

Norm Cates'

CLUB INSIDER

CELEBRATING 25 YEARS OF TRUST

In-Shape Health Clubs *Shaping Healthier, Happier Lives*



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CLUB INSIDER

CELEBRATING 25 YEARS OF TRUST

In-Shape Health Clubs *Shaping Healthier, Happier Lives*

By: Justin Cates

In 1981, a retired doctor named **Dr. Mort Rothbard** founded **In-Shape Health Clubs** in *Stockton, California*. Back then, it all began with the conversion of a dated racquetball club into a full-service health club. Over the next 37 years, the company grew to 67 locations across California. Whereas the national brand names we know that originate in California and are focused on primary markets, In-Shape focuses on the secondary markets other players may not see as having the potential for a full-service, resort-style health and fitness club facility. It's within these openings that In-Shape found a niche that has created duplicatable success.

Today, In-Shape Health Clubs

is led by **CEO, Francesca Schuler**. With a background in creating and managing experiential brands, every nuance of the In-Shape experience has been refocused on the member in order to create healthier, happier lives. From onboarding to the encouragement of utilizing the facility for fitness and non-fitness activities (i.e. rest and relaxation) alike, the company is re-shaping the lives of its members.

One of the keys to this success is the *One Team Approach* for all those who have sought a career in the health and fitness club industry and found it at In-Shape Health Clubs. By creating the mindset of company first and job role second, the focus is always on the member. This is the difference, and it shows.

This month, I welcome you to read

on as we interview **Francesca Schuler, CEO of In-Shape Health Clubs**.

An Interview With Francesca Schuler, CEO of In-Shape Health Clubs

Club Insider (C.I.) - Where were you born, and where did you grow up? Where did you go to school, and what did you study? And, did you play any sports?

Francesca Schuler (FS) - I was born and grew up in Washington, D.C. My mom is from Chile, and my dad is from Illinois. I went to Brown University in Rhode Island and majored in Comparative Literature, which led me straight into fitness, obviously (laughing). I went to business school at Wharton and received my MBA. Growing (See *In-Shape Health Clubs* Page 10)

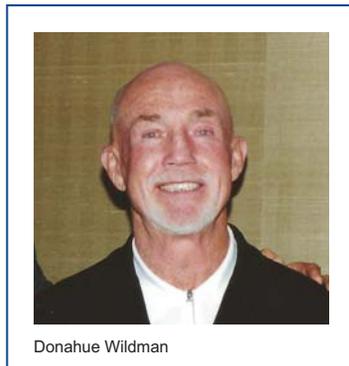


Francesca Schuler, CEO of In-Shape

Donahue Wildman 1933 - 2018

Don Wildman, age 85, born in Los Angeles, California, February 7th, 1933, passed away Sunday, September 16th, 2018 at his Malibu estate in the company of his wife, **Nimisha**, and sons **Don, Jr., Bill** and **John**. Don courageously fought a multi-year battle with cancer but finally succumbed to the disease when he elected to discontinue treatment after it spread to his brain. Known for his insatiable passion for healthy living, and for building the world largest health club chain, Don continued his infamous workouts right up until the day he died.

(See *Donahue Wildman* Page 6)

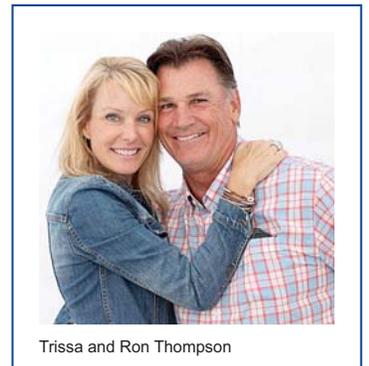


Donahue Wildman

Ron Thompson 1956 - 2018

Ron Thompson, age 62, of Dana Point, California, a renowned giant in the health and fitness club industry, passed away suddenly on September 17, 2018. Ron was a pioneer in the growth of the global fitness industry, joining Ray Wilson in launching Family Fitness Centers in Southern California in the late 1970s, and later serving as COO of 24 Hour Fitness.

Born in 1956 to **Angie** and **Patrick Thompson**, a Chief Petty Officer in the U.S. Navy, Ronald Mark Thompson's childhood was spent in California, Hawaii and the Philippines. Along with his older (See *Ron Thompson* Page 6)



Trissa and Ron Thompson

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- And, of Course, *Norm's Notes*

Norm's Notes

■Hello Everybody! This is your Club Insider Publisher and Tribal Leader Since 1993 checking in with our 298th printed monthly edition since we began publishing in 1993! Yahoo!!! We're close to hitting the Big 300, and we welcome you all to help us celebrate this milestone. Drop by and help us Celebrate our 25th Anniversary and our upcoming 300th edition at Booth #411 at The Club Industry Show! And, be sure to drop by JENNIFER URMSTON's Sports and Fitness Insurance Booth #400 and MIKE BENTON's GENAVIX Booth #2.

■Is America a GREAT Country, or what? I hope you ALL are registered to vote in our Mid-Term Elections on November 6, 2018 and that you will be sure to get out and vote for your candidates of choice. I URGE you to VOTE on November 6, 2018! GOD BLESS AMERICA!

■My son, JUSTIN, and I want to express our very sincere concern and condolences to all of you folks in North Carolina and the other states where Hurricanes Florence and Michael destroyed a great deal of property and many lives. Sadly, for us personally, Mexico Beach, Florida, a place where my Brother GATOR DAVE, my family and I have spent many fun times during the last 40 years, was completely devastated. Before it was leveled, the small town had a population of around 1,200, and it was a

very quaint, relaxing and popular place with people like us who had discovered it. Now, that it's been virtually flattened, as have a lot of areas in the Panama City and Panama City Beach, Florida, Bay Country area, it looks like it will be a long time before the region can and will be rebuilt. The destruction was extensive and awful, but fortunately, at this point, there have been less than 25 deaths reported in Florida, although that will provide little solace and zero feeling of relief to the families of those who've been lost in the Panhandle region of Northwest Florida. And, we can't forget those lost because of Hurricane Florence. May God Bless all those killed, injured and otherwise negatively impacted by both of these awful storms.

■Folks, I want to encourage you to support our Club Insider Advertisers as much as you can. In case you don't think about it, our advertisers are here to draw your attention and to attempt to *earn* your business. So, please reach out to them and mention you saw their ad in Club Insider. They're great companies, and they'll treat you right. Moreover, they'll be the primary reason you are able to receive Club Insider each month. Without our advertisers, we wouldn't make it, even though we've made it for 25 years now. We also appreciate your subscription business, but that small volume of subscriptions will not support our expenses without strong advertising support. So, how about supporting both?

And, Stay Tuned!

■Page #3 this month contains two obituary articles chronicling the passing of two legendary club developers/owner/operators, DONAHUE WILDMAN and RON THOMPSON, both of whom passed away in the past month. While I did not have the pleasure of personally meeting Wildman or Thompson, I do know about their amazing history in our industry. Both obituary articles have comments from people who knew them, and I want to say Thanks and express my Appreciation to RAY WILSON, CECIL SPEARMAN, BILL HUBNER and KEVIN STEELE for their comments about these two industry giants who've left us. MAY DONAHUE WILDMAN and RON THOMPSON REST IN PEACE.

■More sad news. I'm very sad to have to report that JOE ASCH, a very interesting man who founded and co-owned The River Valley Club in Lebanon, New Hampshire, died on Tuesday, October 9, 2018, reportedly from suicide. A letter attributed to Asch, and saying goodbye to family and friends, was published on Dartblog, the site where Asch published his reports on Dartmouth College. Joe was 60. In the June 2012 Edition of Club Insider, we published a terrific cover story on The River Valley Club, a truly amazing story chronicling how Joe, his wife, ELIZABETH, and their Team, led by JENNIFER POLJACIK, had taken a



Norm Cates

club that was in deep financial trouble to a club that was generating, reportedly, \$10 million a year in sales! Reportedly, Joe and his wife were separated in 2017, and it's believed that the impending divorce and recent legal decree in favor of his wife may have influenced Joe's decision to take his own life. MAY JOE ASCH REST IN PEACE.

■Now, for some GOOD news!!! The month before last in our August 2018 Edition of Club Insider, I reported that my friend in England, DOUG MILLER, had been diagnosed with stage 4 cancer of his intestines, and it was inoperable. The good news I have today is that after six (See Norm's Notes Page 7)

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CELEBRATING 25 YEARS OF TRUST

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Exercise IS Medicine!

By: **Mike Alpert**

Studies have shown that obesity, diabetes and lack of access to good nutrition are critical issues in need of intervention. It has also been proven that access to wellness and prevention tools in the home, school, workplace, neighborhood and community are highly effective intervention strategies.

About one month ago, we entered into a *Memorandum of Understanding* with the University of La Verne to begin working with them on a bold project that they were starting. Last night, I attended an event that I want to share with all of you. It was an exciting example of how for-profit businesses can collaborate and work together with non-profit businesses to help build healthy communities. This was really the culmination of a vision that the *President of the University of La Verne, Devorah Lieberman*, had to ensure that every student attending the University would graduate healthier than when they

entered. Their ultimate goal is to become a regional change agent and role model, providing key research and teaching opportunities and practical wellness resources that will positively impact the health of the surrounding community and beyond.

The University will begin construction of The Randall Lewis Center for Wellbeing and Research that will provide expanded resources for physical, emotional and mental wellbeing; teaching and collaborative research opportunities; and wellness programming for their students, faculty and staff. The Center will also partner with a wide network of community and health organizations to offer fitness opportunities, nutrition and wellness workshops and informational resources that will have significant impact on the lives of residents throughout Inland Southern California. Partners include: Kaiser Permanente, Pomona Valley Hospital, Casa Colina Acute Rehabilitation hospital, Western University of Health Sciences,

City of Hope, The Perfect Step, Hillcrest Retirement Community, Methodist Hospital of Southern California, White Memorial Hospital and The Claremont Club.

We have been in talks with the University to hold some of their class work here at The Claremont Club to study and learn about **Exercise IS Medicine** and the impact it has on overall health and quality of life of people, especially for those dealing with disabilities and chronic injuries/illness. They will help us by writing grants for our programs and in gathering data, studying it and publishing their findings.

It should be no surprise that hospitals, physicians, universities and businesses are focusing on health, wellness and prevention, and they recognize and acknowledge the incredible role that exercise has on overall health. This is only one example of how we can all work together to help build and maintain healthy communities. Our industry is going to play a major role in this endeavor. If you are interested in receiving more



Mike Alpert, Claremont Club CEO & President

information on the **Exercise IS Medicine** initiative, please feel free to contact me at malpert@claremontclub.com.

(Mike Alpert is CEO and President of The Claremont Club.)

...Donahue Wildman

continued from page 3

Don's passion for fitness started early as a star high school athlete in football, track and boxing. After returning from the Korean War in 1953, Don, then 20 years old, went to work in the fitness business. Soon after Don founded Health & Tennis Corporation of America, eventually growing the company to nearly 400 locations, more than 20,000 employees and over one billion dollars in annual revenue. Don is largely credited with building the health club industry through innovative celebrity-based advertising, plus being the first fitness center chain to offer group exercise classes to music, circuit training and many other fitness innovations. In 1994, Don sold his company to Bally, retiring at the age of 61.

A world-class athlete in several sports, Don competed in nine Ironman Triathlons, finishing 1st in his age group. He also twice participated in the 3,000-mile Race Across America bike race, the New York and L.A. marathons, as well as many other fitness competitions worldwide. Don was also an avid snowboarder, surfer and unquenchable entrepreneur, which led him, at the age of 80, to create the now globally-popular GolfBoard. Plus, he recently appeared on the TV Show *Shark Tank* to launch his innovative Hand-Out Gloves.

Loved and admired by many, Don was affectionately championed as the "Patriarch of the Malibu Mob," a group of high visibility celebrities and athletes that share Don's passion for fitness, exercised, played and traveled the world together looking for adventure. Don met his wife

Nimisha in October of 2011, and they were married on July 25th, 2015. He is survived by his wife, three sons, ten grandchildren and three great grandchildren.

Ray Wilson, *industry legend and friend of Wildman*, commented:

"Don Wildman did many great things during his lifetime, but I think that his most important achievement for our industry was his role in starting *'The Worldwide Cardio Exercise Movement.'* He was as important to that movement as were Augie Nieto, Captain James Lovell, Bill Hubner, Dan Holton and me. Don also arranged the sale of Lifecycle to Bally at the price my partner, Bill Hubner, and I required. In the early days of Lifecycle, I knew that, to be successful, Lifecycle had to be problem free and in 'mass production.' On Augie's famous coast-to-coast road trip, he managed to get an order from Donahue Wildman for 500 machines at \$1,995 each. That purchase helped us a great deal, and the cardio movement was on its way!"

Jerry Kahn, *a long-time industry veteran, a dear friend and partner of Wildman's for 60 years*, commented:

"Donahue was a brilliant pioneer of the fitness industry. He started with Vic Tanny Gyms in Burbank, California. In the late 1950s, Don and company expanded to over 300 locations coast to coast, and he was an investor and board member of Las Vegas Athletic Clubs. He will always be remembered and missed by many

(See **Donahue Wildman** Page 8)

...Ron Thompson

continued from page 3

brother, **Bruce**, Ron made his mark in athletics early, lettering in varsity baseball and football at his Rancho Cordova, California high school. Ron graduated from San Diego State University, where he was hand-selected by Wilson to help direct the growth of Family Fitness which, with Ron's leadership, would dominate the industry throughout the West and become the model for the growth of all major national fitness businesses in the country.

Ron's region grew to include 21 clubs, becoming the most profitable in the Family Fitness chain. Named VP of Sales and COO of 24 Hour Fitness when it acquired Family Fitness in 1995, Ron was admired for being an exceptionally motivating mentor for team members, trainers and clients alike, and he is credited with the success of many friends whose careers he helped advance throughout the industry.

Since retiring from 24 Hour Fitness, Ron had been an active consultant and had continued to develop health clubs in Oregon, Colorado, Texas, Oklahoma and Iowa. Ron was a devoted husband to his wife, **Trissa**, with whom he celebrated their 28th anniversary in May, and a loving father to sons, **Cole** and **Wyatt**. Described as a "head-turner with the soul of a cowboy," Ron blended his uniquely bold, unabashed charm and mischievous spirit with solid, uncompromising integrity. "Ron was my 'rock' and every friend's best friend: a phenomenally loyal, insightful, generous guy," said a friend of forty years. "He was

the go-to whether you needed advice on a business problem, feedback on a family issue or you just wanted a guaranteed good laugh."

With passions ranging from fitness, football and pranks to golf, movies, classic cars, worldwide travel and more, Ron treasured annual family traditions he created with his wife, **Trissa**, and his sons, **Cole** and **Wyatt**, often including travel to mountains or beaches. He is also survived by his parents, **Angie** and **Pat Thompson**, of Peoria, Arizona. A funeral mass was held at St. Edward the Confessor Catholic Church in Dana Point, CA on Friday, September 28, 2018.

Credit: The previous writing was originally published in *The Orange County Register* on September 23, 2018.

Ray Wilson, *industry legend and friend of Thompson*, commented:

"Ron Thompson was the most honest and stable person I've ever met. Plus, Ron developed into one of the most talented people in our industry. In my most successful company, the Family Fitness Centers, we made Ron's theme our company theme: **Fair, Firm and Friendly**. I never once heard Ron say a bad word about anyone. Ron was a club member of the first Family Fitness Center I ever opened. It was in LaMesa, a suburb of San Diego. (It was easy for me to judge that Ron was a great prospect for me to recruit and develop. I got Ron to work part-time after his football seasons were over in college. Then, I

(See **Ron Thompson** Page 8)

...Norm's Notes

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Chemotherapy sessions, his doctors are telling him that the projected life expectancy they had given him of just 3 to 4 months to live had been increased by the chemotherapy to 12 to 18 months, something that has given him great encouragement. **Always The GREAT Character**, Doug told me on the phone that he was happy because most of us have no idea of **HOW** we are going to die. **He said he's happy now because he, at least, KNOWS what he's going to die from, he just DOESN'T KNOW WHEN!**

■ **JULIETTE ROJAS** is the 25-year old daughter of **MICHAEL ROJAS**, one of the **Founders and Owners** with **SCOTT FRASCO** of the **Iron Grip Barbell Company**. **Iron Grip** is a *long-time Club Insider Advertiser* (See Their Ad on **Page #15**). I heard from Michael in September when he contacted me to introduce Juliette, who now works with **FlexIt**, an **up-and-coming company you should know about**. So, to that end, I draw your attention to the **FlexIt Press Release on Page #23** in this edition of **Club Insider**.

■ **Thanks to MEGHAN BROWNING**, a Senior Account Coordinator for **Bright Red/TBWA**, whose client, **Youfit Health Clubs**, shared their latest news with us, which is the **launch of a NEW dynamic and retro amenity** featured at the **Oakland Park, Florida Youfit Club** called: **YouEscape**, which is a first of its kind in the fitness industry! **YouEscape** is a unique space within the gym with pinball machines such as **Iron Maiden, Medieval Madness** and **Star Wars**, coupled with classic arcade games such as **Pacman, Frogger** and **Galaga!** What's the **best part?** The room

is all tied together with a vibrant custom art mural and comfortable seating areas giving members a creative outlet to relax pre- or post-workout or with no workout at all. While kids are welcome to come enjoy **YouEscape** with their parents, *it's truly designed for adults looking to escape from their stressful lives and have some well-deserved FUN.* "Inspired by **Founder and CEO RICK BERKS'** love of all things pinball, **YouEscape** is revolutionizing the way we use and think of a gym. "The evolution of our brand has always meant to create environments where our members feel welcomed and allows them to escape the stress of their everyday lives," said Berks. "From the moment they step inside, we want our members to enjoy time at the gym and feel rejuvenated *in a fun, fresh way.* The new **YouEscape** room allows members to do just that."

Folks, for **25 years now**, you have read my little reminders here in **Club Insider** where I remind you to **"MAKE IT FUN!"** in your clubs. **My sole purpose for doing that every month for the past 25 years, right from the beginning, has been and always will be to remind all of you that you are NOT just in the fitness business. You ALL are in the ENTERTAINMENT BUSINESS!** So, my hat's off to **RICK BERKS** and his **Youfit Health Club Team**, as they've created and installed a system, **YouEscape**, that will go a long way toward my goal for you all and that's to **"MAKE IT FUN!"** in your clubs for your members and their families! **Stay tuned, Folks!**

■ **My long-time friend at IHRSA, CATHY McNEIL**, announced that **she's retiring from IHRSA after 35 years**, and I can't find better words to say to Cathy than to say: **THANKS and GREAT JOB, Cathy! We**

appreciate all you've done, all the hats you've worn and all of your wisdom that you've brought to IHRSA, and our great industry, during your 35 years at IHRSA. God Bless you and your family as you enjoy your retirement!

■ **Our friend, BEN MIDGLEY, CEO of Crunch Franchise** (See Their Ad on **Page #5**) told me about a Pre-opening sale at their **Riverview, Florida** location with a **pre-sale number of 2,915 memberships SOLD on the FIRST DAY of the Presale!** **Congratulations to the ownership team of VINCE JULIEN, GEOFF DYER,**

TONY SCRIMALE, JEFF DOTSON and KEVIN La FERRIERE on an outstanding achievement! This is a really amazing crew with a combined 100+ years of industry experience, and they've opened more than 120 gym locations. See the **Press Release on This Page.**

■ **My apologies to IHRSA's lovely ALEXANDRA BLACK LARCOM** because her name was misspelled in last month's **Exercise IS Medicine** article on **Page #6**, and it is my bad for not catching that! **Sorry ALEX!**

(See *Norm's Notes* Page 8)

Nearly 3,000 Join New Crunch Gym on Record First Day of Pre-Opening Sales

RIVERVIEW, FL - Crunch Franchise announced that 2,915 memberships were sold for the Crunch gym opening in Riverview, Florida on the first day of its pre-opening sales period. That figure sets a Crunch Franchise record for the most memberships sold by a Crunch gym in a 24-hour period, and it comes on the heels of 1,500+ and 1,200+ day-one membership sales during July 2018 in **Tuscaloosa, Alabama**, and **Killeen, Texas**, respectively.

Crunch Riverview is expected to open in January 2019. The branch is owned by **Vince Julien, Geoff Dyer, Tony Scrimale, Jeff Dotson and Kevin La Ferriere**. As an ownership team, they have a combined 100+ years of industry experience and have opened more than 120 gym locations. The group currently operates fifteen Crunch clubs throughout Atlanta and Tampa.

"The results an operator gets out

of pre-sale reflect what they put into it," said Scrimale. "There was not a business or a lead that we didn't touch, and it took a lot of hard work and dedication. We have a strong team, and the plan they put into place was executed flawlessly."

The 22,000 square-foot club will offer members state-of-the-art equipment and amenities including miles of cardio, a wide variety of classes, tons of free weights, group fitness studios, a functional training area with 6,000 square feet of turf, tanning and sunless spray options.

"This team did an amazing job in reaching out to the Riverview community," said **Chad Waetzig, Executive Vice President of Marketing and Branding at Crunch.** "We are excited about the redesign of the Crunch brand, which will bring even more fun, energy and entertainment to the member experience."



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...Norm's Notes

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■Welcome to our new advertiser, American Gym Trader, and DAVE DIDION, the owner. Check out the New Ad on Page #25.

■Justin and I want to say THANK YOU for reading Club Insider!

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for two years or \$10 a month by going to www.clubinsideronline.com/subscribe.

■God bless our troops, airmen and sailors worldwide and keep them safe. Thank you, Congratulations and Welcome Home to all of our troops who've served in Iraq, Afghanistan, and around the world. God bless America's Policemen and women and Firemen and women and keep them safe. God bless you, your family and your club(s). God Bless America! Laus Deo!

(Norm Cates, Jr. is a 40+ year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of Club Insider, now in its 25th year of publication. Cates was IHRSA's First President, and a Co-Founder with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. In 2017, Cates was honored with Club Industry's Lifetime Achievement Award. Cates can be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com)



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...Donahue Wildman

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loving friends!!!"

Bill Hubner, another true industry giant who's built, operated and sold hundreds of clubs and owned and operated the Paramount Fitness Equipment Company, commented:

"Don was one of the best overall gentlemen I have ever known. He was a competitor of mine for years. Then, he was in the health industry's takeover. Don and Ray Wilson were the two best partners I had in my 60+

years in the fitness business. Don will be missed. May he Rest In Peace."

Kevin Steele, friend and protégé of Wildman, commented:

"We have lost one of our 'founding fathers of the modern fitness industry' this past weekend when Don Wildman passed away. He brought me into the health club business and changed so many people's lives over the years. He and I have had an incredible relationship these past 35 years; I love him and will miss him more than words can describe."

...Ron Thompson

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suggested to Ron that he come on board full time with us when he graduated, which Ron did. By that time, Ron and I had already developed a close relationship. Ron ended up working in Los Angeles for my L.A. partner, and eventually, Ron was managing Costa Mesa, which was a difficult club because of the limited parking. All seven of our Los Angeles clubs were really struggling. I was making money in San Diego and losing it in Los Angeles. My L.A. Partner finally gave up and said we were going to go bankrupt with all seven of our L.A. Clubs. So, I bought him out and put Ron in charge. I had Ron phone me each evening to go over his day. *By the time we finally made L.A. profitable, I had practically adopted Ron. He was the most cooperative person I've ever mentored.* If Ron Thompson had not been able to save our original seven Los Angeles clubs, it would have aborted our important contribution to development of the fitness industry. Plus, the development of many key people who Ron helped mentor and who moved on to make their own contributions. Ron also contributed to the development of 24 Hour Fitness."

Spearman Club and friend, commented:

"Norm, I want you to be one of the first to know that Ron Thompson, an industry pioneer and GREAT, passed away an hour ago in the Emergency Room at Mission Hospital, Laguna Beach. Ron had just completed a spin class, and as he walked out of our club, he fell. All of our immediate CPR efforts and the EMTs efforts did not help Ron, and he died in the hospital emergency room. Ron enjoyed an amazing career in the fitness club industry. He started working for Ray Wilson when he launched Family Fitness Centers, and then, he worked with the clubs when 24 Hour Fitness acquired Family Fitness. Ron has been a member of our Laguna Niguel Spearman Club for many years. He routinely worked out five days a week, and he would rotate between spin classes and weights and machines. He experienced some heart problems some time ago. We are not sure what caused his death, but we believe it might have been heart related. The valiant efforts of our staff and the EMTs, whom arrived quickly, did not help. I'm sure many of your readers would like to know about the passing of this industry legend, Ron Thompson. I'm sharing this information within an hour of Ron's passing. May Ron Thompson Rest In Peace."

Cecil Spearman, Owner of Laguna Niguel

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...In-Shape Health Clubs

continued from page 3

up, I played basketball in high school and rowed crew in college; sports were an important part of my school experience.

C.I. - Having a background in Comparative Literature, what created the interest to study business?

FS - I started my career at the E&J Gallo Winery in the Sales Management program, which was a great experience, and I developed a passion for three things:

1. Leading and developing people.

I'm passionate about creating teams and organizations where people can find something they love and develop a fulfilling career.

2. Creating consumer engaging experiences. I have a passion for working with brands that connect with consumers in unique ways, and I like working with brands that create a sense of community.

3. Having an impact. One of the main reasons I joined In-Shape was to work somewhere that has an impact beyond the product you sell. *For me, health and fitness is incredibly special because anyone can participate if you just give them the right way to enter it.* Every day, we help make people's lives a little better. There's no downside to being healthier and more fit, and it also gives people a lot of confidence when they feel better. Many people really struggle to be healthy or have the confidence to start on a fitness journey. I value the opportunity to work with our team to motivate members to just start and keep going on their journey. At In-Shape, we believe we're in the motivation business, not the gym business. I believe we have an impact on our community above and beyond just being in the health club business.

C.I. - How did you come to be with In-

Shape as opposed to all the other health and fitness club companies out there?

FS - In-Shape is focused on creating destination community clubs that appeal to a broad range of members through great programming, a wide range of amenities and great service. We offer this amazing experience at a great value in markets where there are not a lot of premium resort style community clubs. It's awesome to see the health and fitness club industry growing. There are a lot of formats, and I believe there is plenty of room for all of us. I found In-Shape to be a great opportunity to impact a lot of communities that may not normally get what the industry has to offer.

C.I. - As you moved up the ranks at In-Shape, from *Chief Marketing Officer* to *Chief Operating Officer* and then *CEO*, what are some of the key lessons learned at each level that prepared you for the role of CEO?

FS - The first is always putting the team and members first and listening to both. I spend a lot of time in our clubs getting to know our team and our members. I talk to everyone, whether it's our Welcome Team (front desk), Fitness Advisors (membership team), Personal Trainers, Housekeepers or Managers. I want to really understand what they need and what ideas they have to make our member experience better. This understanding helps me do my job better by supporting them and eliminating obstacles so they can better serve our members. Fitness can be super-intimidating for a lot of people, or it can be hard to try new things. So, we try to find new ways to engage and motivate our members. We try to get someone who only uses the treadmill to try swimming or Yoga. Or, with someone who has really struggled on their fitness journey, we want to help them in a way that suits their specific needs best. The only way to do that is to spend time with the members.

Another big thing that was eye-opening to me when I joined the industry



Welcome to In-Shape Health Clubs!

is how siloed it was. There was the membership team, the personal training team and the group fitness team. Over the past three years, we have moved to a *One Team Approach*. When a member walks in and sees our royal blue In-Shape shirts, they don't care what our job is, they want someone to help them. So, we have spent a lot of time building that one team approach, and it's had some key benefits:

1. It has helped everyone become more member-focused. 'How do I serve the member better first, regardless of my role? Then, I can do my job.'
2. It's really opened up a lot of different career paths for people. One of my key priorities as CEO is creating a place where our team members can have a career in fitness, not just a job in fitness. A lot of that is about laying out career paths, opening up doors and having team members understand they can move from housekeeping to personal training to general manager, for example.

Going forward, we are going to continue being Team Member-centric, Member-centric and having a One Team Approach. We are in the people business.

In-Shape Health Clubs

C.I. - Currently, how many In-Shape locations are in operation?

FS - We have 67 clubs in California.

C.I. - Please describe a typical In-Shape facility (square footage, amenities, services, etc.).

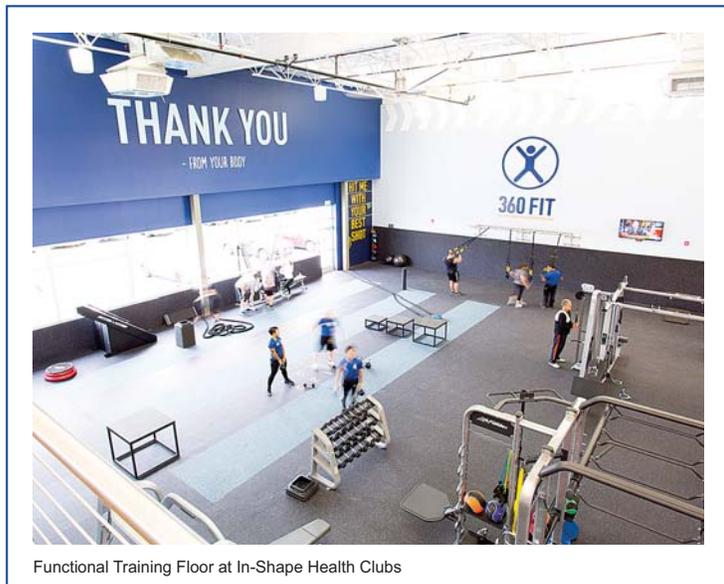
FS - We have several formats in the portfolio, but our primary formats are

focused on being destination clubs with anywhere from 30,000 - 70,000+ square feet and a range of amenities. A few of the key things we always have are:

- 1 - 3 group exercise studios (multipurpose studio, cycling studio and Mind/Body for Yoga, Pilates, etc.);
- Since we are a community club, we have a kid's zone, so parents can drop off their child and go work out.
- Pools are important because whether indoor, outdoor or both, we find that lower impact classes are increasing. It helps us serve a group of members who may not be able to do higher impact fitness classes. It's also great for relaxation and recreation, which is part of what we offer. We want to be a place where you can come and hang out with your friends and family. It doesn't always have to be about the workout.
- In many of our clubs, we have a range of recreational sports, such as racquetball, tennis, basketball and pickleball.
- Again, we really want to offer things that are great for fitness but also for relaxation and recovery, so we have spas and saunas as well.

C.I. - We've already discussed that In-Shape focuses on secondary markets, and you explained why. My question here is: are they always dense enough to support the size and type of In-Shape's facilities?

FS - We try to be very selective about where we put our clubs to make sure there are the right demographics and growth
(See *In-Shape Health Clubs* Page 12)

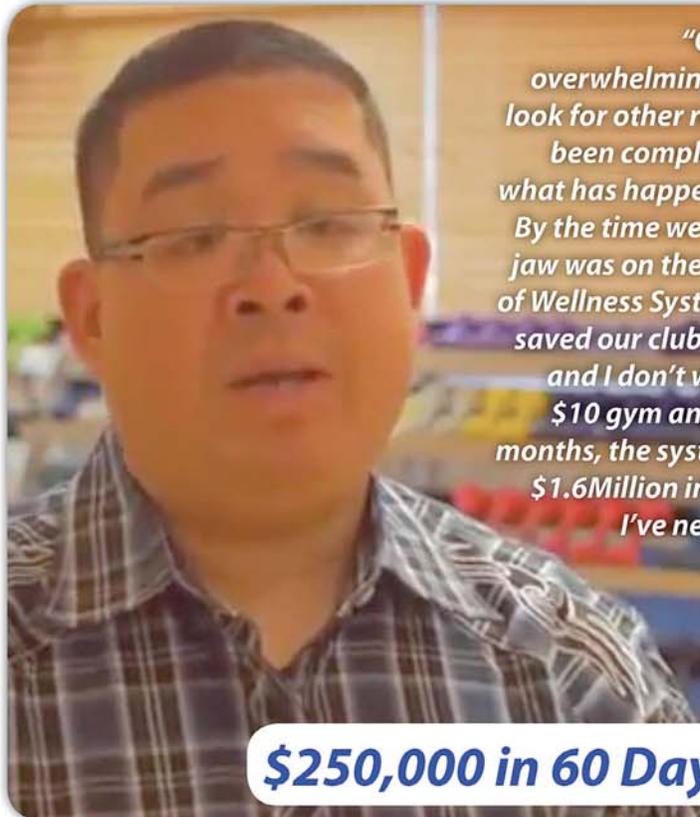


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...In-Shape Health Clubs

continued from page 10

potential to support the club. There's a little bit of art and a lot of science involved. Obviously, it doesn't help anyone if we are not successful, so we spend a lot of time on analytics and insights to make sure we pick the best sites in the best markets.

C.I. - Who is In-Shape's main competition?

FS - We have everybody, like everyone else. Some of our markets have boutiques. Some markets have big players like 24 Hour Fitness. Other markets have HV/LP clubs. But, the way we think about competition is different. The industry is growing quickly, and I believe there is room for all of us as more people are interested in getting healthy and fit. We focus on being great at what we do. Different people will be attracted to different things. We believe our community focus, our range of amenities, and most of all, our team will attract members who want to be part of a community. In-Shape is somewhere members can come regularly for more than just a workout versus a place people come to only work out. Competition is a good thing; it keeps you on your toes, which I love.

The Membership and Key Market Differentiators

C.I. - Let's talk about In-Shape's membership. What are the target demographics of a typical member, and how do you go about attracting them to In-Shape? How does this tie into In-Shape's key market differentiators and why?

FS - One of the things about our membership is that we serve a wide range of members. We want to be a place for someone who has never come to a club before or a place for elite athletes and everywhere in between. We cover ages from six months old to 60+. We are very intentional about having a broad range of members because we

think what really keeps people motivated in staying healthy and fit is having a sense of community. Because our clubs are big, and we designed them around the idea of community, we can help our members 'find their people.' Ultimately, if you find someone, whether it's your trainer, a front desk person or another friend, and make a connection, you are more likely to come back. So, one of our differentiators is a huge focus on community.

We also focus on engagement. We have a signature program called *Work Out and Win*, which is exactly what it sounds like; it rewards members for just coming in and using the club. Programming is also really important, and ours is a combination of licensed programs, as well as programming that we have developed.

Most of all, if you ask me the one thing that makes us different, it's our team. We have something called the *In-Shape Attitude*, and we spend a lot of time hiring and training our team to create a signature experience.

C.I. - Do you charge an initiation fee? If so, do you use it as a discount incentive?

FS - The way we think about membership, and as with everything in our business, is making things very intuitive. We want no barriers to joining, so our membership is very straight forward. There's a standard membership with two tiers below that if a member puts money down to decrease their monthly dues. We try to focus most of our marketing and advertising on the club and what we have to offer and less on discounting. Yes, we do promotions, like everyone, but our real focus is on explaining the *why* of how In-Shape can make the member healthier and happier versus trying to lure people in with a price.

C.I. - What are your dues rates for various membership types?

FS - We have three tiers: gold, diamond and platinum. These range from \$19.99 to



One on One 360 Fit Functional Training at In-Shape Health Clubs

\$99, depending on the tier and how much money is put down.

C.I. - Related to offering a wide range of amenities and services to a wide range of members, this structure makes sense.

FS - That's exactly right. Also, some people are more interested in putting money down up front via an enrollment fee and keeping their dues low. Other can't put the money down, and they pay a little more in dues each month. Again, our goal is to try to make what we do tailored to the member, so we give them options that work for them. That's also why we do not have contracts; we eliminated those a few years ago. We are focused on having a welcoming and engaging membership sales experience that matches the great experience a member has coming to the club.

Private Equity, Fundraising and the Future

C.I. - In-Shape is backed by two private equity firms (Fremont and Pulse Equity). How long have they been involved? What is their role?

FS - We are incredibly fortunate that we have owners who are committed to the mission of the company to be a place that creates community for people to be healthy, fit and happy. They are also really passionate about the business category, so we are aligned in growing the business together. It's not a short-term lens. It's very much long-term, where together we want to build a profitable and sustainable business over time. They're also very committed in supporting the management team and providing resources, advisors and whatever else we need to be successful. I've worked

for a variety of companies that are private equity-backed and feel incredibly grateful for the team that we have with Fremont and Pulse, because they are aligned and committed to management on achieving the same goals, which makes it great as a CEO.

I talked about 'One Team' earlier. It's actually a company hashtag --#OneTeam-- and I would absolutely put our Board and our owners in that One Team category. We are aligned and believe we have something special at In-Shape. We are committed to making the community healthier and growing the business in a profitable way.

C.I. - In-Shape does a lot of fundraising for various causes. Please tell us about those. And, how do In-Shape clubs at the local level bring attention to these efforts?

FS - A few years ago, we decided to pick one cause and go after it with a laser focus. Giving back to the community is absolutely part of our DNA. We view it as a *Thank You* to our members and paying it forward. Every October, we focus on our Fight Cancer Campaign, and we involve our members and our communities. We have a lot of cancer survivors working for us, and many of our members use fitness as a way to manage symptoms from cancer treatment and recovery. It's a really important cause, and our goal is \$150,000 this year.

Our launch for this year's campaign was great. Every single person in the company was in the club, including our Support Center. Everyone wore Fight Cancer t-shirts, and the energy was incredible! We offer specialty cycle and dance classes with our best instructors (See *In-Shape Health Clubs* Page 14)



Small Group 360 Fit Functional Training at In-Shape Health Clubs

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Why So Many Clubs Are Doing 12-Week Fitness Challenges

By: **Mario Bravomalo**

12-week fitness challenges have been around for over a decade and have proven to yield incredible results. If your club's goal is to increase revenue, and at the same time, help members become fit and healthy, then your club should be doing fitness challenges.

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Start Early: Begin your planning in the middle of October.

Start By Building a Schedule: Kick off meeting, marketing meeting, staff training meeting and the timelines of the challenge.

Creating Challenge Details:

- Start dates and end dates;
- Rules for determining the winner;
- Requirements for participation;
- Prizes;
- Price for participation;
- Personal training special offerings;
- Referral programs with special offerings;
- Post challenge personal training discounts for members to complete the challenge;

Marketing:

- How will you notify the outside community (social media, target ads, website, search ads, mailers, etc.)? Most importantly, don't forget about word of mouth - family, friends, relatives, employees.
- Corporate wellness partners.
- How will you market to your current members (text messages, emails, internal billboards, flyers at the front desk, etc.)?

Operations:

Choose a platform, utilizing a digital challenge platform that can record the participants information, before and after weight, before and after pictures, create automatic leader boards and capture their digital waiver. This can be done through spreadsheets and paper, but it is very difficult to manage.

Staff Training:

The training will consist of how to input the data and pictures, how to schedule the participants, how to obtain the waivers, and how to create leaderboards. Staff training should include all employees and front desk.

Many clubs still run their challenges on Excel spreadsheets, but this is proving to be very inefficient. VFP has produced a Challenge Platform that takes a great deal of work out of the process. It's an automated system that will help you upload

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(Mario Bravomalo is the Founder of VFP and can be reached at mario@vfp.us)

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...In-Shape Health Clubs

continued from page 12

where the participant donates \$10 for the class, receives a free Fight Cancer tee and all the money goes to fundraising. We sell T-shirts for the cause, and for every new member who joins, we contribute. We do a lot of community walks. One of my favorite things is when members come by and say, 'I'm so glad to be part of In-Shape because of what you're doing.'

I believe the way we approach it is effective: one cause, involve everyone and really make it count. We are super proud of that campaign. It's one of the best things we do because it really represents what we are all about. It's great. I love it!

C.I. - Please tell us about your ascension to the role of CEO in March of this year. We've already talked about some of the things you learned coming into the role of CEO. But, what have you learned as CEO? And, what do you hope to accomplish over time?

FS - As a CEO, your role is to support the team and make sure you keep the team focused on a few priorities versus lots of distractions. I focus on having two or three priorities and deliver those with excellence instead of trying to accomplish too many things. What we hope to accomplish over the next few years is to continue to grow the business, both in our current clubs, as well as expanding our community by adding new clubs. We have a great concept that has been very successful for 30+ years, and we see a healthy future.

C.I. - Is In-Shape a member of IHRSA? If so, what benefits has the company received from membership? How about you, personally and professionally?

FS - Yes, we are members. As someone who entered the industry from another category, I studied a lot of information IHRSA published to get up to speed on the

industry. One of things we pride ourselves on is hiring a very diverse group of people in terms of age, gender as well as coming from inside the industry and outside. So, I find IHRSA super helpful for new people joining the industry as well as just staying on top of trends. I think industry organizations like this are very helpful in creating a community for all of us. In the end, all of us are thinking about the same opportunities and the same problems, so why not help each other be successful when there is plenty of room to grow? IHRSA plays a key role in education, connection and community for all of us working in the health and fitness club industry.



Thank you very much to **Francesca Schuler** for her time interviewing for this cover story on *In-Shape Health Clubs*. Thank you also to **Jacqueline Buchanan** for her time and assistance with this story. And, of course, thank you, our esteemed **Club Insider Readers**, for taking the time to read this story. **Stay Tuned** for a very special cover story next month!

(Justin Cates is a Partner and the Assistant Publisher of Club Insider and grew up in the health and fitness club industry. Justin was born into a club business family in 1985, and from the age of eight, he spent his non-school and sports hours in a home that doubled as Club Insider Headquarters. He has lived and breathed this industry for 33 years, since his own day one. Cates graduated from the Terry College of Business at The University of Georgia in 2007 and then went on to two years at The Art Institute of Atlanta, where he studied Interactive Media Design. Now, he is an integral part of the "Story" of Norm Cates and Club Insider. Justin can be reached by phone at 423-314-4310 or email at Justin@clubinsideronline.com)



Group Exercise at In-Shape Health Clubs



Group Cycling at In-Shape Health Clubs



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Group Aquatics Training at In-Shape Health Clubs



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The Pricing Game

Part I - Determining What to Charge and How to Deliver It

By: **Stephen Tharrett & Mark Williamson**

Prologue to Pricing

Ron Johnson, former CEO of JCPenney said of pricing, *"Pricing is actually a pretty simple and straight forward thing. Customers will not pay literally a penny more than the true value of the product."* Based on his quote, one might assume that how you price your fitness offering is quite simple. In reality, that simplicity can get extremely complex, and for operators of a fitness business, how you price your value proposition may be the single biggest determinant of whether the business succeeds or fails.

Think about it: a simple and straightforward decision such as pricing can determine your business' viability or lack thereof. Warren Buffet said of pricing, *"The single most important decision in evaluating a business is pricing power... If you've got the power to raise prices without losing business to a competitor, you've got a very good business. And, if you have to have a prayer session before raising the price by 10%, then you've got a terrible business."*

The preceding dialogue speaks to the rationale for this 2-part series on pricing and how to deliver it. Pricing and how you deliver that pricing are two of the most important strategic decisions a business makes. Your approach to pricing speaks not only to the value of your offering and its ability to exert pricing power but also to the delivery model you adopt for that pricing. In **Part I** of this series, we begin by exploring some historical pricing trends from the fitness industry. We then conclude with a dialogue about pricing and how to approach it. In **Part II** of the series, which comes out next month in **Club Insider's November Edition**, we will discuss the various price delivery models used in the industry today and what new delivery models might emerge in the future.

Pricing in the Fitness Industry A Historical Perspective

According to data portrayed in IHRSA's annual Health Club Consumer Reports, since 2013, the average monthly price a U.S. consumer paid to belong to a health and fitness facility has ranged from a low of \$46 in 2013 to \$52 in 2017, with the average monthly price increasing by 6.5% from 2013 to 2017. This rate of change over five years is less than the cumulative change in the consumer price index over the same time period. If one were to explore IHRSA data as far back as 2010, it shows that the average price consumers paid for a

health and fitness facility membership has remained relatively constant.

As a percentage of per capita personal income, what U.S. consumers have paid on an annual basis since 2010 has remained flat at 1.2%. Even when monthly dues pricing is evaluated by business model (e.g., fitness-only club, multipurpose club, non-profit or boutique fitness studio), the average price consumers paid monthly for access has declined across the board since 2014. While membership dues pricing has been relatively flat the last five years, the price consumers pay for personal training has increased, with the average reported price paid for personal training from 2013 to 2016 having increased cumulatively by 10%, slightly more than the cumulative change in the U.S. CPI Index.

One of the primary reasons our industry's pricing has remained relatively flat with marginal increases can be attributed to several variables, including greater competition and the introduction of budget gyms whose average monthly prices range from \$9.95 to \$19.95 a month. The rapid growth of budget gyms has placed considerable downward pricing pressure across the board. Seth Godin may have framed this ongoing emphasis on lower price when he said, *"Perhaps the reason price is all your customers care about is because you haven't given them anything else to care about."* While budget gyms and a flock of operators adhere to this mantra of the lower the price the better, there has also been a tidal wave of change being brought forward by boutique fitness studios. This boutique fitness studio effect has changed consumer behavior in regard to what they are prepared to pay for a fitness experience, an effect opposite that of budget gyms. According to data from IHRSA's most recent health club consumer data, in 2017, the average boutique fitness studio consumer paid \$35 a month more than the average consumer of a commercial for-profit fitness center. Taking into account frequency of usage, consumers of boutique fitness studios paid on average just over \$4 more per visit than members of more traditional for-profit fitness facilities.

The story for the industry, at least from a historical perspective, is three-fold:

■ **First**, the average price of the industry's general offering has trailed the average change in overall U.S. CPI nearly every year since 2010, a trend Warren Buffet might indicate is reflective of an industry with very little pricing power.

■ **Second**, consumers have recently demonstrated a willingness to pay more, actually considerably more, for boutique



Stephen Tharrett



Mark Williamson

fitness offerings. A phenomenon reflective of both Warren Buffet's pricing power statement and Ron Johnson's quote, indicating folks only pay for the true value of what they receive.

■ **Third**, the amount consumers spent annually (\$624) on a membership in 2017 was less than the average U.S. consumer spent in 2017 on offerings such as entertainment, personal care products and the cumulative amount they spent on alcohol and tobacco products. This dynamic speaks to what Patrick Campbell referred to in the following quote from his article entitled, *Two Reasons Why Pricing is the Most Important Aspect of Your Business*, *"Pricing is the exchange rate you put on all tangible and intangible aspects of your business. Value is cash."* It seems our industry offering doesn't appear to offer the same tangible and intangible value as many other offerings that are less beneficial to the human condition.

Why this reflection on our industry's pricing history? We believe the story tells of an industry unsure of the value it brings consumers, or at the least, an industry that has consistently undervalued its offering until the recent emergence of fitness studios and one where our general approach to pricing is akin to the prayer session Warren Buffet mentions in his quote in which great agony arises when price increases are brought forward. It is our belief that an opportunity exists to reevaluate our industry's approach to pricing, including the delivery models we use for that pricing.

Establishing Pricing that Speaks to Your Genuine Value

Three quotes we find illuminating in respect to how to price one's fitness

offering are:

"Price is what you pay. Value is what you receive." - Warren Buffet

"Pricing is the exchange rate you put on all tangible and intangible aspects of your business. Value is cash." - Patrick Campbell

"Perhaps the reason price is all your customers care about is because you haven't given them anything else to care about." - Seth Godin

Each of these quotes speaks to the perceived benefits, or lack thereof, that a fitness offering may provide and the value consumers perceive from the offering. Pricing is highly dependent on your brand's value proposition and the consumer's perception of that value proposition. Furthermore, pricing is influenced by the competitive landscape and whether your fitness offering is differentiated sufficiently from its competitors to price itself differently. What we do know is that being the same offers no pricing power, while being different nearly always offers the chance to command a higher price. Just look at Apple. So, what must you consider when arriving at a pricing model that supports your fitness brand's value proposition?

■ Understand consumer value perceptions and how it influences pricing.

Every consumer assesses the price of a product or service within the framework of the value it generates for them. As stated in Patrick Campbell's quote, value must be connected to the tangible (facility quality, equipment quality, program quality and service quality) and intangible aspects of your offering (e.g., emotional outcomes such as relationships, sense of pride in

(See **ClubIntel** Page 20)



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...ClubIntel

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the experience, relationships with staff and other members, sense of being cared for and acknowledged, trust, etc.). What this says is the price consumers are prepared to pay to engage with your club/studio is highly dependent upon the tangible quality of the product and service you provide and the intangible emotional experiences they receive.

Bruce Lee said, *"The intangible is the seed of the tangible."* In other words, real pricing power lay in the intangible. If

your value proposition is based on having the best instructors, delivering "five star" personal service, having a premium craft facility or fostering a tribal community that clients take great pride in, then your pricing can be higher than a competitor who does not offer these elements. A wonderful example of this value/price and the tangible/intangible dynamic can be seen in three New York facilities: **Blink Fitness**, which is a budget gym that charges \$15 to \$25 a month for an individual to have unlimited access; **Equinox**, a premium club charges approximately \$185 a month for an individual to have unlimited access;

and the **New York Athletic Club (NYAC)**, a member-owned club that charges \$300 a month for an individual but only after the member has paid an initiation fee of over \$9,000.

Blink Fitness is a budget gym that offers a nice facility, a limited array of programs and offers little in the way of intangible boosters. Equinox has outstanding facilities, top-of-the-line amenities and great programming. Equinox also provides some intangible benefits that allow it to charge the pricing it does. Finally, NYAC has nice facilities, good programming and wonderful service. While its facilities and equipment from a fitness perspective don't rival those of Equinox, the intangible benefits members receive at NYAC (pride, sense of belonging, sense of being cared for, sense of community, etc.) allow it, even with less than outstanding tangible offerings, to charge the highest price of these three clubs.

■ **Appraise the competitive landscape to obtain a better understanding of competitive differentiation and the accompanying pricing power that being different might offer.** To accomplish this, you need to "shop" the market. Find out what the going rate is for membership and the services you intend to offer. Seek to understand the subtle and obvious differences between your offering and those of your competitors. With this information in hand, along with the understanding of what your point of differentiation is and how it might offer greater value to consumers (think intangible attributes here), you can be more effective in establishing a pricing structure that will offer you real pricing power. For example, in Dallas, Texas, personal training rates at the majority of clubs and studios ranges from \$60 to \$85 a session, with trainers at some budget gyms charging as little as \$30 and trainers at the premium clubs (e.g., **Cooper Activity Center** and **Telos Fitness Center**) charging over \$100 per session. What allows Cooper and Telos to avoid the karaoke pricing model for personal training in Dallas is their understanding of the value proposition the competition offers and then creating a model that is different enough that consumers see the value in paying the higher price point.

In New York, if you were shopping for a barre studio, you would find the rates vary as well as the offerings themselves. At **Physique 57**, a local high-end operator, the drop-in rate for a single class is \$37 while one month of unlimited access with an expiration date 30 days after the first visit is \$250. At **Exhale**, a high-end nationally-operated brand where all the studios are under the same management, the drop-in rate is \$37 while one month of unlimited access with an expiration date is \$350. Finally, at **Pure Barre**, a national franchise operation, a single class is \$34, and one month of unlimited access is \$295. Interestingly, the prices for these

three distinctly different studio offerings is similar, a dynamic that is likely the result of the studios benchmarking each other's prices, rather than focusing on what Seth Godin calls, *"something else to care about."* The point is understanding what the local competition offers and then measuring it against what you do similarly, but hopefully do differently, will provide a means for establishing where your price should be.

■ **Build your pricing to avoid diminishing your value and instead drive pricing power.** To some, this may seem like a strange consideration. As indicated in our first bullet point, what people are prepared to pay is influenced by the *value* they perceive they receive, the most important being the intangible aspects of what they receive. Yet, what you set as your facility's pricing framework also influences the consumer's perception of the quality they will receive. If your value proposition is based on delivering a "premium, personalized and tribal" experience, but you price the experience at or below market rates, then consumers will believe your offering is average, counter to how you have positioned the business. Ultimately, this will prevent you from raising your price or agonizing over a bump in pricing as framed by Warren Buffett. Likewise, if your value proposition is built around an "average, non-personalized and scaled" experience and you price it slightly above market rates, then consumers might be led to believe you are different and worth the higher price, at least until they experience it. When your price speaks to a lower value proposition than what it actually is, you are, in essence, creating a new value proposition for the business, which in turn, could prevent you from reaching the audience your business originally targeted. A great example of this, though not from the fitness industry, is Apple. While its competitors frequently discount their products, Apple maintains its rather high price points as a reflection of its value proposition (e.g., personalized and highly tribal). Apple does not sacrifice its value proposition just to generate sales volume, and in doing so, they are able to maintain and even build on it.

■ **Beware of discounting.** Everyone's heard it before; discounting is bad for business. Discounting is the ultimate destroyer of value. It creates future expectations for discounting; it demonstrates a lack of confidence in the value of your offering; it erodes consumer trust in your offering; and it redefines the value of your offering, lessening it in the mind of the consumer. The challenge is, "How do your sales remain competitive if you don't discount?" If all you care about is making a sale, then discounts may be effective in the short-term. As Seth Godin alluded to, when all consumers care about is price, it is because you haven't demonstrated to them something else they can care about, like value. Unfortunately,

(See *ClubIntel* Page 19)



ClubIntel Seeks Your Insights For The 2018 Trend Report

ClubIntel, along with its 18 global partners, Club Insider being one, are actively promoting U.S. operator participation in ClubIntel's 2018 International Fitness Industry Trend Study. W. Edwards Deming said, *"Without data you're just another person with an opinion."*

Our collective goal with this study is to bring hard data to light regarding the global trends in the health and fitness club industry in 2018 and how they have morphed since the study began in 2015. Halfway through the study there are approximately 1,200 responses, with U.S. responses presently trailing the input from numerous other nations.

As an **Esteemed Club Insider Reader**, and an industry leader, your input is needed! Your adoption of, or non-adoption of the 90+ trends being measured in this study is vital to providing our industry with the data that Edward Deming speaks of. By using the link below, you can contribute to our industry's knowledge of what practices are and will continue to drive the course of the health and fitness club industry's future. As a Special Thank You, you will receive a free copy of the report.

www.club-intel.com/2018-trend-report



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while most operators don't discount their dues and services knowingly, many fall prey to non-traditional marketing and sales approaches, which create discounts that ultimately shift consumers' value perceptions of the offering. Among these are:

Digital Coupon Sites - When your business uses Groupon or similar sites, consumers begin to equate your value with the price they pay on these sites. The more consumers view offerings on digital coupon sites, the less likely they will be prepared to pay the price you want.

Digital Middlemen - The emergence of digital middlemen sites, such as ClassPass, FitReserve, PayasUgym and Gym Pass, has created the same dilemma in the price/value equation that Amazon has in retail. If your business becomes overly dependent on digital middlemen for sales, it redefines your brand's value in the consumer's mind, and consequently, changes what they are prepared to pay for your offering going forward.

■ **Take into account how you intend to deliver the pricing of your offering before coming up with a pricing framework.**

Bundling refers to the practice of offering access to your facility services in packages (e.g., 3, 5, 10 or 20). For example, if your studio will be using a "pay as you play" model that offers personal training in both an individual and group setting, then your pricing will likely be different than a competitor whose approach is based on offering those same services within the framework of a membership model. The same would apply to a studio offering group classes under a "pay as you play" model versus a membership model.

One example of how the "pay as you play" model works in respect to pricing and packaging is **Joyride Cycling**

and **Fitness** in Darien, Connecticut. At Joy Ride you can purchase a single class for \$27, a bundle of five classes for \$130 (\$26 per class) or a bundle of 20 classes for \$480 (\$24 a class). This structure offers consumers an 11% discount based on the size of the bundle they purchase. From a consumer's perspective, what value do they put on taking a class? Is it \$24 a class or \$27 a class? When you are framing your pricing model, you have to understand how the bundled pricing impacts consumer perceptions. When it comes to in-club services built around a subscription (membership model), clubs may bundle the internal services they offer members. Equinox offers an example of how packaging can influence pricing. A single session with a Tier One trainer goes for \$105 while a package of 12 sessions with a Tier One trainer goes for \$1,152 or \$96 a session, a discount of 8.6%. In the member's mind, what is the price they perceive personal training is worth? Remember that, whatever the lowest price point is based on your packaging, it will become the price your consumers associate with the value they receive.

Final Thoughts

The takeaways from **Part I** of this article series are:

■ The fitness industry's approach to pricing, not to mention its average price points, has changed little over time. To paraphrase the earlier quote from Seth Godin, "*Perhaps the reason price is all our customers care about is because we haven't given them anything else to care about.*"

■ How you price your offer, along with how you present that price (delivery model) to consumers is a strategic imperative that will ultimately determine your level of success or failure.

■ Price is what consumers pay. Value is what they receive. What people are willing

to pay is based on the value they perceive they receive, or if they are members, the value they have received.

■ Discounting is a value killer, and as one pricing expert claimed, discounting is for dummies.

■ The price consumers see, especially if not accompanied by a story that speaks to your value, will almost always tell them what you think your offering is worth.

■ Take into consideration the fact that a majority of consumers will assess your

pricing based on the lowest price you offer.



In **Part II** of this article series that comes out in next month's edition of **Club Insider**, we will focus on the various price delivery models fitness businesses use today and what we might expect in the near future.

(Steve Tharrett and Mark Williamson are the Principals of ClubIntel and can be reached at stevet@club-intel.com and markw@club-intel.com.)

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Are You Working Hard But Not Getting The Results You Seek?

By: **Jim Thomas**

This is what I frequently hear from gym owners and operators: "I'm working hard; we have a great facility, but we're just not getting results we need." Then, they look for a marketing silver bullet to help drive some traffic. That is always short-lived, and they still haven't learned how to properly run their business. Here are some

foundation-building items that must be in place in order for your business to have sustained success:

1. Have A Budget In Place. This is the starting point. I see way too many businesses just winging it without really knowing the ramifications of their decisions. In addition, even though they talk about needing sales, there is no accountability for

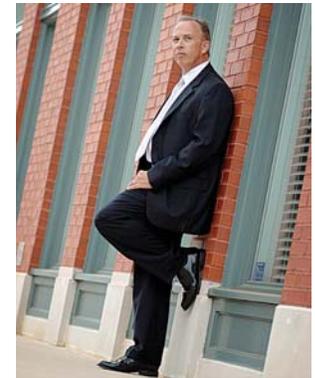
production (or even a clear understanding of what's needed). So, before you do anything else, sit down and map out your expenses; what will it cost to run your gym? Now, ask yourself this question: how much do you want to make? Next, create your various line item revenue centers and how much is needed for each. You will now manage based on these objectives.

2. Have A Marketing Plan In Place. We need to get away from the band-aid approach here. What I mean by this is always looking for the latest social media fad to drive traffic. They never seem to last, and you're right back to where you started. Instead, come up with a marketing plan of action that will blanket your trade area. This can be done at minimal cost. In the end, you want to become omnipresent in your trade area; everywhere people turn, they see you.

3. Have A Sales Process In Place. Just call it a process if you like (leave out the word sales), but it needs to be in place. I can't begin to tell you how many clubs work very hard to get people to call, to get people to come in for a visit but have no process of any kind in place to get them to become a client or new member. First, if you don't have a telephone inquiry script in place, get one. Second, be sure you log in every call with contact information and sourcing. This can be a start. Now, when a customer enters your business, you must have a process that puts them in the best position to become a member or become involved with your facility. Too many facilities simply point out all the features and show a schedule of classes or training. Nothing will turn you into a commodity quicker than this. Here's the key: solve problems for people, provide solutions and build value.

4. Have A Nurturing Process In Place. Once your customer has decided to become a member or take advantage of training, you need to keep them engaged by nurturing them. By this, we mean maintaining interest and desire. This is no small matter as the better you do at this, the less pressure you will have on the sales process. In the end, this is your foundation to help maintain lower attrition numbers.

5. Have a Follow-Up Process In Place. Depending on how you want to look at it, this is either the biggest problem out there or it's the greatest opportunity. So much time and energy and time is spent trying



Jim Thomas

to get someone to call or come in, and then, we don't follow up. If done properly, this will be a significant advantage for your business. You have already spent the money to acquire the leads, so this can be a quick source of low-cost results.

6. Have a System of Recruiting In Place. The problem here is that we have the tendency to hire only when we need people. *The best time to recruit is when you don't need anyone.* You must have options when it comes to staffing, and you will want to prepare a recruiting plan of action. This should have the same focus, that of recruiting new membership sales.

7. Understand Your Competitive Advantage. What are you doing that is different than your competition? What are you doing that is better? Why should someone choose to join your gym over all the other options out there? What is your point of differentiation?

Now, go start getting the results you want!

(Jim Thomas is the Founder and President of Fitness Management USA Inc., a management consulting, turnaround and brokerage firm specializing in the gym and sports industry. With more than 25 years of experience owning, operating and managing clubs of all sizes, Thomas lectures and delivers seminars, webinars and workshops across the globe on the practical skills required to successfully overcome obscurity, improve sales, build teamwork and market fitness programs and products. In addition, his company will buy gym equipment from gyms liquidating or closing. Visit his websites at www.fmconsulting.net or www.jimthomasondemand.com.)

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

FlexIt, the Powerful New Club Lead Generation and User Acquisition Solution

NEW YORK, N.Y. - For fitness club owners, reaching new gym-goers and generating qualified leads is now easier than ever before. FlexIt is the new disruptive mobile app that makes it easier for users and clubs to find one another by enhancing the end-to-end process from discovery to repeat usage.

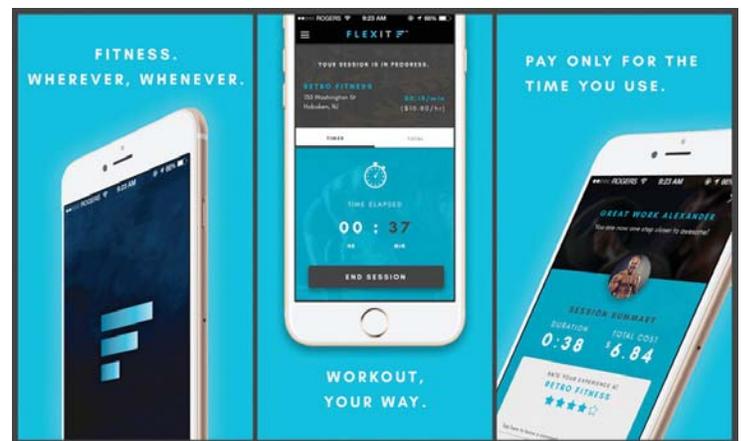
FlexIt offers consumers the flexibility that they expect, while enhancing profitability for the clubs. FlexIt's extensive network matches prospective members with clubs that can provide them with the personalized fitness experience they seek.

Featuring best-in-class technology, FlexIt is a powerful member acquisition tool for club owners. Its lead generation capabilities arise from the flexibility it provides users to seamlessly try new gyms. FlexIt provides a truly frictionless check-in process: users simply open the FlexIt

mobile app, locate the club that they want to try and then experience all that the club has to offer.

FlexIt provides its club partners with unparalleled value. FlexIt features robust analytics and deep consumer insights; reduced check-in overcrowding at the front desk; incremental revenue; organic cross-promotion and marketing opportunities; and provisions for real-time guest feedback that will improve the overall customer experience. In addition, FlexIt will soon offer direct communication channels with customers after a workout, dynamic pricing and innovative personal training scheduling services.

FlexIt is club-focused, yet consumer-centric, a timely reflection of today's user and their desire to craft a personalized fitness journey. FlexIt provides flexible gym access, enabling users to work



out how they want, where they want and when they want. Pushing the envelope on technology, FlexIt empowers clubs to take advantage of consumer trends, reach individuals that they otherwise couldn't,

and ultimately, unleash the power of their unique offering.

Learn more today at flexit.fit.

Five Sneaking Ways You May Be Overspending

By: **Melissa Knowles**

Netflix, Hulu, Blue Apron, Spotify, Joe's Gym, Geico... it's easy to lose sight of where you're spending your money, even in your personal finances. So many of the services and products on which we spend comes with *convenient* monthly billing these days. When price tags are low for individual

services, it's easy to allow months to go by where you don't realize you're being billed for something you don't want, need and for which you are no longer contractually obligated. In fact, multiple brands in our industry have constructed their business models around this assumption! It's one thing to miss a few months of your \$10 music membership, but when we're talking

business expenses, the stakes are much higher. If you're not reviewing expenses monthly (and preparing a comprehensive financial statement), you are undoubtedly overpaying!

Here are a few real-life new GYM HQ client examples uncovered in the last several months:

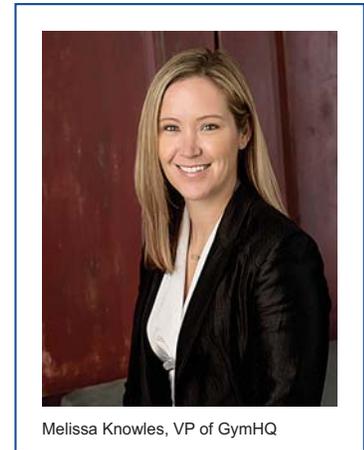
Managing Active vs. Inactive Employees on Your Payroll Platform: GymHQ utilizes Paychex for its payroll clients, and the cost is factored into our payroll pricing. However, prior to onboarding with us, many of our clients used very different platforms. Some of these companies bill by the active employee, so if a business hasn't been diligent in terminating staff as they leave, overpaying is easy. Our industry poses a unique challenge as many trainers and coaches work on a very part-time basis. It may not be noticed when they cease any scheduling, and multiple pay periods can go by with them incorrectly listed as active. In a recent instance, the client had a very large employee base, so missed terminations came with a hefty price tag (thousands of dollars wasted monthly).

Action: Research how you're being billed and then conduct an audit to ensure your roster is accurate and up-to-date. The importance of this spans beyond cost savings.

Insurance: Did you review your policy renewal data for accuracy? When changes have been made in your business (e.g., employee count, number of locations, property requiring coverage, policy limit adjustments, types of coverage needed, etc.), it's vital your insurance agent be made aware. It's easy to set coverage to autopilot and end up overpaying. Also, you'll want to make sure you get a few competing quotes during each renewal period to ensure you're getting the best rates.

Action: Request a copy of your policies and review them against your current business needs. If anything significant has changed, request an adjustment. These can be made mid-policy year. As renewal nears, reach out to additional brokers to request competing quotes.

Subscription-Based Services: When the latest and greatest in software, wearable displays, music streaming, group exercise programming or marketing comes around, your excitement can lead you to leap in hopes of a big payoff. Once the initial enthusiasm dissipates, that new addition to



Melissa Knowles, VP of GymHQ

your business may find itself unused and collecting dust.

Action: Review your current subscriptions. Are you using them? Are you still under an obligation to pay? If you're under contract, make a concerted effort to relaunch the initiative or service, so you're getting some ROI or request the fees for early termination. Sometimes, it's better financially to pay for an early cancellation if you're getting nothing from the subscription.

Late Fees and Penalties: If your AP process is a mess, you may find yourself scrambling to pay bills at the last minute, or worse, after the due date. This causes you to incur unnecessary fees. Do this enough, and they really add up. Credit cards fees alone can lead to wasting a substantial amount monthly.

Action: Ensure you have a list of all monthly and annual liabilities along with due dates. Review your AP process to schedule payments in advance of deadlines. Don't forget yearly business registrations, reports and licensure renewals. These generally come with a stiff fine for filing late.

Pay Plans: Is that commission structure you put in place yielding the sales you need? Is your monthly bonus in line with how much you should be averaging for new member spend? Are your PT packages priced appropriately to account for the session rates you're paying trainers? What about your salaries? Are you top-heavy? Payroll is by far the most common area for overspending, and it can cripple a business.

Action: Review all pay plans currently in place for your business. Compare the spends (See **Melissa Knowles** Page 25)



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The Components of an Enforceable Clickwrap Agreement

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

Health clubs began the switch from paper to digital agreements and waivers many years ago. Whether a member or guest signs a document via pen, stylus or keyboard, the same legal principles apply. Therefore, a court will apply traditional principles of contract law when determining enforceability. Yet, the legality of digital agreements also involves some nuances that require attention.

Health clubs that operate within the digital realm typically utilize clickwrap agreements for memberships, personal training agreements, liability waivers and other agreements. Unlike browse-wrap agreements that passively instruct online browsers and users that they are consenting to all of the terms and conditions set forward by the offeror, clickwrap agreements are superior because clickwrap agreements require the user to affirmatively agree to the terms presented by signing, initialing or "clicking" to demonstrate that consent is present. Since obtaining affirmative consent from the user is critical within any agreement, clickwrap agreements are beneficial by design.

However, the clickwrap agreement should be designed to require separate and distinct affirmative consent from the user for each unique material aspect of the agreement. For instance, a digital membership agreement should not allow a prospective member to subsequently proceed through separate material aspects or obligations of the agreement without actively and separately requiring affirmative consent to the terms of service, assumption of risk, agreement to arbitrate, etc.

Any consent being requested that is ancillary to the primary or material terms of the agreement should be readily distinguishable with its own field for approval. For example, when requesting permission to utilize a member's email address for marketing purposes, the request to use the information in this manner should require a specific and distinct affirmation rather than being buried within the agreement's boilerplate language or fine print.

The material terms of service --or key components of the membership--

should be displayed prominently within the agreement. Providing bold font and reasonable notice --even when a user fails to read the fundamental terms-- will likely equate to a court finding that the user had constructive notice when it can be shown that a reasonable person would have read the bold and prominent terms presented. Furthermore, varying laws also dictate font requirements, etc., which equates to a minimal threshold as it relates to how prominently the material terms must be presented.

The clickwrap agreement should be presented in a form that is understandable to the average consumer and should therefore contain minimal legalese. The higher the likelihood that an average person can readily understand the agreement, the greater the probability a court will find that informed consent was present at signing. Furthermore, salespeople and others guiding users through the signing of agreements must conduct themselves in a fashion that will avoid the triggering of any of the common legal defenses to contract, including but not limited to duress, misrepresentation, fraud and mistake.

As a cautionary tale, a 2016 class action lawsuit against LAFitness alleged that the club tricked members into electronically signing a long-term membership extension while verbally representing that the membership extension was only for one month. The complaint further alleged that high pressure sales techniques were utilized to induce members to signing the membership extension and that only a signature line was shown at the time of the agreement's execution.

When LA Fitness moved to have the dispute sent to arbitration pursuant to the terms of the agreement, the club presented evidence including copies of the plaintiff's signed and initialed membership agreement and personal training agreements. All agreements included an arbitration clause. However, the plaintiff argued that he was never notified verbally or in writing of the arbitration clauses. Although the plaintiff acknowledged receipt via email of the agreements, including the arbitration clauses following signing, the court found that this receipt --in the absence of the

plaintiff being aware of these terms prior to signing-- was insufficient for the arbitration agreement to be deemed enforceable. The court ruled that LA Fitness had failed to prove that consent to arbitrate had been obtained from the plaintiff. Ultimately, the parties reached an undisclosed out-of-court settlement.

To wrap it all up, electronic agreements are analyzed much like their paper counterparts by courts of law. Therefore, a clickwrap agreement must adhere to fundamental contract principles by involving the necessary elements of an enforceable contract (e.g., offer, acceptance, consideration, mutual assent, etc.) with an absence of circumstances that will give rise to a legal defense to the contract. Obtaining a user's signature and initials without demonstrating the user's informed consent will not bode well when a court determines enforceability. Additionally, health clubs must regularly monitor their specific jurisdictional legal landscape to ensure conformity with the latest laws governing the buyer's right of cancellation, initial term and renewal terms allowed, required descriptions of equipment and services, etc., and any other statutory requirements. Best practices suggest that any and all agreements being utilized should be audited at least annually to confirm ongoing compliance in this regard.

(Paul R. Bedard, Esquire has nearly twenty years of management, leadership and operations experience in the health and fitness industry. As a practicing attorney, Paul's health and fitness industry



Paul R. Bedard, Esquire

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

...Melissa Knowles

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in each category (sales, PT, management) to industry or brand standards. Analysis should be done as a percentage of revenue and in the area of sales, the cost of acquisition per new member. These stats should be reviewed monthly. Carefully think through any adjustments prior to deploying new pay plans. You don't want to roll out new structures frequently as this creates employee confusion and dissonance.

The main takeaway here is to keep your eye on the ball, your monthly financials. If you don't have a clean set of books or a clear process for review, it's very likely you're wasting money. Take the extra time to ensure the money you work so hard to bring in the front door isn't sneaking out the back.

(Melissa Knowles is Vice President of GymHQ, and she can be reached at mknowles@clubready.com.)



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2018 World Gym Convention Highlights the Future of the Iconic Brand

LOS ANGELES, CA - World Gym International, the iconic global brand for bodybuilding and seriously fun fitness, gathered franchisees, vendors and partners from nine countries for the 2018 World Gym International Convention in Las Vegas on September 5 - 8, 2018. The annual gathering was held at the Aria Resort & Casino in Las Vegas with nearly 200 attendees, including gym owners and staff from Australia, Brazil, Canada, Egypt, Lebanon, Mexico, Taiwan, United States and Russia. The convention featured a "Beginnings" theme, letting members and franchisees know that, no matter what stage one is in life, World Gym is ready to get them started, helping everyone achieve their dreams with the best team, coaches and community possible.

"I look forward to the convention every year, which really feels more like a family reunion," said **Guy Cammilleri**, CEO of World Gym. "Our global network comes to the convention to train together, learn together, support each other, share ideas and help each other improve our businesses. This year's convention was our most successful yet."

On Wednesday, the event kicked off with an opening ceremony led

by Cammilleri, where he highlighted the growth of World Gym over the last year, the turn-key digital marketing platform for franchisees, exceptionally profitable results of the turn-key digital marketing platform at the corporate owned World Gym locations, new advertising campaigns, the new World Gym app with fitness tracking features and the enormous success of the World Gym Athletics program. Thanks in part to World Gym Athletics, Cammilleri is projecting that World Gym will grow to 500 gyms by 2023, which would be a mix of full-service gyms & World Gym Athletics Studios.

Over the course of three days, franchisees had a chance to participate in different roundtable discussions and educational sessions hosted by the World Gym International team, including topics like business planning, developing your next World Gym, growing personal training, inspiring members to become athletes who want to train and the latest digital marketing tools with industry leading experts.

At the trade show, World Gym owners were able to meet with a variety of different vendors highlighting their latest equipment, apparel and services. The trade show included Premier Vendors like Precor, ABC Financial and Matrix, as well

as important service providers, who help with local and digital marketing, customer acquisition and member retention.

The keynote session this year by Olympian Nikki Stone was inspirational and highly memorable. Stone spoke about fighting back against insurmountable odds to become the 1998 Olympic gold medalist in aerial skiing along with numerous other prestigious titles and awards. Her speech chronicled her incredible journey and tribulations, and she encouraged and motivated everyone that, no matter what life throws at you, you are able to rise above it all and "spread your wings."

World Gym Athletics growth was a focal point for the convention. Developed and led by **Doug Katona**, WGI's Chief Operations Officer and Director of Training & Education, World Gym Athletics launched in 2017 as both a signature small group training program for members and a new ongoing education and training program for coaches. Over past year, WGI has held ten certifications and certified more than 400 trainers at dozens of World Gym facilities across the United States. Every gym that has implemented the World Gym Athletics program has seen a dramatic increase in personal training revenue and a notable

decrease in membership churn. To highlight that success and demonstrate the program to all the franchisees in attendance, Katona and Cammilleri led group morning workouts and demonstrations each day of the Convention.

The convention is also where World Gym hosted their first certification for One Barbell, a new 30-minute class designed to get your Athletes all-over strong. Each class includes 10 minutes of prep, skill and technique and 20 minutes of all-out, fast-paced barbell and bodyweight movements. One Barbell is perfect for athletes who want a fun, complete full-body workout in just 30 minutes. Over 50 coaches participated and are now certified to teach this exciting edition to World Gym Athletics programming.

The event concluded with the annual awards gala recognizing franchise owners, members, and staff for their achievements over the last year. The recipients recognized were:

Best Social Media Marketing - World Gym Millsboro; Best Public Relations Campaign - World Gym Australia; Best Charitable Initiative - World Gym Brasilia; Best Overall (See *World Gym Page 29*)

Tribe Selling

By: **Casey Conrad**

I know, it sounds funny to say, "Tribe Selling," but looking closely, one realizes that all financially successful industry trends have a "tribe" element. *Webster's Dictionary* defines a tribe as, "A group of persons having a common character, occupation or interest." Less formally, and often referred to regarding

social media messaging, the saying, "Find your peeps," is used. This expands the tribe definition to not just an interest but more a similar mission or cause, something that impassions and inspires a group.

Of course, the concept of tribes in marketing is not new. In his 2008 book, *Tribes*, Seth Godin encourages marketers to identify or create a movement of similarly-minded individuals and get the tribe excited

by a new product, service or message. For Godin, leading marketers actually create the tribe, hence a following of like-minded people who will give you their money!

In sales, getting the money is the end goal. The challenge is that no one likes to get sold. I've coined the term "Tribe Selling" to refer to the phenomenon where large groups of like-minded people willingly give you their money with little resistance and no bad feelings.

CrossFit is a perfect example of Tribe Selling. Regardless of anyone's personal opinion as to the safety aspect, you can't deny that *CrossFit* is a huge marketing success. In fact, if you're a more traditional gym owner, the whole *CrossFit* movement might frustrate you. You have a gorgeous fitness facility full of the latest and greatest equipment, an amazing staff, long open-hours and tons of amenities and services, yet you struggle to charge \$40 a month.

A *CrossFit* operator opens up in an industrial-like location with virtually no build-out, hours limited to class times, no staff, practically no marketing and certainly no amenities, and it has a few hundred members who kindly pay \$150+ per month to beat themselves up with super challenging workouts. From a marketing perspective, it's the modern-day *Curves*, it misunderstood by the mainstream, underestimated by competitors, yet ultimately, imitated in and outside of traditional fitness facilities.

Let's be clear, this article isn't about *CrossFit* or *Curves* but rather the great example each has of Tribe Selling. What's really funny about these two different industry models is that, on the surface, they couldn't be more different! *Curves* appealed to older, very de-conditioned women who had little or no exercise experience. *CrossFit* appeals to the uber fit (or aspiring uber fit). *Curves* used a very simple hydraulic circuit while *CrossFit* uses intimidating barbells, dumbbells, kettlebells and other torturous pieces of functional equipment.

What is more interesting to analyze is the similarities that helped to create The Tribe. No doubt, there is a very long list, but here are some key components:

Like Minded. I realize this is obvious, but it's a necessary starting point.

Togetherness. Both models thrive on the group element with classes. This appeals to people's desire to not do things alone, especially when it comes to exercising. Most *CrossFit* locations are only open for classes. *Curves* was open for blocks of time for anyone to work out but busiest during scheduled class times.

Fun. As previously stated, most people



Casey Conrad

don't like to exercise. What they want are the benefits. With totally different workouts, both of these models make things fun because the exerciser is with a group. The instructor adds fun with variety and interaction.

Challenging. Although some readers are snickering at this one, it's true for both models. *CrossFit* is so challenging that people are getting hurt. *Curves* was challenging for the very sedentary participant. The element of "challenge that can be accomplished" is important for an individual to feel comfortable entering and staying with the Tribe.

Accountable. Like any group class, both these models tap into the aspect of being held accountable when you join a tribe.

Blue Ocean. The 2004 book, *Blue Ocean Strategy*, by Kim and Mauborgne, takes the reader through an exercise that discovers an untapped niche in a seemingly saturated market. *Curves* catered to a population that was not being served by your standard fitness facility. They created an environment that was completely safe for the new exerciser and was not intimidating. *CrossFit* filled a gap in the market for "extreme" athletes who wanted group classes not offered at most facilities. Both of these models snuck up on the industry. Interestingly enough, many fitness facilities tried to replicate *Curves* but ultimately were unsuccessful because of the intimidation factor. Today, many clubs offer functional fitness classes, similar or identical to *CrossFit*. Some have successfully hit the price point of a *CrossFit* while others struggle to upsell existing members.

There are other aspects to creating a tribe, but these are some of the most appropriate for our industry.

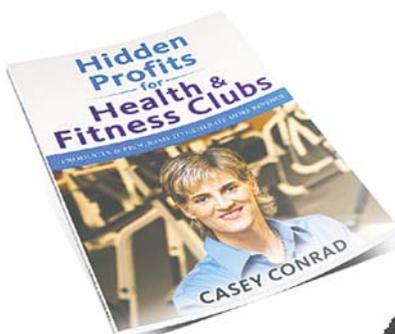
(See **Casey Conrad** Page 29)

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9Round Named a Top Franchise Brand by Entrepreneur Magazine

GREENVILLE, S.C. - 9Round Franchising, LCC, was recently named to *Entrepreneur Magazine's* second annual Top Franchise Brands list. This list recognizes the 200 franchisors that have built the strongest brands, based on data submitted for Entrepreneur's 2018 Franchise 500

ranking. 9Round was ranked this year at number 198.

"As we celebrate the 10th anniversary of our brand this year, we are proud to be named to the list of Top Franchise Brands once again," said **Shannon Hudson, CEO and Founder of**

9Round. "Recognition like this reminds us that what we are doing is working, and it motivates us to continue to grow and compete with ourselves to be better with each year."

To determine which franchises have the strongest brands, Entrepreneur analyzed factors such as social media followers, system size, number of years in business, number of years franchising and overall reputation, and it looked at how they all combine to form lasting relationships

with fans. 9Round's position on the ranking shows that the brand has truly made a name for itself through franchising.

"Creating a strong brand is paramount in franchising, and the companies on our list are examples of how to do it right," says **Jason Feifer, Entrepreneur's Editor in Chief.** "After years and even decades in business, they've managed to maintain a balance between staying true to their roots and constantly evolving to stay relevant."

...World Gym

continued from page 27

Marketing - World Gym Taiwan; Most Successful Ownership Change - World Gym Barrie; Best Rebranding - USA - World Gym Dale City; Best Rebranding - International - World Gym Penrith; Best Gym Design & Branding - International - World Gym Zhubei; Most Improved Gym - International - World Gym Beauport; Best New Gym - Canada - World Gym Guelph; Best New Gym - International - World Gym Krasnogorsk; Best New Gym - Australia - World Gym Burpengary; Best New Gym - Taiwan - World Gym Taipei Dazhi; Best Latin American Gym - World Gym Curitiba; Best Australian Gym - World Gym Townsville; Best Canadian Gym - World Gym Neufchâtel; Best Middle East / African Gym - World Gym Alexandria Stanley; Best Russian Gym - World Gym Krasnodar; Best Taiwanese Gym - World Gym Taichung Liming; Best World Gym Athletics Program

- World Gym Millsboro; Vendor of the Year - ABC Financial; Most Inspirational Member - Jonathan Salas, World Gym Ingram Park; Most Inspirational Employee - Amanda Freeman, World Gym Australia; Franchisee of the Year - World Gym Taiwan.

The World Gym Convention is made possible in part thanks to its sponsors, vendors and exhibitors, including Premier Sponsors Precor, ABC Financial and Matrix Fitness, as well as featured vendors, Accuq, American Barbell, Cellucor, Club OS, Ecore, Europa, FitMetrix, Inc., HydroMassage, Main Street Hub, Muscle-Up Marketing, Real Ryder, Stages Cycling, U-Max, USI, TRX, web.com and X-Treme World Sport.

World Gym will announce the dates and location for the 2019 International World Gym Convention at www.worldgymconvention.com in the coming weeks.

...Casey Conrad

continued from page 28

Every club operator wants to find the next fitness magnet. Something that is new and exciting. Something that will generate prospects, sales and ancillary revenue from existing members. This is why we all attend conferences and trade shows. The bigger question, though, should be, "Is your ear truly to the ground?" Are you an early adopter who has a knack for identifying untapped markets? Or, are you a lagger, who reacts after someone in your marketplace identifies a niche?

As a club consultant for 30 years, my experience has shown me that many operators are so weighed down with day-to-day operations and working "in" their business that they never have time to work "on" their business.

In my last article entitled, *Is the Wellness Revolution Finally Here?* (August 2018 Edition of *Club Insider*), I outlined a number of up-and-coming wellness modalities that are growing in popularity. These modalities speak to a growing tribe of consumers concerned about our country's current state of chronic illness and finding more natural alternatives than today's health care system offers. With only social media messaging and referrals, our wellness offices have created an entire tribe of people willing to invest hundreds of dollars a month... NOT on fitness, but on wellness.

We have found that the wellness tribe includes a diverse population with many different circumstances that fit into two primary categories: those looking to

enhance their performance and overall health and those struggling with health challenges due to toxic overload. These often include immune, digestion, sleep and mental clarity issues just to name a few. Although these groups differ in what they are seeking, their commonality lies in a renewed sense of hope. And, when they get results, the tribe gets much bigger. In fact, at our wellness center, we use no fancy sales presentations or hard closes. With a tribe, this is unnecessary and not tolerated.

Club operators willing to move into this space will enjoy a competitive edge, more revenue and a new market of prospects. For any business owner, this is a dream: identifying a new market segment that generously provides referrals and sales happen naturally. Whether it is staying within fitness or expanding into wellness, the key is tapping into a new market and incorporating the elements that create the tribe.

As a club operator, salesperson or marketer, "What are you doing to create Tribes within your club?"

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

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Steve Ayers, Former Chief Revenue Officer of ABC Financial, Joins Workout Anytime as Multi-Unit Franchise Owner With Expanded Responsibilities to Support the Brand Nationally

ATLANTA, GA - Health and fitness industry executive **Steve Ayers** has joined the *Workout Anytime* franchise system, serving as a multi-unit franchisee in Central Florida. Mr. Ayers will also support the company's efforts in a franchise development capacity where he'll be assisting with the brand's growth initiatives on a national level.

Ayers joins Workout Anytime from ABC Financial Services (ABC), the leading provider of software and payment processing in the health and fitness industry. During his 8-year tenure, Ayers helped ABC grow from servicing approximately 2,500 clubs to more than 7,000 clubs across 3,000 brands.

"In my career at ABC, I spent time working with a lot of fitness brands, and Workout Anytime always stood out," said

Ayers. "The brand is in major growth mode, and its value proposition, scalability and commitment to supporting its franchisees are what drew me to the company. My career path has primed me to be successful as a franchisee and to help the brand grow its footprint in Central Florida and, hopefully, beyond."

Ayers has signed an agreement for three Workout Anytime clubs in Central Florida and has already secured real estate for his first, which will open by the first of the new year. He plans to open his second and third locations during the first half of 2019.

"It's a feather in our cap to have Steve join our team, not only as a franchise-partner, but as an ambassador of our growth

throughout the United States," said **Mark de Gorter**, *Chief Operating Officer for Workout Anytime*. "His leadership, reputation in the industry and passion for furthering development will be invaluable assets as we continue to expand across the country."

Prior to ABC, Ayers served as Chief Financial Officer and equity partner for a regional Gold's Gym franchise in Florida where he oversaw acquisitions, sales team development and all accounting functions.

Including Ayers' three clubs, Workout Anytime has signed agreements for 30 new clubs in 2018 and has opened 19 clubs with plans to open an additional 15 or more by the end of the year.



Steve Ayers

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Thanks and Appreciation

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

A very sincere **Thanks and Appreciation** go to **Rick Caro, Dr. Gerry Faust** and the **Faust Executive Roundtable #1** for helping me decide in 1993 what my home-based business would be. **Thanks and Appreciation** to my long-time friends, **Ron Hudspeth** and **Cathy Miller** of **Atlanta's Hudspeth Report** for the tremendous assistance they provided us during *our first eight years of publication*. **Thanks and Appreciation** to all of the folks at **Walton Press** in Monroe, Georgia. They've done an absolutely excellent job for us all these years and have printed every one of our **298** monthly editions! **Thanks and Appreciation** to all of our **READERS**. Sincere **Thanks and Appreciation** to our **Club Insider Advertisers**, past and present, for their kind and dedicated support of this publication. It's amazing to know that we have several advertisers with over 15 years of continuous advertising with us. We also want to say sincere **Thanks and Appreciation** to all of our **Club Insider Contributing Authors**, past and present, who've contributed *thousands* of excellent articles to help our readers with their Best Business Practices. **Thanks and Appreciation** to **IHRSA** for all it does.

Sincere **Thanks and Appreciation** to my son, Justin, who started working part-time for **Club Insider** when he was just 8 years old (helping with mailings). This young man, pretty much behind the scenes for 25 years now, has truly been a fantastic partner for his Dad in **Club Insider**. Justin does our editing, publication layouts, all of our website design and maintenance, all of our bookkeeping and subscription processing work, as well as archive management and anything else that needs doing, including writing a majority of our cover stories each year.

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

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

Norm Cates, Jr.

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