

Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

Chuck Richards and Team

The Story of Sunset Athletic Club



Executive Team (L to R): Niren Lall, Tennis Director and Head Tennis Pro; Jennifer Lall, Administrative Director; Chuck Richards, Owner; JoAnne Kehagiaras, Group Fitness Director; Carleen Prentice, General Manager; and Paul Maduell, Racquetball Director (Not Pictured: Gale Parsons, Aquatic Director, and Erin Cahill, Clubhouse Director)



OCTOBER 2016

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Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

Chuck Richards and Team

The Story of Sunset Athletic Club

By: Justin Cates

Chuck Richards was born and grew up in Tacoma Washington. Like so many kids, from an early age, he was active at his local Y. From the various sports and activities he participated in, he began to shine in swimming. Through high school, he focused on the sport, culminating in the honor of All American and being ranked #3 in the country. This led to a full scholarship to the swimming powerhouse, University of Indiana. Throughout his collegiate career, he was a 2-year All American and National Finalist. At that time, he was not at the Olympic level; however, upon graduation, his sports career did not end. Instead, he was pursued

for the Pentathlon, a multidiscipline sport that included running, swimming, pistol shooting, fencing and riding. He began training and competing out of San Antonio in the summer of 1967.

At that time, the Vietnam War was continuing, and the United States was calling on adult men not in school to serve. Because of his college education, Chuck received a direct commission to 2nd Lieutenant in the Medical Service Corp and served a tour of duty in Korea at the DMZ. In a twist of fate, the modern Pentathlon was deeply rooted in the United States military, with George Patton being the first American Pentathlete. Until the 1960s, many West Point Graduates followed in the footsteps of Patton, and so did Chuck.

He won his first National Championship in 1970, and when all was said and done, Chuck won three consecutive National Championships, being the only man to do so. And, the culmination of his sports career took place by being the highest scoring American at the Olympic Games in Munich, including winning the swimming portion of the event with a world and Olympic record time. It was his final swimming race after a 18-year career.

The sports career of Chuck Richards is impressive, and as you will learn, it built the foundation for what he would do in the next phase of his life. Utilizing the *endurance* required from running and swimming, the *precision* of (See *Sunset Athletic Club* Page 12)



Chuck Richards, Owner of Sunset A.C.

The First TeamQuest4ALS Rock 'N' Roll Half Marathon Raises \$415,000

BROOKLYN, N.Y. - Health and fitness clubs recruited and trained runners to raise a record \$415,000 for ALS research on Saturday, October 8. TeamQuest4ALS is a new Augie's Quest endurance event program that works with people of all athletic abilities to train for and complete a half-marathon for their first time or their fastest time while committing to a fundraising minimum to benefit Amyotrophic Lateral Sclerosis (ALS) research at the ALS Therapy Development Institute.

Engaging in an endurance campaign was the brainchild of Augie's Quest Fitness Advisory member, Kevin McHugh, of the Atlantic Club in New Jersey. "We are all committed to provide those with ALS hope," said McHugh. "All of us who participated in the Brooklyn

Rock 'n' Roll Half Marathon for Augie's Quest were emotionally impacted and excited about what the potential of having increased participation by clubs across the industry could generate for ALS research in future years."

Matt Bellina of Holland, PA, and Frank Mongiello of Yardley, PA inspired the Newtown Athletic Club (NAC) to be the top fundraising team, raising over \$167,000. Bellina was pushed by NAC Owner, Jim Worthington, who was also the top fundraiser, raising over \$50,000 for ALS research.

"Being part of the Augie's Quest Half Marathon Team, raising money to find a cure with other club's members, families and friends from throughout the country, was one of the most fulfilling and moving experiences of my lifetime,"

said Worthington.

The Atlantic Club was the second top fundraising team, raising over \$113,000, and Kevin McHugh was the second top fundraiser at \$18,985. Greenwood Athletic and Tennis Club (Team Colorado) was the third top fundraising team, had the top average of \$5,700 per runner and traveled the furthest. In total, they raised over \$52,000. River Valley Athletic Club rallied around Ellen Corindia from New Hampshire and raised \$24,068!

Paula Neubert, President and General Manager of Greenwood Athletic and Tennis Club added, "On behalf of everyone from ColoradoTeamQuest4ALS, it was an honor and privilege to be part of this inaugural event! It was a day to remember, and we are forever grateful that we were invited to participate in such an

amazing event. We are already excited and ready to get started on our planning for 2017 and hope to have many more runners and sponsors help us on our journey to find a cure! To Augie, his team at Augie's Quest and to all the individuals fighting this horrible disease: Thank you for inspiring all of us to accomplish something so much greater than we ever thought we could!"

Other top fitness teams were: Chelsea Piers CT and NY (\$11,558), Crunch Speed Demons (\$1,425), MYZONE (\$4,000), Prairie Life Fitness (\$2,765), Active Wellness (\$1,425) and Life Fitness (\$1,802).

The top fundraisers were provided incentives from Nike, a TeamQuest4ALS sponsor. In addition to Jim and Kevin, the top fundraisers were: Kelly Bremme (See *TeamQuest4ALS* Page 6)

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Norm's Notes

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

•**Is America a great country, or what!?** Don't miss your opportunity to help shape and guide the direction of our country by voting for **President, Senate and Congress** and other offices, on **November 8, 2016**. The **FUTURE** is in our hands, so get out and **VOTE!** And... **Pray for America!**

•**I'm sorry** to have to report to you that **MS. JOYCE J. CAMMIRILLI**, the **Owner and Chairwoman of World Gym International, LLC (WGI)**, passed away on **September 10, 2016**. May **Joyce Cammirilli Rest In Peace**. **GUY CAMMIRILLI**, **Joyce's son**, and **WGI Managing Director**, commented on the status of things at **World Gym** after her passing when he wrote: "Some of you have asked what implications **Joyce's passing** will have on the future ownership and management of **World Gym International**. Nothing will change other than the fact that my brothers (**Marcus and Leo**) and I now own **Joyce's shares**, and we plan to continue to grow and nurture the company as **Joyce had intended**." My son, **JUSTIN**, and I, want to wish **GUY**, and his **Brothers, MARCUS and LEO**, all the best as they move forward in life without their beloved **Mom**.

•**The Club Industry Show in Chicago** **October 12-14th** was a **well-done event**,

and in my book, **an overall success**. The show was produced at the **Hyatt Regency Chicago** this year after a long run at **McCormick Place**. And, the **2017 Club Industry Show** will be moved to **The Chicago Hilton**, **re-establishing the Trade Show in a single Hall**, rather than in two Halls as the show was produced this year. **It's hard to believe that JUSTIN and I celebrated CLUB INSIDER's 24th Anniversary in Chicago!** Now, we're off and running for our **25th year**, which we plan to celebrate at the **Club Industry Show in Chicago** next **October 4 - 6, 2017!**

Kudos, and sincere **Thanks and Appreciation** to **PAMELA KUFUHL**, **MARTY McCALLEN** and **CRYSTAL ROMBERGER** as these three, and their **Club Industry Team**, worked hard for many hours making this event happen successfully! Moreover, thanks to the **Industry's BEST FRIEND, RICK CARO**, as he helped boost the **Club Industry Show attendance** with his production of the **6th Annual Club Industry CEO Summit**, which drew over **60 industry CEOs**. Also, there was **Breaking News** at the show, which was that the **INFORMA Corporation**, a conglomerate based in the **United Kingdom**, has announced its acquisition of **U.S. mega-media company, PENTON MEDIA**, the owners of **The Club Industry Show** and many other companies.

On a personal, yet business Note, I want to mention and thank the following

people for showing up in Chicago. I'm going to mention these folks with the caveat that, IF I saw you and left your name off this list, that's my mistake, and I apologize for my omission. But, here's a list of some of the folks I had the pleasure of encountering in Chicago: **RUDY FABIANO, GINGER COLLINS, BILL McBRIDE, JAYME MOLEN, DEBORAH SIENA, WARREN WEBB, MIKE COLLETTE, GALE LANDERS, TOM FIORINI, RICK CARO, KEN GERMANO, JIM BREWER, RAY O'CONNOR, PAUL BOSLEY, BRIAN BRAGG, JERAMY FISHEL, RICHARD WOLFF, TOM HUNT, JENNIFER URMSTON, DR. KEVIN STEELE, ADAM ABERBACH, MEL KLEIST, MEREDITH HIGGINS, LEE HILLMAN, JIM MARTIN, ALAN PINERO, JOHN QUATROCCHI, JOHN CARDILLO, BRENT DARDEN, ANDY GRAHAM, SIMON MEREDITH, ANNBETH ESCHBACH, BO BURLINGHAM, JOE CIRULLI, STEVE WILD, WILL PHILLIPS, EDDIE TOCK, STEVE THARRETT, RYAN WEHMEYER, DOUG RIBLEY, MIKE FEITELBERG, KAREN WOODARD-CHAVEZ, JEFF SKEEN, CASEY CONRAD and LAURIE CINGLE.**

•**Congratulations** to the lovely **ANNBETH ESCHBACH**, as she was honored with **Club Industry's Lifetime Achievement Award** on **October 13th**.
 (See *Norm's Notes* Page 8)



Norm Cates

Annabeth Eschbach Receiving Club Industry's Lifetime Achievement Award From Pam Kufahl.
 Photo Credit: Advanced Media Services/Club Industry

About Club Insider

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Sometimes The Only Way To Save A Business Is To Destroy It

By: Thomas Plummer

A single, flimsy thread can't do much harm to you. Threads are usually just little cotton strands that a child can snap with her little fingers. Thousands of threads, especially those that keep us tied to a failed past, can however, combine into a force that chokes the life out of any business trying to stay alive or evolve.

Every business with any age to it has threads that bind that business to its history. Threads are the history of that business but seldom its future: employees from the old days that are promoted due to longevity, not due to their current contributions; aged physical plants full of equipment older than most of the new employees; old procedure manuals; a glorified past where the business was known and successful, as many of our national chains were, "back in the day;" and an ownership trapped trying to restore a fading concept rather than letting the business evolve to its current potential are all threads binding you to something that may no longer exist and may no longer be viable into today's business environment.

Businesses fail because they don't evolve, forcing that business to lose the ability to react to a changing market. Keep doing what you have always been doing and the world offers up someone doing it faster, better, cheaper, nicer or just differently.

Doing what you have always done, especially when it is proven not to work any longer, guarantees failure, since you have already validated there simply aren't enough clients out there who want to buy your old method of business. Sure, there are fans of desktop computers, K-Mart, film cameras, CD music, circuit training and old school aerobic classes, but there are not enough of those fans to keep any of these concepts viable going forward in time.

Sometimes, the only way to save or grow a stagnant business is to destroy it.

Sometimes, the only way to save a business is to cut all those threads that bind you to your history and let the business evolve. Sometimes, you have to sit down and reinvent the concept for the market that exists today, not try to maintain it for the ever-fading pack of fans that still believe in what you are selling but don't represent enough people as a group to support your efforts any longer.

The problem, of course, is that we never recognize the threads that bind us to the past. These threads are insidious in nature, much like the proverbial frog sitting in slowly heating water that gets boiled rather than leaping to safety. In our case, the very things we are so proud of

in our businesses are often the very things that are causing the most damage.

For example, the employee left over from the old days who fights to restore the way it was when everything was perfect and only he knew how to get it done: "It is our employees that are killing us today," he says, "If we just go back and train them, as we did when we were making money, we can fix it all." Usually, this is the old sales guy who believes we just need more closers, rather than questioning if what we are selling is what people want to buy today.

This isn't a sales problem; this is a concept problem. It is not HOW you are doing it that is killing you. The question is WHY are you still doing it the same way you did a decade ago?

When the business environment all around you changes, the continued use of techniques that made you successful 20 years ago will have little bearing on fixing a struggling business today. For example, you might have been the world's greatest pager salesman, ran the greatest team and were the company star. But, no matter how good you were then, that has no value on competing in a world of smart phone fanatics.

This is seen everyday in the biggest chains in our industry, along with many of the struggling independent operators. We cling to renting equipment by the month. We try to teach new dogs old sales tricks and scripts. And, we cling to a model of training that was old in 1995. We cling to what we know while failing to grasp what we should be doing now to stay in the game.

The market changed. The business changed. The needed techniques changed. Everything has changed except for this manager or salesperson who can't let go of the company's past or his own. The solution? Cut his thread.

Forgetting what made you famous will not keep you famous... is the real problem here. Businesses will plateau at some point, meaning that, if we keep using the techniques and people we currently have, we cannot grow the revenue of this company any higher. We peaked with what we had, but what we have now is usually not enough to drive through to the next level.

The thread here is that we refuse to change because we are so afraid of angering and upsetting current clients. "If we change, we will lose all of our clients who love the way we do things." Your employees always go for worst cases to validate their points. The big question, especially if the business is stalled, or in decline is, "If we don't change, will we lose the whole business instead of a few old customers?"

Old customers who fight change to their service, product or even something as

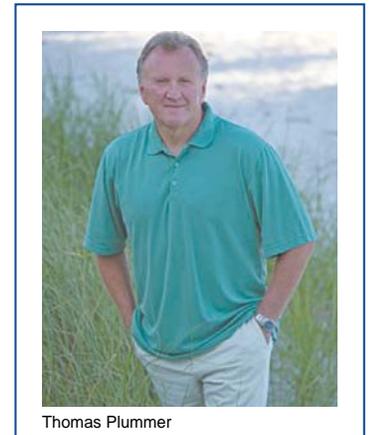
simple as a change in their gym equipment who then threaten us with their willingness to go elsewhere hold us hostage to doing what is the best for the business, which is cutting that thread to the past.

Our staffs tell us that, if we get rid of that old equipment, we will lose too many members and hurt the business. But, the reality is that the current equipment array isn't attracting enough new members to sustain the business. If you are held hostage by the old staff, yet again, and some of the old members threaten to quit if anything changes, then you won't even paint the walls in fear of making some old client mad enough to go somewhere else. Put more simply, the very equipment or dated programming that is keeping those old clients from leaving you is what may be keeping a lot of new clients from joining you.

The answer here is to do what's necessary to give the business a chance to attract a new generation of clients, in big enough numbers, to replace the old client who might leave but are preventing the business from growing.

There is no way you could ever survey this in a business. Ask any old client what happens if you change anything they know, replacing the known with an unknown, and no one will ever let go of what they have. But, remember, for every client who clings to the past, there is another old client who hates the fact that you haven't reinvested in that business in 20 years. Having equipment, programming or a service that hasn't changed in a decade is not a badge of honor to many clients; it simply means you are cheap and won't reinvest in your business.

As a side note here, are we sure it is the old clients who refuse to change? Many times, it is the employee who fights so hard to keep the same old, same old. Employees demand leadership, and if you want change, you have to replace the vision of, "We have always done it this way, and this is all I know" with a tighter vision of



Thomas Plummer

what can happen if we let go of the past and embrace your clearly described vision of the future.

Your history is just that, something that happened in the past...

Your history is just that. It's something that happened in the past and has no bearing whatsoever on what you can be tomorrow. A big question to ask here that frames this issue more clearly for most employees is, "If we just started the business today, would we be doing the same things we are doing now?"

The answer to this is seldom yes. If you started the business today, you wouldn't have the old physical plants; the old, already ruined employees; and you would be able to start today fresh correcting all of your past mistakes by focusing on a vision of what the business has to be today to compete.

And, this is how you should learn to run your business. If you want to go forward, you often need to cut the threads to the past. What are we going to do today to compete is far more sustainable over time than clinging to a past identity that is not sustainable going forward.

(See Thomas Plummer Page 7)

...TeamQuest4ALS

continued from page 3

Beauparlant (Team NAC, raising \$11,757), Deborah Bellina (Team NAC, raising \$8,625) and Bobbie Werbe (Team Boomtown, raising \$8,075).

Augie's Quest was represented by Augie's wife, Lynne, and his son, Austin, who finished the half-marathon in honor of his dad. Five patients living with ALS attended the event and inspired all runners to finish. Eric Craven, an ALS Therapy Development Institute Board Member, cheered on his wife, Claire, and his three children, Elizabeth, Amanda and David, who together raised \$13,585. Nike Trainer, Jes Woods, helped Claire finish her first

half marathon. Michael (Boomer) Wallace watched his cousins, Bobbie and Richard, and Uncle Tim finish the race in his honor and raised \$12,455.

Funds raised will go towards Augie's Quest, an aggressive, cure-driven effort focused on finding treatments and cures for ALS. Founder of Augie's Quest, Augie Nieto, says, "I'm so thankful for the clubs and individuals that are supporting our inaugural campaign. Before I was diagnosed with ALS, I ran 21 marathons, and it's so gratifying knowing so many people are supporting our Quest to Cure ALS by fundraising and running. I'm excited that Matt, Frank and Ellen are not letting ALS stop them from participating in the race."

...Thomas Plummer

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Big change requires big change...

If your business is flat, getting surrounded by competition while you're fading or it's simply not performing, ask yourself these questions:

- Are the employees who have been with me so long *part of the solution*, or are they actually really *part of the problem* that keeps this business from growing? Long-term employees seldom change when times get tough. Yes, there are a few who have been around for a long time and who can change but not many. Often, the very people you are counting on for help to evolve are the same ones who secretly fight every new idea by hanging on to the way you have always done it. Long-term employees often nest and build empires and even the ones who have been with you just a few years will often cling to what they know and not embrace what you want them to do. *Big change requires big change*; often, the only way to do that is to start fresh with people who are not afraid of your new vision.

- Is this concept even competitive today? What made you successful will not keep you that way. Markets evolve, competitors steal best practices and the expectations of the consumer changes, too. Sometimes, you have to admit you were brilliant in 1995 but are not even in the game today. Change is often harder than death, as almost any smoker will tell you. Sometimes, letting go of a concept and replacing it with, "What is next" is enough to save a flat-lined business that is fading year after year.

- If I look back the last 18 months, can I predict success or failure during the next 18 months? If what you are doing, such as a string of negative numbers, has lasted more than three quarters, you don't have a trend that may change back in your favor, *you have a new reality*, and that reality is that you are denying the inevitable. The numbers will not change if you do not change them. But, if what you are doing isn't working, defined by shrinking numbers, failing physical plants, dated processes and a staff that won't let go of who you used to be, then you have to break it if you want to save it.

- Do I know the difference between a patch and a fresh concept? Putting little turf areas into the back room of a mainstream gym doesn't make it a training gym. Signing up for a new group exercise license won't save a business from three decades ago. Adding a few pieces of the newest, latest and greatest equipment doesn't change the situation enough to attract a huge number of new clients. Patching means you are using programming and other gimmicks to prop up your failing concept.

Most of you do not have a programming problem; you have a concept problem. Old, tired streetwalkers with fresh makeup and new clothes are still old, tired streetwalkers. Old, tired gyms with a little paint, 200 feet of turf and a few treads are still old, tired gyms three decades past their prime.

The ten biggest mistakes you make that block your business from evolving:

Keeping all of this in mind, here are the ten biggest mistakes you make that blocks your business from evolving:

1. You are afraid to reach out for help. You are embarrassed to attend a workshop because you are afraid someone will think you don't know all the answers. You are afraid to ask for help because you are afraid to admit that what you are doing isn't working and that you can't fix it.
2. You promote staff due to longevity, not through contribution. People are managers simply because they have hung around the longest in your system, not because they add new ideas.
3. *You are the problem*; you are not the solution. First of all, is it you that blocks all change and evolution because you cling to past success that is no longer achievable in your current situation?
4. You are so afraid of being held hostage by old clients that you create a business that blocks all new sales. Sometimes, the best way to attract old members is by getting rid of that handful of old members that block all change.
5. You are afraid to fire old staff because you think they are irreplaceable. Fire them now; cemeteries are full of irreplaceable people. You will get past it and will probably do better with fresh blood hired at a lower rate of pay.
6. You are afraid to confront the monster you created. The perfect example of this is the way most gyms let their trainers build their own stable of clients, overpay the trainer and are then afraid to confront him or let him go. Often, you can grandfather some of the mistakes into the system, start fresh with new clients and then work your way out of the mess over time.
7. You are afraid the clients/members will think you are failing if you make a change, fire staff or replace equipment. Again, you are held hostage by a few members that run your gym, rather than making the decisions you need to make in order to grow the business. Fire the clients and make the changes.
8. You don't know what to do, so you do nothing. Admit you can't fix it, ask for help and move on.
9. There is no small change; there is only major chaos. If you aren't making the money you want, stop obsessing about small changes that mean nothing and commit to major change that could save your business. Set a date, get your entire staff together, train them up and commit. You cannot fix something that is doing

nothing; you can fix something that is moving ahead.

10. Start with the "no" guy. There is always the one guy on staff that fights everything, argues in every meeting about how we tried that, the members will kill us, we will lose everything if we change, all the clients would leave us and offers a hundred arguments against every single new idea. **Cut his thread first.**

Conclusion

Sometimes, the only way to **save a business** is to **destroy it**. Sometimes, the only way to go forward is to cut all the threads

from the past. Sometimes, the right thing to do to save a business is just to start over.

And, if you will not change now, then when? How long will you take the beating you are taking now before you admit what you're doing is not working? Are you willing to ride it down until it bites the dust, rather than admit you can't fix it? Are you so afraid of change you would rather lose everything? If not now, then when? **When will you give yourself a chance to survive?**

(Thomas Plummer can be reached at thomasplummer@icloud.com.)



Announcing the placement of

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...Norm's Notes

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What a career Annbeth has had, and as she quipped while smiling during her acceptance speech, "My lifetime is far from over, and the work we are doing in this space truly had just begun. So, I don't want anybody to get any ideas." The audience laughed. Here... here ANNETH!

• **BO BURLINGHAM** was the keynote speaker at the Club Industry Show and a fine speaker he was, not to mention that this wise man showed up and gave

an excellent one-hour Keynote address... casually mentioning along the way that he'd suffered through a stroke back in April. **Good on you, BO! Bo was the author of the awesome article in Inc. Magazine on one of our industry's truly greats... JOE CIRULLI.** Joe joined yours truly and several hundred Club Industry attendees hearing Bo's presentation, which featured multiple lists for lifetime planning (See the slides in our **Club Industry 2016 Slide Show** at www.clubinsideronline.com/clubindustry2016).

• **Thanks and Appreciation to JENNIFER URMSTON** of Sports and

Fitness Insurance for sponsoring the 3 - 4 PM Happy Hour Reception at The Club Industry Show at the end of the first day of the Trade Show. See our photo of Jennifer and **CRYSTAL ROMBERGER, Club Industry Integrated Media Account Executive** on This Page. This brings to mind my annual reminder to all club owners and operators that this is the time of the year where you need to review your insurance plan for your club to be sure you have the coverage you need for the upcoming 2017 business year. Yes, I know, my, my, how time does fly! But, I do highly recommend that you do this review with the **help and assistance of a true pro in the field, JENNIFER URMSTON, President of Sports and Fitness Insurance.** Jennifer is the daughter of my friend, the late **JOHN URMSTON**, and she's doing a great job of carrying on what her Dad started long ago... **over 30 years ago...** the Sports and Fitness Insurance Corporation! You can reach Jennifer by email at JUrmston@sportsfitness.com or phone at (800) 844 - 0536. Or, visit www.sportsfitness.com.

• **HAPPY BIRTHDAY** to **ALAN SCHWARTZ**, Founder, and **DEBRA SIENA**, President, of Midtown Athletic Clubs, as they both share the same birthday, November 8th!

• **Congratulations** to **PAT LAUS**, Founder, and **KEVIN McHUGH**, President, of The Atlantic Club; **JIM WORTHINGTON** of The Newtown Athletic Club; and their Teams, as on **October 8, 2016**, they produced terrific results with the **Brooklyn Rock 'N' Roll Half Marathon** event raising over \$415,000 for **Augie's Quest** to find the Cure for ALS! Check out the Press Release on Page #3. Make plans now to attend the **36th Annual IHRSA Convention and Trade Show**, March 8th - 11th, 2017, AND the **Augie's Quest Bash**.

• **Speaking of Augie's Quest, AUGIE and LYNNE NIETO** visited the **Life Fitness Company** factory in Franklin Park, Illinois on **September 16th**. They made the visit to see the showroom dedicated to him and as part of the filming of a documentary about Augie's battle with ALS. **Life Fitness President, CHRIS CLAWSON**, gave Augie and Lynne a tour of the **Augie Nieto Fitness Center**, a showroom dedicated to Augie a few years ago. Chris then gave Augie and Lynne a tour of the factory and treated them to lunch. The documentary is being produced by **PCH Films** and is slated for release in 2017.

• **JON BUTTS**, a dynamo of a hard-working guy, and the **Founder and Owner of Muscle Up Marketing**, seems to always be up to something good. Some of his latest great news is that his company was named the **World Gym Vendor of the Year** at the recent **World Gym International 40th Anniversary Celebration!** Congratulations on that high honor, **Jon and Team!** Also, Jon informed me that, in September, **Muscle Up Marketing** donated over \$8,000 to the **Rally Foundation for Childhood Cancer Research**, another effort by Jon and Team to *pay it forward!* Check out the **Muscle Up Marketing Ad** on Page #17. And, Stay tuned for more great news from **Jon Butts!**

• **RAY O'CONNOR**, one of the partners in Milwaukee, Wisconsin club group, **The Wisconsin Athletic Clubs (WAC)**, informed me that they are opening a new **60,000 square foot club** to replace one of their older 24,000 square foot facilities. Thanks for your **IHRSA Board service, Ray!** And, say hello to **TED TORCIVIA** and **KEITH NYGREN** for me, please!

• **Congratulations** to **WARREN WEBB**, of the **Visual Fitness Planner**, because *(See Norm's Notes Page 10)*



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...Norm's Notes

continued from page 8

today, I've decided to crown him as our "Industry's BEST Joke Teller!" The next time you see Webb, ask him to tell you the "I'm not happy!" joke or the "Illegal Firearm" joke. You'll be happy you did because it should be illegal to laugh that hard and have that much fun!

• **The Claremont Club**, under the great leadership and management of **MIKE ALPERT**, has become a mecca for individuals suffering from a variety of spinal injuries, and even those suffering from ALS, such as **AUGIE NIETO** who received very helpful treatment there. It was nice to notice that **IHRSA** featured a Webinar entitled: **Branding Reinvented: Providing Passion, Purpose & Promise** and featuring **The Claremont Club's Membership Sales and Marketing Director, SHANNON MALOOLY**.

• **Crunch Fitness** has opened two new locations in **Long Beach and Cerritos, CA**.

• **Welcome to ERIK CHARLES RUSSELL** as one of our new **Contributing Authors!** Check out his **Article** on **Page #26** and his **Ad** promoting his book **The Art of Selling Memberships** on the **Same Page**.

• **Friends and colleagues of ROGER WITTENBERNS, 60, Founder of Lady of America health clubs**, if you don't know this yet, you should know that, in September, Roger was involved in a fatal auto accident in **Delray Beach, Florida** when he hit an **SUV driven by an 82-year old gentleman, killing J. GERALD SMITH**. This is according to the **Club Industry report**. Reportedly, according to investigators who issued a police statement provided to *Club Industry*, **alcohol and speed were factors in the crash**. Further, I called **The Delray Beach Medical Center** and asked for Roger Wittenberns, and they indicated he was no longer registered there. Updates will be provided as we're able to learn more about Mr. Wittenberns' condition and the status of **any charges for DUI and potentially more**. **May J. GERALD SMITH Rest In Peace**.

• **COLIN MILNER, the Founder of the International Council on Active Aging (ICAA) in Canada**, has issued a **Call to Action** urging governments and private organizations to embrace and prepare for the **Decade of Healthy Aging**. In his Call to Action to its 10,000 members and other professional organizations, **ICAA** is recommending a series of action steps for groups working with older adults to help make the 2020 - 2030 decade a

success. **The Decade of Healthy Aging, 2020 - 2030**, was created by the **World Health Organization (WHO)** as a time to encourage every country to take action and implement the **Global Strategy on Ageing and Health**. The focus is on developing plans to maximize the functional ability of every person, to create age-friendly environments and to align health systems with the needs of older populations.

If current trends continue, people 60 and older will grow in number from 901 million in 2015 to 2 billion by 2050, doubling the size of the talent pool of potential caregivers, volunteers, employees, personal and business mentors offering valuable guidance to their juniors. Whether their talent and experience actually get used will depend
(See Norm's Notes Page 30)

Crunch Fitness Appoints Chad Waetzig To EVP of Marketing and Branding And Michael Pozner To SVP of Real Estate and Development

NEW YORK, N.Y. - Crunch Fitness, the health club chain renowned for fusing fitness and entertainment, announced the appointments of Chad Waetzig as its new Executive Vice President of Marketing and Branding and Michael Pozner to Senior Vice President of Real Estate and Development.

Waetzig began his career with ten years spent at brand powerhouse Procter & Gamble, where he held various roles in marketing, including Brand Manager for Cover Girl cosmetics, the mass-market cosmetics leader, and for the iconic Max Factor cosmetics. He then went on to work at other popular brands, including Disney and Marriott International, where he served

in several senior roles responsible for developing the business strategy and brand plans for Courtyard, Spring Hill Suites and Fairfield Inn. He was also Sheraton's Senior Vice President of Marketing at Starwood Hotels & Resorts, where he oversaw the brand's worldwide marketing efforts, including the research, analysis, strategy and execution of advertising, promotions and brand partnerships.

Most recently, Waetzig served as the Chief Marketing Officer at The Red Door by Elizabeth Arden where he led a brand repositioning that increased relevance among millennial consumers and re-engaged lapsed guests, while
(See Crunch Fitness Page 23)

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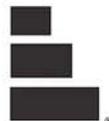
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STEPFITNESS

...Sunset Athletic Club

continued from page 3

pistol shooting, the *attention to detail* of fencing and the *fun* of riding, he would make his mark on the Portland, Oregon community with Sunset Athletic Club. Now, almost 40 years later, it has become an institution in that community, much like Red's has in Lafayette, Louisiana; East Bank Club in Chicago, Illinois and others that exist in our great industry. So, I now invite you to read on and experience the story of Chuck Richards' Sunset Athletic Club.

An In-Depth Interview and Conversation With Chuck Richards, Owner of Sunset Athletic Club

CLUB INSIDER (C.I.) - Following your athletic career, when and how did you get involved in the health and fitness club industry?

Chuck Richards (CR) - I was interested in business, and as the years went by, I was trying to figure out how to get involved with sports in business. I had no idea what to do. I looked into various opportunities, and not many made sense. It was either too expensive or too whimsical. We're talking trampoline centers to swim centers to tennis and whatever; I just couldn't figure it out. So, I did other things, such as apartments, warehouses and a small construction company. I was busy doing my own thing and worked for myself, which I really liked. Then, in 1975, a business friend in San Antonio asked me to meet him at the racquetball club. I asked, 'Racquetball club? What's that?' I knew what racquetball was, but I had never heard of a club. A man by the name of Bruce Hendin had built the San Antonio Racquetball Club. He was one of the frontrunners in this industry.

I went in with my friend, had lunch as he told me what the business was about, and I took notes on a napkin. I stayed in town for the night and made an

appointment to meet with Bruce the next day. I asked, 'Can you tell me about the business side of this?' He gave me an hour or two and was very forthcoming with a lot of information and was very kind about sharing. I thought, 'Wow,' and I came back to Portland where I was living to see what was there. I had no idea if there were any racquetball clubs. I had a partner in the mini-warehouse business, and I asked, 'What do you think?' He said, 'Let's do it.' So, we did it and built a 9-court racquetball facility.

Cornell Court Club Becomes Sunset Athletic Club

C.I. - Please tell us about the early days of Sunset Athletic Club, at that time known as Cornell Court Club.

CR - This facility was built from the ground up on a piece of property we owned for apartments. I had to go through a bunch of zone changes and what not. My partners were silent ones who live a distance away, and they just trusted me. I forever thank them for that trust. So, we spent \$660,000 to build a 9-court racquetball facility. It had nice locker rooms, and we had a small fitness center on the second floor, including a small group exercise room on the end of it.

C.I. - If that was the case, then you were already ahead of the curve.

CR - You know, we were so ahead of the curve that we couldn't sell a fitness membership to save our life back then. Racquetball was new to this area then, and we sold 400 memberships before we opened. I always chuckle because I don't think anyone knew how to play racquetball. So, for everyone who joined, we supplied a racquet, a ball and goggles; we wanted them to be prepared (laughing). We grew to about 650 memberships and sold maybe 50 fitness memberships. We had group exercise, which at that time was aerobic dance. People thought it was some kind of



Sunset Athletic Club

Egyptian 2-step or something (laughing). And, we had selectorized equipment from Universal, which was pretty standard at that time. There were some other clubs in the Northwest with that concept, and of course, a lot of racquetball clubs sprung up.

A year later, we built an indoor tennis facility across the parking lot, which included four indoor tennis courts, an outdoor pool and two outdoor tennis courts. That essentially comprised our operation for a long time. There were certainly upgrades and things like that, and we grew to about 1,100 memberships. Business was small potatoes, and it was just fine. It was not very complex compared to today, for sure.

C.I. - When and how did you convert into a full-service facility, also commemorating the transition with a name change to Sunset Athletic Club?

CR - In the 1980s, this was pretty common. We were the Cornell Court Club, as you noted, and a lot of places were 'Court Club,' 'Racquetball Club' or 'Racquet Club.' As people added more services and facilities, it became apparent they would want to address a broader market. So, in Portland, as well as the rest of the country, many changed their names. So, we went to an 'Athletic Club.' Of course, some have their original names. So, we wanted to be identified in the marketplace as more full service. There were more facilities coming online, fitness was showing up more, racquetball started to wane and tennis was kind of a bell-weather. So, in 1989, we changed our name.

I was always looking to expand, but we were somewhat landlocked with no additional land being available. However,

in 1990, a neighboring church decided to sell some property. We bought that, but they wouldn't let us go ahead with construction until we paid off the note. It was a sizable amount of money, and it took five years. We got the note paid off, did some preliminary design work and were patiently going at it. Then, on April 28, 1995, we had a fire that has forever etched that date in my mind.

The Fire and Club Reopening

C.I. - Can you tell us about that experience and the undertaking of reopening of the club?

CR - It was brutal. I got a call at midnight from the janitor. He had just called 911, the fire trucks had arrived and he wasn't quite sure what was going on. I got there, and it had become a 4-alarm fire. As I said, it was horrendous. I sat in the chief's cab trying to direct traffic through the club because one set of stairs had already collapsed, where the fire was, so they had to go through a set of stairs at the complete other end and work their way through all the exercise equipment. They couldn't see anything, and they went in with oxygen masks, tanks and hoses. They would come out exhausted. They were in that building fighting the fire for four hours. What they were trying to do was prevent it from going through the roof to get more oxygen and to keep it from warping the concrete walls. They did save it from that. At about 5AM, the chief took me through the damage. Half the building was burned out. Staff and members and started to show up, and it was in the news. Our tennis building was not affected, but I said we would obviously be closed for the day as we regrouped.

I went home and cried. I was the general contractor on this building. I had my own crew plus other subcontractors, but I drove a lot of those nails into the building, did a lot of the finish work, put the insulation in, wired the

(See *Sunset Athletic Club* Page 14)



Sunset Athletic Club Entrance



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...Sunset Athletic Club

continued from page 12

communications, etc. So, my sweat, blood and tears, along with a lot of others, were in that building. To see it burn like that was simply devastating. But, we came back and regrouped. Long story short, for about 2-3 months, not a lot happened. They did a fire investigation and the insurance companies came. As the owner, you are under immense scrutiny as perhaps trying to cause the fire for insurance purposes. That really surprised me, but they always do that. It turns out that it was a flue that had separated from the heater above the men's Jacuzzi in the ceiling. It slowly dried out the wood over several years, so it took a relatively low temperature to hit a flash point. When it went, it was like a bomb exploded, and that is why the fire was so intense and so fast. That was the fault they found, and they went after the company. The man had been deceased, and the company was out of business, so that was a dead-end. So, the insurance company said, 'We will pay you; we will do this, this and this.' They sent a bunch of people, and we went at it. But, it was an exhausting process, for sure, and it's a nightmare. To this day, even, we open up walls to remodel and signs of the fire are still there. You've got it for life, basically, and it's a miserable thing.

On the other hand, once we got going again, I decided it was an opportunity to correct some of the things that were deficiencies that we had. So, I put a book together and was going to see if we could find some silver linings out of this disaster. We made about 200 changes that were positive over what the building was like before, and we opened better than we were. We hired a consultant, and we opened with 100 more memberships than we had before we closed. So, we kind of got a true restart. In that way, it was pretty terrific, and I just thank my staff.

It was about a \$1.5 million loss,

and one of the saving graces was that the clubs that were part of FitLife in this area took on my members of Sunset. Insurance paid about \$2 for every visit my members had at their clubs, so the clubs were reimbursed a little bit. But, my fear was if they were going to come back... (laughing) Low and behold, virtually all of them did come back and 100 more. It really worked out well, and I am so thankful to the member clubs. They just made it possible; otherwise, we would have been dead in the water.

The Four Phase Expansion

C.I. - Since the reopening, Sunset has greatly expanded, both in size and offerings. Please take us through that experience, as well as the changes that were made.

CR - We reopened in January 1996, and we took a few years to put the financials back together to show a bank that we had acquired additional land back in 1990 and would like to somehow move forward developing it. Plans and times had changed: more competitors (Gold's, 24 Hour, predecessors of LA Fitness) had come into the market, fitness was driving things and racquetball wasn't like it was, so our vision for the future changed as well. It took a long time, and finally, in 2001, we got a green light from a bank. They couldn't finance the entire proposal, but they could do it in four phases. Construction started in 2002, and we were under construction for the next seven years. What we had to do was finish a phase, show that it was successful, presell the next phase and they would finance it. It was all on a construction loan with the SBA, and it was tedious.

We became proficient with it, though. Our members were really skeptical when we started Phase One. After we got done with Phase One, they realized their dues were staying about the same, but they were getting a lot more. Of course, the other side of it was that we grew in membership. What this added for us was



Racquetball at Sunset Athletic Club

95,000 square feet over those seven years, so we are now about 150,000 square feet. And, we grew the membership up to about 2,600, which is our capacity, and it hit it that some time ago. It has been terrific, and we were able to build the facilities we wanted. But, also, because we went slow, we were able to discover other concepts and what other clubs were doing around the country during the process. We modified our plans throughout the process, and the product got better as we went along. I am really thankful we took that length of time, and it worked out really well. I appreciate all the banks, contractors and everyone who got behind this. It was a terrific run.

Amenities: We had four indoor tennis courts, nine racquetball courts, a small fitness area and those kinds of things to start with. Then, the first phase was more fitness. We added a cardio area, a spin room and group exercise rooms. In Phase Two, we added a double-court gymnasium with a running track above and climbing wall on one end. Part of that building continues on into three more indoor tennis courts and two more outdoor courts. Phase Three was the aquatics center. The aquatics center is one of our crown jewels. It has three pools and a Jacuzzi, steam room and sauna, as well as a nice viewing deck for the parents. That really shot the membership forward. Phase Four was connecting all those buildings to the second building we built, the tennis center. In there are more fitness facilities, a banquet room, a small theater, boardroom, Pilates, office, bistro and lobby. We also remodeled some of our tennis areas and turned a second floor area we call The Loft into a double purpose area for fitness and viewing of tennis that works out really

well. So, we ended up with quite a variety of facilities. There are unique facilities out there that we don't have, such as boxing rings, indoor soccer, etc., but for the most part, we have everything you would expect in a full service/multipurpose athletic club.

Energy Conservation: I found out about LEED Certification after we began the building process. You had to have plans approved to be certified, so we would be LEED Silver if we had gone through it. I had a shock back in 2001 when they did the first appraisal about utility costs moving forward. They were going to be \$23,000 a month through Phase Two. We were at \$8,000 at the time, and I thought, 'You have got to be kidding me.' So, I went to school on energy conservation. I went to seminars, read books and had consultants out. I had to figure this thing out, so I probably had 25 projects that worked with the Department of Energy, Energy Trust of Oregon or Energy Conservation Professionals. To that end, I adopted the green building approach. We used lots of recycled materials, daylight harvesting, carpet made of plastic bottles and T5 Fluorescent tubes (which were new on the market and expensive back then) to relight all of our tennis. We took on a lot of initiatives to reduce energy consumption, and we still do today. Our utility costs are about \$1.40 per square foot per month. I just have a belief in that, and we push that envelope. And, I like doing it and learning. I'm working on pool lighting as we speak.

C.I. - How cool is that!? That's one thing I have noticed throughout this conversation. You are a man who is not afraid to get his hands dirty himself and learn and do what he needs in order to get the job done.

CR - That's part of my nature, yes. I'm curious naturally, I guess. As I said, I had a small construction company, and I like doing work, getting in the middle of it and getting my hands dirty. I try to understand

(See *Sunset Athletic Club* Page 16)



Indoor Tennis at Sunset Athletic Club

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...Sunset Athletic Club

continued from page 14

things and don't sit from afar. I like to get into the details and to know what's behind the curtain, the smallest details. You'll see me all the time around the club: I'm always making notes about things that need to be done, I usually carry a few tools with me all the time to tighten this and fix that and I'll strap on a tool belt and go to work, too.

For us, we had the opportunity to grow and build other clubs. But, it pulls you away from the core thing I wanted to do, which was be intimately involved with the club's building and operation. I've got some great partners in the management team and have had that over the years. It's just been a joy to be involved in this industry, and I didn't need to build a second or third club to expand that. The one facility is enough, and I look forward to it every day. I go in, spend time there and work on it. But, I also enjoy watching what it is intended to do for our members and how much they enjoy it: watching Mom with the 10-year old son playing basketball, or a Dad with a 2-year old daughter splashing on the splash pad or the family barbecuing at the outdoor pool. We have been here 40 years and are sort of an institution, like the school, library and churches up and down the street. We are part of it now, I think, which feels good.

Key Market Differentiators

C.I. - With everything Sunset now offers, what do you consider your key market differentiators?

CR - That's an interesting question. We portray ourselves as a family club, and when we say, 'Family Friendly,' I believe we mean it in a different way than do a lot of other clubs. Half of our membership numbers are children. We have about 9,000 members, across the 2,600 memberships I mentioned, and half of those are children. And, 70% of our membership is families. So, when you break that down, there's a lot

of programming that can take place, and we have put that in place. For example, in the summer, we have 300 - 400 kids daily come to the club for different kinds of programming. And, children are welcome anywhere in the club, anytime, with only a few restrictions. They are welcome; we just want them to behave themselves. Of course, that is a challenge, from about the 12 - 16 age group, which is always pretty interesting for us (laughing). A lot of clubs have very strict rules about kids and what they can and can't use and various other policies. Our policy is that we embrace the kids and the families, and we really do it. It makes us sweat a little bit at times, for sure, but we do that for them. So, that's certainly one of our differentiators.

Along that line, we have had tennis tournaments for children for a long time. A lot of clubs over the years have gotten away from it because what happens is you have to take your courts offline for two or three days to have a children's tournament. A lot of the kids aren't your members; they are from around the region, state or something. So, the members look at this and say, 'Hey, you've got 80 kids who don't even belong here and are taking up our courts...' And, there's a lot of pressure to not have those tournaments. I thought, 'You know, kids need their time and place, too.' So, we have tennis tournaments, racquetball tournaments, high school racquetball programs, swim meets and a large number of youth programs.

That comes from back in my youth when I was involved with the Y, which had a mixture of boys and girls. There were also adults in the Y, and they had their own locker room and a few things, of course, but they all intermixed in the gym, in the pool, on the courts and things like that. I just liked that environment. We've been that way ever since. There are some nuances in embracing the children and the programming, and our staff is educated on how to handle this particular segment, especially younger teenagers, which is the



Double Court Gymnasium With Indoor Track and Climbing Wall at Sunset Athletic Club

biggest challenge. Not everyone likes that, and so they make other choices and may go off to other clubs. People know who we are; we have been identified as such in the community for a long time, so it works just fine for us.

In terms of our facilities, I'll explain a few additional differentiators:

- There's the gym. You walk in, look around, there are a couple of nice basketball courts, daylight harvesting, big skylights and it's a nice looking place. But, two things about it: (1) It has an NBA-level court floor that Robbins did us a really big favor on when they sold us that floor. That floor is special, and people who play basketball notice it. (2) It's the only gym in the area that is air-conditioned. They don't air condition gyms up here in the Northwest, so I decided we needed an air-conditioned gym. Tennis is neither heated nor air-conditioned, and that is typical in the Northwest. But, the gym being air-conditioned is different, and we've got it.

- In our aquatics complex, all of our pools are salt water. That's a bit of a difference, and you've heard that over the years. But, beyond that, our therapy pool is 91 degrees. It has stainless steel exercise bars all the way around the pool, which you see now and then. But, what you don't see is that it has a shallow area and a deep area, so you can put on an aqua-vest and do aqua-jogging in the deep area back and forward, not hitting the floor with your feet. That makes a big difference to a lot of people, and they really like that sort of thing.

With every facility we've built, we've not necessarily tried to make it



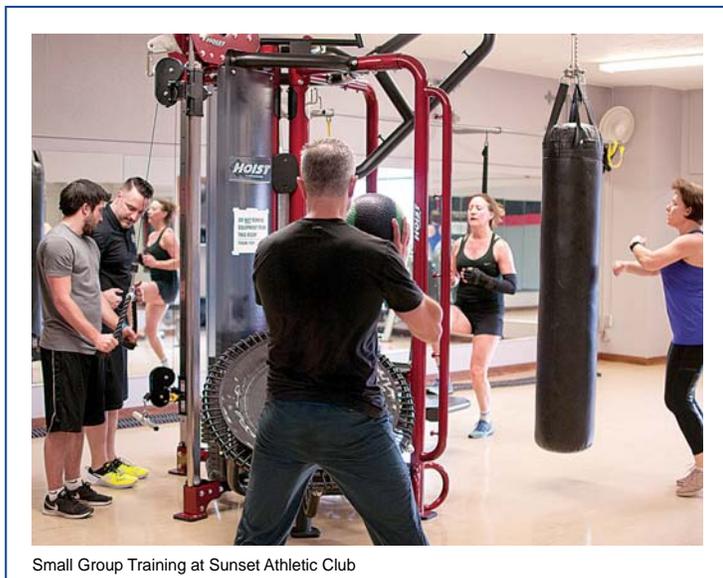
unique but more user-friendly. There's a lot of other nuances as well. For example, a lot of people travel a distance for our handball programs. We have a big handball contingent, and it's nice to see that thrive. People come for one of our Yoga instructors, Joan Gunness, who is terrific. So, we have a lot of components to the club that resonate in the community and beyond, and that's what separates us.

C.I. - This ties into what we talked about a little while ago in that you are a man who likes to get into the details. Those small little details, in aggregate, really add up to differentiation.

CR - I think that is a good way to put it, exactly right. There's just a lot of things that add up. If someone asks, 'Are you different?' Well, we have treadmills, gyms and pools, but that's not the answer. The answer is to dig deeper, and they will see things are different. That's what people find out about us. We are not for everyone, that's for sure. There are a dozen competitors around us, big and small, within a short distance, so there are a lot of choices. We are aware of that.

C.I. - Please tell us about the Sunset Clubhouse.

CR - It's a separate building, and we lease it from a lady down the street who owns it. She won't sell (laughing). We initially got the building to expand our parking lot, and that was terrific. Then, we thought, 'Well, how do we put the building to use?' We decided to expand our children's operations. It's a 2-story building and is 5,000 square feet. It has a small gym in the back part of it. Then, we have a number of rooms that have kids activities, such as art and crafts, a little science area, a painting room and other things where kids can learn. We serve ages 2 - 12. Additionally, we have things like Parent's Night Out, activities during off days from school, summer camps, spring break camps, (See *Sunset Athletic Club* Page 18)



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...Sunset Athletic Club

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Christmas camps, babysitting classes, CPR classes and other things. We bring people in like Reptile Man and different people who show things that help educate the children after school and on weekends. We just try to especially engage that population from about 6 - 12 with programming they might not otherwise get in school but would enjoy. Maybe the parents are over playing tennis or doing something else, but usually, they are on campus. So, it's a nice connection. It's not one that is a profit generator, but it is a service that is very much welcomed by our membership base.

The Membership

C.I. Let's talk about your membership. Please tell me about your month-to-month dues and the decision to use that method.

CR - When we started, there were a few models out there: fee-to-play, court reservation, month-to-month, etc. For example, the Multnomah Athletic Club is here. They are an old-line club built 125 years ago. In our market, they are the 800-pound gorilla with 600,000 square feet. It's the largest athletic club in the United States, and they are month-to-month. The Ys were month-to-month, the JCCs, etc. That's the culture that was out there. I didn't want to get involved with contracts because I didn't want to collect those contracts. If people didn't want to be part of the club, I did not want to press them to be part of the club and have them speak badly if we made them pay the last six months or something like that. So, we've stuck with it, and we like it.

C.I. - What are your price points for various membership options?

CR - We are pretty modest. We range from single without tennis at \$74 to family with tennis, which is our most expensive option, at \$189. There are various options between

those two points (9 total categories).

C.I. - Do you charge an initiation fee? If so, how much and is it ever discounted?

CR - We do charge an initiation fee. We range from single at \$199 to family with tennis at \$899. As with memberships, there are various options between those two points (9 total categories). And, we do not discount.

C.I. - How many membership accounts do you have, and how many members does that equate to?

CR - As we were going through our phased development, when we started to build the aquatics center, there was a lot of interest, and our membership applications really got ahead of the number we could service. We knew we had more construction to go, and we couldn't service too many more members. So, in 2005, we began a wait list, and we've had one ever since. What we consider max membership is kind of arbitrary. We make the decision based on usage in the facilities, parking, etc. We can tell when we add 50 - 100 memberships beyond what we consider our max; things get a little strung out. So, 2,600 membership accounts with about 9,000 members works well for us. What happened is that we also stopped advertising at that point; it's all referral now. We generally have more applications than people leaving the club, so we take a few off the wait list every month and activate them.

C.I. - I believe that is a testament to what you are doing there, so that's really great to hear.

CR - Thank you. We feel extremely fortunate. Sometimes, when a new competitor shows up, we wonder what's going to happen. One did about two years, and it was a bit of a bump for sure, but we recovered. So, we feel really fortunate to be able to not resort to discounting, a lot of advertising, etc. We don't have a sales staff either. It's all handled by the



Outdoor Aquatics Complex at Sunset Athletic Club

folks at the front desk, in terms of tours and membership applications. It's a bit different than what you would see at most clubs, but it works for us and has worked for a long time.

C.I. - That's definitely a different take than what we are used to reporting in most of our cover stories.

CR - It is a different take. There are a couple of things that are different about our membership, as well. I attribute this to our staff and the details of our facilities and programming. Our average membership lifespan is about 7 1/2 years, whereas the industry average is more like 24 - 36 months. So, it's a whole different world there. And, before some recent competitors showed up, we were able to drive our attrition rate down to about 9%, which I believe is a bit of an outlier.

Things like Medallia come up, and they help evaluate how your members feel about you. But, Carleen Prentice (General Manager), me and other key staff members are out in that membership and facility every day all the time. We see and hear the problems. It's like being a member here, so we aren't out of touch and don't always need someone to give us a report on the status of something. We know because we are there. That's one of my joys, really, being intimately involved in that way, as opposed to being in an office, crunching numbers or empowering everyone else to do things so it is all at arm's length. I like to get my hands dirty, as we discussed, and always have. I like numbers, and I can do the financial part of it; I do enjoy that. But, for me, a lot of that is sort of looking in the rear view mirror because the numbers are provided, 'That's what we did in food and

beverage *last month*.' The real trick is to be proactive and trying to move things ahead so you can change the numbers *next month*, getting to higher ground. You've got to get out ahead of it instead of looking at the past all the time because it's hard to future plan with just statistics; you need more. However, here are some of those statistics:

- Annual Revenue per membership is right a \$2,000; 2/3 dues, 1/3 non dues;
- EBITDA is in the low 30%;
- Payroll is about 38% of the gross;
- We have about 9,000 paying guests in a year;
- Biggest non-dues revenue is Tennis Instruction;
- About 2,000 members per day during the busiest part of the week, Monday thru Thursday.

The Community of Portland

C.I. - Please tell us about the quantity and make-up of your local area competition. How do you go about remaining a local market leader?

CR - I'd say we have fairly typical competition. We have two locations each of 24 Hour Fitness and LA Fitness in our market area. We have some one-off clubs. We have a tennis club with some fitness that was built about ten years before we opened and is quite nice. A huge park district is our neighbor. We reached a detente with them years ago and said, 'Please don't build any racquetball courts,' and they never did. And, 'Please don't build too much fitness,' and they never did. But, what they did do our club doesn't do. So, they built the 50-meter pools, extensive soccer and baseball fields and things like that. They did the things the community needs but did not impact our club in a negative way. In fact, it's probably generated some business for us. Then, we have a lot of \$10 - \$15 clubs that are not national. They're called The Edge, Boom and things like that. And, (See *Sunset Athletic Club* Page 20)



Outdoor Aquatics Complex at Sunset Athletic Club





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...Sunset Athletic Club

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we do have Planet Fitness and Crunch.

We have a VillaSport, which is their third location that opened two years ago. They are right across from Nike's world headquarters, and it's a \$50 million build. It's pretty impressive, but it's a different approach and price point within our market with different facilities, programming and policies. All together, there's about 12 operators plus the studios and boutiques. There's a new shopping center about a mile from us, and there are three boutiques there. They kind of just look at each other (laughing). One is a barre/yoga, another is spin and the other is Orangetheory. And, those aren't the only three in the area either. The population of Portland has a penetration rate in clubs of about 22%, so it's on the high end of the industry average. For the most part, it tends to be a good place for clubs. So, that's the competitive environment.

People are active here, recreationally and competitively, and there's a spectator base. In a recently released report, Portland was found to be the fourth fittest city in the United States. So, it's an active population here, and they embrace clubs. We have cloudy, somewhat rainy weather in the winter, so people go inside, which bodes well for clubs, of course. And, in summer, they go hiking and camping, and the ocean and ski slopes are both an hour away.

C.I. - Please tell us some of the ways in which you reach out to and/or are involved in the local community. What feedback do you receive from those efforts?

CR - We are across the street from a high school, and there is another high school not too far away. We do all that we can to support school sports and activities. We might do placement ads or help with their booster clubs and things like that. We also reach out to the churches occasionally and

when they have a need. In our area, there seems to be a fairly large population of homeless children for some reason, and we donate to them. We do blood drives. The Red Cross comes on a regular basis, and they do quite well at the club in getting the quantities they need. There's an independent library up the street, and we make contributions there and donate to them beyond books because they have a little resale area for things to sell to make money for the library. For two or three years, we have donated all the flowers for the flower baskets up and down the street. They have these nice lamp poles that went up with brackets, but no one could figure out how to do the flower baskets for them, so finally, I said, 'The club is going to pay for all of them, and we are going to get this thing started (laughing).' A couple years have gone by and other merchants have now gotten involved, too. We are involved in the area's business association, and we just try to help where we can when we can. But, I will say that schools are probably our primary thrust.

Key Staff and Associations

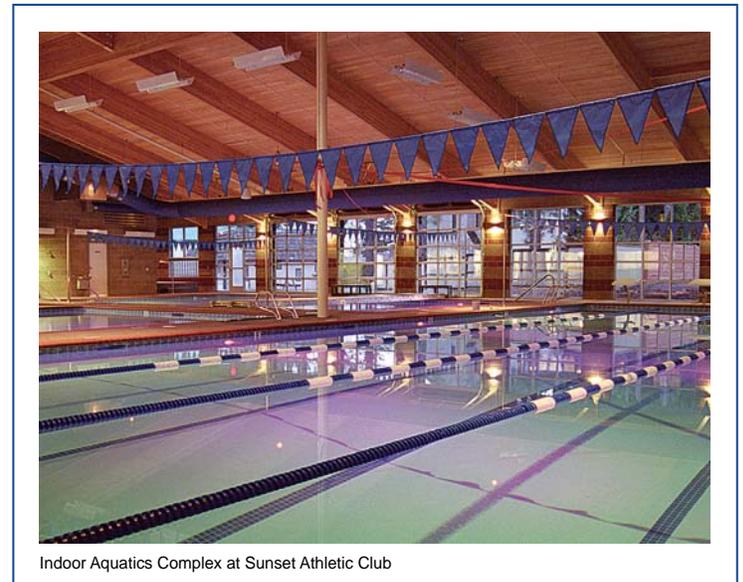
C.I. - Please tell us about some of your key staff members (name, title/responsibilities and tenure).

CR - Sunset Athletic Club has been fortunate throughout its history to have many folks who have had long-term and significant tenure and have worn many hats:

Ron Daley, 41 years, now at the Service Desk, strings racquets, computer technician, does our tile work, and for many years, was our maintenance director;

Nancy Johnson, 40 years, 39 as our bookkeeper, many years as a group exercise instructor;

Kathi Marcus, 35 years, financial oversight, special projects and has been the racquetball director, and most notably, the club manager for 11 years from 1990



Indoor Aquatics Complex at Sunset Athletic Club

to 2001;

Carleen Prentice, 25 years, current General Manager, started in childcare and worn many management hats with great success since coming to the club;

JoAnne Kehagiaras, 25 years, Group Exercise Director, she directs a program that creates all of its own content, and oversees a staff of 45.

We have a management team including JoAnne and Carleen from above that all have about 10 - 12 years of responsibilities at Sunset:

Jen Lall - Administrative Director and handles our rentals;

Erin Cahill - Club House Director, multifaceted program, pretty much grew up at the club;

Paul Maduell - Racquetball Director, including Squash and Handball, that keeps our nine courts busy, oversees a huge High School program and several tournaments during the year;

Gale Parsons - Indoor Aquatics Director, one of our crown jewels as we have three indoor pools and one outdoor that require considerable programming;

Niren Lall - Tennis Director, oversees a very robust Tennis membership, big junior program and the best dress-up tennis parties you would ever attend;

Bryan Hall - Facilities Technician and Aquatics Specialist.

We also have in the neighborhood of 20 - 25 instructors in different departments that have been with us for 10 - 25 years. We offer qualified health insurance, Simple IRA, PTO and vacation. Our staff is the key to our success and is

our lifeblood. I have been very fortunate. That's another reason I enjoy the industry so much. It attracts certain people who really are *people* people.

C.I. - Is Sunset Athletic Club an IHRSA Member Club? If so, what benefits has the company gained from Association membership?

CR - Yes. We have gained a lot. I am an avid reader of their materials, *CBI*, etc. I go to the annual convention and trade show. I've gotten a lot out of the speakers, both inspiring as well as educational. Two presentations in particular that I found valuable were: (1) Peter Sheehan, author of *Flip*, in which he discussed disruption and how to deal with it. This industry is being rocked by incoming waves, so that was enlightening. (2) Melissa Rodriguez' presentation this year on the State of the Industry and what it might look like by 2020. This is the biggest growth period we have ever seen. We've have also reached out and used a lot of their resources. And, we participate in their statistical studies and other studies. It has been beyond terrific for us. Carleen and I travel around the country visiting clubs, and those connections largely come through IHRSA. We have been welcome everywhere. Folks back at IHRSA, like Joe Moore and John McCarthy, of course, Pam O'Donnell, Helen Durkin and others have been nothing short of terrific in introducing us to people or making connections. In Pam's case, we went to Boston for four days, and she set up all kinds of club tours for us. You get a little bit near-sighted if you just stay in one area, so we need to get out and we do. That has been particularly terrific. What IHRSA has become is a terrific force for all of us in this industry. There has been a lot of great leadership: Joe Moore, and certainly, John McCarthy before him, as well as many others around them. It has been good for all of us for sure.



Carleen Prentice (General Manager) and Chuck Richards (Owner)



(See *Sunset Athletic Club* Page 22)

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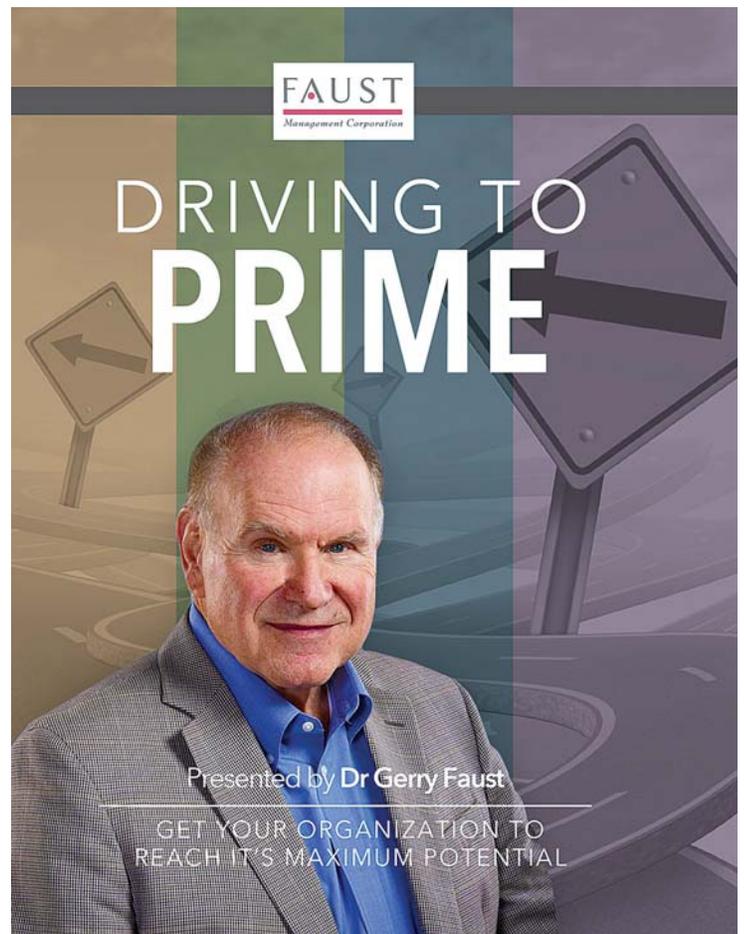
This program not only expands the description of the phases, but it also discusses how to do turnarounds of Aging organizations and what the keys are to making transitions from each of the phases to the next healthy phase. Included are many features that go beyond this 4-disc DVD Series. The extensive manual/workbook summarizes key content, adds additional related concepts and provides exercises and processes that will help you discuss the concepts with your team and apply them in your business.

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*Professor Emeritus
The Anderson School at UCLA*

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Karl Sigerist, CEO
Crelogix

"No one better than Gerry Faust and very few ideas as powerful and helpful to a business leader as those presented in this program."

Scott Campbell, DVM
*Founder, Banfield Pet Hospitals
CEO Silvie Valley Group of Companies*

...Sunset Athletic Club

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C.I. - Sunset is involved with FitLife. Please tell us about its purpose and main benefits. What does it do for the Northwest clubs to augment IHRSA?

CR - We are a regional association, and we were organized back in 1980 as the Oregon Racquetball Association (ORA). However, when we first met, Wayne Westwood asked for a few of us to come together because a legislator wanted to lower the temperature limitations in the hot tubs. We didn't like that idea, so Wayne got us together to lobby, which we did a little bit. There were other clubs around the state that had a similar interest. Wayne

came from the restaurant business and told us there were associations out there, and we should organize. So, he organized us. We quickly became the Northwest Racquet and Recreation Association (NWRRA). Then, it changed to Northwest Athletic Club Association (NACA) and then FitLife in 1997. So, it's had this progression of names.

Neal Simpson is our Executive Director, and we have about 80 clubs. We are a feisty bunch and have always been so. We're organized like many associations around the country, to learn, educate and benefit ourselves. There is also reciprocal use among the member clubs up and down the highways and byways of Oregon, Washington, Idaho and Montana. It's

an active group with Board meetings, conferences and retreats. And, we connect with IHRSA a lot. We all just try to help each other.

C.I. - What do you do when you are not at the club? Work? Fun? Etc.

CR - We have a little place at the ocean and try to get down there now and then. I have my workout regimen and try to keep at my own fitness. I have three children and six grandchildren, so of course, there's family time. That's a fun thing because I'm the grandfather now. I don't really have any hobbies other than I have my finger in a number of nonprofit sports organizations that I either founded or am President of, and we raise money for the development

of amateur sports programs in the area. I've been doing that for 30 years. One is called the Oregon Sports Academy, and I am also President of the Oregon Sports Hall of Fame. In fact, we had our induction ceremony a few days ago. I just tend to donate a fair amount of time to the amateur sports world because it's what I grew up in and have a lot fond thoughts about, and I want to provide the same opportunities I had. I benefitted from a number of things happening to me when I was younger, and if I can extend myself that way to this generation, I'm happy to do so.

C.I. - Who were your mentors in the industry? In what ways did they help you?

CR - There hasn't been any one person by any means. You know a number of the names, and they've worked with FitLife and been out here, whether its Rick Caro, John McCarthy, Dale Dibble, Red Lerille and others. There have also been people locally. Key would be my best club owner friend, Randy Huber of Timberhill Athletic Club; The Eisenzimmers, Cascade Athletic Club; John Miller, Courthouse Athletic Club; Paul and Lila Reed, Mt Hood Athletic Club; Jack Tawney, Harbor Square; Jim Zupancic, Stafford Hills Club; and Neal Simpson, FitLife. They are my Google.

As many clubs as there are, there are generally people who have interesting ideas about them. You just have to reach out, and you never quite know where you're going to get a pearl of wisdom. That's why I say I don't look to any one person. I also read much of the industry materials, and I am thankful that we have so many sources, like yourself with **CLUB INSIDER** that provide that material. In my mind, it's just a joy to be part of this type of industry where there is so much sharing. So, those are the folks and sources I've looked to and enjoyed over the years, reached out to and vice versa.

...

Thank you to Chuck Richards for his time and involvement in this article, as well as his service, militarily, and to this great industry. Additionally, thank you to Carleen Prentice for her additional assistance.

(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 31 years, since his own day one. Cates graduated from the Terry College of Business at The University of Georgia in 2007 and then went on to two years at The Art Institute of Atlanta, where he studied Interactive Media Design. Now, he is an integral part of the "Story" of Norm Cates and CLUB INSIDER. Justin can be reached by phone at 423-314-4310 or email at Justin@clubinsideronline.com)

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...Crunch Fitness
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introducing an omni-channel strategy that extended The Red Door brand by providing in-office services in key markets. As a senior executive with omni-channel marketing expertise in the fitness, beauty and wellness, entertainment, travel and hospitality and consumer goods industries, he is a leader accomplished in marketing strategy and execution, brand building, general management, franchising, product development and overall business strategy. In his new role, Waetzig will be responsible for the planning and strategic direction of marketing programs at Crunch.

"I am thrilled to have Chad join our team as Executive Vice President of Marketing and Branding. As Crunch continues to grow, I know his experience and expertise are exactly what we need to increase our brand awareness and marketing tools," said Keith Worts, Chief Executive Officer of Crunch. "Chad's knowledge and background in the health and wellness industry give him the unique ability to expand our brand from multiple perspectives to reach the best outcome."

Michael Pozner is similarly seasoned in the multi-site retail industry as he has over 30 years' experience initiating, structuring, documenting and managing business relationships. Pozner comes to Crunch from SoulCycle where he was the Head of Real Estate and expanded the number of locations from approximately 30 to close to 70 premium studio cycling locations in 2+ years. Pozner began his career after being admitted to the practice of Law in Canada in 1986, and practiced corporate commercial law for eight years, including six years in Toronto and a 2-year term in Prague. One of the highlights of his career was when he landed in NYC in 2003 working at American Apparel as head of Retail Real Estate expansion. At American Apparel, Mr. Pozner helped open 300 stores in 20 countries over a 10-year period. Mr. Pozner has now joined Crunch Fitness as Senior Vice President of Real Estate and Development where his duties will focus on new acquisition/expansion and portfolio management. Pozner will now serve as Crunch Fitness' Senior Vice President of Real Estate and Development where his duties will focus on new acquisition/expansion and portfolio management.

"Michael has a long and distinguished track record leading many prominent and respected companies, and we are thrilled he has joined Crunch's team," says Keith Worts, Chief Executive Officer of Crunch. "With his fitness and international expertise, as well as experience helping companies expand rapidly, Michael will be a tremendous asset to Crunch gyms as we embark on our next chapter and continue our strategic expansion."

Equipment Leasing

By: Paul Bosley

Introduction - What is a Lease?

A lease is an agreement that the lessee, or business owner(s), agree to pay the lessor, the leasing company or manufacturer, to have use of the equipment for a specified period of time. A lease payment is recorded on the center's books as a rental payment similar to a rent payment on a building lease. Leasing enables center owners to preserve their working capital as an alternative to purchasing the equipment since a typical lease requires a relatively small upfront deposit. Centers profit from a lease transaction if the center generates revenue in excess of the monthly lease payment, thus generating positive cash flow from the use of the equipment. Lease repayment terms range from 12 to 60 months. Consequently, items that do not have a useful life of at least 12 months, such as inventory, should **never** be included in a lease agreement.

A typical lease uses the fitness and non-fitness equipment being financed as the lease collateral. Center owners need **strength equipment, cardio equipment, lockers, security systems, computer systems, software, flooring and signage** to build a new fitness center and to expand their existing business. Consequently, all of these items can be included in a lease since they are required to conduct business in our industry.

What Are The Main Benefits of Leasing?

1. Conserve Working Capital - This is unquestionably the biggest benefit of leasing. If you have significant liquid assets, leasing may not be for you! On the other hand, if you have limited liquid assets, preserving cash by leasing your equipment may be the difference between success and failure.

2. Tax Benefits - When a company pays cash to purchase equipment, the business

books the asset purchase at cost, estimates the useful life of the equipment and depreciates the equipment cost equally over this time period, lowering their tax liability. Alternatively, if the equipment is leased, the total of lease payments will exceed the cash price; however, since lease payments are booked as a business expense, this additional cost further lowers tax liability. This calculation should be considered when estimating the true cost of leasing compared to paying cash for the equipment purchase.

3. Lease to Own - The leasing company owns the asset throughout the agreement, which is considered to be the full economic life of the asset. At the end of the lease term, there is an option to purchase the equipment for a nominal fee.

What Are The Key Conditions To Receiving A Lease Approval?

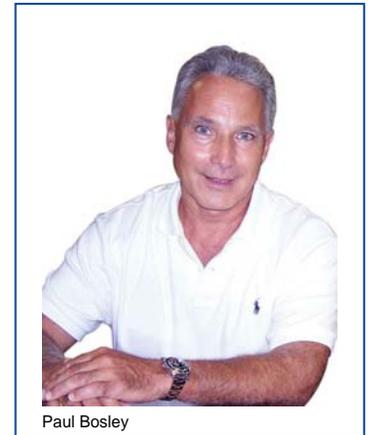
1. Credit:

Personal Credit - Leases for less than \$25,000 require good personal credit only. A 700+ credit score is now required from "A" lenders, and credit scores of 650+ are typically required by "B" lenders. "A" lenders will typically approve higher amounts, and the monthly payments are less per \$1,000 approved. Nearly all lease transactions are guaranteed by all company owners with more than 10% equity in the company.

Business Credit - Business credit scores for companies are recorded by Dunn & Bradstreet and Paynet. I advise all center owners to check that the information reported about your company by these agencies is *correct* before applying for financing.

2. Collateral - Since not everyone has a 650+ credit score, and not everyone owns a company that reports a net income and has good business credit, there are "C" lenders that will offer leases that require additional collateral. This translates to posting marketable securities, CDs or real estate as additional collateral to secure the lease.

3. Cash Flow - For larger lease amounts,



Paul Bosley

the key to receiving a lease approval is reporting positive cash flow. Most underwriting formulas will total the company's net income and depreciation, a noncash expense, to calculate free cash flow. The resulting free cash flow must exceed the annual lease payments by some margin for the requested amount. For example, if the company reported \$75,000 net income and \$50,000 in depreciation, an underwriter may consider that at least \$100,000 is available to pay the new lease payments. The only documents accepted by lenders to verify cash flow are tax returns, financial statements prepared by CPAs and business bank statements.

After many years of working with countless fitness centers and personal training studios, it has become apparent to me that all businesses require outside financing at some point in their growth. The simplest method to build business credit and preserve cash is to apply for an equipment lease. Alternate financing methods including bank loans and equity financing are far more involved requiring time, and in many cases, personal collateral. It is my recommendation to strongly consider equipment leasing when you are in need to replace existing fitness equipment or when you need to purchase equipment to launch a new facility.

(Paul Bosley is the Managing Member of HealthClubExperts.com D/B/A Business Finance Depot, and he can be reached toll free at 800-788-3884, by cell phone at 561-702-5505 or email at paul@healthclubexperts.com. Also, check out www.businessfinancedepot.com)

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The Power of a Sales Experience!

By: Casey Conrad

I'm almost laughing while the thought is typed into words, "What would it take to create a sales experience with a club prospect who successfully closed the sale but also left such a powerful, lasting impression that he bragged about it to his friends and family?" It's an interesting thought.

Whatever possessed me to ask such a left-field question? I recently found myself the recipient of a cruise on the Disney Dream. I've cruised many times over the past twenty years but never with Disney because I don't have any kids. After my experience, although I personally still feel the same way about preferring a getaway without hundreds of screaming kids, I am now a huge fan of Disney Cruises. In fact, if given the chance, I will do my best to convince any family to spend the extra money and book on Disney!

In a recent **CLUB INSIDER** article by Bill McBride, he discussed his obsession with attending to details and how such a focus makes for greater customer confidence. Disney exemplifies this attention to detail in every possible way:

- Upon your booking, you receive an entire wire-bound, color booklet that has everything you need to know about your cruise, along with your luggage tags.

- When you reach the port, the staff is plentiful and provides clear instruction as to where to go and what to do (not always the case with every cruise line).

- Upon entering the ship, you are greeted by a line of cruise officers, and your name is announced across the intercom as you stroll down a red carpet.

- Throughout the entire cruise, every single staff member encountered is incredibly (and sincerely) friendly. Each has a nametag on and a specific uniform that identifies his position/role on the ship.

- The ship is immaculate! From the staterooms to the actual steel structures, every nook and cranny is absolutely pristine. When walking around the ship, you visibly see a multitude of people at every hour of the day and night cleaning. Even the tenders hanging below the decks are pristine.

- Like most cruises, the food is endless with incredible variety, but here, the staff preemptively asks every person if he has any special needs and remembers this throughout the entire trip, making the necessary adjustments.

• Every possible item is branded Disney, right down to the light fixtures, carpet and closet knobs, BUT it is done in an elegant, tasteful way. Even the special dining areas that you pay more for have a Disney theme. For example, the French restaurant, Remy, is integrated with the movie *Ratatouille*. The thought that has gone into every detail is truly extraordinary.

The list could go on, but I'm only pointing out the highlights as a way to set the stage for the remainder of this article, which is how this experience relates to selling in health clubs.

As I reflected upon the trip, the first thing that came to my mind was a top seller book back in the late '90s called *The Experience Economy* by Pine and Gilmore. Our REX Roundtable read this book with the goal of applying its principles to our businesses.

For those not familiar with it, the book outlined the various stages of society and their impact on consumerism. Although I may not be re-stating it exactly, I remember the basic example they gave at the beginning of the book. In the agrarian economy, a Mother would make a birthday cake from scratch, costing pennies. In the Industrial economy a cake mix was purchased for a couple of dollars. In a service economy the cake was purchased from a bakery for \$20. And, in an experience economy, a Mother will pay hundreds of dollars to have a local attraction host her child's birthday party.

Of course, businesses that create a customer *experience* not only differentiate themselves from the competition but they also command higher prices. In essence, experiences are distinct economic offerings because they engage the customer at a deeper level: emotionally, physically, intellectually or even spiritually.

Another thing I clearly remember from the book was the authors' emphasis that selling experiences must be staged. The great Walt Disney was used as an example in the book, calling him "*An Experience Economy Pioneer*." Disney always refers to their customers as "Guests," and anytime you call a property, they answer or end a phone call with, "Have a magical day."

Most interesting was the author's adamant belief that, when a product or industry becomes commoditized, it must either transform itself into an experience or it will die (reminding me of another classic book, *Differentiate or Die*).

Bring all this back to the club business, and it is clear. Members will pay much, much more for an *exercise experience*. Regardless of whether or not you like franchises like CrossFit and Orangetheory, they provide perfect *experience economy* examples.

At such facilities, consumers are paying \$130 - \$160 per month for group exercise classes where they get worked out much harder than they would on their own or even in a traditional exercise class. Whether it is the feeling they get working out with a group of highly committed, like-minded people, the use of technology to monitor their exertion (intellectual), the extra special attention received (emotional) or perhaps the status of belonging (mental), these people are willing to pay a lot more money to, in essence, be tortured! (I do it, too!)

At this point, you are probably saying, "Okay, that all makes sense but HOW do I apply all this to my clubs' sales experience?" I must admit, I don't have the answer; I'm suggesting that clubs discover new ways to break out of the norm and create *experiences* that are appropriate for their type of facility and specific prospect base. Of course, some of the basics still and will always apply:

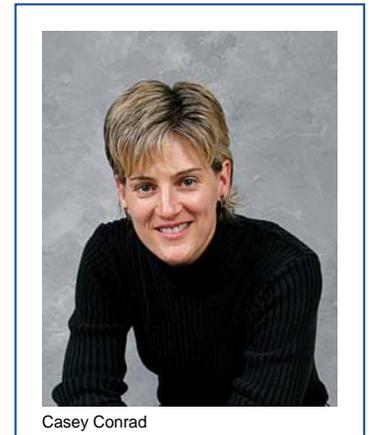
- Is your club meticulously kept and maintained down to the smallest detail? I'm not talking about remodeling, but rather, upkeep. Both are important, but the former takes a lot less money. Yes, there is time in labor, but it is small in comparison to the negative impression it leaves prospects and members (Like McBride, I HATE tape anywhere in a facility! Invest in Plexiglas sign holders that get mounted to any place where signage is desired.).

- Are your staff all in proper uniforms with nametags? Do they look neat and tidy?

- When a prospect walks into your facility for an appointment, imagine having his name on a marquis or sign at the front desk that says, "Welcome to ABC Fitness, John Doe!"

- Think of how easy it would be for the front desk to offer the prospect a cold, mini-bottle of water and say, "Proper hydration is a part of fitness. We would like to offer you a bottle of cold water while you wait for Casey to show you around."

- Add "Teachable Moments" to your tour, like doing a simple body composition analysis or other fitness measurement test that is simple to perform for the salesperson and easy for the prospect to understand.



Casey Conrad

What you are looking for is interactions that make the person say or think, "Wow, this is very interesting." Even better is when the prospect is so impressed with the interaction that they tell someone else about their experience.

- When someone becomes a member of the club, find a way to recognize him publicly (with his approval). Perhaps, it is a social media post or a New Member Photo area; find a way to affirm his decision to start an exercise program.

- Create a rewards program where new members achieve points for both attendance and the sampling of various aspects of the club. Points become prizes of some kind so as to keep them excited and motivated early in their membership.

I realize that some of these ideas are not new. BUT, how many of them is *your club using* to help create a positive, powerful sales experience for prospects? The great marketer, Seth Godin, says that one of the keys to creating a great brand is to literally become remarkable, where customers tell others about their experience with a company or product. Get your team together and brainstorm about ways to accomplish this goal and watch both your sales and referrals soar!

(Casey Conrad is a longtime, international industry consultant and author of numerous books on sales and marketing. Her website is www.HealthClubSalesTraining.com. She can be reached at CaseysHealthClubTraining@yahoo.com.)

Make It Fun!

Pain: The Missing Element in Your Membership Sales Process

By: Erik Charles Russell

Most people have heard the story of Michael Jordan being cut from his high school basketball team. It seems crazy that a man who many consider the greatest basketball player of all time couldn't even make his high school squad. For Jordan, it was embarrassing and painful.

Jordan could have given up. He could have let a painful experience stop him from becoming one of the best ever. We all know that he didn't quit. But, what Jordan did do was use that painful experience to motivate him to change. He practiced more, worked harder and became better. The rest, as they say, is *history*.

Pain is a powerful motivator, the most powerful motivator there is. Your prospect will do more to get out of the pain that he is in than he ever will to gain the pleasure of achieving their goals. There are exceptions but very few.

Pain has helped poor people become rich. It has helped weak people become strong. It has helped unhealthy people become fitness gurus. Pain is the reason that your prospect is sitting in front of you. It might be the physical pain of body aches associated with inactivity. It might be emotional pain of how he is treated by others because he is overweight. Or, it might be some other pain.

Many times, a prospect will come in and tell us about his goals. You know, he wants to lose 10 to 20 pounds, he wants to be happier, healthier, look better, feel better, etc. You know the deal. The one

piece of information that he almost never reveals is the pain that he is experiencing by not accomplishing those goals. *You will have a higher closing percentage if you understand your prospect's pain.*

Don't hear what I'm not saying.

I'm not saying that a positive, pleasurable first experience isn't part of a successful sales process. It most certainly is. What I'm saying is that ignoring his pain will lead to lost sales.

Losing weight may be his *goal*. But, the pain of looking in the mirror and seeing a fat person is the reason for him having the goal. It is the *reason why* he will buy a membership from you. As I always tell my consulting clients and their staff, "If you get the *reason*, you will get the *sale*."

The basic fundamental here is that you get the reason from a prospect by asking questions. Questions are the key to closing sales. Questions control the conversation. Questions get you the information you need in order to best help your prospect become a member. In other words, **questions are the answer!**

The problem is that, most of the time, we don't ask the prospect about his pain motivators. That problem stems from how it makes *us* feel as membership salespeople... weird and awkward. The reason it's awkward is because, many times, you're not sure how to ask. This is where I see the biggest hole in almost everyone's game, if you will. Follow my advice on this, and it will change your business, your income and your life as it

has done for me and my clients all over the world.

Let's dive into the questions that *you need to ask* to uncover your prospect's *pain motivation*.

Since the number one reason people come to train with us is to lose weight, let's use that as the example here. The conversation is already in progress.

You: "Mr. Prospect, we talked about where we want to be and how we're going to feel when we get there. That's important to have that goal and to know how it makes us feel in our mind. Now, let's talk about where we are currently. Your weight is the issue here. What does it feel like to be twenty pounds heavier than you should be?"
Prospect: "I feel like crap. I feel gross."

You: "When you say that you, 'feel like crap,' what does feeling like crap mean to you?"

Prospect: "I feel lazy and slow. I don't feel happy with myself."

You: "When you look at yourself in the mirror, what do you see?"

Prospect: "An old fat dude with love handles hanging over his pants."

You: "How does looking at those love handles hanging over your pants affect your life in a negative way?"

Prospect: "I feel a lot less confident. It's really affecting my job the most. It really makes going to work miserable, and working is most of what I do."

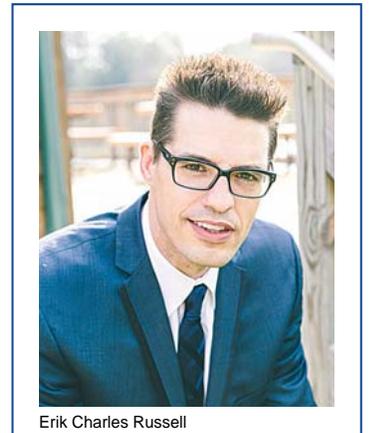
You: "It sounds like you have some strong motivation to really accomplish this goal. I'm excited to be able to help. Other than yourself, does anyone around you notice how overweight you are?"

Prospect: "Yes, actually, one of my good friends made a comment to me the other day. He said he noticed that I was putting on weight and asked if everything was okay."

You: "That's great that he was concerned. But, yeah, it's not a great feeling when other people are noticing negative things about us. What was the final straw for you? Was it your friend's comment or something else?"

Prospect: "Well, I've been thinking about this for awhile, but that comment really hit home that other people are seeing me as fat. I know it's time to do something about it now."

You: "Mr. Prospect, listen. You're doing the right thing and taking positive steps in the right direction. I'm going to encourage you to continue doing that because I've had many clients just like you become healthier and happier through our program."



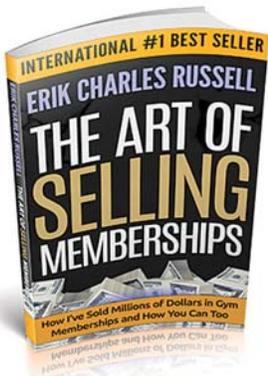
Erik Charles Russell

Go back and read this client conversation again. Make note of the questions being asked and how they are positioned. *Positioning of the questions is critical to your success.* Role play this scenario until you have it down solid. Then, use it on your future prospects. You will see what many others have seen after implementing this into their sales process: more sales and more *FUN*. **Because, there is nothing in this business that is more fun than more sales!**

Keep in mind that this is only one part of my sales process. You can get the full process by ordering my book, *The Art of Selling Memberships*, from Amazon.com or by visiting www.sellingmemberships.com/bookoffer.

(Erik Charles Russell has owned, operated and sold multiple successful gyms and martial arts studios throughout New York State. In 2015, his book, The Art of Selling Memberships, debuted at #1 on Amazon in three different categories in the United States, Australia and Germany. Sales of the book made Erik one of Amazon's Top 100 Best Selling authors in Business & Money for 2015. He is the Founder of the Membership Sales Academy, an online sales training resource for the fitness industry. In addition to his consulting work, Erik still owns a successful 10,000 square-foot facility in Watertown, NY, where he lives with his wife and three children.)

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Make It Fun!

Exercise is Medicine

Brain Challenge and Healthy Lifestyle Counter Cognitive Decline

By: Robin Schuette, MS

There's a healthcare crisis in our country that is the sixth leading cause of death and affects 5.5 million people. It has no treatment, no cure and cannot be prevented. It's Alzheimer's. This disease, along with dementias caused by stroke, Parkinson's or other conditions are increasingly a burden for those affected and for those caring for them. The are sobering facts; however, a bit of good news in this area was recently highlighted at the Alzheimer's Association International Conference (AAIC) last month. Research findings show that a healthy lifestyle plus maintaining social ties, challenging your brain and learning new things are the best ways to preserve cognition.

Our business has been promoting the benefits of health and wellness to help manage nearly every chronic condition. So, it's no surprise that a healthy lifestyle is linked to brain health. For the 76 million baby boomers reaching the age of maximum vulnerability to Alzheimer's, preventing cognitive decline is a key issue. Health clubs already play a significant role in promoting lifestyle and social ties. Now, there's an opportunity to go one step further and inform members of new ways to address cognitive reserve by integrating educational components in classes, services and overall communications. It's time for some mind fitness at your club.

With so many brain training programs on the marketplace, it's important to understand some of the latest research about the type that is most effective. At AAIC in Toronto, researchers presented new findings on ACTIVE, the Advanced Cognitive Training for Independent and Vital Elderly study funded by the National Institutes of Health. ACTIVE examined the impact of particular types of cognitive training on healthy adults during a 10-year period. The results showed that speed-of-processing training might reduce the risk of developing cognitive decline or dementia over time. This is the first time a cognitive training intervention has been shown to protect against dementia in a large, randomized and controlled trial. At ten years, the researchers observed a 33% reduction in risk of developing dementia over the time of the study through speed-of-processing training.

What is speed-of-processing training? It's computerized training designed to increase the speed at which the brain picks up and processes cues in a person's field of vision. This program, available on the market as Double Decision from Posit Science Corp, is one of many computer-based training programs

in this burgeoning field (Sign up at www.brainhq.com for free exercises.) The ACTIVE study tested two other types of cognitive training, including memory and reasoning along with speed-of-processing training. Speed-of-processing was the only one that showed a statistically significant impact on cognitive decline.

While the research is promising, scientists are only beginning to understand how much training is optimal for lasting improvements. Another significant research finding is that scientists are one step closer for detection of memory decline through an odor identification test. While PET scans are the most effective at detecting cognitive decline, they are costly and more challenging to administer than odor tests. Hopefully down the road, a simple smell test will be useful as an early screening tool for dementia risk.

In addition to these potential tools, there are plenty of opportunities for health and fitness clubs to promote brain health and bring awareness to the needs of the sandwich generation, those caring for their children and their parents. The sandwich generation is generally identified as those in their 50s to 60s, caring for their parents, as well as adult children with grandchildren, or those in their 30s to 40s caring for their parents and young children at home.

Social Ties - Health clubs are a home away from home for many members. That's why clubs within the club also are key to promote the value of social ties. For 2017, considering adding or refreshing the social clubs at your facility from book clubs to bridge or travel.

Networking for Caregivers - Start a support group to provide an outlet for those caring for others, especially those with Alzheimer's or dementia. This group often needs respite care. The local state chapter of the Alzheimer's Association offers many resources including webinars, lecture topics and certified dementia educators to facilitate discussions. Visit www.communityresourcefinder.org to search for more resources.

Eldercare Lectures for Families - Most often, families wait until a crisis occurs before helping their aging parents or loved ones get additional care that may help them prevent falls, counter isolation or provide transportation so seniors may stay active in their communities. Work with a senior center or nearby assisted living facility to bring in experts on eldercare topics targeted to your members' age and needs. There are an estimated 10 million millennials caring

for an adult family member, according to the AARP and the National Alliance for Caregiving's 2015 Caregiving Report.

Respite Care Resource List - Caring for family members with advanced illnesses can be emotionally and physically exhausting. Help identify resources in your area, such as in-home care options, adult day centers or facilities. Promote stress-reducing options available at your facility and give caregivers an extra incentive to purchase massage or meditation packages.

Learn more about Living with Dementia - Teepa Snow is a well-known dementia-care education specialist with a background in occupational therapy. Her goal is to build greater awareness about how people with dementia change, and how we must change our attitudes and skills to help them. Learn more at www.teepasnow.com.

(Robin Schuette, MS is Co-owner of MedFit Partners. She is a strategic marketer and communications expert for



Robin Schuette, MS

all types of businesses, including health clubs, spas and healthcare organizations. For Digital Housekeeping tips for yourself or your business, email her at rschuette@medfitpartners.com. You can also call her with comments or questions at 847-475-2185.)

Six Brain Boosting Habits

Sandra Bond Chapman, Ph.D., Founder and Chief Director of the Center for Brain Health at the University of Texas (Dallas) and Author of *Make Your Brain Smarter* recommends these six brain-boosting habits:

1. Limit multitasking. Too much multitasking increases stress and fatigues the brain.
2. Get an adequate amount of sleep. There are many benefits of regularly getting seven to eight hours of sleep, including helping the brain consolidate information.
3. Commit to an exercise routine. Exercise (30 minutes of aerobic exercise at least 3 - 4 times a week) provides a bounty of benefits including improving memory.
4. Construct bottom-line messages. Summarize tasks rather than reciting facts to enhance long-term memory for global ideas.
5. Laser-focus on important tasks. Block out unimportant information.
6. Stay motivated. Identify those things you are passionate about and learn more.



Is Your Team Committed or Compliant?

By: Karen Woodard-Chavez

When you think about your staff --your entire staff-- are they *committed* or *compliant*? W-w-w-wait... before you answer that, perhaps we should be clear about the difference in definition.

Committed is defined by **taking personal responsibility for the completion of an initiative or task.** What it looks like is your staff going above and beyond, looking for ways to do it even better with total buy in to the purpose. I know you all have some "rock stars" who are committed. I know some of you also have "rocks" that just show up.

Compliant is defined by **staff doing what they are told to do.** They will not do things until told to do so or think on their own about how to do it better. *The problem with this is that you, as the manager, always have to be there to tell them what to do.*

There is an argument to be made by some managers who ask, "What is wrong with my staff showing up on time and doing what I tell them?" There is nothing wrong with that, and in certain situations, compliance is critical. The question I would pose to you is: *Do you want someone working only with their hands when they could be working with their hands, their heart and their head?* In which situation do you get better results for both the company and for the employee?

One of the keys to commitment is collaboration. This will be discussed further in articles to come. In the meantime, I want to give you an exercise to do with your team that will prompt discussion on *commitment* and *compliance*. In your next leadership or staff meeting, make time (30 minutes) to have your team do the following assessment and discuss the findings.

Commitment Self-Assessment

Purpose of this activity: To raise the awareness of your team members regarding their personal commitment to the team. This self-assessment will ask important questions that will make employees *re-think what they can and should be doing more of, less of, better or different.*

Explanation: Introduce this exercise to your team by letting them know that you are going to provide them with a quick self-assessment that you want them to complete.

Ensure your team that their answers will remain confidential and that you will not be asking them to turn in

their answers.

However, do let your team know that you will be asking them to identify areas for group discussion that they feel the team can benefit from if they were to modify activities and behaviors.

Provide the survey with the following team building factors to each team member:

(Team members must rate themselves on each question on a scale of 1 - 5; 1 = Never, 5 = Always)

1. I fully participate in team meetings.

Score: _____

Team Member: _____

2. I consistently demonstrate a willingness to go above and beyond what is expected.

Score: _____

Team Member: _____

3. If I have an issue, I deal with it directly with that person rather than complaining to a third party.

Score: _____

Team Member: _____

4. I listen openly to new ideas.

Score: _____

Team Member: _____

5. I sincerely celebrate others' successes.

Score: _____

Team Member: _____

6. I follow through on anything I agree to do.

Score: _____

Team Member: _____

7. I represent my team positively to non-team members.

Score: _____

Team Member: _____

8. I willfully share the load.

Score: _____

Team Member: _____

9. If the facts are not clear, I check for clarity rather than make assumptions.

Score: _____

Team Member: _____

10. I look for opportunities to make others stars.

Score: _____

Team Member: _____

11. I meet deadlines.

Score: _____

Team Member: _____

12. I take the initiative to do whatever needs to be done.

Score: _____

Team Member: _____

13. I consistently utilize Core Values to help me make decisions (easy or difficult).

Score: _____

Team Member: _____

14. I look for ways to do my job better.

Score: _____

Team Member: _____

15. I continue to look for ways to challenge



Karen Woodard-Chavez

myself in my work and work relationships.

Score: _____

Team Member: _____

After each team member has completed his self-assessment, ask your team to now put the name of another team member by each statement on the self-assessment that they feel best fits the perfect example of that behavior.

By doing this, you will be able to reward and recognize your best team members while at the same time establishing your expectations with the entire team.

Discuss what could be done differently based on the rating of the factors. This exercise will open some very interesting discussion about the level of commitment or compliance in your organization.

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



Would You Like to Increase Your Online Exposure, But You Don't Know How?

By: Jim Thomas

The number one job of any gym owner is to be sure the door is swinging, the phone is ringing and the email is dingling. I think most everyone realizes this. But, it continues to be a struggle for many gym owners.

They will do a social media post here and there or post some offers on Facebook, but nothing seems to work.

I was speaking with a gym owner recently, and he wanted to do more. But, he asked, "Where do I get all the content to do this right?" Good question; I'm glad you asked. Here are some tips to get you kick-started with an online marketing program:

1. Blogs and articles. If you are writing a blog or articles for your website, this is the place to start. If you're not sure what to write about, just write about what your members are talking about or what your prospects want to accomplish. Anywhere from 300 to 1,000 words will work, but just do it. If you simply can't make the time to write your own blogs, check out a service like blogmutt.com or copywriter.com, etc. In addition, post this information on LinkedIn and medium.com.

2. Extract quotes for social media

updates. Now, you want to begin repurposing your article by taking lines from your writing and posting them as quotes on your social media updates. I usually find that I can come up with at least 10 new quotes from each article I write. If you want to automate the process, try using socialloomph.com or a similar service.

3. Narrate and produce your article as an audio podcast. For those of you familiar with audible.com, this is the idea. There are many audio formats for this, but we like soundcloud.com. Simply narrate your article, post it and then share it out to your network. You will have prospects that take in information in different ways, and you need to go *where they are*.

4. Create video footage of your article. Go to your YouTube channel and speak about your article for 2 - 3 minutes, post and share to your network. YouTube is the second largest search engine on the planet and not one to ignore. The hidden value of YouTube is that, when you post a new video, all of your subscribers receive a notice of your new post.

5. Turn your article into an eBook or PDF. We like to upload this into slideshare.net and post it on our LinkedIn

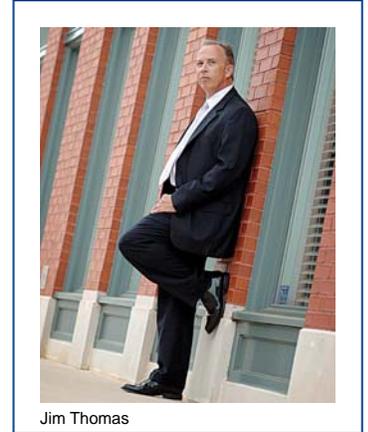
profile, as well as share out to social media. This can be a way to promote a special offer. You will also start to gain followers on slideshare.net.

6. Repurpose the article with images. Include images of yourself or your gym with quotes or titles from your article with instructions to call now. Post these images on pinterest.com for sure but also on all other social media outlets.

In addition, your blog post and articles can be used as content for email newsletters, press releases, PDF documents, white papers or local publications. Be sure to go back and repurpose any old articles you have as well (although they may need some updating).

The benefits of paid advertising on Facebook, Twitter and other social media sites stop as soon as the ad budget is discontinued. But, your content can remain in hundreds of locations across the Internet in places that your prospects will find them during their natural web browsing. Consistency is the key to content marketing success. Follow this format with each blog or article you post.

Now, go market your gym!



Jim Thomas

(Jim Thomas is the Founder and President of Fitness Management USA Inc., a management consulting and turnaround firm specializing in the fitness and health club industry. With more than 25 years of experience owning, operating and managing clubs of all sizes, Thomas lectures and delivers seminars and workshops across the country on the practical skills required to successfully build teamwork and market fitness programs and products. Visit his website at www.fmconsulting.net or www.jimthomasondemand.com.)

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

...Norm's Notes

continued from page 10

to a great extent on the groundwork laid by individuals and organizations today. ICAA's Call to Action is designed to accelerate the realization of its ongoing mission of promoting healthier, more active lifestyle options for the older-adult segment by improving the environments and services that help develop their functional abilities in the context of seven dimensions of wellness.

"The Decade of Healthy Aging emphasizes a new global model, where the definition of healthy aging is based in each individual's functional ability to live fully with more ability than disability. Expectations of longer lives are changing, and the time has come for us to ignite that culture of change," said Colin Milner, CEO of International Council on Active Aging. Milner went on to list **11 different actions steps for people to take**. For additional information on Colin's ICAA Call To Action, go to: www.icaa.cc/calltoaction.htm.

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(Norm Cates, Jr. is a 40+ year veteran of the health, racquet and sportsclub industry. *Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. Cates may be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com*)

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Thanks and Appreciation

At CLUB INSIDER, we are excited to begin our 24th Year of this home-based health and fitness club trade newspaper! The thought that this newspaper was *founded to serve an industry I truly love*, and so that *I could become a Mister Mom for my son, Justin*, is still *intriguing and amazing* to us. I wish to extend our most sincere **Thanks and Appreciation** to everyone that's made this amazing 24-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 274 monthly editions! **Thanks and Appreciation** to all of our **READERS**. Sincere **Thanks and Appreciation** to our **CLUB INSIDER Advertisers**, past and present, for their kind and dedicated support of this publication. It's amazing to know that we have several advertisers with over 15 years of continuous advertising with us. Plus, we have one advertiser, **National Gym Supply**, with over 23 years advertising with us! We also want to say sincere **Thanks and Appreciation** to all of our **CLUB INSIDER Contributing Authors**, past and present, who've contributed *hundreds and hundreds* of excellent articles to help our readers with their Best Business Practices. **Thanks and Appreciation** to **IHRSA** for all it does.

Sincere **Thanks and Appreciation** to my son, Justin, who started working part-time for **CLUB INSIDER** when he was just 8 years old (helping with mailings). This young man, pretty much behind the scenes for 23 years now, has truly been a fantastic partner for his Dad in **CLUB INSIDER**. Justin does our editing, publication layouts, all of our website design and maintenance, all of our bookkeeping and subscription processing work, as well as archive management and anything else that needs doing, including writing eight cover stories per year.

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

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

Norm Cates, Jr.

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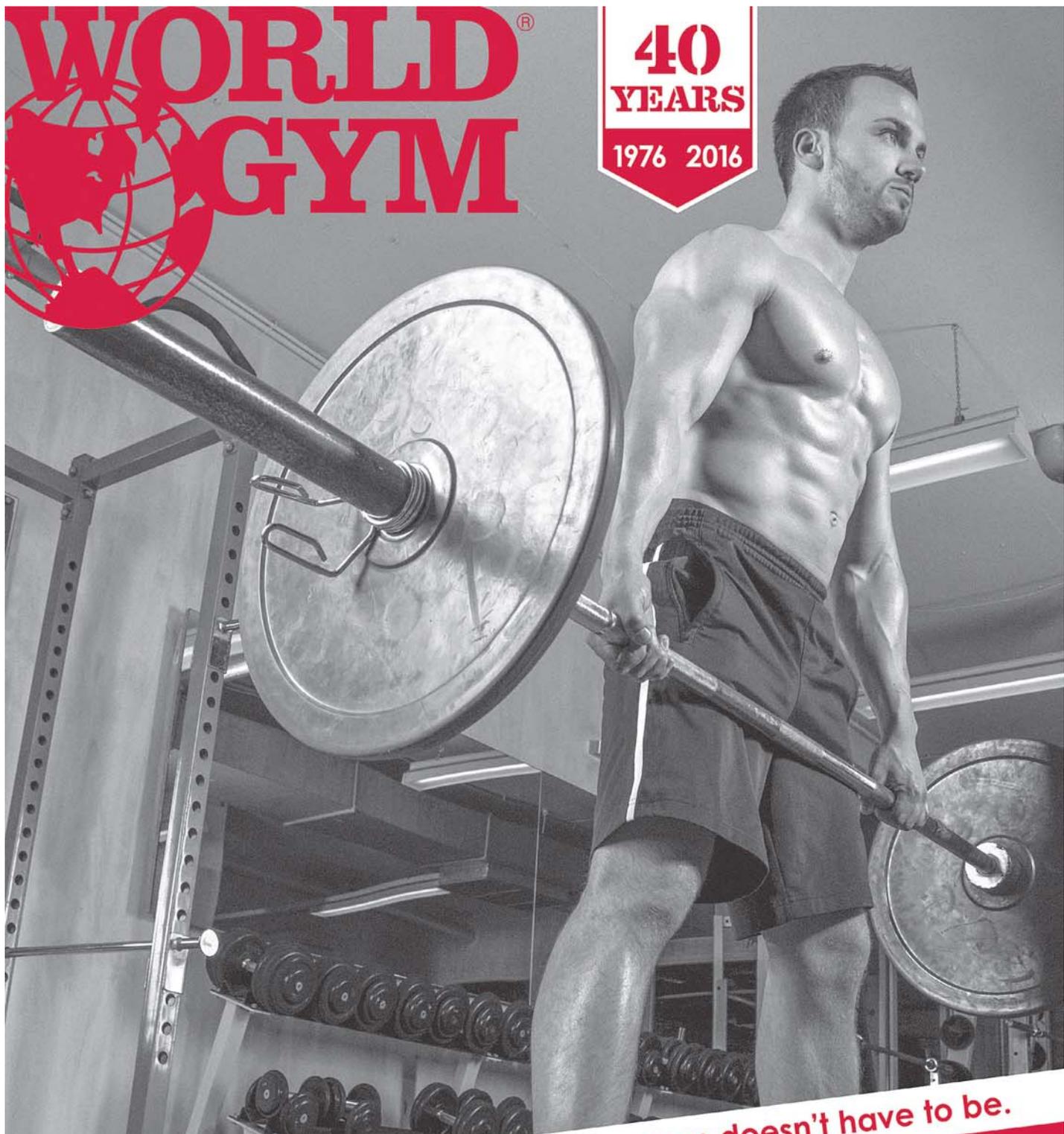
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