

Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry



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

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

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



ENTERS THE FITNESS WORLD!

BTS PARTNERS TO LAUNCH XBOX FITNESS AND A NEW NAME

NOVEMBER 2013

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Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

Xbox One

Enters The Fitness World!

BTS Partners To Launch Xbox Fitness And A New Name!

By: Norm Cates and Justin Cates

15%. 16%. 17%. Pick one. Pick one of these three percentiles, and you'll be close to the current penetration level of the United States market by our health and fitness club industry. It's important to note here that our industry has been stuck at this level for the past 12 years, or so.

Think of it this way. Surely you've heard the old saying, "Insanity is defined as 'Doing the same thing, over and over, and then expecting a different result.'" So, imagine if our industry could push one of those percentiles forward by an additional 10%? That would make the figure 25%, 26% or 27% penetration of the U.S. population. Simple math would put our industry at a membership level of 75 million, instead of the currently reported 51 million, and we would need more clubs to service the demand.

But, do you agree that something has *GOT to GIVE* and that our industry could benefit from a forward thinking company such as Microsoft getting involved? I DO think our industry will benefit and benefit greatly, and I'm setting forth that argument in this writing.

Before I move forward with the terrific interview with the principals

who're working with Microsoft to launch the new Microsoft Xbox One Fitness this month, I want to announce that the name of their company, formerly Body Training Systems® (BTS) for the past 16 years, has been renamed and is being rebranded as: **MOSSA™**. The MOSSA Principals, CEO Rich Boggs, President Terry Browning and his lovely wife, VP of Programming & Training Cathy Spencer-Browning, shared their thoughts with **CLUB INSIDER** in a roundtable meeting held with this author at MOSSA World Headquarters on October 30th. In addition, Microsoft's Michelle Tatom, Executive Director, provided further insight on Xbox One and Xbox Fitness.

A sidebar accompanying this article will provide comments from the industry's numero uno branding guru,

Derek Barton, as Barton Productions was chosen to produce this new name and brand. Justin Cates conducted the interview with Derek. You may know Derek as the man whose work reshaped the identity of Gold's Gyms from being viewed by consumers around the world as muscle-head gyms to family fitness centers for "every body."

An In-depth Interview With Rich Boggs, Terry Browning, Cathy Spencer-Browning and Michelle Tatom On The Launch of Microsoft's Xbox Fitness Featuring MOSSA Group Exercise Programs

CLUB INSIDER (C.I.) - Rich, let's jump right into the big stuff. How and when did Microsoft and MOSSA partner?

Rich Boggs (RB) - About 18 months ago, Microsoft contacted us to discuss a new and exciting project that was underway. Three of their key people, Michelle Tatom, Executive Director; John Friend, Business Development Director; and Richard Seaborne, Studio Manager, visited at our corporate headquarters. Then, Cathy, Terry and I visited the Microsoft offices in Bellevue, Washington. We were tremendously impressed with their vision to bring quality workouts to the home combined with cutting edge technology to ensure safety and effectiveness.

Over the years, we have made a conscious decision not to go directly to consumers via infomercials or videos because we did not want to compromise our message and the experience for the home user. We know the best experience is when our programs are delivered by a great instructor in a fantastic room with the motivating dynamics of great music and the social group environment. After seeing what the Xbox Fitness team was creating, we felt the excitement knowing this was going to be the best home user experience on the market. Microsoft had chosen a variety of popular consumer fitness experts to be featured on Xbox
(See *MOSSA: Let's Move!* Page 10)



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Norm's Notes

•**Hello Everybody!** This is your **CLUB INSIDER Publisher and Tribal Leader** checking in for the first edition of our 21st year of publishing! Thanks and our sincere and heartfelt appreciation to everyone who helped us make those first successful 20 years happen. **STAY TUNED** as my son, **JUSTIN CATES**, and I, set our sights on the next 20 Years!

•**Is America a great country, or what? Hmm... Hmm... Hmm! Period!**

•Every time I write those words above, I think of and give **Thanks** for the fact that all of us Americans are very fortunate because we're in this relatively very small **4% segment of the world's population!** This is the percentage that **America's 313.9 million population** (as of 2012 according to the **Census Bureau**) is compared to the **world's population of 7.122 billion** (as of 2012 according to the **Census Bureau**). So, too all of our readers, which include many in **Canada** and **a number of other countries**, please forgive me for being so doggone proud to be an American! **How lucky are we?** We hope you will visit America soon, perhaps to attend **IHRSA's 33rd Annual Convention and Trade Show in beautiful San Diego, California, March 11th - 14, 2014 so you can see America for yourself!** Go to **www.ihrsa.org** for **2014 IHRSA Convention and Trade Show information**.

•**Monday, November 11th, was Veterans Day.** To all of you who have served in the **United States Military**, as I did as a **U.S. Air Force jet instructor pilot for 4-years**, I say: *Thank you for serving our wonderful United States of America, now and in the past, Ladies and Gentlemen!*

•**It's our great pleasure** to present this month's Cover Story with **BIG Breaking News** about **Microsoft** entering the fitness industry via their brand new **Xbox Fitness** program, created with our long-time advertiser **Body Training Systems**, now called: **MOSSA**. **MOSSA** has entered into an agreement with **Microsoft** that very possibly could result in hundreds and hundreds of thousands, or even millions, of new health club members generated from the huge pool of **Americans** who've spent most of their lives, when not working or in school, on the couch. Check out our Cover Story, co-authored by **yours truly** and my son, **JUSTIN**, and read about the future of defeating the "Churn" via new member prospects generated by **Microsoft's Xbox Fitness** with super, 30-minute programs delivered by **MOSSA**. **RICH BOGGS, TERRY BROWNING** and **CATHY SPENCER-BROWNING** are true visionaries in our industry, and you're going to be amazed at what you'll hear from them in this *special Cover Story*. Plus, you will hear from **branding Guru, DEREK BARTON**, interviewed by Justin,

as **Derek** shares his branding expertise in a Sidebar portion of the Cover Story. I can tell you right now that the **savvy players in our industry** are going to immediately take advantage of the free guest referral program that will last for the next four years through **Xbox Fitness** and **MOSSA**. This will be the largest and longest consumer to health club promotion in our industry's history. Please do not miss reading our Cover Story this month, starting on **Page #3**, and spread the word! **STAY TUNED** as **CLUB INSIDER** will provide frequent updates on what's happening with **MOSSA** and **Xbox Fitness!**

•**CONGRATULATIONS** to our friends at **Club Industry Magazine and Conference and Trade Show** for the successful return of their long-running event to **Chicago, October 23rd-25th**. I also want to **CONGRATULATE** my long-time friend, **RICK CARO** of **Management Vision** and **AL and HOSSEIN NOSHIRVANI, Motionsoft Founders and Owners** (See Ad on Page #23), as the **CEO Summit sponsors**, as they produced a **terrific 3rd Annual CEO Summit**. Approximately **65 prominent CEO's in the club industry** attended the **CEO Summit**. With respect to overall feedback on the 2013 **Club Industry Trade Show**, after returning to my home office, I reached out to our **CLUB INSIDER Advertisers** who had exhibited there to ask for their ratings and feedback on the Trade Show. The primary feeling from those we heard from was that this was a better show than the one last year in Las Vegas and potential customer traffic on the



Norm Cates

first day was pretty good, but it was a bit weak on the second day. **Very high marks were given to the CEO Summit**, although (See *Norm's Notes Page 6*)



(L to R) Al Noshirvani, Bob Skinner and Hossein Noshirvani at CEO Summit

About Club Insider

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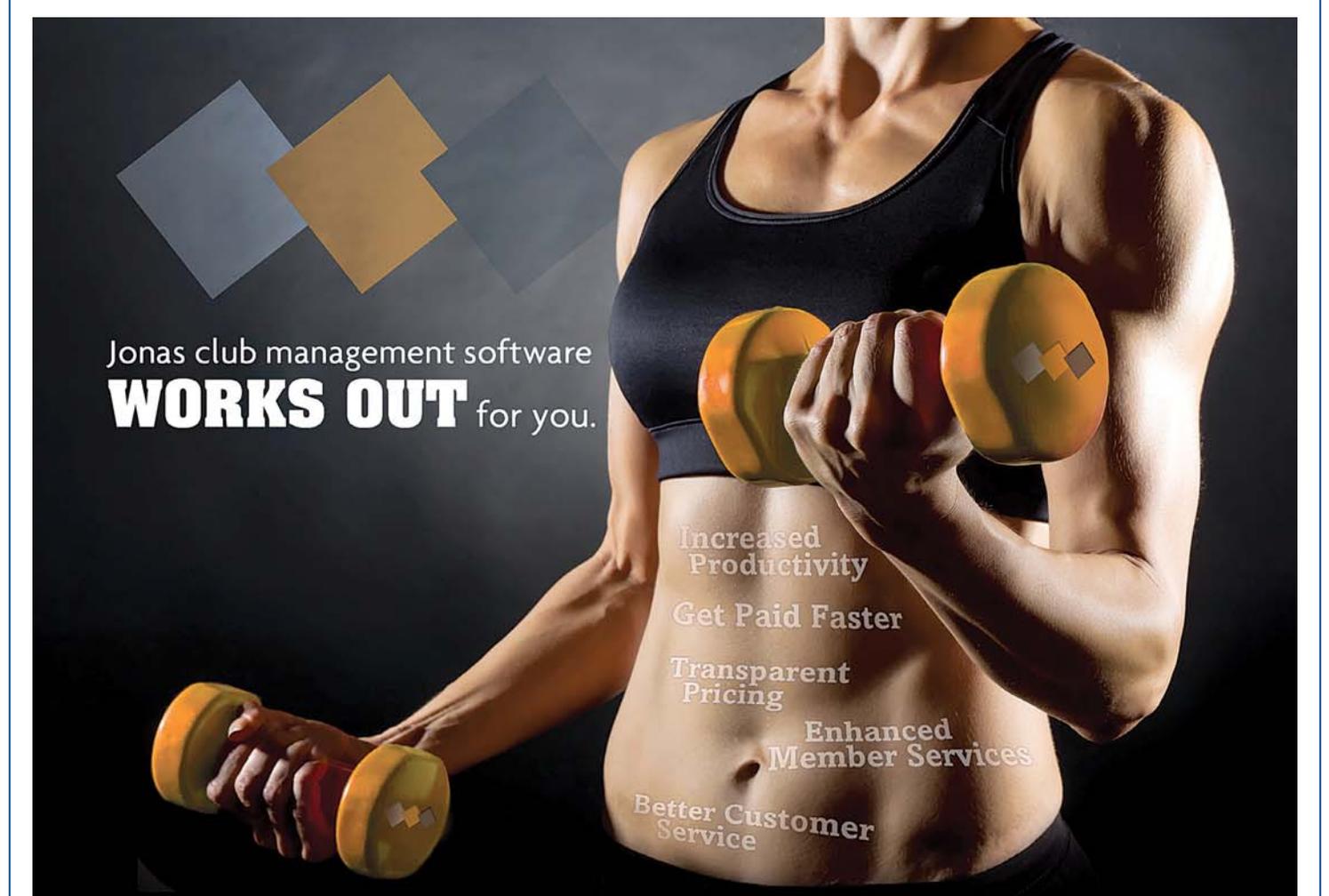
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...Norm's Notes

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it was noted by one observer that "few" of those CEOs actually visited the Trade Show. Also, Club Industry announced that **4,000** had attended the entire event. **Insiders** who would know, told me that about 275 registered for and attended the Educational Conference Sessions. That would mean the rest of the announced 4,000 in attendance were Trade Show-only attendees. Because of that 275 number for educational seminar registration, the name **HOWARD RAVIS** comes to mind, and I'm thinking that Club Industry might want

to dial Howard up and ask him to help them bring back the educational seminars and attendance for their 2014 Show to where they were when our friend, **Howard**, ran the education portion of the show.

I want to Thank the Club Industry folks for producing this event again and for moving it back to Chicago! Thanks to MICHAEL RITTER and the ABS company, for sponsoring the very well-attended Opening Reception, and Thanks to former NFL Chicago Bear's Football Player, DENNIS MCKINNON, for attending and speaking at the Club Industry Top 100 Reception on Thursday night and for his time at

FRANK O'ROURKE's 44 Fund Party, held on Thursday night after the Top 100 Reception. Maybe the highlight of the entire event was the presentation by Keynote Speaker, BRENDA BRENNAN, a very talented local lady and guest lecturer at the Kellogg School of Management. Brenda addressed how the health and fitness club industry is and is not appealing to women, and how they could do better. If it's not too late, I URGE IHRSA to bring Brenda to San Diego for IHRSA 2013 as a speaker because I think her presentation would be extremely well received and would be very helpful to our IHRSA crowd. Brenda gave her Keynote Presentation right after DANIEL LEVIN, Chicago Real Estate Icon since 1957, East Bank Club Founder and Owner, and downright good guy, was honored with Club Industry's Lifetime Achievement Award. Congratulations to you, Sir! See the Club Industry Slideshow at www.clubinsideronline.com/clubindustry2013.

• **FRANK O'ROURKE** is a *great guy* who works for **Stairmaster**. Frank had a good friend, **SCOTT DENNIS**, who chose to take his own life, leaving behind his wife, **DAWN**, and his two children, **MAX** and **TATUM** (See the **Story** in our **October 2012 Edition, Page #30**). Frank, and some other friends of Scott Dennis, produced one of the most meaningful and poignant speaking and slide presentations on a subject that should be near and dear to all of our hearts. That is because, if you have ever had a relative or a friend commit **SUICIDE**, you're almost certain to have asked yourself, "**What could I have done to help prevent it?**" I've had one friend who committed suicide that I know of, but I too found myself asking that question. **STAY TUNED** folks, as soon, I'm going to delve into this awful subject of **Suicide** as a benefit to our entire industry because, very sadly, our industry has recently lost several wonderful people to this awful act, and we should all do anything we can to help stop these acts from happening. And, the **ONLY** way to make this happen is to **CARE**.

• I enjoyed seeing the **MARIA PARELLA-TURCO** of **New Paradigm Partners** and **fitRewards** (See Ad on **Page #17**) at the **Club Industry Show**, and she told me about a big project right here in Metro Atlanta that she is involved with. It's called **The Riverside Epicenter (EPIC)**, and it's located in Austell, Georgia, a suburb in the West Atlanta area. If the brochure and other promotional materials are any indication, the 113,000 square-foot Riverside Epicenter is something to see (www.riversideepicenter.com). The facility features a wide array of facilities, including a full-size group exercise room, cardio/weight room, a NCAA-size gymnasium featuring a full-size basketball court, an overhead walk/run track and meeting rooms with a large auditorium with

retractable seating that will accommodate 220 spectators. Outdoor facilities include **The Riverside EpiFitness Club**, as it is called, offers a rock climbing adventure with tracks for beginners and expert climbers. Members can enjoy relaxing spa services, including massages and access to a steam room, sauna and Jacuzzi. Onsite supervised childcare is available. Thanks to Maria for sending the world-class brochure and materials to me. **STAY TUNED** as I plan to visit the facility soon.

• **ROWBOT FITNESS**, here in my hometown of **Marietta, Georgia**, has been named "**Best New Gym**" by **Best Self Magazine**. Rowbot Fitness offers 1-hour group classes exclusively on **Indoor Rowing Machines**.

• It was great seeing **Texas Talent, BRENT DARDEN**, **Telos Fitness Center Co-owner in Dallas, Texas** and former **CLUB INSIDER's Contributing Author Team**. Bill is also rolling out his new company, **BMC3 Consulting - Coaching - Club Management**, and he can be reached by email at BillMcBride@BMC3.com or by phone at **(415) 299 - 9482**. Also, be sure to check out Bill's terrific new website, www.BMC3.com, redesigned and maintained by **JUSTIN CATES' Pristine Media** (www.pristinemediacom.com). It was also great seeing **JOE MOORE, IHRSA President and CEO, in Chicago at the Club Industry Show**. Joe and I had some fun and good laughs together at the **Opening Reception**, and I was amazed at how time has flown by as Joe is now in his **8th year as IHRSA's President and CEO!** Best regards to Brent, Bill and Joe!

• **RON HEMELGARN** told me at the **Club Industry Show in Chicago** that he'd been named for induction into the **Michigan Motor Sports Hall of Fame**. Ron is a 47-year health and fitness club industry veteran and has also owned an **Indy Racecar** that regularly appears in the **Indianapolis 500** race each year. **Congratulations Ron!**

• The **PFP Fitness' Personal Trainer of the Year winner for 2013** was announced at **Club Industry in Chicago**, and the winner is **DAN RITCHIE, Founder and Owner of Miracles Fitness, in Lafayette, Indiana** with two locations focused on working with the aging adult population. He educates other fitness professionals on how to train and market to mature clients with his www.trainmatureclients.com program and is a go-to resource and educator on senior fitness. "It is an honor for me to be the winner of this award out of (See Norm's Notes Page 7)



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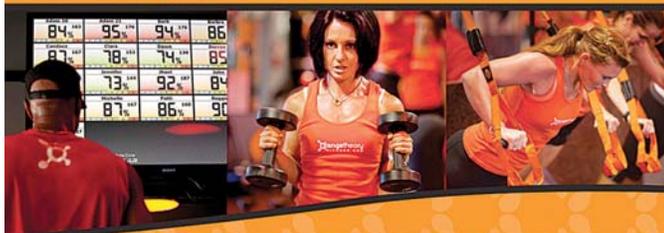
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...Norm's Notes

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over 600 candidates. It is exciting for me to see the fitness industry finally recognizing the connection between fitness and healthy aging," said Dan Ritchie. **JACQUELINE LARSEN** from Wisconsin and **GRANT ROBERTS** from California were the runners-up. Last year's winner, Atlanta's lovely **VALERIE NESS**, Owner of **Catalyst Fitness**, helped present the honor along with **PFP Media Publisher, JOSH VOGT**, and Editor, **LINDSAY VASTOLA**. Check out the **Press Release** on **Page #26**.

• **GymPoints** is a web-based platform and mobile app that connects potential gym customers to gyms. GymPoints engages new customers through their mobile device allowing them to locate, research and seamlessly check-in and pay for one-day gym access. GymPoints breaks down the barriers that keeps the 85% of Americans who are not currently gym members from using gyms. GymPoints brings new revenue and potential long term members to gyms at almost no added cost. GymPoints is now partnering with qualified gyms. GymPoints is proud to announce they will be sharing equity in the company with early Gym Partners.

Check out www.GymPoints.com for more information.

• The **Press Release** on **Page #27** is from **CHUCK LEVE** and **JENNIFER URMSTON-LOWE** about the October launch of their new **Association, the NFA**. Jennifer told me in a phone interview that the organization has been created and launched to fill a void in the small health studio world where there's no organization dedicated to helping small studio owners and operators. Best wishes to Chuck and Jennifer as they move forward with this effort.

• This from **ACE in San Diego, California:**

November 6, 2013 - Move over Black Friday and Cyber Monday, here comes Workout Wednesday. In an effort to help individuals combat some of the effects of holiday weight gain (and reinforce healthy lifestyle choices throughout the year), the **American Council on Exercise** launched a program today to help steer the public toward a collective effort to get moving and engage in fitness activities on **November 27th**, the day before Thanksgiving. See the rest of the **Press Release** on **Page #27**.

• **Happy Thanksgiving** to you all from **NORM CATES** and **JUSTIN CATES!**

• **CLUB INSIDER** is a **Paid Subscription based Publication**. Are you a **Paid Subscriber**? If the words **PROMOTIONAL COPY** appear above your name and address on the cover of this month's edition, you are not a **Paid Subscriber**, and you are not enjoying the full benefits of a **Paid Subscription**, which includes one year of New Editions and 8 years of Archived Editions. So, don't delay! Subscribe today for just **\$89** by going to www.clubinsideronline.com/subscribe/!

• **God bless** all of our troops, airmen and sailors and keep them safe. Thank you, **Congratulations** and **Welcome Home**

to all of our troops who've served in **Afghanistan** and around the world. **God bless you and your family, your club staff, your members and your club(s). God Bless America!**

(Norm Cates, Jr. is a 39-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now in its 21st Year of publication. Cates was IHRSA's 1st President, and a Co-founder of the Association with Rick Caro and five others, in 1981. Cates can be reached at 770 - 635 - 7578 or by email at Norm@clubinsideronline.com)

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Talking Retention: What Do You Measure?

By: Chris Werte

Health clubs ask this every week. There are so many different Key Performance Indicators (KPIs) out there for measuring retention within our clubs. At Retention Management, we rely on our clients to measure the impact of our service as early experience showed us that, no matter what figures, we can show the most

powerful ones were those provided by our customers, not us.

What do I personally think are the most important KPIs?

1. How long do your members stay a member? Of course you say, but bear with me, please. Can you honestly tell what the lifetime values of your members are? When a member signs up, do you

know how much they will add to your bottom line over the next five years?

Think about it. If one of your members wants to leave your club after six months do you make their leaving experience a good one or do you enforce your 12-month contract for the sake of six more months' fees (and a whole lot a bad PR on social media)? In which scenario is the member likely to join your club again after another six months, likely joining for six of every twelve months over a 5-year period. Look at the numbers.

Now, go and take a look at how many of your members have joined and left, then joined again. Think about how many more of these would come back if you had just waived the odd month's fees for the sake of member satisfaction.

2. Which members sporadically use your facilities? The second KPI I personally believe in is the percentage of members that attend your club at least once in a month. After all, who are the members most likely to be thinking of leaving your club? That's right; it's not the members on the gym floor or in your studio, it's the member who is at home having no contact with you or your staff.

These two short case studies put in place by a couple of our UK clients should bring this point to life for you.

Odyssey Health Clubs

Contract Type: Single Site

Retention Management was first given the chance to work with Odyssey following Sibec EU in 2009. Odyssey was looking for an effective program to complement their use of the Technogym key system in their club.

The main appeal for Odyssey was in the fact that the program would take care of the tasks their staff wanted to do but did not always have the time to do effectively. Twelve months after Retention Management implemented a new member induction program and personalized motivational emails based on attendance patterns, Odyssey saw an increase in members attending at least once a month from 50% to over 70%.

"We have been using Retention Management for some years now, and there is no doubt that it has had a positive impact on our usage and retention rates. This was verified by an independent study and confirms that Retention Management will save you money!" Stephen Aucott, Operations Director at Odyssey Spa & Health Club Management.

LivingWell Health Clubs

Contract Type: Multi Site

Retention Management began working with LivingWell at their club in Leicester over three years ago and continues to do so today. LivingWell wanted to ensure consistent touch points from the club to the members without having to rely on staff to do so. Strategies had been put in place previously that relied on staff interactions, and with the best will in the world, these were not always carried out.

Retention Management provides a fully-automated new member integration program and communicates regularly with LivingWell members. All communications are personalized and based on individual attendance patterns.

LivingWell followed a method devised by Dr. Paul Bedford on behalf of LivingWell, and recommended by the FIA, to measure the impact of the Retention Management service. This measure had been used for the previous four years before the Retention Management program was implemented. In the first year of the Retention Management program being implemented, the club had improved retention by 6% points more than in any of the previous years that retention rates had been measured.

Whatever you take from these case studies and whatever you choose to measure within your health club, the final piece of advice is to be consistent. Make sure you compare the same numbers year on year or your stats will become redundant.

(Chris Werte of Retention Management can be reached at chrisw@retentionmanagement.com)



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...MOSSA: Let's Move!

continued from page 3

Fitness and was seeking experts in creating great fitness experiences. After Microsoft's due diligence, they offered us the opportunity to provide our programs customized for the home user. They felt we created the highest quality and most consumer friendly workouts in the industry for all levels of fitness, from new to experienced exercisers.

C.I. - So, why have you changed your company name from Body Training Systems to MOSSA?

RB - We have been growing our commercial club business very steadily in the United States and internationally in markets such as Canada, Japan, Australia, New Zealand, Greece / Cyprus and most recently the UK. By partnering with Microsoft to launch our consumer products through Xbox Fitness, a new online service exclusive to Xbox One, MOSSA workouts will be available globally this holiday season. We knew that we are entering a very exciting new phase of our business and wanted to create a company name that represents our team's efforts and vision to providing the highest quality exercise experiences. We teamed up with Derek Barton, of Barton Productions, to create a new corporate identity to take us into the future. We chose the Italian word MOSSA, as it means to move, excite, and stir. This ties right into our company tagline of Let's Move!®

C.I. - Michelle, why has Microsoft entered into fitness?

Michelle Tatom (MT) - With the launch of Xbox One and Kinect, we had the opportunity to take advantage of technical advancements to make fitness truly interactive. Not only do we have the best lineup of fitness videos, but we also developed custom content designed exclusively for Xbox Fitness. MOSSA is a great example of content created from the ground up with the Kinect technology. Power, Core and Fight are a few of the workouts you will see one day one!

C.I. - Explain what is new with Xbox One technology and the Xbox Fitness.

M.T. - Xbox Fitness takes the world's best fitness videos and makes them interactive in a new service exclusive to Xbox One. The Xbox One's Kinect sensor evaluates your moves, measures the effort you're putting into your workout and even reads your heart rate without a monitor. Xbox Fitness makes working out fun with personalized program recommendations, challenges, rewards and achievements to keep you motivated. With an extensive library of videos from the world's biggest fitness brands, there is truly something for everybody.

C.I. - Cathy, please explain what programs will be offered by MOSSA on Xbox One.

Cathy Spencer-Browning (CSB) - We will launch with four programs called MOSSA Power Workout, MOSSA Core Workout, MOSSA Fight Workout and MOSSA Groove Workout. There are plans to offer new releases of these workouts on a regular basis as well as additional types of programs.

C.I. - How are those programs different from the current programs offered in clubs?

CSB - Each MOSSA workout is 30 minutes and designed for the home user with special consideration for fitness level, experience level, limited space, equipment and the amount of direct supervision.

C.I. - Can a club benefit from MOSSA's exposure on Xbox One and how?

TB - Yes! Microsoft is by far the largest company to enter into the club and home fitness space. It's a major move on their part to create a new fitness service for Xbox One. With Xbox One's arrival on November 22, millions of people will be exposed to MOSSA workouts through the Xbox Fitness service. We are putting together one of the widest-reaching consumer-to-health-club promotions our industry has seen to celebrate this launch. Microsoft will help MOSSA promote its club customers that will offer a free club
 (See *MOSSA: Let's Move!* Page 12)

An Interview With Derek Barton

CLUB INSIDER (C.I.) - Derek, please introduce yourself to our readers who may not know you. Explain your expertise and some of the marketing campaigns you are known for.

Derek Barton (DB) - I started at Gold's Gym as the Director of the Gold's Gym Motion Picture & Television Division, which I initiated back in 1985. Soon after that I was in charge of advertising, PR and promotions, and served as the Senior VP of Marketing until the end of 2005. I had a nice 20-year run there. I came from the entertainment industry as an actor, stuntman and writer, so when I came on board at Gold's, I brought in celebrities to work out, film crews to shoot their locations and used



Derek Barton

as many of my show business contacts as I could. We had great success with product placement at a time when it really wasn't being used as it is today. I was able to get celebrities into Gold's and get them to wear our famous sportswear. For example, Will Smith in the first *Men in Black* movie, you can see his Gold's Gym VIP Membership card; Carl Weathers wore a Gold's Gym T-Shirt when he hosted *Saturday Night Live* after his success in *Rocky*; and Wesley Snipes wore our Gold's Gym tank-top in the movie *White Men Can't Jump*. It was a lot of fun with my celebrity friends, and it helped put Gold's Gym on the map, making it a worldwide name. It really took off for our franchisees over those twenty years.

Not only was I proud of our celebrity relationships, but those with companies like Nike, whom we partnered with in the Nike World Master Games. We also did a deal with the NFL Players Association. Gold's Gym was the gym of preference to the players and their significant others, so they trained at our Gold's Gyms around the world. Then, I initiated the Gold's Gym Challenge, which was and still is a 12-week body transformation challenge that seemed to get 'every body' involved. Different people from all walks of life took the challenge, whether it was to lose weight or build muscle. We flew in the winners from different age categories to our annual convention in Las Vegas to give them their trophies and prizes. From that success spawned the relationship with Dr. Phil, where we rolled out the Dr. Phil Challenge with the fifteen people he chose to get in shape. We did that around the United States and made a significant difference in their lives. That was a really good relationship.

There are many things I did in my twenty years with Gold's Gym that I am proud of, including receiving several awards for our innovative advertising like the 'In & Out Door' and 'Donut' campaign. I was most proud of helping Gold's Gym land a spot in *America's Greatest Brands* book. I went out on my own in 2006 and formed Barton Productions, a marketing consulting company. I have been very fortunate to have helped some great clients move up to new levels and help them succeed.

C.I. - How did your relationship with MOSSA come about?

DB - I knew Rich Boggs from my days at Gold's Gym, where we had a lot of Body Training Systems classes in many of our franchised gyms around the world. I respected and liked him right off the bat. He is a no-nonsense guy; he says what is on his mind. You don't have to wonder what he is thinking about. He puts it right out there, and I love that in a person. So, from day one, we got along, and we always wanted to work together. This opportunity with Microsoft presented itself, and Rich reached out to me. That's when I became close with Terry Browning and Cathy Spencer-Browning, and the four of us really hit it off in our discussions of how we could make this new opportunity work. I was really glad to find that both Terry and Cathy had the same vision that Rich had, and we were all in sync. So, it was easy for me to be able to say, 'Yes, I'll be glad to help you,' because I only take on clients who I feel really want to make a difference in their company. I felt the passion they had to do this thing right, and in a big way, so it was my pleasure to come on board.

C.I. - Please share your thoughts about the MOSSA product and the creative aspects it spawned in your mind.

DB - I've always believed that anything and everything can be improved upon and taken to the next level. So, when I heard about this opportunity with Microsoft, the Xbox One and their whole fitness program, I thought: Wow, it's great that a major
 (See *An Interview With Derek Barton* Page 12)



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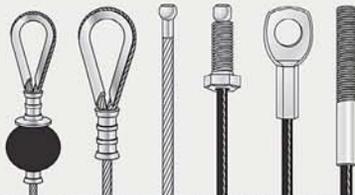
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...MOSSA: Let's Move!

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pass to all Xbox Fitness users. Users can download this pass directly from Xbox One by clicking on a link to the MOSSA website. This MOSSA Xbox Fitness Consumer Promotion will gain great momentum and reach millions of consumers, as it will be in place for four years, through 2017.

C.I. - Do you feel the club industry will lose members to Xbox One?

RB - Absolutely not! This is a great way to get the home user off the couch, gain confidence and then step into a health club offering very similar programs to what they have been doing at home. It addresses the repeated statement, 'I will join a club as soon as I get in shape.' In addition, after speaking to some of our top customers, they are excited to support their members and new members to be able to do the MOSSA workouts at home for those times they can not get into the club but can at least continue their familiar workouts. We know that people fall in and out of their routine because of life commitments, so for the club to encourage and direct what they do at home is a real win in keeping those people long-term, active members. Some are planning to offer to credit the Xbox Fitness fee to their club membership. This is an ideal opportunity for clubs to promote both technology and exercising outside their club without fear of losing members.

C.I. - Rich, for those not familiar, please briefly take us through Body Training Systems' evolution and your product today.
RB - We have been focused on inspiring millions of people to move for over 35 years. After years of health club ownership in Atlanta, we became a vendor in the industry as The STEP Company® with the introduction of The Original STEP® that launched the step aerobics craze in 1989. We had over 12 million people doing STEP every week in health clubs and at home. We learned many lessons about controlling

content of the actual workout. Without this control, STEP participation declined over the years. In 1997, we brought Les Mills licensed pre-choreographed programs to the United States and Canada and changed our name to Body Training Systems (BTS). In 2005, we introduced our own programs that we developed, along with a very comprehensive instructor training system, a sales and marketing system and an extensive management system that now includes software and resources to enable clubs to maximize their group participation and be more successful.

TB - Our group fitness solution has enabled our customer, on average, to service nearly 40% of their visits in group fitness, which far exceeds the industry average of only 10 - 15%. Many of our top clubs are servicing 50, 60 and even 70% of their total visits in group fitness. It's been proven in industry research that servicing more members in group fitness is a key indicator in greatly improved member retention, more regular member visits and creating a less price-sensitive member. These are all important factors to becoming more successful and profitable as an operator.

C.I. - Tell me more on how you create your programs.

CSB - Since 2005, our team has been rigorously committed to producing the highest quality programs. We have created a program development team and a program development system that has been focused on workouts with the broadest consumer appeal possible.

TB - This has been done through an 8-step development system into which we have invested countless hours and millions of dollars. It is one of our trade secrets that we value tremendously and have protected. A key phase of our development system is the most thorough and comprehensive field-testing system that the industry has ever seen. Every quarter, we organize 250 instructors from 150 clubs worldwide to be part of this process. On average, about
 (See *MOSSA: Let's Move!* Page 14)

An Interview With Derek Barton (continued)

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company like Microsoft really wants to make a difference in the health of the world, which we desperately need given the fact that 2/3 of our nation is overweight, 1/2 of whom are obese, and one out of every eight kids is obese.

C.I. - Please tell us about the idea of MOSSA, especially as a rebrand for a company previously named Body Training Systems. What was the thinking behind the name?

DB - I have always been a student of marketing, so to speak, as John McCarthy said about me years ago, and he's right. I just love learning what the major brands like Nike do, and I watch the new names that are introduced into our culture. The names have become incredibly hip, cool and relevant today. No longer are these billion-dollar brands coming out with just generic, literal names. We see Google, Twitter, Facebook, Nike, Xbox, etc. So, with 'Body Training Systems,' even though that is how they started, today, that name is too generic and literal. Immediately, I thought there was an opportunity to take a great brand, product and service like Body Training Systems and give them a hip, cool and relevant name, which is how MOSSA came about.

C.I. - There is meaning behind 'MOSSA.' What does it mean?

DB - When Rich, Terry and Cathy asked me to come up with a new name and logo, I told them no problem, and I asked them if there was anything worth keeping from the old name and logo. The only thing they were passionate about keeping was their tagline: *Let's Move!* In instances like this, I think about what name would be relevant to the product and service. Studying their tagline, *Let's Move!*, my team and I looked at different names and ideas. Then, we thought about what another word in another language might look like and sound like. So, if we were to take the word, *Move*, what name would just ring? We looked at different countries, but we kept coming back to Italy where Body Training Systems does their music. Plus there are great Italian names like Lamborghini, Ferrari...

C.I. (interjecting) - Let's face it, Italian is just sexy!

DB (laughing) - There you go. I have a lot of Italian friends, and I love the names from Italy. It IS sexy. It is classy, so we looked at the word for *Move* in Italian, and we came up with MOSSA. It was great because it didn't only mean to move. It meant: to move, to excite, to stir. When we looked at that meaning and the look of the word MOSSA, we knew right away that it fit in with other interesting brand names like Google, Twitter, Facebook, Nike, Xbox... So, MOSSA: Let's Move! just seemed to be a slam-dunk for us. Thus, we created a unique look with unique fonts to make MOSSA really jump.

C.I. - What will be the goals for the inaugural campaign?

DB - The timing of everything is incredible. Xbox One is being launched November 22nd, just in time for the holidays. So, we decided that the best thing we can do is help beat that drum and let everyone know that Microsoft has come to Body Training Systems, now MOSSA, to get their successful group fitness classes into the Xbox Fitness program. So, the campaign is just that. Of all the companies they could have chosen to bring group fitness classes to life on Xbox One, they chose MOSSA. An ad that we came up with for MOSSA says, 'If it's true that we are judged by the company we keep, we are mighty glad.' It is something I was always raised with, and my mom always said, 'You are judged by the company you keep.' In this instance, it says a great deal about Rich, Terry, Cathy and the BTS brand that Microsoft chose them to be a part of their Xbox Fitness program.

C.I. - Where does it go from here?

DB - One word: Up. To expand on that, I think this is a way to reach out to the 85% of the population who do not go into gyms, to move people off of their couches and into fitness right in the comfort of their own living room. Then, when they've had such a great time and have seen such great results, like anything else, they will want to experience more of it with other people, thus hopefully driving them into the gym. People said that the advent of the home theater would kill movie theaters. But, people still love going to movie theaters to sit with other people and take that roller coaster ride of a great movie. I don't think that will ever go away. The same thing goes for the gym experience. I think people will get excited about the MOSSA brand and have fun on their Xbox One, but then say, 'Wow, I want more of this.' They have the best of both worlds now, with it being in their home, and then at the gym.

(See *An Interview With Derek Barton* Page 14)





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...MOSSA: Let's Move!

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2,000 members participate in this testing for each of our nine programs or nearly 20,000 people each quarter.

CSB - The instructors' feedback is essential in developing our programs and instructor education to ensure each class taught can appeal to the broadest audience. We have an extensive system to measure all the feedback and scoring which has continually resulted in establishing new highs for program ratings. Another key to our program development system is our exclusive arrangement with our music supplier Mauro Farina and his Italian company Saifam. We work closely with them to produce popular, customized fitness music, which has become the gold standard.

RB - We are passionate about a particular message of Simon Sinek, 'Find people who believe what you believe.' We apply this to the selection of our customers. We look for those who are committed to a high level of service and want to be market leaders. Our goal is to be the best, not the biggest provider of group fitness and fitness experiences. We have a cancellation rate that is unbelievably low. Since 2007, we have lost less than 10% of our customers despite the economics and competition. We want *Raving Fans* as customers, and we have a support system to insure that they and we are successful.

C.I. - Let me ask a follow-up question here. When you produce your new quarterly program releases, how far in advance do you start working on that?

TB - Five months out is when we begin the process. It's all about creating something that will help clubs get more members who participate often. We focus on creating programs that encourage regular participation, programs that are high quality and have broad appeal. I think the key is developing something that we're accountable to our customers for results. We

actually are creating it *WITH* them because they've got to be part of that testing phase in helping us form and shape that product and to improve that product. It took us a lot of years to develop this system. We invest over 300 hours in each and every program for every release. This was a tremendous process to create, but it is what gives the clubs confidence in the programs as more and more people participate.

When Microsoft visited us, they were quite impressed with this development system, how we go about it and the steps that we take to make the final product. Especially how we use all of the feedback from our customers, from testing to post-release surveys, to make decisions to constantly improve our programs to have broader and broader appeal.

RB - To Cathy's credit, most people who are creative like her want to be on that cutting edge of creativity. But, what she has been able to do with her team is focus on what is best for the consumer and the clubs. How do we get more people in classes and then how do we help clubs to run their Group Fitness better? Those are our only two goals.

CSB - The key is to really balance exercise physiology and psychology. Workouts have to be safe and effective, AND they must be enjoyable enough that the participant is willing to come back. The only perfect exercise is the one that someone is willing to do two to three times a week for a very, very long time! Because, if you just made it functional, boring exercise, they won't do it. Our team is laser focused on creating this great experience that mixes movement and music!

C.I. - No wonder the Microsoft people loved it when they saw it!

C.I. - How will the consumer pay for and access the workouts?

MT - Xbox Fitness is free with your Xbox Live Gold membership through December, 2014. In addition, all members can
 (See *MOSSA: Let's Move!* Page 16)

An Interview With Derek Barton (continued)

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C.I. - Having seen the Xbox Fitness system in action, fitness legend and icon, the late Jack LaLanne, comes to mind. For years, he fostered the idea of home exercise and fitness with his long-running TV show back in the 1950s. Is this the next evolution of that concept he created so many years ago?

DB - That is an interesting question because the Jack LaLanne Show in the 1950s was my first introduction to fitness. I remember my mom in the living room with her black and white television doing exercises with Jack LaLanne. We lived in the San Francisco Bay Area, so Jack LaLanne was there. I remember as a 7-year old kid jumping up and down with my mom doing exercises to the TV set. It really was my introduction to fitness and how important it was. Here we are, 50 years later, and I think this is coming full circle. Instead of television, here it is coming through the Xbox One, and I think the same thing may happen, where kids are being introduced to this cool segment of fitness. Not only the kids but their parents and others who may be too intimidated to come into a gym may now be introduced to the importance of moving and being active. After having a fun experience with the MOSSA classes on their Xbox One, hopefully, they will make this a commitment to their health and fitness. It is so important that we do anything we can to make being healthy and fit a daily priority.

C.I. - I think Jack LaLanne would be smiling.

DB - Yes, I hope so! It is so interesting how some things do come back around. What Jack LaLanne did for at-home fitness in the 1950s, Microsoft is now doing with its at-home game systems, such as Xbox Fitness featuring MOSSA. I applaud them, and I applaud BTS, now MOSSA, for partnering up for this goal. It is exciting because every once in a while --some say every ten years-- a great idea comes to our culture. With this coming full circle from Jack LaLanne to now with the new technology that everyone is into, what better way to get both sides familiar with the power of their own wellbeing and how important it is to stay healthy and fit?

C.I. - As a long-time health and fitness club industry veteran who has seen a lot in our industry, what is your prediction of how the marketplace will receive the new Xbox Fitness feature of Xbox One?

DB - That is a good question. I would have to say that, like anything else, it will be up to both parties involved. In this respect, that means Microsoft and their Xbox Fitness team, as well as MOSSA. I know that, at MOSSA, they will do everything they have done in the past to create the best group fitness programs. From what I have seen, Microsoft is equally excited, and they understand the importance of good health and fitness. The fact that they have reached out to many experts in the health and fitness field shows me that they do want to make a difference. Like anything else, it takes a while to change the thinking of people, but if we all band together to do it right and send the same message, we can get people, pardon the pun, to *Move*. The health club industry should embrace this Microsoft/MOSSA relationship and hope it is well received in the marketplace since it can help move people to get in shape and ultimately drive new members into gyms around the globe.

C.I. - I'd like to add two points to that: (1) With messaging, most understand that you will almost never get it the first time. You must have repetition over and over and over of a consistent, sound message across multiple channels that resonates with the consumer, and (2) Every person is different. Some will take to this like a duck on water. Others may take time or require something different. But, at least there is a demand for it as the population is truly beginning to realize they must do something different than what they are doing now. Because of this, that is a great sign for things to come across both industries involved with MOSSA.

DB - Those are great points you make, Justin. I think, like all good marketing, the message has to keep going and going and going. You don't just stand on the mountaintop and say, 'Hey, this is cool,' and not broadcast again. It's about constant messaging and the right words. If MOSSA and Microsoft can have the right messaging that resonates and emotionally connects to people everywhere, then this can be successful for everyone.

(Justin Cates is the President and Assistant Publisher of *CLUB INSIDER* and grew up in the health, racquet and sports club industry. He is an integral part of the "Story" of Norm Cates and *CLUB INSIDER*. Justin may be reached by phone at 770-595-6086 or email at Justin@clubinsideronline.com)



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Is This A Sea-Change In The Health and Fitness Industry?

By: Will Phillips

When planning for the future success of your business, it is valuable to distinguish between trends and fads. Fads are exciting and short-lived. They can consume valuable resources without significantly improving your business. Trends have a long lifespan. In 1982, John Naisbitt published *Megatrends*, and now, 40 years later, these trends are still present. You may remember the first megatrend: *High-tech Requires High-touch*. The ability of Apple to build on this trend contributes largely to its success.

Peter Drucker remarked that planning for the future requires you to see trends that are actually occurring but that have not yet fully been capitalized on by your competitors. This is what creates a Blue Ocean strategy. In this case, you are not predicting the future but designing ways for your business to serve energy and power of a trend that others in your industry do not yet see. The frightening thing is that dozens of business school research projects have pointed out again and again that real breakthrough innovation, the kind which surface a new trend, typically come from outside your industry. Typewriter companies did not invent word processors; propeller driven aircraft manufacturers did not invent jet engines.

In this article, I am going to describe two powerful trends I believe will transform the club industry. The first is the DNA Revolution, and the second is the Big Data Revolution.

Today, for \$99, the genetic testing company, **23andMe**, can assess your genes in about two weeks from a spit test. The resulting report will give you guidance on how to live smarter, better and longer. It can also tell you what might kill you.

The company was founded by Anne Wojcicki. You may not know this name, but you know her former husband,

Sergey Brin, Founder of Google. The company was featured on the cover of *Fast Company Magazine* in November of 2013. To date, it has a customer base of over 400,000 and is rapidly growing towards their goal of 25 million people who have had their DNA mapped.

This is radically new technology that has not even begun to enter the field of healthcare, as can be seen from the assessment that over 75% of physicians say they have very little knowledge about genetics. DNA testing will also be disruptive to healthcare as demonstrated by 23andMe working directly with consumers without doctors, hospitals, medical labs, prescriptions or insurance companies as intermediaries.

In 2008, *Time Magazine* named 23andMe "the invention of the year." The Founder had a solid business background from ten years on Wall Street before she moved into biological testing. In 2003, an international scientific team completed the human genome project, which was the first full sequencing of the human genome. Think of this as the repository for every person's hereditary experience recorded with the DNA sequences on your 23 chromosome pairs, half from your mom and half from your dad. This project took 13 years, thousands of scientists, and close to \$3 billion. More recently, Steve Jobs reportedly had his genome mapped for \$100,000.

Even though the process covers less than .1% of the entire genome, it contains so much data that 23andMe offers customers a report on more than 254 factors from disease carrier status to drug response likelihoods to ancestral information. The company is well financed with \$126 million in venture capital.

This evolution of DNA testing marks a shift in the way we treat illness, a shift from our current diagnostic and treatment model for one based on

information and prevention. Once you are tested, you will have the opportunity to opt in for providing further data, which gives the DNA report real depth as it learns of the biological and lifestyle information of its participants. The National Institute of Health is also backing research at 23andMe to crowd source studies on allergies, asthma and other conditions, such as cancer and arthritis. This data becomes extraordinarily valuable to hospitals, pharmaceutical companies and other organizations that want to understand what makes people healthy. To date, more than 200 million questions have been answered by 23andMe members, providing additional data about their biological and lifestyle choices.

The company is making a special focus on Parkinson's disease and offers anyone who has been diagnosed with it a free test kit. So far, they have data from 10,000 people with Parkinson's, forming the world's single largest Parkinson's community for genetic research. This is something that would have taken the medical establishment tens of millions of dollars and a decade of research. The data has allowed 23andMe to identify two novel genes highly correlated with those who have Parkinson's, but they have also identified a group of people predisposed to Parkinson's who are not symptomatic.

Quite soon, 23andMe will be able to identify within a 99% degree of confidence people who will have a heart attack within a year. This level of completely individualized and statistically powerful information becomes predictive of your future health. It also enables an individual to understand which types of exercise and dieting will be most appropriate for their DNA. A groundbreaking study shows how people react when they learn they carry the APOE-4 marker, which is an indication of Alzheimer's. They are six times more likely to alter their long-term care insurance and other behaviors.



Will Phillips

Issues of privacy and misuse are important in this area. So much so that, in 2008, Congress passed the Genetic Information Non-Discrimination Act "GINA," which makes it illegal for health insurers and employers to hold a person's genetic information against them.

The company is noted for doing an expert job of presenting clients with information and links to relevant studies. Interestingly enough, if you join the 23andMe DNA data pool, you may receive anonymous invitations from others who have been tested whose DNA indicates that you are related even though you may not know each other. You have the opportunity to opt-in and learn who these people are or not.

Now, if you think this is all pie-in-the-sky for the fitness industry, I'm happy to report to you that there is one set of clubs, not located in the United States, which is beginning to do DNA testing for all members. This has a follow-up report in prescriptions for the most appropriate behaviors, exercise protocols and nutritional programs to improve your health and longevity.

(See Will Phillips Page 18)

...MOSSA: Let's Move!

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purchase a la carte programs. There is something for everyone!

C.I. - What are the expansion plans for Xbox Fitness into countries outside the United States?

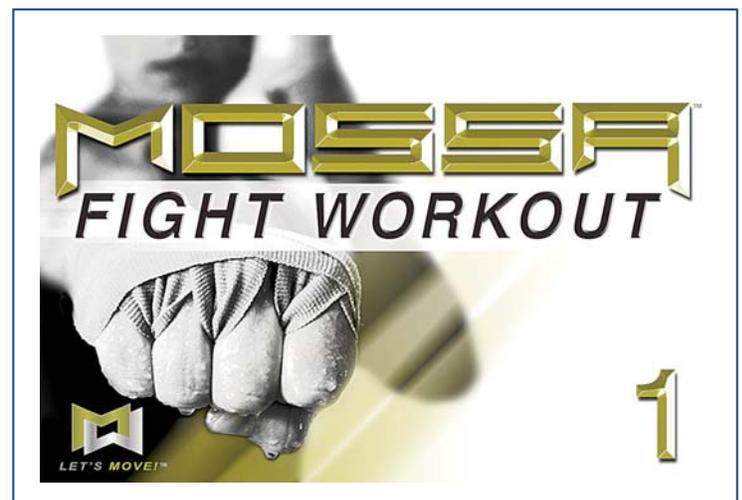
MT - On November 22, Xbox Fitness will be available in Canada, Mexico, Brazil, Australia, New Zealand, UK, Germany, Ireland, Spain, Austria and Italy and will expand to additional markets in 2014.

C.I. - Rich, what is your vision of the future of MOSSA?

RB - To get 50 million people moving to

our programs and workouts each week through Xbox Fitness and the top-quality health clubs and fitness centers around the world. Let's Move!

(Norm Cates, Jr. is a 39-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of **CLUB INSIDER**, now in its 21st year of publication. Cates was IHRSA's First President, and a Co-Founder with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. Cates may be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com)



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The One Thing You Need To Make A Million Dollars in 2014

By: Donna Krech

Remember when you were a child? Lacing your shoes, mastering simple math and even keeping peas on your plate seemed incredibly difficult. That is until “*the way*” clicked for you. Once you recognized a pattern or discovered a system, things became easy. Tying your shoes, adding two plus two and coordinating utensils with your peas became automatic (Although, I must confess, I became *very* good at sneaking peas under the table and feeding Dolly, our family dog). You could do all of this *without thinking*.

Well, adding a million dollars to your fitness business may also seem like a daunting task now. Think about that for a second: One Million Dollars! It sounds like an awful lot of money (okay, a magnificent amount of money!), which brings me to my point. It only seems like a tremendous milestone because most fitness club owners have not discovered a system, *a new way*, to do it on a consistent basis.

If you want to add a million dollars to your club cash in 2014, you must recognize new patterns and do much of your business in a new way, both systematically and automatically. You’re about to meet three fitness club owners who have done this, and you’ll see how they have changed their businesses, and their lives, forever.

Real World Example #1 - Roy owned a club that was operating in the ‘red.’ He knew he could turn it around if he could find a way to bring more people through his doors. Roy did this by looking at his potential markets in a new way. He attracted a *new* group of clients, *a new market*, to his club. They are *not* typical gym members. Yet, they are a perfect addition to his business. And Roy, along with his staff, can easily provide the services that this market craves. The result? As Roy said, **“We made \$400,000 in just five months when we added this new component to**

our club!”

Real World Example #2 - Beth was *living to work*, instead of *working to live*. She was continually racing, yet she couldn’t reach a profit. She needed to do something different, and fast. Like Roy, Beth took a fresh look at the market opportunities already existing in her hometown. She, too, added a system to attract new clientele. To her delight, she realized she could also apply parts of this system with her staff. By doing this, she provided training, goals and incentives for her crew. They became excited about the new approach and gladly took on the extra work that comes with increased growth. Things quickly turned around. The new system began to generate huge profits for Beth. Better yet, her business started running on autopilot. Beth suddenly had more money *and* free time! **Beth’s revenue literally increased by 500%!**

Real World Example #3 - Kelly is another club owner who desperately needed growth in her business. Like Roy and Beth, her answer was a system to attract a *new group* of people to her club. Yet, attracting new clients is only part of what Kelly did because this system also includes “smart numbers.” These statistics show where you are making money, as well as where you can improve. Kelly’s “smart numbers” clearly illustrated patterns in her community, with her team and in her business overall. These figures pointed Kelly in specific directions. As a result, she was able to set goals and achieve new milestones. **In five months, her income raced up by 40%.**

These are three very different fitness club owners, yet each turned around a once struggling business. They *attracted new members, made more money and enjoyed more free time*. This is the take-home message I want to leave you with today. You can replicate these results. You, too, can create a reliable and

duplicable system for bringing in more money, as much as a million dollars a year, *automatically!* And, the best way to do this is by attracting new clientele, just as Roy, Beth and Kelly did.

These Clients Will POUR New Money into Your Business

If you’re wondering who this clientele is, consider this... Statistics tell us that, while 15% of the population is members of a gym, **72% are actually overweight**. Yet, take a moment to picture the crowd in your club. I’ll bet the majority of your members are fit, and if not thin, then pretty close to it.

This is one pattern that many club owners miss. Most overweight people do *not* join a gym because their needs, desires and fears differ from many of your current members. Yet, in spite of these differences, you have the facilities and staff to help them, right now. All you need is a *new system*.

In other words, you need to add a system for making money on weight loss because *this is where the money is*. This is how Roy, Beth, and Kelly created their success. They each implemented a system to both attract the weight loss market and expand their business. This included new techniques for marketing, sales, services, staff management, leadership, motivation and administration. By implementing these steps, they attracted new customers, sold more products and services and cut expenses. Needless to say, their profits exploded.

As for *your* million dollars... imagine if you could attract even a portion of the 72%, the weight loss market, that isn’t in your gym now. Here’s the kicker: January is coming, and *fast*. We all know what New Year resolutions mean for gym membership. Numbers are about to *skyrocket*.

If you want the best opportunity



Donna Krech

to attract these clients to *your* club, if you want to offer expanded services to current members and if you want to take advantage of January memberships and explode *your* income, you need to get this system in place *right now*.

51 Ways to Make An Additional \$1 Million

This is why I’m offering a free CD, *51 Ways to Make an Additional \$1 Million*. We originally put it together to train staff, and it provides details on how to add income with a weight loss system. We have some leftover, so I am happy to send you a **free copy** on a first-come, first-served basis.

To get your CD, all you have to do is call Beth at (866) 260 - 8446 (THIN), Extension 116. It’s free, and there is no obligation. Beth will also be happy to answer any questions you may have. But, please, *don’t hesitate*.

If you wait, you won’t have time in January to put this system in place. You will miss the opportunity to attract new clients, just at a time when they are looking for fresh solutions. And, you will leave money on the table.

...Will Phillips

continued from page 16

Now, on to the second trend, which is related to the first. Its name is Big Data. This is all about the extraordinary amount of data that is accumulated on an hourly, daily or weekly basis about an unbelievable variety of activities that are relevant to us as humans and business leaders. For example, major retail stores are now saturated with video cameras, which track the behavior, facial expressions and movements of every single customer. At the same time, every retail store produces an extremely large real-time output of point-of-sale purchases. Big Data can integrate and analyze the behavior of thousands of customers with the point-of-

sale purchases they are making and begin to see patterns that can be used on a regular basis to improve the performance of the business.

You may recall the IBM computer named Watson. It successfully competed in playing chess against the world’s best. Twenty years ago, Watson the computer filled a good-sized room. Now, it’s a couple of pizza boxes and anticipated to be handheld before long. Here’s what a new Watson is doing at a major medical center. It easily absorbs all the research that has ever been done on treating lung cancer. It also captures the full medical history, treatment protocol and outcomes for every person in the hospital system treated for lung cancer. When a physician inputs the history of a current patient who has lung

cancer, this Big Data computer responds in seconds with the top three treatment protocols and their likely percentage of success. This type of computer begins to replace knowledge workers whose value is based on the human brain’s extraordinary ability to integrate years of experience into making a decision.

Big Data is an analytical process that allows you to easily enter and integrate extraordinarily large databases from different sources without complex new software to analyze the interactions and interrelatedness of these large databases and to come up with easily understandable and presentable solutions. Big Data is now the concentration of choice by students in the top 20 business schools in the world. For more information, Google: *Big Data*,

and you will find an extraordinary trove of information. Big Data is so big that it has become the primary strategy for IBM over the next 10 to 15 years, as recently reported in Fortune magazine.

This may sound pie-in-the-sky for the club business, but some clubs are beginning to use RFD bracelets instead of barcode tags, which will track a member’s every movement in your club. This lays the foundation for predictive individualized marketing.

(Will Phillips is the Founder of RexRoundtables for Executives and can be reached at Will@REXRoundtables.com)



advice, etc.

How I Edged Out All Club Competition And Made Triple Dues

Thin&Healthy's Total Solution has aligned us to go out and actually help solve people's problems better, and at a much higher revenue point for us.

- JEFF SCHWEITERMAN

We have three facilities currently using the Thin&Healthy's Total Solution systems. When we took over our first club in Delphos, Ohio four years ago, we needed something to set us apart, something to make us different, and something to really drive results. I don't know that we went out looking for those things; we just knew we needed something a little bit different.

We wanted to have a reputable program that we could deliver results with, and that is what the Thin&Healthy's Total Solution (THTS) program really has done for us. It's a structured program that gives us a methodology which we can use to approach people and not offend them. 60-80% of the people coming through the door want to talk about losing weight, but they really don't want you to say, "Oh, you came here to lose weight." So there are

techniques and procedures that allow us to break down the walls and ask the proper questions at the proper time. That is a big obstacle, so we really rely on those systems.

THTS has allowed us to take our gym member and direct them to a weight-loss program, a health and wellness program, a fitness program or personal training. THTS has helped us dramatically with putting people in the right buckets, and it has helped us create revenue streams that we wouldn't otherwise have. We'd probably have only 350 - 400 gym members in our first club, rather than having 700 members that are being provided with programming that is working for them.

Adding THTS gave us instant credibility, as far as doing a good weight-loss program that people would recognize, and it has helped put our clubs on the map. We wanted a program that offered feedback, was very goal-oriented and was one where we could coach people to grow in

their quest to becoming healthier. THTS has satisfied that for us.

THTS allowed us to no longer need to compete on the gym-to-gym competition level. We have a value-added program rather than just a gym membership. People in the marketplace view a gym membership worth as little as \$10 to \$30 month. Thin&Healthy's Total Solution has aligned us to go out and actually help solve people's problems better, and at a much higher revenue point for us. Traditionally we have always charged about \$24 per month, but now, people pay up to \$89 a month for THTS.

The continuous training that we receive from THTS has really helped us. THTS helped push the systems into our facility, whether the system is for handling the customer or their membership, how we run the facility, or what type of software we use. I tend not to be a very organized person, so putting systems in my hands means I have the ultimate tools I need to run a successful business.

We're always looking

to update and improve our systems, and that is another thing we get through the THTS network, as we regularly talk with other gym owners and the Home Office team. Being a part of the THTS network has allowed us to learn the business. We didn't have to cut our teeth and learn everything on our own. We can have conversations with people that have been in the business for years and years, and especially valuable to me are the marriages with those club owners that have communities and clubs that are similar in size to mine. THTS really has been a benefit for us.

If you want to add weight loss to your facility, you have to go after the weight-loss market aggressively, and aggressively serve it. If you don't, it's not going to come to fruition for you. With Thin&Healthy's Total Solution systems, we are making an impact on people's lives and our bottom line. X



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Recruit Your Next Great Health Club Salesperson

By: Jim Thomas

If you wait until you are starving to eat, everything looks good and you can make some really bad choices. Filling a sales position in your gym is no different. If you wait until you have a job opening to start looking, everyone will look good to you, and you could make a costly mistake. Avoid that mistake by keeping your eyes open for gym sales talent all of the time, especially when you are not hiring. When you spot someone you feel has the specific sales talents your health club might need in the future, add that person's name to your Club Talent Bank for a better approach when you need it.

If you have determined that your gym needs someone who is highly detail-oriented and has a great deal of discipline, you might look to see:

- Did they show up on time or early for the interview?
- Did they come to the meeting completely prepared?
- Do they refer to their system of organization with pride?

If your analysis shows that your gym needs someone who is hard working and wildly energetic, you might look to see:

- How quickly do they return your emails? Are they still actively engaged after hours?
- Do they seem to have many specific goals for themselves?
- Do they have a strong sense of urgency and seem to get more done than most in a day?

Here are some thoughts to maximize your staff recruiting:

•**Interview Guide.** Review application materials for past jobs/experiences, which are most relevant to the interview. Start with oldest job/experience and work toward the present. The first interview should be no more than 40 minutes. Plan your questions accordingly.

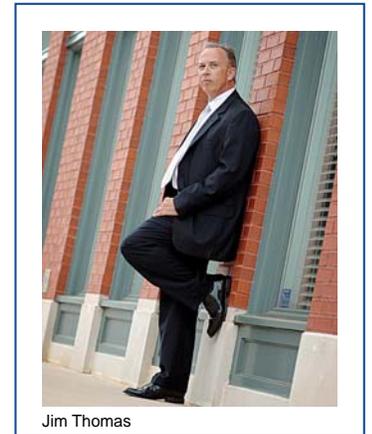
•**Establish An Intern Program** - Not only will this help you save on payroll, but you may end up with future employees. One of my best managers came from our intern program.

•**Bird Dog Fee/Interview One Person Per Day** - When you are preparing your recruiting plan of action, I like to talk to one person each day about an opportunity. Even if it's something as simple as saying to a member, "Hey, you'd really be good at this, would you like to chat about an opportunity?" I also like to incentivize the staff to refer others by offering them a bonus to do so.

•**Career Section On Your Website and/or Monthly Email Newsletter** - If you don't have this one, do this immediately. You should have a career opportunity section on your website and be sure to promote career opportunities on your monthly email newsletter.

•**Find An Industry Job Site** - Go to where others are looking. Find your preferred source and stick with it.

•**Social Media (Facebook, LinkedIn and Twitter)** - If you have this linked to your blog account as well, it will help keep everyone informed of opportunities at your gym.



Jim Thomas

•**YouTube (tour of facilities and opportunity)** - This can also be posted on Facebook, your website, etc.

•**Classified Ads** - As with everything we're discussing, be consistent with this. Craigslist and Backpage are two that come to mind. Classified ads still work.

(See Jim Thomas Page 21)

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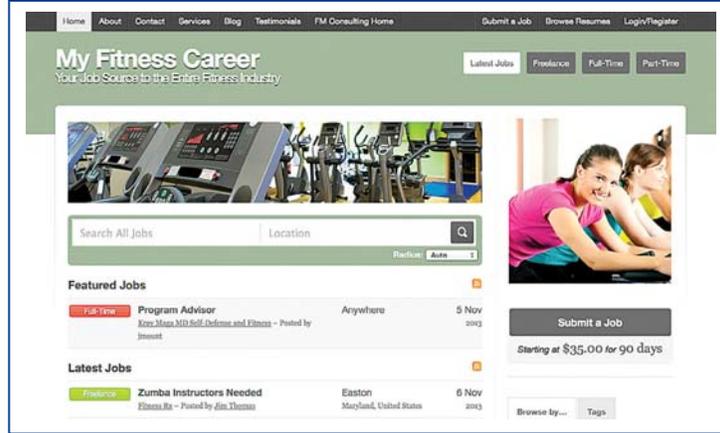
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Fitness Management & Consulting Launches MyFitnessCareer Job Website

DALLAS, TX - Jim Thomas, President of Fitness Management & Consulting, announced the launch of its new MyFitnessCareer Job Website, for job seekers and employers in the fitness industry (www.fmconsulting.net/myfitnesscareer). The new website is designed to provide job seekers and employers from all fitness verticals with tools and resources they need to build their business, career or both.

While working with club owners and fitness experts through the years, it became evident that the uniqueness of the fitness industry did not lend itself to traditional staffing outlets such as Monster or CareerBuilder.com. "Our new MyFitnessCareer job site offers all fitness verticals additional resources to find the right employees as well as helps the job seekers search out the ideal career opportunity," states Thomas.

Personal trainers, fitness teachers, gym managers and sales consultants can post their profiles and submit their resumes for free on the site. Club owners and other



employers looking for experienced fitness personnel can post job listings for \$35.00 for 90 days.

Fitness Management & Consulting offers several programs to health clubs, fitness centers, gyms and other fitness verticals to help expand their market bases and keep the facilities

productive and profitable. "Now," says Thomas, "We're excited to deliver the MyFitnessCareer website to the fitness industry to address needs at many levels. It's an ideal complement to our health club consulting services, while offering career opportunities."

...Jim Thomas
continued from page 20

•Flyer in New Member Packet or New Member Email - Market to your new members. Whether in a traditional new member packet they receive at point of sale or in a new member email, let them know of opportunities with your gym.

•Host or Participate in Career Days - This is a great way to really grow your database, but if you host the event in your club, it could turn out to be a great new source for membership sales.

•Capture the email of ALL candidates and enter into a type database for monthly email - You collect all this data, so don't let it go to waste. Just like we hope you do with your prospects for club membership, get them in a database and include them in a special recruiting email newsletter that goes out each month. Someone who may have not been available in the past might be available today.

Now, go recruit someone.

(Jim Thomas is the President of Fitness Management, U.S.A. and can be reached at 800-929-2898.)

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Selling With Technology

By: Casey Conrad

Part II

In the first part of this article series, we focused on how to utilize your clubs' online guest pass to maximize both leads, and ultimately, sales. In this article, we will discuss Facebook, which is the most popular social media platform as of this writing.

"Social networking" is a generic term for any activity that fosters people's interaction online, hence the term "networking." As many of you reading this article know, social networking won't guarantee membership sales. If, however, your club isn't able to track actual traffic and sales from social media, it means that you simply aren't using the mediums correctly.

Re-Anchoring the Goal

Before we get into our discussion of specific strategies and tactics, let's make

sure we get re-anchored into the ultimate goal of ALL your internet marketing efforts; to build your own, internal list of qualified prospects, get those ready to join now to visit the club while continuing to develop relationships with those who are not ready.

Ultimately, you want to move "not-ready" prospects down the behavioral change process until they become happy members of the club.

Technology Tool #2: Leveraging Facebook

Most clubs today have a Facebook Page, and yet, one of the most common things we hear seminar attendees say is, "We have over a thousand friends on Facebook, but I can't track a single sale back to it." Our reply back is, "How many of your posts end with an offer for more free information by clicking on another URL and entering a name and email address?" Almost always, they answer "None." Then, it should be no surprise that

you aren't getting results because there is a big difference between networking and prospecting. Remember, your goal is to build a huge list of interested prospects. Unless you capture names (which is a form of prospecting), you won't be able to evaluate your online efforts. The same holds true for social networking.

Reaching Prospects

If the goal of your social media efforts is to reach prospects, it is critical that you utilize the platform in a way that will actually reach NEW prospects. Most club operators make posts that will never be seen by a new prospect. Let's explain. Your club has a Facebook Page and you have worked hard to get your members to Like the page. Your posts consist of club announcements about class changes, new hours or upcoming events. The only people that care about those types of posts are the existing members! In order to get non-members to see the post, you have to get those that Like the page to Share the Post



Casey Conrad

on their timeline.

Therefore, the first rule for successfully turning your Facebook efforts into something that actually generates prospects is to post content that is highly informative and which your existing Fans will want to share with their Facebook
(See Casey Conrad Page 24)



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Mastering The Five Core Competencies for Sales Success

By: Karen Woodard-Chavez

Whether you are selling or managing staff who sell, this content will be a good assessment tool for your endeavors toward excellence. There are five core competencies for *any* seller as outlined below, and this content will be presented for membership sales staff specifically. However, this content will apply to anyone in your organization who is selling lessons, sessions, spa treatments, etc.

The purpose of core competencies is to provide a measuring tool for growth and mastery. It is important to define these and share with the staff in this position from the beginning of their career with you. However, many organizations fail to do so. If that is your organization, now is a great time to start. Do not delay any longer. If you are the Sales Director in your organization, consider having this discussion in your next sales meeting, then base your team sales training, as well as your individual team member sales meetings, on meeting and exceeding these competencies based on what each team member needs to achieve mastery.

The Five Core Competencies for Sales Success:

1. Lead Generation;
2. Appointment Setting Skills;
3. Face-to-Face Sales and Closing Skills;
4. Follow-Up Skills;
5. Business Planning Skills.

Let's explore each in more detail, and remember, each competency is per rep:

1. Lead Generation Skills - This would be your sales staff's ability to consistently generate 50+ leads independently each month, which do not include walk-ins, call-ins or web leads. Clearly, you will need to train your staff on how to generate leads through referrals, former members, community outreach, corporate and follow-up tools.

2. Appointment Setting Skills - This represents the ability to convert 70% of call-ins or web leads into appointments that show. Training your staff on maximizing incoming call opportunities as well as how to create a *connection* with web leads is critical to this measure.

3. Face-to-Face Sales and Closing Skills - This outlines the ability to consistently execute and gather all necessary

information completely in the *pre-tour*, utilize all pre-tour info on the tour to create desire, create differentiation, urgency, utilize trial closes, handle objections and close the sale *on* the tour, not *after* the tour. It is your staff's ability to inform, inspire and persuade to achieve a 50%+ first-time closing ratio. Additionally, to execute all elements of the *post tour* completely and accurately, including membership agreement, New Member Guest Privilege, corporate lead generation form and any New Member Program Privileges, which relate to POS purchase of Non-Dues Revenue programs.

4. Follow Up Skills - Each salesperson consistently demonstrates the ability to get an appointment with all prospects who do not join on the first visit *before* the prospect leaves the club on that visit to return as a hosted guest to do something they would be doing as a member within the next two days. This will allow the salesperson to manage their time more effectively and maximize follow-up to close sales within 2 - 3 days of initial visit if it is not a first-time close. Additionally, to close 75%+ of all that month's previous business by end of month.

5. Business Planning Skills - Each



Karen Woodard-Chavez

salesperson's ability to construct, implement and track a plan to successfully hit goals each month, and at all times, know closing ratios for all areas of competencies. This would include a lead generation plan for each month as well as sales reporting for results with the club's management software. The business plan for each salesperson is a tool for the sales manager to utilize along with the sales person each month in the weekly one-on-one meetings.

The key to mastery is to know
 (See *Karen Woodard Page 25*)

...Casey Conrad

continued from page 22

Friends. This is why we say in Internet marketing that, "Content is King." If you make your content interesting, entertaining and related to the benefits of fitness, your audience will grow through sharing of your posts.

Facebook Drivers

Quality content is the foundation for reaching new prospects with Facebook. Another driver for success is leveraging the multimedia platform. You don't want to make written posts only, but you want to also add pictures and video to engage people. If you use Facebook yourself, how much more time do you spend on someone's profile when they have lots of pictures and albums? You lose all sense of time when watching videos, assuming they are interesting.

Media content becomes most powerful when you place "tags," "Comments," or "Hashtags" on it. A tag is when a person's name is attached to a piece of posted content. For example, post a photo and "tag" the names of people in the photo. Everyone who is a "friend" of those identified will get notified that your photo has been posted. As mentioned earlier, you would "tag" a photo with the

names of those pictured, resulting in all the individual's friends being notified that they've been "tagged." Add a description that subtly mentions where the photo was taken (the club) and the occasion, and you have woven a very soft marketing element into that Facebook Page.

When you comment on another user's post, which includes their comment on your post), that message can be seen by all the others who have also commented. To make things more interesting, people can comment on comments. This greatly increases the level of engagement of those interested or connected to a particular conversation.

Hashtags (#) are used when you place the # in front of a phrase, and it creates a clickable link. When someone clicks the link, the person will see a feed (list) of posts that have also used that same hashtag. For example, if you made a post about a great abdominal workout and added the hashtag #GreatAbs in the post, that hashtag becomes a clickable link. Any person who then clicks that link will see all other posts where the person used that hashtag. All of these features make Facebook something of an old-fashioned chain letter. Essentially, social networks are open-source databases: By connecting with one, you potentially connect with many.

For those readers that "get" the

preceding information, you should be highly motivated to take photos and videos of your members at events and post them on your Pages.

A third driver to reach more prospects is connecting to other social networking platforms. "Cross links" are incredibly powerful. First, they create more links, which increases search engine optimization. Second, they foster greater networking among users of different networks. Luckily, most of the popular sites have tools, which make it simple to automatically create these cross links. For example, if your club posts a video on YouTube, once the link is properly set up, the link will get posted to your other social networking sites simultaneously.

Next, and most obvious, is the number of Likes you have, formerly called Fans. If you have liked a health club, anyone who visits your profile can see the name of that business. As with all marketing, it's a numbers game. Just as only a percentage of people will respond to an ad, only a certain percentage of people will note that their Friend has liked your business. Therefore, the more Likes you have, the more people you can potentially reach.

Finally, and perhaps most importantly, you need to find ways to add capture mechanisms to the end of all your posts. For example, you create an eBook on

the benefits of exercise, and at the bottom of every post about exercise, you have a link that the reader can click. This brings them back to an opt-in page to receive the downloadable eBook. Now, a reader has turned into a prospect. Of course, the link could take them back to a downloadable guest pass as well. By having a variety of capture mechanisms, you will greatly increase the number of opt-ins you obtain.

The key to making Facebook a business tool is using it as a driver to build lists. Most clubs fail to do this, using Facebook as just a message board for members. Entire books are dedicated to using Facebook in your business, but this article has given you enough of a basic foundation to head you in the right direction.

Get the right people on your team working your Facebook Page (all your social media for that matter), get them clear on the goal and you will watch your prospect list grow, and ultimately, see more membership walk through the doors.

(Casey Conrad has been in the health and fitness industry for over 25 years. She is the author of numerous sales books, DVDs, CDs and online training programs for sales and marketing. To learn more about her materials visit, www.HealthClubSalesTraining.com.)

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...Karen Woodard
continued from page 24

where each of the sales staff currently are for each of these competencies and what needs to be done to achieve mastery.

A mistake often made by sales staff is *thinking* they are pretty good at some of these competencies and that is enough. The problem with this thinking is twofold: (1) That they are not measuring, and therefore, have no plan to improve, and (2) The key is to improve all competencies, not just one or two. When all competencies have been achieved, that is when you will have a true master at sales rather than a partial contributor on your team.

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

Make It Fun!

Dan Ritchie Named 2014 PFP Trainer of the Year

CHICAGO, IL - Dan Ritchie was introduced during a special ceremony at Club Industry 2013 attended by fellow Trainer of the Year finalists Jacqueline Larsen of Wisconsin and Grant Roberts of California. Last year's winner, Valorie Ness, helped present the award along with PFP Media Publisher Josh Vogt and Editor Lindsay Vastola.

Dan has a broad background in the fitness industry, including training and management in commercial and university/hospital-based fitness, for-profit, not-for-profit and educational facilities. His primary areas of expertise are in personal training for special populations: athletes, pregnancy, blind, stroke recovery, Parkinsons, multiple sclerosis, cerebral palsy, Fibromyalgia and Alzheimers.

He has worked with Division I athletes, some of whom have been

professionally drafted. He has also worked on state-funded research on exercise for severe dementia and Alzheimers. He regularly presents at national and regional conferences and has been active on committees for the American College of Sports Medicine. In May of 2008, he completed his Ph.D. in Health and Kinesiology, with a minor in Gerontology at Purdue University.

The other two finalists were:

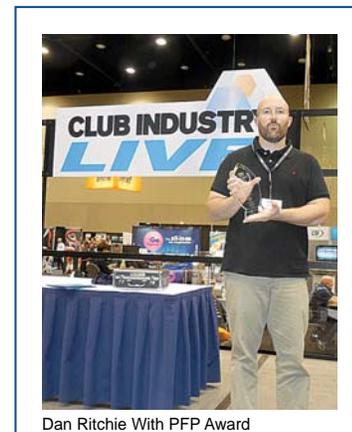
Jacqueline Larsen, Green Bay, Wisconsin - As the Founder and Owner of Green Bay's first personal training studio, Fitnessology, Jacqueline has maintained a leading business and has been recognized nationally as a trainer, writer and educator.

Grant Roberts, Santa Monica, California - In addition to owning three

fitness centers in Canada and California, Grant leads his foundations, including Healthy Student Bodies and Healthy and Fit Communities, which have impacted tens of thousands by integrating his lifestyle apps and blogs boasting more than three million subscribers. He has also served as consultant to the United States military and Surgeon General.

And congratulations to the rest of this year's top 15 finalists:

- Andrew Garrison, Albuquerque, New Mexico;
- Kevin Gendron, Oxford, Connecticut;
- Jolie Glassman, Miami Beach, Florida;
- Stephen Holt, Timonium, Maryland;
- Mike Koskiniemi, Marquette, Michigan;
- Marc Lebert, Mississauga, Ontario, Canada;
- Phyl London, Brookline, Massachusetts;
- Tee Major, Pearland, Texas;
- Susan McDonald, Nashville, Tennessee;



Dan Ritchie With PFP Award

- Mindy Mylrea, Santa Cruz, California;
- Joe Vennare, Pittsburgh, Pennsylvania;
- Jim Warren, Highlands Ranch, Colorado.

Life Time Fitness Appoints New COO

CHANHASSEN, MN - Nearing his 15th anniversary with Life Time Fitness, Jeffrey G. Zwiefel has been named the company's Chief Operating Officer.

In his new role Zwiefel, 51, who came to Life Time Fitness from NordicTrack in December, 1998, will be responsible for all operational aspects of the Healthy Way of Life destinations, along with oversight of many corporate business and services functions.

"Since joining our company, Jeff has served as a trusted business partner to me and our executive leadership team," Bahram Akradi, Chairman, President and Chief Executive Officer, said in a press release. "He brings a disciplined and passionate approach to leadership and our organizational mission, along with a proven track record of delivering results in each of the areas he has held responsibility."

Northcastle Partners Acquires Jenny Craig!

GREENWICH, CT - Jenny Craig is set to be acquired by North Castle Partners. That will put the iconic weight loss brand under the same roof of Curves International, making a unique wellness company offering both diet and fitness options together.

North Castle is a private equity firm specializing in health, wellness and active companies. It had acquired Curves in 2012.

"The Jenny Craig and Curves brands will continue to operate independently and provide health, fitness and weight loss solutions to different consumer segments," said Jon Canarick, North Castle Managing Director, in a press release. "We believe the two brands give us a unique opportunity to meet the distinct needs of consumers and provide an unmatched consumer value proposition."

New FCC Rulings on Telemarketing Calls and Text Messages

WASHINGTON, D.C. - Legislation that changes how clubs can use Call and Text Campaigns went into effect on October 16, 2013. We want to ensure clubs clearly understand how these regulations affect them.

What Has Changed?

Established Business Relationship (EBR): In the past, clubs have been able to send telemarketing calls and text messages without prior written consent if you had an EBR. This is no longer acceptable and is against the law. Your established business relationship no longer matters when sending out telemarketing calls or texts. After October 16, 2013, you are required to get prior written consent before you send any prospect or member a telemarketing campaign.

Telemarketing Calls and Texting Campaigns

•Everybody's Opted-OUT as of October 16, 2013: You will have to acquire written permission to solicit or market to your prospects and members via phone call or text message.

•How to get those who are OUT, back IN: Now that everyone is opted out, clubs will have to come up with creative methods to get prospects and members back into marketing programs. One way to do this would be to ask members after workouts if they would like to get special offers through texts or calls and have them sign a consent form.

•Opt-IN Language and Consent Forms: Clubs can get consent by adding language to their agreements and by utilizing forms

to capture this information.

Note: Clubs are solely responsible for collecting and maintaining their records of who is opted-in and who is opted out.

Informational Campaigns

•No change in Informational Call Campaigns: To date, as in the past, you will not be required to have prior written consent to send your members and prospects an informational/emergency call campaign.

•Informational Text Campaigns: Like in the past, you will not be required to have prior written consent to send your members and prospects an informational/emergency text campaign.

Note: EBR for campaigns to prospects will

depend on what is established in your state.

Prospects

Sending telemarketing and informational call campaigns to prospects has always been a gray area depending on how your state defines an EBR.

You should always refer back to your states legislation, and in the absence of such, federal law states that up to three months after the last communication with a prospect, telemarketing calls or text campaigns can be sent if neither party has previously terminated the relationship.

Note: Clubs are solely responsible for managing what prospects should or should not receive communication.

Source: Federal Trade Commission (FTC)

New Fitness Studio Association Created

CHICAGO, IL/CORNELIUS, N.C. - Providing an impressive roster of benefits, minimal cost and focusing on the business of running a fitness studio, the Association of Fitness Studios (AFS) launched with the support of some of the fitness industry's leading brands.

Among those brands is the Sports & Fitness Insurance Corporation (SFIC), one of the founding AFS partners. "The AFS concept has been on our radar for some time," said Jennifer Urmston Lowe, National Accounts Manager for SFIC. "What AFS offers will go a long way toward helping the smaller studios reach their financial objectives. We look forward to partnering with AFS."

As its tagline suggests, "Helping

great fitness professionals become even greater business owners," AFS has recognized this major industry trend of the development of freestanding fitness studios of many types and varieties. A commonality is these small businesses --opened by top-line fitness professionals-- can benefit greatly from the sharing of business ideas and best practices.

"Most of the challenges of studio ownership are universal," said Brad Elson, co-founder and CEO of AFS. "Through sharing of best practices and delivery of the tools necessary to enhance management efficiency, marketability and profitability, AFS is the direct link between studio owners, suppliers, fitness professionals and consumers, connecting all segments of this

vibrant industry."

AFS offers three primary membership categories: Studio, Professional and Associate (Vendor). "Support from SFIC and many other companies has enabled us to develop programs and services that are relevant to today's studio owner or developer," said Elson. "The input of industry leaders like SFIC has been critical to our early success."

As a marketing partner for AFS, SFIC is spreading the word that there's a new player in the industry, one who's mission is to help fitness professionals continue their dream of entrepreneurship.

"We've been collaborating with AFS and their team for some time," said Urmston Lowe. "Understanding the

market, developing the ability to reach it and providing relevant products and services has been a labor of love for all of us."

AFS benefits and programs are wide and varied, in five basic categories: Money-Saving Programs, AFS Academy (expert advice), Community Connect, News & Events, and Get More Customers. In addition, every new, annual member of AFS receives a copy of the eBook *STUDIO SUCCESS - AFS' Authoritative Guide to Owning and Operating a Fitness Studio* commissioned by AFS and authored by industry expert Stephen Tharrett.

For more information, go to www.afsfitness.com, call (312) 361 - 1144 or email info@AFSfitness.com.

ACE Declares Day Before Thanksgiving As Workout Wednesday

SAN DIEGO, CA - Move over Black Friday and Cyber Monday, here comes Workout Wednesday. In an effort to help individuals combat some of the effects of holiday weight gain (and reinforce healthy lifestyle choices throughout the year), the American Council on Exercise (ACE) launched a program to help steer the public toward a collective effort to get moving and engage in fitness activities on November 27th, the day before Thanksgiving.

"Thanksgiving is a favorite holiday for many, and we want people to enjoy it by balancing their activity and nutrition just as they would outside of the holiday season," said ACE CEO Scott Goudeseune. "That's why, in addition to identifying ways to improve the nutrition

content in Thanksgiving recipes, we're also launching a national initiative to get people moving the day before."

To inspire participation, ACE is hosting a photo contest on Twitter and Instagram. Everyone who uses the hashtag **#ACEWorkoutWed** alongside a photo of themselves participating in a fitness activity will be automatically entered to win prizes each week in November. On Workout Wednesday, November 27th, a grand prize winner will receive a trip for two to the ultra-luxury wellness and spa resort Zoëtry Agua Punta Cana in the Dominican Republic. The prize, valued up to \$5,000, includes a 3-night stay for two at Zoëtry Agua Punta Cana, airfare credit, the resort's *Endless Privileges* benefits

throughout the stay such as all food and beverage, 24-hour concierge service, a 20-minute spa treatment and more.

ACE has compiled a suite of resources to aid in practicing moderation during the holidays and workout ideas including:

- Staying Fit While Traveling (the day before Thanksgiving is also the busiest travel day of the year);
- 10 Fitness Tips to Survive the Holidays;
- Give Thanks and Give Back While Staying Fit;
- Changing Your Mindset During the Holiday Season;
- Flavorful Fall Recipes;
- Fitness Classes to Try.

"Imagine if people all joined together to get moving on Workout Wednesday like they do to visit shopping malls on Black Friday," said ACE Healthcare Solutions Director Natalie Digate Muth, MD, MPH, RD. "With the average Thanksgiving meal packing 3,000 calories, every healthy recipe tweak and physical activity counts."

At **ACEFitHoliday.com**, visitors can find an exercise library with thousands of moves for every body part and fitness level, workout videos led by ACE certified professionals, and the Find an ACE Pro tool, which helps users locate an ACE certified health and fitness professional in their area.

Kids Who Exercise More May Get Better Grades

WebMD News - Getting regular daily exercise of moderate to vigorous intensity may also boost students' academic performance, according to a new U.K. study.

The more intense the exercise, the greater the impact on English, math and science test results, the study authors found. However, they couldn't explain the precise causes behind the connection.

"A number of suggestions have been put forward for why there is a link, such as physical activity increasing time on task in the classroom, or having an impact on self-esteem," said study researcher Josephine Booth, a lecturer at the University of Dundee, in Scotland.

There may be a biological explanation, she said, with other researchers finding low levels of activity can adversely affect brain structure and function, and affect students' intellec-

tual performance.

Booth also couldn't say for sure whether overall motivation explains the link, that high-achieving kids do well in exercise and academics. "We were unable to adjust for personality type in the present study," she said.

Booth's team evaluated nearly 5,000 students enrolled in the "Children of the '90s" study, which is tracking long-term health outcomes of about 14,000 children born in England between 1991 and 1992.

She and her team measured the duration and intensity of the students' daily physical activity for a period of three to seven days when they were age 11. The students wore a device on their belts to measure activity.

At age 11, both boys and girls were below the 60 minutes recommended for daily exercise. The boys clocked

29 minutes, on average, and the girls, 18 minutes.

Those who exercised the most did better in national academic exams. At age 11, the kids who exercised most had better performance in all three subjects. The activity especially helped the girls' science performance. At ages 13, 15 and 16, the link held.

The researchers accounted for other factors that might affect school performance, such as social and economic status, birth weight, the mothers' ages at delivery and smoking during pregnancy, and the link still held.

The new research adds to previous work that has shown a positive effect of physical activity on children's brain functioning and cognitive (thinking) performance, said James Sallis, a distinguished professor of family and

preventive medicine and director of Active Living Research, at the University of California, San Diego. He reviewed the new research but did not participate in it.

"One of the impressive aspects of this study is they pinpointed the effects of moderate-to-vigorous activity by adjusting for the effect of total activity, which is mostly light intensity, such as slow walking," Sallis said. "It is more reasonable to expect that higher-intensity activity would have biological effects on the brain that could lead to improved academic performance."

According to study author Booth, the findings have important implications for education policy, suggesting that school should value physical activity as a way to improve classroom performance.

The study was published online Oct. 21 in the *British Journal of Sports Medicine*.

Health Club Consumer Behavior Sheds Light On Industry's Future

The 2013 IHRSA Health Club Consumer Report

By: Stephen Tharrett and Mark Williamson

IHRSA, with analysis and insights provided by ClubIntel, recently finalized the *2013 Health Club Consumer Report* (to be released by IHRSA at the end of November and can be acquired at www.ihrsa.org/research-reports). The *2013 Health Club Consumer Report*, like its predecessors, delves into the attitudes and behaviors of health club consumers, seeking to understand the impact these current practices might have on how club operators shape their business in the future. In 1919, Marcel Proust, in his book, *A L'ombre Des Jeunesfilles En Fleurs*, was quoted as saying, "What we call our future is the shadow that our past projects in front of us." Well, in the case of the health club industry, the health club consumer behaviors brought forth in IHRSA's *2013 Health Club Consumer Report* tell a vivid story of the recent past and present, providing an excellent compass for operators to follow for 2014 and beyond.

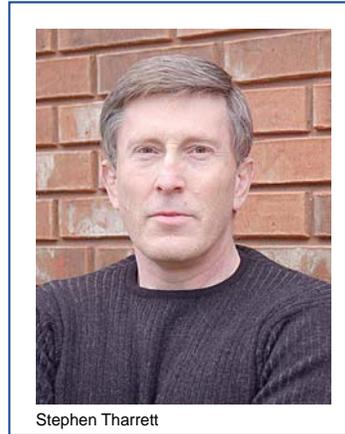
The report provides a detailed look at how consumers use their clubs, looking at a host of variables ranging from what members practice to how they spend their discretionary dollars in the health club environment. In this year's report, IHRSA has also taken a look at how health club consumer behavior tracks against larger national demographic and economic trends. In the report's last section, IHRSA brings forth eight key insights accompanied by actions that operators might consider in leveraging the report's insights.

The first, and possibly the most powerful insight brought forward by the report is the fact that the health club industry has reached what business authorities call the "mature stage" of its lifecycle; the point in time when the public's demand for an industry's offering is fulfilled by the existing supply. In the case of the health club industry, membership levels have been relatively flat for the past six years* (membership actually dropped slightly from 2011 to 2012), with the total number of club members exceeding 50 million since 2010. The percentage of the American population who possesses a health club membership has remained relatively stable, ranging from 16% to 17.5% over the past five years. Why this is significant is because of what occurs when any industry, like the health and fitness club industry, reaches maturity. First, business models become more standardized, or as some would say, "copycat." Second,

industry players compete more on price, and finally, in an effort to "break out," some industry players evolve their business models, focusing on niches, segmenting and creating wholly different value propositions. This last approach, one of segmentation and differentiation allows a mature industry to continue growing, albeit slowly.

In today's health club market, we see all three patterns taking hold. We see a proliferation of copycat club models, whether it's in the low-price, high-volume sphere (e.g., Planet Fitness, Blink, Crunch franchises, Gold's Express), mid-market arena (e.g., LA Fitness, 24 Hour Fitness, Gold's, New York Sports) or franchise business (e.g., Anytime Fitness, Snap Fitness). Price has always been the great battleground for our industry. But, over the past few years, especially since the "economic crisis," price discounting has amplified. Possibly the most visible example of this pricing battleground has been the proliferation of low-price, high-volume club models that have exploded on the scene in the past three to five years. Finally, the industry has seen an explosion of growth in niche boutique offerings (e.g., Barre, personal training, Pilates, Yoga, sports performance, functional performance). These boutique studios have created new and exciting value propositions that have managed to pull members away from some of the industry's existing business models, as well as attracted consumers who previously may not have joined one of the industry's more established business models. Looking to the future, health club operators need to start considering how to innovate and differentiate their offerings, creating signature experiences that will engender greater loyalty from existing members and attract the newer health and fitness consumers who have migrated to the new boutique offerings.

Another powerful insight, one we imagine many health club operators already are aware of, is the challenge of member participation and member tenure in the health club industry. Over the past five years, the number of times a club member visits their club has remained stable, ranging from 99 to 102 times annually or approximately twice weekly. Furthermore, membership tenure for the industry has remained relatively constant over the past five years, with approximately 80% of all members having tenure of less than five. The average tenure



Stephen Tharrett



Mark Williamson

of a health club member is approximately four years, the equivalent of having an annual industry churn rate of 25%. A potential alarm signal for the industry is the fact that the percentage of members who have held a membership for 10+ years has actually declined over the past four years. This two-headed monster of short-term tenure and low participation are two challenges the industry must find a way to overcome if it wants to continuously grow membership, revenues and profitability. Research ClubIntel has conducted with clients, independent of the IHRSA research, clearly shows that members who use their club more frequently tend to be more loyal, spend more and remain longer. If the industry can encourage members to use their club more often (e.g., create more emotionally engaging experiences rather than transactional ones), they in turn will be more successful at keeping them as members, and consequently, will experience continuous growth and profitability. Again, in our work with clients, we have found that members who indicate they are delighted with their club experience are 5 - 6 times more likely to remain a member.

One of the most welcomed insights from IHRSA's report is the data that shows health club members are spending more on membership than they have since 2009. In 2013, health club members spent on average 1.4% of their per capita income on membership, more than in 2010 and 2011, and similar to what they spent at the onset of the "economic crisis." Coinciding with this favorable change in the health club consumers' willingness to spend more on their membership experience was a significant increase in the average cost of a health club membership. For the first time in four years,

the increase in the industry's average dues price exceeded the annual increase in the consumer price index. These two insights appear to say that consumers are prepared to spend more on club memberships and health club operators are now confident enough in their value proposition to start increasing prices.

The points shared in this article are but two of the eight "future shaping" insights documented in IHRSA's *2013 Health Club Consumer Report*. The IHRSA report not only provides great insights, but it offers a wealth of suggestions on how club operators can leverage the insights to grow their business. We would encourage any club operator interested in evolving their business to thrive in the future to acquire a copy of IHRSA's *2013 Health Club Consumer Report* by visiting www.ihrsa.org/research-reports.

*In 2010, IHRSA's data showed a 10% spike in the total number of health club members. This spike was preceded by two years in which membership was flat and followed by another three years in which membership remained flat. In 2009, the methodology used to capture and analyze consumer data was changed which the authors believe may have impacted the statistical validity of the 2009 data.

(Stephen Tharrett and Mark Williamson are the co-founders of ClubIntel, www.club-intel.com, a brand insights firm. Together they have over 50 years of experience in the club and hospitality business. They can be reached by email at stevet@club-intel.com and markw@club-intel.com.)



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IRON GRIP
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Programming For The “Fun Of It!”

January Programming: “Engagement” vs. “Retention”

By: Laurie Cingle, M.Ed.

January is a time when members --regular year-round participants and those who rarely participate-- flock to the facility for the New Year's rush. In addition, it is the biggest month for acquiring new members.

Instead of thinking of your January program as a “retention” program, think of it as an “engagement” program. Often, members must be taught to engage in programs because not everyone is a joiner. Programs can guarantee more frequent facility usage, and retention is a consequence of frequent usage!

Consider offering January programs later in the month and only one-day in length.

Planning a 4-, 6- or 8-week program that begins early in the month will primarily be attended by those who

are regular, committed facility users. Those who should be participating --new members and current non-participating members-- may not sign up for this type of program because it could be too much too soon for them.

Start your programming year off right with...

January Health Fair

1. Choose the 3rd or 4th Saturday of the month from 9AM to 1PM.
2. Begin planning at least two months in advance. There's a lot to do! Form a Health Fair Committee consisting of one representative from each department (at least 4 staff). This ensures buy-in for the event since every department participates.
3. Decide the space in your facility in

which to hold the Health Fair. This will dictate the number of tables/stations you can have. Consider the basketball court, lobby, fitness floor, studio or hallways. Make sure it is visible and not tucked away in a back room.

4. Draw an accurate floor plan based on the space selected showing all of your stations. Include a definitive entry and exit with check-in table and consultation table at the end to review the results of any physiological tests and connect people to programs.

5. Determine the number of 6-foot tables needed, as they are your stations. These may need to be rented.

6. In-house vendors; decide what stations and services will be manned by your staff. Body composition, height/weight, flexibility, blood pressure are easily provided by your team. Group Exercise, Personal Training, Aquatics, Recreation, KidStyles may have a table showcasing their services and providing demos.

7. Outside vendors; send an invitation to health professionals to voluntarily participate. Consider charging a fee of \$25 per table to offset rental costs.

8. Advertise to your members and to your community.



Laurie Cingle

A Health Fair is a terrific way to:

- Introduce people who are not members to your facility.
- Provide current members with information and measurement to kick start their year.

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

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Thanks and Appreciation

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

A very sincere **Thanks** and **Appreciation** go to **Rick Caro, Dr. Gerry Faust** and the **Faust Executive Roundtable #1** for helping me decide in 1993 what my home-based business would be. **Thanks** and **Appreciation** to my long-time friends, **Ron Hudspeth** and **Cathy Miller** of **Atlanta's Hudspeth Report** for the tremendous assistance they provided us during our first 8 years of publication. **Thanks** and **Appreciation** to all of the folks at **Walton Press** in Monroe, Georgia. They've done an absolutely excellent job for us all these years and have printed every one of our monthly editions! **Thanks** and **Appreciation** to all of our **READERS**. Sincere **Thanks** and **Appreciation** to our **CLUB INSIDER Advertisers**, past and present, for their kind and dedicated support of this publication. It's amazing to know that we have several advertisers with over 15 years of continuous advertising with us. Plus, we have one advertiser, **National Gym Supply**, with over 18 years advertising with us and one, **Affiliated Acceptance Corporation**, with over 19 years as they have advertised in every single edition of **CLUB INSIDER** since the first month that we sold advertising in June, 1994! We also want to say sincere **Thanks** and **Appreciation** to all of our **CLUB INSIDER Contributing Authors**, past and present, who've contributed *hundreds* and *hundreds* of excellent articles to help our readers with their Best Business Practices. **Thanks** and **Appreciation** to **IHRSA** for all it does.

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

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

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

Norm Cates, Jr.

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WE'RE MIGHTY GLAD!

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