

# Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

## Executive Health and Sports Center

*Showing Members Their Health is Their Wealth*



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# NOVEMBER 2016

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# Norm Cates' CLUB INSIDER™

## The Pulse of the Health and Fitness Club Industry

### Executive Health and Sports Center *Showing Members Their Health is Their Wealth*

**By:** Justin Cates

What does your health mean to you? Without it, would you be able to do the things you do or accomplish the goals you have set in life? Or, conversely, you are healthy; how would you feel and what would you do if a family member were not healthy? What if it was self-inflicted? Our industry knows all too well how important these questions are in a member's life. We know our industry can offer the solution to so many woes of a society that, by and large, is unhealthy and doing it to itself. But, is anyone noticing?

Given the health and fitness club industry's still-stagnant penetration rate, how many operators truly attempt to do something about a problem we all know exists beyond opening the doors of a new facility? Many have postulated that the needle could truly swing if a deeper-rooted goal were the foundation for all in this incredibly well-positioned industry. Yes, the best intentions and a set goal, albeit maybe not the right one, are present on Day One for the vast majority of those beginning a new health and fitness business venture. But, naturally, and many times uncontrollably, the daily grind takes its toll, and eventually, the reason for being feels like it is simply to feed the machine. It was *supposed* to be so much more; it *can* be so much more.

At Executive Health and Sports Center, located in Manchester, New Hampshire, there are some truly exciting things occurring that go simply beyond

open doors and the monotony of a daily routine that keeps them open. Ingrained in the very fiber of the company's existence is the belief that, "**Your Health is Your Wealth.**" This speaks to the idea that, in addition to a purpose in life, one's health is the fuel that can will it into existence. In most cases, and barring natural illnesses, a healthy person can accomplish more in the time they have been given; they will be happier in that time; and they can affect the next generation by instilling their way of life on their inheritors.

This belief, coupled with technology in a new platform called Genavix, and mixed with the sociopolitical climate to affect change, Michael Benton and his sons, Justin and Josh, are doing just that in New England. Their model is serving their local community and expanding outward among other health and fitness club facilities, employers and health insurers themselves. It's a triad of stakeholders that is likely to be one of the most important in the 21st century, and communities across the United States are primed for similar change and results.

With that goal in mind, I welcome you to read on as CLUB INSIDER presents an in-depth interview with Michael Benton

and Justin Benton.

**An Interview With Michael Benton,  
Owner of Executive Health & Sports Center**

**CLUB INSIDER (C.I.)** - Please tell us about yourself: Where were you born, and where did you grow up? Also, where did you go to school, and what did you study?

**Mike Benton (MB)** - I was born on Otis Air Force base, so I'm an Air Force brat. We traveled all over the country and world: Japan, Greece, Italy, Texas, New York, Massachusetts and Mississippi. So, I've traveled all over, living on various U.S. bases and NATO bases. It was quite an experience, and one thing I learned very quickly is that you never get used to anything. I started off at Syracuse then moved to New England Aeronautical Institute to be an Air Traffic Controller. I ultimately received my degree in Computer Science at Daniel Webster College with an internship at Digital Equipment Corporation. I started working for Digital full-time in the early 1980s.

**C.I.** - When and how did you get involved in the health and fitness club industry?

**MB** - My first office at Digital was located

in Merrimack, New Hampshire, and I was employed as a Software Engineer. I didn't even think software engineering was a career at that point because it was early on in the high-tech industry. I worked on a product called *RDB*, which was an earlier relational database. By the age of 26, I was an industry expert in something called *after-imaging journaling*, which is roll-backing in a database. That's the way it was back then; it was a young industry. I left Digital and started a company called AimTech and later sold it. Then, I started another company called MDI and sold it. In the early 1990s, I went back to Digital Equipment Corporation for a time to architect a new product called *AccessWorks* and was promoted by my peers to Consulting Engineer. After running my own companies, I missed running my own business. So, that's why I bought the Executive Health and Sports Center (EHSC). I thought, 'How tough could it be to run a health club?' And, boy, did I learn fast...

Part of it was for personal reasons. I had four kids, so I had to stop coming and going on airplanes. As I said, I missed running my own company, so I wanted to buy a local business close to where we lived. In 1995, EHSC came up for auction, and I ended up being the highest bidder and purchased the facility and business out of foreclosure. I remained an absentee owner for almost 17 years. I had a General Manager who ran the business, and I continued to work for Digital, which was  
*(See EHSC Page 10)*



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

# Norm's Notes

•**Hello Everybody! This is your CLUB INSIDER Publisher and Tribal Leader Since 1993 checking in with monthly edition #275! WOW! 275 monthly editions! Justin and I are very proud to have served you all in this capacity. Celebrating our 24th Anniversary, we now prepare for a great 2017! Stay tuned!**

•**Is America a great country, or what? Regardless of whom you voted for in this month's election, I hope you did your duty as a free American and voted. God Bless America!**

•**Happy Thanksgiving to you all! My son, JUSTIN CATES, and I, want you all to know how very THANKFUL we are for you being one of our CLUB INSIDER readers! Moreover, we're thankful for what all of you do in your clubs for millions of Americans if you're in the U.S. and in other countries around the world. Have you ever stopped to think about the GOOD that you do with your life by being in the business you are in and making it your life's work to help others be healthier, happier and more likely to live better and longer? That's a wonderful thought to me. I bet it is for you, too.**

In addition to being Thankful for our great America, I'm Thankful for IHRSA because it has been very helpful to so many club operators around the world. And, by extension, IHRSA has been helpful to millions of people around the

world through the efforts of their IHRSA Member Clubs. And, *IHRSA has been mighty fortunate to have had two world-class leaders as our Executive Directors.*

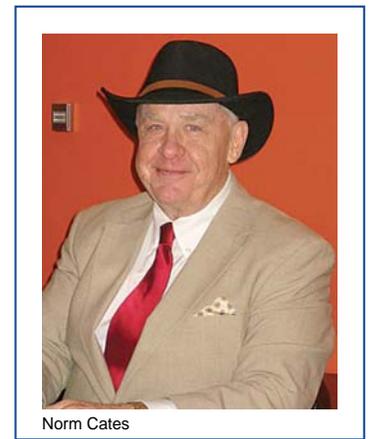
First, when we started IHRSA going on 37 years ago, we were very fortunate to find Big JOHN McCARTHY to be our Executive Director. Then, after Big John retired from IHRSA some 11 years ago, we were lucky to have JOE MOORE, a successful veteran multi-club owner in Ohio, to step into the important shoes of IHRSA's retiring Executive Director. Joe has done a really fine job in that role since then, and I'm very Thankful for Big John and Joe having been our IHRSA Executive Directors.

Last, I would be remiss were I not to remember to extend sincere Thanks and Appreciation to all of our industry friends who've dedicated and given their valuable time to serve on IHRSA's Board of Directors. And, of course, we can't forget IHRSA's Member Club Owners out there. THEY are the ones IHRSA serves and THEY are the ones who deserve the greatest Thanks and Appreciation. If you are not an IHRSA Member Club owner, I urge you to call (800) 228 - 4772 for membership information.

•**SO NICE** to see my long-time friends, ZOE and ED VEASEY and ADA VEASEY MCKENZIE on the Cover of the CBI Magazine's November, 2016 edition! Zoe and Ed are the former partners of one of my best friends in

our industry, the one and only late DALE DIBBLE. I'll never forget the first time I visited Dale, Ed and Zoe at their fabulous Cedardale Club in Haverhill, Massachusetts, a suburb of Boston. Dale took a great deal of time giving me a tour of their mega, multipurpose 200,000+ square-foot Cedardale Club on 20+ acres along with six swimming pools and an unrecalled number of outdoor tennis courts. After we finished the tour, Dale took me into their accounting office where he went to a computer, pushed a few buttons and printed out a copy of the Cedardale Financial Statement and handed it to me! In case you never knew the one and only Dale Dibble, he was a great man that I nicknamed "Mr. Enthusiasm" many years ago in November of 2000, when we produced a CLUB INSIDER Cover Story about him.

Dale was *always fired up* and excited about what he was doing, and more importantly, Dale was always very willing to share what he was doing with our entire industry. And, share he did. Thinking back now... the GREATEST thing Dale shared was his boundless enthusiasm, always balanced by the calm of his loving wife, OLIVE MAE. During our friendship, we did some cool things, which included working with RICK CARO and some other friends to create IHRSA (it was IRSA back then) and generating an idea in our industry that clubs really should become what we called "That THIRD PLACE," also known as



Norm Cates

"THE PLACE" in member's lives where they always looked forward to spending lots of time whenever they weren't at work or home. After Dale passed away, IHRSA renamed its Distinguished Service Award to be known as THE DALE DIBBLE Distinguished Service Award, and I was very honored to be the first recipient of that honor in March of 2001. By the way, folks, IHRSA's 36th Annual Convention and Trade Show will happen in Los Angeles, March 8 - 11, 2017. I URGE you to be there! Check out [www.ihrsa.org/convention](http://www.ihrsa.org/convention).

•**Speaking of IHRSA**, I'm very happy to pass on some great news in the form of a Research Update that AUGIE NIETO (See Norm's Notes Page 7)

## About Club Insider

# Established in 1993

## 24 Years and Counting!

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# World Gym International Celebrates 40 Years of Seriously Fun Fitness at 2016 Las Vegas Convention

LOS ANGELES, CA - World Gym International, the iconic global brand for bodybuilding and seriously fun fitness, capped off the year-long celebration of its 40th Anniversary at the 2016 World Gym International Convention in Las Vegas, held September 11 - 14, 2016. The annual gathering was held at the Mirage Hotel and Casino in Las Vegas, with more than 225 attendees from 13 countries coming together to celebrate all things World Gym, including the 21 new gyms opened this year.

"Every year, we think it is important to bring our franchisees, corporate team, vendors and partners together to find new ways to make our businesses stronger," said Guy Cammilleri, Managing Director of World Gym. "As a company, World Gym has 40 years of experience leading the fitness industry. When the entire World Gym family comes together, we have hundreds of years of collective experience to share. The World Gym Convention feels like a family gathering where we all support each other and help our franchisees achieve success."

The event kicked off with an opening session presented by *Gold Sponsor, Matrix Fitness*. The opening session highlighted the 40th Anniversary celebrations held around the world and a year of continued growth with World Gym expanding from 210 to 223 net total gyms in 19 countries and territories. Since the last convention, World Gym has added new gyms and conversions in Australia, Brazil, Canada, Egypt, Mexico, Taiwan and the United States.

Following the opening session, guests attended a welcome reception presented by *Silver Sponsor, Twin Oaks*, which also marked the opening of the trade show. At the trade show, World Gym owners were able to meet with nearly 40 different vendors highlighting their latest equipment, apparel and services.

Franchisees also had a chance to participate in different education sessions hosted by *Gold Sponsor Life Fitness*, including topics such as using social media to drive sales, finding and financing new locations, increasing personal training profits, how to approach corporate

membership sales, overall industry trends and a tutorial on the new website and app launched by World Gym earlier this year.

Also included was a keynote session presented by *Platinum Sponsor, Precor*. The presentation titled, *Client Retention: Age Old Problem, Brand New Solutions*, was led by Tara Sampson, who showed how to apply best practices from a variety of different customer service industries to ensure member satisfaction at gyms.

The World Gym Convention is also the time of year when franchisees hold elections for the *Franchisee Advisory Council (FAC)*, a group of franchisees from around the world who meet throughout the year to enhance and promote franchise system for the mutual benefit of World Gym International and all of the current and prospective franchisees around the globe. The FAC has helped to keep open lines of communication and ensure that individual franchisees are supported to help their businesses grow. Each year, two new members are elected to the FAC, followed by an election of officers. Coming out of the 2016 convention, the FAC consists of:

**Mike Nysten**, President, World Gym Australia;  
**Joe Talmadge**, Vice President, San Francisco;  
**Greg Tayman**, Secretary, Glen Burnie;  
**Wes Hodgson**, Member at Large, Canada;  
**Lee Roberts**, Member at Large, Fulton;  
**Jon Davie**, Member at Large, Australia;  
**John Caraccio**, Member at Large, Taiwan;  
**Michael Sanciprian**, Member at Large, Taiwan;  
**Pam Trader**, Member at Large, Millsboro;  
**Steve Trader**, Member at Large, Millsboro.

The FAC also hosts two events during the convention, including a reception for all World Gym franchisees, made possible by *Gold Sponsor, ABC Financial*, and a breakfast for FAC members to discuss upcoming business, provide feedback from franchisees for World Gym International and elect new officers.

The event culminated with the annual Awards Gala, where different leaders and gym owners are recognized

for their achievements. The awards were presented by *Gold Sponsor, Freemotion*, and it included a *spin bike giveaway from Precor*. The winners were:

**Best Social Media Marketing** - World Gym Taiwan;  
**Best Public Relations Campaign** - Mexico;  
**Best Charitable Initiative** - Kansas City, KS;  
**Best Overall Marketing** - Australia;  
**Best Rebranding - USA** - Merriam, KS;  
**Best Rebranding - International** - Tweed Heads, Australia;  
**Best Gym Design & Branding - USA** - Texas City, TX;  
**Most Improved Gym** - Ashmore, Australia;  
**Best New Gym - USA** - Oxnard, CA;  
**Best New Gym - Canada** - Niagara Falls, Canada;  
**Best New Gym - Intl** - Heliopolis, Egypt;  
**Best American** - Pacific Beach, CA;  
**Best Australian Gym** - Burleigh, QLD;  
**Best Canadian Gym** - Rosemere, Canada;  
**Best Russian Gym** - Sterlitamak, Russia;  
**Best Taiwanese Gym** - Taichung Chongde, Taiwan;  
**Vendor of the Year** - Muscle Up Marketing;  
**Most Inspirational Member** - Frankie Timmons, World Gym Millsboro, DE;  
**Longevity Award** - World Gym Westchester, OH;  
**World Gym Visionary** - John Caraccio and Michael Sanciprian;  
**Franchisee of the Year** - World Gym Quebec, Canada;

Also at the awards banquet, World Gym unveiled its 2016-17 Brand Ambassadors: Joshua Petrecky, from World Gym Fayetteville in North Carolina, and Geneviève Dubé Carpenter, from World Gym Hamilton in Ontario, Canada. The second annual ambassador search has been an engaging social media and marketing campaign that received thousands of entries from around the globe. As the new ambassadors, Geneviève and Josh will star in a series of videos for World Gym.

World Gym will gather again September 6 - 9 next year for the 2017 convention. More information will be available at [www.worldgym.com/convention](http://www.worldgym.com/convention).

For more information on World Gym International, please visit [www.worldgym.com](http://www.worldgym.com).



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## ...Norm's Notes

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sent to me. In case you don't know about Augie, he's the **Founder of Life Fitness**. In 2005, he was diagnosed with **ALS**, also known as **Lou Gehrig's Disease**. Even though the **typical life expectancy for someone with ALS is 2 to 5 years... Augie has made it nearly 12 years!** And, by the way, Augie has written two books with his toes during his time as an ALS survivor. I quote from Augie's recent message:

**“RESEARCH UPDATE:** This year, the ALS Therapy Development Institute has made significant progress on its two lead research programs: **AT-1501** and the **Precision Medicine Program**. Right now, there are already 370 people enrolled in the PMP, and the Institute is aggressively working in partnership with those people with ALS to collect crucial data necessary to find treatments and cures. One of the most significant outcomes to date of the PMP are the creation of databases pointing to the potential use of the movement and speech tracking technology used as tools to speed up clinical trials, reducing the time and number of lives it may take to determine if proposed treatments for ALS actually work. One such proposed treatment, AT-1501, has also advanced forward this year, overcoming milestones related to its scalable manufacturability and potency of that process. In addition to these two lead research programs, the Institute continues to lead the field in the screening and validation of potential treatments by developing various models of disease, including mouse and now human derived cell lines. For the latest information on these programs, please visit [www.als.net/summit](http://www.als.net/summit).”

**Folks, PLEASE DO MAKE PLANS** to attend the **12th Annual Augie's Quest Bash**, which will be held the last night of the **IHRSA Convention in Los Angeles on March 10, 2017**.

• **Planet Fitness** continues to soar with their 3rd Quarter, 2016 Financial Statements **disclosing continued growth and excellence**. The report shares that Planet Fitness opened **37 new locations during the Third Quarter**, bringing the total club count to **1,242** as of **September 30, 2016**. The report shows a slight downturn from Planet Fitness' second quarter earnings of **\$91.5 million**. However, company executives are still projecting a raised annual outlook of \$373 million to **\$378 million** for 2016. In the first quarter, the company was anticipating a maximum of \$370 million for the year. **Planet Fitness CEO, CHRISTOPHER RONDEAU**, commented: “Our business continues to get stronger. Third quarter system-wide same store sales increased 10% as a growing number of casual and first-time gym users are joining Planet Fitness. The combination of our affordable, non-intimidating fitness

offering and increased national and local advertising spend, which continues to increase with each incremental new join, is fueling greater brand awareness in all markets and membership growth across the store base. At the same time, our business model has consistently generated double digit earnings growth and strong free cash flow, providing the company a great foundation for driving significant long-term shareholder value.” Be sure to **check out the Planet Fitness Ad on Page #2** of this edition.

• **Doug Miller, my long-time friend, and former employee here in Atlanta**, has announced that his **Sales Makers International Roadshow** will be returning to the **Middle East on December 8, 2016** for the **9th consecutive year!** The event will be hosted by the **Al Corniche Club in Kuwait City, Kuwait**. **Check out Doug's Announcement on Page #30**.

• **World Gym International** wrapped up their year-long **Celebration of 40 Years of Seriously Fun Fitness** at their **September 11-14th World Gym Annual Convention in Las Vegas**. **Congratulations to GUY CAMMILLERI and his Brothers, MARCUS and LEO**. **Check out the World Gym Press Release on Page #6**.

• **LA Fitness** has announced that their new, **\$5.7 million LA Fitness Signature Club** opened in **Memphis, Tennessee** for workouts on **October 5, 2016**. A **Grand Opening Party** took place on **Saturday, November 12th** with complimentary workouts, fitness demonstrations and entertainment. The 45,000 square-foot facility, formerly a 24 Hour Fitness facility, has undergone a total renovation, including the installation of brand new equipment, totaling \$5.7 million. Among other changes, all of the piping, drainage, ductwork and equipment related to the former pool and spa have been completely removed and replaced, as have all interior and exterior walls. The newly renovated Signature Club offers a wide range of amenities designed to meet the needs of people of all ages, interests and fitness goals. The club features the following amenities, most of which are included in the monthly membership fee: cardio areas designed for comfort and machines equipped with individual viewing screens; an aerobics studio with group fitness classes ranging from Kickbox Cardio and Zumba to yoga; a separate indoor cycling studio; a wide assortment of free weights and strength equipment; spacious locker rooms; towel service; an indoor lap pool and personal training and **Kids Klub** babysitting, with both available at an additional charge. **Congratulations and Best wishes to everybody involved!**

• **AL NOSHIRVANI, Chairman and Chief Strategy Officer for Motionsoft**, has announced that it is expanding their funding with a **\$6 Million Series C**

**Investment** with additional investments by existing investors, **Route 66 Ventures**, as well as from **Founders AI and HOSSEIN NOSHIRVANI and Edison Partners**. Additionally, Noshirvani has announced that **JOHN CRAMP** has been named as the **new CEO of Motionsoft**. **Congratulations and welcome aboard to John Cramp!** AI commented: “Motionsoft has experienced strong growth across the enterprise market with our MoSo club management software and our outlook for 2017 and beyond is equally strong. It's something we're really proud of. Our engineering teams have advanced the capabilities of our club management

software with industry-leading billing, reporting, and scheduling solutions. Our focus is to make member management and payment processing integrated, faster and easier for club owners and operators and the members they serve.”

• **Here's something that's really close to my heart. Thanks to TOM BEYER, of UFC Gym, for sharing this with us and for the UFC Gym organization leaders thinking of our Veterans** when many do not. The 130+ UFC Gym organization celebrated **Veterans Day Weekend, November 11th, 12th and 13th**, by *(See Norm's Notes Page 8)*

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### ...Norm's Notes

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offering active duty and veteran military personnel, as well as their families, VIP status at all locations during that 3-day weekend. During this celebratory weekend, VIP attendees **received complimentary total gym access**, including a special **Bootcamp-themed Daily Ultimate Training (DUT) class on Saturday, November 12**. The 50-minute class is designed to challenge participants of all fitness levels and will include a variation of exercises often used in military training.

For this specific class, all sessions will also be offered using body-weight based exercises, making it easy to execute in any setting.

I'd love to hear from those of you who also have **found ways to honor our Veterans**. And, **IF** you are a **Veteran**, I want to **Thank You for your service to America! I, for one, appreciate and am sincerely Thankful for what you have done by serving America!**

• **The Medical Fitness Association (MFA)** has teamed up with the **Clinical Exercise Physiologist Association (CEPA)** to form a

partnership benefiting the members of both organizations as they serve the general public. CEPA and MFA are both interested in developing and maintaining quality health care and an enhanced quality of life. The goal of this partnership is to further advance the clinical exercise physiologist (CEP) profession and further promote established standards and best practices for associated programs, personnel and facilities. MFA provides leadership in the industry by providing standards and guidelines for medical fitness centers, facility certification based on those standards and professional fitness center management credentials. CEPs often work in medically-integrated facilities as well as in a large variety of clinical settings such as cardiopulmonary rehabilitation and cardiac stress testing. For information on the MFA, go to [www.medicalfitness.org](http://www.medicalfitness.org).

• Let me mention and direct your attention **Below**, where our new **Contributing Author, ERIK CHARLES RUSSELL's Ad** for his book, **The Art of Selling Memberships**, appears. His book is an excellent guide to that process. So, check out Erik's Ad, and if you missed it in our **October Edition**, check out his Article on Membership Sales entitled, **Pain: The Missing Element In Your Membership Sales Process**.

• **JUSTIN and I want to say Thank You for reading CLUB INSIDER!**

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*(Norm Cates, Jr. is a 40+ year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now in its 24th 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](mailto:Norm@clubinsideronline.com))*



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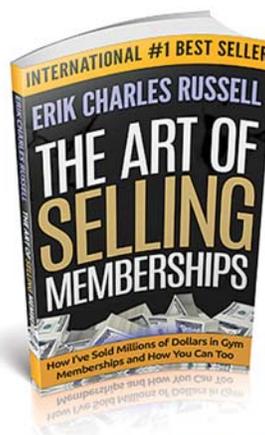
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## ...EHSC

continued from page 3

acquired by Compaq then acquired again by HP in 2002. By the time I left HP, I had responsibilities in Europe, in addition to the United States. I ended up leaving HP in 2009 to start GENAVIX, Inc. (See **Sidebar on This Page: GENAVIX and the Future of Industry Technology**).

**C.I.** - Please tell us about the original facility, amenities and programming when you bought the EHSC out of foreclosure.

**MB** - When we bought the business out of foreclosure, it was really a condominium of seven units. There was a nightclub, a restaurant, a hair salon and a travel agency, among other things. I bought all the units, including the health club, which had ten racquetball courts. In 1995, racquetball was just beginning to decline. As time went on, we turned the restaurant into our Upper Fitness Center, "UpperFit," which added 7,000 square feet of fitness space to the building. We took our two squash courts and turned them into a Pilates studio. We moved childcare to an area that was more accessible to the entrance and turned the old childcare area into a café. We then looked at trying to find ways to utilize and expand our racquetball usage. That didn't go well at all, so we started to consume the racquetball courts. We started with functional training, taking two of the courts and turning them into a functional training area. At that time, we didn't have outdoor facilities, so we looked to expand. So, from the very beginning in 1995, we started our renovations. We did something new every year; however, as our initial mortgage matured in 2011, we were in a position to expand. We worked with our local bank and refinanced, adding an additional \$4 million for expansion and renovation.

**C.I.** - Please take us through the major components of that renovation.

**MB** - In 2011, we really needed to do a major expansion. I was able to get additional land adjacent to our facility, and from 2011 - 2013, we completed our expansion and renovations. We took out six of the eight remaining racquetball courts and turned them into a full-service restaurant, conference room and medical facilities. We added an outdoor pool and four outdoor Har-Tru tennis courts. The medical facilities we added include an urgent care, occupational health, PT and Primary Care, among other preventative care offerings. We added family locker rooms, expanded our fitness area to include SYNRYG and group personal training with a new studio look and feel. Once the renovations were complete, we started offering things like a unique studio training and other specialized offerings within our four walls. So, times have changed, we have evolved and our facility has evolved to take advantage of current opportunities, both on the fitness side for families and seniors, but also for Millennials with the studios within a club option.

**C.I.** - When did the second location open? What gaps in the market place did this fill?

**MB** - We were looking to expand our reach, so we added our first Express Fitness in 2000. Originally, in our mind, it was going to be a hub and spoke. It was supposed to be a lower price facility, but we got a little bit derailed from that mindset after it went into operation. Today, it is very successful, and it is located about 10 miles from EHSC. We are just now looking at what we want to do with that brand for expansion, and we are looking at opening a second and third express center in the near future. What we found is that there is starting to be a real opportunity in between the HV/LP segment and the EHSC in our marketplace, so there are a few locations we are currently looking into.

**C.I.** - When and how did the Sportsplex (See *EHSC Page 12*)

## GENAVIX and the Future of Industry Technology

**CLUB INSIDER (C.I.)** - Please tell us about GENAVIX.

**Mike Benton (MB)** - As I grew professionally, I could clearly see the evolution of technology in our industry. At the same time, I could see how our industry really needed a new platform that supported health and wellbeing. So, everything kind of came together in 2009 --the Affordable Care Act, the advent of smartphones and apps, etc. -- when we started GENAVIX, and I could see a wonderful opportunity.

GENAVIX is a turnkey corporate preventative care wellness practice for use within the four walls of a fitness facility, like mine, a multisport facility. What it allows you to do is create wellness programs and corporate wellness programs so you have a B2B sale that is not membership-based. You can now do corporate wellness assessments and deliver programs and other one-on-one services. Our technology platform manages the whole practice, as well as the individual client's wellness plan.

**C.I.** - That sounds like a great revenue stream for a club to capitalize on.

**MB** - It's a wonderful revenue stream, and a lot of this came from the 2004-05 timeframe when the founding Planet Fitness was 2 1/2 miles from us. We were probably the first large, multisport fitness facility to feel the impact of a \$10 offering vs. our \$60 offering at the time. So, we really dove into asking ourselves: What's our major differentiator? What's our value? We didn't see changing our price, but what we did see was making sure we were differentiated. As we differentiated, that quickly led us in the direction of trying to understand what our members do when they are in our building, how we can create more value for them, and most importantly, how we can expand our other non-dues revenue. That's what led us, very quickly, into GENAVIX and the health and wellbeing space.

**C.I.** - Please discuss your thoughts on the future of technology in the health and fitness club industry. What do you envision? What do you see?

**MB** - I see a systemic way of tracking that is based on everything from wearables to beacons, so the information we can capture becomes a huge opportunity for people to monetize their activity in health care moving forward. One of the things I see is that everybody who is going to live an active lifestyle is going to be a lower risk in terms of insurance for health care. And, with the way the health care industry has evolved in terms of payments, the insurance carriers are looking for that healthier population because, if they can insure the healthier population, that will help take care of the sick population. So, by capturing that type of information, it gives an individual the ability to lower his own personal health care footprint and cost of health care. I think that's going to be a wave of the future.

Technology could also be used in future ways to generate new sources of revenue based on the information we capture on the activities and lifestyle changes of our members. The authentication of wearables, for example, to the individual being an important piece of that equation has real dollars tied to it. I also see the future of tracking what people do and keying on those things in different ways, virtually, all across the world through the use of technology.

**C.I.** - It's a brave new time.

**MB** - Yes, it is. One of the major points I'd like to make around this whole concept of health and wellbeing is that it truly does represent the other 83 - 85% or so of the population that we don't seem to penetrate. I think the time is now for us as an industry to become relevant in taking care of our communities as it relates to giving them these opportunities and also working at a B2B level with companies in our areas to support them in this process. The employer is now the new payer in health care, so they have funds and budgets for health risk assessments, wellness programs, etc. But, they don't have budgets for health club memberships, right? So, I think you will soon see a time where the membership folds into health care provided its utilization, and providers will become associated with the membership. Specifically, that's the focus of GENAVIX, making sure we can further that so health club owners can then take advantage of those opportunities in the future, both with technology and practice management.

The big change agent in all of this is technology. As we discussed before, with wearables, you can track everyone now. With an Apple Watch, they not only know what stores I walk into, but they also know my heart rate right now. They can tell me if I exercise or not, so in that regard, that information is available and there are now real, sizable dollars for people who live an active lifestyle. And, if you do get sick, your deductible could be a lot less than the person who isn't active. The key is this: before, there was no real incentive for a general population to get healthy. There was no financial impact if they did or didn't. That has changed, and now that

(See *GENAVIX and the Future of Industry Technology Page 12*)



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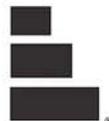
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## ...EHSC

continued from page 10

come about?

**MB** - In 2006, we had the opportunity to enter the sports arena market, and we ended up investing in something called the New Hampshire Sportsplex, which has six indoor soccer fields. The entity ultimately failed, but since we were investors and not creditors, we ended up taking the property over and running it ourselves. Long story short, we went through a restructuring process and ended up doing very well. We were able to negotiate a very good deal with the original and a new lending institution. You have to keep in mind that this was shortly after 2008, so the banks were more than happy to get cash out and turn it over to a capable operator.

After restructuring, my son, Justin, came back to the area and basically tripled the revenues at the Sportsplex. He did a phenomenal job, so much so that he now runs both the Sportsplex and EHSC. In the past year, he has added new programs and is now running a successful trade show operation out of the building when we have down time. He has brought in new staff and has a solid strategic plan with clear, direct growth for the future. We are now looking at expanding beyond just our Express model, and he is looking at implementing other creative ideas for all three brands. I've stepped away from full-time operations of the EHSC, Express Center and Sportsplex and have gone full-time to GENAVIX (See **Sidebar on Page #10: GENAVIX and the Future of Industry Technology**). As GENAVIX grows nationally, we always beta our new technology, programs and practices here in New Hampshire first. We then move to our larger network of 19 clubs in Massachusetts, New Hampshire and Maine, which now part of a national program.

## An Interview With Justin Benton, General Manager of EHSC and the New Hampshire Sportsplex

**CLUB INSIDER (C.I.)** - Please tell us about yourself: Where were you born, and where did you grow up? Also, where did you go to school, and what did you study?

**Justin Benton (JB)** - I was born and raised in the greater Manchester area of the State of New Hampshire. I was fortunate to have the ability of living here since I was young. I pursued higher education at Northeastern University in Boston, studying Business and Pre-Law, and I worked in the Boston market for about ten years prior to coming back to New Hampshire. Northeastern has a Cooperative Program (Co-Op) where, essentially, you go to class for six months, then you work in your field of interest for six months. Through that Co-Op Program, I was able to work for a startup company in the insurance consulting industry. At the time, we were one of the fastest growing companies in the country. It was called Crowe Paradis Services Corporation (CSPC), headquartered out of Reading Massachusetts. As a 20-year old, I got to do some things most 20-year olds don't get to do. I managed a department of about 50 people and a substantial P&L for the company. We were able to grow the company 300% year over year. I was Employee #5, starting as an intern, and when I left, we had over 250 employees and I managed one of the company's most successful divisions. The business was later sold to a company out of New Jersey called Verisk Analytics (VRSK).

**C.I.** - When and how did you get involved in the health and fitness club industry?

**JB** - From the startup company I talked about, I went to work for a publicly traded telecom company called Black Box Network Services (BBOX). I worked for the government services division, so I bid on large government telecom projects (See ***EHSC Page 14***)

## GENAVIX and the Future of Industry Technology

continued from page 10

it has changed, that has created the opportunity for our industry to address the other 83 - 85%. The wakeup call here is that our health care system also gets it, and they are starting to aggressively move on it.

So, there are new changes going on in our industry that we need to be aware of, and it is centered on the other 83 - 85%. It's no longer, 'I'm working out for fun,' or 'I'm working out because I want to look good.' *Now, you should be working out if you want to save money.* And, in our country, if you want to change something, you hit them in the wallet, right? That's where I see opportunity. Whereas 20 years ago, we saw the opportunity, but there was just no market driver or motivation for anyone to make the change. Now, you are getting told by employers and their insurers that you could be paying 30% more in health care costs. Or, you could be paying \$5,000 for a deductible instead of \$3,000 for a deductible. Well, that \$2,000 is a family vacation.

Those changes are why I feel the other 83 - 85% is going to begin paying attention. The question then is where will they go? Are they going to come to a commercial club and view us as a solution? We hope so. Or, are they going to go to other locations, such as new integrated wellness centers inside hospitals, which are popping up all over the place? This is important because the health care system is in the process of changing the conditions in which reimbursements occur. There are currently two methods: *Fee for Service* and *Fee for Value*. Fee for service is centered on the idea that I provide services, and you pay for those services whether you needed them or not. That's the old model. The new model is: if I am a doctor, and I have a patient who comes in and his results have not changed after a year, I don't get paid to see him. So, fee for value says you bought something, and I improved your outcome because you bought it. If that's the future, you can clearly see why the health care industry sees preventative care as the future, and they are going to enter that space. The minute they enter the preventative space, they will be looking at treadmills and other equipment. It's a great thing if you are an equipment manufacturer; you are broadening your market. But, if you are an independent health club owner, you want that community partnering with you.

For example, in our facility, years ago, we were only a multisport facility. Today, we have urgent care, occupational health, physical therapy and primary care physicians, all within our four walls. This is all because I partnered with health care instead of allowing them to open their own facilities against me. So, that's what we have done here because GENAVIX provided the opportunity to really dive into the Affordable Care Act and take a look at the opportunities that were there. We saw early on that we should be partnering, and it has worked out really well here.

**C.I.** - How does EHSC approach corporations?

**MB** - We do a lot now with employers at the B2B level. When we sell, we sell the corporate wellness offering. So, when we go into a company, we don't talk about memberships, but instead, we talk about being their corporate wellness provider. Things like assessments are done 360 days a year, not just four times a year, so employees can come in to be assessed at any point. Once they are assessed, unlike the hospital system, our software codes them as red, yellow or green, and we can immediately put them into a program. We ask the employer to subsidize the wellness programs that provide the individuals who are willing to do the work with measurable outcomes, such as lowering weight, lowering cholesterol, lowering LDL, and so on and so forth.

The end result is we have a complete turnkey corporate wellness offering. We now go out to companies, and companies now send their employees to us. They also send their employees to do group exercise and other things. This has extended our corporate offering now, as it relates to other relationships. And, the fact that we have these medical connections also creates the opportunity for us to create what we call a *Restricted Network* where there are lower cost services at our urgent care for companies if employees tend to use them. There's zero co-pay, which we call *Member Medical*, compared to going some place else where there is not only a co-pay for the employee, but then, there's also additional costs for the employer. If the employer is self-insured, everyone loses if they go there; so, they are better off coming to us.

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## ...EHSC

continued from page 12

throughout the world. It was completely unrelated to health and fitness, but during that time, my father and the General Manager at the time asked me if I would have an interest in coming back and working in the family business. My father had just gone through the restructuring of the Sportsplex, and after examining the opportunity, in 2011, I made the decision to come back. The Sportsplex had just come online as the third entity in what my father was doing. I saw it as a great opportunity to get back into one of the passions I had growing up, which was sports, and I really had the desire to run a business after my entrepreneurial journey at CSPC. At the time, I was ready to get married, so my wife and I decided to come back to the New Hampshire area. She is also from here and grew up here, so the transition in 2011 just made a lot of sense.

**C.I.** - We discussed the large renovation that occurred in 2011 - 2013, so let's discuss the EHSC today. What is now the square footage of the EHSC? How about your other business entities?

**JB** - Altogether, the EHSC is about 120,000 square feet. That's not including the expansion of the pool and outdoor tennis courts. The New Hampshire Sportsplex is about 170,000 square feet. That complex has two buildings, and it includes a full indoor football field, a bar and grill, office space, a sport court, a play center and three additional boarded fields with retractable batting cages for baseball and softball.

**C.I.** - Please tell us about any additional amenities and programming of the EHSC not already discussed.

**JB** - We have three indoor tennis courts and four outdoor tennis courts. Inside, we have a 1/8-mile track and several different studios, some for functional training, others for group exercise. We have a full-service

commercial kitchen and restaurant, as well as a smoothie and healthy snack bar we call *Healthy on the Fly*. On the programming side, we have several tiers of memberships, but with our standard membership, we offer over 100 group exercise classes per week. We offer a big variety of programs, such as Barre, various Les Mills programs and Staby Yoga, which is new to the New England area.

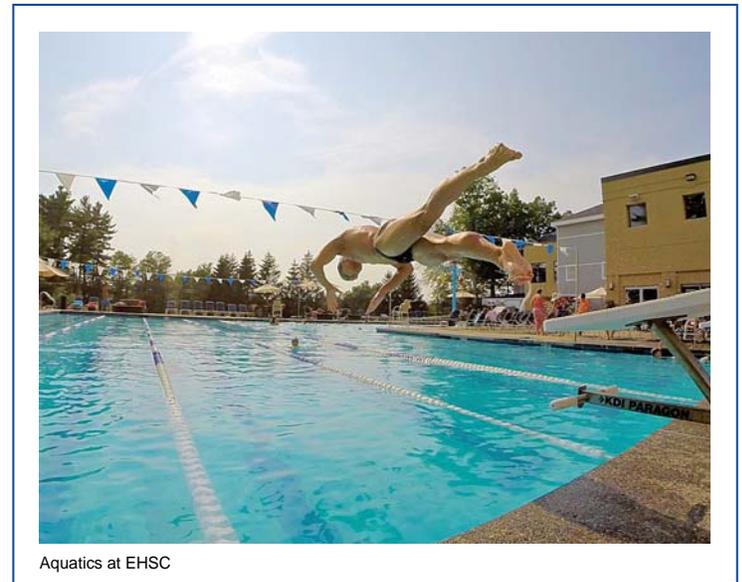
### Key Differentiators, Mission and Beliefs

**C.I.** - As we have discussed, the EHSC has a great breadth of offerings across many disciplines. Please elaborate on the top three you feel best differentiates your company in the market place.

**JB** - Absolutely, here are a few points:

- I believe our value proposition is that we are a high-end, one-stop shop for active lifestyle solutions, and those solutions can come in many ways, shapes and forms.

- We address community lifestyle management through providing our health and wellbeing preventative care component through GENAVIX and their *HealthyCARE*® offering. I believe that GENAVIX is a huge differentiator for us as a club. We do have competition in the area that we have coexisted with for a long time, but in the end, it has really helped us talk to potential members who might go elsewhere and represent a larger market share than the 17% of GYM goers. We may ask them, 'What brought you in today?' They might answer, 'I'm looking to drop weight,' or this, or that... 'Okay, why?' and the GENAVIX sales process kicks in. We assess everyone that joins, and our assessment includes goal setting and health risk factor measurements using the *HealthyCARE*® assessment process. In most cases, we receive insurance reimbursement for our one-on-one and group Registered Dietician services. We also receive program reimbursements from



Aquatics at EHSC

employers directly and with insurance carriers where we have contracted directly for our programming and wellness coach services. This biggest change is employers are now incented to send their employees to us for our *HealthyCARE*® services and programs. This sort of value proposition has really changed the conversation when you are trying to close a new member and helps bring in the other 83% who are typically not intrinsically motivated to join our club and need the extra support and structure.

- We also have integrated partnership offerings in the community that really help attract companies, such as our minor league hockey team, the Monarchs; our minor league baseball team, the Fishercats, and our local healthcare community. Traditionally, I am sure other large multisport health and wellness centers would agree that it's no longer possible to attract your offering to 100% of the membership market, so differentiation is key. This is especially so when you are looking at the HV/LP options out there. A company may reimburse their employees for a membership to a club in this segment because it's low cost, but they now desire family or employee benefits, such as programs and services through health insurance reimbursement, and this is where we can now differentiate. To my father's point, now and into the future, employers and employees will and are seeking outcomes and results, not just the membership.

**C.I.** - Let's discuss EHSC's Missions and Beliefs: EHSC's Mission is, 'to educate our community in a fun and social environment to compete and stay healthy for life.' Can you elaborate on this?

**JB** - All the key elements in that one

sentence --community, fun, social, compete, healthy-- are what we are all about. In the end, it's not just about health. It can be about having fun and being social. So, people say, 'Justin, that's great that you have a commercial restaurant, but when I get done with my workout, is a beer part of my wellness?' I would say, 'Absolutely, that's what we call social wellness (laughing).' It's not just about the efforts to keep yourself healthy, it's about the effort to keep yourself happy, too. Sometimes, we joke that we are a country club without a golf course, and that's a good place to be! We want you to stay healthy and happy for life!

**C.I.** - EHSC also roots itself in the belief that, 'Your health is your wealth.' Can you also elaborate on that?

**JB** - That goes directly back to the preventative care space. When you have something serious that happens from a health standpoint, nothing else really matters in your life. So, in the end, your health is your wealth because you need it to really do anything else that you enjoy doing, want to accomplish for your family, your legacy or anything else you are working on in your life. That statement seeks to hopefully get people to think about that, especially that 83 - 85% population. We are saying to them: 'We will help you. We will help you get there because we understand the journey is more important than the destination because it's life long.'

### The EHSC Membership

**C.I.** - Let's talk about your membership: What is the price point for your various membership options? And, do you charge an initiation fee? If so, how much is it, and is it ever discounted?

**JB** - On the personal side: For families, which is really our core in terms of whom we hope to attract, we have a *Premier Family Membership*, that is \$230. That's all (See *EHSC* Page 18)



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## ...EHSC

continued from page 14

in and includes everything. This goes down to \$85 for an individual if they are just looking for a basic, what we call our *Value Membership*. So, we have two basic tiers: Value, starting at \$85, and Premier capping out at \$230 per month. For corporate, we try to go through the programming route where you get the membership built in. We call it *HealthyCare™*.

We have a \$250 initiation fee, which we don't like to waive very often. We want people to commit in that capacity.

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

**JB** - We have about 6,000 members, and that includes Express Fitness, which makes up about 1,500 of those. Between the EHSC, Express and Sportsplex, we see about a million customers a year. Some of that has to do with our running expo type events out of the Sportsplex. So, for instance, coming up in mid-November, we will be doing the New Hampshire Auto Show where we've partnered with the New Hampshire Auto Dealers Association, and *Motor Trend* will come in to produce the show. We do some out-of-the-box stuff like that, so through our doors, it's about a million people per year.

**C.I.** - Please take us through the onboarding process for every member. What does the assessment consist of and can you take us through a typical assessment?

**JB** - It's one of those things where, no matter what membership you buy, you have access to this. We use the portal-based software GENAVIX provides to bring the customer through each step. That includes filling out a health risk assessment, which is online, and it is put into a profile the customer manages. We tell all customers that this is their data. If they move from employer to employer, they can keep it

and transfer it, which is a big deal. This process begins when they leave the sales office after hopefully completing the sale. We give them their key tag and set up a time for them to come do their assessment. Typically, we like to schedule a time early in the morning because there is a fasting component to it for a blood lipid profile.

There are a few different models that clubs use, and we use the personal trainer model. So, our personal trainers actually deliver the health risk assessment. It's about a 45-minute process and includes the blood testing, the sit and reach test, functional movement screening, BMI measurement and all the metrics you would want to know and start with for a baseline. From that point, it's a great lead tool for our personal trainers. Based on these results, they are categorized as green, yellow or red. For the folks who fall into the red category, we try to push them into something like our *Commit to Get Fit Program*, which is a 90-day program that helps people change their lifestyles (one hour of education and behavior modification), along with trying different areas of the club during the 13 weeks of the program. So, in Week 1, they may be doing spinning; Week 2, Yoga; Week 3, swimming, etc. It really helps integrate new members into the club. For the yellow category, we would offer a similar type program. Then, if they are in the green category, they are a perfect candidate for our private, semi-private or group training, getting them to jump right in with the personal trainer who did their wellness assessment.

**C.I.** - How do you go about tracking member progress towards their goals utilizing assessment data?

**JB** - If the member opts for the *Commit to Get Fit Program* I mentioned, they begin with the wellness assessment. Then, after 13 weeks, they do a follow-up assessment, which provides the results. We use our \$6 million portal to capture all of the data. Those results are reviewed, and the member



Kid's Camp at EHSC

is rolled into a maintenance-type program selected from other programs in the club where they can continue to work to improve or maintain their numbers. With some of our corporate offerings, it's more than just one assessment. It would be as many as the employer directs us to provide so they can understand and/or submit information to their insurance carrier. And, really, if the member wants to do an assessment every couple of months, they can, because it is offered as a standalone sale as well, not just integrated with memberships or programming. The key to it is that the data belongs to the member.

### The Manchester Community

**C.I.** - Please describe your market demographically, as well as the local competitive environment.

**JB** - The numbers may have changed a little bit, but there are just over a million people in the State of New Hampshire. We are located in the largest city in the state, Manchester. We are located directly next to Bedford, which has some of the highest median household incomes in the State. We are also located next to the Manchester Airport, which is nice because of the access in and out of the State. The Sportsplex is three miles from EHSC. Express Fitness is about ten miles away, and it helps us attract customers north of I-93 into the Concord region, which is the Capital of the State.

We talked a bit about our value proposition, so obviously, that will be a bit different than the direct and indirect competitors we have. We have Planet Fitness, Anytime Fitness, the Y, a couple of other independent operators, and of course, the studio concepts. But, the main one we talked about previously is Planet Fitness, with their location here being the founding Planet Fitness in the nation. We had to

deal with that. Talk about a disruptive business model; they are a great example of that. Now, what GENAVIX is doing is trying to turn that on its head because it is disruptive as well (See **Sidebar on Page #10: GENAVIX and the Future of Industry Technology**).

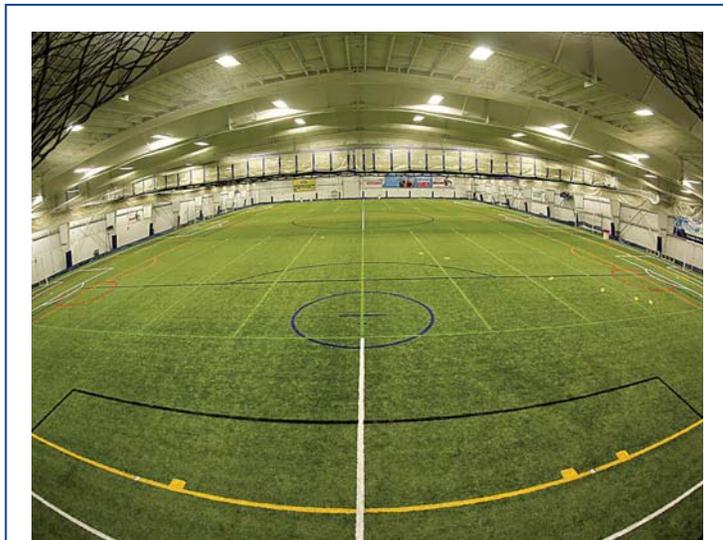
**C.I.** - EHSC has received New Hampshire's Best of Business Award, presented by *New Hampshire Business Review*, seven straight years. Please tell us about that.

**JB** - The award is voted on by people in the state. It's run through one of the biggest media companies in our state, so they do polling in a lot of different industries. We've been fortunate enough that the general public has voted us best in the state for the past seven years. I equate it to our members; we have some phenomenal members. And, I equate it to our staff; we are continuing to build and have a phenomenal team. So, I really owe it to those two groups.

**C.I.** - In what ways does EHSC interact with and participate in the community?

**JB** - We do a lot of charitable giving. We donate family memberships and those types of things to a lot of different causes. We also actively put on charitable events. Every year, at the New Hampshire Sportsplex, we do a giant Easter egg hunt to benefit Batters Disease. The son of a local family in the greater Bedford community passed away from the disease, which is a neurological disease where your life expectancy is extremely short, so he died when he was 7 or 8 years old. It's a disease that is not talked about a lot, so 100% of the proceeds go to that cause. We hold a race every year called the *Hula Hustle*, where everyone puts on their hula skirts and runs a 5K or 10K. We've been doing that the past 12 years, and 100% of the proceeds goes to New Horizons, which is the soup kitchen in the State. So, we actively get out there, get involved and utilize our facilities

(See *EHSC Page 19*)



Indoor Fields at the New Hampshire Sportsplex



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**...EHSC**  
continued from page 18

for those kinds of events, as well as donate our services and/or products to those kinds of events. Also, my father is the Chair of the American Heart Association for the State of New Hampshire, so he does a lot of work with them.

**C.I.** - Please tell us about the tie-ins with the local sports arena and sports teams.

**JB** - We have partnerships with Minor League Baseball, the New Hampshire Fishercats, and Minor League Hockey, the Manchester Monarchs, so we do a lot of community development with those groups. We also have tie-ins on a certain level to the New England Patriots and Boston Red Sox. But, because we are in New Hampshire, we try to focus on the minor league teams that really affect our community within a 25-mile radius.

**C.I.** - What benefits has the EHSC received from IHRSA membership? Is EHSC involved with any regional associations?

**JB** - IHRSA is a truly great Association. I've attended IHRSA since I came on here five years ago. I always take something away from the trade shows that they do. They are really a big part of moving our industry forward and in the right direction. From a membership standpoint, we utilize the Passport, and we get some guest visits here and there from people popping in. Ultimately, though, it's the knowledge sharing that is the true value of the Association. I can't thank IHRSA enough because I don't think we would have some of the things we have today. From a regional perspective, our Fitness Director, Joe Colotti, sits on the Board of NEHRSA. We've participated in the golf tournament they do and some other local things they do in New England.

**C.I.** - What is on the horizon for EHSC in the next 3 - 5 years?

**JB** - We want to continue to progress in the preventative care space, which we talked a lot about. We are actively looking to acquire the next good site to continue to push our active lifestyle solutions. We want to continue to ensure in everything we do that we are fun, social, entertaining and helping people through their life stages. And, we will continue to do the community activities we talked about, whether it be commercial events or charitable events, as well as partner with community resources.

...

Thank you very much to Michael and Justin Benton for their time interviewing with **CLUB INSIDER** in order for us to share their story and exciting developments in New Hampshire. As with all of our cover stories, we hope you have found at least one solid take-away you can use in your own operation. Thank you for reading.

*(Justin Cates is the Assistant Publisher of CLUB INSIDER and can be reached by phone at 423-314-4310 or email at Justin@clubinsideronline.com)*

# Growing Your Club Business By Acquisitions: Some Things to Consider

By: Dr. Art Curtis

You have built a successful club business, a solid business model and a strong management team, and you have access to capital. You are considering ways to grow your business. Your choices include expanding your existing clubs to serve a larger membership base, adding additional services to grow your revenue per member, expanding your market area by building new clubs, buying existing clubs or some combination of the four. In this article, I will focus on some things you should consider when acquisitions are part of your growth strategy.

## Finding The Right Acquisition Targets

It takes discipline to find the right acquisitions. Not every acquisition candidate will have the same potential to add value to your business, and selecting the wrong acquisition could easily become a detriment to your business. Defining and finding the right acquisition targets is a critical element for successful acquisitions. You should have a written plan that clearly articulates why you would consider an acquisition along with your specific objectives for executing an acquisition strategy. And, potential acquisitions should always be evaluated against those criteria. Remember to include cultural fit as a part of your criteria. Too often, deals fail because the two organizations do not share the same or similar values, this is especially true when acquiring a competitor.

Most successful acquisitions are based on a combination of the following criteria:

**1. Taking advantage of synergies that allow the company to increase value to a level that is greater than the sum of its parts.** Examples of synergies could include eliminating redundant expenses such as corporate overhead; achieving greater economies of scale by improving buying power; leveraging variable expenses (i.e., marketing, training, etc.), thereby becoming more efficient; and adapting best practices among the combined companies.

**2. Accelerating growth rate by eliminating the time associated with finding and developing new locations.** If the club being acquired has service offerings or talent that are currently unavailable in your clubs, it can accelerate your ability to grow your existing business.

**3. Improving the return on invested capital vs. other alternatives.** Capital

costs could be lower if the acquisition has favorable lease terms, is in good condition and/or can be purchased below current replacement costs for new construction.

**4. Risk profile can be reduced by acquiring locations with existing cash flows,** mitigating some of the risks associated with the negative cash flows associated with ramping up a new location. This is especially true when entering a new market where the buyer may not be as familiar with the nuances of the market and/or there are established competitors.

**5. Financing may be easier if the club to be acquired has demonstrated stable financial results.** Lenders and investors may be more comfortable with real financials rather than projections based on a business plan alone. In addition, seller financing becomes another potential source of funds.

**6. Elimination of a competitor** in one of your existing markets can help to strengthen your competitiveness among the remaining competitors by increasing the size of your footprint in the market and increasing market share.

Rating potential acquisitions against these criteria can help you maintain your objectivity when considering different possible acquisition opportunities.

## Executing a Successful Acquisition

Finding the right acquisition target does not guarantee success. Many acquisitions that fail do so due to poor execution after the selection has been made. While every acquisition is unique, with its own nuances, there are a number of basic components that are needed to be successful.

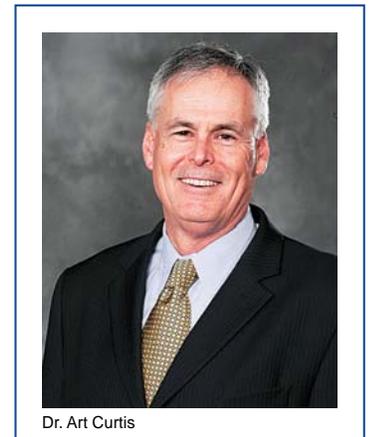
**1. Successful acquisitions are a team effort.** Make sure your internal team (operations, sales, marketing, finance, programming, etc.) is up to the task. Acquiring another club business is no small task and can be very disruptive to your core business, both during the diligence process as well as after an acquisition is completed. In addition, buying a business will require a team of professionals with specific expertise in a variety of disciplines, including legal, financial, regulatory, real estate, valuation, insurance, human resources and physical plant. When assembling your team, avoid generalists and focus on professionals with relevant experiences in buying businesses.

Much of the work they will be required to do during the diligence process is very technical and specific in nature.

**2. Value Creation and Integration Plans** should be in place **before** the acquisition is completed, along with a Transition Team that is tasked with executing the value creation plan. All too often, the acquiring company is so focused on "the deal" that they do not take the time to get properly prepared for what happens immediately after the sale is completed. Acquirers in the most successful deals have very specific, well-articulated value creation ideas that are ready to be implemented as soon as a transaction is completed. These ideas are based around exploiting specific synergies available to the combined companies.

Unless you plan to operate the acquired business as an independent "stand alone" business unit with its own management team and back office, then you need to have a detailed Integration Plan, including a well thought-out Communications Plan for how you are going to integrate the acquired business into your existing organization starting on day one. The remaining employees of the acquired company are going to want to know what your plans are for the future, if their jobs are secure, how they will be paid, if there will be any changes to their benefits and how they will be held accountable for their work. The members of the acquired club will also want to know your plans for the future. Will there be changes to services and dues, etc.? You have one chance to make a great first impression on your new employees and members, so it is important to get this right.

**3. Negotiating an Appropriate Purchase Price** is critical to a successful acquisition. If you overpay, you will potentially set the stage for poor returns on your investment. If you are not willing or able to pay an appropriate price, you may lose the potential value that could be created by the combined businesses. It is important to understand how valuations are determined and the factors that impact valuations. Frequently, there is no one single valuation method that will provide the answer to what is the value of the business to you. It is critical that you understand current multiples for acquisitions similar to the one you are considering, have realistic expectations and timeframes for value creation and are able to support your assumptions during the diligence process. In the end, you will need to make a judgement on the value of the business to you based on the available information. Having someone on your



Dr. Art Curtis

team who is knowledgeable about recent valuations in your market segment and who can help you be realistic about the potential for growth can be very useful by helping you maintain your objectivity when negotiating price.

**4. Create the right financial structure for your business.** Structures will vary for different organizations based on the financing options available, from simple debt and equity to more complex layers of debt and equity. Some of the key factors that influence a structure are the size and complexity of the transaction, the buyer's cash position, the terms of the purchase agreement and the market conditions for financing. You will find that having experienced financial and legal advisors is invaluable in helping you work through this process.

**5. Conduct a rigorous Due Diligence process.** This is an important tool for reducing the risks associated with completing an acquisition by systematically researching and verifying the accuracy of information provided by the seller. It allows you to insure that your assumptions for value creation, many of which are based on the information provided by the seller, are valid. The following is a list of the categories of information that should be reviewed as part of the diligence process:

- Corporate Documents of the Company and Subsidiaries;
- Material Contracts and Agreements;
- Litigation: past, present and potential future;
- Employees and Related Parties Financial Information;
- Financial and Membership Information;
- Property Related Information;
- Taxation;

(See Dr. Art Curtis Page 27)

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# People Management Begins Before Your People Are Hired

By: Bill McBride

What is most important in people management? *Finding the right people to manage.* It seems obvious, but we don't always spend the time attracting the right people for our business objectives and ensuring the people we hire are set up for success. In this article, I'm going to share an approach to *People Management* we use at Active Wellness: **Authenticity, Selecting, Interviewing, Hiring, On-Boarding, Training and Managing People.** Before we get into the details of process, let's discuss some personal experiences I've had.

I grew up in Fayetteville, North Carolina, born to two wonderful lower-middle class parents. My Mom was a German immigrant that my Dad met while stationed in Germany as a young enlisted (non-commissioned officer) U.S. Army soldier.

My Mom mastered English, earned her real estate license and became a top producer, all while raising three children while my father served in the military. She later went on to own her own residential real estate company.

My Dad achieved the rank of Command Sergeant Major (CSM) of the 82nd Airborne Division. He served two tours in Vietnam, was the CSM of the Demilitarized Zone in South Korea, parachuted into combat in Panama and served the remainder of his career in Iraq (Desert Shield). I won't go into the countless medals he earned in his 35-year career, which was extended by Congressional approval.

Why, you might ask, am I sharing my parental pride stories? I'm sharing because, when I think of *People Management*, I connect it to the way I was raised. My parents set expectations, taught me life lessons, provided me feedback throughout and held me accountable to the standards and values they demonstrated daily. It was never easy, but my parents always ensured there was clarity in what they expected from me and led by example. This is also one of our greatest contributions to our teams; clarity and role modeling the character and behaviors we hold dear.

That brings me to the art and science of people performance. Here is my 7-step process to *People Performance*.

**Authenticity:** You have to be authentic, transparent, open, honest and CLEAR. This is critically important regarding the roles you are hiring for. You must know who you are, who your organization is, what you stand for and what you won't stand for. You have to truly believe in your purpose and core values and be able

to articulate why you do what you do and why your organization does what it does. The more commitment and passion you have around your purpose, the easier it is to attract people that, as Simon Sinek shares, "Believe What You Believe." This is a foundational and critical component of successful people interactions.

1. Share your vision, mission, purpose and values with every applicant.

2. Tell a story or two about why you and your organization do what you do.

3. Be focused, be clear and over communicate the expectations to join your team.

4. Provide a realistic job preview from the hours, stress and demands of the job, or lack thereof, so the applicants have clear expectations of the positives and negatives of the position.

**Selecting:** There is a saying, "Hire Slow and Fire Fast." The more methodical your hiring process, the less errors you will make in hiring the "wrong" person for the role at hand. I'm a firm believer in having a structured hiring process. This is a huge responsibility, not only for your organization's best interest, but also for the applicant's best interest. No one wins when we hire someone and the person doesn't work out.

1. Require a cover letter and resume.

2. Make sure you obtain a writing example, either through email correspondence or a short writing assignment. A good drill is to ask for a 1-page summary of what they know about the company and the role they are applying for.

3. Consider using a Work Style Assessment of some sort (D.I.S.C. / P.A.E.I., etc.).

**Interviewing:** This is a serious matter, not to be taken lightly. Your professionalism, preparation, seriousness of the role and your organization's success are shared through the interview process.

1. Have at least a 3-step / three interviews (at least three people) hiring process with the number of interviews the candidate will complete.

2. Have a set list of interview questions; don't wing it. This will allow you to compare candidates based on objectivity along the way. It is tempting to "like" a candidate, and then, the "halo" effect of the "like" masks critical, objective traits necessary to equally compare applicants.

3. Ask experience-based questions, such as:

- Tell me about a time...
- Give me an example of when you had a conflict with another co-worker...
- Share an example of when you...

4. Have an interview sheet that captures other aspects of the interview process:

- Applicant was on time;
- Applicant was dressed professionally, and;
- Applicant was smiling and engaging.

5. Conduct a live tryout for the role you are hiring for or let them loose on your fitness floor to engage and interact with members. Seeing them in action will solidify your culture fit decisions.

**Hiring:** People selection is a 2-way street. You are selecting the person, and they are selecting you and your organization. You want consensus from the interview team, and you want the applicant to have shown that they want the job. You want them following up. You want them proactively trying to convince you of their ability to contribute to the organization. You don't want to have to sell them on the job *and* company. You want it to be a mutual desire to be in a relationship with one another, creating a win-win.

1. You want consensus among the interview team.

2. You want to check the applicant's references.

3. You want to have any open questions needing more clarification covered before extending an offer.

4. You want to provide a professional offer letter and compensation plan upon making the applicant a job offer.

5. You want the job offer to be contingent on a formal background check (depending on role and organizational guidelines).

There are traits that can be learned and traits that a person must come with. Use a chart during your hiring process that makes it clear that they have the traits you require. Some examples of those include: *Integrity, Goal Orientation, Positivity and Broad Thinking*, to name a few.

**On-Boarding:** So, the applicant has accepted the offer and you have a start date scheduled. Now is not the time to stop short. Now is the time to adequately prepare for the new applicant's arrival:

1. Have their tools ready and waiting for



Bill McBride

them: uniform (if applicable), nametag, business cards, phone and computer (if applicable), voicemail, email, workstation, locker (if applicable), etc. Be ready for their arrival.

2. Have their first 2-week training program mapped out on paper so they know what to expect.

3. Have their new hire paperwork, handbook and schedule ready to go.

4. Introduce them to co-workers. Explain the club logistics: where to eat, park, etc.

5. Make them welcome and comfortable.

If you are disorganized on Day 1, you will be setting an example of how you manage the business and indirectly showing you don't have value and respect for the person and their role. You cannot recover from being sloppy on this. Stephen Covey says, "You can be efficient with things, not people... you want to be effective with people." Respect and care can be a task.

**Training:** Another saying, "It's better to train someone and have them leave, than to not train them and have them stay." You have to have a clear and thorough training program for your team members:

1. The training checklist should be typed out and clear.

2. You have to check in on the training milestones: "Inspect what you expect."

3. After initial training, there should be an ongoing training calendar for team members.

**Managing/Performance Management:** Ongoing support and structure for your team members is important to have  
 (See Bill McBride Page 23)

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**...Bill McBride**

continued from page 22

continued improvement and progress towards the organization's strategy and goals. There are two primary aspects of performance management, in addition to regular one-on-one check-ins and reviews.

1. 30/60/90 Plan so the team member is clear on what they should be working on.

2. Knowing where issues come up in managing team members. They tend to be around one or more of these six areas:

- Goals;
- Training;
- Relationships;
- Feedback;
- Motivation; and
- Accountability & Performance.

When you have performance concerns with a person, it is typically a result of a breakdown in one or more of these aspects of their work situation.

3. Ongoing Reviews:

- Regular one-on-one meetings (weekly or monthly) - These can be quick 15-minute catch-up sessions, a time to set

expectations and goals to ensure alignment with overarching departmental strategies and to help employees stay on track.

•Less formal quarterly - "Here's what I like; here's what I want to see."

•Formal annual reviews - *Caveat:* Annual reviews are somewhat meaningless without ongoing feedback and regular check-ins. There should be no surprises on an annual review if you use them.

If you would like more detail on any of these seven areas or the actual tools to implement this *Performance Management Process*, feel free to contact me directly at [BillMcBride@BMC3.com](mailto:BillMcBride@BMC3.com).

*(Bill McBride is a health club industry veteran with over 25 years of experience leading and managing all aspects of commercial health clubs, medical fitness centers, community centers and corporate fitness centers. He owns BMC3, a health club consulting company and is a partner, co-founder, President & CEO of Active Wellness, d/b/a Active Sports Clubs. Bill has served as Chairman of the IHRSA Board of Directors and is actively engaged in industry education and speaking on industry topics throughout the world. Bill can be reached at [BillMcBride@BMC3.com](mailto:BillMcBride@BMC3.com) or 415-299-9482.)*

**Hurricane Matthew Forces Reschedule of Tennis Technology Conference & Expo**

**HILTON HEAD ISLAND, S.C.** - Professional Tennis Registry (PTR) announced that, due to the impact of Hurricane Matthew on Hilton Head Island, it has rescheduled its inaugural Tennis Technology Conference from November 3 - 4, 2016 to May 4-5, 2017 at the Marriott Resort Hilton Head Island.

The Tennis Technology Conference will feature interactive sessions covering the latest developments in products and software to help tennis coaches and club directors and managers to integrate this technology to run their businesses more effectively. Some of the topics that will be covered include: Software Integration for Clubs, Digital Marketing, Match Analysis Video Software, Teaching Apps, Green

Initiatives, On Court Technology, Racquet Technology with Software Integration and more.

The Expo will allow coaches to learn about various products and find what will work best for their specific needs and budget. There will be the opportunity to demo on court as well. Show Specials will offer great discounts to attendees.

"Staying ahead of the curve is vital," said Dan Santorum, CEO of PTR. "That is why PTR has created the first tennis conference dedicated solely to the innovations and technology that will help grow the game."

For additional information and registration, please visit [bit.ly/clubinsider17](http://bit.ly/clubinsider17).



# Competition: The Cutting Edge of Business

By: Stephen Tharrett and Mark Williamson

*"Competition in business is a blessing, for without it we wouldn't be motivated to improve."*

- Nabil. N Jamal, Management Consultant

## Competition and What It's All About

Henry Ford, Founder of Ford Motor Company, said that competition was the *keen cutting edge of business*. His interpretation was that competition drove businesses to improve their value proposition, enhance their business efficiencies, and ultimately, generate temporary business monopolies. Joseph Schumpeter, a 20th Century economist, saw competition as one of the storms of creative destruction, along with movements in the cultural and economic climate. Schumpeter saw these creative storms, competition being one of them, as essential to capitalism.

Business leaders such as Henry Ford, Steve Jobs, Tom Peters, Jack Ma and Jeff Brazos might declare that competition is the "growth hormone" for creating a thriving business. Others, most likely leaders whose businesses no longer exist, might feel competition is the unwanted storm that demolished their business, or as John D. Rockefeller, Founder of Standard Oil said, "*Competition is sin.*" What we do know is that competition is inevitable, and as business leaders, it can be used to sharpen your fitness business or be the arrow that brings your business to an untimely end.

### Who Are The Competitors?

Competition abounds, appearing in many forms, some well-known and others less known. If you operate a fitness business today, the most well-known competitors are abundant, and often, overwhelming. Among the more obvious of these competitors are:

**Budget Clubs** offer low price points that many in the fitness industry believe are the ultimate enticement for consumers. Since 2008, budget clubs have been one of two competitive forces to significantly transform the fitness industry landscape.

**Fitness Studios**, whose highly-specialized, high-touch and tribal experiences are seen as expunging some of traditional club's big spenders and prospects. Not very old, the studio industry has become a competitive storm to shake the foundation of the traditional fitness club industry.

**Non-profits**, such as community recreation

centers, university-based recreation centers, YMCA/YWCAs and JCCs, are seen by traditional operators as having a competitive edge due to their tax status. Over the past several years, the industry has seen local communities and universities invest enormous dollars into state-of-the-art facilities that many operators feel overwhelmed by.

**Fitness Applications and Wearables** are new products that offer consumers a means to construct a fitness program, then monitor it wherever they are. Many operators see this as direct competition to their ancillary fitness offerings.

**Big-box Fitness Operators (e.g., mid-market, premium or luxury)** - These "big boys," whose size affords them distinct cost efficiencies and the ability to invest more in their facilities and people, are seen as fierce competitors by many independent operators. With recent mergers and sales, and more on the horizon, the prospect for even larger competitors looms.

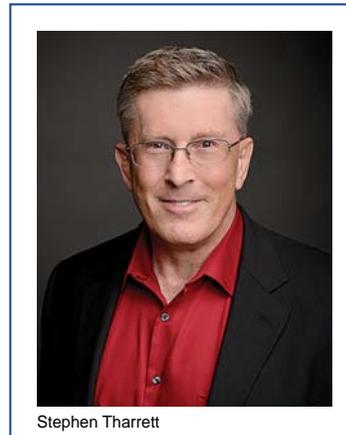
**YouTube and Other Online Platforms** are easily accessible platforms that offer real-time streaming fitness programs consumers can follow at home or on the road. For Millennials, this can be an attractive alternative to commuting to the nearest fitness facility.

If these well-known competitors weren't enough to cause fitness operators to have sleepless nights, there are other competitors lurking in the shadows, often sneaking up on us when it's too late. James Altucher, a hedge fund manager and entrepreneur said that competition is not so much other people and businesses, but more frequently, the time you kill, the ill feelings you foster, the knowledge you ignore, the relationships you fail to make and the inability to innovate. Among the most common of these lesser-known competitors are:

**Complacency** causes businesses to wallow in their past successes, not to mention in the, "we have always done it this way," syndrome. Complacency results in businesses failing to innovate, and as a result, falling behind.

**Arrogance** in business is the equivalent of a narcissistic individual; it causes businesses to dwell on the superficial aspects of their business rather than explore their inner workings. Arrogance says we are already the best, and therefore, why change or worry about external competition?

**Fear of Change** - Most businesses, or at least the people within the businesses,



Stephen Tharrett



Mark Williamson

often fear change. Change often means forgoing comfort and security and venturing into waters less familiar. When change leads to discomfort and anxiety, it can cause businesses to fall prey to other competitive forces.

**Cultural Paradigm Shifts** - When consumers purchase products and their experiences change due to shifts in cultural norms, it can bring forward opportunities for new alternatives. These cultural shifts frequently create and remove competitive advantages, which in turn, can spell disaster or victory. The recent shift from a Baby Boomer influenced purchasing culture to a Millennial-driven one can be seen in many of the competitive shifts now occurring in the fitness industry.

### How Do You Make Competition Work for You?

**1. Focus on your customers, not your competitors.** Jack Ma, Founder and Executive Chairman of the Alibaba Group said, "*Forget about your competitors, just focus on your customers.*" Jeff Bezos, CEO of Amazon proclaimed the same secret to overcoming competition when he said, "*Keep our competitors focused on us, while we stay focused on the customer.*" What both of these incredibly successful business leaders were speaking to was the importance of understanding your customers and doing everything you can to meet and exceed their expectations. It is a lot easier to say than do, especially when two budget clubs, a community recreation center and five fitness studios have opened up in your market over the past year. Yet, if your fitness business is really honed in on its customers, it will not only fulfill their needs, it will WOW them, resulting in high levels of member loyalty and advocacy. Members won't jump ship if they know you care and know you place them before anything else.

**2. Make your club or studio's value proposition relevant, but more importantly, make it unique!** Steve Jobs said about competition, "*You can't look at the competition and say you're going to do it better. You have to look at the competitors and say you're going to do it differently.*" In today's fitness industry, copycats abound. Whether its low-price clubs that are now a "dime a dozen;" fitness studios offering Barre, HIIT or cycling; fellow mid-market and premium clubs offering MOSSA or Fitness on Demand, doing and feeling the same has become the norm. You have to venture beyond the status quo, push the envelope and break the rules. Equinox is one example of a traditional fitness operator who has created a relevant, yet novel fitness brand that stands out from the crowd. CrossFit and SoulCycle have done the same among boutiques. In Europe, McFit has managed to do the same among a sea of high-volume, low-price fitness operators. In each instance, these operators have managed to make their brands different and execute on those differences.

**3. Don't let the competition define your business!** Once you allow the competition to frame how you do business, then the end is near. Henry Chappell said, "*Success means never letting the competition define you; you have to define yourself based on the point of view you care deeply about.*" In other words, fitness operators have to leverage their passion. Passion is contagious, and like any contagion, it becomes a self-sustaining force for growth. Here are some great examples:

**Red Lerille**, the quintessential fitness believer and Founder of Red's in Lafayette, Louisiana, has been in business for over 50 years, thriving in a market that abounds with competitors of all shapes and sizes.

**Joe Cirulli**, Founder and Owner of Gainesville Health and Fitness Center  
*(See Competition Page 25)*

## Keynote Speakers and Agenda Announced for IHRSA 2017 Convention & Trade Show

**BOSTON, MA** - IHRSA 2017, the Association's 36th Annual International Convention & Trade Show will take place March 8 - 11, 2017, at the L.A. Live Complex in Los Angeles, California, a favorite destination for IHRSA members.

At this year's event, convention attendees can look forward to the 2-day IHRSA trade show, and four days of outstanding keynote presentations, multiple receptions and networking events, and more than 150 educational sessions, workshops and tutorials presented by industry experts and leading business professionals. And, the IHRSA 2017 Convention will once again include special

events like the IHRSA Financial Panel; the Women's Leadership Summit (sponsored by American Council on Exercise [ACE]); the 12th annual Bash for Augie's Quest, and the Industry Leadership Council Summit (sponsored by ABC Financial).

### IHRSA 2017 Keynotes

The inspiring thought-leaders and experts in technology, business, and innovation who address convention attendees have, for many, become a highlight of each annual IHRSA Convention. The four IHRSA 2017 Keynote Presenters are:

**WEDNESDAY, MARCH 8 - 10:30AM-12:00PM:** Relationship Revolution: Building Better Connections in the Digital Age; Seth Mattison, Founder & Chief Movement Officer, FutureSight Labs; Sponsored by MYZONE;

**THURSDAY, MARCH 9 - 8:30AM - 9:45AM:** Forget BIG Data – Small Data Defines the Future; Martin Lindstrom, Author, Change Agent and Brand Futurist, DENMARK; Sponsored by Technogym;

**FRIDAY, MARCH 10 | 8:30AM - 9:45AM:** Viral Business: Inspiring Customer Loyalty; Johnny Earle, Branding

Expert, and Founder, Johnny Cupcakes; Sponsored by Matrix Fitness;

**SATURDAY, MARCH 11 | 11:30AM-12:30PM:** Relationship Revolution: Building Better Connections in the Digital Age; Soraya Darabi; Co-Founder, Zady.

Additional information about IHRSA 2017, including the agenda, travel information, and how to register, exhibit, or sponsor can be found at [www.ihrsa.org/convention](http://www.ihrsa.org/convention), or by calling IHRSA at **(800) 228 - 4772**.

## Gainesville Health & Fitness Announces Renovated Women's Center Featuring The Largest Queenax Studio In The U.S.

**GAINESVILLE, FL** - After investing more than \$1 million for renovations to its Women's Center, Gainesville Health & Fitness reopened on November 2, as GHFWomen, an ultra-modern fitness center and the only center in Gainesville exclusively for women. GHFWomen features the industry's most innovative programs including StudioQ --the largest Queenax system in the U.S.-- along with an array of offerings from small group training classes to barre, yoga, Zumba and more, all facilitated by a female-only staff.

Designed and manufactured in

Italy, Queenax is like a jungle gym for adults. The functional and suspended body weight system builds endurance while targeting every major muscle group for optimal results. Ever-changing attachments and circuits create more than 200 unique workouts to keep it fun and motivating. Certified trainers will lead small group training in StudioQ including signature programs like Q Barre, Q Sculpt and Q Circuit.

The Women's Center renovation was part of a multi-year \$8 million investment in Gainesville Health & Fitness

facilities. "Our core purpose is to create an experience that helps people get the most out of life and inspires them to become their best," says Gainesville Health & Fitness Founder and CEO Joe Cirulli. "As an organization we must set the example by being our best, which is why we seek out industry-leading programs like Queenax, and why we continually enhance our facilities and services."

In addition to the build out of Queenax and StudioQ, everything from floor to ceiling in the 14,000 square-foot center has been completely renovated

including locker rooms, showers, sauna, steam room, whirlpool and Kid's Club.

"We recognize that women relish the time they can be their authentic selves and the strength they can draw from the support and fellowship of other women," said Wendy Ackerman, GHFWomen general manager. "We have created a spa-like haven where every woman can grow stronger in body, in mind, in spirit, and in community with other women."

### ...Competition

continued from page 24

in Gainesville, Florida, exudes passion, which allows his business to thrive in a competitive environment.

**Annbeth Eschbach**, Founder and CEO of Exhale, a boutique studio operator with 29 studios around the U.S. has never let anyone define her business but herself, and as she calls it, her core or culture.

The same can be said of **Todd Durkin** of Fitness Quest 10 in San Diego, California.

Henry Ford said that the only competitor to be feared is not the one that never bothers you, but the one who proceeds to apply continuous improvement to their business on a daily basis. In his words, as well as in the experiences of the industry leaders mentioned above, as long as you are focused on executing what you believe in better, each and every day, you don't need to worry about the competition;

they need to worry about you.

**4. Tell your story at every opportunity, and make sure you are putting it in the words of your targeted audience.** P.T. Barnum, the father of the 20th Century circus once said, "Without promotion, something terrible happens... nothing." His point was that, no matter how great your product, how unique or even inspiring, without promotion, nothing happens.

In a few recent studies ClubIntel conducted exploring brand awareness (a measure of how well consumers know a brand) of various fitness brands, including studios, we discovered that, in most cases, very few brands, if any, received top-of-mind, unaided brand or promotional awareness from more than 20% of consumers. Even when we looked at aided brand and promotional awareness, few brands garnered more than 35% awareness.

The point is that, within these studies, consumers had limited awareness of the numerous fitness brands serving their market. In these same studies, we researched

how consumers in the marketplace defined the personality traits of the various brands. To our surprise, and those of our clients, in most cases, the personality traits of the various brands were nearly the same; only in one instance did a competitor "own" a distinct and relevant brand personality. To make matters worse, the brand messages were not unique and differentiated, and they usually promoted their competitors more so than the sponsoring brand. The point is that, if you can't shout out *who you are* and *why you are different*, consumers will see everyone as the same. Promotions can't overcome the competitive forces unless it tells your story, and as Steve Jobs said, "it better be different."

### Final Thoughts

**Competition is good; actually, it's great!** Competition allows you to refine your business proposition, to adapt and refine your culture, to put the customer and member first and foremost, and if done correctly... achieve total domination. When

you create a business that consumers and your members see as unique and relevant, focus your passion every day to constantly improve, and finally, share your story in a manner which consumers relish, competition becomes your ally in achieving greatness. The value of competition can be best summarized with a quote from Walt Disney, one of the most successful business entrepreneurs of the 20th Century, an individual whose business vision remains as dominant today as when it emerged, "I have been up against competition all my life. I wouldn't know how to get along without it."

(Steve Tharrett and Mark Williamson are veteran club business executives and Co-Founders of ClubIntel, a consulting firm serving the industry worldwide. Steve can be reached at [stevet@clubintel.com](mailto:stevet@clubintel.com) and Mark can be reached at [markw@club-intel.com](mailto:markw@club-intel.com))



# The Core Values Ball

**By:** Karen Woodard-Chavez

In previous articles, I have shared exercises with you about the importance of core values. Not just the importance of having them but the importance of the 3Bs as they relate to your organization's core values: **Belief, Behavior and Buy-In**. I share *exercises* and not simply rhetoric, because, in my practice, I have witnessed

that people learn faster and deeper with experiential learning, as opposed to sitting and listening.

In this exercise entitled, "**The Core Values Ball**," you will find this to be a good tool for all levels of staff in your organization, from newbies to veteran staff. It is a good teaching tool, discovery tool, discussion tool, energizer, icebreaker and teambuilder. If this is intended to be an

icebreaker, do it in the beginning of your meeting, right after you have welcomed everyone and opened the meeting with your opening remarks. If it is designed as an energizer for a full day of training, then you will do it at either the 3-, 4- or 6-hour mark of the training.

#### What you will need for setup:

1. Depending on the size of the group: If there are less than 15, you will need one ball. If there are more than 15, you will need two beach-type balls.

2. You will write your organization's core values in multiple places on the ball prior to the meeting.

3. Divide the entire group into two separate circles (based on numbers above).

4. The members of each circle will stand several feet apart from each other and face each other.

5. One person will toss the ball in the air and someone else *must catch* the ball. If the ball drops, very bad things could happen :)

6. The person who catches the ball will have 60 seconds to explain what success or struggle they had during the last week with whichever core value their right hand is touching or is closest to.

7. Each group will have eight minutes in their circle.

8. At the end of eight minutes, the two groups will come back together to discuss how many successes were shared, including identifying the best successes, and how many struggles were experienced, as well as how to work through them.

9. This exercise will be 15 - 20 minutes total, including the at-large discussion after the activity.

You will explain steps 3 - 9 to the group. You, as the meeting facilitator, can be an observer as well as timer. If you desire, you can also appoint one to two others as observers.



Karen Woodard-Chavez

Your participants will have fun with this activity, and it will support the importance of the 3Bs with core values.

After the activity in the circles is complete, prompt discussion by asking each group to share how many successes they had during the last week, how many struggles they had, which core value saw the most success, which core value saw the most struggles and what help they need with core values.

As discussed earlier in this article, the values of this exercise being a good teaching tool, discovery tool, discussion tool, energizer, ice breaker and teambuilder will be apparent.

This article is an excerpt from my new management and leadership manual, *More Meaningful Meetings*. This is a terrific resource with over 100 pages of activities you can utilize to engage your staff in your organization's purpose, support your meeting's message and drive the essence of your meetings for longer impact on staff behavior. You will no longer have boring, useless meetings.

*(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)*



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## Crunch Franchise Announces Sale of 100th Franchise This Year

**NEW YORK, NY** - Crunch, the health club chain best known for making serious fitness fun through unique programming and cutting-edge training, announces that it has hit a milestone with the recent sale of the 100th Crunch franchise of 2016. This makes the company one of the largest and fastest-growing franchisors and operators of fitness centers with well over 600 franchises sold in its first six years and 13 new clubs opening in October alone.

The franchise portfolio, involving ownership by some of the most well known athletes in the world, includes 150 open

clubs in 20 states, Puerto Rico and four countries. And, the company continues to grow, as Crunch is rapidly closing in on approximately 1,000,000 members. With an annual growth rate of 40%, Crunch is the fastest growing national chain in the high-value, low-price fitness space. Crunch Franchise has revolutionized the fitness industry with its combination of lower prices and cutting-edge facilities.

Crunch clubs provide their members an exceptional experience, including a full-size club with: state-of-the-art fitness equipment, world-renowned

Crunch proprietary group fitness classes (as well as such staples as Zumba), professional personal training, small group training in CAMP CRUNCH, a free subscription to the Crunch Live streaming exercise site, a free subscription to the online dotFIT nutritional platform and many other in-club amenities and perks, such as free guest privileges, HydroMassage, tanning and club reciprocity.

"Despite being in a very competitive industry, the last six years have been tremendous for our network. We have attracted a very high quality

group of franchisees and we provide our members a fitness club experience that is far above anything they can get from any other national high value/low price chain. We feel very fortunate that our clubs have been so well received and we are excited for the future as the network continues to grow at an accelerated rate," says CEO Ben Midgley.

To learn more about Crunch franchising opportunities, please visit [CrunchFranchise.com](http://CrunchFranchise.com).

### ...Dr. Art Curtis

continued from page 20

- Insurance and Liability;
- Acquisition, Partnerships or Joint Ventures; and,
- Government Regulations and Filings.

Within each of these categories, there will be multiple documents that you will want to request and review. One of the biggest challenges with a rigorous

diligence process is to maintain a very positive relationship between buyer and seller. Satisfying the buyer's requests for information during diligence can be very disruptive to the seller unless they have anticipated these requests and have put together a well-organized data room that will allow your data requests to be fulfilled on a timely basis. If not, you will have to be persistent, without being obnoxious, in obtaining the information needed to complete your diligence. It is

also generally more productive to provide the seller with an extensive request for documents at the start of the process rather than in a piecemeal fashion. Coordination of your diligence team working from a clearly articulated diligence plan will be critical to an effective process.

Executing an acquisition strategy has its own set of risks; however, if done properly, acquisitions can be a very effective way to grow the value of your business quickly while reducing some

of the risks associated with new club development. Hopefully, the information in this article has provided you with some fundamentals to help you think through executing a successful acquisition strategy.

*(Dr. Art Curtis is the Principal at Curtis Club Advisors and he can be reached at [art@curtisclubadvisors.com](mailto:art@curtisclubadvisors.com). Art is also a former IHRSA Board President.)*

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# Making New Year's Resolutions That Stick

By: Angie Pattengale

It's hard to believe it's that time of year again. We all know what this means, right? It means more than a few million New Year's resolutions. It is estimated that 40% of all Americans make a New Year's resolution, and most are related to some area of self-improvement. Resolving to improve one's health, fitness and wellbeing

are common, admirable goals. So, how can we create a win-win that keeps that resolution steam rolling?

Here are a few ideas to get some New Year's faces in the door and sticking to the program:

**1. A New Year's Party** - Okay, maybe the gym isn't the place most people want to be at the stroke of midnight December

31st. But, they'll be ready come January 1st, and you can be there to kick off their "New Year, New You" attitude. Consider this kind of celebratory theme and create a party style atmosphere that says, "fitness is fun," as you walk through the door. Offer an open gym, a free personal training assessment, a tasting of healthy snacks and drinks: no strings, just free fun and fitness!

**2. New Year's Challenge** - Everyone loves a good challenge, and we all thrive with accountability. Help new and prospective members set reasonable goals that you know will provide results when followed. It is key to the success of the challenge that attainability over time be part of the formula. Not everyone will be challenged by the same thing... goals are personal. Also, the types of goals which come with the "getting fit" territory do not happen in one week or one month; it is crucially important going into a long-term challenge that the participant understand this and even that they understand why this is (to the degree that they don't need to be a physiologist to get it). An example of a New Year's Challenge might be to offer a free personal training assessment that is followed up by discounted CPT services for three months. After three months, if they have reached the personal goal established together with the trainer, they get some type of incentive to keep going. This does not have to be a weight goal. The goal could be in the form of some other measurable increment. As long as the challenge that is established is reasonable and there is a foreseeable finish line, then you can help yourself by helping the new member to reach their goal.

**3. New Year's Goal Incentives** - Fitness goals are attained in increments over time; quick fitness fixes are the wishful thinking of impractical optimists. Set the goals established by the challenge and then incentivize steps along the way. Draw out a flowchart of sorts for the process and show them (with your artistic skill or use some app or program to create an illustration). Illustrate each step along the way with gold stars at finish lines that represent the next phase in the challenge (gold stars could be literal but definitely figurative). When they meet the goal and move to the next phase, give them something that is of value to them (ideally, something with \$0 hard cost or close). This could be a massage with your staff therapist, a



Angie Pattengale

personal training session(s), free tanning, discounted membership dues or give them a choice at each stage and let them decide (the "prizes" could get bigger and better along the way of their challenge). Maybe, if they make it all the way through the year and reach every goal, they pay no club dues the following year.

Since only about 8% of Americans keep their New Year's resolutions, we can for sure say that there is a sustainability problem when it comes to keeping them. Of course, there are many reasons for this, whether mental or physical. We can't expect 100% of millions and millions of resolutions to take hold and stick long-term, but we can help to make it better. Keep them inspired, challenged, encouraged and looking forward to something. Think through some ideas that apply to your club and what is reasonable to accomplish before year's end. Consider promotions that you do for your members already that could be tweaked to apply to a New Year's theme. You may not be able to help people *make* their resolution, but you can sure help them to *keep* it!

*(Angie Pattengale has been with National Federation of Professional Trainers, NFPT, since 1994, currently serving as the Director of Certification. Angie oversees the coordination of certification test development and delivery, and she directs the growth initiatives of the certification program. She leads efforts that assure the skill set competency of NFPT-CPTs through legally defensible, job-specific, knowledge based assessments that serve to promote the credentialing value of the NFPT-CPT credential.)*

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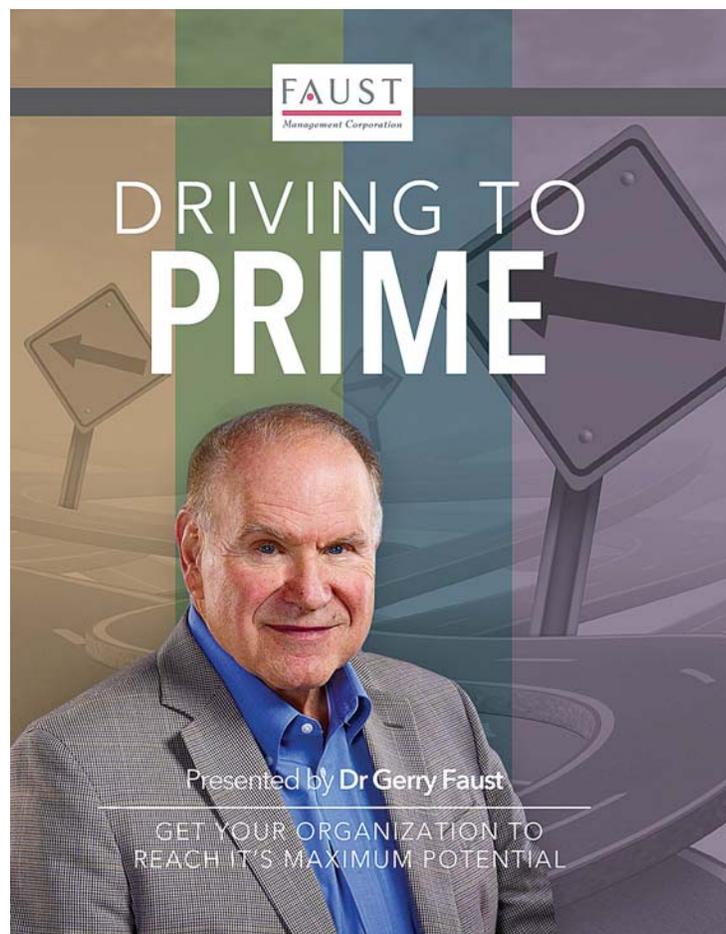
This program not only expands the description of the phases, but it also discusses how to do turnarounds of Aging organizations and what the keys are to making transitions from each of the phases to the next healthy phase. Included are many features that go beyond this 4-disc DVD Series. The extensive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

This is much more than a video series. With it comes access to an ongoing program and set of tools that will help you implement what you learn in the videos as well as continue to extend your knowledge about concepts and processes that will speed your **Drive to Prime**.

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Contact *Dr. Faust's Assistant, Amy Rico*, at [Amy@faustmanagement.com](mailto:Amy@faustmanagement.com), if you have any questions!



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*"Gerry has worked with our team for several years. His concepts, diagnostic tools and guidance have been a great help in focusing our management and improvement efforts and identifying important opportunities that have driven our years of success."*

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

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

# Doug Miller's Sales Makers Returns to the Middle East for 9th Year

**KUWAIT CITY, KUWAIT** - Doug Miller has announced that his Sales Makers International Roadshow will be returning to the Middle East on December 8, 2016 for the 9th consecutive year. The event will be hosted by the Al Corniche Club in Kuwait City, Kuwait.

Miller has announced that, this year, the live event is limited to only 55 CEOs, COOs, CFOs, CTOs, CIOs, MDs and Owners. It will also be live-streamed and recorded by Be Inspired Films for global participation.

In addition, the Roadshow will include an Arabian Nights - CEO Symposium on the 7th of December, at Al Corniche Club on the beach of the Gulf of Arabia, complete with an authentic Arabian Tent, Arab garb; replete with carpets, cushions, Sheeshah hookahs,

bread and dinner cooked over an open fire with the waves crashing and the palm trees swaying.

The stellar lineup of international presenters include: Dr. Paul Bedford (UK), Colin Milner (Canada), Alan Leach (Ireland), Bryan O'Rourke (USA) and a special recorded guest speaker, Michael Scott Scudder. Go to [www.VirtualRoadShow.online](http://www.VirtualRoadShow.online).

**Topics will include:** Fitness Technology, Marketing, Seniors Market, Retention and Industry Trends.

**Thanks to Sponsors:** Be Inspired Films, Cybex (Life Fitness), Eleiko, Gym 80, Keiser, Visual Fitness Planner, Fabiano Designs, JoinOnline247.com, Augie's Quest, Pulse Fitness, Core Fitness and

Enjoy Marketing!

**Augie's Quest:** 50% of all proceeds from online registrations will be donated to support my Augie Nieto's Augie's Quest to help find a cure for ALS a/k/a Lou Gehrig's Disease. Augie is the Founder of Life Fitness and has been suffering from ALS for 11 years.

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**1 Club CEO Attendance, Live Stream and 1 Recording - £150 + VAT**

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## Thanks and Appreciation

At CLUB INSIDER, we are excited to begin our 24th Year of this home-based health and fitness club trade newspaper! The thought that this newspaper was founded to serve an industry I truly love, and so that I could become a Mister Mom for my son, Justin, is still intriguing and amazing to us. I wish to extend our most sincere Thanks and Appreciation to everyone that's made this amazing 24-year run possible.

A very sincere Thanks and Appreciation go to Rick Caro, Dr. Gerry Faust and the Faust Executive Roundtable #1 for helping me decide in 1993 what my home-based business would be. Thanks and Appreciation to my long-time friends, Ron Hudspeth and Cathy Miller of Atlanta's Hudspeth Report for the tremendous assistance they provided us during our first eight years of publication. Thanks and Appreciation to all of the folks at Walton Press in Monroe, Georgia. They've done an absolutely excellent job for us all these years and have printed every one of our 275 monthly editions! Thanks and Appreciation to all of our READERS. Sincere Thanks and Appreciation to our CLUB INSIDER Advertisers, past and present, for their kind and dedicated support of this publication. It's amazing to know that we have several advertisers with over 15 years of continuous advertising with us. Plus, we have one advertiser, National Gym Supply, with over 23 years advertising with us! We also want to say sincere Thanks and Appreciation to all of our CLUB INSIDER Contributing Authors, past and present, who've contributed hundreds and hundreds of excellent articles to help our readers with their Best Business Practices. Thanks and Appreciation to IHRSA for all it does.

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

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

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

*Norm Cates, Jr.*

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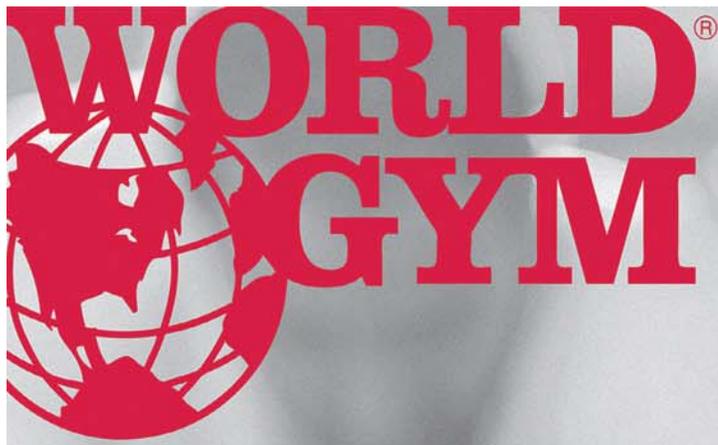


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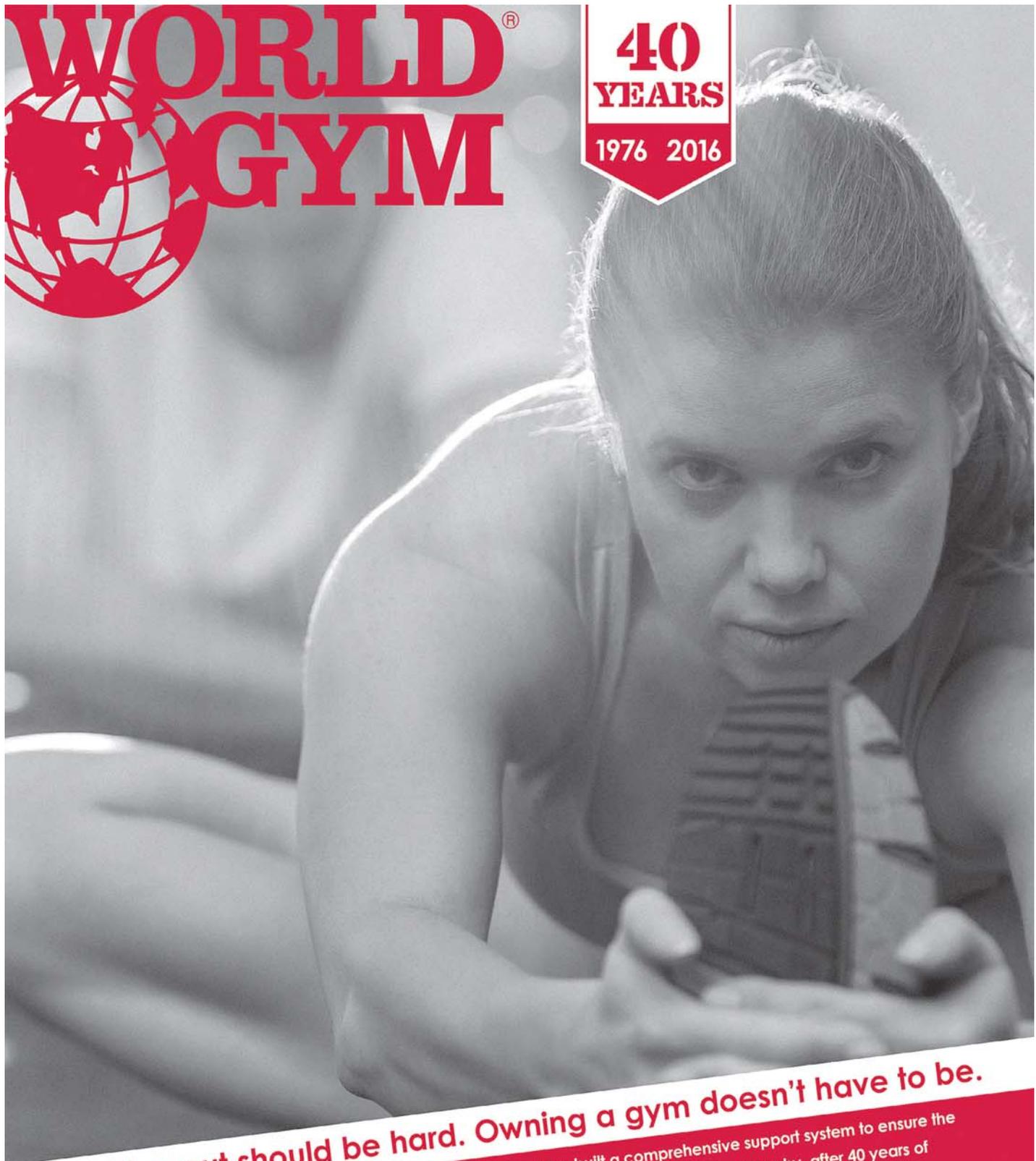
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