

Norm Cates' **CLUB INSIDER**TM

The Pulse of the Health and Fitness Club Industry

**Steve Borghi
Busted!**



**IHRSA Institute
Returns!**



IHRSA Wins Gold Award For Support of Augie's Quest



PRSR STD
U.S. Postage Paid
PERMIT #3592
ATLANTA, GA

Motionsoft Raises \$10 Million Via Route 66 Ventures



And Much More!

AUGUST 2014



WE'VE DONE ALL THE HEAVY LIFTING.

Low operating cost and a simple, easy-to-manage concept has made Planet Fitness one of the fastest growing franchise systems in the U.S. today. We make it easy to reap the rewards of our strong business model by giving you all the support you need to succeed—from real estate and construction, to operations, marketing and staff training.



WHY OWN A PLANET FITNESS?

- 20 years in operation
- 700 clubs open across the country
- Low operating cost
- Locations available nationwide
- Multi-unit territories still available, but going fast

Visit planetfitness.com to learn more.

Disclaimer: This information is not intended as an offer to sell, or the solicitation of an offer to buy a franchise. It is for informational purposes only. The above may contain certain statements, approximations, estimates and projections with respect to the anticipated future performance of a Planet Fitness club ("forward-looking statements"). These forward-looking statements involve risks and uncertainties including without limitation risks and uncertainties associated with general market conditions competition and pricing. No assurances can be given that actual results will not differ materially from those contained in such forward-looking statements. Such forward-looking statements reflect various assumptions by the company concerning anticipated results and occurrences which assumptions may or may not prove to be correct. No representations or warranties are made to the accuracy or realization of such forward-looking statements.

Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

Steve Borghi Busted!

By: Eric Berkman

A co-owner of a health club chain who was accused of freezing out the widow of his deceased partner, and in concert with an outside acquaintance, diverting corporate assets and proprietary information to open competing clubs violated his fiduciary duty to fellow shareholders, a Superior Court judge has determined.

The chain, Work Out World New England, consisted of more than a dozen separate limited liability corporations, each operating its own club. Defendant Steven Borghi and the late husband of plaintiff Elizabeth Beninati held a controlling interest in each LLC. Under a set of written operating agreements executed in

2004 and 2005 for most of the LLCs, each member was barred from opening a club within 50 miles of an existing WOW New England club.

Borghi argued that his competing chain (known as "Blast" clubs) did not violate the covenants because a set of "amended and restated operating agreements" that Beninati never agreed to, and which purported to eliminate the restriction on competition, superseded the original operating agreements.

Judge Janet L. Sanders disagreed, finding that the amended operating agreements were void.

"The Amended and Restated Operating Agreements in their final form promoted the interest of Borghi over that
(See *Steve Borghi Busted!* Page 10)

IHRSA Institute Returns!

By: Norm Cates

The IHRSA Institute followed a long run of 20 years with a 5-year sabbatical that just ended on August 5th with the return of the IHRSA Institute in Chapel Hill, North Carolina. The event ran from August 5 through 8th at the Rizzo Conference Center at the Kenan-Flagler Business School at The University of North Carolina, Chapel Hill.

The 2014 IHRSA Institute Faculty

Rick Caro - President of Management Vision, Inc. (New York City, N.Y.); IHRSA, Co-founder;

Brent Darden - IHRSA Ex-Officio

Chairman; Co-Owner, Telos Fitness Center (Dallas, TX); Principal, Brent Darden Consulting;

Bill McBride - President & CEO, Active Sports Clubs & BMC3; Former IHRSA Board Chairman;

Amy Bantham, MS, MPP - VP of Government Relations & Health Promotion, IHRSA (Boston, MA);

Christopher Bingham, Ph.D. - Associate Professor and Phillip Hettleman Fellow of Strategy and Entrepreneurship, UNC at Chapel Hill;

Helen Durkin, J.D. - Executive VP of
(See *IHRSA Institute Returns!* Page 12)

IHRSA Wins Gold Award For Support of Augie's Quest

BOSTON, MA - IHRSA's connection with Augie's Quest is to both support further research for a cure of ALS, Lou Gehrig's disease, and fitness pioneer and friend, Augie Nieto. It certainly is not done for any awards or recognition.

Recently, IHRSA was recognized by **ASAE**, an association that supports and represents associations, with its **Power of A Gold Award** for its role as facilitator in bringing the fitness industry together to support Augie's Quest, which funds research and drug development to end ALS.

"I heartily congratulate IHRSA for benefiting not just their own industry, but society at large," said Paul Pomerantz,

CEO of the American Society of Anesthesiologists and Chair of the Power of A Judging Committee. "It is heartening to see an organization like IHRSA excel at bringing the entire fitness industry together, harnessing the power of the association for inspiring results."

The harnessed power Pomerantz refers to is the more than 35 members of IHRSA's leadership and membership who actively organize and promote the annual BASH for Augie's Quest, led by IHRSA's Executive Director Emeritus John McCarthy as the BASH event Chair, as well as the roughly 1,000 annual BASH attendees and the hundreds of clubs that
(See *Gold Award to IHRSA* Page 14)

Motionsoft Raises \$10 Million Via Route 66 Ventures

ROCKVILLE, MD - Club management software provider, Motionsoft, Inc., raised \$10 million in venture capital funding from Route 66 Ventures, LLC. Route 66 is joined by co-investor Edison Partners, a longtime investor in Motionsoft, Inc and other high-growth companies. Motionsoft's healthy, triple-digit growth is built on successful customer retention and a recurring revenue model, making the company an impressive addition to our portfolio.

Route 66 Ventures, LLC, announced a \$10 million investment in Motionsoft, a leading provider of Software-as-a-Service (SaaS) and payment solutions in the health and wellness industry. Route 66 Ventures, a private

investment firm that provides venture capital and private equity to high-growth companies, will lead this Series B round of investment in Motionsoft. In addition, Motionsoft's Series A investor, Edison Partners, will join Route 66 as a Series B co-investor.

"In the last two years, Motionsoft has achieved milestones that have made investors extremely confident in our projections for future growth. Motionsoft continues to experience rapid growth and development, which will be accelerated by the Series B investment round. We believe that the investment theses of both firms perfectly complement our value
(See *Motionsoft/Route 66* Page 14)

Inside The Insider

- "Insider Speaks" - The Evolution of Club Insider - Part II - **By:** Justin Cates
- You Built Your Draft... Now What? - **By:** Ron Alterio
- The "Perfect Profit" Storm - **By:** Donna Krech
- Sell The Dream - **By:** Derek Barton
- How to Create a Great Kids' Area for Your Club - **By:** Bruce Carter
- How Do You Calculate Retention? - **By:** Retention Management

- Creative Programming: Your Key To Success - **By:** Laurie Cingle
- Gold's Gym Acquires The Rush Fitness Complex
- Club Intel and InMoment Form a Strategic Relationship to Leverage ClubIntel's 50+ Years of Experience
- The Amazing SPIRIT Club!
- 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? Hmm... hmm... hmm!

•**Thanks to a prominent industry friend of mine** for this scoop that **serial health club industry offender and pariah, STEVE BORGHI, and his partner, HAROLD DIXON, had been busted in Massachusetts Superior Court!** Check out the **Article on Page #3** written by **ERIC BERKMAN** for **Massachusetts Lawyers Weekly**. Folks, this is proof that the slogan, **"Be careful with whom you associate because they may someday end up embarrassing you, or even worse!"** is one to heed. It seems to apply here because there are some industry folks out there who really should think about this slogan, and **they KNOW** who they are! I still believe they need to rethink the relationship with this guy Borghi for the **future** of their very well respected company. **All of the parties involved know exactly what and whom I'm talking about. So, Stay Tuned!**

•Speaking of **serial health club industry pariahs** in my previous note, we've received an update fresh out of **Little Rock, Arkansas**, where **SHANE FRANKLIN**, another less than reputable club industry operator, has set up shop and is working

for **Chenal Fitness in presales**. This news is *relatively minor*. However, these minor issues clearly do give the **Arkansas Office of Consumer Affairs** something to look into with Franklin's **Chenal Fitness** operation. **The issues?** One of my several sources in Arkansas sent me a copy of the **Chenal Fitness Membership Agreement**, and according to my source, a friend for over 30 years, a person who's very well respected and a long-time veteran in our industry, **the Chenal Fitness Contract lacks two things required by Arkansas Law, and it does not comply with Arkansas Consumer Laws**. I quote:

"As far as his violating Arkansas Rules, his contract doesn't have his permit number printed on it. If we are being picky, he doesn't print the buyer's 3-day rights to cancel clause (in different larger typeface), only a block that says that. He has a couple of bait and switch clauses in fine print on the back, which includes a \$19.99 cancellation fee and an annual maintenance fee of \$40. I can tell you firsthand that his people do not mention either of these during the sale."

Folks, let's see how long it takes for the **Arkansas Office of Consumer Affairs** to receive a copy of this from **one of our readers**. Given Franklin's track record, it's our hope that they will start looking into Franklin's **Chenal Fitness** operation if they have not started looking

into it already. So folks, **STAY TUNED** as we watch and report on what's going on in Little Rock!

•This from my friend, **FRANK O'ROURKE**, who works for **StairMaster** and **Schwinn Fitness**. Frank has been instrumental, and the **point man and leader**, of a group that's addressing the sad and horrible issue of **suicide**. **Frank and friends** became deeply involved in this awful and secretly whispered about event, an event that depressed, upset and forlorn people chose to end by committing suicide. Frank became involved in this work because of the sad suicide of his long-time friend and associate, **SCOTT DENNIS**. I also write this in memory of my long-time industry friend, **SCOTT MANION, formerly of CheckFree**, who took his own life a year ago. **May SCOTT DENNIS and SCOTT MANION Rest In Peace**. Frank, and a group of caring friends and associates, have developed an amazing **National Suicide Prevention Website: www.4life4all.org**. Frank wrote to me: "Our new and redesigned website went live yesterday. I wanted to pass it on to you as the first in the industry to see it. We believe the video link on the home page is really powerful." Folks, I did go to **www.4life4all.org** and viewed the **amazing website work Frank O'Rourke and his Team have done**. I view this clearly as **GOD's work assisted by Frank**



Norm Cates

O'Rourke and his Team of people who truly care and want to help anyone who's down and out and thinking of escaping it all through suicide. This is a **bonafide National Suicide Prevention Website**, and their compelling **Mission Statement** says a lot:

4life4all.org is dedicated to **suicide prevention and healing the victims of parental suicide through research, education and advocacy**. **4life4all.org** also provides **scholarships and financial aid to children who are victims of parental suicide**. **With your help and support, we can empower people of** (See Norm's Notes Page 7)

About Club Insider

Established in 1993

21 Years and Counting!

CLUB INSIDER is published by Cates Media, LLC. in Marietta, Georgia. Those wishing to reproduce any portion of this publication may do so, provided it is not for resale in other publications. Reprints for commercial use are available for a fee by request.

PUBLISHER and EDITOR - Norm Cates, Jr.
ASSISTANT PUBLISHER - Justin Cates

PRINTING and MAILING SERVICES - Walton Press
www.waltonpress.com

CLUB INSIDER
 P.O. Box 681241
 Marietta, GA 30068
 (O): (770) 635 - 7578
 (F): (678) 826 - 0933

www.clubinsideronline.com

Edition #248

Thank You to Our Contributing Authors

- Rick Caro - President, Management Vision, Inc. - (212) 987 - 4300
- John McCarthy - 25-Year Executive Director of IHRSA
- Joe Moore - IHRSA President & CEO - (800) 228 - 4772
- Bill McBride - Founder, BMC3 - BillMcBride@bmc3.com
- Bruce Carter - President, Optimal Design Systems International - (954) 385 - 9963
- Casey Conrad - Communications Consultants - (800) 725 - 6147
- Deneen Laprade - Marketing Coach, Susan K. Bailey Marketing & Design - (888) 349 - 4594
- Derek Barton - Owner, Barton Productions - derek@bartonproductions.com
- Donna Krech - Founder and President, Thin & Healthy's Total Solutions - (419) 991 - 1223
- Greg Maurer - New Paradigm Partners - gmaurer@newparadigmpartners.com
- Jason Reinhardt - Founder, Go Mad Fitness - (734) 241 - 6130
- Jeffrey Keller - President, Independent Health Club Networking Association - Jeffrey_Keller@msn.com
- Jim Thomas - President, Fitness Management USA - (800) 929 - 2898
- Karen Woodard-Chavez - President, Premium Performance Training - Karen@karenwoodard.com
- Laurie Cingle - President, Laurie Cingle Consulting and Coaching - laurie@lauriecingle.com
- Maria Parrrella-Turco - COO, fitRewards! - map@newparadigmpartners.com
- Nancy Trent - Founder, Nancy Trent & Company - nancy@trentandcompany.com
- Robin Schuette - Co-owner, MedFit Partners - rschuette@medfitpartners.com
- Ron Alterio - Northeast Regional Director of Sales, Visual Fitness Planner - ron@myvfp.com
- Stephen Tharrett - Co-Founder and Principal, ClubIntel - (866) 691 - 9223
- Thomas Plummer - National Fitness Business Alliance - (800) 726 - 3506
- Tracey Bourdon - Marketing Coach, Susan K. Bailey Marketing & Design - (888) 349 - 4594
- Will Phillips - Roundtables for Executives - Will@REXRoundtables.com



FIT



RIGHT



IN



Be a part of the hottest and fastest growing full size fitness franchise.

- Highest franchisee satisfaction ratings in the category
- Professional & proven systems and support
- Most competitive and progressive model in the industry
- Network of great operators as your partners

Call John Merrion at 800.669.7162 or visit CrunchFranchise.com.



“Insider Speaks”

The Evolution of CLUB INSIDER

By: Justin Cates

Part II

Welcome to **Part II** of an important 3-part article series that I am both proud of and excited to produce and bring to you. As you, our loyal readers know, we continually try to improve **CLUB INSIDER**, from ease of use in print and online to continuing to provide more and more valuable content that can help the health and fitness club businesses you own and operate become better and better. Some improvements come unannounced, as many are minor. We take the *Red Lerille approach* and try to improve something *every month*, no matter how small; however, there are some big improvements coming in the next few months that we have been working on for a while. Today, we continue the process of sharing those improvements with you and announcing when you can expect them.

In **Part I** of this article series, we announced the launch of The **CLUB INSIDER Archive Library** with which you can now view any edition of **CLUB**

INSIDER ever published (248 editions to date!). This makes a **Paid Subscription** to **CLUB INSIDER** more valuable than ever and the best deal in the health and fitness club industry for knowledge tools that can increase your business. Our second announcement in that article doubled down on our goal to provide tremendous value to our **Paid Subscribers**, and that was the advent of our **\$10 a Month Subscription Option!** If you are not yet a **Paid Subscriber** to **CLUB INSIDER**, now is the best time ever in which to become one. I welcome you to fill out the form on **This Page** or go to www.clubinsideronline.com/subscribe today. You will be happy you did!

The CLUB INSIDER App

This month, we are proud and excited to announce the **CLUB INSIDER App**. On **October 1, 2014**, the **CLUB INSIDER App** will launch on Apple and Android platforms for phones and tablets at no cost. As more and more daily computer use is shifting to mobile devices, we recognize this to be the way to better bring daily,

weekly and monthly content to you *where you are and when you want to consume it*. On launch day, the initial features of the App will include everything you can find and do on our website (including all archives dating back to 1993 for \$10 a Month!), but monthly improvements to the App are scheduled, and they will bring a multitude of additional functionality to your fingertips.

Coinciding with the launch of the **CLUB INSIDER App**, an enhanced mobile version of our website will also go live. Currently, our website is the same across all devices, which in some cases, is not as user-friendly as it could be. To further embrace the imminent and permanent shift to mobile, this was a must for us, and we felt coupling this to the launch of the App made sense. Of course, we still want you to download the App because there will be features and functionality there not found anywhere else across the **CLUB INSIDER Platform**.

So, why are we doing this and what does it mean to you? Simply put, the fact is we are doing this for you, our loyal readers of **CLUB INSIDER**. We want to continue to be *The Pulse of The Health and Fitness Club Industry*, your top source for content that can aid your health and fitness club business. Whenever taking a course of action that affects our business, our first step is to think about how it will affect our readership. Only positive steps forward are taken, and we believe this to be a very positive step.

• • •

Stay tuned for our **October 2014 Edition**, as **Part III** of this article series will be published. In **Part III**, we



Justin Cates

will be making several more exciting announcements about **The Evolution of CLUB INSIDER!** These are not to be missed because they will further evolve our product and literally change the face of **CLUB INSIDER** as you know it.

(Justin Cates is the President and Assistant Publisher of CLUB INSIDER and grew up in the health and fitness club industry. Justin was born into a club business family in 1985, and from the age of eight, he spent his non-school and sports hours in a home that doubled as CLUB INSIDER Headquarters. He has lived and breathed this industry for 29 years, since his own day one. Cates graduated from the Terry College of Business at The University of Georgia in 2007 and then went on to two years at The Art Institute of Atlanta, where he studied Interactive Media Design. Now, he is an integral part of the “Story” of Norm Cates and CLUB INSIDER. Justin can be reached by phone at 423-314-4310 or email at Justin@clubinsideronline.com)

Subscribe to CLUB INSIDER



Name: _____

Company: _____

Address: _____

City, State, Zip: _____

Phone: (____) ____ - _____ Email: _____

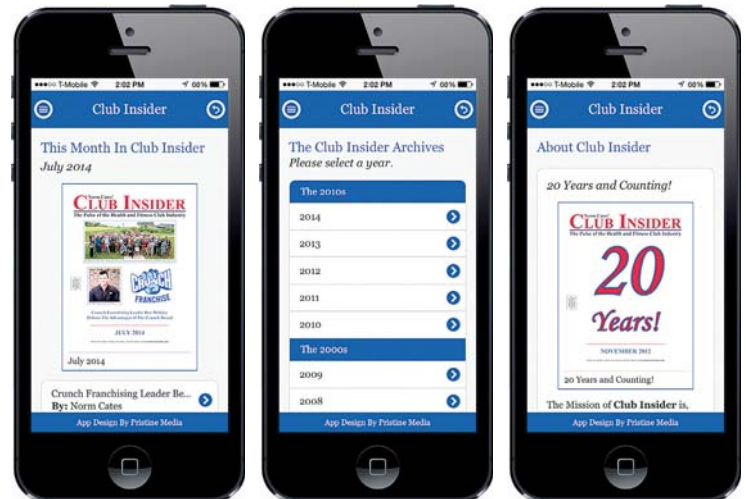
____ \$89 - One Year (includes 1 year print & online + 14 archived years online)

____ \$149 - Two Years (includes 2 years print & online + 14 archived years online)

Credit Card #: _____ Exp: ____ / ____

Mail form with payment to: CLUB INSIDER
P.O. Box 681241
Marietta, GA 30068

Or go to: www.clubinsideronline.com/subscribe



...Norm's Notes

continued from page 4

parental suicide. With your help and support, we can empower people of all ages to make positive life decisions through Awareness, Education, Counseling, Prevention and Financial Aid! Will you join us in our fight against suicide?

In 21 years of CLUB INSIDER Publishing, I've never seen, nor have I ever written about a sadder and more awful situation than the topic of suicide. I want to urge you to ACT RIGHT NOW if you know of ANYBODY who's down and out and who might be a candidate for suicide. If you know of someone whom you believe might fit this description because of the circumstances you are aware of, please STOP reading this CLUB INSIDER Edition now, pick up the phone and call your friend and give them hope... DO NOT hesitate! Do it NOW! If you get no answer, text them or send them an email. But, call first! Encourage them and help them deal with what's troubling them. Even better, GO TO THEM PHYSICALLY IN PERSON and talk to them. Give them a reason to live on... give them a way to save their own life! Your friendship and outreach alone could save their life!

No matter what you do, please **DO help them figure out that all's NOT LOST, and THEIR LIFE is VERY, VERY PRECIOUS and they can turn things around if they will just stick to LIFE and find their way to view: www.4life4all.org.** God bless Frank O'Rourke and his wonderful Team of friends who've had the courage to address one of the saddest and most horrific subjects there is with mankind on this beautiful Earth: **Suicide.** If anyone would like to contact Frank about this potentially lifesaving work, he can be reached by email at forourke@stairmaster.com or by phone at: (918) 743 - 2008 (office) and (918) 630 - 6500 (mobile). Stay Tuned!

•The ABC Conference and Expo is produced by PETE BROWN Publisher of Athletic Business Magazine and will be held November 12-15th in Orlando, Florida. For exhibiting information, contact ADAM O'BRIEN or call (800) 722 - 8764, Ext. 147 to reserve your booth. Orlando's a great place to mix a business trip with a family trip, too!

•Time's flying by, and before you know it, Christmas and the New Year will be here! Thank goodness college football starts August 27th! But, don't fail to prepare your marketing campaign for the busiest time of the year in our industry: **January,**

February and March. We just happen to have a terrific resource for you, and that's Susan K Bailey Advertising! Check out their Ad this month on Page #23!

•Don't forget that Big JOHN McCARTHY will be honored with Club Industry's Lifetime Achievement Award on Thursday, October 23rd, 9:15 - 9:45AM at McCormick Place in Chicago. I'm hoping you will join me in cheering for John when he receives this high honor. I also hope to see y'all at the Club Industry Show Welcome Reception, to be held at The America Junkie on Wednesday, October 22nd, 6:00 - 7:30PM. Also, the opening Keynote Speaker, GERRY O'BRIEN, will present: The Fitness Club Formula - Building a Powerful and Profitable Brand right after Big John's honor presentation, 9:50 to 10:50AM.

•Speaking earlier of our terrific CLUB INSIDER Advertisers, they're an awesome bunch of great companies... they're folks you can TRUST and DEPEND ON when you do business with them! Our advertisers are some of the best companies in this industry, and that's because we don't accept advertising from just anybody selling any product that comes along. In FACT, for 21 years, I've taken a position with CLUB INSIDER that I will not accept advertising from the

following industries: (1) Travel agencies of any kind; (2) Supplement companies; and (3) Multilevel marketing companies. And, I limit our number of advertisers from a particular industry category, which for example, is why you will only see Planet Fitness, Crunch Fitness and Orange Theory Fitness as advertisers in CLUB INSIDER for the franchise sector. During the past three years, I've turned down five club franchise companies who wanted to advertise in CLUB INSIDER because of this policy. I also happen to believe there are FAR too many health club franchises out there, and a lot of them are not going to be good for you folks or folks who want to be in your shoes as club operators. I believe in having advertisers that are the BEST in their category, and I can honestly say that our advertisers have been loyal. We truly appreciate their loyalty and their business! I urge you to go to Chicago for the 2014 Club Industry Show, October 22-24 and stop by the Exhibits of the following CLUB INSIDER Advertisers:

Company	Booth#
Club Industry	#331
CLUB INSIDER	#631
2XL Corporation (GymWipes)	#652
iGo Figure	#426
Jonas Fitness	#405
Motionsoft	#627
Sports & Fitness Insurance	#228
Visual Fitness Planner	#713

•Speaking of football... we lost MOOSE! My lifetime friend, and former Rome Free Academy High School football teammate, the one and only, BRUCE "MOOSE" TOWNSEND, passed away on July 25th from ALS, a/k/a LOU GEHRIG's Disease. Moose was one heck of a guy, and he was loved by many of us. Sadly, just one week prior to his passing, Moose, even though he had to attend in a wheelchair, had the chance to be with over 300 family and friends at a fundraiser his family held for him on July 18th. His brother, and another lifetime friend of mine, RONNIE TOWNSEND, told me after Moose had passed away that Moose was extremely happy about the chance he had to see so many friends, and Moose had told him the last five days were the happiest of his life. Then he was gone.

Ironically, our 50th Reunion of our RFA Class of 2014 is set for August 15 and 16th, and I'll be there to see all of our friends who can make it. Surely, we'll remember Moose and celebrate his life, along with our other RFA Classmates who've passed away. May Moose Townsend, and all of those in our Rome Free Academy Class of 1964 who've passed away, Rest In Peace. Moose's passing at such an early age of 68 affirms my decision made in May to align my two Atlanta party events that I've been throwing for years, The Great CHARACTERS and LEGENDARY Ladies of Atlanta

(See Norm's Notes Page 8)

Orangetheory[®] FITNESS

High-Intensity Interval Training:
2014
Voted #1
Fitness Trend

250+ studios awarded

Affordable Group
Personal Training

Entrepreneur
FRANCHISE 500
RANKED
2014

SEEKING QUALIFIED FRANCHISEES NATIONWIDE

- LOW OVERHEAD
- LOW FIXED EXPENSES
- HIGHLY EXPERIENCED MANAGEMENT TEAM
- COMPREHENSIVE TRAINING AND SUPPORT

WWW.OTFFRANCHISE.COM 954-530-6903

...Norm's Notes

continued from page 7

Parties, to help AUGIE and LYNNE NIETO'S Augie's Quest raise money to defeat the dreaded, cruel and horrible disease, ALS. Yesterday, I received the first check for the Augie's Quest cause by this Great CHARACTERS of Atlanta effort from my friend, RON MILLER, in Jonesboro, Arkansas. I urge you to check out MIKE GRONDAHL's Outside Back Page Ad for Augie's Quest. Please make note of this: IF you end up contributing because of exposure to this writing, or to Mike's ad, please label your check, or mark

your online contribution as follows: MIKE GRONDAHL / Great CHARACTERS because it was Mike's comments in our May CLUB INSIDER Cover Story on Augie's Quest that caused me to make this decision to create this alliance between Augie's Quest and my two very popular events here in The ATL. Stay Tuned!

•Lots of clubs chains have been changing hands, including Gold's Gym International buying out the 23-location Rush Fitness chain (See Page #10). Also, it looks like good old HARVEY SPEVAK is still NOT going to Albuquerque, as his Equinox Company has acquired all of the

Sports Club LA locations plus Reebok Sports Club (NYC)

•Gym For Sale. The late JOHN D. EARL, Jr. was a United States Marine who deeply loved his country. In response to 9/11, he re-enlisted in the Marine Corp and went off to war five different times to the Middle East. He left behind a 3,500 square-foot gym in Hudson, New York. Surviving war and all that it involved in the Middle East, John came home and died of a massive heart attack on December 12, 2012. He was just 35 years old. The gym has a room full of Hammer Strength Machines and other equipment. The building and the gym business is debt free. LINDA ROSETI contacted me about trying to sell her son, John's gym, and she shared her story about his service to his country and his gym that needs to be liquidated. So, I told her I would write a Norm's Note about it. Linda tells me that, when John was alive and running the gym, he had about 500 members and 30 personal training clients. If you'd like information about acquiring this gym, including the building and the gym with the equipment in it in a commercially zoned location, contact Linda Roseti at situbu123@yahoo.com.

•CLUB INSIDER is a Paid Subscription based Publication. Are you a Paid Subscriber? If the words PROMOTIONAL COPY appear above your name and address on the cover of this month's edition, you are not a Paid Subscriber, and you are not enjoying the full benefits of a Paid Subscription to CLUB INSIDER, which includes one year of new editions (print and online) and online access to all 21 previous years



The Late John D. Earl, Jr.

of CLUB INSIDER archive editions. So, don't delay! Subscribe today for just \$89 for one year or \$10 a month by going to www.clubinsideronline.com/subscribe.

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

(Norm Cates, Jr. is a 40+ year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now in its 21st year of publication. Cates was IHRSA's First President, and a Co-Founder with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. Cates may be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com)

KNOW YOUR BUSINESS FROM EVERY ANGLE

iGO 360

Start your free trial.

The best cloud-based management software for handling every aspect of your club including: member data, class and trainer scheduling, compensation, POS sales and more. With data that can be viewed aggregately or by club, you'll get a 360-degree picture of your business.

- Easy to use software
- Integrated payment processing
- Scheduling
- Real-time billing
- Collections
- Door access

Free Training.
Free Technical Support.

Microsoft Partner
Gold Independent Software Vendor (ISV)

Membership & Business
Management Software

(866) 532-9588
www5.igofigure.com

Gyms for Sale

Buy A Gym | Sell Your Gym

Brokers Welcome

Fitness Management & Consulting

www.fmconsulting.net/gymsforsale

(800) 929 - 2898

SOFTWARE & FINANCIAL SERVICES



ityCity, powered by **Affiliated Acceptance Corporation**, is a practical **cloud-based software** for member management, scheduling, contract entry, check in, point of sale, reporting, and so much more.

Take a tour at www.itycity.com



AFFILIATED ACCEPTANCE
CORPORATION

Couple the *ityCity* platform with the **flexible billing services** and accounts receivable program from **AAC**. You'll maximize profitability and remove the complexity of managing members and receivables with this **complete solution**.

Learn more at www.affiliated.org

Call us today at **(800) 233-8483**



...Steve Borghi Busted!

continued from page 3

of WOW New England Clubs," Sanders wrote, holding Borghi liable for breach of fiduciary duty and his outside associate, defendant Harold Dixon, liable for aiding and abetting such a violation.

"The plaintiffs argue that this conflict of interest in which Borghi found himself disqualified him from voting to amend the Operating Agreements. This Court agrees. Manifest justice and fairness require that this Court not recognize them as binding," Sanders wrote.

At the same time, Sanders decided that Beninati and a pair of minority shareholders who joined in the suit were not entitled to an award equivalent to the entire market value of the competing clubs. Rather, she found, the court would have to take into consideration the extent to which the defendants' own capital and know-how contributed to the value of the enterprises.

The 67-page decision is *Beninati, et al. v. Borghi, et al.*, Lawyers Weekly No. 12-069-14.

A "Must-read" for Corporate Lawyers

The plaintiffs' lawyer, James L. Messenger of LeClairRyan in Boston, declined to comment on the record.

R. Todd Cronan of Goodwin Procter in Boston represented defendant Dixon and the Blast clubs and could not be reached for comment prior to deadline. But, Borghi's attorney, Charles R. Bennett of Boston's Murphy & King, noted that the ruling, while "well-reasoned," left certain issues to be resolved at a later hearing.

Bennett downplayed any potential broader implications of the decision.

"The only issue is whether the judge expands the 'constructive trust' concept" as a means of providing relief for the plaintiffs," he said. "But, at this point, I don't think this has any broader application."

Meanwhile, David B. Mack, a Burlington attorney who handles shareholder litigation, called the decision a "must-read" for any corporate lawyer or business litigator because of the way it lays out and applies a variety of legal issues that commonly arise in shareholder disputes.

"It is also helpful because it demonstrates the wide-ranging, but not unlimited options, available to the courts to fashion a remedy for breach of fiduciary duty," said Mack, a partner at O'Connor, Carnathan & Mack. "As the court itself noted several times during the opinion, the plaintiffs threw the 'kitchen sink' at the court, which challenged the court in its effort to strike a proper balance between awarding reasonable damages and granting certain injunctive relief, but not going so far as to award the plaintiffs a windfall."

Business litigator, Terry Klein of Henshon Klein in Boston, said the decision

is a reminder that shareholders and LLC members need to take their fiduciary duties seriously, which, he acknowledged, can be a tough balance to strike.

"Successful businesspeople become successful because they aggressively pursue promising business opportunities," Klein said. "Fiduciary duties are often lurking in the background of these promising opportunities. Ignoring these duties isn't going to make them go away."

Competing Venture

In the late 1990s, defendant Steven Borghi and his friend Tony Beninati opened a gym in Randolph, MA. Borghi enlisted plaintiff Joseph Masotta to perform the build-out work in exchange for an ownership share, while Beninati brought in attorney Christopher Sherwood to assist in setting up the business, also in exchange for an ownership share.

The four created an LLC called Cardio Fitness to own and operate the club. In the written 1999 operation agreement, Beninati and Borghi were designated as managers and members, each with a 26% ownership share. Sherwood and Masotta were given smaller shares.

A year later, the group opened a second gym in Norwood, owned by a separate LLC they created with a separate operating agreement, which also gave Borghi and Beninati an equal percentage of shares and a lesser percentage to Sherwood and Masotta.

At some point, the group obtained a license to use the name "Work Out World" from WOW Licensing LLC, a company in New Jersey. In exchange for a fee, WOW owner Stephen Roma agreed not to license the WOW name to any other entity within five miles of the group's clubs.

Within five years, the group opened ten more gyms in New England, each owned and operated through a separate LLC. Many of the clubs did not have written operating agreements until late 2004, when a month before Beninati died, their accountant drew them up for the new clubs. The new operating agreements incorporated a non-competition clause barring members from opening and operating competing clubs within 50 miles of any WOW New England facilities.

Three years after Beninati died, Borghi, Masotta and Elizabeth Beninati opened four new clubs under the WOW New England name.

In 2010, while tension was growing between Borghi and Elizabeth, who was taking on a more active role in club management, Borghi met Dixon, a successful Dunkin' Donuts franchisee who wanted to get into the health club business.

Borghi apparently saw an opportunity to use Dixon's business acumen and capital to expand his own health club holdings, while Dixon saw the

chance to use Borghi's inside knowledge of WOW New England operations to help him succeed in the health club field.

Borghi subsequently hired Dixon as a "consultant," and the two began meeting regularly at WOW New England headquarters, a situation that made Elizabeth uneasy.

Over the next two years, Borghi gave Dixon direct access to WOW New England's most confidential information, including membership data, revenue figures, training manuals and vendor lists. Dixon also met regularly with WOW New England staff to gain further insight.

As that was happening, Elizabeth, who opposed further expansion of WOW New England clubs in New England, realized that Dixon and Borghi wanted to engage in such an expansion. As her relationship with Borghi became more strained, she was no longer invited to management meetings and lost access to company books and records.

In January 2011, Borghi and Dixon set up "Blast Fitness," an entity that would own and operate health clubs in New England and beyond. Neither Elizabeth nor Masotta knew of that at the time, nor did they realize that Blast, taking advantage of the fact that WOW New England's written licensing agreement had expired, contacted Roma and negotiated the exclusive right to use the WOW name in New England for itself.

Meanwhile, Borghi's attorney drew up "amended and restated operating agreements" for most of the WOW New England LLCs. The amended agreements sought to eliminate the 50-mile competition restriction and stated that Elizabeth would be recognized only as a voting member if she executed the new agreements, which she refused to do.

Borghi then offered Masotta certain financial incentives to sign onto the new agreements. Masotta's shares, together with Borghi's, would represent a majority of shares assenting.

A month later, Blast opened its first club in Cambridge, within 50 miles of ten WOW New England clubs. Though Blast was actually competing with WOW New England, the Cambridge club used the WOW name, offered the same fee structure and benefits and gave members reciprocity with existing WOW New England clubs. It was also listed on the WOW New England website, used WOW New England employees and was publicized through WOW's New England's advertising budget, all without Elizabeth's input or consent.

In the end, Blast and other Dixon-controlled entities opened 13 health clubs in Massachusetts and Rhode Island operating under the WOW name, each within 50 miles of a WOW New England club.

In 2012, Elizabeth sued Borghi, Dixon, various Blast entities and Masotta

in Superior Court alleging breach of fiduciary duty and numerous other claims.

In April 2013, a WOW New England membership meeting voted to remove Borghi as a manager. Ultimately, Masotta joined Elizabeth as a plaintiff, and Sanders issued findings following a 20-day bench trial.

Breach of Duty

In her findings, Sanders rejected the defendants' argument that the 50-mile restrictive covenant was voided by the amended operating agreements. Instead, she found that the amended agreements themselves were invalid.

First, she held that, despite the defendants' arguments to the contrary, Elizabeth was a full voting member of the LLCs, and thus, her vote would have been necessary for the amended operating agreements to take effect. Though the original operating agreements were ambiguous and contradictory on that point, Sanders based her conclusion "on the words and conduct" of the parties.

"Given the fact that the parties largely appear to have disregarded corporate formalities for many years, their conduct and course of dealings are important, maybe even more important, than the four corners of an agreement that was drafted based on a template," the judge said.

Sanders also found that Masotta's cooperation was essentially paid for, in essence invalidating his own vote.

"He was acting less as a WOW New England member with the corresponding obligations that carries and more in his self-interest, thus undermining his ability to bind WOW New England generally," Sanders said, further finding the agreements invalid because they promoted Borghi's personal interests over that of the WOW New England Clubs.

Turning to the merits, Sanders found that Borghi, by misappropriating confidential information of WOW New England and using it to build a business in direct competition, was indeed liable for breach of fiduciary duty, and Dixon was liable for aiding and abetting him.

The judge balked, however, at the plaintiffs' request that damages be based on a constructive trust theory, equal to the market value of each of the Blast clubs, ruling that such an award would unjustly enrich the plaintiffs by failing to account for the defendants' own investments of time and money into those clubs.

Instead, Sanders found that WOW New England would be entitled to receive some portion of Blast products going forward as well as other injunctive relief and attorneys' fees.

(This article was authored by Eric Berkman for Massachusetts Lawyers Weekly.)

Quality and service

**NATIONAL
GYM
SUPPLY**

SINCE 1994

**2014 CATALOG
AVAILABLE NOW!**

Request a free printed copy
at www.gympart.com.

FIND PARTS FAST!

Search cardio and strength
replacement parts by serial
numbers and OEMs.

NEED A REPAIR?

Money-saving repairs and
exchanges for LCD monitors,
motors, electronics and more!

**CUSTOM CABLES
MADE-TO-ORDER!**

Select cable size, color and
length, then configure from
more than 20 cable ends.

**WE'VE GONE
MOBILE!**



WWW.GYMPART.COM

1-800-496-7278

Gold's Gym Acquires The Rush Fitness Complex

DALLAS, TX - Gold's Gym announced that it has signed a new deal to acquire The Rush Fitness Complex, a regional gym chain boasting 23 clubs in communities including Knoxville, TN; Chattanooga, TN; Dalton, GA; Greenville, S.C.; Asheville, N.C. and the Triad (north-central region of North Carolina). The deal is officially slated to close in the next month.

All 23 of the new locations will be corporate-owned, growing the brand's corporate-owned gym portfolio to 146,

a 40% increase from the gym chain's 104 corporate-owned gym count from July 2013, just one year ago, and an 80% increase from its July 2012 count of 81 corporate-owned gyms.

As part of the agreement, The Rush Fitness Complex's 23 clubs will be rebranded under the Gold's Gym name, which is expected to be complete by the end of the year and will remain open throughout the transition. All existing memberships will be honored at the new

locations, automatically converting to Gold's Gym memberships without any interruption to current members. These members will also be given the option to gain travel privileges to the Gold's Gym network of more than 700 locations in 38 states and 28 countries.

"Following steady growth this last quarter, which included the acquisition of Aspen Athletic Clubs, we are excited to kick off the second half of the year with this announcement," said Gold's Gym



President, Aaron Watkins. "There were (See Gold's Gym Page 14)

...IHRSA Institute Returns!

continued from page 3

Global Public Policy, IHRSA;

Alison Fragale, Ph.D. - Mary Farley Ames Lee Scholar and Associate Professor of Organizational Behavior, Kenan-Flagler Business School, UNC Chapel Hill;

Sandy Franco - Owner, Franco Athletic Clubs (Mandeville, LA);

Tim Keightley - Senior Advisor, Keightley Enterprises (Lantana, TX);

Alan Leach - Regional Manager West Wood Clubs (Dublin, Ireland);

Bonnie Patrick Mattalian - VP of Community Services, MediFit (Hackensack, N.J.);

Mark Miller - VP, Merritt Athletic Clubs (Baltimore, MD);

Bryan O'Rourke, MBA - CEO, Integerus, LLC & Fitmarc (Covington, LA);

Thomas Richards, J.D. - Senior Legislative Counsel, IHRSA;

Melissa Rodriguez - Senior Research Manager, IHRSA;

Debra Siena - President, Midtown Health (Chicago, IL);

Justin Tamsett - Managing Director, Active Management (New South Wales, Australia).

For over twenty years, IHRSA has provided industry-leading education to over 1,000 health club management professionals through the renowned IHRSA Institute. Alumni attest that education received at the Institute pays unsurpassed dividends for years to come. Many of the most successful industry executives, including members of the IHRSA Board of Directors, are counted among the distinguished list of IHRSA Institute graduates.

The IHRSA Institute is where

leaders learn to manage more effectively. Three full days of graduate-level education, led by a faculty of industry experts and university professors, provides a balanced curriculum that covers every aspect of club management. The Institute features small class sizes designed to facilitate interaction and foster long-term peer networking. Students are provided with valuable management tools and publications developed by IHRSA. Real-life examples and in-depth conversations with faculty and students, in the classroom and beyond, will immerse participants in the skills necessary to successfully run a club.

About the Curriculum

The course of study was developed over several months based on feedback from member focus groups and surveys. An advisory group consisting of industry leaders, who have served as Institute or college faculty, reviewed the results of this research and guided the development of the curriculum.

The IHRSA Institute is an exceptional learning and network-building experience for:

- Individuals who are new to the health club industry as managers and/or owners;
- Individuals who have been promoted from within to a new management position;
- Individuals who have managed one or more clubs for several years;
- Individuals who are developing a new club;
- Individuals who have attended in the past and want to reenergize professionally.

Rick Caro's Financial Management Session Was A Must

Even though Rick Caro started his IHRSA Institute session by explaining that he is not an accountant and has only taken one required class for his MBA, his four decades of industry experience by far make up for it.

If you have ever attended one of Caro's Financial Management sessions, you are well aware of the breadth of his knowledge in the area. Whether it is budgeting, staff analysis, cost savings or



how to figure out your bottom line, Caro is the one to listen to.

He explained that there are four key steps when starting out on figuring out the above:

1. Prepare your mission statement;
2. Prepare your vision statement;
3. Have a long-range plan;
4. Prepare an annual budget (operating and capital).

As stated, Caro has plenty in his arsenal. He touches on a lot of it



Rick Caro Teaching at IHRSA Institute

in his talks, and most of it circles back to expenses. Here are his **12 Tools of Expense Management**:

1. Accounting Controls/Security;
2. Value Analysis;
3. Bidding;
4. Negotiating;
5. Doing it Yourself;
6. Eliminating;
7. Buying Used;
8. Contracting Out;
9. Trading Out/Bartering;
10. Substituting;
11. Donating;
12. Utilizing Space More Efficiently.

Rick Caro can be reached at mgmtvision@gmail.com.

(Norm Cates, Jr. is a 40+ year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now in its 21st year of publication. Cates was IHRSA's First President, and a Co-Founder with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. Cates may be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com)



**GET A
GRIP!**



Your Group Fitness program just got a BIG HAND UP with the New Group Fitness Weights from Step Fitness!

- New Ergonomic Design expands use of hand weights in Group Fitness Programs.
- Multiple Grip Positions open up a whole new range of movements.
- New Five-Weight Lineup fits weights to a wider variety of people.
- Increase Group Business & Personal Training as excitement spreads and results get noticed.
- Available Individually, in complete sets or packaged with redesigned weight rack.
- Another First in Group Fitness from the STEP Fitness people.

Call 1-877-296-9990 for more information or to order yours today.



STEPFITNESS

Club Intel and InMoment Form a Strategic Relationship to Leverage ClubIntel's 50+ Years of Experience

DALLAS, TX - ClubIntel, a member, employee and brand insights firm focused on the health/fitness industry, and InMoment, a customer experience (CX) optimization platform that enables companies to listen to and engage with their customers, have formed a strategic relationship that will leverage ClubIntel's 50+ combined year's experience in the health and fitness club industry with InMoment's proprietary Voice of Customer technology and retail and hospitality industry expertise. This exciting relationship will offer the health/fitness industry one-of-a-kind tools for collecting, analyzing and leveraging the voice of the member to enhance loyalty, advocacy, retention and brand profitability.

The strategic relationship expands ClubIntel's repertoire of services to offer health/fitness owners and operators

a cost-effective and efficient toolkit of valuable insight tools, all in near real time using cloud-based technology: *Member experience survey collection and tracking; online measurement, analytic and reporting tools; incident management and response application; web and mobile-based reporting and sharing system and patented social advocacy tools.* The addition of these new services combined with ClubIntel's hands-on operations and insights experience provides the health/fitness industry an effective storehouse of employee and member experience expertise that can catapult clubs to greater levels of profitability.

To arrange a demonstration of ClubIntel's powerful new tracking and reporting capabilities, please contact **Stephen Tharrett** at stevet@club-intel.com or **Mark Williamson** at markw@club-intel.com. You can also go to www.club-intel.com.



Stephen Tharrett



Mark Williamson

...Gold Award to IHRSA

continued from page 3

have run individual fundraising events for "Clubs for the Quest."

The BASH raised more than \$1.7 million in 2014 and has averaged more than \$1.5 million per year over the past nine years. It brings the entire industry together to show its love of Nieto and determination to find a cure for ALS, during IHRSA's Annual International Convention and Trade Show.

According to a press release, the Power of A Awards is the industry's highest honor, recognizing the association

community's valuable contributions on the local, national and global level. The award rewards outstanding accomplishments of associations and industry professionals for their efforts to enrich lives, create a competitive workforce, prepare society for the future, drive innovation and make a better world.

"In addition to the thousands of people and their families hit by the tragic diagnosis of ALS, who now have hope thanks to Augie's Quest, countless people in the fitness industry have been touched by the efforts of Augie Nieto and his quest to find a cure for ALS," said Joe Moore, President and CEO of IHRSA. "From

the first day we learned of his diagnosis, IHRSA has delivered the full weight and reach of our industry to help."

Nieto, co-founder of industry giant Life Fitness, praised the IHRSA team.

"Congratulations IHRSA. The whole IHRSA gang should feel extremely proud of what we have accomplished," he said. "The fitness industry has made a huge impact on the research and is leading the way to find effective treatments for this devastating disease."

Nieto has certainly inspired members of the health and fitness industry. During the July 4th weekend, he walked



his daughter down the aisle, with the help of a harness. And, in March, he did leg presses at the IHRSA 2014 trade show, which followed him riding a workout bike in 2013.

For more on Augie Nieto, visit www.ihrsa.org/blog/tag/augie-nieto.

...Motionsoft/Route 66

continued from page 3

proposition, and we could not be happier that the investment will be spearheaded by our experienced partners at Route 66 and Edison Partners," said Al Noshirvani, CEO of Motionsoft. "Motionsoft will allocate a significant portion of this investment to expand sales and marketing operations."

Motionsoft CEO Al Noshirvani added, "We are also thrilled to have Route 66 partner Pascal Bouvier onboard at Motionsoft. His combined expertise as a veteran technologist and growth investor

make him uniquely qualified to advise our successful growth and expansion." Bouvier, who brings more than 20 years of experience in investment banking in Europe and the United States, and in operating emerging high-growth technology and consumer-facing companies, conducted Route 66's due diligence and will lead the investment.

Pascal Bouvier commented that, "Motionsoft's healthy, triple-digit growth is built on successful customer retention and a recurring revenue model, making the company an impressive addition to our portfolio. Route 66 is extremely confident

in Motionsoft's current operations and leadership, as well as their growth potential in both the software and payments space. With the strategic counsel, growth experience and value-added resources of Route 66, the partners at Route 66 and the executives at Motionsoft agree that this venture will be instrumental in maximizing Motionsoft's revenue, growth and development. We look forward to working with Motionsoft."

Motionsoft's core club management, payment services and marketing software automate membership retention and recruitment while providing strategic



insights to fuel business growth. Clients include health clubs, corporate and hospital-based wellness centers and universities. Motionsoft has recently added some of the fitness industry's preeminent operators including Town Sports International, Equinox and Active Sports Clubs.

..Gold's Gym

continued from page 12

obvious synergies between The Rush Fitness Complex offerings and Gold's Gym offerings, which is why this deal was attractive to us. We look forward to providing award-winning service and helping these new members of the Gold's Gym family reach their individual fitness goals."

The deal marks the entry of Gold's Gym into several new markets including Knoxville, TN; Chattanooga, TN; Dalton, GA; and Asheville, N.C. In the Triad (NC), the newly acquired clubs will join an existing Gold's Gym location in Winston Salem, N.C., which is independently owned and operated by a current franchisee.

"This is an exciting development for our Rush employees and members,"

says David Carney, President and CEO of The Rush. "We share a similar operating philosophy with Gold's Gym along with a

passion for customer service. Our members and employees will now be part of one of the strongest brands in the industry."

Make It Fun!



GET
THEM



KEEP
THEM



KNOW
THEM

Sign up new members online, from any device.

Provide convenient online member services like class sign-up, billing and outreach to keep them up to date on what's new at your facility.

Gain insights you need to retain members and increase revenue per member. Understand which members are at risk and which are your most profitable segments.

Only Motionsoft Club Management software gives you all this and more—with software built from the ground up for the Cloud—and no IT support needed.

Take a demo of Motionsoft today at motionsoft.net
and see how easy and profitable gym management software can be!



You Built Your Draft.. Now What?

By: Ron Alterio

You put in all the work to set up a recurring based Personal Training (PT) model. Now, the million dollar question becomes... how do you keep moving it in the right direction?

The First Key to Success

The first key to success is to understand, and NEVER forget, that the EFT PT draft system is a two-prong business model: new client acquisition and existing client retention. The goal is to keep the new clients coming in each month *high* and the number of existing clients dropping off *low*. The first step in accomplishing this objective is to track and respond to the right Key Performance Indicators (KPIs). Just like anything else in life, if you don't measure and quantify your actions, it's hard to make the right course corrections. However, you also don't want to make the mistake of tracking every conceivable metric; this can quickly lead to "paralysis by analysis." To find the right balance, start

small and keep it simple. Just make sure you are tracking what matters most. Below are **The Big 3**.

The Big 3

True Closing or Conversion Percentage - This metric measures the sales efficiency and skill set of your staff when an opportunity is placed in front of them. There isn't a more important metric to track. Depending upon the offerings on your menu, your TRUE closing percentage in the assessment should be between 40% to 60%. To calculate your true closing percentage, simply take the number of sales made in any given environment and divide by the number of opportunities that came into said environment. Sounds simple enough right? Unfortunately, very few clubs can produce a clean or accurate closing percentage. The biggest reason... loose tracking of opportunities, A/K/A "Padding." Padding is when a sale is put up on the board without an opportunity being attached to it. This includes, b-backs, walk-ins or walk-ups, counter sales and referrals.

For Example: Club (A) has performed (50) Fitness Assessments and there are (20) sales up on the board. At first glance, you would deduce that Club (A) is having a strong month (40%). However, after taking a closer look, (5) of those (20) sales came from pick-ups off of the floor or referrals from existing clients. In other words, the numbers were *Padded*. In reality, you would need to remove those (5) additional sales, as they came from outside of the normal selling channel (Fitness Assessment). Using the above example, the true closing percentage for Club (A) in the Fitness Assessment is only 30%.

Average Monthly Payment (AMP) is another critical number to track, as it helps measure how well your team is selling value and results versus price. The AMP is calculated by taking the total value of each new client's monthly payment and then dividing by the number of new clients. Your AMP is also a great predictor of the total amount of revenue you can expect to add to your draft each month. Typically, if you are selling more (1) time-



Ron Alterio

a-week solutions, your AMP will be lower. Additionally, your PT draft will take longer to grow, and your loss rate will be much higher. The reason is, although it may be easier to sell a (1) X a week solution, it's definitely tougher for your clients to get results and stay motivated over time with only one session per week. As such, the
 (See Ron Alterio Page 19)

LA Fitness is looking for experienced and high energy Group Fitness Instructors!
 If you are interested in becoming a fun, motivating, and dynamic instructor, and have experience teaching group fitness classes, **APPLY NOW!**



Complete an application at the LA Fitness nearest you, or online at www.lafitness.com.

If you are interested in learning to teach, sign up for our Fitness Instructor Training.

LA Fitness Instructor Benefits:

- Complimentary LA Fitness membership
- Network of free workshops to maintain continuing education towards certification
- Access to teaching at over 575 club locations nationwide, including Canada
- Free childcare while teaching, where available
- Current onsite music



Please contact: KC Lee at (949) 255-7215



visualfitnessplanner

theultimatesalesengine

THE ULTIMATE SALES ENGINE

With over 1200 clubs in 14 countries we have built the best sales systems in the industry.

LEARN MORE AT THE BRAND NEW VFP.US

The “Perfect Profit” Storm

By: Donna Krech

If you've seen the movie, *The Perfect Storm*, you know it refers to two storm fronts coming together to form a massive super-storm! Well, there are trends happening right now that my research suggests are forming the “perfect profit” storm, creating massive financial windfalls, unprecedented results and tremendous goodwill for those in the health and fitness club industry who take advantage of it.

What Is It?

I'll share my exact findings in just a moment. But first, I need to ground you in a very important concept: **Innovation**. Most people define it as a new or better way of doing something that catches on. That “catches on” piece is a very important qualifier, as the better mousetrap that never catches on in the marketplace is *not* an innovation. I'd add one other qualifier: It **adds value to your products, services and/or relationships** (Simply asking, “what can I do to make my products, services or relationships more valuable?” is a valuable business building exercise!)

Let's look at a couple of examples:

•**The adoption of EFT in club memberships** was a huge game-changer! Anyone who remembers the rotary phone is likely to remember walking into a club and being offered two choices: 1-year or 2-year, both paid in full! What that means in the marketplace is you have a higher threshold sale (big chunk of money), higher risk to consumer, higher risk to the facility (we must hit our numbers, financial instability), renewal dependent on a re-sale, etc. By implementing EFT and creating memberships where monthly dues were debited electronically, it completely changed the industry, lowering the initial cash outlay (and perceived risk) for an easier sale that not only stabilized but also dramatically increased revenues. The club wins, the member wins!

•**Incorporating weight loss into a fitness facility** was and still is a profit center match like no other. It is no secret that I built an empire out of recognizing the potential and seizing the opportunity of this synergy. But, it still amazes how few facilities fail to capitalize on this. The last stats I looked at put the health and fitness club industry at around \$20 billion while the weight loss industry was just above \$60 billion! That means you can access a larger marketplace that has a higher propensity to spend and has a need for your services (anyone who is looking to lose weight safely and effectively will need to retrain their metabolism, which they would do by



Donna Krech

working out at your facility!). Remember the example above? The club wins, the member wins! See a pattern?

Okay, with that covered, we can now take a look at some recent trends with an innovator's eye:

- Consumers want choice.** Remember the old Ford saying, “You can have the car in any color as long as it is black?” That will not fly today. A BMW can be ordered in 1,017 variations. Variety is expected in everything we buy.
- Consumers want speed.** Amazon slayed the competition with an easy ordering system, but it's maintaining that advantage with speed. Most products delivered in two days, and in some cases, same-day pickup of your item is available in strategically placed lockers.
- Consumers will pay for choice and speed.** Want a new Samsung Galaxy S5 in black? \$99 with a 2-year contract. How about a white one? \$149 on the same contract. Want it delivered to your door by tomorrow? Add another \$20 to the total price.

As you think about that, I'll share an observation about the weight loss industry. It has a terrible long-term track record! Most dieters lose weight only to gain it all back and more! Some of that can be tied to bad programing, some to lack of compliance and the list goes on. So, what of the folks who have a good program, follow it religiously and still don't lose weight?

Well, that got me curious, and I started researching. While digging through thousands of case studies, I got my first clue... Things change around 35 years of age. More digging would flush out that hormones were at play. Insulin was my first guess (was it yours?), but it turned out that it was only the tip of the iceberg as there

(See *Donna Krech* Page 19)

FITREWARDS®
 Because loyalty counts.

Reward your members for actions and accomplishments that generate **YOU** results!

Hollywood Fitness in Portland, Oregon generated

OVER 200 NEW MEMBERS resulting in

\$55K

in referral revenue during the first year of their FitRewards program.

You Can Too!

You Make The Call. We Do The Work.

To schedule a complimentary consultation today call
888-762-8156
 or email
pam@fitrewards.com

*Hollywood Fitness has a membership base of 1,500. Results may vary.

“We expect that we'll save over \$100,000 a year since our members will use Member Self-Service by Jonas Fitness to access their information.”

Leisure Sports Inc. -

A Jonas client for over 10 years and one of the top 20 fitness companies in the United States.

Our integrated software does the heavy lifting by managing your club's operations and finances with powerful flexible club management solutions and payment processing.



**FREE DEMO
 DOWNLOAD**



Start increasing sales now: 800-324-9800

**JONAS
 FITNESS**

16969 North Texas Ave, suite 500
 Webster, TX 77598 | info@jonasfitness.com
 www.jonasfitness.com

Software

Payment Processing

Full-Service Billing

Mobile Interface

...Donna Krech

continued from page 18

are eight other hormones* you need to have a handle on in order to complete the picture.

*Estrogen, progesterone, testosterone, thyroid, DHEA, adrenaline, pregnenolone and cortisol

What's really interesting is that, when you start to think of things in terms of hormone management, it completely changes the way you approach a diet. Take for example, cortisol. If it is high, it is nearly impossible to lose weight. Manage it and the weight loss parameters improve immediately.

We created a program and started

testing it out with members. The results were not only amazing, but they were also predictably consistent. In fact, I named the program after the results, 20 Pounds In 30 Days!

If you've been following along with this article and keeping an innovator's eye like I suggested, what ideas were sparked by this? I'd love to hear your thoughts. Email me at info@donnakrech.com.

So, Where Is The "Perfect Profit" Storm?

Here we go... When does a consumer want their weight loss? If you said now, you'd be correct. I haven't figured out how to do that yet, but four weeks is extremely fast, and clients are happy when they can start

what's easier and less expensive.

Loss Rate is probably the *most overlooked number*, and unfortunately, it's a *big one*. Your loss rate helps measure how well your trainers are making good on the service that was sold. In other words, your loss rate measures your delivery of the product. Simply defined, your loss is any EFT payment that should have been collected for any reason in any given month but otherwise was not. This includes freezes, cancellations, NSFs etc. You would then want to compare the total amount that went

seeing and feeling results in as little as one day! There is variety, so they have choices. And, the health results are mind blowing! Acid reflux... Gone! Blood pressure... Under control! Blood sugar... Stabilized! Migraines... Eliminated! Sleep restored, night sweats and hot flashes gone and cholesterol perfected. The member/client wins? Absolutely!

The program is simpler than anything we've ever implemented without additional staff or overhead. It is a very low threshold sale that naturally leads back to personal training and other services. The marketing brings in new members (eager and willing to pay for results!), the program makes a profit (we did \$65,000 NET in five months of testing on a shoestring budget), and your base expands for backend sales. The club/facility wins? You bet!

uncollected to the amount that should have been collected. If you want your draft to grow as fast as possible, the goal should be to keep your loss rate (the difference between the projected and actual draft collected) under 10%, ideally around 6 - 7%. For example, if your projected draft in any given month is \$20,000, yet by month's end, you only collected \$18,000, your loss rate was \$2,000 or (2k/20k = 10%) Anything above 10% will make growing and sustaining the draft very difficult.

There you have it. You spent all

We're beta testing this in a few of our other clubs, and the results are equally impressive! This is exciting news, and I truly believe this is going to be the next BIG thing in our industry. If you have any interest in our research or in being a beta tester, please contact **Shelley** at our office at (419) 991 - 1223.

The marketing works, the program works, people love it, it brings in new clients and it increases revenue... If that isn't a "perfect profit" storm, I don't know what is!

(Donna Krech is a veteran club owner-operator, as well as world-renowned weight loss guru. Donna can be reached at info@donnakrech.com)

the work and energy getting this EFT draft machine up and running. Don't assume it will remain that way. To continue building and growing it, you first have to know where to look. Don't go crazy trying to measure every metric, but you absolutely need to look under the hood and track the basics: **Your true closing %, your AMP and your loss rate.**

(Ron Alterio is the National Sales Director for the Visual Fitness Planner. He can be reached at 717-645-3899 or ron@vfp.us)

Sell The Dream

By: Derek Barton

Recently, I visited my good friend, celebrity fitness trainer, Grant Roberts, and before I knew it, I had stripped down to my boxer shorts and was rotating on his Fit3D machine. I'll be right back after these messages.

When I was at Gold's Gym, I said to my colleague, Neal Spruce, the head of our nutrition department back in the late '80s, "I wish we had a computer program that showed people how they look now and what they could look like with our help."

No such computer program existed back then, but Neal was that human program who transformed the celebrities I brought to him into the bodies they needed for their particular movie part or athletic event. Gold's Gym Venice, "The Mecca of Bodybuilding," had a reputation for building the best bodies in the world. Neal was my go-to guy there. He did his magic by providing the best nutritional advice and custom workouts to our elite members who needed our help in a short period of time.

I knew what we were selling back then, dream bodies. No matter who you were or what goals you had, we had the fitness expertise to give you your ultimate dream body! We had the best trainers, the best equipment and the best atmosphere to get you healthy and fit. Period. We took what we did seriously. Even our tagline said it, "Serious Fitness."

People counted on us to kick their butt and get 'em in shape. I used to watch with awe as Neal lectured to overweight and obese people. He would even give the women tough love when they would ask, "How do I get rid of cellulite?" "Cellulite is a polite word for fat," he would answer. "You're fat! Deal with it! Eat right and train right, and that 'cellulite' will disappear."

I would cringe at Neal's honesty, but it was that tough love that people needed. He would end his seminars with, "You would gladly pay me anything if I could give you your dream body in 12 weeks. All I'm asking today is \$295. The program is guaranteed. If you don't see a dramatic change in the way you look and feel, it's your fault, not ours!" Like

children following the pied piper, all those overweight and obese people followed Neal in their quest for their dream bodies. And, Neal delivered. He still does today.

So does Grant Roberts, whom I met at Gold's Venice when he brought in Hilary Swank to get her in shape for Clint Eastwood's movie, *Million Dollar Baby*. Grant only had nine weeks to get her in shape since another trainer before him had failed. The results were obvious as Hilary won the Oscar and Golden Globe and thanked Grant in her acceptance speeches. It's no wonder that Grant is great friends with Hilary and Clint today, and he even trains Clint's buddy Morgan Freeman and other celebrities.

Neal Spruce and Grant Roberts are still my go-to guys today when I need honest answers on health and fitness issues, both for myself and for my clients. They understand what they are selling. To them, it's NOT about selling memberships, it's about selling custom programs that are tailored to each individual in order to get them to their optimum levels. Grant always felt that health clubs should give away



Derek Barton

their memberships for free and just charge for the programs. It's what he does at his private training studio in Beverly Hills.

When it comes to our health and fitness, we are all in denial in various ways. We all think we are in okay shape. We all think we can still junk out, and maybe tomorrow, we'll eat better and maybe do
 (See Derek Barton Page 23)



**YOU HELP YOUR CLIENTS
 REACH THEIR GOALS.
 LET US DO THE SAME FOR YOU.**

Sports & Fitness Insurance Corporation is a full service agency, focused solely on the fitness industry, offering business, commercial and personal insurance since 1985. Contact us today to see how we can help you meet your insurance needs.

1.800.276.8392 | ANTHONY@SPORTSFITNESS.COM



SPORTS & FITNESS
 INSURANCE CORPORATION

TO US, QUALITY WILL NEVER
BE A FOREIGN CONCEPT.



That's why we manufacture every Iron Grip product in the USA. Other free weights are manufactured overseas, which means you can't be sure what they're made with. Or how they're made. Or when they'll arrive. With Iron Grip, we establish the standards, we use the best materials and production processes, and we oversee the production. When you choose Iron Grip, you know what you're getting, and when you're getting it. For more information, call 800-664-4766 or visit us at www.iron grip.com.



IRON GRIP
BARBELL COMPANY

How to Create a Great Kids' Area for Your Club

By: Bruce Carter

The question on whether to offer a kids' area is a continuing one in the health and fitness club industry.

Some say very few members use the area, so why waste the needed space and add to the payroll? This is especially true if a club is offering lower prices or if it is smaller in size.

Yet, others say it's a necessity to attract parents who could not join, unless they had a place to leave their kid(s).

The purpose of this article is to assume that you are planning to have an area for kids, and therefore, how do you achieve the optimal kids' space?

Kids' offerings in clubs fall into three general categories:

1. Some of them have too little space, are too crowded, dirty and cluttered. Most people wouldn't want to leave their kids in such a space. Yet, some will because they have no other option.
2. For some of them, you'd be okay or even happy to leave your kid in the space. It has some room and energy. This usually adequately serves the purpose of a kids' area.
3. Your kid loves what he sees in the kids' area so much that a potential member may join as much for his kid as he does for himself.

Here are recommendations for creating the best kids' space for your club:

Safety - No matter what you choose, safety is the first concern. Design and décor should be inviting but minimize any potential problems. For example, all wall outlets should be GFI rated.

Size - In general, a kids' area should be a minimum of 200 - 250 square feet. Anything smaller puts you in the first category above. Depending on the size of the club, kids' areas can be between 300 to 800 (or more) square feet for the second category. The third category needs over 1,200 square feet to adequately make the space a "draw" for kids and parents. It is imperative to have a bathroom in any kids' area.

Design - Depending on the size of the space, design may be very basic. As you get into the larger size spaces, it is desirable to have kids enter into a "corral" or gathering area with a small reception desk before they enter in to the main space. This enables the staff to better control who goes in and out of the space. This space is separated by a half wall (30 inches high) and a half door. This area would also have cubbies for parents and kids to store certain items.

The use of windows is good for people to see in, especially if the area is attractive and inviting. However, when

kids are able to see the parents, they often can start crying. So, it's a good idea to use a one-way film on the glass so kids can't see out. Also, it's a good idea to install a monitor (or "kiddy cam") at the cardio area enabling parents to see their kids in the space.

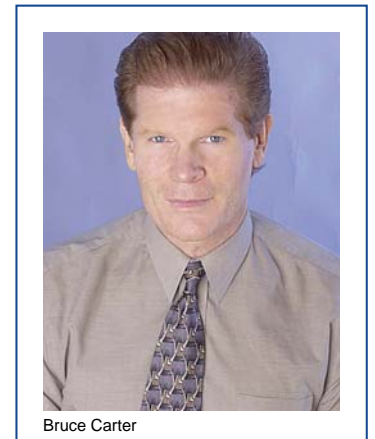
For larger spaces with programming, an office and storage is recommended.

Finishes - Kids' areas take a lot of wear and tear, so the finishes should make the area easy to keep clean and maintain.

Flooring is best with some type of rubber or soft vinyl product. Rubber should not be mostly black but should have more color in it. Carpet is okay and should have padding under it. However, lower cost carpet options will typically last only 3 - 5 years. The bathroom floor should be vinyl or tile.

Walls should be painted semi-gloss or satin but will need to be painted regularly. It is recommended to use either laminate, rigid sheet vinyl or carpet on the sides of walls in areas where they get dirty easily. This will look better and will be easier to clean, so it will take less time to keep the area clean.

Colors - Bright energy colors work well for these areas and can look different than other areas of your clubs. Use more than one color in the room.



Bruce Carter

Graphics - There are many graphics choices appropriate for kids' areas online, such as art.com or shutterstock.com. Also, there are great decal options available online to stick on a variety of colorful characters or scenes for the walls. These are inexpensive and easily add more fun and energy to the space. The graphics need to work for girls and boys of the general ages of those utilizing the space. You may also choose to have a mural painted, but the end result should have a quality look to it.

Things such as kids' blackboards also allow kids to be creative, and colored chalk is a good idea. It is also important to have some type of TV (bigger, such as 60" (See Bruce Carter Page 24)

The Amazing SPIRIT Club!

BETHESDA, MD - Fitness expert, trainer and disabilities support counselor, Jared Ciner, has developed SPIRIT Fit and Health, a program that is breaking down barriers that keep individuals with disabilities isolated and physically inactive. The mission of SPIRIT Fit and Health is to create opportunities for those with developmental disabilities to learn to maintain and appreciate a healthy and active lifestyle and to encourage independence and integration. Individuals with special needs are 58% more likely to be obese than the general population, as well as having an increased likelihood of anxiety, depression and social isolation. Ciner has created programs that are specifically designed to combat these tendencies by creating a welcoming, interactive and educational environment where individuals exercise, socialize and learn.

Ciner, Executive Director and Founder, created the idea of the SPIRIT Club (short for *Social Physical Interactive Respectful Inclusive Teamwork*) after

working as a support counselor at Jubilee Association of Maryland and seeing the need for a program that melded the social and health goals of his clients. Drawing on his degree in Psychology from University of Maryland, he launched in April of 2013. The 8-week program is designed to familiarize people who have Down syndrome, autism spectrum disorders and other developmental disabilities with healthy behavior, exercise and nutrition. SPIRIT Club partners with the Jubilee Association of Maryland 501(c)(3) to provide scholarships for individuals in financial need.

Ciner's experience as a children's swim instructor and Athletics Specialist volunteer in Addis Ababa, Ethiopia, enabled him to understand the impact that structured physical programming can have, not only on a person's physical health but their emotional wellbeing and social functioning as well. The SPIRIT Fit and Health was created to tap into these important elements of independent

living and cater towards populations that tend to be the most under-served and unaccommodated for.

"This population typically doesn't see a fitness center as a place catering to them," Ciner says. "It can be intimidating." Not only does Ciner cater towards people with developmental disabilities, he also employs them. Sam Smith, a former client with Aspergers Syndrome, is now a certified trainer at SPIRIT Fit and Health. His role as a self-sufficient trainer defines SPIRIT's mission of enabling individuals with developmental disabilities to become more independent and integrated into the community. With Ciner's guidance and support, this goal became a reality.

"SPIRIT Fit and Health is about getting exercise and moving around. And most importantly, it's about having fun," Ciner announced. The exercise setting has the potential to strengthen social bonds as well as muscles, Ciner says. As of June 1st 2014, Spirit Club now has its own permanent standalone space to call home.



(T to B) Sam Smith, Elli Charles, Elaine Carney, Justin Frevert, Maurine Yap and Arvin Patnaik

For more information, please contact Dara Kaplan by email at Dara@WunderlichInc.com or phone at (646) 620 - 4663.

SKB'S GOT BUNDLES?



YES! WE'VE BUNDLED OUR DESIGN AND COACHING SERVICES...

...offering you the best marketing tools and planning to maximize return and show measurable results for your business. **We have bundles to fit your budget.** Choose from Core, Balance or Power and watch us help you reach your goals faster, build consistency in your brand, take the guesswork out of your marketing and penetrate your market.

- Coaching Sessions • Marketing Plans
- Promotional Calendar • Compelling Creative

We want you to succeed. Our commitment is to provide better thinking, brighter creative vision and execution that support your marketing goals and needs.

- We also offer:
- Email Blasts • Retention & Referral • Mobile Sites / QR Codes
 - Frames & Displays • Website Development • Guerrilla Marketing



BETTER THINKING BRIGHTER VISION



Contact us to get started today!

1.888.349.4594

susankbaileymarketing.com

*Includes 4 months coaching. Certain restrictions apply. Must be a first time coaching client.

...Derek Barton
continued from page 20

a little more exercise. We never do, and neither do your members. We treat our cars better than ourselves! We do the necessary routine check ups. Our mechanics tell us what needs to be repaired and the danger zones that lie ahead, whether it is worn tire tread or thin brake lining. We hate to, but we pay those maintenance fees to make sure our cars are in optimal shape so they don't break down. We pay more money annually to maintain our cars than we do our own bodies. What's wrong with this picture?

THAT'S THE PROBLEM. We don't paint the right picture for our customers. Grant painted me the right picture when I visited his Beverly Hills private training studio (paparazzi free) to show me his new 3D body composition machine. It was very cool looking, one that you might see on *Star Trek*, keeping Captain Kirk and his crew in shape.

I stripped down to my shorts, grabbed the metal handles, stepped on the metal footpads and slowly rotated 360 degrees on his Fit3D machine. In less than five minutes, Grant had a complete readout of all my vital signs. I saw my 3D image on his computer and knew in an instant what I had to work on. I immediately thought that this was the ultimate win/win tool for every health club on the planet. It's what I had envisioned back in my days at Gold's in the '80s. And now, here it was, 30 years later in all its glory.

I literally found out what I was made of. That Bodivis body composition test gave me a clear picture of my hydration, lean muscle mass and bone and body fat percentage. It even identified imbalances in my left arm, right arm, left leg, right leg and core. Grant explained to me that, to optimize my health, I needed to establish a short-term goal of adding 3 - 4 pounds of muscle and losing eight pounds of fat, and he gave me a timeline to get it done.

He gave me the vision of a healthier and fitter body for golf, skiing and all the other extra curricular activities I love doing. The dream of driving the golf ball farther than my buddies and two younger brothers made me smile and inspired me to pass on the soda and candy that night at the movies. It also got me back to training seriously again. This past Saturday, I won my annual golf tournament. Better still, I was runner-up in the Long Drive contest. I got beat by a 24-year old. Barely. I'm still smiling.

Forget selling memberships! Sell the dream! We all have one!

(Derek Barton is the owner of Barton Productions. Derek can be reached by email at derek@bartonproductions.com)

How Do You Calculate Retention?

By: Retention Management

Webster's defines retention (ri-tent-shun) as the act of keeping in your possession.

Retention certainly receives a tremendous amount of discussion and press in our industry. Rightfully so because of the key role it has in the financial success of every club. However:

- Do you know what your club's retention numbers are?
- Do you know how to accurately calculate retention?
- Do you know how to measure the financial impact of retention?

Let's start with some retention statistic fundamentals:

•It is referred to in a percentage format and tells you what portion of your members stayed members in the past year.

•To calculate your retention percentage accurately, you should be using twelve concurrent months of data. However, this does not need to be January through December, it can be calculated from June to May, July to June, etc.

•The median membership retention for clubs is 66% (as reported in IHRSA's, 2013 Profiles of Success). This means that, for every 100 members, 66 members stayed and 44 of them cancelled in a 12-month period.

The most common misconception is that the retention percentage is derived by adding total cancellations in a year and dividing by the year-end membership total. But, this does not take many variables

into consideration. The following steps outline the generally accepted method of accurately calculating your retention:

Make a 12-month chart and record the following each month:

•Beginning Monthly Membership for each of the last 12 months. This is calculated as follows: Previous Months Beginning Membership **Plus** (+) Number of Sales Previous Month and Number of Reinstated (or unfrozen) Memberships **Minus** (-) Number of Cancelled Memberships and Number of Frozen Memberships

•Total Cancelled Memberships for the last 12 months.

•Total the Beginning Monthly Memberships column over the last 12 months, then **Divide** by 12 to derive an Average Beginning Monthly Membership.

•Total the Cancelled Memberships for Last 12 Months **Divided by** (/) Average Beginning Monthly Membership **Equals** (=) Annual Attrition (to convert that to retention take 1 minus attrition).

Sample Club Retention Calculation:

Month	Membership	Cancellations
Jan	1,000	25
Feb	1,050	25
Mar	1,060	30
Apr	1,040	30
May	1,035	30
Jun	1,030	35
Jul	1,025	35
Aug	1,005	35

(without lights), hot air balloon lanterns and kites.

Noise Issues - Kids' areas, if next to an area that requires quiet, such as a yoga studio, should have sound insulation in the walls. Ideally, the walls should go to the ceiling.

Some other key aspects for larger kids' areas include considering having three different sections. One is the main area for kids between 2 - 8 or so. The second section, that is much smaller, would be for infants up to two and if they are sleeping in a carrier or stroller. The third section is for ages 8 - up to early teens. This again is a smaller section with counters for playing video games. Typically, there is no place for this group to go, especially young teens who you do not want (and they do not want) to mix with 5-year olds in a kids' area. This gives them something entertaining to do in a space of approximately 100 square feet.

Sep	995	25
Oct	995	25
Nov	1,010	25
Dec	1,015	25
Tot	12,260	345
Avg	1,022	

Total Cancelled Members (345) / Average Beginning Membership (1,022) = Attrition of .3375 or 33.75% The Retention percentage is then 1 - .3375 = .6625 or 66.25%.

Your retention percentage is an important management tool and should be measured monthly on a rolling 12-month basis. Why is this important?

- What gets measured is more likely to be acted upon.
- Your retention numbers are an excellent indicator of your operational success and can validate or direct you to areas that need more attention.
- It can help you to develop future operational strategies.
- You can better track trends in your club membership over time.

Finally, and this is extremely important, knowing your retention numbers will enable you to budget, justify and then evaluate the cost of your retention improvement initiatives.

Take for example the 345 annual cancellations listed above. Let's say you have a program that you believe would result in retaining or saving three members per month (36 members annually) but would cost \$5,000 in additional supplies and payroll to run annually... It is a simple

process to determine if the increased expense would be a worthwhile investment:

Multiply the number of members you project to save (36) by the individual dues revenue of each member (let's say \$50) and multiply that by 12 months:

$$(36 \text{ Members} \times \$50 \text{ Dues}) \times 12 \text{ Months} = \$21,600 \text{ in revenue}$$

Many clubs prefer to take it one step further and also take into account the revenue per member generated from ancillary services (personal training, massage, pro shop, etc). The formula would then be:

$$[(36 \text{ Members} \times (\$50 \text{ Dues} + \$10 \text{ Non Dues})) \times 12 \text{ Months}] = \$25,920 \text{ in revenue}$$

For simplicity, we used data from a relatively small club, and yet, the increased revenue generated from saving just a few members per month demonstrate that a big impact will be made on revenue, and ultimately, net profit. The seemingly large \$5,000 investment would yield \$25,920 in additional revenue, a worthwhile investment in any industry!

Investing in retention makes good business sense. However, knowing your numbers is the first step in determining what action to take and is a key indicator on the success of actions taken.

Please Note: If you would like assistance in calculating your clubs retention, calculating the financial impact retention will have or would like to discuss methods for improving retention, feel free to contact Retention Management. Go to www.retentionmanagement.com.

...Bruce Carter

continued from page 22

is better) for video games and movies, and remember these types of items have to be positioned lower on the walls.

Furnishes and Toys - It is best to use durable and easy-to-clean plastic for much of what you provide in your area. Obviously, very small items should be avoided and a range of options for both girls and boys are needed. There are wonderful options online for such items.

Lighting and Ceiling Accents - For the most part, lighting can be somewhat basic, including using indirect fluorescent fixtures. In larger spaces, colorful children-oriented drum lighting is a good option. There are a variety of colorful, yet inexpensive, ceiling accents to use, including Chinese lanterns

It is important to note that, when doing an area with three different sections, have the spaces separated by half walls 30 inches high, with half doors. This enables staff to monitor all the areas, eliminating more staff for the areas.

If you want to create an area in the third category, where families join as much for the kids experience, as well as the adults, then in addition to more space, more programming will be needed.

Programs such as dance classes, early education classes and active play games with staff are all positive additions. Consider adding such items as a climbing playscape, dance revolution (where kids dance with music on a colorful floor unit that lights up when the kids move on the unit while looking at coordinated movements on a monitor). There are also a number of interactive play units for walls and floor space that get kids active

while having fun. Items such as exercise equipment machines have not proven to be in much demand because kids do not see these as fun.

If you decide to have a kids' area, make it special, no matter what size it is. If you have kids (of if you don't, find someone who does) and ask, "Would you want your kids in the space?" These areas can be a competitive asset but should be well thought out, not taking the "token gesture" approach that you have child care. Colorful fun and play is the goal.

(Bruce Carter if the Founder and President of Optimal Design Systems International. Bruce can be reached by phone at 954 - 385 - 9963 or email at bruce@optimaldsi.com)

CLUB INDUSTRY

SHOW CONFERENCE: October 22-24 \\ EXHIBITS: October 23-24
McCormick Place Lakeside Center, Chicago, IL

Club Industry Show provides a stellar conference program designed to help you in your business, inspire personal growth and provide insight into where the industry is heading.

FREE
Exhibit Hall
Use promo code:
INSIDER

Fitness LEADERSHIP Forum

WEDNESDAY OCT 22, 2014

Introducing the Fitness Leadership Forum

Join top-level fitness facility owners and senior executives in this day-long forum covering business practices and fitness trends that are affecting commercial clubs, nonprofits, medical wellness facilities, university rec centers and other fitness markets.

The day is an opportunity to share your experience and learn from others through panel sessions, a keynote address, breakout sessions and networking time.



REGISTER TODAY
clubindustryshow.com/register

LEADING, CONNECTING AND INSPIRING THE FITNESS COMMUNITY

Programming For The “Fun Of It!”

Creative Programming: Your Key To Success

By: Laurie Cingle, M.Ed.

Creativity in programming, fee-based or complimentary, can make or break your club business. It makes things fun and exciting. It catches people's attention. Being creative is a conscious effort that takes practice. Here are some easy ways to begin to develop your creativity.

Don't reinvent the wheel. Look at your existing programs and at what other clubs are doing. Use other clubs as resources. Apply your creativity to adjust the programs to fit your members' personalities and your club facilities. Give existing programs a new twist. Offer a different prize, change the rules, change the name, make traditionally individual programs

team-oriented and set goals.

Keep your eyes and ears open. Some of the best programs are ideas that come about while driving, shopping or traveling. Las Vegas has ideas everywhere you look. Board games all work. Television and radio commercials offer more ideas than you can use. Video games provide great themes. There are thousands of ideas around us at all times. I've played Monopoly, Lotto, Dungeons-and-Dragons, Blackjack, Bingo and Chutes-and-Ladders. I've used Miller Lite commercials, live DJs and pets. I've given away cars, trips, dinners, massages and car washes.

Have fun. Ideas that you are excited about are fun to execute. Your enthusiasm will be

contagious, not only to your members but to your co-workers as well.

Involve others. Brainstorming is a great way to come up with new ideas. Whether you are redesigning an existing program or generating ideas for new programs, the energy and input of others is invaluable. Motivate co-workers to buy-in to an idea by making them part of the process.

Creative program marketing is just as important as the program itself. How you attract attention to the program is key to its success. One of the best ways to get people's attention is by using other people to create the enthusiasm. That's not as easy as it sounds. A program administrator is the perpetual cheerleader, a champion of programs. One person cannot do it alone. Favorite fitness program marketing tools are special t-shirts that the entire staff wears for a specified period, rented costumes (Big Dog, Uncle Sam, Wizard), information tables in the lobby manned by an enthusiastic person, moving billboards within the facility or videos that play over and over showing what's in store. Attention-getting methods will show results. People



Laurie Cingle

don't read flyers and posters like we think. You must create the desire to participate.

Creativity in fitness programming is something that makes you different from the competition. What are you doing to be different?

(Laurie Cingle, M.Ed., is a fitness business success coach, club consultant and a member of the Leadership Team at Akron General LifeStyles. Contact her at laurie@lauriecingle.com.)

Advertising Directory

Norm Cates' **CLUB INSIDER**TM

The Pulse of the Health and Fitness Club Industry

The excellent companies below bring CLUB INSIDER to you every month, so please take a minute to see what they can do for you. To learn more about them, or about joining The CLUB INSIDER Advertising Team, go to www.clubinsideronline.com today!

Affiliated Acceptance Corporation - Pg 9	www.affiliated.org
Club Industry Show - Pg 25	www.clubindustryshow.com
Crunch Franchising - Pg 5	www.crunchfranchise.com
Fitness Management & Consulting - Pg 8	www.fmconsulting.net/gymforsale
fitRewards! / New Paradigm Partners - Pg 18	www.fitrewards.com
Gym Wipes by 2XL Corporation	www.gymwipes.com
iGo Figure - Pg 8	www.igofigure.com
IHRSA	www.ihrsa.org
Iron Grip Barbell Company - Pg 21	www.iron Grip.com
Jonas Fitness - Pg 19	www.jonasfitness.com
JLR Associates	www.jlrassoc.com
LA Fitness - Pg 16	www.lafitness.com
Mike Grondahl's ALS Fundraising - Pg 28	www.augiesquest.org
MOSSA - Pg 27	www.mossa.net
Motionsoft - Pg 15	www.motionsoft.net
National Gym Supply - Pg 11	www.gympart.com
Orangetheory Fitness - Pg 7	www.orangetheoryfitness.com
Planet Fitness - Pg 2	www.planetfitness.com
Roundtables for EXecutives	www.rexroundtables.com
Sports & Fitness Insurance - Pg 20	www.sportsfitness.com
Susan K. Bailey Marketing & Design - Pg 23	www.clubads.com
The Step Company - Pg 13	www.thestep.com
Thin&Healthy's Total Solution	www.thinandhealthy.com
Visual Fitness Planner - Pg 17	www.visualfitnessplanner.com

Thanks and Appreciation

At CLUB INSIDER, we are excited to be in our 21st Year of this home-based health and fitness club trade newspaper! The thought that this newspaper was *founded to serve an industry I truly love*, and so that *I could become a Mister Mom for my son, Justin*, is still *intriguing and amazing* to us. I wish to extend our most sincere **Thanks and Appreciation** to everyone that's made this amazing run possible.

A very sincere **Thanks and Appreciation** go to **Rick Caro, Dr. Gerry Faust** and the **Faust Executive Roundtable #1** for helping me decide in 1993 what my home-based business would be. **Thanks and Appreciation** to my long-time friends, **Ron Hudspeth** and **Cathy Miller** of **Atlanta's Hudspeth Report** for the tremendous assistance they provided during our *first 8 years of publication*. **Thanks and Appreciation** to all of the folks at **Walton Press** in Monroe, Georgia. They've done an absolutely excellent job for us all these years and have printed every one of our monthly editions! **Thanks and Appreciation** to all of our **READERS**. Sincere **Thanks and Appreciation** to our **CLUB INSIDER Advertisers**, past and present, for their kind and dedicated support of this publication. It's amazing to know that we have several advertisers with over 15 years of continuous advertising with us. Plus, we have one advertiser, **National Gym Supply**, with over 19 years advertising with us and one, **Affiliated Acceptance Corporation**, with over 20 years as they have advertised in every single edition of **CLUB INSIDER** since the first month that we sold advertising in June, 1994! We also want to say sincere **Thanks and Appreciation** to all of our **CLUB INSIDER Contributing Authors**, past and present, who've contributed *hundreds and hundreds* of excellent articles to help our readers with their Best Business Practices. **Thanks and Appreciation** to **IHRSA** for all it does.

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

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

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

Norm Cates, Jr.

3 million Xbox One consoles sold.
1 million Xbox Fitness users discovering MOSSA.
1 thousand happy health clubs running 4,000 MOSSA programs.



Rich Boggs, CEO of MOSSA
(fka Body Training Systems)

Cathy Spencer-Browning, VP
Programing & Training of MOSSA
(fka Body Training Systems)

Terry Browning, President of MOSSA
(fka Body Training Systems)

For over 25 years BTS (Body Training Systems) has been delivering innovative and popular products and group fitness programs for health clubs around the world. Xbox One has recognized our commitment to engaging club members and creating an exciting atmosphere that gets people moving and, more importantly, gets results. Xbox One wants the same things for its new Xbox Fitness. We have welcomed Xbox One's desire to get people healthy and fit, whether it's in the comfort of their own home or in our customers' gyms.

BTS, through Xbox Fitness, is proud to launch MOSSA. Call it a hipper, cooler, more relevant name than Body Training Systems, but MOSSA still comes with your longtime friends, our dedicated team, and our never-ending commitment to giving you the best group fitness programs on the planet!

For more information visit www.MOSSA.net or call
800.729.7837 from US & Canada. Everywhere else 770.989.4700



Secrets Everyone Should Know About ALS!

- Every 90 minutes, someone is diagnosed with ALS in the United States;
- The incidence rate is nearly identical to Multiple Sclerosis (MS);
- However, unlike MS, there are no effective treatments for ALS;
- Funding for ALS therapy development is urgently needed to move promising research forward.

Augie Nieto, the bravest man in the fitness industry, after eight years of not being able to move his arms, legs or breath on his own, is winning! His legs and arms are moving!

For anyone who has made \$1 in the fitness industry, we owe Augie Nieto, the trailblazer. Without men like him, we would not have an industry such as ours in which to thrive.

Augie brought the Life Fitness Company to the world!

All cardio grew from there.



Mike Grondahl

I know a little bit about today's industry, where 80% of usage comes from treadmills, bikes, ellipticals and arc trainers. Where I used to work just hit 5 million members and 700 units. Everyone in the fitness industry, from independents to chains and manufacturers, needs to show financial support.



YOU HAVE TO GIVE TO GET AND WHAT BETTER CAUSE!

THE GOAL

I asked Augie, "What is the most ever raised for ALS?"

He said, "\$6,000,000."

Then what should our goal be Augie? Knowing the answer any champion would give, he goes with, "\$6,000,001."

By March 14, 2015, we will raise \$6,000,001!



www.augiesquest.org