

Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry



The Planet Fitness IPO, August 6, 2015.

Planet Fitness

The IPO of The Juggernaut

AUGUST 2015

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Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

Planet Fitness

The IPO of The Juggernaut

By: Norm and Justin Cates

Introduction

By Justin Cates

The story of Planet Fitness is one of *determination, innovation and good business*. The company's Co-Founders, Mike and Marc Grondahl, were determined to succeed in the health and fitness club business. Their original rural market had several competitors, so this was not an easy task. Like the inventor of the pulley in order to make pulling a weighted object via a rope easier, Planet Fitness began to *innovate* to make the future of building a viable business possible. Instead of churning the usual 15% of the market that would consider their club and the clubs of their competitors, they elected to go after those who might not be a typical health club member: the 85% our industry has tried so hard, with varying success, to attract. Innovations such as the creation of the *Judgement Free Zone*, limiting the max on free weights, invention and installation of the Lunk Alarm, removing personal training to create the *pe @ pf* program and more; upgrade features such as HydroMassage, half-price drinks and more, as well as Member Appreciation Pizza and Bagel days once a month, Planet Fitness has continued to innovate in order to appeal to the mass market that would otherwise drive on by.

The results now speak for themselves. Just over 20 years since its founding, Planet Fitness boasts over 1,000 clubs with many more to come. For its two customer groups: the franchisees and its members, Planet Fitness does *good*

business. For its franchisees, it provides a proven system that is constantly evolving. With the proper buy-in to the mission and objectives of the company, as well as following the tried and true playbook it provides, franchisees are prospering. They see *value*, and that is *good business*. For the members, Planet Fitness' \$10 membership is the best deal in fitness anywhere. The fact is, in our industry, different things work for different people. For the demographics Planet Fitness appeals to, it works for them, and the numbers prove it. Since 2010, membership has increased from 2.3 million to more than 7 million, and since 2010, members who join with a basic membership and eventually upgrade their membership to the \$19.99 Black Card Membership has increased from 38% to 55% of total membership. They, too, see *value*, and that is *good business*.

Now, with a mature business model that has been duplicated in every type of market imaginable, Planet Fitness has become a public company, bringing with it both the financial infusion and public attention that can bring it, and with

it our industry, to new heights. With the following statistics, found in the SEC Form S-1 Filing Document, it is clear that Planet Fitness will be a force in this industry for a long time:

- 918 stores as of December 31, 2014, compared to 389 as of December 31, 2010, reflecting a compound annual growth rate ("CAGR") of 23.9%;
- 6.1 million members as of December 31, 2014, compared to 2.3 million as of December 31, 2010, a CAGR of 27.6%;
- 2014 system-wide sales of \$1.2 billion, a CAGR of 30.1%, or increase of \$774.3 million, since 2010;
- 2014 total revenue of \$279.8 million, reflecting a CAGR of 32.0%, or increase of \$187.5 million, since 2010, of which 3.6% is attributable to revenues from corporate-owned stores acquired from or sold to franchisees since 2010;
- 33 consecutive quarters of system-wide same store sales growth (which we define as year-over-year growth solely of monthly dues from stores that have been open and for which membership dues have been



billed for longer than 12 months);

- 2014 Adjusted EBITDA of \$100.6 million, reflecting a CAGR of 45.3%, or increase of \$78.0 million, since 2010; and;
- 2014 net income of \$37.3 million, reflecting a CAGR of 22.6%, or increase of \$20.8 million, since 2010. Our historical results benefit from insignificant income taxes due to our status as a pass-through entity for U.S. federal income tax purposes, and we anticipate future results will not be consistent as our income will be subject to U.S. federal and state taxes.

With that, let's talk to the *CEO of Planet Fitness, Chris Rondeau*, who was kind enough to speak with us on the busy day of the Planet Fitness IPO! We welcome you to read on...

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Norm's Notes

•**Hello Everybody!** This is your **CLUB INSIDER Publisher** and **Tribal Leader** since 1993 checking in with our **260th monthly edition!** As we rapidly move toward our **23rd Anniversary of publishing**, I want to **thank you all for reading CLUB INSIDER!**

•**Is America a Great Country or What!?**

•**Congratulations to CHRIS RONDEAU, CEO of Planet Fitness, and his Planet Fitness Team, on their Initial Public Offering (IPO)** that was launched on the **New York Stock Exchange, August 6th, 2015!** The IPO launched at **\$14 per share.** We're very pleased to share this **Planet Fitness IPO Breaking News** as our **Cover Story** this month, and it features an in-depth interview with Chris Rondeau conducted on the afternoon of the **Planet Fitness IPO launch. Check out this amazing story beginning on Page #3!**

•**This month, AUGIE NIETO is urging everyone to again participate in the Ice Bucket Challenge to raise funds for ALS research.** Check out: www.augiesquest.com. It was great to see how **terrific and healthy AUGIE** looked in a recent photo with his wife, **LYNNE**, and **Club Industry's PAMELA KUF AHL.** Pamela had visited Augie and Lynne at their home in California to prepare for Club Industry's upcoming honor of Augie with its **Lifetime Achievement Award at the Club Industry Show on October 8th**

in Chicago. Thanks to Pam, who was very kind to provide us with the photo of Augie, Lynne and Pamela from Club Industry's Instagram! Note the excellent color of Augie's complexion, clearly showing a much healthier Augie Nieto than we were seeing just two years ago. **Augie is now approaching his amazing 11th year of life while suffering from ALS, a/k/a LOU GEHRIG'S Disease.** Given that the typical lifespan of ALS patients is 2 to 5 years, reaching this 11-year milestone soon is remarkable. I'm looking forward to the profile on Augie that Pamela will be presenting in honor of Augie's award. Also, be sure to check out **MIKE ALPERT's** article entitled: **Augie's Quest for a Cure** on our **Insider Speaks Page #6.**

•Speaking of **MIKE ALPERT, CEO of The Claremont Club,** Mike sent a letter he received from one of his members, **MS. LINDA JOHNSON,** and we've shared it on **Page #12.** I think her letter is amazing and truly illuminates more of the amazing work that Mike and his Claremont Club Team are doing for people in their community. To call this **"God's Work"** would be appropriate. Check out Linda's letter about **Mike's Living Well With Cancer Program at The Claremont Club.**

•**CRAIG WATERS, long-time Club Business International Editor-In-Chief,** wrote an article in the **August edition of CBI Magazine** about our friend, **BROTHER CURT BEUSMAN.**

I thought that, since he was nice enough to quote me in the piece, that I'd be nice enough to quote Craig's quotes from several friends of mine whom he shared about our lost friend. First, let me say *I am green with envy about the excellence of Craig's work.* Thank you Craig, and congratulations on *one of your finest works ever!* **IHRSA friends of mine who go way back to when we started, when it was called IRSA back in 1981, RICK CARO, JOHN McCARTHY, CATHY MASTERTON-McNEIL and yours truly** were quoted. So, while the following could not possibly give you the full picture of the excellence and the magnitude of Craig's full article that starts on **Page #19 of August's CBI,** I thought you might want to hear what we had to say about Brother Beusman, just in case you've not read CBI yet. So, here goes:

•**John McCarthy, IHRSA Executive Director Emeritus,** commented: "This was the kind of man he was: honest, generous, unpretentious, unassuming and uncontrolling. He knew only one way to lead, and that was with joy, fun and love. Curt, and a few others, financed the beginning of IHRSA. If it weren't for Curt and a few of his pals, there might never have been an IHRSA. My point in mentioning this is threefold: first, he never told anyone about it; second, he never expected anything for it, paying his dues and fees like everyone else, and third, he never tried in any way to control or leverage IHRSA. He was a



Norm Cates

teacher, a true leader, and over the years, inspired thousands of club operators. What I and so many others liked about Curt the most was his light-heartedness, his sense of humor and his love of fun. He was a guy who liked to have fun, and as a result, he was always fun to be with. He lifted one's spirits. Curt was, in short, a man in full, a man that all of us admired. We honor him yet by trying to inject into our own lives some of the magic that his uniquely joyful and uplifting spirit conferred. God rest you, Curt. You were 'one in a million.'"

•**Uncle RICK CARO, as my son, JUSTIN and I affectionately call him, is President of Management Vision, Inc.,** commented: "When I went to say goodbye during his
(See Norm's Notes Page 7)

About Club Insider

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22 Years and Counting!

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“Insider Speaks” Augie’s Quest For A Cure

By: Mike Alpert

I have known Augie Nieto for over 25 years as the Founder and Owner of Life Fitness, one of the world’s largest manufacturers of Cardio and Strength equipment. When we first met, Augie was driving around in a Slugo Motor Home trying to sell his LifeCycles to Nautilus clubs. In nine months, he sold a total of eleven LifeCycles. Through years of tireless work and brilliant marketing, Life Fitness became a must-have in every good health club. Augie was on a roll, and in 1999, he sold his company to Brunswick for \$325 million dollars. Life was good for Augie. He was living the American dream: he had a devoted and beautiful wife; beautiful children; an ocean-front home; fine wine and dining and traveling around the world. What more could anyone want? Then, in 2005, while traveling to Thailand, Augie began to notice weakness and numbness in his limbs. He started to stumble and fall. Upon returning home, he received the devastating diagnosis that he had ALS (Lou Gehrig’s Disease).

ALS is an absolutely horrible disease that affects approximately 5,600 people in the United States each year. It is a progressive neurodegenerative disease that affects nerve cells in the brain and the spinal cord, eventually leaving the victim totally paralyzed and shutting down major organs and the ability to swallow and breathe. There is no treatment or cure. The expected life span of a person with ALS is 2 to 5 years. Over the following years, Augie began to experience these terrible effects of ALS: his speech became slurred

and difficult; his muscles began to atrophy; he began having trouble walking; and eventually, was confined to a power chair and able to communicate only through a computer that he controls with the balls of his feet.

How does a person who has reached the pinnacle of success deal with ALS? Augie decided not to and attempted to take his own life. Fortunately for his family, and others who must deal with ALS, he failed. Digging deep into his competitive nature, he decided to dedicate himself to helping find a cure for ALS. Through an alliance with the fitness industry, he created Augie’s Quest for a cure and has raised over \$48 million to date. Along with fundraising through TDI Institute, the amount raised is over \$106 million.

In 2013, Augie heard about some interesting work going on at Project Walk at The Claremont Club with Spinal Cord Injured (SCI) people and asked if he could come out for a visit. Augie was able to witness several of our SCI clients and see what they were doing outside of their wheelchairs. He immediately let me know that he wanted to enter the program and was willing to travel 48 miles each way from his home twice a week. I had several concerns. How will we know if he is in distress (because when he is out of his power chair, he cannot communicate with us)? How will we work around his respirator, feeding tube and neck brace? Finally, we had never worked with anyone who had ALS, so will our treatments be beneficial to him? After some thought, the answer became evident: how could we not

try? Nothing else was making a significant difference. We had to give it our best effort.

We have been working with Augie for two years now, and the progress he has made is simply astounding. Here are just a few of the things that he can now do that he has been unable to do for the past 7-8 years: (1) he can sit at a 45 degree angle and leg press 120 pounds, 30 times; (2) he has wrist flexion and extension; (3) he has hip flexion; (4) he can ride a cycling bike for 15 minutes; (5) he can walk on our Robomedica Gait Trainer in a harness supporting 70% of his body weight at a 1.0 speed for 15 minutes, and with some help planting and locking out his legs, he was able to walk his youngest daughter, Lindsey down the aisle at her wedding last year.

His complexion is night and day from where it was two years ago. He will tell you that he feels that his disease is no longer progressing, but rather regressing. It amazing that getting back in the gym where he made his name and working out with our methodology using weight bearing exercises, Augie can move his arms; Augie can move his legs; Augie can walk across a stage in front of 1,000 people and laugh and cry about it and do things that science and medicine said he would never do again.

It is so crystal clear that *Exercise is Medicine*. Actually, it is fantastic medicine. Isn’t it time that we take the lead in merging the experts in healthcare with the experts in fitness? Why do they continue to work so independently of each other when we know that exercise has such a powerful effect on health? I believe that



Mike Alpert

we have the ability to improve and save lives. Is there anything better?

This program is proof that exercise and fitness in the right environment have a remarkable impact on the quality of life of those struggling with chronic injury and illness. We have a societal obligation to improve the health of our communities.

We are changing lives beyond merely physical stature and physical recovery. We are restructuring minds, philosophies, mental outlooks and emotional progression.

(Mike Alpert is the CEO of The Claremont Club in Claremont, California and a pioneer with the development of Project Walk helping spinal cord patients, and now people afflicted with ALS find their way to mobility. Mike may be reached at malpert@claremontclub.com)

ALS Ice Bucket Challenge Gives Patients Hope

CORONA DEL MAR, CA - During the summer of 2014, the ALS Ice Bucket Challenge took over social media and brought ALS to the forefront of people’s minds, Facebook walls and Twitter feeds across the globe. It also raised a significant amount of funds, including more than \$4 million, which was donated by individuals, foundations and corporations to the ALS Therapy Development Institute. This year, the campaign is back in full force with an official launch set for August 1, 2015.

“Who would have thought that a bucket of water with some ice in it would have made all the difference in the battle to end ALS! Every dollar raised by Augie’s

Quest and our other **ALS.net** affiliates went directly to ALS research. I made sure of that as Chairman, and I’ll make sure of it again. Thank you to all those who took the Ice Bucket Challenge last summer and to all who will join us again in accepting the challenge to end ALS this August and Every August Until a Cure,” said Augie Nieto, Chief Inspiration Officer of Augie’s Quest and Chairman of the Board of the ALS Therapy Development Institute.

Augie’s Quest is the largest affiliate of **ALS.net**, which funds the world’s largest independent ALS research effort at the ALS Therapy Development Institute. Together with other **ALS.net**

affiliates across the globe, more than \$4 million was donated directly to the ALS Therapy Development Institute through the ALS Ice Bucket Challenge last year. As Chairman of the Board of the Institute, Augie worked closely with the leadership of **ALS.net** and the Institute to determine how to rapidly invest the unexpected fundraising.

“It took us about 45 seconds to figure out how to spend the windfall of funds from the Ice Bucket Challenge last year. We just had to look for a moment at our mission statement and around the Boardroom. Every penny was spent on ALS research. It’s just a drop in the bucket,

though, and we really need to see another wave like last year in order to ensure the innovative programs we were able to kick off can be seen through to completion,” said Steve Perrin, Ph.D., CEO & CSO of the ALS Therapy Development Institute.

Augie and Lynne challenge you to take the ALS Ice Bucket Challenge this year and every year until there is a cure for ALS. To download instructions on how to accept the challenge or to bring the challenge to your company, gym, friends or network, please visit www.augiesquest.org.

...Norm's Notes

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last days, he held my hand, and told me what a great friend I was. I have chills down my spine thinking about it today. He was a scientist with great quantitative skills, but he was blessed with creative prowess; a classic entrepreneur. He was very early in the conversion of indoor tennis buildings to what we now call multisport clubs. He promulgated his now famous '10 Commandments,' which he presented as a gospel preacher in a robe, backed by the music from the movie *The Color Purple*. His Commandments had a long-term effect on the entire industry."

•**ALAN SCHWARTZ, Chairman of Chicago-based TCA Holdings, Inc.,** commented: "Curt and I were serious tennis competitors going back to the '40s. He was an accomplished player, a fierce competitor and a great friend."

•**CATHY MASTERSON McNEIL, IHRSA's Vice President of International Operations,** commented: "He presented dry information in an entertaining way. I still remember several of his Commandments: 'Everything at the club works right all the time. Everyone's number-one priority is getting and retaining members; and We discuss the options and then reach consensus; if we can't, Curt will decide.'"

•**Yours truly, Norm Cates, commented:** "Curt made being part of our wonderful industry a great adventure, and he taught us all how to have *fun*, while at the same time, advancing the state of the art of our club enterprises. The man was a phenomenally good soul with a mind like a steel trap and a personality to match. You could live a long, long time and never have the good fortune of getting to know a human being as wonderful and as talented as the late, great Brother Curt Beusman."

Ladies and Gentlemen, there you have (*part*) of it! **I urge you to join IHRSA if you have not. Call (800) 228 - 4772** or go to: **www.ihrsa.org.** And, for sure, I urge you to read **Craig Waters' FULL article** about Brother Curt Beusman, where he masterfully combined the aforementioned commentary with historical facts and remarkable writing about a man many of us loved and all of will miss greatly. Trust me when I tell you that you will be glad you did!

•**And then, there were three!** Long-time **CLUB INSIDER** readers know what a **dim view** I've had of **Bally Total Fitness** for quite some time now. The story is long, but I'll take a crack at making it as short as possible here. Many years ago, when IHRSA was young and before the **H for Health** was added to the name, there was an attempt to bring Bally into the Association. But, as it turned out, the club owners in our IRSA membership went nuts when they

got the news. **So, we organized a protest rally at the 1984 IRSA Convention in New Orleans.** This was way back in 1984, so these events preceded **CLUB INSIDER,** and I was still a club owner/operator at the time. More than 300 people showed up at the Bally protest rally, and 30 club owners took the podium to express their mostly negative views about this proposal. Of the 30 IRSA Members who spoke, 29 were opposed to admitting Bally into IRSA. I know because I was keeping score, and that's how it turned out. Needless to say, IRSA didn't accept Bally's effort to join our IRSA ranks at that time. It wasn't until about 20 years later that **LEE HILLMAN, CEO of Bally** at the time, had turned Bally around, we thought, and the leadership of IRSA decided that it would be acceptable to admit Bally into IRSA Membership. So, we did. Hindsight being 20/20, we all goofed! I was in the room that day, too, where our **IRSA Advisory Board,** of which I was a member and that consisted of previous IRSA Board Members, **voted unanimously 40 to 0 to admit Bally into IRSA.** Bally came on board, and it wasn't too many years before Lee Hillman left Bally and what we thought was a *'cured and different Bally'* turned out to be an organization that was *still sick and ailing,* and it began to unwind. **Now, the countdown to the extinction of Bally Total Fitness is on!** Reportedly now, there are only three Bally facilities left. I, for one, say about those three: **The sooner our great industry is rid of those three remaining Bally clubs, the better!** So, **Stay Tuned, folks!**

•**If you have not yet registered for the Club Industry Show, register now** because the **learning and business professionalization opportunities for your club(s)** that will be available this year at Club Industry will be outstanding because of the great line-up of presenters, including the **Leadership Group BILL McBRIDE has put together.** Plus, the Trade Show is looking great, too. Folks, please be sure to visit our **CLUB INSIDER Advertisers** at the **Club Industry Trade Show** and do business with them. They are great companies, and they will treat you right. Their Exhibit #'s are shown here, and I've noticed several more of our advertisers have signed up for the Club Industry Trade Show. That's a good thing, and I urge more and more companies to sign up to help make The Club Industry Trade Show the best ever!

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•**GUY CAMMILLERI, World Gym Managing Partner,** has announced that the company has officially launched its **Global Social Media Ambassador Search Program.** This is a first-ever search to find one male and one female member to be the **new faces of World Gym International.** Check out the **World Gym International Press Release on Page #10.**

•**Award-winning ABC Financial Services** has announced the **layoff of 42 employees recently, and that's not good news.** **PAUL SCHALLER, CEO of ABC Financial,** indicated that the layoffs were caused by ABC's response to customer

demands. Reportedly, the layoffs impacted 7% of its workforce in Arkansas and 5% of its overall workforce. **STEVE AYERS, ABC Financial Chief Revenue Officer,** commented in a report produced by **ERIC STROMGREEN, Club Industry Content Producer:** "After reviewing staffing levels and client needs and expectations, the decision was made to eliminate positions at ABC Financial. This is in direct response to customer and market demands and changes, and our workforce was adjusted appropriately. This adjustment and constant review of our business is part of our ongoing (See Norm's Notes Page 8)

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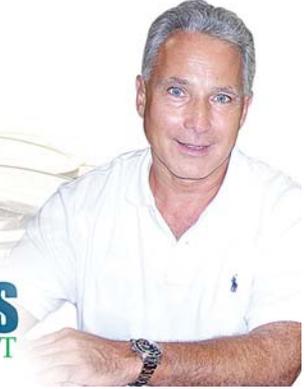
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improvement strategy and commitment to efficiency for our clients."

"The ABC employees were laid off after hoped-for business failed to materialized," said an Arkansas Business report. Folks, ABC Financial is a terrific company Founded by JIM BOTTIN over 30 years ago. And, ABC is now a world class organization, and it was also IHRSA's choice as the 2014 Associate Member of the Year, probably the highest vendor/supplier honor/award in our industry. However, ABC is also a former

CLUB INSIDER advertiser. That is the flat out truth about that relationship, and the following is for the record: CLUB INSIDER dropped ABC Financial from our CLUB INSIDER Advertiser Team because of their continued affiliation with and support of STEVE BORGHI, a known bad guy in our industry whose past industry deeds brought the attention of CLUB INSIDER over and over issuing warnings to you in our industry about him. CLUB INSIDER wrote and directed a letter to Jim Bottin, Paul Schaller and Steve Ayers indicating that their continued affiliation with Borghi had caused us to make the tough decision to withdraw and cease accepting advertising

from ABC Financial. Our warnings to ABC Financial were not heeded. They persisted with the support of Borghi's club business endeavors until Borghi was driven out of business by his partners. So, we did what we had to do on behalf of our great industry in protest of this continued ABC Financial affiliation and support of Steve Borghi. Stay Tuned.

• Many gyms have begun offering ClassPass as a way to cater to consumers who can't quite commit to one location or business. JAROD COGSWELL, Founder of Enterprise Athlete, Inc. and a Managing Partner of FIT Academy, thinks this could be a mistake. Cogswell shared the following Q&A he had with Club Solutions Magazine Reporter, RACHEL ZEBONICK, and it somewhat echoes his comments in CLUB INSIDER a few months ago. So, I thought it would be valuable to you to read this commentary from Jarod, just in case you had missed it and you had missed Jarod's article in CLUB INSIDER a few months ago. Importantly, we wish to give appropriate attribution to Club Solutions Magazine Author, Rachel Zebonick as the Author:

CS: Why do you think ClassPass is a negative for the industry?

JC: While ClassPass is deemed "consumer-centric," it negatively impacts the number-one factor for any successful value-driven club or gym, and that is our culture. You can't maximize relationships with these guests, and in general, they don't gel with your everyday members and clients. They're visitors, and our business models are not based on heavily discounted guest revenue. Are these discounts fair to our full-priced, committed clients? Furthermore, instead of joining our facilities, these savvy fitness enthusiasts jump around from gym to gym. They use us a few times a month

on the cheap, they don't commit to an ongoing relationship and they don't join. Why would they? In addition, as ClassPass expands its network of facilities, it creates more competition for short-term guest revenue. The participating facilities in a specific market are forced to compete for those guest fees, so now, you lose out on a potential member and guest fee revenue.

CS: Say a club is considering partnering with ClassPass. What are the top things they need to consider?

JC: To be upfront, I was fooled by ClassPass. As a high-end, startup facility, I thought they would bring us potential memberships, inject energy into our classes and provide some additional revenue. Then, when I asked a member of theirs whether or not they were going to join, she said, 'Why should I? It's cheaper using ClassPass, and I can go almost anywhere I want.' After hearing that very answer and considering our loyal members and business plan, I immediately decided to trade in the guest fees and quit ClassPass. What most owners don't realize is that they are shooting themselves in the feet and damaging the future of all brick-and-mortar owners by participating in ClassPass and helping them grow. Clubs are getting a quick discounted buck now but unknowingly weakening their business and consistent income away. Many don't see or feel it now, but they will.

CS: What else would you like other club operators to know about ClassPass?

JC: Remember your purpose as a fitness professional. We change lives through education, motivation and inspiration. Get back in the trenches and do everything possible to protect your business, its culture and move it forward without ClassPass. It is the new Groupon. Let's (See Norm's Notes Page 10)

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World Gym Launches A Global Social Media Search For Its New Fitness Ambassadors

LOS ANGELES, CA - World Gym International, the iconic global brand for bodybuilding and serious fitness, has officially announced the launch of its Ambassador Search Program. The iconic brand has begun its first global search to find one male and one female member to be the new faces of World Gym International.

To participate in the talent search, World Gym members simply need to follow World Gym Global (@worldgymglobal) on Twitter or Instagram and post a selfie, picture or video of themselves at their World Gym with the hashtag, #WorldGymAmbassador, by Tuesday, August 18th. The WGI social media team will give each person further instruction on how to submit additional photos and complete their entry form.

"Many World Gym members already like to post workout selfies,"

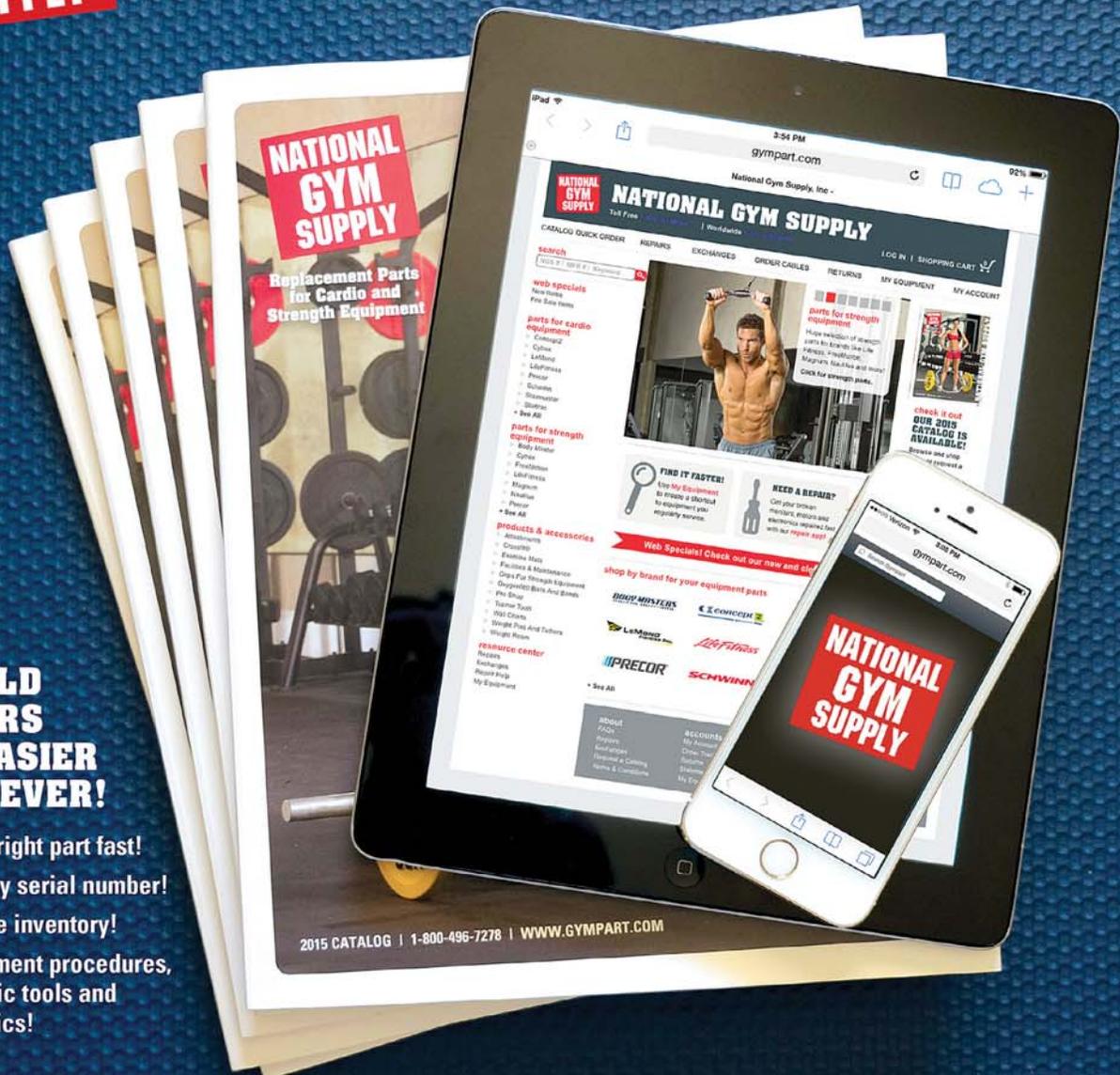
explains Guy Cammilleri, Managing Director of World Gym International, "World Gym members are our stars, and we want to give them a global platform to share and highlight their commitment to fitness."

Perks to becoming World Gym Ambassadors include starring in a series of videos for World Gym, becoming spokespersons for the worldwide press, a trip to Las Vegas this September for an appearance at the World Gym International Convention, a 1-year free membership to their local World Gym, a trip to Palm Springs to serve as World Gym correspondents at the 2015 Ferrigno Legacy in November and more.

For more information on World Gym International, please visit www.worldgym.com.

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...Norm's Notes

continued from page 8

think big picture, stay strong and hungry for continued success, and 'just say no.' We didn't need ClassPass yesterday; why do we need them now?

•Congratulations to the IDEA 2015 Award Recipients:

•**2015 IDEA Jack LaLanne Award, Jenna Wolfe:** Jenna Wolfe was recently named the *Today* show's first lifestyle and fitness correspondent. Wolfe spent 12 years as a sportscaster before joining *Today* in 2007. When she is not motivating the world with her media reports on nutrition, exercise and wellness, Wolfe can be found in the gym training clients as a certified personal trainer.

•**2015 IDEA Personal Trainer of the Year, Mike Z. Robinson:** Mike Z. Robinson is a certified personal trainer and the owner of a personal training business. He is also Founder of Mike Z. Robinson Enterprises, which specializes in mentorship and personal trainer development programs, gym design, speaking, and consulting. Robinson's philanthropic work includes an annual fundraiser benefiting the Family Care Network, an agency that serves foster and at-risk children.

•**2015 IDEA Program Director of the Year, Kimberly Spreen-Glick:** Kimberly Spreen-Glick is the Senior National Director of Group Fitness, Yoga and Cycling for LifeTime Fitness. She manages and supports more than 3,000 instructors and says that her professional responsibility is to inspire and lift people up by setting high standards for what is to be accomplished, hiring talented, passionate people and always giving her best.

•**2015 IDEA Fitness Instructor of the Year, Amy Dixon:** Amy Dixon is the National Group Fitness Creative Manager for Equinox and is a Master Trainer for Schwinn, BOSU, Gravity System and Shockwave. Dixon is a vital part of the Cycle for Survival team to raise funds for cancer research, and she is a spokesperson for Avon's Walk to End Breast Cancer.

•**2015 IDEA Fitness Inspiration Award, Anthony Robles:** Anthony Robles was born missing his right leg, but that didn't stop him from becoming a 3-time wrestling All-American and winning the 2011 NCAA Division I National Championship. His story continues to inspire.

•**AFS' CHUCK LEVE** has announced that **FRANK NASH** and **JOHN MACGOWAN** will join the **Association of Fitness Studios Advisory Board**. Nash

is the Owner of **Frank Nash Training Systems in Worcester, MA**, and according to Leve's press release, he is one of the most in-demand coaches, writers and presenters in the industry, working with studios. Macgowan is a Consultant and Owner of **Deep Breath In, LLC**, Publisher of **ICI/PRO**, the inline cycling resource for cycling studio owners, managers and instructors around the world. He has been leading indoor cycling classes since 1997 with certifications from **Schwinn, Stages, HeartZones, ICG, LifeTime Fitness and Cycling Fusion**.

•I'd like to direct your attention to the **Full Page Ad on Page #27** that was placed by **DWAYNE WIMMER**. Dwayne purchased the ad at the **Bash for Augie's Quest Silent Auction at IHRSA 2015**, and the proceeds went to **Augie's Quest**. Dwayne is promoting his upcoming **2015 Fitness Leaders Summit** that will be held **October 23rd and 24th in Orlando**. Check his Ad out, and we also want to say **THANKS TO Dwayne for his contribution to the Augie's Quest 2015 Bash**.

•On **Page #28**, check out the **XSport Fitness Recruiting Ad**. Inquire at **FitnessCareers@xsportfitness.com**.

•Again, Thank You all for reading CLUB INSIDER!

•**CLUB INSIDER** is a **Paid Subscription-based Publication with a money back guarantee on new subscriptions**. 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 previous years of CLUB INSIDER's 260 archived monthly 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 worldwide 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 22nd year of publication. Cates may be reached by phone at 770-635-7578 or email at **Norm@clubinsideronline.com**)



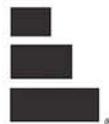
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Living Well After Cancer

Publisher's Note: CLUB INSIDER featured Mike Alpert and his Claremont Club in Claremont, California in our **March and April 2015** editions. In that 2-part, 9,500-word Cover Story, Mike shared their story of Project Walk, their efforts to deliver Exercise as Medicine and their Living Well after Cancer Program. Recently, Mike was kind enough to send a copy of the following letter he received from Ms. Linda Johnson, one of his clients in their Living Well after Cancer Program. Importantly, the early days of the Living Well after Cancer Program was founded by the late Julie Main, Santa Barbara club operator and former IHRSA Board Member and Chairperson and adopted by Mike at his Claremont Club.

• • •

Mike wrote:

Dear Norm,

I have talked a lot about the power of Exercise as Medicine and have spoken of our emphasis on the chronically injured and chronically ill. The following is a letter from a woman, Linda Johnson, who went through our Living Well after Cancer program in 2011. It is so powerful and such a testimony to her that I wanted to send it to you to read. Here it is in Linda's words...

• • •

Dear Mr. Alpert,

My name is Linda Johnson. I am the lucky and grateful recipient of a free membership to your beautiful club. I am writing to thank you for this amazing opportunity.

I had the extreme pride of recently completing the Living Well after Cancer Program. It was not easy, because for me, I am trying to live well WITH cancer. My breast cancer from 11 years ago became metastatic over three years ago. I now have metastasis to the pleura surrounding both lungs and in multiple locations throughout my spine and both hips. I will be in treatment for the remainder of my life. Average life expectancy is 2 to 4 years. It is incurable.

I have never been a person who enjoyed exercising, and certainly the last three years (more than 2 of which were on chemotherapy, the remainder on hormonal therapy), and an additional new diagnosis of asthma, I have become a professional couch potato. Well, I garden, but that's about it.

When the opportunity to partici-

pate in this program came up, I have to admit that I was scared. I have never actually been in a real gym. I went to Curves for a few weeks, but that's the extent of my athletic experience. I was sure I would be unable to keep up, or worse, my bones would not be able to take the stress and would fracture. Here's this idea of doing something that would give me a tiny bit of CONTROL over something that has so devastated my life; well that ILLUSION of control was enough to keep me dragging myself there and trying to do better.

The treadmill has been a challenge for me both physically and mentally. The whole time I am walking, the word *CANCER... CANCER... CANCER...* keeps playing in my head. I think of the two friends I have just lost to breast cancer (I went to a service today), and my dear cousin, who died last month of lung cancer at 48. I feel like I am trying to run away from it on the treadmill. But, I know I can't outrun it.

I have been using the weight room and the cardio room specifically to improve my shape and to give me a fighting chance at the next treatment. There will always be another treatment to start, until I give up and enter hospice. I want to be strong for this fight. I am strong mentally. I want my body to catch up. You are giving me this chance to help myself.

I am convinced that exercise can improve the survival of first time breast cancer patients. I wish I had figured that out before I became a statistic. I am so thrilled that your club is giving so many women the opportunity to help themselves survive! I hope they understand the importance and the necessity of a lifestyle change.

Over the years, I have volunteered at City of Hope for the American Cancer Society, have been active in the City of Hope Pink Links Breast Cancer group and am currently involved with **BCMETS.ORG**, a message board for metastatic breast cancer patients. I am educated and informed about the poor prognostic biology of my disease. My own impending death has been a sure thing. There is approximately a 2% 5-year survival rate. I have learned to live with that every day. The worst part of it is the idea of leaving my family: a 17-year old daughter, who still needs me; my husband; and my mom, who recently developed Alzheimer's disease; my precious pets and my friends.

But, on that damned treadmill in your cardio room recently, I had a strange new thought... 'What if I live?'

It had never occurred to me before. You gave me that sliver of hope with this membership. I know it's not likely, but it does now seem possible. At least for a

while longer that I was supposed to. What if I live? You asked me if the program had changed my life.

What if I live? Thank you so very much... I am going to try.

-Linda Johnson

• • •

Mike Alpert closed with this: Four years after this letter was written, Linda Johnson continues to be an Ambassador for The Claremont Club and *Exercise is Medicine*, and recently, had the wonderful opportunity to see her daughter graduate from college.

Living Well
 after
 Cancer




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...Planet Fitness

continued from page 3

An Interview With Chris Rondeau, CEO of Planet Fitness By Norm Cates

CLUB INSIDER (C.I.) - What were you doing prior to Planet Fitness? When did you join the company and in what capacity?

Chris Rondeau (CR) - Prior to when I started working for Planet Fitness in November, 1993, I was a member of the Planet Fitness Club. Mike and Marc had bought a gym and converted it. I was going to the University of New Hampshire, and I was working at my father's chain of drug stores part-time. What do you do in college and you want to work out? You work at a club, right? So, I ended up getting a job at the front desk. Actually, I told my father that I was going to leave the family business to go work in a gym, and he thought I was a lunatic! So, I did that. In the 1990s and early 2000s, we refined the model and built up the operations, and we came up with this great concept and refined the processes and everything. And then, we went into franchising in 2003.

C.I. - For those who are not familiar with the *Judgement Free Zone* philosophy, please tell us about that and how it has influenced Planet Fitness since its inception.

CR - We're about *fitness for everyone*. We're catering to the 80% of the population who don't work out. In fact, in the early '90s, it was 85% of the population who didn't work out in clubs. So, we wanted to create an atmosphere that was conducive to them, coupled with affordability so they were willing to give it a shot. It took a lot of refinement to get there. Back in '92, '93, '94, we had group exercise; we actually had spinning classes, day care and juice bars, you name it, and we had it. We had dumbbells that went up to 120 pounds for the five guys who could even move them, you know. Quite honestly, I have to give

our stores in New Hampshire a lot of credit because what was happening is with just 15% of the population working out in clubs back then, we were in a small town in New Hampshire that had a population of 28,000 people. There were two other clubs in town, and the three of us were all fighting for the same customers. There just weren't enough of them because it was so rural. So, we decided the only way we were going to stay in business would be if we could get that other 85% to come and work out because we're splitting this small piece of the pie three ways... it's just not going to work. So, we had to really get aggressive. We had to really force ourselves to think in the minds of somebody who's never worked out before and make them comfortable. I always go back to those days when I used to say, 'we need to build a club that my mother would be comfortable in.' She had not worked out a day in her life. If I can make her happy and make her comfortable, then I'll win. We did that throughout the '90s and the early 2000s. We really refined the model, and then, we came up with and began franchising. We saw this model that we built for rural New Hampshire working in much more dense areas of the country and with much better success. We found that it had legs, and it worked everywhere as a franchise.

C.I. - Chris, I've been around this industry over 40 years now, and I can testify that our industry has been trying to figure out this puzzle for a long time. That's for sure.

CR - We have more than 7 million members now, and with the total number of health club members in the United States being 53 to 54 million, that gives us about 13% of the U.S. members now. We've only been franchising since 2003, so that's a little over 12 years. But, we've been in New Hampshire now just over 20 years, twice the length of time. In the State of New Hampshire, we have over 8.5% of the population as Planet Fitness members. An even more interesting stat is that there's



Planet Fitness Cape Coral

roughly 200,000 health club members in the State of New Hampshire, and we have over 100,000 of them. So, one out of every two health club members in New Hampshire are Planet Fitness members! We're wondering, as time goes on, what's that going to look like to the world when we've been franchising for 20 years?

C.I. - Chris, please introduce us to some of your key Planet Fitness staff members.

CR - Sure, Norm. I've built a strong Senior Management Team here over the last few years, and we've brought in a lot of expertise from outside of our industry. We have Dorvin Lively as our CFO; Richard Moore as our CAO and General Counsel; Brian Belmont, who has a franchising background and expertise is our EVP of Operations and Development; Jessica Correa, Senior Vice President of Marketing; and we brought in Corey Benish, who's our new CIO with really good IT support and an IT background. So, we built a really strong management team from outside the four walls, outside the industry... to help support and harness our growth, and again, to support now being a public company.

C.I. - How many operational units will Planet Fitness have as the IPO occurs?

CR - We have more than 1,000 today. On

top of that, Norm, we have a little over 1,000 locations that are committed via Area Development Agreements with our current franchisees. And, 500 of those will be open in the next three years!

C.I. - Why is Planet Fitness going public at this time?

CR - Number one, it comes back to the Management Team I mentioned. As you know, it was Mike and Marc Grondahl and me trying to do everything before. We were a lean company. We've tripled the size of our corporate office in the last three years, adding a ton of franchisee support, franchisee marketing support and brand excellence support. We have two sets of customers: the franchisees are our customers, so we've got to support them first to help them support our other customers, the members. So, between that and the way we've been growing and the way the model has been working for us, we continue to add more members per store each year. So, I think it's the right time for the brand, and I think long term, as we think about going international in a few years, being publically traded on the New York Stock Exchange is going to give us a lot of credibility as we cross the borders.

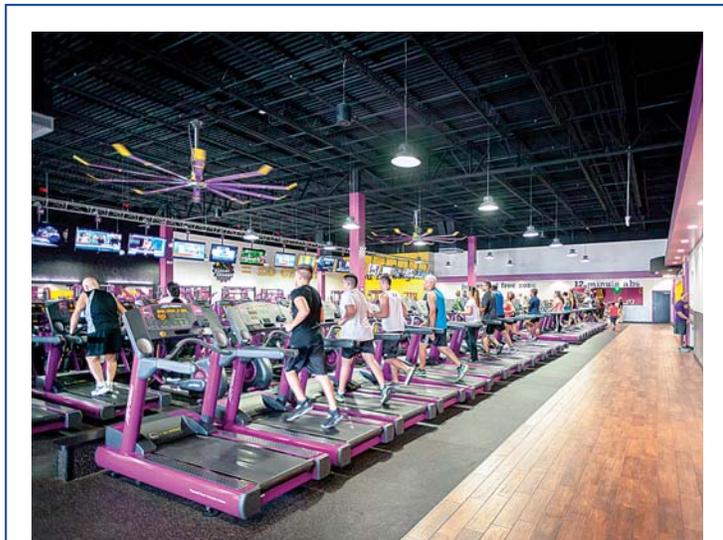
C.I. - Whose idea was it to go public now? When was the idea created?

CR - It was a collaborative approach between myself and the Board, as well as the Senior Management Team.

C.I. - What are the upsides and any possible downsides with being publically traded?

CR - How we run the business isn't really going to change. First and foremost, we must continue to provide the right services and the right clubs for our members. And, we must continue to service our franchisees so they can continue to grow and service the communities they're in.

C.I. - Has TSG had experience with IPOs?
 (See Planet Fitness Page 16)



Planet Fitness Cape Coral Fitness Floor





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...Planet Fitness

continued from page 14

If so, which ones?

CR - More recently, Norm, they were planning an IPO with the Yard House Restaurants, but they decided to sell it to another company before going public.

C.I. - Please comment on TSG's influence after the IPO, since it will still control 68% of the voting shares and the Board.

CR - I've enjoyed working with them since 2012. I've learned a lot from them, and we continue to work collaboratively together. So, we will still work with them when needed and when we have ideas, thoughts or things in business we want to get their input on. But, nothing will really change.

C.I. - There have been several fitness-related IPOs this year. Please take us through the process of an IPO. What has been the timing of the process? The preparation? The selection of underwriters? Filing of the SEC S-1 form? Etc.

CR - First, I would say it's an *amazing feat*. But, I'd say that, for me anyway, I think going through this process, from the S-1 Document to the Road Show meetings with investors to today, it is not very often, especially with this company growing so fast, that you actually have time to step back from it and look at what you have accomplished and what you are accomplishing and how you got here. So, to see it on paper in black and white, really shows what we've accomplished as a brand, what we've accomplished with franchisees and what we've accomplished with seven million members. You learn a lot. You get reminded of things you did and why you did things. It definitely was enlightening in a lot of ways going through the process. It was pretty exhilarating, and it was really something.

C.I. - Well Chris, just seeing you guys up there with you and your Team giving

that long-living Planet Fitness Thumbs Up on the TV coverage at the New York Stock Exchange Bell Ringing Ceremony... that photo just exploded with energy and excitement! It truly was a thing to behold, and I'm really glad I was able to see it Thursday morning. For our readers who may have missed it, we've placed a link here so they can go online and view the Video of the terrific NYSE Bell Ringing Ceremony. (By the way, and for the record, the NYSE was Founded in 1792!) **Go to:** <http://bit.ly/clubinsider13> to see the NYSE Planet Fitness Bell Ringing Ceremony video.

CR - Right by me, I had a couple of franchisees up there with our Board of Directors, and we had several long-time employees, folks who have been with us over 10 to 15 years. What you couldn't see was on the floor in front of me was over 100 people, including 20 or 30 franchisees, 30 or so corporate employees, and we had our families there, so it was something else to see that. It was kind of an out-of-body experience.

C.I. - I understand you went on your Road Show on Tuesday, the day before the NYSE IPO launch. Please tell us about that.

CR - We finished our Road Show the day before the NYSE Bell Ceremony happened. I've been to nine cities, traveled about 7,000 miles, and I had 60 meetings with investors. So, when we rang the bell and went public this morning, that was the real deal!

C.I. - With the infusion of \$216 million from the IPO, what are some of the plans for that capital?

CR - It was all TSG's equity that we were selling, so it was really just to pay dividends to shareholders. The business produces a lot of cash flow, so the IPO funds were not coming to the company at this point.

C.I. - Please share what mature clubs have done to refurbish their fitness equipment



Planet Fitness, The Judgement Free Zone

after five years? Is there a recommendation or a requirement to do so?

CR - Good question, Norm. As you probably can testify to this as much as anyone, as you know, CAPEX has probably been the big demon in this industry, right? Unfortunately, many in the industry never look back after building a new store. They never went back and remodeled. You can look at Bally, and a lot of the other brands, that's probably the biggest issue, you know. We take it very seriously. Our franchisees actually take it very seriously. We've seen a lot of uplift from people re-equipping and remodeling their stores, so that's been great. It is an important thing for this company to have our franchisees endorse the practice. Five hundred stores are less than three years old, so more reequips and remodeling will be coming in the future. We started franchising in 2003, but more of the base started growing in 2005 and 2006, so it is really a few years before they will need renovation. But, those who've done it see an uptick in membership, so the franchisees are being proactive now. If you look at grocery stores and fast food stores, they completely remodel their stores every five years. Then, you look at K-Mart. What do you think happened there? They didn't keep up.

C.I. - Can you share with us any new

information about the situation in New Hampshire and the potential relocation of Planet Fitness headquarters?

CR - As of today, there is no intention of moving. We're still working with the State, and hopefully, we will come to a decision in our favor. So, we still have hope. We have no plans today to move. But, at the end of the day, you have to think about what is in the best interests of the shareholders of the company. And, hopefully, we won't have to move out. We started here, and we would like to stay here.

C.I. - You briefly mentioned going international earlier. Do you have any specific plans to go international beyond Canada? If so, where and when?

CR - Unlike a lot of our competitors, when you look at a map of the markets we're in, there's not a market that we don't work in. We work in low income and high income, with all ethnicities and in urban, suburban and rural markets. So, it leads me to believe that a lot of other countries have demographics that are attractive to us. It seems to me that there are definitely other places and markets for this model outside of the U.S. and Canada. For example, Mexico just beat out the U.S. as the most obese country in the world for the first time ever. So, there is definitely a place for our model in Mexico.

C.I. - What are the three most exciting things on your 2016 Agenda for the company?

CR - Right now, with the openings coming up, we're just laser focused on dealing with the franchisees, keeping them serviced, keeping them happy, opening new stores with great results, keeping them on track with their growth schedules and hopefully stimulating their growth and building up Canada, as we just started there with two corporate stores. So, we're going to start building Canada out now.



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...Planet Fitness

continued from page 16

C.I. - Chris, this question is for my friends in the exercise machine and equipment manufacturing business. My question is: Who are your equipment suppliers?
CR - Primarily, it is Life Fitness. They've been a great company to work with. We're probably the largest buyers of equipment anywhere. We also get equipment from Cybex, Matrix and Precor. We build 20,000 square-foot clubs with 100 pieces of cardio per location. We opened 171 locations just last year alone and 149 the year before that. There are not too many, or any companies now, that are opening that many locations. Norm, when you look at an LA Fitness or 24 Hour Fitness with 50,000 square feet; when you take out the pools, basketball and racquetball courts, and so on and so forth, and their sales offices (we don't have any salespeople in our clubs), our fitness floor space is about the same as theirs. In many cases, we have more cardio than they do.

C.I. - Chris, here's one last question. This one is for anyone who'd like to learn what the financial qualifications are to become a Planet Fitness Franchisee is. Please tell us about those.

CR - Norm, our average Planet Fitness costs \$1.9 million for build out and completely equipping it all. We look for about \$1.5 million liquid, and \$3 million net worth for a franchisee. I'd say honestly, almost more important, or as important as the capital, Norm is that we interview the prospective franchisees because they've really got to believe what we stand for. The Judgement Free Zone... they've got to understand the culture, first and foremost, Norm. We do turn down people if they don't understand the culture. And, a lot of times, they might want to be working out at one of our clubs, and they might want to get in the business. If they're questioning not having protein drinks and 120-pound dumbbells, sometimes we deny people.

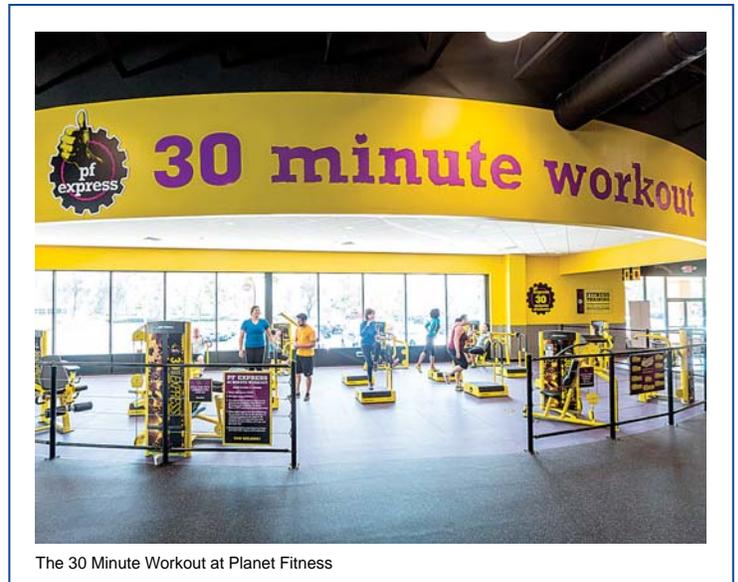
They've really got to believe in what we stand for in our culture.

• • •

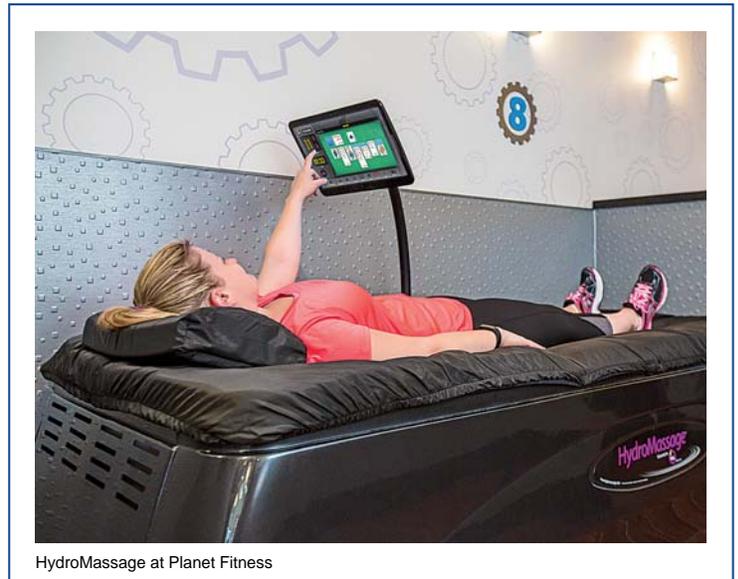
CLUB INSIDER partners, Norm and Justin Cates, want to thank Chris Rondeau and Jacqueline Serna for their kind assistance with the production of this **Planet Fitness IPO Launch Cover Story!** And, we wish all of the franchisees, many of whom are **CLUB INSIDER** Paid Subscribers, all the best in their businesses. Stay Tuned as the Planet Fitness Juggernaut keeps rolling!

(Norm Cates, Jr. is a 41+ year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now in its 22nd 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 can be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com)

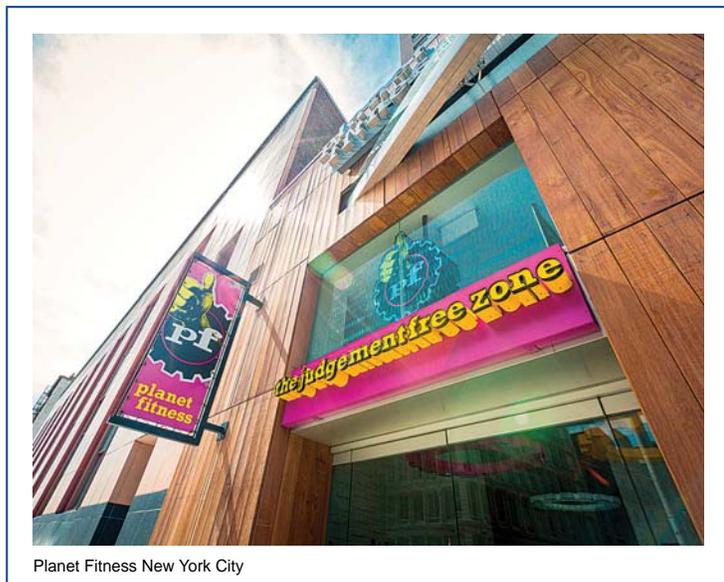
(Justin Cates is the President and Assistant Publisher of CLUB INSIDER and grew up in the health and fitness club industry. Justin was born into a club business family in 1985, and from the age of eight, he spent his non-school and sports hours in a home that doubled as CLUB INSIDER Headquarters. He has lived and breathed this industry for 30 years, since his own day one. Cates graduated from the Terry College of Business at The University of Georgia in 2007 and then went on to two years at The Art Institute of Atlanta, where he studied Interactive Media Design. Now, he is an integral part of the "Story" of Norm Cates and CLUB INSIDER. Justin can be reached by phone at 423-314-4310 or email at Justin@clubinsideronline.com)



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JoAnna Masloski Returns To Wellbridge As COO

DENVER, CO - Wellbridge, the owner and operator of 21 premier athletic clubs and spas nationwide, announced JoAnna Masloski is its new Chief Operating Officer, beginning Monday, August 3, 2015.

With more than 15 years of experience in sales, marketing, operations and management, Masloski returns to Wellbridge where she was Vice President of Marketing from 2007-2012.

"I was with Wellbridge for 12 years, and it was an extremely difficult decision to leave," Masloski said. "To be able to come back in a new role, with a company I missed, in an industry I love, is really exciting."

Masloski's Wellbridge career began as Regional Events and Promotions Coordinator. From there, she was elevated to Marketing Manager and then Director of Marketing until being named VP of that department. During her time away from Wellbridge, Masloski served as Vice President of Operations for Massage Retreat and Spa in Minnesota, overseeing corporate and franchise operations for seven membership - based massage and spas.

"We're thrilled to have her back," said Ed Williams, President and CEO of Wellbridge. "She's a natural leader who brings unbelievable energy to everything she does. Having her in operations will make a positive impact on our clubs and our members."

At Wellbridge, Masloski will be in charge of all areas of the company's owned and managed clubs' operations including sales and profit centers. Masloski will work directly with Williams.

Check out the **New Employee Recruiting Ad**

from XSport Fitness on **Page #28**

How to Be Like “Mike”

By: Ron Alterio

We all remember those classic Gatorade commercials from the '90s that helped cement Michael Jordan's legacy as one of, if not the most influential sports figures of all time. Kids all across the country were trying to imitate “Mike” on their neighborhood basketball courts. He was the best. He knew it, and the world knew it. As a result, EVERY kid in America --in fact if we are honest, every adult too-- wanted to be just like “Mike.”

Fast forward to 2015 and clubs all across our country are trying to imitate a different kind of “Mike,” a “Mike” who gets the most members engaged in personal training. A “Mike” who drives the most amount of PT revenue and a “Mike” who makes the most profits. Everywhere we turn, clubs are asking us... “How do the GREAT ones do it?”

First of all, let me be clear; it isn't easy. Being great isn't for everyone. There are many moving parts to a GREAT and profitable PT dept. There is work to be done and mistakes will be made. However, if you are willing to commit to following the play, it *can* and *is* being done all across the country.

In this article, I am going to open up our playbook and shed some light on some of the most common best practices out there. In fact, they are the top five answers we give when asked the question: **What are the GREAT clubs out there doing?**

1. Recurring Revenue Model - There isn't anything more important you can do to create and SUSTAIN a GREAT PT business than to create an EFT draft-based PT model. There are several varieties and versions out there, but put simply, it's a business model by which your members pay for their training sessions on a monthly basis. They purchase 3, 2 or 1 session(s) per week. They then pay for the total number of sessions used each month by setting up a recurring EFT monthly payment. The objective is to create a predictable revenue stream similar to recurring membership dues. Rather than paying for all of their training sessions in packages up front, the EFT model allows the member to finance their solution over time.

When executed correctly, the EFT draft-based model helps lower entry points into training, provides higher closing percentages, fuels greater member participation, drives longer client tenure, promotes higher margins and provides a more steady and predictable stream of monthly revenue for the club and trainer.

2. Predictable Sales Process - The great

clubs know that EVERY sale counts. They also know that the superstar salespeople are selling other stuff, like homes, cars, insurance, etc. They realize they need systems and processes to ensure they can bring out the best in the talent pool the market allows for. As such, the GREAT clubs SEEK out and implement the best sales systems on the market and then use technology to ensure the process sticks. They no longer tolerate the lone wolves who want to do it their own way. They no longer tolerate paper-based sales systems by which people can skip steps and take shortcuts. Getting a client and keeping a client is just too critical. The GREAT clubs standardize the sales process so each prospect is being delivered the proven value and narrative EVERY time.

3. 30-minute Sessions - EVERY single one of the top producers in the country lead with 30-minute sessions vs. 60-minute sessions. It's not that they don't offer 60-minute sessions, it's just that they lead with the product that allows more members to participate in training. Greater Member Penetration should be the goal of any club operator in the new economy, and affordability is the key! Shorter sessions allow you to lower the cost of entry into training. Hence, training is now more affordable to a larger percentage of your total membership base.

Not only do the GREAT clubs sell more training with a 30-minute session, they can service more clients as well. Think about it. You can train twice as many members in the same given hour with the exact same labor cost using a 30-minute session vs. a 60-minute session. Outside of group training, there is no better way to increase your member service efficiency rate. **Bottom Line:** 30-minute sessions allow you to double the number of members serviced in any given hour.

4. Layered Menus - If you want to attract more clients and broaden your reach of support, you need to offer more choices and not force a one-size fits all mentality on your audience. The layered pricing approach works best. Meaning, our best customers offer multiple options (one-to-one and Small Group Training), and they clearly communicate and recommend those options based upon the specific needs of the consumer. When done correctly, you should be able to sell 50 - 70% of all orientations/assessments some form of paid programming. However, keep in mind, the layered approach is designed to attract more total customers. If positioned incorrectly and not communicated properly, layering can, and most likely will, cannibalize your existing

one-to-one audience.

5. Trainer compensation - The most successful clubs no longer pay a percentage or a flat fee based upon certification, longevity or client load. Retention is key, and none of the compensation criteria guarantees that the trainer will do a great job servicing or retaining that customer. As such, the best clubs pay according to retention and revenue outcomes:

A. The Retention Model - This model rewards the trainer based upon how well he or she retains their existing client base. You simply take the number of existing clients in any given period (monthly or quarterly), subtract any new clients given to trainer in said period and then determine how many of the original clients remain. Divide the number of remaining clients by the number of original clients, and you now have the retention percentage. Typical payouts in this model are 30%, 35% and 40% of rendered sessions and are based upon 80%, 85% and 90% retention rates.

B. The Revenue Model - Similar to the Retention Model, the Revenue Model pay plan is tied directly to the existing amount of revenue or draft that a particular trainer “owns” or “loses.” The calculations are almost identical in that you take the value of the draft or sessions that a trainer has in any given month and compensation is paid based upon how much of that draft or sessions are retained at the end of the month. In this case, payouts are typically 30%, 35% and 40% of rendered sessions and are based upon 80%, 85% and 90% retention of revenue or draft.

As you can see, the GREAT clubs



Ron Alterio

do not become great overnight. It isn't a magic bullet! It's not just quick flick of the switch. The great clubs think the play through from start to finish. No stone is left unturned. They set up the ideal moving parts right from the beginning (new client acquisition) and work through the play until the end (existing client retention). They then commit to mastering the full play. In fact, just like “Mike,” to become great, they have to consistently work on all parts of their game.

(Ron Alterio is a PT Business Coach for Visual Fitness Planner. His area of expertise is building and driving successful EFT draft PT business models throughout the United States and Latin America using the full suite of VFP products. You can learn more about VFP by viewing Ron's digital business card at www.knome.mobi/RonVFP, or he can be reached by calling him at 717-645-3899 or emailing him at ron@vfp.us)

The Professional Tennis Registry to Host Directors of Tennis Conference

HILTON HEAD ISLAND, SC - The Professional Tennis Registry (PTR) will hold the 4th Annual Directors of Tennis Conference, October 20-22, 2015. It will be held at the Shipyard Beach Club on Hilton Head Island, South Carolina.

“We recognize that the tennis industry needs to offer more business development opportunities for tennis directors,” said Dan Santorum, CEO of PTR. “After the success and positive feedback from our past Directors of Tennis Conference, we know PTR is on the right track to strengthening our profession, tennis facilities and our sport.”

The format is similar to most conferences with experts presenting on a

wide spectrum of topics that will facilitate a broad based learning experience. Each day will close with peer-to-peer roundtable discussions so attendees can brainstorm and share their best practices.

The conference is limited to 75 attendees who are Tennis Directors and is on a first-come, first-served basis. A variety of topics relevant to directors of indoor, resort, country club, public and private facilities will be addressed by a faculty that includes Directors of Tennis and Consultants, like Doug Cash, formerly of Tennis Corporation of America (TCA); Greg Lappin, formerly of Life Time Fitness, and others.



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The Financial Power of The Crowd

By: Stephen Tharrett and Mark Williamson

Part I

The Democratization and Socialization of Raising Capital

Raising capital has never been an easy task for entrepreneurs, and for most entrepreneurs, launching a business raising capital can be the “straw” that often breaks the camel’s back, the challenge most likely to derail their business vision. Until recently, raising equity for a business venture, be it start-up capital or growth capital, was comparable to a soldier navigating a minefield without a mine detector.

At the height of the recession, a confluence of variables (i.e., stricter lending practices by banks, movement of venture capital away from start-ups, private equity firms retrenching and refocusing on proven business models, shifts in consumer purchasing behavior, shrinking personal savings accounts, impact of the cloud and social media and a new generation of young entrepreneurs) came to bear what would forever change the landscape for how entrepreneurs sought capital to bring their business vision to reality. This innovative new world of financing called **crowdfunding** has opened doors for entrepreneurs who only a decade ago would have had no chance of raising the capital needed to start or grow their business.

Crowdfunding is rooted in the convergence of social connectivity, investing democratization (i.e. anyone can invest), cloud-based technology and government regulation. In 2012, the passage of the JOBS Act (Jumpstart Our Business Start-Ups) added an exponentially more powerful environment for the introduction of additional approaches for crowdfunding, opening the doors for both accredited and non-accredited investors to invest in the dreams and business solutions of entrepreneurs. Clifford Holekap, Senior Lecturer of Entrepreneurship at Washington University offers a very succinct description of the appeal and popularity of crowdfunding in today’s new economy. He said, “The real reward of crowdfunding investors is not financial; it’s the opportunity to participate. Helping an entrepreneur achieve their dreams and being part of a company that changes its industry, and even the world, is exciting and personally rewarding. Everyone should have the freedom to make a difference with their dollars.”

According to recent statistics, \$16.2 billion was raised in 2014 using crowdfunding platforms. In 2015, experts

estimate crowdfunding platforms will generate over \$34 billion in capital. According to a recent article that appeared in Entrepreneur online, approximately 41% of all funds raised through crowdfunding platforms are used to launch a small business.

Crowdfunding today is not unlike the “wild west” of the past. Today, entrepreneurs can attract capital through five different crowdfunding approaches, each uniquely different, and in most cases, not nearly as well regulated as more traditional means of raising capital. The five crowdfunding approaches are donation-based crowdfunding, reward-based crowdfunding, debt-based crowdfunding, equity-based crowdfunding and royalty-based crowdfunding.

In **Part I** of this 2-part series on crowdfunding, we will explore the most tenured approaches to raising capital in the world of crowdfunding: donation-based and reward-based crowd funding. **Part II** of this series, which will arrive next month, will look at the newer forms of crowdfunding that leverage the financial upside of supporting an entrepreneur’s dream: debt-based crowdfunding, also known as peer-to-peer lending; equity-based crowd funding and royalty-based crowd funding.

Donation-based Crowd Funding; Empowered by the Passion of Fans

Donation-based crowdfunding, and its sibling, reward-based crowdfunding, first arose in 2003 with the introduction of ArtistShare, a donation-based funding platform designed to help raise funds for musicians seeking to digitally publish their recordings. Donation-based platforms focus on helping individuals, as well as small businesses, to raise capital by appealing to a common and compelling sense of purpose and passion; in many instances, an altruistic one. Some have even referred to donation-based crowdfunding as charity crowdfunding. Individuals who donate to a campaign or project on a donation-based crowd funding platform do not receive a tangible benefit for their contribution; rather, they receive a very intangible, yet potent benefit: knowing they are making a difference by helping someone achieve their vision. Today, the largest crowdfunding platform in the world is donation-based site GoFundMe, which in 2014, raised approximately \$470 million from its 6 million plus donors. According to a variety of published articles, donation-based crowdfunding and its sibling sites offering rewards-based crowd funding are successful in raising the entrepreneur’s targeted funds 54% of the time.



Stephen Tharrett



Mark Williamson

Rewards-based Crowd Funding; Empowered by Passion and Reward

Reward-based funding platforms, which evolved from donation-based platforms, are presently the most popular globally, including leading sites such as KickStarter that launched in 2008, as well as Indiegogo and RocketHub. Rewards-based funding platforms operate similarly to donation-based sites, extending fans, friends and followers the opportunity to contribute to a project that inspires them, leveraging the intangible benefits that accompany having contributed to the achievement of an entrepreneur’s dreams and passions. Rewards-based sites one-up the donation-based sites by offering tangible benefits to sweeten the pot and generate additional buzz and participation. The top four crowdfunding sites (donation and reward-based) based on contributor traffic are GoFundMe, Kickstarter, Indiegogo and teespring. One example of the fundraising power exhibited by these crowdfunding sites is illustrated by the \$440 million that KickStarter was able to raise for entrepreneurs in 2014 from its base of over 3 million contributors.

Things to Know about Donation and Rewards-based Crowdfunding

Not every funding campaign succeeds. Industry statistics indicate that approximately half of all reward-based and donation-based crowdfunding campaigns achieve their goal. An entrepreneur’s success rate is dependent upon multiple factors, but one thing the statistics show is that the larger the financial target, the lower the success rate. According to a recent article appearing on VisionLaunch, 43.8% of campaigns launched the past year on Kickstarter were successful, while approximately 10% of those launched on Indiegogo were successful. Campaigns seeking to generate between \$100,000 and

\$1 million (likely target for a start-up fitness business) were successful approximately 12% of the time on Kickstarter and 1% of the time on Indiegogo. For campaigns seeking \$20,000 to \$99,999 the success rates were 25% and 3% respectively. According to the same article, small business ventures have the lowest success rate at approximately 3%.

Rewards are Important. Successful campaigns offer relevant and compelling rewards. They also offer a tiered incentive structure that provides increasingly valuable incentives based on the level of donation made by the contributor. Incentives vary depending on the project. Examples of the types of rewards offered by entrepreneurs seeking donations include: free tickets for an event, a thank you phone call from the entrepreneur, a physical copy of the product, exclusive access to a function, private parties, having the chance to contribute to the final product (some video game developers allow contributors at certain levels to create a character for the game) and being named in the credits (e.g., video games and movies).

It’s either all-or none sometimes. Some reward-based sites use an all-or-none approach to funding (e.g., KickStarter), which means that entrepreneurs don’t receive their funds unless they achieve their target, and likewise, the contribution of the “investor” is not accounted for unless the target is achieved. Other reward-based sites (e.g., Indiegogo and RocketHub) allow the entrepreneur to retain whatever they raise rather than require them to achieve the stated target.

Generating capital comes with a cost. Rewards-based sites, along with donation-based sites typically charge a fee for their services. These fees include the base fee, which typically runs around 4% and a
(See Crowdfunding Page 23)

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...Crowdfunding

continued from page 22

processing fee (collecting funds via credit card or Paypal) of 3% to 5%. Furthermore, those sites that allow entrepreneurs to keep the funds they raise if their targets are not achieved, typically charge a base fee of 8% to 9%. For example the base-fee for Kickstarter is 5%, RocketHub is 4% and Indiegogo is 4%. Indiegogo and RocketHub charge a base fee of 9% and 8% respectfully if the entrepreneur chooses to keep donations in the absence of achieving their target. In the end, an entrepreneur should incorporate into their budget a cost of 8% to 10% for fees and processing.

The IRS may want a take. There are federal tax implications related to the income you raise. If you are providing tangible rewards (e.g., merchandise or tickets to events) in return for donations, the IRS may classify the capital you raise as income and therefore any profit (capital raised minus expenses associated with the raise) may be subject to taxation. As a result, entrepreneurs need to consult with an accountant to better understand the potential tax implications of their capital raised.

Niches can be leveraged. While the mass-market crowdfunding sites dominate,

niche-driven crowdfunding sites have emerged over the last several years. These niche-driven sites, such as Teespring for entrepreneurs creating t-shirts, are platforms that provide forums for generating capital from targeted audiences. In the health and fitness segment, two promising donation/reward-based crowdfunding platforms have appeared. The first is MedStartr, which targets entrepreneurs seeking to raise capital for health-related start-up ventures. The second is FitKicker, which according to its website, seeks to be a crowdfunding catalyst for fitness entrepreneurs.

Tips for Success in the Donation and Rewards-based Crowdfunding Space

As highlighted in the previous section, just because you have a dynamic and compelling business opportunity, it does not mean your crowdfunding campaign will be successful. To increase your likelihood of being successful, we offer the following tips:

Have a well thought out business plan. Ideas don't fly, ventures with a well-thought out business plan and strategy do. If you were going to approach Angel investors, you would have a business plan, so think of the crowd as a group of Angels. Being professional is critical.

Establish a realistic target for your capital raise. Remember that the larger the capital raise, the less likely it is to succeed. Consequently, you want to identify a target that will realistically allow you to achieve your business goal. Asking for more than you really need may result in your campaign not reaching its funding target. Asking for too little may result in your business being unable to achieve its goals, which will end up hurting your credibility. In the end, you need to identify a number that will build trust with contributors and likewise allow you to realize your dream.

Create a dynamic pitch. The crowd wants to be romanced and treated with respect. You need to create a pitch that appeals to both the rational and emotional brains of the crowd. A great pitch speaks to the problem your venture solves, how your venture is unique and how your venture is relevant to the investor (what do they get out of this).

Do your homework before selecting a crowdfunding platform. Don't select a site because it's trendy. Understand all aspects of posting your campaign on the site. Know if the site has an audience that aligns with your campaign, know what its success rates are and know what costs are involved.

Build buzz before your campaign. Successful campaigns start well before they are launched. Entrepreneurs need to reach out to their circle of friends via their social media outlets and pitch their campaign. You want your "friends" to be the first to pledge, as this will foster momentum. Furthermore, if you know individuals who are respected in the realm of your business venture reach out to them for support. If you can get respected authorities or celebrities in your field to be on the crowdfunding site at the onset it will be an added boost to your campaign.

Keep the campaign fresh and compelling. You don't want your campaign to be a snore. Once your crowdfunding pitch is posted, you want to make it highly compelling using videos, images, testimonials, etc. You also want to keep it fresh, posting regularly about your business, about the progress of the campaign, sharing interesting comments and insights, etc. Contributors want to be romanced, but they also want to be kept in the loop.

Keep your promises. Whatever you promise to deliver in return for the crowd's support, make it happen. Keeping your promise means being transparent, holding yourself accountable to your plan and executing on the plan. If you promise to
 (See *Crowdfunding* Page 24)

How Effective Are Your Sales Meetings?

By: Karen Woodard-Chavez

In the health and fitness industry, specifically on the club side, sales meetings vary in frequency, purpose, value and consistency compared to other industries. If there is a wide variance in these factors, there could also be a wide variance in the effectiveness of the meetings. The bottom line with sales meetings is that they are designed to increase sales. This article will provide some insight into how to make your sales meetings more effective in increasing your sales.

The value platform you have for every meeting, sales related or not, is *inform, educate and motivate*. If you have an hour-long meeting, then 15 minutes of it should be *informing*, which includes where the sales team is month-to-date (MTD), other key performance indicator (KPI) stats, new club programs, etc. The next 40 minutes should be *educating*, which means working on a sales skill. This typically involves preparation prior to the meeting on the part of all attendees in the form of reading an article, viewing a video, listening to a recording, etc. You can discuss the content and how to implement it in the selling process, and you can also role-play. The important part is that the sales staff leaves the meeting with a new tool to use and a plan on how to use it,

including how you, as the sales manager, will ensure its use. The third and final part of the meeting is *motivating*, which takes the form of incentive or recognition.

Incentive is the act of offering a reason for your staff to behave in a certain way. What could that behavior be? Perhaps it is what you just trained them on in the "educate" portion of your meeting that will allow them to make more sales faster. However, they will only profit from the education portion of the meeting if they actually implement it. Thus, a kick-starter incentive may be a smart move. Know that it is not always necessary to incentivize your staff to try something new. Recognition is something you do to reward someone after behavior has occurred. So, let's say one or several of your staff have implemented a tool from the previous week's sales meeting and had great success with it. In the following week's sales meeting, you would recognize their efforts, consistency and success with that tool. You may simply recognize them verbally in the meeting, or you may reward them. Reward is something they would receive that is monetary, material or a benefit in nature. Just like incentive, reward is not always necessary. But, *recognition is always necessary*.

I find that the frequency of sales meetings in most clubs is too infrequent.

Some clubs have their sales teams meet once a month or twice a month... too infrequent. *I encourage you to meet on a weekly basis without fail.* A well-planned meeting that *informs, educates, motivates* and increases sales is a tool that is too important not to utilize. Remember, sales meetings are designed to increase sales. If you're not, then it is imperative for you to redesign them.

In addition to *inform, educate and motivate*, consider a weekly theme in your sales meetings. For example:

Week 1 of the Month: Stats on how your team finished the prior month, what worked for each sales person, what did not work and what we need to repeat or do differently for success in the current month.

Week 2 of the Month: Finalize the lead generation plan for the month to come, not the current month, but for the next month so everyone knows what to prepare for ahead of time to generate the leads they need for that month.

Week 3 of the Month: Heavy emphasis on where we are and where we need to be for new sales and non-dues revenue sales.

Week 4 of the Month: Sales presentation demos: a salesperson does a demo sales presentation from pre-tour through final paperwork and the rest of the team gives feedback on what they did well and need to do differently. This is an imperative part of your monthly sales meeting. This will keep sales staff on their toes and the salesperson rotates each month.



Karen Woodard-Chavez

Week 5 of the Month: HUGE support for sales staff to meet/exceed goals.

What has been mapped out in this article is the concept of group sales meetings. As a sales manager, it is critical that you are meeting with your sales team on a weekly individual basis as well. That meeting can be 15 - 30 minutes depending on where the sales person is in their performance and what needs they have.

When your sales meetings become more effective, your sales will grow.

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

The American Council On Exercise Celebrates Its 30th Anniversary!

In honor of the 30th Anniversary of ACE, the organization commemorated the milestone with a team-wide event at its San Diego Headquarters on June 30th. Congratulations from **CLUB INSIDER** to everyone at ACE for reaching the special 30th Anniversary milestone.

ACE's 30th Anniversary has already been spotlighted in various media outlets and will be celebrated with pros throughout the year in person at tradeshows and online through social media and other channels. ACE now has 58,000 certified health and fitness professionals across the world and maintains its steadfast mission to evolve the systems and environments that shape the nation's response to physical inactivity and preventable

lifestyle diseases.

A timely honor was given to ACE when the *San Diego Business Journal* named ACE to its 2015 Healthiest Companies in the Health Service Providers category. ACE makes wellness a priority as research shows it leads to happier, more productive employees. ACE's internal wellness team, ACE Wellness @ Work, created several successful initiatives throughout this year, such as the Break 4 Charity challenge. This included ACE employees walking, running and biking more than a collective 1,100 miles while simultaneously raising money for charity.

Congratulations to The ACE Team!



...Crowdfunding

continued from page 23

open the doors of your business, make it happen. If you promise to deliver a portion of your business, do it. If you promise rewards in return for their support, then when you achieve your funding goal, deliver the goods.

Always say thank you. When you reach your campaign goal, make sure you show your appreciation. Even if you don't achieve your goal, you need to thank those who supported you. Appreciation is powerful whether your goal is achieved or not. You never know when you may have to reach out again.

Concluding Thoughts

Crowdfunding has become one of the leading approaches in today's economic environment for entrepreneurs

to raise capital to launch their business venture. The power of the crowd continues to grow, and over the next decade, the capital raised through these various types of crowdfunding platforms is likely to become the primary source of capital for small business entrepreneurs. In **Part I**, we introduced the field of crowdfunding and focused on donation and reward-based crowdfunding, which to date, have been the most popular approaches to crowd sourcing capital. In **Part II**, which will be published next month in **CLUB INSIDER**, we will discuss debt-based and equity-based crowdfunding, which if predictions hold true, will be the leading crowdfunding platforms of the future for generating start-up and growth capital.

(Steve Tharrett and Mark Williamson are Co-founders and principals in Club Intel. Steve and Mark can be reached at 866-691-9233. Or, email Steve at stevet@clubintel.com)

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It IS Personal and It's Business

By: Jarod Cogswell

"It's not personal, it's just business." While I still consider myself "old school" in a lot of ways, this particular statement gives me a knot in my stomach because I have news for all of those short-sighted thinkers... business **IS** personal, especially in the fitness industry. It is an industry filled with operators responsible for changing personal lives, and just like any other for-profit business, one that has a need to make money.

Whether you're an Owner, Manager, Personal Trainer, Group Fitness Instructor, etc., you are an entrepreneur or "fitpreneur," as I have heard used frequently as of late. ALL of us have the responsibility to drive sales, retain clients, create memorable positive experiences and build/maintain participation. All of these tasks drive our businesses forward, and we cannot do it without personalization. Period.

Every single one of us is a brand. As owners, we need to ensure that our individual team members' brands align with ours to a high degree, or we fail to maximize our missions. Furthermore, ownership must be the ultimate example of what they want their brand to be.

What is a brand? A brand in this case is simply how people perceive you (your members, clients and general public). And, that perception has a definite impact on your business success.

As an example, below are examples of what I want my personal and business brand to be known for:

1. Community/Culture;
2. Positive Member/Client Experiences;
3. Results;
4. Cleanliness;
5. Inspiration.

These characteristics of my brand may sound simple. But, it takes a lot of time and effort to build, and most importantly, create consumer trust. How do I do that? First, I must remember that it is my responsibility to execute the following objectives EVERY single day... A super tough task, but like I always say, the business of fitness is my sport; I will attack it just like an elite athlete.

Community/Culture

Business success and failure begins at the top, and in this case, with ME. I must be a role model of my brand.

First, I must possess the will and discipline to be consistent with the same expectations that I clearly communicate with my team. If I don't do what I ask of

them, neither will they.

Next, I have to recruit, coach and retain the right team members that align with my mission. My mission **IS** personal, and it **IS** what will create business success. Over time, it's our team who successfully mixes with our members and clients to create a successful culture... the #1 asset of any successful fitness business.

I must be frequently visible. Face time with my team and my members/clients is critical. I must be a source of motivation and inspiration. Instead of being perceived as an owner or manager, I must be a coach and mentor... someone with the ability to influence and educate. Furthermore, I must play in the trenches, participate as a client and use my facility. I must welcome members as they enter by working time behind the front desk. I must consistently roam the floor and fist bump and high five every person that I can so they feel appreciated and noticed.

Yes, it's not always easy, but maintaining personalization builds our community and culture.

Member/Client Experiences

I must coach my team to deliver memorable experiences. Over time, it's so easy to simply "show up" for work. EVERY single day is game day! Never, ever take your client experiences for granted. One bad day can result in a cancellation and negative exposure.

The experience begins and ends at the front desk. We must welcome every member by name, check-in with them during their visit and offer them a parting wish. As I tell my member service representatives, "YOU are an integral part of a client's life changing process... just as much as the trainers and/or instructors."

And, my expectation for trainers and instructors? Do not simply show up. Prepare. Envision your session or class for the best experience. Invite participation. Build your following. Attract and retain. Ensure that you touch every client and participant. Educate, motivate and inspire EVERY time. And last, but not least, check in with them outside of the club or gym. Support them even when they are away.

That's personalization, and it's good business.

Results

It's amazing how many people wish for results, but we fail to sincerely support them on their path. Exercise for most people is NOT easy. Many need their hands held, and we need to do everything possible to live up to the results we sell them on. How?

Track their usage. Find out who is not coming in and contact them. Let them know you care. Be the solution behind their barriers and excuses. The fitness program alone is never enough to motivate them to keep coming back. Otherwise, people would simply be training with P90X, INSANITY or another at-home program for years and years. Find that "spark" that gets them back in the door.

Recognize the smallest of victories and progress. Compliment members and clients consistently. Let them know you notice their effort, not just the weight they have lost. Our first health goal is to simply put a smile on someone's face versus losing five pounds because, collectively, we're improving mindsets, spirits and bodies!

Promote their success. We all know the power of testimonials and people love real life stories. How many success stories are you creating each and every day? The big weight loss centers build their billions on testimonials, why shouldn't we?

The fact is, IF we are truly in this business to change lives, helping people achieve results is vital and very personal.

Cleanliness

Be obsessed about cleanliness. Do you want to differentiate your brand and your identity from the competition? Be maniacally focused on being the cleanest facility in your market.

My good friend, inspirational leader and ultra-successful *fitpreneur*, Todd Durkin, always says, "Don't just be clean. Make your facility **SURGICALLY** clean."

Personalize your facility to feel like a home away from home... Keep it clean. It's a sign of a good business.

Inspiration

I realize that not everyone has the personality to comfortably share their passion nor possess the desire to inspire



Jarod Cogswell

and motivate others. However, with my brand, inspiration is a critical piece to my business. I want to inspire every person who buys from us, as well as our surrounding community. I want our "familia" and our culture to be the spark for others inside of the gym and out. I want to maximize lives. I want to be different. I want to inspire others to believe in themselves so that they have the confidence to inspire their own friends, co-workers, family members and more to lead a richer, healthier life.

Educate. Motivate. Inspire. It's not for everyone, but the ones that can do it every day, have an edge in the fitness business.

Like I said, it starts at the top. If you're not comfortable leading, coaching, and motivating your team and members your business is either at risk or not fully maximizing its potential.

You are the business. **You are** the brand. And yes, it **IS** personal.

(Jarod Cogswell is the founder of FIT Academy, Inc. and Enterprise Athlete fitness consulting services. He is a Platinum Level Business Coach for the Todd Durkin Mastermind, professional speaker and author of "WORK like an Athlete... Championship Training 4 the Game of Business." He can be reached at jcogswell@enterpriseathlete.com.)

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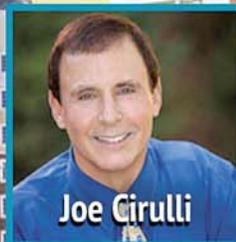
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Why Cutting Your Promotional Efforts Kills Your Gym

By: Jim Thomas

The biggest mistake you can make is to cut your marketing budget, or even worse, don't even have one. Marketing, advertising, promotion and branding are the lifeblood of your gym that brings in new members and other sales. A primary job function of any gym owner is to be sure the door is swinging, the phone is ringing and the email is dinging. You must continue to grow market share and avoid obscurity. Stay focused on helping people and solving problems for people. Now, before I share some tips on how to do this, many owners will say, "I just don't have time." Well, you do if it's a priority. Here you go:

1. Have a Member Loyalty Strategy. Everyone should be doing this one. Have a defined strategy to celebrate birthdays, membership anniversary dates and member success stories. Get a process in place that nurtures your members (maintains interest and desire).

2. Get some Publicity. Write a press

release and then tag all of your local media on Twitter. This will get your "news" in the palm of the hand of your local media. In advance of this, be sure to follow your local media (TV, Radio, TV, Magazines, etc.) and re-tweet what they post. You want to become known by the media and attract attention to your gym.

3. Networking. Join a local networking group. Check out meetup.com or join your local Chamber. When you attend a networking function, be sure to attend with a mindset to serve, not just looking for leads.

4. Email Newsletter. Not only should you do an email newsletter, but be sure it goes out on a regular basis. Categorize your newsletters that go out to members, non-members and Alumni. Your content should help people get the results they are seeking and solve problems.

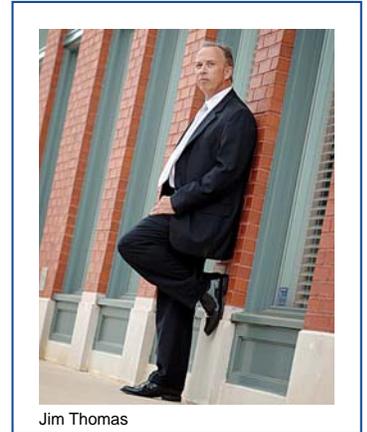
5. Blog on Regular Basis. Have you seen the latest stat on this? If you blog 16 times per month, you'll get 3.5 times the traffic than someone who only blogs weekly; enough said. If you're too busy,

try blogmutt.com (I am not compensated by them, by the way).

6. Past Campaigns. I'm always amazed by this one. When you find something that works, repeat it.

7. Social Media. There is so much to discuss here that it would take a full seminar to get all the information out there, but let me suggest that you share, re-tweet, etc. the posts of others. *Follow* and *Like* all your local businesses, and when they post something that is appropriate, share it, re-tweet it and push the power out to them. I can promise you, they will start to do the same for you in no time at all, and you will be seen by people that perhaps had never heard of you.

8. Street Team. This is a must for any gym. Hire someone who is only focused on driving non-member traffic to your gym (of course, you must train them). Compensate based on your new member needs and volume of guest traffic. Everywhere you turn, you want people to know you.



Jim Thomas

Now, go promote your business!

(Jim Thomas is the founder and president of Fitness Management USA Inc., a management consulting and turnaround firm specializing in the fitness and health club industry. Visit his Web site at www.fmconsulting.net or www.jimthomasondemand.com.)

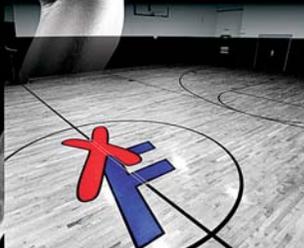
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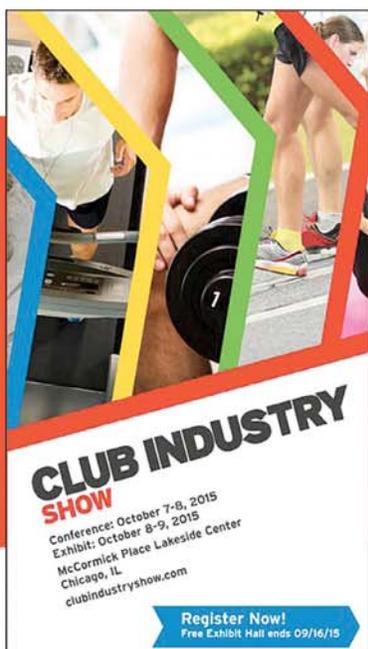
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Programming For The “Fun Of It!”

Create a Space For Small Group Training Management Success

By: Laurie Cingle, M.Ed.

Success with Small Group Training (SGT) is based on 7 Keys: (1) Leverage Your Offerings, (2) Hire and Retain Champion SGT Trainers, (3) Define Metrics, (4) Identify a SGT Manager, (5) Create a Space, (6) Outline a Marketing Plan and (7) Develop a Budget. The focus of this article is **Key #5, Create a Space**.

Creating a dedicated area to conduct SGT is important for maximum revenue generation and client safety. As you look around your facility for an area to carve out for SGT, answer these questions:

1. Will the space be exclusively for fee-based programs or will it be available for all members to utilize any time? This will

depend on your current business and your plan to grow.

2. How much space should you dedicate? Between 500 and 1,500 square feet of open space provides what most small group programs need.

3. Where should the space be located? Choose space outside of your group exercise studio; it is difficult to charge for SGT if the primary room usage is for free group exercise classes, as it confuses clients regarding value. Also, make sure the area is visible to all, not tucked away in a closed conference room or dark corner of the fitness floor.

Space is hard to come by in

any facility. At a minimum, “feng shui,” your main fitness floor, rearranging and eliminating little used pieces of equipment. Ideally, create a glassed off area where members can look in but any music played won’t disturb the rest of the facility.

Keep in mind that SGT is a profit center so don’t hesitate to invest. Develop the best area you can afford to enhance the group experience. This keeps clients coming back and drives revenue and client retention. Consider these items as you build out the area:

•**Specialized equipment and places to store it:** Common items include Kettlebells, TRX, tubing, steps, barres, mats, medicine balls, etc. All items need to be stored when not in use.

•**Sound and microphone:** The best you can afford for the size of the space. Music is a key component of SGT programs and impacts the client experience.

•**Central place for the trainer to stand:** To demonstrate, lead and motivate.

•**Lighting:** Drum, track or theatrical to enhance the room.

•**Mirrors:** At the side rather than front



Laurie Cingle

as they distract and detract from the experience.

•**Décor:** Colors, graphics and branding to enhance the mood; the space should feel strong, athletic, motivating.

(Laurie Cingle, M.Ed., is a fitness business success coach, club consultant and a member of the Leadership Team at Akron General LifeStyles. Her specialties include creating successful club program champions through coaching, developing and operating non-dues revenue profit centers, establishing club market differentiation and designing programs that result in profit and retention. Contact her at laurie@lauriecingle.com.)

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Thanks and Appreciation

At CLUB INSIDER, we are excited to be in our 22nd 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 22-year run possible.

A very sincere Thanks and Appreciation go to Rick Caro, Dr. Gerry Faust and the Faust Executive Roundtable #1 for helping me decide in 1993 what my home-based business would be. Thanks and Appreciation to my long-time friends, Ron Hudspeth and Cathy Miller of Atlanta's Hudspeth Report for the tremendous assistance they provided us during our first 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 260 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! 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 22 years now, has truly been a fantastic partner for his Dad in CLUB INSIDER. Justin does our editing, publication layouts, all of our website design and maintenance, all of our bookkeeping and subscription processing work, as well as archive management and anything else that needs doing, including writing eight cover stories per year.

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

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

Norm Cates, Jr.

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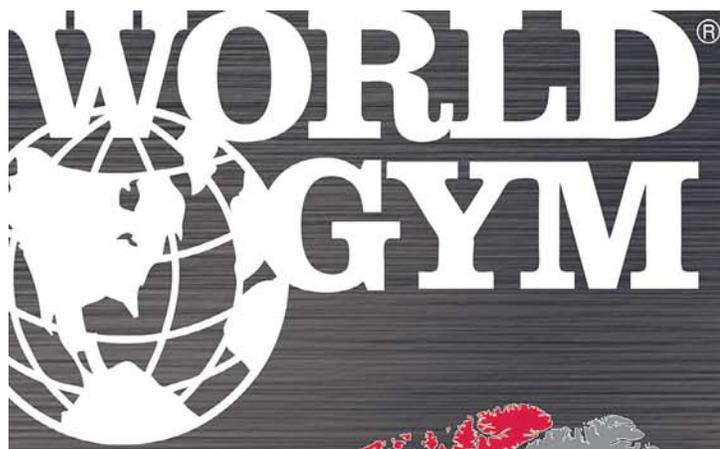


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