact your family... then your community... then your nation... then the world.

Well, let's start *today*. We have some work to do in our immediate communities, and that is where the focus should begin. How will you begin to reduce health care costs today? Lead by example through personal health improvement first. Educate and motivate your staff and your immediate community. Instill a greater sense of urgency in your staff that selling memberships, personal training and programs is more than just a financial goal. It is a community health goal. Inspire your members to see the greater picture. Reduce the risk of diabetes, heart disease, cancer and stroke. Educate and motivate your community. Create challenges and contests to generate awareness and results in every circle of influence.

Make a commitment. Announce our solution to economic uncertainty and make a difference in our nation.

*(Daron Allen is the President and CEO of Visual Fitness Planner (VFP). VFP is committed to education and motivation for the advancement of health and fitness. VFP's website is [www.vfp.us](http://www.vfp.us), and Daron can be reached at [dallen@vfp.us](mailto:dallen@vfp.us))*

your club's mindset. Finally, hold a team workshop and create your purpose!

*(Donna Krech is the founder and owner of Thin&Healthy Total Solution. She's the go-to expert for marketing and selling to the non-traditional member. Donna may be reached at [donna@donnakrech.com](mailto:donna@donnakrech.com))*

## ...Donna Krech

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achieving its purpose. Of course you need a purpose statement, but the crucial piece is the **BHAG**, the **Big Hairy Audacious Goal**. Again found in *Good to Great*, the BHAG is the huge way you want to display your purpose. *Huge* is given a number. For example, "to equip 250,000 people to feel great being more" might be the BHAG.

## ...Norm's Notes

continued from page 4

on the antics all across the country of one **SHANE FRANKLIN**. Well, the latest industry-damaging individual I'm aware of in our business is a guy named **STEVE BORGHI**, and he makes Shane Franklin seem like a **Choir Boy!**

In Rhode Island, Borghi was stopped by state officials from pre-selling anymore memberships after he had signed up over 3,000 members at a club that had not opened! Investigators learned in December of 2008 that Borghi never even registered that club with the State, nor did he get a permit to pre-sell memberships. So, the State ordered Borghi to stop selling new memberships until the club opened. In July of 2009, in Laconia, N.H., three of Borghi's business partners sued him for diverting over \$64,000 from the accounts of two of their jointly-owned clubs, **Downtown Fitness** and **Downtown Crossing**. They were **DANIEL DISANGRO** of Roslindale, MA, **JOANNE DISANGRO** of Needham, MA and **GABRIELLE SUSI** of Canton, MA. That case was settled last month.

Under the terms of a plea agreement brokered between **Senior Assistant Attorney General, CONNIE STRATTON**, and the defendant, Borghi, who represented himself in court, he was sentenced to 30 days in the county jail suspended, not to be brought forward for two years unless the State requests a hearing. So, that means he's still on the loose! According to other information I've gathered so far, Borghi is dealing with Attorney General's complaints and issues in at least the following states: **Massachusetts, New Hampshire, Connecticut** and **Rhode Island**. There certainly could be more... His alleged offenses include:

1. Taking pre-sale money for excessive periods of time without completing building of the clubs;
2. Not paying employees wages owed to them;
3. Breaking laws for health clubs in numerous states, etc.

So, **Stay Tuned** as we move on

with this experience. If you know Steve Borghi, just tell him I said "HI" and I'm going to do what I can to be sure nobody in this industry will help him continue to do what he does, which is to trample on other's rights, break State laws and generally being an unethical, reputation damaging black eye on our great industry. If you know of anything he's done or is doing that's illegal, or yes, unethical, please pass those facts and details on to me. This investigation is just beginning, and we need your help. My email address is [Norm@clubinsideronline.com](mailto:Norm@clubinsideronline.com), or call me at (770) 850 - 8506.

To learn more about this bad guy, just **Google: STEVE BORGHI**, and you'll have plenty to read. It's a sad situation for our industry to have a guy like this running loose. He should be ashamed, but I am sure he's not. **Stay Tuned!**

• **New Paradigm Partners**, whose principals are **MARIA PARELLA-TURCO**, **CHRIS PACIFICO** and **RAY COASSIN**, have teamed up with **JOHN BONICA** to bring **FIT-traxx**, a highly profitable, repeatable group training system, to health clubs across the country. **FIT-traxx** was created and tested by Bonica, owner of Global Fitness Centers and Master BTS instructor, and his development team. The partnership is focused on expanding the program into clubs throughout the country.

• **JIM SMITH**, a 30+ year veteran of our industry, and a true gentleman, has shut down **Peak Performance**. Phone calls to the Peak Performance business phone and fax line resulted in a voice message stating the lines were disconnected. Jim published Peak Performance first as a newsletter, and then a magazine, for over 20 years. Then, about six or seven years ago, he shut down the publication and switched the Peak Performance mission to the production of marketing materials and services for clubs and fitness centers. **Good luck, Jim** as you move on in life!

• The **2011 Club Industry Show** is right around the corner, **October 12-14th** in

**Chicago**, and all of us that will be there are hoping that *YOU* will be there, too! For those of you who have not attended Club Industry lately, I want to urge you to consider getting into your car or an airplane and being there because the educational component of the event has gotten better and better over the years, and you will see and hear some of the best experts in the business at this event. Two of what will be many highlights of the event will be when my friend, **RED LERILLE**, the 48-year owner of **Red's** in **Lafayette, Louisiana**, is honored with **Club Industry's Lifetime Achievement Award** and a **Club Industry Panel** entitled, "**What IS going on in the fitness industry?**" which will feature **Planet Fitness' Founder, MICHAEL GRONDAHL; BILL RODRIQUEZ, Snap Fitness; BRYAN O'ROURKE, Integerus** and **ROBERT DYER, Fit-marc**. The panel will be moderated by **MICHAEL SCOTT SCUDDER** and will take place on Wednesday morning, October 12th at **McCormick Place** from **10:45 AM to 12:15 PM**.

Also, let me comment on something else. That's the news that Club Industry is searching for a new location for its Annual Conference and Trade Show. To get the true scoop I sent an email to **MARTY McCALLEN, Club Industry Magazine Publisher**, to inquire, and he informed me that they want to move because the **Labor Unions in Chicago** have recently had a change to their original deal that's going to make it even more expensive for companies to exhibit there. So, good on you Club Industry! You should move the show! It will be better for everybody. Why not consider **Raleigh, North Carolina**, which happens to be where **MARTY McCALLEN** lives and where I went to college and played college football!? Raleigh is a great town. It is perfectly centrally located for many to drive in for the event, and it's an easy and short flight from many parts of the country. I would suggest **Atlanta, Georgia**, my home town, but unfortunately, in the same breath, I'd have to also suggest, "Bring your *gun* with you."

Be sure to visit the **CLUB INSIDER Advertisers** who are exhibiting at Club Industry and do some business with them. They'll treat you right because they're just great companies. See the **CLUB INSIDER Exhibiting Advertiser** list on the left. **Stay Tuned!**

• **Star Trac** has announced that **KEVIN EINCK** has joined the company as **Vice President of Key Accounts**. Good luck Kevin!

• Years ago, **HARVEY SPEVAK, Founder of Equinox**, was quoted in an interview where he was discussing where Equinox might consider placing new locations, and he said, "Well, we're definitely not going to Albuquerque!" Since then, Harvey's been a lot of places and now has Equinox up to 56 locations, which includes the four **Sports Club Company** clubs Equinox

just acquired. Equinox has also developed three other brands: Three **Blink Fitness** (a Planet Fitness knockoff) locations are now open; Two **Pure Yoga** locations and Eight **Soul Cycle** locations. Now, Harvey has landed in Irvine, Beverly Hills and Santa Monica, California and Rockefeller Center in New York City with the acquisition of the Sports Club Company's remaining four locations. Reportedly, the price tag for those clubs is in the **\$130 million range**, so Harvey "we aren't going to Albuquerque" Spevak is truly on a roll now! The Sports Club Company sellers, **MIKE TALLA, REX LICKLIDER** and **NANETTE PATTEE FRANCINI** should be feeling pretty good right about now! **Congratulations to all!**

• **Welcome to our new Contributing Author, MISTI BURMEISTER**. Misti is the bestselling author of two books: **Hidden Heroes** and **From Boomers to Bloggers: Success Strategies Across Generations**. A leading authority and best selling author on the topic of intergenerational communication, Misti has for more than 10 years empowered multigenerational organizations to increase their effectiveness. This has improved their profits and productivity and substantially accelerating their careers. This talented entrepreneur has consulted for well-known companies, including AT&T, Johnson & Johnson, UPS, government agencies and many others. Combining humor with hard-hitting information, she's earned acclaim for providing immediately applicable steps that enable staff to work together and bring out the best in teams and organizations in spite of their generational differences. A holder of degrees in both Psychology and Kinesiology with a Master's degree in Human Communications, Misti has proved that increased understanding plus systemized methods of implementation result in increased collaboration and improve a company's bottom line. As you'll be able to easily see for yourself, she brings a passion, belief and skill set to this topic that will empower you to fulfill your potential. Check out Misti's first **Article on Page #24**.

As a side note, **MISTI** told me about a book she recently read that was written by former **IHRSA Keynote Speaker, SETH GODIN**, entitled **All Marketers Are Liars**. Based on Misti's comments, I'd highly recommend it for your business reading.

• **Congratulations to DARON ALLEN** and the **Visual Fitness Planner** company as **FRED ELIAS** has joined the company. Fred is a 25-year industry veteran and will bring a lot to VFP. Check out the **Press Release on Page #7**.

• The **American Council on Exercise** has announced the promotion of **JANET FRENKEL** to **Chief Operating Officer**.

(See Norm's Notes Page 10)

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### ...Norm's Notes

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• **Anytime Fitness** has landed in the **Netherlands!** "It's been my dream to make healthy lifestyles more affordable and accessible for people in the **Benelux**, and we're off to a great start in **Susteren**," says Master Franchisee, **PETRO HAMELEERS** about the first Anytime Fitness facility opening in the Netherlands. "By strategically placing clubs closer to where people live and work, we're eliminating any barriers that could prevent our members from working out, and being open 24/7 provides added convenience." The first club in **Susteren** is the beginning of a **Hameleers'** plan to install **150 Anytime Fitness Clubs** in the **Benlux** region.

• **The Genesis Health Clubs** have acquired ownership of two new locations in **Lawrence** and **Leavenworth, Kansas** (two former **Maximus Fitness** locations). The clubs will continue to offer high quality service and a multitude of programs including group fitness classes, personal training and cardio and strength training equipment. Immediate facility and operational improvements are in the works and will happen soon. **RODNEY STEVEN, II, Genesis owner** commented, "I am fully committed to maintaining safe,

clean and state-of-the-art facilities and hope to create the same great atmosphere in these new clubs as we have at our other **Genesis** locations, as well as a friendly and professional staff that puts customer service at the top of their priority list. We are excited to open additional locations in two new markets and look forward bringing the **Genesis Health Clubs** experience to **Lawrence** and **Leavenworth**." A truly good move is also happening in that **Genesis** is going to hire all of the former employees who wish to stay. **Congratulations to RODNEY and his Genesis Team** as they celebrate 25 years in business and now have six locations to serve their communities!

• More than 400 industry leaders will gather in **Milan, Italy** for **IHRSA's 11th Annual European Congress, October 27-30, 2011**. The event will be held at the **ATA Hotel Expo Fiera**.

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

[www.clubinsideronline.com/subscribe](http://www.clubinsideronline.com/subscribe).

• **Correction and Apology** - Last month, in our cover story about our **CLUB INSIDER Advertising Team**, I incorrectly stated that **REX Roundtables** was recruiting new chairs for roundtables and that active chairpersons pay a 7% royalty from their roundtable income to support **REX**. **WILL PHILLIPS**, Founder of **REX**, contacted me and informed me that **REX** is not seeking new chairs currently and the 7% royalty fee was incorrect. We apologize for these incorrect statements. The errors were caused by my use of an out-of-date **REX** document.

• **God bless and protect our troops and all of our American servicemen and women serving in the Middle East and**

around the world. **God bless** the **Navy Seals**, **airmen** and others that were among the 30 killed in the helicopter shot down in **Afghanistan** and **God bless** their families. **God bless** you and your family, your staff and members. **God Bless America!**

*(Norm Cates, Jr. is a 37-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now in its 18th year of publication. Cates was IHRSA's 1st President, and a Co-founder of the Association with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. Cates may be reached by phone at 770-850-8506 or email at Norm@clubinsideronline.com)*

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...C.I. Authors

continued from page 3

It's our pleasure to recognize and thank our Contributing Author Team with this special August cover story.

**The CLUB INSIDER  
Contributing Author Team**

**Daron Allen** - Daron is the President/CEO of Visual Fitness Planner (VFP). A club management veteran in Fort Worth, Texas before his involvement in VFP, Daron worked with Mario Bravomalo to build Visual Fitness Planner to be a significant contributor to greater business success in clubs across the United States and the world. Daron can be reached at [dallen@vfp.us](mailto:dallen@vfp.us).

**Ron Altero** - Ron is Northeast Regional Director of Sales for Visual Fitness Planner and can be reached at [ron@myvfp.com](mailto:ron@myvfp.com).

**Steve Ayers** - Steve is the National Sales Director of ABC Financial and can be reached by email at [steve.ayers@abcfincial.com](mailto:steve.ayers@abcfincial.com) or phone at (800) 622 - 6290, Ext. 1166.

**Derek Barton** - Derek is the man most recognized with the long time success of the Gold's Gym brand. He's the owner of Barton Productions, a Southern California-based marketing and PR Firm. Derek can be reached at [derek@bartonproductions.com](mailto:derek@bartonproductions.com).

**Royle Berry** - Royle is a 30+ year club business veteran and is currently a full-time marketing and sales consultant. Royle may be reached at (512) 761 - 8079. His website is [www.clubsales.net](http://www.clubsales.net), and he is also on LinkedIn and Facebook.

**Misti Burmeister** - Misti is the bestselling author of *Hidden Heroes* and *From Boomers to Bloggers: Success Strategies Across Generations*. She is a foremost authority on how leaders can harness the wisdom

and enthusiasm of their teams to reduce turnover, fuel employee engagement and increase employee loyalty. Her website is [www.inspirionllc.com](http://www.inspirionllc.com).

**Rick Caro** - Rick is the President of New York City-based Management Vision, Inc. Rick was the Founder of IHRSA and a past President of the Association in 1982/83. Rick has been helpful to the entire club industry and to CLUB INSIDER since day one. He has expertise in a wide variety of areas, including market analysis, industry trends, club finances, club valuations, expert-witness testimony, buying and selling clubs, etc. Rick can be reached at (212) 987 - 4300.

**Bruce Carter** - Bruce is the Founder and President of Optimal Design Systems International, a South-Florida-based club design firm. Bruce can be reached at (954) 385 - 9963.

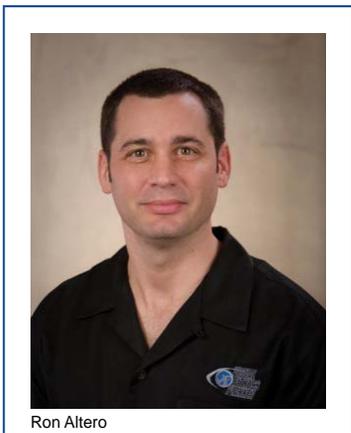
**Justin Cates** - Justin is the President and Assistant Publisher of CLUB INSIDER and grew up in the health, racquet and sports club industry. Justin was born into a club business family in 1985, and from the age of eight, he spent his non-school and sports hours in a home which doubled as CLUB INSIDER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

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**Laurie Cingle** - Laurie is President of Laurie Cingle Consulting and Coaching. She can be reached at [laurie@lauriecingle.com](mailto:laurie@lauriecingle.com).  
(See C.I. Authors Page 14)



Daron Allen



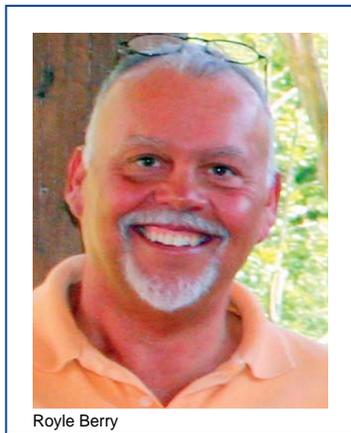
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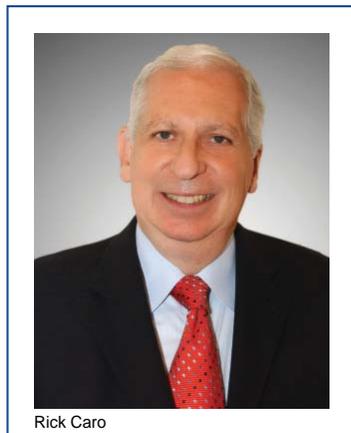
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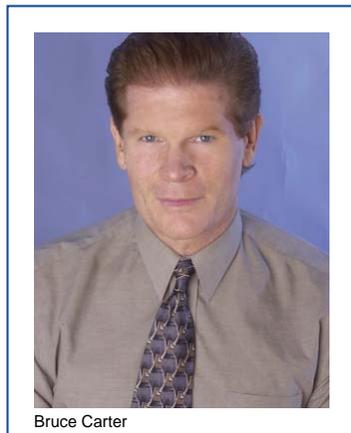
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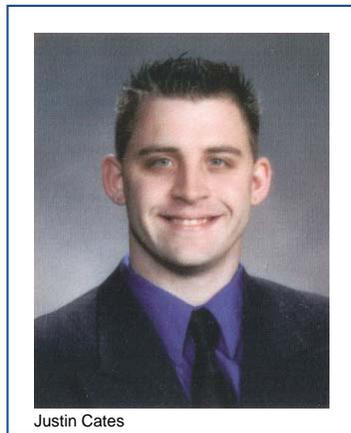
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...C.I. Authors

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Sandy Coffman

**Sandy Coffman** - Sandy is the **Dean of Club Programming**. Sandy's book *Successful Programs For Fitness And Health Clubs: 101 Profitable Ideas* is available by going to [www.humankinetics.com](http://www.humankinetics.com). Sandy's website is [www.sandycoffman.com](http://www.sandycoffman.com), and she can be reached at [SLCoffman@aol.com](mailto:SLCoffman@aol.com).

**Casey Conrad** - Casey has been in the health and fitness industry for over 25 years. She has authored over 30 different books, audios and DVDs in the area of sales and marketing for health clubs. To learn more about free resources on sales and marketing visit [www.caseyconrad.com](http://www.caseyconrad.com) or email her at [Casey@CaseyConrad.com](mailto:Casey@CaseyConrad.com).



Casey Conrad

**Michael Grondahl** - Michael is the Co-Founder of Planet Fitness and renowned marketing expert. Michael can be reached at Planet Fitness Headquarters in New Hampshire at (603) 750 - 0001, Ext. 107.

**Jeffrey Keller** - Jeffrey is a veteran club manager. He is the Founder and President of the Independent Health Club Networking Association. Jeffrey can be reached at [Jeffrey\\_Keller@msn.com](mailto:Jeffrey_Keller@msn.com).



Michael Grondahl

**Donna Krech** - Donna is Founder & CEO of seven fitness, weight management and life success companies including Fitness Solution 24/7 and Thin&Healthy's Total Solution. Donna's industry career spans a successful track record from 1982 to today, creating and growing business systems, result-producing programs and business models that remain ahead of trends. She can be reached at (419) 991 - 1223.

**Greg Maurer** - Greg is an Associate Partner with New Paradigm Partners. His hard work, leadership, passion, and knowledge of health and fitness provide clients the opportunity to improve all facets of their business and operations. Greg can be reached by

phone at (302) 528 - 1660 or email at [gmaurer@newparadigmpartners.com](mailto:gmaurer@newparadigmpartners.com).

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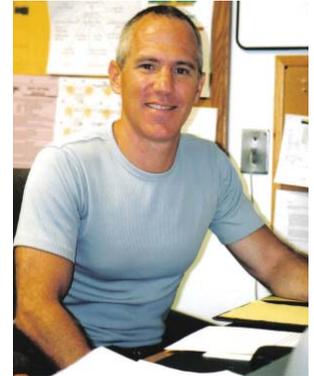
**John McCarthy** - John is **IHRSA Executive Director emeritus** after serving the Association for 25 years. John has been helpful to **CLUB INSIDER** since day one, and we thank him for that. For the past five years, John has served as the Chairman of Augie's Quest Annual Bash, helping Augie and Lynne Nieto raise over \$28,717,138 since 2005 (as of August 9th, 2011), when Augie was diagnosed with ALS (Lou Gehrig's Disease).

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

**Bonnie Pfister** - Bonnie is partners with her husband Steve in ownership of Max Fitness Club and BCx Boot Camp in Vero Beach, Florida. They are also Fitness Advisors for FitStudio, powered by Sears, where they write fitness programs, including an online version of their BCx Boot Camp program, fitness articles, videos and blogs. Bonnie is particularly talented in Public Relations efforts for their club, and she has a passion for encouraging, educating and motivating people through her columns, pFITblog and social media. Bonnie can be reached at [bonnie.lee@me.com](mailto:bonnie.lee@me.com).

**Will Phillips** - Will is Founder and CEO of REX Roundtables which operates health club Roundtables for single clubs, multi-purpose clubs and chains worldwide. Go to [www.REXRoundtables.com](http://www.REXRoundtables.com) for more information, and you can reach Will at [Will@RexRoundtables.com](mailto:Will@RexRoundtables.com).

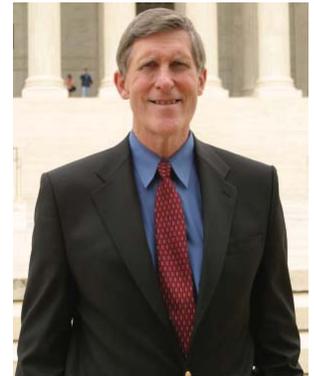
**Thomas Plummer** - Thomas is Founder (See C.I. Authors Page 16)



Greg Maurer



Bonnie Patrick Mattalian



John McCarthy



Jeffrey Keller



Donna Krech



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Frank Elias	Text Message	Other	Today	Incoming Leads	Today	Today's Call
Don Albano	Text Message	Other	Today	Incoming Leads	Today	Today's Call
Warren Webb	Text Message	Other	Today	Incoming Leads	Today	Today's Call
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Will Phillips (Bio on Page #14)

and President of the National Fitness Business Alliance (NFBA), a Massachusetts-based club business educational firm. Thomas' NFBA is the industry's #1 traveling club business training program for club owners and managers. His well-attended 2- and 3-day seminars will provide you with many ideas for new opportunities for your club(s). To contact Thom, go to [www.nationalfitnessbusinessalliance.com](http://www.nationalfitnessbusinessalliance.com) or call (800) 726 - 3506.

**Chris Russo** - Chris is the General Manager of and a Marketing Coach for Susan K. Bailey Advertising, an agency with over 25 years of experience in the fitness industry. Visit them at [www.clubads.com](http://www.clubads.com) or call (888) 349 - 4594.

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• • •

I think I would be remiss were I not to mention in closing this article that our Contributing Authors are some of the most dedicated people on Earth. Take for example, Sandy Coffman and Donna Krech.

A couple of months ago, in early June, Sandy Coffman, the Dean of Club

Programming (See Article on Page #26) had not sent in her article for our June edition, and I was starting to worry. Then, I got an email from Sandy informing me she had just had surgery. She then told me she could get her article done and to me the next day! WOW! Sandy asked me not to mention her illness to our readers, but I hope she will forgive me for sharing this experience with you all. Sandy is now doing very well, and as she wrote a few days ago, "Getting ready for Fall!"

Another example of amazing dedication is Donna Krech, the leader of Thin&Healthy's Total Solution. Donna sent her article in early this month. After reviewing it, I sent it back to her for a little more work. It was only then that she disclosed to me that she was sick as a dog and could hardly hold her head up. Upon learning that news, I urged her to get to her doctor or a hospital and forget about the article. Well, she did see her doctor, and it turns out she had pneumonia! But, even in that email informing me she had pneumonia, she indicated she was going to finish the article. I wrote back, "Donna, for God's sake, forget about it and get well!" It was less than an hour when another email arrived from her with the much improved article attached (See Page #6)!

These are just a couple of examples about our Contributing Author's dedication to this industry that come immediately to mind. There are *many* more!

We want to thank all of our Contributing Authors for their dedication, hard work and article contributions over all these almost 19 years. The **Mission of CLUB INSIDER** is "To help the owners and operators of health, racquet, and sports clubs professionalize their clubs and gain the trust and business of their community."

We take our Mission very seriously because it's our view that every club owner that reads **CLUB INSIDER** (over 10,000 owners/managers per month that control over 20,000 locations) might find help improving their club(s). And, we know that, as that club owner improves his club,



Maria Parella-Turco



Dr. Cary Wing

the end user, the members will get better results. In the final analysis, we know that everyday we're helping Americans!

*(Norm Cates, Jr. is a 37-year veteran of the health, racquet and sportsclub industry. Cates was the Founder and is finishing his 18th year as Publisher of CLUB INSIDER. In 1981/82 he was IHRSA's 1st President, and a Co-founder of the Association with Rick Caro and five others. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of IHRSA's highest honors. Cates may be reached by phone at 770-850-8506 or email at [Norm@clubinsideronline.com](mailto:Norm@clubinsideronline.com))*



Thomas Plummer



Chris Russo



Jim Thomas

## Iron Grip Introduces Functional Training Set

**ORANGE COUNTY, CA** - Iron Grip Barbell Company, an industry leader in commercial free weight equipment, has introduced the Iron Grip Functional Training Set, an easy and cost-effective way for fitness facilities to create a dedicated functional strength training area.

The Iron Grip Functional Training Set contains the most essential tools used in any functional training environment, including a complete, pre-selected dumbbell assortment and a compact, space-saving rack. The compact rack is preloaded with an optimal mix of dumbbell sizes and

arrives ready to install in any facility's functional training area.

The set includes a carefully considered mix of nine pairs of Iron Grip Urethane Dumbbells. Iron Grip's nearly 20 years of experience in outfitting fitness facilities determined their selection of sizes, from 5 pounds up to 35 pounds, to support an accessible, efficient and productive functional training environment. Iron Grip's maintenance-free urethane dumbbells offer welded handles and permanently engraved weight markings for durability, and the proprietary urethane

formula is hardwearing and long lasting.

The Functional Training Set's space-saving dumbbell rack is scaled down to make the most of limited space; however, it is still fully commercial-quality and heavy-duty in construction and functionality.

Space is at a premium in many fitness facilities, so a rack with a smaller footprint will allow any facility to create a specifically designated functional training area in minimal space and with minimal disruption to the general fitness floor. Iron Grip can be contacted at (800) 664 - 4766.

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**IRON GRIP**  
BARBELL COMPANY

# Out of Chaos Comes Opportunity

By: Thomas Plummer

The classic definition of chaos is complete disorder and confusion. Much of what most of you are feeling in the industry today is a reflection of the chaotic state of the industry at the moment. Even the financial gurus of our industry, such as Rick Caro, declared 2009 as the worst year in modern fitness history when it comes to financial aspects.

Chaos is a direct result of rapid change without a set direction. The industry is definitely suffering from this disease at the moment as illustrated by these examples:

- The chains, such as Gold's, trying everything from \$9 memberships to full service \$59 clubs.
- The equipment guys still trying to sell selectorized equipment training to a rapidly-emerging, functional training industry.
- There is a lack of leadership on the business side as the old heroes who brought such great talent to the field, such as Mark Mastrov or Tony DeLeede, now choose to work more on private projects rather than being the out front leaders they once were. Even the educators have faded with the NFBA surviving as the only tour left in the industry highlighted by the recent withdrawal of AFIRM from the workshop market. And yet again, we talk a good game about wanting and servicing the aging client. But, if you look carefully, what percentage of most club's total membership are really over 55 and actively engaged in the club beyond just simple circuit training? Alwyn Cosgrove, the training guru, states that we often do the worst thing we can for the older member and that is baby them rather than having them do dynamic exercises, such as slamming a ball into the floor.
- The emergence of a new breed of rock star, such as Todd Durkin, Gray Cook, Alwyn Cosgrove and Mike Boyle, who are driving change in the industry from the trainer up instead of from the owner down.
- The silliness of over a dozen new franchises emerging based upon a \$9 model, all too late to the dance and all of who have missed the low-price window, which is fading faster than I can write this article.
- One hit wonders, such as Zumba, that will be here today but quickly replaced by their many imitators. We look at these as saviors, but a dance step or piece of equipment isn't going to save a dying concept.

●The end of the circuit club concept. Look at the loss in Curves units and every other circuit club chain.

My business definition of chaos is that you reach a point where you suffer from information overload. In other words, it seems that change is happening faster in the industry than the average owner can adapt to in their business. Where can they seek shelter when everything in the industry is nothing but a raging storm?

The thing to remember is that, when chaos occurs, it creates ruin for many but opportunity for those who are ready. For example, Virgin Record stores close but iTunes emerges. iPads rule but end the life of a typical desktop computer and most laptops. Blockbuster closes hundreds of stores, but Netflix flies high. Now, many new trainers opening businesses find homes in the old Blockbuster locations. Chaos for some is opportunity for others. Here are five trends reflecting this chaos and what they mean to us in the industry:

**The low priced guys have created a panic in the mainstream clubs** - Those that get caught up in the panic overreact and match prices causing many to fail or to compete on low-end volume. On the other hand, opportunity exists for any club who wants to finally master the training aspect of the business. For the first time ever, we are forced to get results for our members since we now realize that they are not replaceable due to the cannibals eating the cannibals in the \$9 category. There are, and always will be, a class of members who will pay a little extra not to wait for an hour to get in line for a tired and soon-to-break-down treadmill, and there will always be a class of members who will pay a reasonable cost to get some help, have a clean club, have access to current equipment (such as kettle bells) and who could care less that your membership is \$19 or \$39 versus the low-priced guy down the street.

The opportunity for us is retention and a new source of revenue from training, something only apparent due to the chaos caused by the cheap players.

**The failure of the big box club** - The big box club was based upon an endless membership stream but in reality is doing nothing more than renting equipment. It has been hit hard and is staggering in the corner. Some boxes will be reinvented as large training-driven facilities, but most will simply lower their price and fight it out at the bottom. Sadly, many box operators will fail in the next few years as they are forced to the floor by quicker adversaries. Remember again, it is not the big that eat

the little, it is the fast that eat the slow. That counts in business and the box operators, such as most chains, are just too slow to change from a membership model to a training centric model.

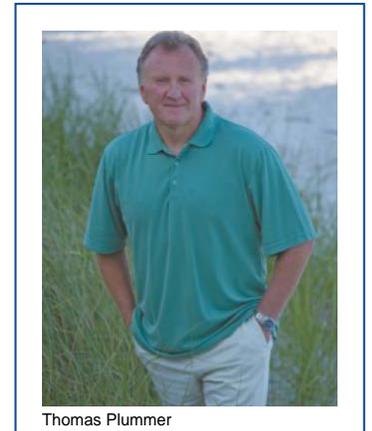
Their failure opens the door to the emergence of the small, training-based facility in the 3,000 - 7,500 square-foot class. Anytime Fitness is a perfect example of this new class, and the owners of the franchise are showing real leadership in that they are letting the franchise evolve per Howard Shultz and Starbucks.

The essence of the small facility is that you can make the same money in 6,000 square feet with 300 members that a typical Gold's makes annually in 25,000 square feet. We have a number of clients whose gyms now generate a million or more in only 6,000 square feet. Why can't the chains just infuse this concept into their boxes? That's a good question that we can ask the last guy standing. It is not just the size that is killing the big box, it is the business concept based upon an endless supply of new members to replace lost or burned up members.

The chaos here is that the big boxes are struggling for an identity with the consumer while the small guys are winning the neighborhood war and the war of leads and sales since they are dependent on generating about 25 new sales a month rather than the 250 a box might need.

**The pressure of society on the obese consumer** - Few clubs seek these folks and even fewer trainers know what to do with them. The chaos occurs in that we are still looking for the traditional sort of in-shape member and ignoring this growing (pun intended) segment of potential member. Trainers and mainstream owners who can master this group and make them feel at home in your facility will make a lot of money from this group in the coming years, and there is a valid case for someone becoming the next guru of obesity in the industry. Look at these statistics I generated on the web.

Over the past decade, obesity has become recognized as a national health threat and a major public health challenge. In 2007 - 2008, based on measured weights and heights, **approximately 72.5 million adults in the United States were obese** (CDC, unpublished data, 2010). Obese adults are at increased risk for many serious health conditions, including coronary heart disease, hypertension, stroke, type 2 diabetes, certain types of cancer and premature death. Adult obesity is also associated with reduced quality of life, social stigmatization and discrimination. From 1987 to 2001, diseases associated



Thomas Plummer

with obesity accounted for 27% of the increases in U.S. medical costs. **For 2006, medical costs associated with obesity were estimated at as much as \$147 billion** (2008 dollars); among all payers, obese persons had estimated medical costs that were \$1,429 higher than persons of normal weight. In 2001, the Surgeon General called for strong public health action to prevent and decrease overweight and obesity.

We cry and sob as a nation about these numbers, but how many owners or trainers are rushing to dominate this emerging field? It seems that television and the Biggest Loser does a better job motivating this group than we do as an industry. While we talk a good game about changing the world, most clubs don't do a hell of a lot but sell memberships and replace those that run out the door.

**The aging population and their need to be forever young** - Between January 1 and December 31, 2011, over 7,000 people a day will turn 65 years old. That is 7,000 a day, not just a month or a year, a single day. Here is an article derived from the web that best illustrates this wide open field:

**MIAMI, FL** - May 28, 2010 (McClatchy-Tribune News Service delivered by Newstex) - The sky is the color of freshly brewed coffee when Lilianna Retelny slips her 27-foot shell into the still waters of Miami Beach's Indian Creek and begins her daily three-hour routine. She rows. She rows as the rising sun stains the clouds, as students practice with their crew teams, as the sounds of a waking city begin to fill the air. Retelny, 47, is practicing to compete against rowers two decades her junior.

The Aventura, Florida psychotherapist has already won two silver medals in the Central American Games, placed 20th in World Cup competition and second  
*(See Thomas Plummer Page 20)*

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## ...Thomas Plummer

continued from page 18

in her division in Israel's Maccabiah Games. All this in a sport she took up only four years ago, when her daughter was rowing for her high school team. "I love it," said Retelny, who competes under her maiden name, Boruchowicz. "For me, this is not work. It is not a matter of discipline. When I'm on the water, I'm the happiest. I feel alive and young."

The Costa Rican native is part of a growing cadre of baby boomers who seek the proverbial fountain of youth in swimming pools, on running tracks and in

the gym. Many have taken up sports, even extreme sports, in mid-life, pursuing fitness not only to look good but to feel good. "Boomers have always appreciated being physically fit, and they're not about to let go of that active lifestyle," says Kara Thompson, spokeswoman for the International Health, Racquet and Sports Club Association (IHRSA). "They want to stay healthy. They exercise because it makes them feel better."

Again, who is going to emerge as the leader of this group? Chaos appears in the form of an aging population willing to pay almost anything to stay young. But, as of yet, there are no rising stars that are

becoming industry symbols of what it takes to drive this market. And yet again, we talk a good game. But, what percentage of most clubs are really over 55 and being serviced? Even the functional gurus are late to this game and haven't yet discovered this niche. Fitness after 50 is a business plan within itself, and we can turn it into a vital method of driving business in the industry in the coming decade. There lies the opportunity.

**The death of sacred cows** - Sacred cows are sacred cows and are so sacred we can't talk about them in public. We seldom talk about the cows at trade shows, articles don't appear in the magazines and speakers don't speak of this almost endless list of bad habits and ancient technology. Take a look at this list of common things in the industry from 1995 and see if you can spot the cows:

- Circuit training;
- Crunches;
- Long, slow cardio for weight loss;
- One-on-one training;
- Packages and sessions for training revenue;
- Low fat, high carb diets;
- Traditional group exercise (aerobics).

Where is the cow? The surprise is that everything on this list from 1995 has proven to be false or has failed in the industry.

Circuit training is what trainers do to people without enough money to buy elite training. If we can't figure out how to service the client, put him on a circuit and let him go in a circle for six weeks or so, and then, he will stop coming because he has hit a plateau. The clients are now smart enough to hate this training and find it extremely boring. Even Jillian Michaels knows circuits are boring and stupid. In the era of equipment as the service portion of the club, circuits ruled because equipment was what we sold. Now, circuits are a failure and are what you do in your club because you don't know what you are doing.

Crunches are the sure way to trash your lower back. Just ask Stuart McGill, the premier back expert in training in the world.

Watching Oprah for an hour while walking at 3 miles an hour may be relaxing, but it won't do anything for a fat butt except make it fatter. And, has anyone really walked up to you in the club and exclaimed, "I want the body like the woman on treadmill four, the one walking slowly hanging on to the handles. I always wanted to look like a slowly rotting pear."

One-on-one is the least cost efficient method to train someone. It is too elite, too expensive and too restrictive for a business plan. If your training revenue is less than 20% of your net membership receivable base, you are not a training facility, you are a very vulnerable box mainstream club.

Packages and sessions are out; training offered at various price levels determined by the amount of people



sharing the cost of the trainer is in. Why can Crossfit get \$150 a month for people doing group personal training and clubs can't figure it out yet?

The high carb thing just keeps going on even though books such as, *Good Calorie, Bad Calorie*, by Gary Taubes keep citing the complete lack of research that supports this theory.

Even group exercise might be on the ropes. There are two issues here that will determine the outcome of group (not cycling, which still has room to grow). First of all, it seems that all the young women that used to enter the industry to teach group are now becoming trainers instead and are not interested in group exercise. Secondly, group exercise itself is evolving into nothing more than functional training, and therefore, it should be something we charge more for and hand over to trainers. If group exercise wants to stay part of the fitness scene, it needs to rapidly evolve and appeal to a younger generation of members who find it an, "old person's workout."

Killing sacred cows is the only way to generate change. If you want to improve your life, create chaos for yourself. There is no growth without a motivating factor for most people. We are in an era of complete chaos in this industry, perhaps, the perfect storm of failing clubs, changing technology and evolving members. There will be vast failures in the industry during the next few years, but out of that chaos there will be huge success for those who can capitalize on the changing conditions, as they exist.

**Side Note:** I am doing a presentation on this writing as a one-hour keynote for Perform Better at their Summit on August 26 in Long Beach, California. Owners and operators and their senior teams should make it a point to attend one of these events this year. There is no better format to see the best in the world in training and fitness education. I will also do a version of this at the ACE Symposium this fall, another vital source of everything education in the fitness world, and it too should be attended by owners and managers and not just their trainers. Our NFBA seminar series will be in San Francisco on September 15th.

*(Thomas Plummer's National Fitness Business Alliance (NFBA) is the industry's #1 traveling club business training program for club owners and managers. His will attend two and three day seminars will provide you with many ideas for new opportunities for your club(s). To contact the Thomas Plummer Company, go to [www.nationalfitnessbusinessalliance.com](http://www.nationalfitnessbusinessalliance.com) or call 800-726-3506)*

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## Here's Why You Need a Sales System in Your Health Club

**By: Jim Thomas**

We see this frequently in health clubs. No real systems for sales, and no real accountability... We see sales reps who do their own thing and make it up on the fly. Of course, as manager, you're now trying to manage individuals and not a system, which drives most managers nuts (and leads to retention issues). Plus, when the sales rep quits, you're all starting over... again.

The best health club reps intuitively know the sales techniques that work best and when to use them to create conditions that excite prospects to join your health club. Unfortunately, these kinds of membership reps are few and far between, and without a proven system or set of rules to engage members and prospects, most health club membership reps are likely to make up their own rules or randomly leverage a wide variety of sales techniques and behaviors. I'm sure everyone can tell stories of questionable techniques and behavior.

The problem with not having and using a proven system for health club sales is you will unknowingly default to the prospect's system. This means you

will give up key steps of the sales process and giving you more information rather than gathering information.

As a result, the membership rep is not in control. It makes no difference whether you run a large athletic club or small fitness center; you are at a disadvantage if your membership reps aren't following a proven system for health club sales. Here are some reasons why you need your membership sales department to follow a proven selling system:

1. Membership closing ratios improve, and you will have more control over your pipeline of membership opportunities. At the end of each day, you want to know that you gave 100% on each opportunity presented.
2. Forecasting accuracy improves, accountability improves and the ability to properly train your sales staff improves.
3. Health club guests and prospects will be more focused on your unique value proposition and why they should join your club. You will be more successful in finding out the real reason they are visiting your health club and avoid giving a feature-based tour that is price motivated.
4. Your membership sales team will focus

on the best quality opportunities. If you follow the system every time and do it with a good attitude, you will have success.

5. As a manager, you will be able to effectively manage a system and not each individual. Plus, when you hire new reps, they can step right in to your system, and in many cases, start to have success right away.

6. By implementing and training a proven health club sales system, you will improve your membership sales rep retention.

There are many selling systems to choose from, all emphasizing different aspects of the selling cycle and prospect interaction. The benefits of a health club sales system increase if it is based on experience and proven methods and is tailored to your health club and selling environment. Even the most basic sales system will add to the membership sales effort.

The most important thing is not which system you decide to use but that you have a system to which you are accountable.

So what about your membership sales team? Is their hard work and effort leading to new membership sales? Are they making a system up on the fly? Is each membership sale marching to the beat of its



Jim Thomas

own drum creating different impressions in the market place depending on the day and their mood? Make sure you are leveraging a proven health club sales system, keeping you in control.

It all starts with you! Please let us hear your comments.

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

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# Get Results or Get Out!

By: Misti Burmeister

After finishing up a workout, I stopped in to chat with Rick, the sales manager at a gym I frequented, and found him agonizing over whether to fire one of his salesmen. I was stunned because Keith, the salesman in question, was one of my favorites. He signed me up and always

took care of any customer's complaints, whether it was his "job" or not. "Every time I come into this gym, Keith greets me with a smile and leaves me feeling like I matter," I told Rick. "Why would you terminate him?"

Rick sighed and said, "He hasn't consistently met his sales quota for nearly three years."

"Tell me something about Keith," I asked. "Where does he want to be in his career in the next year or two? What skills or experiences would he like to gain?"

"Shoot, Misti, I don't know. I pay him to do a job!"

Lack of ambition, missing the mark with sales, poor retention and lack of collaboration are all symptoms of a greater problem. As Libby Sartain, Senior Vice President of Human Resources at Yahoo!, says in Herb Greenburg's book, *Success on Your Own Terms*, "Most people really want to make a difference. And, they want to feel they are a part of a community. Ultimately, they want to add value and... *feel valued*."

Yet, according to *Talent Management Magazine*, only 42 percent [of employees] feel inspired and engaged by their leaders. There are lots of good leaders who could be exceptional if they just understood that, to *inspire*, they must *engage*. And, to engage, they must *know* their employees.

Exceptional leaders ask about their employees' career goals. Of course, many people don't have answers to these questions immediately. And, that's fine... for a week. But then, insist on an answer to what skills and experiences your team members want to gain over the next six months to a year. Doing so demonstrates an honest interest in their long-term success, which leaves them wanting to return the favor.

Though Rick was doubtful about the long-term outcome of this leadership strategy, he decided to give it a try before handing Keith a pink slip. The very next day, Rick greeted me with a beaming smile. "I had that talk with Keith yesterday," he said. "You have to stop by his office; he's radiating with enthusiasm."

I poked my head into Keith's office. Sure enough, he was lit up. I was headed upstairs for my workout, feeling inspired, when it occurred to me that Rick might think, "Job done. Now, Keith will produce." So, on my way out, I shared one of my favorite Zig Ziglar quotes. "While the tornadoes and hurricanes get all the publicity, did you know it's the termites that do the most damage? They take itty-bitty bites, but they take so many that they eventually demolish large buildings. Congratulations, Rick, you've just taken your first, itty-bitty step towards becoming not just a good leader, but an exceptional one."

Two weeks later, Keith reached his number. And two months later, he hit an all-time sales record for the gym. *This is the value of knowing the people* on your team. Just like successful business leaders would never go into meetings with potential clients without knowing something about their companies, successful leaders can't



Misti Burmeister

expect to influence people into greatness without knowing them, demonstrating that they care and creating an environment where employees *want* to excel. Here's how to get employees to care:

**Find their motivational buttons.** Rather than kicking machines that aren't working properly, we open them up and see how they're wired. The same goes for people. When you look inside to see what motivates your team members, you can begin leading them based on their strengths and interests. And rather than firing high-potential workers who simply lack the proper inspiration, you'll begin *firing them up* to achieve results beyond your imagination.

**Feed forward.** Though most will never say it, your team members *want* you to push them to achieve. They may resist at first, but when they start reaching some of their goals, they'll remember who helped them see what they could do.

**Care.** As my dear friend and colleague, Ray Leone, puts it, "People will do just about anything for a leader who truly cares about them." And, Sam Georges, a lawyer for Tony Robbins, once shared with me a sure-fire way to make employees feel valued; pretend that everyone who works for you is a volunteer.

Many leaders say, "I do all these things, and they're *still* not producing results." As a leader, it's up to you to shift your approach based on the people you're leading. Of course, most managers simply look for people who respond to *their* leadership styles, and as a result, end up with people who think and work just like them. While a like-minded team might be easier to manage, the lack of diversity in perspective and personality will hurt your long-term ability to innovate and grow and to communicate with and appeal to diverse

(See Misti Burmeister Page 27)

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# Professional Points, Programs and Policies to Support Increased Membership Sales

**By:** Karen Woodard-Chavez

All markets, not limited to the health and fitness industry, have become much more competitive. All businesses and associates within those businesses must constantly reassess how competitive they truly are. In doing so, enhancements need to be made in structure, policies, training and offering to the market. Additionally, most businesses are expecting more effectiveness from every staff person regardless of position and especially in sales. The purpose of this article is for you to assess the following professional sales standards that I see in multiple industries and how well your organization executes them. Or perhaps, if you are not currently utilizing these tools, how, if they were implemented, would it change the performance of your sales department?

**1.** Full accountability for the fact that the sales department is there to get (and keep) business. I want to emphasize that great (not good) sales people focus on getting and keeping business, not simply one or the other. Regarding "getting" business, is the sales staff responsible for creating, not waiting, for business? Do they have their 5-Point Lead Generation Plan that they execute every month to create an additional 50 leads each per month? By the way, follow up on current leads is not considered to be business creation. Regarding "keeping" business, do they each have their VIP club of members that

they invite to club functions monthly, which also creates opportunities to host their VIP Member's guests?

**2.** How enthusiastic is the sales staff to embrace all sales opportunities that the club creates for them? There should be an inarguable enthusiasm to maximize all opportunities, and if the opportunities do not seem clear, is there discussion on how to maximize them? As a sales manager, it is critical that staff understands the potential in every opportunity and exactly how to create success. If they do not understand that, then the sales manager needs to do some training.

**3.** Is there an expectation and accountability for a certain % of leads to be self generated each month by each sales person? A terrific way to create accountability for this is to tie this element into the month end bonus eligibility.

**4.** Does the club practice a 30-day maximum sales cycle, whereby, if the leads have not been converted into membership within 30 days, then those leads go to another sales person? Consider how *this would encourage your staff to do a more professional and gracious job of wrapping business up sooner*, rather than simply "letting leads join when they are ready."

**5.** Does the club have a policy that the credit and commission go to the person who writes the business with no split

policy whatsoever? This would encourage sales staff to be more complete with the selling conversation, better with getting the follow-up steps nailed down if the person does not join on the first visit and create more productive time management due to less follow-up work.

**6.** Is there an expectation and accountability for each and every staff person to bring an energy, enthusiasm and charisma to the club every day so that every prospect, guest or member they speak with remembers him and asks for him by name rather than not being able to remember with whom they spoke? What is the memorable energy that each of your sales staff possesses as his sales style? What defining trademark element is it that he leaves with each prospect, guest or member that makes that person want to come back specifically to him? That is a good discussion and initiative for your next sales meeting.

**7.** Does each sales person look at what he does as his profession or simply a job? If he looks at it as a profession, then he will always be willing to do anything it takes to be better. If he looks at it as a job, he will offer excuses and mediocre performance, which again, in a competitive market is a liability.

These standards are designed to support the success, effectiveness and professionalism of your sales staff. If your sales staff has become complacent, which there is no room for in a competitive



Karen Woodard-Chavez

market, they will see these standards as restrictive and even punitive. If you choose to implement these standards, there will be a short learning curve. However, once implemented and accountable, the membership sales department will find its sales performance increasing and more time to get and keep more members.

*(Karen is President of Premium Performance Training in Boulder, Colorado and Ixtapa, Mexico. She has owned and operated clubs since 1985 and now consults with and trains club staff throughout the world. She provides her services on-site, online, by phone and through her books, CDs, DVDs and manuals. She can be contacted at 303-417-0653 or karen@karenwoodard.com)*

## Linda Mitchell Honored for 30 Years at Newtown Athletic Club

**NEWTOWN, PA** - Newtown Athletic Club (NAC) and owner, Jim Worthington, honored Linda Mitchell for 30 years of dedicated service by naming that day Linda Mitchell Day. Pictured to the right is Linda along with Jim Worthington (L) and Peter Broms (owner) (R) with a representation of the \$30,000 check she was presented as a token of appreciation for her accomplishments and dedication. Absent from the picture is Howard Berlin (owner), who resides in Arizona.

Linda began her career in 1981 as an aerobics instructor, becoming the Aerobics Director the very next year. In 1994, she became the Fitness Director. Then, in 1995, she became Director of Sales and Marketing, and in 1999, the

Director of Marketing, Public Relations and Charitable Giving. Along the way, she helped build the NAC from a 25,000 square-foot racquetball club into a 150,000 square-foot multi-recreational health and fitness complex.

Linda has also been an industry presenter for IHRSA, Club Industry and MACMA as well as the Executive Director for the Delaware Valley Alliance of Health Clubs. She served on the Board of Directors for MACMA. According to Jim Worthington, "Linda has provided a continuity of recognition for years which has helped us create and maintain an image which has enhanced our standing in the community as well as the industry."



(L to R) Jim Worthington, Linda Mitchell and Peter Broms

## Mid-Atlantic Club Management Annual Conference and Awards

**ELLCOTT CITY, MD** - The Mid-Atlantic Club Management (MACMA) held its annual conference in Ellicott City, Maryland on Thursday, July 14 at the Turf Valley Resort. Over 150 attendees from clubs in MD, VA, DC, PA and DE listened to the fantastic motivational and keynote speaker, Norm Bossio, along with Casey Conrad speaking on Social Media Marketing. Conference sponsors included Life Fitness, Precor, Cybex International and Les Mills.

MACMA also presented its **2011 Awards of Excellence**. The winners were:

- Columbia Association won the Award of Excellence for Overall Programming for their program called the "Biggest Winner."

- Columbia Association won the Award of Excellence for Sales Programming with their program called "Zumba Under the Stars."

- L&T Health and Fitness won the Award of Excellence for Retention Programming with their program called "Office

Workout Challenge."

MACMA also announced their annual scholarship winners. Four health and fitness professionals received scholarships from the American Council on Exercise (ACE), the National Academy of Sports Medicine (NASM), Les Mills and Power Systems. They are:

1. Denise Jenkins, Columbia Association; ACE Scholarship Award;
2. Sherwood Minor, Columbia Association, NASM Scholarship Award;
3. Katie Price, LifeBridge Health and Fitness, Power Systems Scholarship Award;
4. John Criscuoli, Columbia Association, Les Mills Scholarship Award;

MACMA is a non-profit trade association of IHRSA, the International Health, Racquet and Sportsclub Association. It was created by club owners and managers in the Mid-Atlantic region to address the needs of the industry at a



(L to R) Shelley Stein, MACMA Board Member; Denise Jenkins, Columbia Association; Katie Price, LifeBridge Health and Fitness; Leslie Flynn, MACMA Board Member; and Kerry Campbell, MACMA Executive Director

regional level. MACMA is dedicated to the education and promotion of the private Health, Fitness and Racquet Club industry in MD, VA, DC, PA and DE.

## IHRSA Quarterly Index Posts Improved Performance for Fourth Consecutive Quarter

**BOSTON, MA** - The International Health, Racquet & Sportsclub Association (IHRSA) announced the release of the IHRSA 2011 First Quarter Index, which reports the financial performance of a sample of the commercial health club industry for the months of January through March. According to survey results of 16 leading U.S. health and sports club companies, representing a total of 503 facilities, leading clubs posted improvements in all key indicators.

"Improved performance in the first quarter of this year marks the fourth consecutive quarter of strong key indicators," said Jay Ablondi, IHRSA's Executive Vice President of Global Products. "Although we had anticipated slow growth to coincide with the lagging economic recovery, robust performance from the index and an overall increase in membership point to a potential uptrend for the industry."

For the quarter ending March 31, 2011, relative to March 31, 2010, commercial health clubs posted strong results in total revenue, membership/dues revenue, non-dues revenue and EBITDAR. Total revenue improved by 6.5%, while membership dues revenue increased by 4.8%. Participating clubs also showed improvements in non-dues revenue and EBITDAR. Revenue from ancillary services increased by 10.2%, and EBITDAR improved by 7.1%.

Robust performance was also noted among same-store facilities. Same-

store sales revenue improved by 1.5%, while membership dues revenue increased by 1.7%, and non-dues revenue grew by 1.2%.

"While clubs in the index collectively reported significantly improved performance, same-store indicators were only slightly better than the first quarter of 2010," said Melissa Rodriguez, IHRSA's research manager. "This indicates that most of the growth was achieved by club expansion and new facilities as existing clubs held onto their share of members."

Total membership accounts increased by 5.1% during the third quarter. Same-store total membership accounts also recorded a nominal improvement of 0.9%.

**Note:** Data reflects information for 17 leading U.S. health and sports club companies representing 503 facilities. Same-store revenue data reflects clubs that have been in operation for at least two years. Participating companies reported owning/managing an average of 31 facilities (same-store count average of 13 facilities). Data is intended to provide a snapshot of U.S. health club industry performance. However, the results are based on a small



## Success By Association

sample of companies and care should be taken when making comparisons of these findings to the overall industry-at-large. Industry Insights, Inc. conducted the survey for IHRSA.

**EBITDAR:** Earnings before interest, taxes, depreciation, amortization and rent.

The "Percent Change" reflects the percentage change from one quarter to the next in the group's overall mean/average for

each variable and is essentially weighted by the size of companies responding to the survey. As such, the "Percent Change" presents an indication of the broader group's performance. The "Company Percent Change" reflects the median/midpoint percentage change reported by the 16 individual companies. As such, the "Company Percent Change" represents the "typical" company's performance where all the participants are weighted equally, regardless of size.

### ...Misti Burmeister

continued from page 24

groups of clients.

We all have room for growth. If your people aren't getting the results you want, change *your* strategy. Follow Rick's

lead and find out how much more you can get out of your team once they're inspired and engaged.

(Misti Burmeister, bestselling author of *Hidden Heroes* and *From Boomers to Bloggers: Success Strategies Across*

*Generations, is a foremost authority on how leaders can harness the wisdom and enthusiasm of their teams to reduce turnover, fuel employee engagement and increase employee loyalty. Visit [www.inspirationllc.com](http://www.inspirationllc.com).)*

# How Long Is A Piece of String?

**By: Chris Russo**

It's a seemingly irrelevant question isn't it!? Although, does it make any less sense than questions such as: "How do I get fit?" or "How do I market my business?" There is always more than one right answer, but the one thing they do have in common is the need for more information in order to answer correctly. If you ask the right question, you will usually get the right answer.

Summer is here, and many of us, especially those of us in the North, are happy to get out and enjoy a few libations on the patio, a great cookout with friends and family or pretty much anything we can enjoy that doesn't involve work for these few warm months. Once the school bell rings again, we'll jump back in where we left off... Well, I suppose you can, and let's hope that's exactly what your competition is doing.

Good operators, on the other hand, are looking at their marketing budgets (Really, it's not a myth, people actually have them and so should you!), looking at where they need to focus their attention and resources, planning how the rest of the year is going to look when it comes to marketing and plotting their goals and objectives.

Here are some tips to help you get on track and be ahead of the game when the fall season begins:

**1. Set a Budget** - No excuses either! If you can afford to eat, pay staff, take a holiday and buy new equipment, then you can afford to market! Traditional formulas are 10% of fixed expenses or 5 - 6% of revenue should be set aside monthly for marketing. If you are working with a "When I desperately need traffic and have a few dollars" strategy, this may seem like an impossible amount. If it's not feasible right now, set a number you can afford and consider it spent money! It is the lifeblood, the equivalent of food if you will, of your business. It needs to be fed.

**2. Develop a Plan** - Probably the greatest stumbling block of all! Time and time again a plan is put together for one whole long year at a time, based on what was done the previous year. No thought is given to new programs, new goals or new initiatives. After a month or two, and 68 changes later, it finds its way to the bottom drawer only to be dusted off when someone asks if you have one so you can say "Yes."

Simplify the process by looking at the end goal, breaking it down into more manageable quarterly sections and then build it for your immediate goals. Once

you are 5 - 6 weeks into the first phase, you will have a better sense of how you want to tweak it for the next quarter and can start mapping that out.

Flexibility is key, but the core foundation and consistency are what begins to build the brand and develop the ongoing strategy.

**3. Look Within for Opportunities** - Everything you do is part of your brand, from uniforms to customer service and internal promotions to profit centers. When looking at your budget and how to allocate it, look at the weaker areas of your business. What is your attrition rate? What is the average life of a membership? What is your average non-dues revenue per member? How many leads > appointments > tours > net-new members do you need?

Knowing these numbers will help reveal weak spots. Happy members getting results and having fun will show up more often, spend more money and stay longer. You knew that already though, right!? From a marketing standpoint, look at implementing a birthday or anniversary program where you automatically mail a card and thank them! Maybe give them a free recovery shake and a couple of 30-day VIP passes for their friends. When was the last time you got something like that in the mail, and how did it make you feel? Pretty good I bet! You can send email, but it's just not the same.

Simple, effective and personal touches make the difference and help with all the potential weaknesses mentioned previously. Over time, you can reduce your reliance of feeding the beast and driving as many people through the front door as possible and keep the ones you have far longer!

**4. Market Over Longer Periods of Time** - Besides the fact you need to be marketing every day, every week, every month and every year for the rest of your business life, looking at it in 2- to 3-month sections can accomplish two very important things. First, you can get ahead of the game, which allows you to focus on running your business, training your team and taking care of your members. Second, you increase your buying power, which in turn, stretches your marketing dollars and allows you to get more marketing for the same amount of money. Bottom line is you are more organized, can do more, will increase your return on investment and actually work!

**The Best Plummerism Ever:** "You guys do just enough marketing to piss yourselves off, but not enough to actually

make a difference in your business."

Think about that line for a second, and let's compare that to the fitness world. You have a member that joined last year and his goal at the time was to lose 40 pounds. In the beginning, he was there several times a week but have gradually slowed that pace to maybe once a week or even a couple times a month; sadly, some even less. He is always too busy with work or kids, or he will get back at it after the summer, or he's stressed out, or he doesn't know what to do, so it's easier to walk on the treadmill watching crap than to "waste" money on some group training and education "since fitness doesn't work anyway." Then, he cancels.

If you could sit down with him and show him all he has to do is begin with a few small steps to get started, and then take it one step and one day at a time. If he makes it part of his routine and begins making the time, the results will start happening. You know he will feel the difference and see success because he is getting support, encouragement and challenged along the way. Then, you would have fulfilled your mission because the reason you got into this game in the first place is to help people change their lives because you know that it does work.

Well, many club owners think the exact same way about marketing! They do it once in awhile, so it's just a waste of money because it doesn't work, no one sees it and the outrageous expectation that the 100 new memberships needed that month were going to come from the coupon mailer that listed all your stuff and was shared with the pizza joint (who by the way got ALL the calls) and on and on and on! Absolutely correct! That doesn't work and is a complete waste of money. Worse, it goes against your brand and can do more harm than good.

Setting goals and objectives so you can track the results of your marketing as it impacts your traffic, membership, revenue, retention, etc. is imperative to knowing what is working and what needs to change. If you're not certain if something is working or not, stop doing it and see what happens! Chances are it was, but you just didn't have a system in place to ask the right questions, and therefore, don't have the right answer.

**5. Look At the Mix** - The majority of marketing dollars spent for this industry are to attract prospects, which goes against what you should be doing! Consider this... You should be getting 60 - 80% of your new members from referrals, right? Then, why are you spending 80 - 90% of your



Chris Russo

marketing budget on shotgun marketing a few times a year, wasting a large portion of your budget hoping for less than 1% of those people to possibly call or come into the club?

This is not a classic chicken-egg scenario. You need to market externally to attract prospects, create top-of-mind awareness and own the area a few miles around your location in order to make as many impressions on those prospects as possible and be the very first club they think of when the epiphany hits them that they need to change their lives.

On the other hand, your members need to be constantly reminded that they are special and valuable, and you want them to succeed. Having them bring their friends is one of the surest ways to encourage motivation and competitiveness. Foster the social atmosphere of the club and have them spread the message and your brand.

At the end of the day, you can always find ideas and products that are cheaper or even free. But remember, sometimes you get what you pay for! And the next time that prospect walks in and asks why you won't match the \$5/month price the new club down the street is offering, stop before you start trying to justify it and consider if your marketing is sending the right message that attracted that person in the first place!

So, how long is a piece of string? If we know what you are trying to do with it, we can help figure that out!

*(Chris Russo is the General Manager and a Marketing Coach of Susan K. Bailey Advertising, an agency with over 25 years' experience in the fitness industry. Visit them at [www.clubads.com](http://www.clubads.com) or call 888-349-4594 and speak with one of their Marketing Coaches.)*



**Michael Scott Scudder  
Acquires Fitness  
Industry Group**

TAOS, NM - Michael Scott Scudder has acquired majority managing partner interest in *Fitness Industry Group* (FIG - [www.fitnessindustrygroup.com](http://www.fitnessindustrygroup.com)). By combining his existing *Fitness Business Council/CMETO* subscribers with FIG, Scudder will have the largest exposure among the independent health club network in North America (well over 30,000, principally club owners and managers). FIG was created and previously managed by Sherry Robb, who continues as consulting partner and media specialist. Robb runs the newly-formed *Fantastic Fan Sites* ([www.fantasticfansites.com](http://www.fantasticfansites.com)), which features her social media marketing menu for health clubs worldwide ("*Face Candy*").

Sherry Robb said, "It's great to be in partnership with Michael. We've known each other a long time, he understands what I've created and he's the guy who will take it to the next level. This arrangement really frees me up to devote the majority of my time to *Fantastic Fan Sites* and *Face Candy* ([www.fantasticfansites.com/face-candy](http://www.fantasticfansites.com/face-candy)) applications, which are already in great demand! The future of club marketing is social media, and we're positioned to lead the industry in that arena."

Michael Scott Scudder said, "I've long respected Sherry's work, and her ability to put together practical web-based tools at really reasonable prices. With FIG, our engine totally encompasses and expands the services that I offer club owners, managers and industry vendors. FIG will host the most comprehensive education, marketing and vendor resources available. Many applications will be free, and all others will be value-priced. We'll show club operators how they can be the most effective for the least effort and lowest cost, as we move into the new generation of fitness management."

For inquiries, interviews or details, please contact Michael Scott Scudder by phone at (575) 751 - 4220 or email at [mss@fitnessindustrygroup.com](mailto:mss@fitnessindustrygroup.com).

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*Or, stick your head back in the sand and hope your competitors don't read this and beat you to the punch!*



# Programming Tip of the Month:

## *Aquatics Programming For The Fall And Winter Season*

By: Sandy Coffman

Soon, the fall season will be upon us, and as I have said before, *the programming calendar begins in September!* Now is the time to prepare. Let's take a look at your aquatics area. It is an often neglected area left to lap swimmers, but the programming opportunities are abundant. More importantly, you can use your aquatic area to program for profit.

You don't want to tie up your swimming pool with people just swimming back and forth. Scheduling a wide variety of programs can involve more people and generate revenue for your facility. Children's learn-to-swim classes and water exercise classes are usually the biggest producers of revenue for swimming pools. Why not build up your aquatic program to include a wide variety of aquatic activities that attract a wide variety of age groups and interests?

Exercising in water is effective for all ages and for several reasons. The first reason is that it's easy on the body. There is no impact on the joints, and it is very difficult to get injured. Second, you have to breathe deeply, which is great for your body. Third, for many people, water exercise is more tolerable than other types of exercise. A person can get a full workout in water and not feel discomfort because the water provides constant resistance to the muscles. Jogging in the water, for example, gives a lot of resistance to arms and legs, and yet, people perceive a much lower level of exertion because the water is cooling and takes away sweat. The motion of water also assists in getting blood back to the heart. Aquatic programming improves and maintains muscular strength, flexibility and cardio respiratory endurance and is often the exercise of choice after surgery, illness or accidents.

Water exercise, because it is

generally done in groups, has a social component that motivates participants to stay with it. It's *FUN!* For example, participants tread water with plastic noodles, and when this exercise is done in deep water, it works the core muscles just as with land exercises, only more comfortably... and in a group. It becomes a party! A multitude of flotation and weight devices are available for use in your aquatic program. The key is to have enough programs that accommodate all levels, ages, interests and needs.

Aquatic programs can fuse with other programs, such as Pilates or Yoga. The programs are born when participants, instructors and trainers ask, "Why can't we do this in the water?"

The following are some aquatic programming ideas for your facility. In Part II, Chapter 9 of "*Successful Programs for Fitness and Health Clubs: 101 Profitable Ideas*," each one has a description of the program. It also lists other sources for more information, educational literature, products and programs for you to explore.

Aquacize;  
 Aqua Cardio Sculpt;  
 Aqua Circuit Training;  
 Aqua Kick;  
 Arthritis Foundation Aquatic Program;  
 Bronze, Silver, Gold - Level Youth Swimming;  
 Children's and Junior Swim;  
 Deep Water Aerobics;  
 Lap Swimming and More;  
 Master Swim Program;



Sandy Coffman

Swimfants;  
 Toddler Splash;  
 Water Walking and Jogging;  
 You and Me Baby.

Most important, however, is that you see that a veritable paradise of programs are available for your pool area. You may even want to consider renaming your swimming pool area as the Aquatic Fitness Center, the Aquatic FUN Center or the Aquatic Programming Area. Remember, you are *Programming For Profit!* (Sandy Coffman is the Dean of Club Programming and the author of the book *Successful Programs for Fitness and Health Clubs: 101 Profitable Ideas*. To order Sandy's programming book, go to [www.humankinetics.com](http://www.humankinetics.com). You can contact Sandy at [slcoffman@aol.com](mailto:slcoffman@aol.com))

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Very Sincerely,  
*Norm Cates, Jr.*

# bodytraining systems



"I have never seen anything else in the industry have such a high impact on guest traffic, member retention, member satisfaction and profits. With BTS we've increased monthly group participation from 800 visits to 6,000 visits, added over 2,600 new members increased retention from 50% to 73% and increased profits by over 400%!"



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Owner, The Edge

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