

Norm Cates'

CLUB INSIDER

CELEBRATING 25 YEARS OF TRUST



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CELEBRATING 25 YEARS OF TRUST

PASS PHIT!

The Importance of Passing PHIT and What You Can Do To Help

By: Justin Cates

The Health and Fitness Club Industry is on the verge of an accomplishment that has been years in the making and one that *should* further bolster its growth in the years to come. Of course, I am talking about PHIT, the *Personal Health Investment Today* act. After more than a decade of hard, in-the-trenches work by hundreds of industry leaders and advocates, on July 25, 2018, H.R. 6199, the *Restoring Access to Medication Act of 2018*, a broader bill that included the current language of PHIT, passed the U.S. House of Representatives with a bipartisan vote of 277 to 142. On the heels of being recommended by the House Ways and Means Committee, for the first time, PHIT has passed a House of Congress vote. In doing so, it sets up what can only be described as the most crucial moment in history that our industry has faced. *We must win*. So, to that end, this month's cover story is going to be all about PHIT. How did it come to be? Who are the key players that brought it to the forefront of national awareness? What will it do for this great industry? And, *if not already, what can you do to get involved?* More than ever, I urge you to read on.

One of the reasons being on the verge of passing PHIT is, frankly, astonishing, and will bring more eyes on health and fitness clubs than ever before is because of the history this now great industry holds. I say 'now great' because it wasn't always that way. Early pioneers of the industry, though right in their thinking that fitness could increase one's lifespan and improve

quality of life well before it was medically documented, did not always do the *right thing* in terms of ethical business operations. This was simply because of the knowledge gap between what they knew inside and out (i.e. health and fitness) vs. what they wanted to accomplish in the, new to them, game of business. Mistakes were made by many, and like the Wild West of the 1800s, it was that way for our young industry in its early years.

It's very important to note that these mistakes were not outside the norm for industries in the developmental phase. When one's focus is fiercely on the offering and how to get it out there *yesterday*, the future is not necessarily top of mind. Instead, survival is priority number one, and mistakes that can ripple through time are made in the name of that objective.

As an industry evolves and matures, though, broader acceptance begins to take hold. Eventually, this brings in a fresh think tank of investors who see an opportunity. Investors want a return on their investment, so they will make sure the brightest minds they know are working to solve the problems of an expanding industry, and thus, are protecting that investment. Where, through experience, industry operators know the little things that work and don't work in the day-to-day operations of their business, this new group knows what it takes to ratchet expansion up multiple levels but within sense of the underlying business model.

Eventually, an industry becomes 'important enough' for the Federal Government to take notice of it. However, the idea of 'important enough' should be taken with a grain of salt. So many times,

the context is negative... Bailouts for this company or that industry. But, sometimes, the context can be positive. For our industry, it would be the latter. Essentially, PHIT becoming law will be an endorsement by the Federal Government that our industry is a measure that can be taken by its ailing population to increase health and wellbeing, thus taking some pressure off the insurance-based, sick-care way of doing things that is the only way it has known. **THAT is EVERYTHING.**

Moving forward as a solution to the health care system failure everyone seems to know is on the horizon, and with the added benefit of being top of mind financially (i.e. it doesn't get much more personal than a tax return) to a population of over 300 million people, the health and fitness club industry is on the precipice of growth we have not yet known. Everything we've done and fought for as an industry has led to this moment. But, will *YOU* act to make sure it happens?

To inform you more about PHIT and what you can do to make sure it becomes the law of the health and fitness club industry, as well as health care, land, the remainder of this cover story will feature interviews with five key industry leaders and advocates involved in the fight to pass PHIT: **Jim Worthington**, *Owner of Newtown Athletic Club and Chairman of IHRSA*; **Joe Moore**, *President & CEO of IHRSA*; **Helen Durkin, J.D.**, *EVP of Public Policy for IHRSA*; **Meredith Poppler**, *VP of Communication & Leadership for IHRSA*; and **Derek Gallup**, *EVP of Fitness for New Evolution Ventures and Ex-Officio Chairman of IHRSA*. Please, read on...



Jim Worthington

An Interview With Jim Worthington, Owner of Newtown Athletic Club and Chairman of IHRSA

Club Insider (C.I.) - With the recent passage of PHIT by the United States House of Representatives, the bill is closer to final passage than it has ever been, now awaiting action by the United States Senate. Using a crystal ball, so to speak, what do you foresee this bill, as a law, doing for the health and fitness club industry?

Jim Worthington (JW) - This bill will provide a defining moment in the history of the fitness industry by illustrating that we now have validation from the highest authority in the land, the Federal Government, that *Exercise IS Medicine*. Now, 80 million Americans with Health Savings Accounts (See **PASS PHIT!** Page 10)

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- Is the Wellness Revolution Finally Here? - By: Casey Conrad
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- ClubIntel Announces the Upcoming Launch of 4th Annual Trend Study - What's All the Rage
- 1,500+ Join New Crunch Gym in Tuscaloosa on Record First Day of Pre-Opening Sales
- Muscle Up Marketing Acquired by Mudlick Mail
- And, of Course, *Norm's Notes*

Norm's Notes

■ **Hello Everybody! This is your Club Insider Publisher and Tribal Leader** Since 1993 checking in with Club Insider Edition #296! WOW! Only four editions to go before we hit the Big 300! Yahoo!

■ **Is America a great country, or what? Every month** that I get to write these words to you, I consider myself extremely blessed to: (A) Be alive, healthy and still kicking! (B) To be an American in this amazingly fabulous country, which has **only 6% of the world's population**, a population that's very likely one of the, if not **THE most fortunate, populations on earth!** (C) Still being able to write my thoughts to all of you who're involved in our great industry, an industry we all love and truly strive to make better and better for our customers and associates. Frankly folks, I don't know how it could get any better than this! **JUSTIN** and I might just be **the LUCKIEST GUYS IN THE WORLD to be able to touch base with you again today!**

■ **First, I must share some sad/bad news.** I received a phone call a couple of weeks ago from **DOUG MILLER**, a former employee and a long-time friend of mine, who now lives and works in England. Doug served as the **"Best Man"** in our wedding when I married **ILENA**, now my wife of **35 years**, in Las Vegas on **January 20th, 1983**. Doug worked with me at my **Downtown Athletic Club** and **Northwest Athletic Club** here in Atlanta back in the 1980s.

Since then, he went on to become a *Partner* in **Sales Makers** with **RAYBOB GORDON** and **EDDIE TOCK**. Their U.S. partnership stopped when Doug moved to England and continued operations of his new company, **Sales Makers International**, *over there*.

Sadly, Doug's phone call was primarily to inform me that he had recently been diagnosed with **Stage 4 cancer of his intestines**, and *it was inoperable*. He said that his doctors had given him only 3 - 4 more months to live! Doug and his significant other, **MELANIE RIEGER**, have been together for over 20 years in England, and **they're NOT giving up!** Doug told me he just had his first chemo therapy session, and he plans to continue the fight with chemo treatments with hopes of beating this awful problem. An update on his **Blog** shares that he had his second chemo session, and he's received some good news after the first chemo session. That good news is that his cancer has shrunk by over 30% from the first treatment!

All I can do is pray for Doug and ask you to pray for him, too. I'll keep you posted on his situation as I hear more from Doug. **Stay tuned!** Oh, and you can reach out to Doug yourself by going to his Blog address, which starts with a nasty 4-letter word beginning with S and ending with a T. So, his Blog address is **www.s__thappens.com**. If that doesn't work for you, write to me at **Norm@clubinsideronline.com**, and I will send it to you.

■ **PHIT Passes the House of Representatives!** This month, we're doing a **Special Edition Cover Story** for Club Insider featuring **PHIT**, which is the acronym for **Personal Health Investment Today (PHIT) Act**. Check it out on **Page #3**. **IHRSA CEO and President, JOE MOORE** also recently wrote:

"I'm excited to announce that the U.S. House of Representatives passed a package of HSA bills, including PHIT! We knew 2018 would provide opportunities for PHIT and our industry's united efforts to build a healthier, stronger, active and more prosperous nation would push us forward. Today, we celebrate this milestone. Gaining passage in the House of Representatives is a historic step for PHIT.

The package of Health Savings Account (HSA) reform bills, including PHIT, passed today would allow any American to use tax-free accounts like HSAs and FSAs to pay for qualified fitness expenses, including:

- Health Club Memberships;
- Sports Safety Equipment; and,
- Youth Sports Fees

PHIT was first introduced in Congress 12 years ago. PHIT originated out of the combined efforts of IHRSA, Sports and Fitness Industry Association (SFIA) and the National Coalition for Physical Activity (NCPA). It's been a long road,



Norm Cates

and thankfully, many other organizations have joined the original three in working for passage of PHIT.

Most importantly, I want to thank all of you for supporting PHIT. We could not have reached this important milestone without your tireless efforts. Your commitment to a healthier, stronger, more prosperous America has made all the difference.

Now, PHIT heads to the Senate. For all the latest on PHIT be sure to go to: **bit.ly/clubinsider53**.

We've taken PHIT this far. If we continue to work together, we can make PHIT a reality!

(See *Norm's Notes* Page 7)

About Club Insider

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PUBLISHER and TRIBAL LEADER - Norm Cates, Jr.
ASSISTANT PUBLISHER - Justin Cates

PRINTING and MAILING SERVICES - Walton Press

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Proudly Published in The United States of America



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Exercise IS Medicine!

By: **Mike Alpert**

Late last year, I was able to watch a short segment that NBC News in Cleveland did on a program that was having extraordinary results with people who were struggling with Parkinson's disease. The study involved a scientist at the Cleveland Clinic by the name of Jay Alberts that he began in 2003. Jay was participating in a *Ride Across America* with a patient and friend of his who had moderate Parkinson's. They were riding a tandem bike, and after

the first day, and in all the subsequent days, he noticed a significant improvement in his friends' Parkinson's symptoms. This lead him to begin his study, which involved having patients with Parkinson's at the clinic begin riding stationary bicycles three times a week for one hour at 85 - 90 RPM.

At the end of 2017, we decided to offer this program at our Claremont Club using our cycling studio bikes and our instructors. In my article this month, I want to share with you the data taken by Dr. Zarin and Dr. Bob Sallis at Kaiser

Permanente. They are conducting a multi-year study on this program, and the initial results are amazing to say the least. Our program is offered at no cost and runs for 12 weeks. The participants come in three times each week and go through an assessment at the start of the program, into the 6th week and at the end of the 12 weeks. They are encouraged to keep their RPM between 85 - 90, but the average of the first group was actually 78 RPM. The participant's ages ranged from 47 - 89 with the average age being 69.8. Dr. Zarin and Dr. Sallis are using a very standard rating scale, the UPDRS (Unified Parkinson's Disease Rating Scale), which consists of four segments: (1) mentation, behavior and mood; (2) activities of daily living; (3) motor examination and (4) Motor complications. The segment most meaningful is the motor examination that measures tremors, stiffness and the ability to walk.

If you have ever watched someone with moderate to severe Parkinson's, you have seen how much they shuffle their feet when they walk and the tremors they have. So, how did our participants do? We saw a 12.82-point drop in their motor skills, which is a 62% improvement. Taking in all four segments of the UPDRS, we saw an 18.33-point drop, which is a 35% improvement.

When comparing this to the gold standard medication given to people with Parkinson's, Levodopa, the improvement is clearly impressive. According to Dr. Sallis, the average patient on the highest dosage of Levodopa (600 mg) over the same 12-week period experiences a 5-point drop in their motor skills vs. an almost 13-point drop cycling three times a week for one hour each time. And, with Levodopa, the drug eventually stops working after about



Mike Alpert, Claremont Club CEO & President

four years.

Over the 12-week period, the average participant in our program saw their score improve in 39 of the 50 categories of the UPDRS, which is highly significant. In addition, other things like diastolic blood pressure improved, as well, and all participants want to continue their exercise program.

Finally, they have made new friends and are benefiting from social engagement, which they find in the Claremont Club setting.

I hope that you will consider opening up your club to people in your marketing area who are dealing with Parkinson's and offering this program. It is once again proof that Exercise IS Medicine!

(Mike Alpert is the CEO and President of The Claremont Club in Claremont Club in Claremont, California. He can be reached at malpert@claremontclub.com.)



KKR to Acquire The Bay Club Company

NEW YORK, N.Y. and **SAN FRANCISCO, CA** - KKR, a leading global investment firm, and The Bay Club Company ("Bay Club"), a premier active lifestyle and hospitality company, announce the signing of a definitive agreement under which KKR will acquire Bay Club from York Capital Management and minority investors, including JMA Ventures and Roxborough Group. Financial details of the transaction were not disclosed.

Founded in 1977, Bay Club operates a collection of active lifestyle campuses, welcoming more than 50,000 members throughout California. The clubs are designed with innovative amenities to support the company's focus on Fitness, Sports, Family and Hospitality.

Bay Club is recognized as the

pioneer of the urban sports resort. Over the past several years, Bay Club has assembled an experienced management team, a blend of fitness, hospitality, technology and finance veterans. Under the direction of this team, Bay Club was given the opportunity to evolve beyond the fitness industry. As a result, the company entered the realm of hospitality by grouping complementary properties into campuses and offering its members a range of high-end lifestyle amenities typically only found at country clubs and luxury resorts.

"At Bay Club, we are proud to have created California's leading active lifestyle community. In partnering with KKR, we are excited to build even further on what we've accomplished thus far and bring our unique offering to even more communities across

the country," said **Matthew Stevens, President and CEO of Bay Club.**

"Bay Club's pioneering and differentiated model is one of the few scaled platforms in a large and highly fragmented health and wellness industry, where members can find options that meet all of their needs," said **Nate Taylor, KKR Member and Head of KKR's Americas Consumer Retail Team.** "We're thrilled to be partnering with Matthew and the rest of Bay Club's management team."

KKR is making the investment through separately managed accounts and its balance sheet.

Bay Club is being advised by Morgan Stanley & Co. LLC as lead financial advisor; North Point Advisors LLC as co-financial advisor; and Skadden, Arps, Slate,



Meagher & Flom and Brownstein Hyatt Farber Schreck, LLP as legal advisors. Simpson Thacher & Bartlett is serving as legal advisor to KKR.

...Norm's Notes

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■ **Planet Fitness** announced on **July 31, 2018** that **ROGER CHACKO** had been appointed **Chief Commercial Officer** effective immediately. In this newly-created position, Chacko will be responsible for overseeing the company's demand generation functions such as marketing, branding, public relations and communications, sales and corporate partnerships, channel management, corporate strategy, analytics and consumer research. Chacko has been with the company since March 2018 on a consulting basis where he has served as *interim Chief Marketing Officer*. **He joins Planet Fitness with more than 25 years of senior global leadership experience!** Roger Chacko will report directly to **CHRIS RONDEAU**, *Chief Executive Officer of Planet Fitness*. In other Planet Fitness news, **Planet Fitness Franchisee Taymax Group Holdings**, which operates **52 Planet Fitness locations** has been acquired by New York-based private equity firm **Trilantic North America, New York**.

■ **BEN MIDGLEY, CEO of Crunch Franchising**, recently shared an amazing number with me and that was that the new **Crunch Franchise in Tuscaloosa, Alabama** recently sold **1,536 new members on the first day of their presale!** Check out Crunch's **Press Release on Page #17**.

■ **Speaking of numbers...** check these out! As announced on the front page of **The Atlanta Journal Constitution** with the headline and article written by **J.SCOTT TRUBEY**: **"Massive Tennis Center Planned for Northside."** Trubey reports that, "A family foundation plans to build a sprawling multimillion-dollar tennis complex in Roswell, including the largest concentration of clay courts in the nation. The proposed **Angela Krause Tennis, Pickleball and Fitness Center at Roswell's Big Creek Park** will feature **135 tennis courts, including 80 clay courts and an indoor facility**. The project will cost **up to \$50 million**." The article goes on to mention that the huge tennis center is being built to honor the memory of **ANGELA KRAUSE VARNER**, daughter of **VERNON KRAUSE** and his wife, after Angela died of a rare form of cancer in 2015. Vernon Krause owns four large automobile dealerships in the Atlanta area. Roswell officials said, **"The complex will be built and operated with no financial burden to the city."** **Stay Tuned!**

■ **The Club Industry Show** is almost here, and we urge you to make plans to be in **Chicago, October 24 - 26**, for this always-special event. Here's what the lovely **PAMELA KUFAHL** recently wrote about the Club Industry Show:

"Three days. Would you commit to three days away from your business if it meant connecting with experts and vendors who could forever change the trajectory of your health club for the better? Would you commit to three days of education that will increase your knowledge about **retention, sales, marketing, wellness, leadership, programming, active training, personal training and technology and trends?** Would you commit to three days that include a **great keynote and multiple networking events** to build your support group? Would you commit to three days of meeting with vendors who can show you the products and services you need to set your health club apart from the competition? This event offers what you need as a health club owner, director, manager or trainer at a commercial club, studio, nonprofit, university rec center or medical wellness center. CEUs and CECs also are available. **Block out October 24 - 26, 2018 to attend three days of conference, exhibit hall and networking opportunities that will enlighten and empower you.** Find out more by going to www.clubindustryshow.com. Check out the **Ad on Page #25** for more Club Industry Show details.

■ **Congratulations to JON BUTTS, Founder and Owner of MUSCLE UP MARKETING**, as he's announced that **he's sold a majority interest in his company to CLEARVIEW CAPITAL'S MUDLICK MARKETING**, a portfolio company of the **Stamford, Connecticut-based private equity firm**. Muscle Up Marketing and Mudlick will combine operations, enabling both to expand their expertise and service offerings to their clients. Butts' Muscle Up Marketing is a full-service omnichannel marketing firm specializing in serving the fitness industry. This acquisition marks the first transaction driving towards Mudlick's vision to become the leading provider of localized direct response marketing. Jon Butts will remain with the business while maintaining a meaningful ownership stake in the combined company. See the **Press Release on Page #18**.

■ Check out the **Ad on Page #16** for **CASEY CONRAD'S** new book entitled: **Hidden Profits: How to make more money in the fitness industry with programs and products**. And, don't miss Casey's terrific article on the same page of this month's edition, entitled: **Is the Wellness Revolution Finally Here?** Casey is a long-time industry consultant and contributing author to **Club Insider**. She's the author of numerous best-selling books, including **Selling Fitness** and **Selling Personal Training**, and Casey can be reached at www.HealthClubSalesTraining.com or CaseysHealthClubTraining@Yahoo.com.

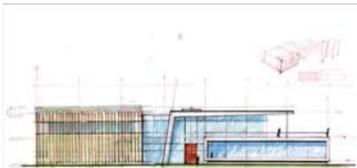
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signing of a definitive agreement under which **KKR** will acquire **Bay Club** from **York Capital Management** and minority investors, including **JMA Ventures and Roxborough Group**. Check out the **Press Release on Page #6**.

■ **TRT Holdings, Inc.**, the Dallas, Texas-based company that is the majority shareholder of **Gold's Gym since 2004** says it has put the iconic fitness brand up for sale to focus more on its core business. **TRT has retained Piper Jaffray & Co.** to conduct a sales process. During its partnership with TRT Holdings, Gold's Gym

has grown to 700+ locations across six continents and has differentiated the brand through a series of new fitness offerings, including **GOLD'S STUDIO**, the company's signature boutique-style fitness classes, **BOOTCAMP large group training classes** and **3D body scanning technology**. With a core focus on innovation and expanding the brand's reach beyond the four walls of the gym, Gold's Gym also recently launched **GOLD'S AMPTM**, the first digital personal training and music app from a brick-and-mortar gym. It has also created a thrust toward preventative health care.

(See **Norm's Notes Page 8**)



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...PASS PHIT!

continued from page 3

(HSAs) and Flexible Savings Accounts (FSAs) will be able to use these tax deferred accounts to purchase lifestyle preventative services, such as health club memberships, youth sport leagues and sports safety equipment. This is the first step the Federal Government has ever taken, through financially incentivizing Americans, to acknowledge that exercise and fitness are truly critical to reducing the American healthcare crisis.



C.I. - A bill of this magnitude could never have made it this far without the tireless efforts of industry leaders like you who never gave up, multitudes of club owners and operators nationwide who reached out to their representatives to push PHIT, as well as IHRSA's Public Policy team. What do you have to say to each of these groups? How about any others not listed here?

JW - First, I wish to publicly offer a huge thank you to everyone who became active advocates for the PHIT bill. The club owners and operators who contacted their Congressmen and the 124 members of the IHRSA Industry Leadership Council (ILC), who by virtue of their ILC contributions, provided financial resources, both contributed in a critical way to this accomplishment. At the forefront, the IHRSA Public Policy team was stellar in their determination to drive this initiative. This was truly a case-study in the premise that, when we all row in the same direction, as an industry, we can be one of the most powerful forces for good in America.

C.I. - Is there anything you would like to say to those who have not yet gotten involved in this movement or do not know how?

JW - I'll begin with those who don't know how to get involved. IHRSA has been the number one resource for providing the blueprint on how you, your club and your

members can become advocates not only for PHIT, but for all legislative issues. Simply visit their website for downloadable, "How To" kits on PHIT or any other legislation in play in our industry. You can also reach out directly to me at any time by calling (267) 972 - 3637, and I will walk you through the process.

For those of you who have knowledge, but have not become involved, I can only attribute this to the probable fact that you have not thoroughly thought through the issue, and in turn, you have not recognized the major impact and benefit this bill could have on our industry and on your club, individually. At this point, not getting involved is not only unacceptable, it is inexcusable.

C.I. - Please tell us about the lobbyist who has helped our industry with this fight. What is his name, how did you meet him and what have his efforts included?

JW - Our lobbyist support starts with **Jay Sweeney** of *Global Prospects, LLC*, who has been part of the IHRSA team for years, guiding us through the murky Washington D.C. waters up to this point. This past September, the IHRSA team added **Jennifer LaTourrette** of *Van Scoyoc Associates* to the team, bringing additional expertise, which aided in propelling us to



Joe Moore Speaking About PHIT At IHRSA 2017

this next level of having the bill passed in Congress. Utilization of the additional political connections of our lobbyists and their consistent communications with key staff members on the 'Hill' was key in our success.

C.I. - After 10+ long years, what does it feel like to finally be on the home stretch of passing PHIT?

JW - I, along with **Linda Mitchell**, our *Director of Government Relations*, recently became more involved with PHIT in the past year. As a result, we don't have the same frustrations as others who were grinding away at this for much longer. For us, seeing the tremendous progress that has occurred since *September, 2017*, knowing that the bill languished for years, has been extremely satisfying. We are humbled to have played a role in energizing the process which got the bill to a successful vote in the House. I feel particularly happy for **Joe Moore**, *IHRSA President & CEO*; **Helen Durkin, J.D.**; *EVP of Public Policy*, **Meredith Poppler**, *VP of Communication and Leadership*; and the entire IHRSA team, as they have worked tirelessly for many years and are now seeing light at the

end of the tunnel.

C.I. - In closing, the future of our industry is in the hands of its leaders, and a crucial team in that arena is the IHRSA Board of Directors, of which you are now the Chairman. What would you like to say to any of our readers who have ever considered Board service?

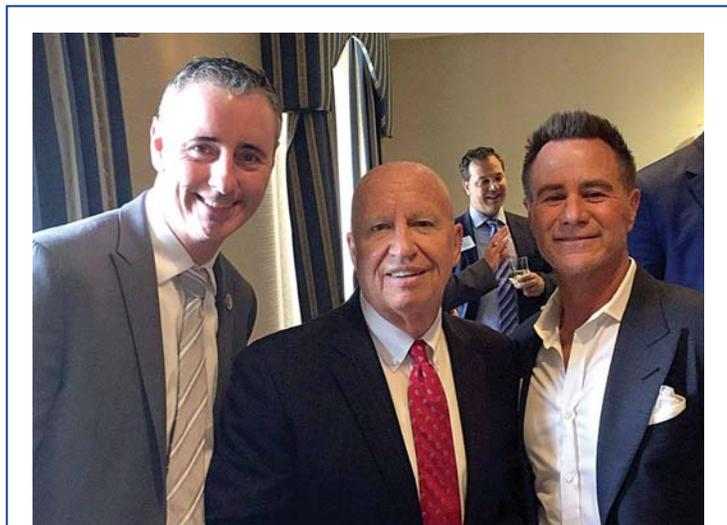
JW - IHRSA Board service is the single highest honor attainable in the global fitness industry, short of being the Chair. The opportunity to give back to the industry through a major leadership role in IHRSA is a humbling experience. When serving on the Board, you are inevitably aligned with the greatest thought leaders in our field. Board service is arguably the best way to thank IHRSA, whom I, without hesitation, believe is responsible for the evolution and growth of our industry as we know it today.

An Interview With Joe Moore, President & CEO of IHRSA

Club Insider (C.I.) - With the recent passage of PHIT by the United States House of Representatives, the bill is closer to becoming law than it has ever been, now awaiting action by the United States Senate. Using a crystal ball, so to speak, what do you foresee this bill as a law doing for the health and fitness club industry?

Joe Moore (JM) - Giving the average American family the choice to use some of their pre-tax savings towards physical activity will benefit our industry in so many ways. Of course, there should be more individuals and families that use that money towards health club dues, but there will also be families with young kids who can now afford to put that money towards youth sports leagues. We all know that, if we can engage kids in sports early on, they'll be more successful in school, they'll be healthier and happier, and they'll eventually

(See *PASS PHIT!* Page 12)



L to R - Congressman Brian Fitzpatrick (R - PA), Congressman Kevin Brady (R - TX, Chair of House Ways and Means Committee) and Jim Worthington



Joe Moore



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...PASS PHIT!

continued from page 10

one day join one of our IHRSA clubs.

C.I. - A bill of this magnitude could never have made it this far without the tireless efforts of IHRSA's Public Policy Team, industry leaders who never gave up and multitudes of club owners and operators nationwide who reached out to their representatives to advocate for PHIT. What do you have to say to each of these groups? How about any others not listed here?

JM - Every club in this country would be operating in a very different and much less friendly business climate if it weren't for the tireless work of **Helen Durkin** and her team. Twelve years ago, while Helen and her team were busy protecting the industry, she and the IHRSA Board had the foresight to create this piece of legislation, and then, not give up on it. That is priceless. So, to Helen and your current team, as well as past players, I and the entire industry owe you a world of thanks!

To the hundreds of Industry Leadership Council (ILC) members who contributed your hard-earned money to support Helen and our lobbyists in Washington D.C., we thank you for your support and leadership! The full list of each and every ILC member who supported our efforts this past year can be found at www.ihrsa.org/industry-leadership/ilc-members.

C.I. - Is there anything you would like to say to those who have not yet gotten involved in this movement or do not know how?

JM - For the few who are not members of IHRSA, join today. For the IHRSA members who are not part of the ILC, contact **Meredith Poppler** at mpoppler@ihrsa.org or call (617) 316 - 6750.

C.I. - After 10+ long years, what does it feel like to finally be on the home stretch of



passing PHIT?

JM - It feels great, but the home stretch is the most difficult part of any race. We need more IHRSA members pushing for passage. **Jim Worthington** and **Derek Gallup** are wonderful examples of Board Members who have taken on a leadership role within IHRSA and supported PHIT's passage. *We need more leaders like Jim and Derek to step up.*

C.I. - President & CEO Moore, thank you for your leadership of IHRSA over these past 12 years! Do you have any comments you would like to share about that experience so far?

JM - Thank you and Norm for all you do for IHRSA and the industry. As you know, IHRSA is a family, and being part of the family is rewarding for everyone. It is my privilege to be a family member and serve the industry we all love. I receive the additional benefit of having relationships with the most caring and engaged people in the world. IHRSA members are drawn to the industry because they want others to be happier and healthier. There is no better motivation than that.

C.I. - In closing, the future of our industry is in the hands of its leaders, and a crucial team in that arena is the IHRSA Board of



PASS PHIT Rally Takes Over IHRSA 2017

Directors. What would you like to say to any of our readers who have ever considered Board service?

JM - I have had the privilege of working with hundreds of amazing, strategic, selfless industry leaders over the years. While everyone comes into Board service wearing their own 'club operator hat,' they come together as one cohesive unit that works to make IHRSA and the industry greater. If you've ever wanted to give back to the industry, applying to be on the IHRSA Board of Directors is one of the best ways to do it. I can also speak for the Board when I say that they have a great time and make friends for life during their time on the Board. People looking for more information should visit www.ihrsa.org/board.

An Interview With Helen Durkin, J.D., EVP of Public Policy for IHRSA

Club Insider (C.I.) - Let's press the reset button for a moment and pretend anyone who is reading this does not know about PHIT and what it will do for the health and fitness club industry. Please take us through the key elements of the bill, what those provisions include and how each will

benefit the health and fitness club industry.

Helen Durkin (HD) - The PHIT concept is very simple. It allows consumers to use pre-tax accounts, like Health Savings Accounts (HSAs) and Flexible Spending Accounts (FSAs), to pay for health club memberships, safety equipment and youth and adult sports fees. The Senate version of PHIT also allows fitness equipment and videos to be used with HSAs and FSAs.

It is hard to estimate the direct impact of PHIT on the industry. We know that, depending on their tax bracket, consumers could save between 20 - 30% on membership dues. We don't know how many new members that would mean, but we estimate that, if the number of Americans who exercise increased by just 1%, that would translate to about 500,000 more health club members.

C.I. - What information do we have as to what Senate bill PHIT will be attached to, and when the vote will take place?

HD - It is still too early to tell what will be happening in the Senate this fall. What happens legislatively is very much influenced by the midterm elections in November, with Republicans working to keep their majority in both Houses, while Democrats are working to regain the majority.

We do know that any bill that passes in the Senate must get votes from both parties because 60 votes are needed to pass a bill. There are currently 51 Republicans, 46 Democrats and 2 Independents. The good news is that PHIT is and has always been a bill that has bipartisan support from both Democrats and Republicans.

C.I. - PHIT has now been around over a decade! Please take us through some of the compromises that had to be made to get it passed in its current form.

(See **PASS PHIT!** Page 14)



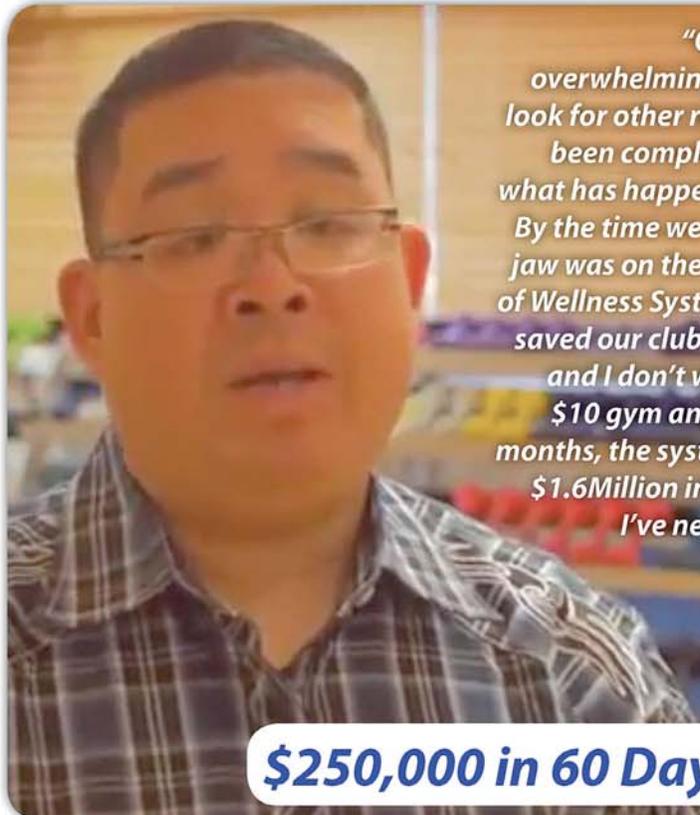
L to R - Derek Gallup, Mike Spiegel, Meredith Poppler and Jim Worthington at IHRSA 2017



Helen Durkin, J.D.

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-Aaron Stafford
Longview, TX

\$250,000 in 60 Days



Heather H. Corona, CA

\$92,000 in 60 Days



Jackie & Rob D. Lloydminster, ALB

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Tiffany T. Franklin, TN

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...PASS PHIT!

continued from page 12

HD - The PHIT bill has remained pretty consistent through every introduction without the need for a lot of compromises over the years. However, in July, some compromises were made to the PHIT bill that was just passed by the House. Whereas previous iterations allowed individuals to deduct \$1,000 for covered expenses and families to deduct \$2,000, the bill that passed the House allows \$500 for individuals and \$1,000 for families. In addition, fitness videos and fitness equipment were removed from the list of eligible expenses.

C.I. - Will those provisions that did not make it into the bill that was passed by the House be fought for in the future, either individually or as part of some sort of PHIT 2.0 Bill?

HD - The version of the PHIT bill being considered in the Senate (S. 482) still contains all the provisions that were removed from the House bill. If the Senate passes the PHIT bill with all the provisions, then the House and Senate would hold a conference committee to determine which elements from the House and Senate bills would make it into the final law. So, it is reasonable to expect that some or all of the removed provisions could still make it into the final version of PHIT.

C.I. - After 10+ long years, what does it feel like to finally be on the home stretch of passing PHIT?

HD - Awesome. I watched the debate and then the vote of PHIT before the House Ways and Means Committee and then the

full House. It gave me chills to have the arguments that the industry has long made about the importance of physical activity for our country being made by Representatives in the Halls of Congress.

C.I. - IHRSA Public Policy does a lot more than spearhead the passage of PHIT. Please take us through some of the key fights IHRSA Public Policy is involved with and its current record.

HD - A really important victory on the national level that doesn't seem to get the recognition it deserves is when IHRSA lobbied for and helped pass the Healthy Lifestyle Incentive Provision. This provision, which dates back to the President Clinton era, preserved the right for health insurance companies to offer incentives for people to exercise. If that hadn't passed, insurance companies would not be able to offer rebates and other financial incentives to their insured to pay for their health club fees.

But, work on the federal level is only a part of what we do. Most of the laws that really limit what clubs can and can't do on a daily basis are at the state level. A majority of states have laws that specifically dictate what can and can't be in a club membership contract. States also impose sales tax on membership dues. IHRSA monitors all the legislation directly impacting clubs in all 50 states and lobbies in each state to make sure that legislation that would not help the consumer and would harm the industry never passes. In the last five years, we have had 75 wins and 3 losses.

C.I. - As I'm sure our readers know, the business landscape in which they operate would be very different were it not for

IHRSA Public Policy. How can our readers get more involved and help fight for the industry as a whole?

HD - First, if they aren't a member of IHRSA, join today (www.ihrsa.org/membership). IHRSA is the only organization that lobbies for the club industry. If you are a member of IHRSA already, please consider giving to the Industry Leadership Council (ILC) (www.ihrsa.org/ilc). The donations made to the ILC pay for our lobbyists at both the state and federal levels.

Additionally, subscribe to the IHRSA Advocate (www.ihrsa.org/advocate). It comes out twice a month and will keep you fully informed about what is happening legally and legislatively in the industry. And, if you get a legislative alert in your email, please read it and take action.

An Interview With Meredith Poppler, VP of Communication & Leadership for IHRSA

Club Insider (C.I.) - They always say, 'history is written by the winners.' It is my belief that, more so, 'history is written by those who show up.' Meredith, how can our readers 'show up' and help push PHIT forward across the finish line as it gears up for the Senate vote, and hopefully, final passage?

Meredith Poppler (MP) - Great question, thank you for asking. The reason we are this close with PHIT right now is truly because of the thousands of meetings, calls and emails IHRSA members made over the past 10+ years. Those years of lobbying made it so that PHIT was a recognizable piece of legislation that lawmakers on both sides of the aisle were familiar with and happy to put their name to. That's why the original



Meredith Poppler

bill had over 150 sponsors this session.

Right now, the most important step is that everyone should call and/or write to their Senators asking them to co-sponsor and vote for PHIT. While many Senators are familiar with PHIT, it's crucial that they hear from club operators and club members about the positive impact PHIT will have on our country's health. PHIT is going to need 60 votes to pass the Senate, so we will need all the support we can get.

It's important to remember that Senators want to know which issues their constituents are most passionate about. Making a quick call or sending a short email can really make a difference in getting your Senator to take an active role in advocating for PHIT.

IHRSA recently sent out an email template to our members to make this process even easier by going to hub.ihrsa.org/phit-act.

(See *PASS PHIT!* Page 15)

86%

OF THE \$2.7 TRILLION
THE U.S. SPENDS IN HEALTHCARE
COSTS GO TOWARD DIAGNOSING
AND TREATING CHRONIC DISEASE.



Source: CDC

...PASS PHIT!

continued from page 14

C.I. - After 10+ long years, what does it feel like to finally be on the home stretch of passing PHIT?

MP - It's exciting. We all got chills, and perhaps even a little teary eyed, when the vote for PHIT came up in the House. Of course, there's still so much work to be done, and there are no guarantees. Getting PHIT through the Senate will be tougher since 60 votes are needed.

C.I. - While we are at it, let's say PHIT is law by this time next year. There are plenty more IHRSA initiatives and causes our readers should 'show up' for. Please tell us about some of those and what they can do to get involved.

MP - You're right, once PHIT passes, we'll have a minute or two to celebrate, then it's right back to work. At the state level, there are still plenty of states looking to tax club membership dues as a way to increase their revenues. And, we're actually seeing an explosion of regulations, things around automatic renewal contracts, personal trainer licensing, and most recently, data privacy. These are issues we've addressed in the past and will continue to advocate on as they become more prevalent.

An Interview With Derek Gallup, EVP of Fitness for New Evolution Ventures and Ex-Officio Chairman of IHRSA

Club Insider (C.I.) - With the recent passage of PHIT by the United States House of Representatives, the bill is closer to passage than it has ever been, now awaiting action by the United States



Derek Gallup

Senate. Using a crystal ball, so to speak, what do you foresee this bill as a law doing for the health and fitness club industry?

Derek Gallup (DG) - The PHIT Bill makes fitness activities more affordable as the expenses (like other medical expenses) can be paid for with pre-tax money from a medical flex spending account (FSA). This bill will help us all to reverse the physical inactivity epidemic by encouraging a proactive, and now, more affordable approach to healthcare.

C.I. - A bill of this magnitude could never have made it this far without the tireless efforts of industry leaders like you who never gave up, multitudes of club owners and operators nationwide who reached out to their representatives to push PHIT, as well as IHRSA's Public Policy team. What do you have to say to each of these groups? How about any others not listed here?

DG - Current IHRSA Chair, **Jim Worthington** has been the tip of the spear in leading the IHRSA Team, IHRSA Board and Fitness Industry in the charge to get PHIT passed with his message from the heart about the importance of getting PHIT passed and his unbelievable network of partners who have the power to get this bill passed.

Joe Moore, Helen Durkin and the **IHRSA Team** have also worked tirelessly to get the PHIT Act this far by mobilizing many of the IHRSA members and providing simple ways for us to communicate with members of Congress and the Senate

C.I. - Is there anything you would like to say to those who have not yet gotten involved in this movement or do not know how?

DG - An email came out from **Jeff Perkins**, which makes it very simple to click and send a pre-written note to your senator (based on your zip code). Go to ihrsa.quorum.us/register.

C.I. - After 10+ long years, what does it feel like to finally be on the home stretch of passing PHIT?

DG - PHIT is the most important legislation to get people involved in fitness, and in turn, help our industry since I got involved in the industry in 1994. Please contact your Senators and gain momentum on social media!

C.I. - In closing, the future of our industry is in the hands of its leaders, and a crucial team in that arena is the IHRSA Board of Directors, of which you are now the Ex-Officio Chairman. What would you like to say to any of our readers who have ever considered Board service?

DG - Going into my fifth and final year of Board service, I can truly say that being on the IHRSA Board has been one of the most fulfilling things I have ever done in the industry. I have had the opportunity to meet, learn from and share ideas with amazing leaders from around globe. I also have had the privilege to represent IHRSA with speaking engagements in Tokyo, Sao Paulo, London, San Diego and Shanghai. I highly encourage anyone wanting to get involved with fitness on a global stage and to give back to the best industry in the world to consider IHRSA Board service.

■ ■ ■

As an industry, let's do everything we can to pass PHIT. As they say, 'it all starts with you.' Well, it really does! **Contact your Senators today by writing them letters on your club's logo stationary, calling them and following up with them by email!** Thank you to **Jim Worthington; Joe Moore; Helen Durkin, J.D.; Meredith Poppler;** and **Derek Gallup** for their time and contributions to this cover story on PHIT.

(Justin Cates is the Assistant Publisher of Club Insider and grew up in the health and fitness club industry. Justin was born into a club business family in 1985, and from the age of eight, he spent his non-school and sports hours in a home that doubled as Club Insider Headquarters. He has lived and breathed this industry for 33 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)

Source: American Heart Association Journal



\$2,500 A YEAR IN OUT-OF-POCKET MEDICAL COSTS

The amount people with heart disease saved on average when they met weekly exercise recommendations.

Is the Wellness Revolution Finally Here?

By: **Casey Conrad**

Just over 15 years ago, Paul Zane Pilzer was a keynote presenter at IHRSA in 2003. He had recently published his book, **The New Wellness Revolution**, subtitled, "How to Make a FORTUNE in the Next Trillion Dollar Industry." Pilzer's message was very clear: If you want to succeed, get into wellness, not just fitness.

At the time, I was very much involved in the weight loss side of our business, so I liked Pilzer's message. My franchise locations focused on eating, exercise and stress reduction. I recently pulled out his book to look for a statistic and found myself reading it again because of the amazing number of predictions he made. Here are a few that, looking back, really stand out for me:

■ DNA testing will become mainstream so that individuals can identify genetic issues and begin making lifestyle changes before they express themselves.

■ Growth in the wellness space will be driven by entrepreneurs who help households become educated on wellness choices for the family.

■ Technology will become integral in driving the aging population to maintain vitality and independence.

■ Businesses should identify and incorporate consumable products that are affordable and easily referable by users having a positive experience.

■ There will continue to be a growing chasm between those that follow a reactive "sick care" philosophy and those that follow a pro-active "self-care" philosophy.

Pilzer was spot on, and these were just a few of many points and predictions he made. Consider these points:

■ *23 And Me* and *Ancestry* are now accessible to anyone, and people are using them to discover their genetic make-up and make lifestyle changes before they begin to express themselves. I spoke to one club operator in the past month who actually has been offering DNA testing through a third-party provider to members. The service includes a 30-minute consultation with a medical professional.

■ Over the past five years, there has been an explosion of internet educational programs that teach people how to reduce the toxic load from their homes and make better eating choices. Organic, paraben and chemical free, dye free, non-GMO are all very much part of everyday conversations now, so much so that big-time manufacturers are making gluten free, non-soy, non-GMO products at a furious rate. Frito-Lay recently released "Organic Doritos" (I find this hysterical, but that isn't the point of this article).

■ Baby Boomers are buying both products and software that promise them anti-aging and healthier living.

■ Clubs that have successful nutritional programs and products (even just strong juice bars) are seeing huge amounts of revenue generated.

■ Our health care system has become an all-out "sick-care" system with insurance costs more than doubled for the average person. This is driving more and more people to seek natural, proactive approaches that



Casey Conrad

help them avoid having to use "the system."

Here's the Interesting Part

Since 2011, I have been delving deeper into the wellness space, both personally and with my club clients. I won't bore you with the story, but a personal health crisis got me to move out of the allopathic medical route in which I had been brought up. Traditional medicine wasn't giving me an answer, so I sought out alternatives. They worked. As the daughter of a surgeon dad and nurse mother, this was eye-opening to me. What followed was a continued exploration into more and more wellness modalities. Eventually, I began introducing these modalities to club owners whom I knew would be more receptive. What we have found is that members are highly receptive and ancillary revenues continue to grow. As someone who has been doing sales and marketing consulting for clubs close to 30 years, I believe that, more than ever, your facility must begin exploring and adding wellness modalities for three reasons:

1. Whether it is cryotherapy, hydrotherapy beds, aromatherapy, light therapy or any number of other things, **YOUR MEMBERS** are paying money somewhere for a myriad of wellness services. Most of these services do not need a specialized license to offer. They could be paying you that money!

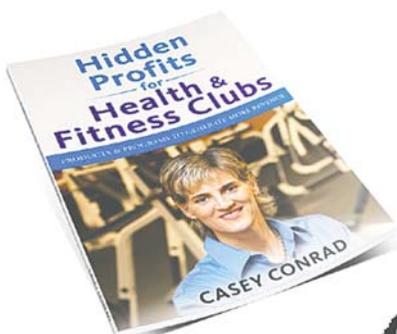
2. From the Baby Boomers to the Millennials, consumers are less obsessed with fitness today, and more concerned about feeling good and having a quality of life. Offering wellness services creates a spa-like menu that is attractive to them for an overall lifestyle approach. One of the biggest trends I am personally seeing right now are "Recovery Centers." Specifically, clubs are incorporating rooms within their facilities that offer members products (See **Casey Conrad Page 17**)

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...Casey Conrad

continued from page 16

and services that promote recovery from their workouts.

3. Competition is at an all time high. If you aren't either a high-end boutique or a low-cost club, it is very difficult to differentiate yourself. Having wellness services and programs creates a marketing magnet for prospects who would not have otherwise paid attention to a fitness center.

Questions for YOU!

Are you beginning to offer any type of wellness offerings into your facility? If not, do you at least have your ear to the ground, educating yourself on what is gaining traction?

It is not a question of whether or not wellness modalities will work their way into fitness centers; the question is "Who" in your market place will be the first to the market!

I mentioned it before, and I'll say it again: If your club wants to remain competitive and have a unique selling advantage over all the other fitness offerings in your community, you must find "Shiny New Pennies" that:

1. Keep existing members engaged and excited about being a member of your facility.
2. Attract the large percentage of the population who are not even considering "fitness" but are looking to feel better.
3. Drive ancillary revenue streams and possibly residual revenue streams

At the risk of being seen as losing my mind, I am going to begin advocating the marriage between wellness offerings and fitness facilities. If we, as fitness operators, don't start bringing them to our members, they will go elsewhere. That's a lose-lose situation. In marketing, there are leading and lagging indicators. One might say that, given how long ago Pilzer was predicting the Wellness Revolution, we are lagging, but for club operators, the time to be a wellness leader is now!

(Casey Conrad has been a long-time industry consultant and contributing author to Club Insider. She is the author of numerous best-selling books, including Selling Fitness and Selling Personal Training. Be on the lookout for her newest book, Hidden Profits; How to make more money in the fitness industry with programs and products. She can be reached at www.HealthClubSalesTraining.com or CaseysHealthClubTraining@Yahoo.com.)

1,500+ Join New Crunch Gym in Tuscaloosa on Record First Day of Pre-Opening Sales

TUSCALOOSA, AL - Crunch Franchise announced that 1,536 people signed up for memberships for the Crunch gym opening in Tuscaloosa, Alabama, on the first day they became available. That figure sets a Crunch Franchise record for the most memberships sold during the first day of a gym's pre-opening sales period ("pre-sale"). Crunch Tuscaloosa is expected to open in September 2018.

"We are humbled and flattered by the overwhelming support we have received from the Tuscaloosa community," said **Owner, Brian Hibbard**. "Our team worked incredibly hard getting the word out and planning a presale launch like no other, and WOW did they knock it out of the park! We cannot wait to open our doors so that Tuscaloosa can finally have the top-notch and affordable fitness center it deserves and experience what makes the Crunch brand the hottest name in fitness."

The new, \$3 million dollar, 42,000 square-foot Crunch will be the largest fitness facility in Tuscaloosa and one of the largest Crunch clubs nationwide. Crunch Tuscaloosa will offer members state-of-the-art equipment and amenities including miles of cardio, a wide variety of



classes, tons of free weights, group fitness studios, 6,000 square feet of functional training area, and tanning and sunless spray options.

"It's so exciting to see such a tremendous first-day pre-sale reception from the Tuscaloosa community," said **Chad Waetzig, Executive Vice President of Marketing and Branding at Crunch Franchise**. "This outcome is a true testament to how enthusiastic people are about a great workout experience, the fantastic Crunch Tuscaloosa team, and the strength of Crunch's brand throughout the country."

Something is Missing...

By: **Karen Woodard-Chavez**

How many times in the past few months have you been on the consumer end of a purchase and felt like the selling conversation and service during the buying process was exemplary? Think about it and count. On the other hand, how many times have you been on the consumer end of a purchase and felt like the salesperson did not know their product, did not bother to find out enough about you, was delivering a canned pitch, was lacking in relationship building skills and you felt generally disappointed in the process? Please think about that and count.

The reality is there are some crucial elements missing in the American culture of service and sales in many industries. *Not all* industries, but many, including our industry, are not immune to this HUGE flaw. I have identified a few elements that are missing, and they will be addressed in this article. Please note that this is not a complete list of what is missing, but these are some pretty important elements in the selling conversation and ability to provide exemplary service. Without these elements, you will likely not get to the sale. If you don't get to the sale, you don't have the ability to serve or retain a new member.

Elements Missing in the American Culture of Service and Sales:

Curiosity

What is it? Curiosity is the genuine ability to be interested in and care about the experiences of the person you are engaging in conversation, the ability to be comfortable asking them questions to learn more about them and listening to what they share with you. When you are curious, you can learn soooooo much about what they want, do not want and how to have them buy what you are selling. *Without curiosity*, you are simply hardselling the same thing to every person with no sense of customization in the conversation. One of the hallmarks of the uncurious salesperson is that they do all the talking and say the same things all the time. How boring is that for the buyer and the seller (as well as not very lucrative)? Frankly, curiosity is one of the things that makes the job of selling so interesting *AND much more* lucrative.

Do you need to work on your sense of curiosity? Chances are that, if you are not very curious in the professional sales process, this same quality is lacking in your personal relationships as well. If you start working on it, it will literally transform your life. Start practicing curiosity by speaking less and listening more. Slow down enough to listen rather than simply say what you need to say just so you can complete your "process." When you are

tempted to speak, instead, ask the person or people you are with a question related to what you would have just spoken to them about. For example, instead of giving your opinion on something, ask what their opinion is on _____. Then, listen to what they have to say about it.

Avoid the temptation to jump in with your opinion. Instead, you might say, "Tell me more about that," or "That is interesting; tell me how you came to feel that way." In the selling situation, if you notice your prospect is quiet, rather than filling the silence with your thoughts, opinions or words, say something, such as, "Please share what your thoughts are on _____ with me." If you noticed they seem to be hesitating or are not very enthusiastic about what you might have shown them, then you would demonstrate your curiosity and say, "Susan, I am sensing some hesitation on your part; please tell me more about that."

Curiosity is *not a technique*. It is a *genuine interest* and a *desire to learn more* about what the person you are engaged with is thinking, feeling or experiencing. When you know that, you can direct the conversation in a much more relevant way that deepens the connection.

Encouragement

What is it? Encouragement is the ability to really hear what is said, or perhaps not said, and respond in a way that provides support, confidence or hope. A few of the hallmarks of the *un-encouraging* salesperson is that he is in a hurry to say what he wants to say, lacks genuine warmth of tone when speaking, lacks genuine warmth when meeting/greeting and generally misses opportunities to connect with the prospect (or friend in personal relationships) because he is not listening for opportunities to connect on the relevant level of the prospect. When you are an encouraging person, you create a closer and deeper connection where the person then feels validated and appreciated. Do you need to work on your sense of encouragement with/for others? Practice the following:

1. Start with yourself. Notice whether you are encouraged by things that happen in your life or are *discouraged*. If you tend to be *discouraged*, then you will need to work on changing your own thoughts to be able to encourage others.

2. When with others, really listen to what they are telling you and how they are telling it to you. If they sound excited, acknowledge that excitement by simply saying something, such as, "Wow, that is terrific. I'm very happy for you... I can

tell you're excited." If they are sharing a fitness goal they have with you, share your enthusiasm to help them meet that goal by saying something, such as, "That is a terrific goal. We are honored to help and support you in your success with reaching it."

3. Be aware of the tone of your voice and other non-verbal communication when you speak with people. Do you sound genuinely excited, or do you sound monotone? Do you show genuine excitement with facial expressions, or are you more stone-faced? Are you present and focused on the person you are with or distracted by other things in your life or the moment? By becoming a more encouraging person, you will share something with the people you are with that creates a very strong bond. When people feel connected and have a shared bond, they want to be with you more. That bodes well for personal relationships, as well as selling relationships.

Relationship Building and Deepening

What is it? Your ability to go beyond the "transaction" and create a meaningful and connecting experience. Your ability to build relationships is the key to your success in sales, service and management. **Ahha!** A *blinding flash of the obvious*, you say. Well, yes, it *is* obvious, and it *is* common sense... to some... but not to all. If it were common sense and obvious to all, this service and sales conundrum we find ourselves in in America would not exist.



Karen Woodard-Chavez

Do you need to work on your relationship building skills? If so, the previous two points of **Curiosity** and **Encouragement** will greatly help. Additionally, recognizing that, when you are a salesperson, your success is not about the initial transaction or closing the sale. Your success is based on repeat business from the person you have just sold something to, whether that be program sales, referrals, renewals, etc. So often, I observe salespeople go into a selling conversation with no awareness of what the sale they are about to make can have on their future. It becomes more of a transaction than anything else. A transaction is most often a one-time thing.

(See **Karen Woodard-Chavez** Page 20)

Muscle Up Marketing Acquired by Mudlick Mail

STAMFORD, CT - Mudlick Mail announces that it will combine operations with Muscle Up Marketing, a full-service marketing firm specializing in serving the fitness and health and wellness industries. The combination will expand Mudlick's expertise into a brand-new vertical market while enhancing the digital services offered to clients. This acquisition marks the first transaction driving towards Mudlick's vision to become the leading provider of direct response marketing.

"We are very excited to add Muscle Up to the Mudlick family," said **Tim Ross**, *Mudlick's CEO*. "We believe our infrastructure and ongoing technology developments, combined with Muscle Up's robust service offerings and industry expertise, will allow us to better serve both of our customer bases."

Based in Alpharetta, GA, Muscle Up serves such well-known clients as Crunch Fitness and Gold's Gym. The firm offers a full spectrum of digital services to reach customers in a wide variety of channels, including social media

management, text message marketing and mobile geo-targeting. Muscle Up's *Founder and President, Jon Butts*, will remain with the business while maintaining a meaningful ownership stake in the combined company.

Muscle Up's digital expertise will complement Mudlick, which continues to develop innovative, data-driven technology. This upgraded platform will enable Mudlick to better help clients make informed buying decisions based on response rates and predictive analytics. It will also illustrate key performance indicators and tie in call tracking information and market penetration reports. Clients can visually track and analyze the success of their direct mail campaigns. In addition, the platform will include a web-to-print portal, allowing clients to print direct mail postcards, business cards or store banners themselves.

"Our goal is to reinvent the way small businesses execute direct mail by giving them the data they need to make smarter decisions about how they allocate their marketing dollars," added Ross.

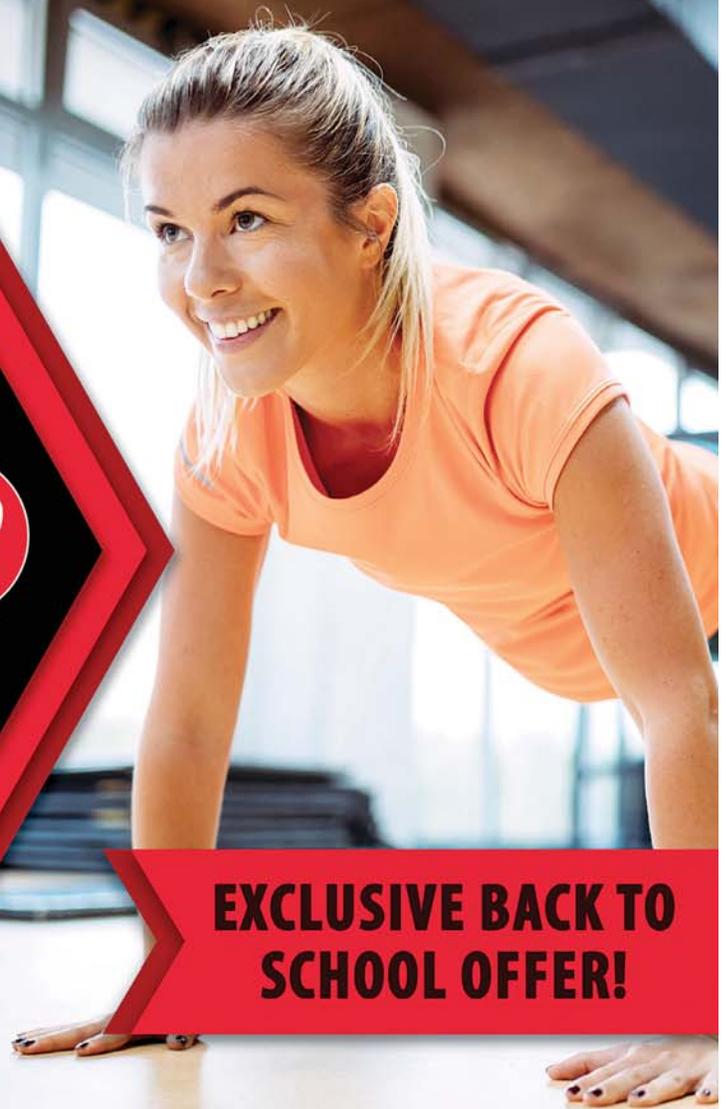
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...Karen Woodard-Chavez

continued from page 18

What I want you to think of whenever you meet someone either personally or professionally is this... *meet as a stranger, leave as a friend.*

I recognize that there are also salespeople who do this in a disingenuous way... yuck! none of us want to be that. The way you do it in an appropriate way is to have your list of questions that allow you to understand (before you go on tour) what the prospect's interests, needs, motivation and urgency are, as well as the questions

that will reveal any and all points of hesitation. When you are discussing these points with them, listen... and listen for the opportunities to converse and go deeper on what they are telling you by being curious and by encouraging them to share more. See the verbiage in the paragraphs on curiosity and encouragement on how to do this.

Once you are on the tour and selling the club, the things the prospect shared with you in the pre-tour are the things you talk about on the tour. That is how you make the tour about them and further build your relationship with them. Additionally,

you can trickle other conversation out that will build the relationship. A tool that you can use is an acronym called **F.O.R.D.** It stands for **Family, Occupation, Recreation and Dreams.** If some of these elements did not come up in the pre-tour discussion, consider asking some questions that will help you utilize the FORD on the tour:

Family - "Susan, you mentioned that the membership will be solely for you today. Tell me more about your family." Or, "Susan, tell me more about what your kiddos like to do for their fitness."

Occupation - "Susan, tell me more about your work and what your day is like." Or, "How active or sedentary is your work?" Or, "How long have you been a teacher? What do you enjoy most about it? How many people are in your department/office/company?"

Recreation - "Susan, what will you be doing outside of the club for physical activity?" Or, "what do you like to do when you are not working? Tell me more about that..." Then, "Susan, you mentioned you like to ski. Where do you ski the most?"

Dreams - "Susan, you mentioned earlier your goal to do a sprint triathlon. Tell me what inspired you to do so..." Or, "It sounds like you really like to travel. Tell me about where you have been and where you would like to go next."

When you utilize a system, such as **F.O.R.D.**, it allows you to have a broader and deeper picture of the person you are speaking with and make better recommendations for the initial transaction, create opportunities for future transactions, meeting as strangers but leave as friends. My recommendation is that you formalize this as a system and write these things down to remember them for future conversations with each prospect or member.

The context of what has been presented in this article on relationship building could be misconstrued in it being limited to prospects. **Noooooooooooooooooo!** I often observe that the most successful salespeople are the ones who don't just build relationships but *actively deepen* them by staying in touch with the prospects who have become members. This is the part that relates to your success being about the long-term and not just the initial transaction. It is critical that you schedule time into each and every day to go out onto the floor of the club and talk to members you do know and those you do not yet know about their family, occupation, recreation and dreams. When you do this, you will uncover numerous opportunities for them to maximize the club and for you to maximize your success. If you do not have a terrific memory, I encourage you to jot down notes about conversations you have had so that you can always be familiar with what you have discussed.

The three elements of **Curiosity, Encouragement and Relationship Building and Deepening** are not techniques but are some of the simplest tools to help you build your success both professionally and personally. Please take some time and assess how you can benefit by enhancing your abilities in each of these areas.

(Karen is President of Premium Performance Training in Boulder, Colorado and Ixtapa, Mexico. Karen has owned 11 different businesses, successfully sold nine of them and continues to operate the remaining two. Karen consults with and trains staff throughout the world on sales, complete communication, management and leadership. These services are offered on-site, online and through her books, manuals and DVDs. Karen can be reached at karen@karenwoodard.com or 303-417-0653.)

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Inside Instinctive Insights

Client Spotlight: HealthQuest Fitness, A Brand for the Ages

By: Deneen Laprade

HealthQuest Fitness in Flemington, New Jersey is a pillar in the fitness industry. For the last 17 years, they've provided the local community with a place to get fit, to enroll their kids in recreational activities and summer camps, and to experience the benefits of healthy living. Their philosophy is, "Fitness impacts the

mind, body, and soul, which is why it's not just a gym, it's a lifestyle. HealthQuest is an innovative fitness center that allows you and your family to take the reins and make your own path to good health. Our state-of-the-art facility is perfect for all ages and is dedicated to improving our community one workout at a time." They walk their talk every single day.

An admirable quality HealthQuest

embodies is that of lifelong growth and development. The entire operation is dynamic and ever-improving via continuous facility enhancements, engaging and hiring educated and experienced staff and raising the bar on the type and quality of programming. An honorable validation of their work is that they've made *Club Industry's Top 100 Health Clubs in America* list... ten years in a row.

In an interview with **Brian Comerford**, *Marketing Manager for HealthQuest*, we learned that this club knows who they've been to the community over time, who they are now and who they want to be in the future. Brian told us, "We've always been a large, multi-purpose club with many kids' programs, and options for adults in fitness, sports and personal training. For many years we billed ourselves as all inclusive. Today, we still boast that value but in a different way."

Facility-wide renovations took place in 2012 - 2014 that overhauled the facility in many areas. Since then, HealthQuest's ownership has invested heavily into the facility to keep pace with the ever-changing fitness environment and keeping eyes on the future of fitness. The Garage is HealthQuest's answer to an influx of boutique-style training studios entering the market. Billed as *Find Your RAW Strength*, it's a layer within the club's existing Small Group Training program that meets the desires of members and non-members seeking this popular training trend.

A dedicated Pilates studio complete with traditional spring-based apparatus and the Balanced Body CoreAlign system delivers safe and effective Pilates instruction in a peaceful and warm environment. The MyRide Cycling Studio includes forward motion video and brand new Precor Chrono Power Bikes. Brian tells us that, "New competition is opening more frequently and can nip at our member base for short periods of time. When boutiques come into our market, we sometimes see that members leave the club for a time and then return to HealthQuest. They view the boutique as a fad. We stick to our core with all of the things we offer and know we aren't in the zone to compete on price."

Brian goes on to say, "Our focus is on the value received in using the whole club and working to implement new programs that have the staying power to enhance our members' fitness results for the long run."

The commitment to be the best they can be doesn't go unchallenged. Finding the right marketing agency to work

with to properly execute and report on ROI is one that's been eliminated since they started working with Instinctive Insights. Brian tells us that, as the Marketing Manager he receives, "a million calls from different places, and I can tell when the intention is genuine. That's what Instinctive Insights offered from the beginning, a genuine approach."

HealthQuest has remained active in direct mail over the years, and Brian is a firm believer in it, as it has historically served the brand well. He says, "Direct mail has a place in the mix, and the work Instinctive Insights does to quantify results and share the returns through a full-team, hands-on approach is second to none." He adds, "They adjust to suit our data and reporting needs, and their team's grasp of data mining is unparalleled."

The Flemington, New Jersey area isn't densely populated, and the ante is upped with each new competitor that enters this market. Instinctive Insights' Data-driven, Persona-based strategies are proving invaluable to the club. "By working with Instinctive Insights, we've learned the persona types that best connect with our brand, and the information we get from each campaign validates our decision to continue investing in this channel. The tight match back reporting helps us know that we're connecting with people who don't come in with the postcard. That's a big difference from experiences we've had with previous agencies. In terms of managing the marketing budget, every bit of return on investment is important. Instinctive Insights is able to truthfully show us the impact our efforts are having."

At the end of the day, it's important for the HealthQuest marketing department to put numbers behind the marketing they're doing, "Marketing can sometimes be gut instinct, but to have a few areas that you feel you have control over because it's being accurately quantified is significant, and Instinctive does that for us. They kill it not just from product and ROI perspectives, but their service is second to none." In fact, Comerford crystallized his thoughts about Instinctive Insights as: "Reliable. Data Wizards. Cutting Edge."

Congratulations to the entire HealthQuest Fitness family for building a powerful, well-respected brand and for being true leaders in this highly competitive industry.



To learn more about Instinctive Insights, please visit www.instinctiveinsights.com.



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David and Goliath

By: **Michael Gelfgot**

In his book, *David and Goliath*, Malcolm Gladwell talks about the art of battling giants. What's interesting about the story is that everyone else besides David fought Goliath, *Goliath's way*. Goliath's way was up-close, hand-to-hand combat, with a sword and a shield. Goliath outpowered and annihilated every opponent. David knew that, if he were to fight Goliath, Goliath's way, he would lose. David was a sheep farmer, not a veteran fighter with tremendous strength and size, so David implemented guerrilla tactics to beat Goliath. David fought Goliath, *David's way*, and took down an undefeated giant.

If you were to think about Goliath from a business perspective, it would be Apple in the tech industry, Starbucks in the coffee industry, Walmart in retail, Amazon in online shopping and so on and so forth. If you are a studio, who is your Goliath? If you are a fitness-only gym, who is your Goliath? If you are a big box, who is your Goliath? What might even be a better question is: are you competing with your Goliath, Goliath's way, or are you using

guerrilla tactics to take down the giant?

In my fitness-only space, low-budget competitors, particularly a certain one, is **THE Goliath**. When this particular competitor enters the market place, 20 - 25% of our members cancel their membership. The biggest challenge with membership-based facilities is that they are too leveraged in memberships. Even though in our 22 clubs we are averaging about 16 - 20% penetration with personal training, that still leaves 80 - 84% of members not working with a coach. For the most part, we are running a fixed cost business, so to lose 20 - 25% of members directly cuts into our profits.

As we've noticed our clubs being affected by **THE Goliath**, we started asking ourselves more empowering questions. The fact of the matter is that we all know the only thing we can control is our own thoughts, feelings, emotions and reactions. It's what we do with what happens that matters most, not what happened because that is in the past. *Tony Robbins* puts it best, "It's in our moment of decision that our destiny is shaped." This was the question that set us up to generate \$370K in ancillary

revenue over a period of 12 months using guerilla tactics: *What is the lowest hanging fruit in our business that we are not picking because we think we are too busy, or we are just not seeing it because we are too focused on our day to day?*

In his book, *Linchpin*, Seth Godin talks about thinking along the edges of the box, not completely outside the box. Godin goes on to say that, when you are completely outside the box, you will get no support and no buy-in and it takes too long to "ship" the project. We took that advice to heart and thought of two fruits that we were not picking:

1. Corporate Wellness.
2. Pay per visits, particularly folks who are 55 and up who don't qualify for regular programming with a coach because their movement patterns are extremely deviated, and they can't or don't want to spend money to work with a coach one-on-one due to the cost.

Think about this. When you have a car that breaks down, who do you call?



Michael Gelfgot

Or, when your AC breaks down, who do you call? When you see a ghost in your house, who do you call? The point is there is a professional in your town who specializes in whatever it is that you need to get fixed. Why is it that, when a local business has a problem with the health of their organization, they DON'T call a local (See **Michael Gelfgot** Page 26)

Lawsuit Stemming From Transgender Locker Room Policy Revived

By: **Paul R. Bedard, Esquire**

The Michigan Court of Appeals recently ruled that a lawsuit against Planet Fitness will move forward and be sent back to trial court due to the gym's violation of the Michigan Consumer Protection Act (MCPA). Although the lawsuit originated from a complaint regarding Planet Fitness' transgender-friendly locker room policy, the Court's analysis of the MCPA

provides broader insight into how one court interpreted a consumer protection statute and its applicability to a health club membership agreement.

However, this article gives only a highlighted version of one court's analysis of a Michigan law and is not intended as legal advice. Widely varying state and local laws, and factors that are unique to each situation, prohibit one-size-fits-all takeaways or

recommendations. Please consider these comments as merely a guide to help you when you consult your attorney for specific direction.

As I wrote in my March 2016 Club Insider article, *Transgender Legal Considerations for Health Club Operators*, Yvette Cormier sued Planet Fitness in 2015 over Planet Fitness' transgender-friendly locker room policy. The policy of Planet Fitness is to allow transgender people to use the locker room that corresponds with their gender identity. Upon discovering a transgender woman in the women's locker room, Ms. Cormier complained to Planet Fitness about their policy. Ms. Cormier allegedly went further by sharing the policy and her complaints with other female members. Ultimately, Planet Fitness deemed the member's behavior to be disruptive and terminated her membership agreement.

Ms. Cormier's lawsuit alleged invasion of privacy, breach of contract, intentional infliction of emotional distress and violations of the Elliott-Larsen Civil Rights Act and the MCPA. At the trial court level, Planet Fitness argued that the plaintiff had failed to state a valid claim. The trial court ruled in favor of Planet Fitness, and the lawsuit was dismissed. The lawsuit was subsequently appealed, and the Michigan Court of Appeals affirmed the trial court's decision in its entirety on June 1st of 2017.

However, Ms. Cormier took her case to the Michigan Supreme Court, which ruled on April 6th of this year that the Court of Appeals had erred when it declined to consider the plaintiff's MCPA claim. The case was affirmed in most respects but remanded to the Court of Appeals to address the MCPA claim.

While analyzing the plaintiff's MCPA claim on remand, the Court of Appeals referenced relevant language within the MCPA, which prohibits "failing to reveal a material fact, the omission of which tends to mislead or deceive the consumer, and which fact could not reasonably be known by the consumer." The Court indicated that "a material fact for purposes of the MCPA would be one that is important to the transaction or affects the consumer's decision to enter in the transaction."

The Court made clear that the fundamental transaction at issue was Ms. Cormier's membership agreement and Planet Fitness's representations thereof. "The allegations in plaintiff's complaint indicate that defendants made a representation of fact in a positive manner when they informed her that the gym had separate locker rooms and restrooms for men and women. And, according to the complaint, when plaintiff joined the gym, defendants failed to reveal the fact that they had an unwritten policy whereby an individual may use whichever locker room



Paul R. Bedard, Esquire

or restroom corresponds with the gender with which that individual self-identifies."

The Court proclaimed that, while not the primary motivation behind the purchase of a gym membership, a health club's policy regarding locker room usage could nonetheless be viewed as important to the transaction. "To be material, the representation need not relate to the sole or major reason for the transaction, but it must relate to a material or important fact." The court further declared that the plaintiff's actions "indicate that she strongly preferred a locker room and a restroom in which individuals who are assigned biologically male are not present, and it is thus reasonable to infer that defendants' failure to inform plaintiff of the unwritten policy affected her decision to join the gym."

Although the Planet Fitness case involves a locker room usage policy, there are many facets of a health club membership agreement that could be considered "material" to the transaction. Conveying factual information about these facets to the consumer with maximum transparency, while ensuring compliance with any and all governing laws, will minimize a health club's likelihood of committing a legal violation of this nature.

(Paul R. Bedard, Esquire has nearly twenty years of management, leadership and operations experience in the health and fitness industry. As a practicing attorney, Paul's health and fitness club industry experience provides him with a unique perspective when advising health clubs regarding employee training, handbooks, policies, contracts, disputes or premises liability claims. When not practicing law or spending quality time with his wife and daughters, Paul strives to be active in his local community. Paul serves as the current Assistant Town Attorney for the Town of Southington, Connecticut and has previously served on the Southington Zoning Board of Appeals and the Board of the Central Connecticut Regional Planning Agency. Paul is also a partner at Sheffy, Mazzaccaro, DePaolo & DeNigris, LLP, in Southington, Connecticut. Paul can be reached at pbedard@smddlaw.com or 860-620-9460, Ext. 109.)

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...Michael Gelfgot

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prevention expert to help them improve the health of their organization? The reason is because you have yet to position yourself as *that expert* and because you haven't reached out to your local companies with a proper solution.

We started doing research and came up a program called, **Corporate Fit Challenge**, by Trina Gray.

Corporate Fit Challenge is an **affordable** and **fun** solution to **inactivity** and **poor** eating habits, two health risk factors that have the greatest impact on overall health. We make a **personal connection** and offer **motivation** in a short-term, easy-to-commit-to-program.

We implemented this program in nine of our clubs, and we were able to generate \$250K in membership and personal training revenue in just 12 months. Never mind the referrals that we got from

all those members who joined the facility. Our goal with this program was to make sure that our trainers never had to depend on the front door to generate new personal training leads. It worked.

According to 2017 IHRSA Health Club Consumer Report, folks who are 55 and up are going back to fitness-only facilities. In fact, most studios and clubs completely ignore and never market to that segment of people. Most clubs also don't have the right programming for folks who are aging. That's not to say that, when someone gets up to their 50s, 60s, 70s and even 80s, they are considered not able or capable. Nothing could be further from the truth. We have a 76-year-old client who takes our regular programming and crushes every workout. Then, he gets on a treadmill and paces a 9-minute mile for three miles. I am not referring to these types of individuals. I am referring to folks who are unable to do the things that they were once able to do, folks who are heading

towards what's called a disability threshold.

We found a company called, **Functional Aging Institute**, and they developed a program called, *Ageless Fitness*. We spoke to the two co-founders, **Dr. Dan Ritchie** and **Dr. Cody Sipe**, and we were sold. These guys have a studio called, *Miracles Fitness*, that brings in \$60K a month in EFT, only marketing to folks who are 55 and up. We got on board and never looked back. In 12 months, nine of our facilities did about \$120K a year marketing and selling training to folks who are exclusively 55 and up.

Guerrilla warfare is a form of irregular warfare. Both of these programs are precisely the types of tactics that **MUST** be deployed to compete with the Goliaths in your market. Both programs were operated along the edge of an already existing

personal training program. This allowed us to move quickly and swiftly and execute the plays.

(Michael Gelfgot's drive to be a different kind of a health and fitness club operator started 16 years when he met his business partner, John Spence. Between the two, they operate 22 Anytime Fitness locations in the United States. Along with his team's accomplishments as the 2008 Club Operators of the Year, the 2013 Success Story of the Year, Personal Trainer of the Year and the 2015 Community Outreach Award Winner of the Year, Michael Gelfgot was the very first Personal Trainer of the Year back in 2012. Gelfgot credits his success back to his team and his business partners knowing that, without them, none of this would be possible.)

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Norm Cates'

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Thanks and Appreciation

At **Club Insider**, we are excited to be in our **25th Year** of this home-based health and fitness club trade publication! The thought that this publication was *founded to serve an industry I truly love*, and so that *I could become a Mister Mom for my son, Justin*, is still *intriguing* and *amazing* to us. I wish to extend our most sincere **Thanks** and **Appreciation** to everyone that's made this amazing 25-year run possible.

A very sincere **Thanks** and **Appreciation** go to **Rick Caro**, **Dr. Gerry Faust** and the **Faust Executive Roundtable #1** for helping me decide in 1993 what my home-based business would be. **Thanks** and **Appreciation** to my long-time friends, **Ron Hudspeth** and **Cathy Miller** of **Atlanta's Hudspeth Report** for the tremendous assistance they provided us during *our first eight years of publication*. **Thanks** and **Appreciation** to all of the folks at **Walton Press** in Monroe, Georgia. They've done an absolutely excellent job for us all these years and have printed every one of our **296** 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. We also want to say sincere **Thanks** and **Appreciation** to all of our **Club Insider Contributing Authors**, past and present, who've contributed *thousands* 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 25 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 a majority of our cover stories each 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. And, 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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