

Norm Cates'

CLUB INSIDER

CELEBRATING 26 YEARS OF TRUST

Dr. Gerry Faust Passes Away

A Special Tribute and Expression of Appreciation to Gerry



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Norm Cates'

CLUB INSIDER

CELEBRATING 26 YEARS OF TRUST

Dr. Gerry Faust Passes Away *A Special Tribute and Expression of Appreciation to Gerry*

By: Norm Cates

POWAY, CA - The late **Dr. Gerry Faust**, 77, was born on January 1st, 1942 in Minneapolis, Minnesota. *The great man was truly one of a kind... a true gentleman and a vastly experienced and extremely highly qualified man in his field* who leaves huge footprints in the world of high-level management training and education for all who follow him. Some people journey through life and leave footprints wherever they go, footprints of love and kindness, compassion and courage, humor and inspiration, faith and joy. Dr. Gerry Faust was one of those very special people. Even when they're gone, we can still look back and clearly see the trail of greatness they've left behind, a trail bright with hope

that invites us to follow.

Dr. Gerry Faust produced some of the finest tools there are for business management training. And, he created a host of Roundtable relationships where his clients share their knowledge, experience and talents with each other. He leads the groups so their sharing is, in essence, a guide for them to navigate the sometimes very rough waters of business... no matter what the hazards may be.

Dr. Gerry Faust's educational background leaves no doubt of his capacity for higher learning, having completed his Bachelor's in English and Education at *St. John's University* in Minnesota, as well as a Master's and a Ph.D in Psychology at the *University of Illinois*. Additionally, his sports background in football and wrestling during

those formative years, and the lessons learned from those experiences continued to resonate in his style of leadership. Later, his excellence in business, across numerous industries, also leaves no doubt about his ability to convert strategic planning and thinking into actionable objectives that create success.

In the mid-1980s, the health and fitness club industry was introduced to Dr. Faust with a keynote speech he gave at IHRSA. Since then, he developed a true passion for this industry, and there is no doubt that he has contributed towards making it better than it was. Tying it all together and providing the rock of strength was his top priority of family. Together, with his wife **Terrie**, they share six children, (See **Dr. Gerry Faust** Page 10)



Dr. Gerry Faust

The Boutique Fitness Studio Stampede - *Part I*

By: Stephen Tharrett & Mark Williamson

Publisher's Note: Our friends, **Stephen Tharrett** and **Mark Williamson**, *Founders and Principals of ClubIntel*, a health and fitness club industry research firm and consultancy, recently released an in-depth White Paper Report on a subject that affects all in the health and fitness club industry: *The Boutique Fitness Studio*. Given the depth of research provided and interpreted into key insights, we felt this a worthy report for reprinting in **Club Insider**. With their permission, we will present their report in Two Parts. We urge you to read on.

The boutique fitness studio industry has been garnering considerable media hype, not to mention private-equity funding over the past several years. When an industry, such as boutique fitness studios, is able to capture the imagination of consumers, the attention of industry pundits, the envy of many fitness operators and the wallets of investors, you've got to believe it's the real deal!

In an article that appeared in a June 2019 edition of the *New York Times Lifestyle* section, author Katherine Rosman



referred to the boutique fitness studio phenomena as the, *"The Boutique Fitness Boom."* An article appearing in the online

blog *Glofox* from earlier this year, author Eamon Curley had as the headline, *"The Boom."* (See **ClubIntel** Page 18)

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

Norm's Notes

■Hello Everybody! This is your Club Insider Publisher and Tribal Leader Since 1993 checking in with our 311th Edition!

■I'm very, very SAD to have to report to you all that one of the greatest people I've ever known in my 43 years in the club business, DR. GERRY FAUST, suddenly passed away on November 1, 2019 from a heart attack while elk hunting in Wyoming. Gerry was one of a kind, and many of us owe him a great deal of THANKS and APPRECIATION for the great job he did facilitating our Faust Roundtable #1 Meetings over many years. The Roundtable #1 Meetings were gatherings of some of America's top club owner/operators/industry leaders, such as: RICK CARO, RED LERILLE, CURT and JANE BEUSMAN, CECIL SPEARMAN, BILL McBRIDE, TOM LYNEIS, JILL KINNEY, TIM and LIZ RHODE, CAROL NALEVANKO, MARK and DEBBIE EISENZIMMER and yours truly, just to name just a few of those who were part of his four different Faust Roundtable Group productions. Others like JOHN McCARTHY, JOE MOORE and WILL PHILLIPS know of his key industry contributions. This month, Club Insider's Cover Story was produced in less than 48 hours after I received the very sad notice of Gerry's passing from our good friend, RICK CARO. So, please take the time to read the comments from these industry

giants about another GIANT in our INDUSTRY, DR. GERRY FAUST. Check out this amazing Cover Story starting on Page #3. MAY GERRY REST IN PEACE.

■Is America a GREAT COUNTRY, or what? Hmm... hmm... hmm! Folks, Veterans Day was Monday, November 11th. I hope that, on November 11th, you stopped to think of our troops, airmen and sailors around the world as they're out there to protect our freedom here in these United States of America. If you're a regular reader of Club Insider, you probably see the statement above coming from my keyboard every month. Along the way, you may have wondered: WHY in the world does Norm love America so much? Folks, I'm such a raving and dedicated PATRIOT and I LOVE AMERICA SO MUCH BECAUSE I AM VERY BLESSED TO EVEN BE HERE! Well, since we celebrated Veterans Day this month, and I'm a Veteran, let me tell you about just ONE of the many reasons about why I LOVE AMERICA!

My Dad, the late Norman L. Cates, Sr., was born in a town called Linden in East Texas. At age 17, he dropped out of high school to join the Army. He did that because of the economic conditions in the area his family lived in didn't provide much promise for the future. So, in 1934, Dad signed up, and believe it or not, in the very beginning, he became an Army Cavalry Horseback Soldier! After a few years, the Army horseback troops were merged with

the early version of the U.S. Army Air Corps to become what was then called the Army Air Force Corps. Dad stayed in the U.S. Army Air Forces until it became a big part of our military, and he wanted to be part of that. While in the Air Force, he served during World War II as a top gunner on what was called "The Flying Fortress" a/k/a the B-17 Bomber. During his time on the B-17 in New Guinea (an island off the North coast of Australia), my Dad was also named to be the 1st Sergeant for his Squadron. A strange thing happened in his life then... something that today is responsible for the fact that these fingers are typing this for you.

My Dad's Squadron Commander noticed that because Dad did two jobs: (1) being a top gunner on a B-17 Bomber, and (2) being his Squadron's 1st Sergeant, Dad didn't have a day off for months. Being notified of this, my Dad's Squadron Commander asked Dad when was the last time he had any time off. Dad answered it had been many months. Hearing that, Dad's Squadron Commander told him that he wanted him to take some time off. So, Dad got on a plane and flew to Australia for a few days of R&R. During my Dad's furlough (as time off for the troops was called back in those days), they put in a substitute top gunner on the plane my Dad was scheduled to be on before he went to Australia on leave. Sadly, for those on board, the B-17 Bomber my Dad usually flew on, was shot down, and all the souls on



Norm Cates

board were killed. When Dad returned from his leave in Australia, he was devastated when others informed him that his crew had been shot down and all on board were killed.

For me, the miracle of it all was that my Dad was NOT on that bomber, and he did not die with his crew when they were shot down! Otherwise, I wouldn't be sharing this amazingly sad story with you today, which leads me back to WHY I'm such a PATRIOT for our beautiful America. I'm such a Patriot because I'm SO VERY BLESSED TO EVEN BE ON THIS EARTH! The only word I can find for you that makes my Patriotism

(See Norm's Notes Page 7)

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CELEBRATING 26 YEARS OF TRUST

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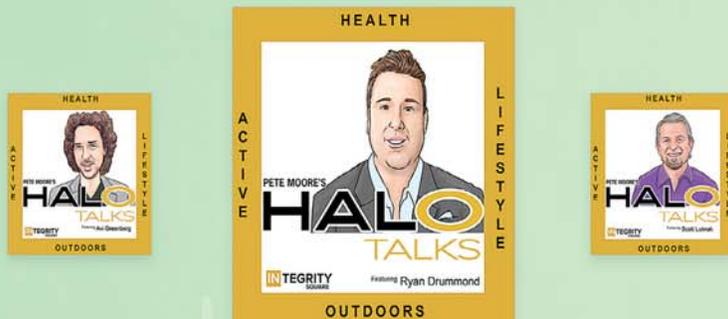
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Exercise IS Medicine!

By: **Mike Alpert**

Most everyone in our industry knows that Diabetes is a terrible chronic disease and that it is one of the most financially draining illnesses to treat. Let's take a look at what Diabetes is, the complications that are offshoots of this disease and how exercise can be used to treat it.

Diabetes Mellitus refers to a group of diseases that affect how the body uses blood sugar (glucose). Glucose is vital to your health because it's an important source of energy for the cells that make up muscles and tissues. It's also the brain's main source of fuel. Whether it's Type 1 or Type 2 Diabetes, it can lead to excess sugar in the blood, and this can lead to serious health problems.

To understand diabetes, you must understand how glucose is normally processed in the body. Insulin is a hormone that comes from a gland situated behind

and below the stomach (pancreas). The pancreas secretes insulin into the bloodstream. It circulates, enabling sugar to enter your cells. Insulin lowers the amount of sugar in your bloodstream. As your blood sugar level drops, so does the secretion of insulin from your pancreas.

Glucose, a sugar, is a source of energy for the cells that make up muscles and other tissues. Glucose comes from two major sources: food and the liver. Sugar is absorbed into the bloodstream, where it enters cells with the help of insulin. The liver stores and makes glucose. When glucose levels are low, the liver breaks down stored glycogen into glucose to keep the glucose level within a normal range.

The cause of Type 1 Diabetes is unknown. What is known is that the immune system, which normally fights harmful bacteria or viruses, attacks and destroys insulin-producing cells in the pancreas. This leaves the body with little or no insulin. Instead of being transported into the cells,

sugar builds up in the bloodstream. A number of medical risks are associated with Type 1 Diabetes, but the most serious is the increased risk of heart disease and stroke.

By far, the most common form of Diabetes is Type 2, accounting for 95% of Diabetes cases in adults. Some 26 million American adults have been diagnosed with the disease. Type 2 Diabetes is often referred to as Adult-onset Diabetes, but with the epidemic of obese and overweight kids, more teenagers are now developing Type 2 Diabetes. Although it is often a milder form of Diabetes than Type 1, it can still cause major health complications, particularly in the smallest blood vessels in the body that nourish the kidneys, nerves and eyes. Type 2 Diabetes also increases your risk of heart disease and stroke.

With Type 2 Diabetes, the pancreas usually produces some insulin. But either the amount produced is not enough for the body's needs or the body's cells are resistant to it. People who are obese are at particularly high risk of developing Type 2 Diabetes and its related medical problems. Obese people have insulin resistance. With insulin resistance, the pancreas has to work overly hard to produce more insulin. But, even then, there is not enough insulin to keep sugars normal. There is no cure for Diabetes. Type 2 Diabetes can, however, be controlled with weight management, nutrition and exercise.

Harvard Medical School writes the following: "Exercise is good for diabetes. If you have diabetes, or for that matter, nearly any other chronic illness, exercise is one of the most powerful tools that can help you control your weight and blood sugar. And, it can help you feel great, too. The list of exercise benefits is long. Exercise helps control weight, lowers blood pressure, reduces harmful LDL



Mike Alpert

cholesterol and triglycerides, raises healthy HDL cholesterol, strengthens muscles and bones, and reduces anxiety. Exercise can help regulate blood sugar and increase the body's sensitivity to insulin. Both are important for people with Diabetes. Many studies have documented that exercise is a strong ally in treating diabetes. People with Diabetes who walked at least two hours a week were less likely to die of heart disease than their sedentary counterparts and those who exercised three to four hours a week cut their risk even more. Women with diabetes who spent at least four hours a week doing moderate or vigorous exercise had a 40% lower risk of developing heart disease than those who didn't exercise."

Isn't it clear: **Exercise is Medicine!**

(Mike Alpert is President and CEO of Claremont Club in Claremont, California. Mike can be reached by email at malpert@claremontclub.com or phone at 909-625-6791, Ext. 234.)



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...Norm's Notes

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make any sense is that I was then, and I remain now, a product of a **MIRACLE** and the **Grace and Blessing of God Almighty**. **I live until this day with my burning and passionate love for America because I'm SO VERY FORTUNATE to be here writing this for you.**

■ **24 Hour Fitness Worldwide, Inc.'s Bonds Plummet on Earnings Decline** - This report is by **The Wall Street Journal's ALEXANDER GLADSTONE:**

"Fitness chain 24 Hour Fitness Worldwide Inc.'s bonds plunged last week to distressed levels after the privately-owned gym chain told investors its earnings declined in the third quarter. The San Ramon, California-based company, one of the nation's largest fitness club chains, saw its adjusted earnings before interest, taxes, depreciation and amortization decline to \$47.8 million for the quarter ended September 30, down 25.2% from the same period a year ago, according to a confidential earnings report obtained by *The Wall Street Journal*. The chain also reported a net loss of \$13.2 million for the quarter, compared with net income of \$2.1 million over the same period in 2018. The company's bottom line was hurt by a 1.5% drop in revenue, to \$376 million, coupled with a 2.9% increase in expenses. Total membership fell to 3.4 million at the end of September, down from 3.5 million at the end of 2018, according to the report to investors released Thursday, November 7th. The company finished the quarter with just \$6.7 million of cash on the balance sheet, as well as \$89 million of availability on a revolving credit facility. Total debt stood at slightly more than \$1.3 billion as of September 30. 24 Hour's \$500 million 8% unsecured notes due 2022 changed hands at 62 cents on the dollar on Thursday, down 11 points from the prior trade of 73 cents, according to *MarketAxess*. The company, which has 448 locations in 13 states, is owned by AEA Investors LP, Fitness Capital Partners LP and Ontario Teachers' Pension Plan Board, as well as other investors. The owners paid \$1.85 billion for the chain when they bought it five years ago from private-equity sponsor Forstmann Little Co. Founded in 1983 by businessman Mark Mastrov, 24 Hour Fitness has been a sponsor of U.S. Olympic teams since 2004 and is a partner to the U.S. Olympic Committee for the 2020 Olympics and Paralympic Games in Tokyo. In 2004, the company also partnered with NBC to create a reality TV show called, *The Biggest Loser*, in which overweight contestants competed to lose weight. The chain has also formed partnerships to co-brand fitness clubs with famous athletes and celebrities including Jackie Chan, Derek Jeter, Yao Ming, Shaquille O'Neal and Andre Agassi. A 24 Hour Fitness spokesperson declined to comment."

■ **Congratulations to KARL DROPPERS, CEO of MVP Sportsplex Athletic Complex in Orlando**, as he was recently honored by the *Orlando Business Journal* with their **Philanthropy Award**. KARL Droppers commented, "Thank you to all the MVP Team Members who give their time and effort in our community programs across our brand to create 'Healthy Communities That Change Lives.' I'm very grateful for our Team members who go above and beyond in our buildings and communities."

■ *The Fitness Industry Technology Book* is an amazing document produced every year by **IHRSA**. It's the **2020 Commercial Fitness Guide, and it has multiple uses**. IHRSA has also released its *Profiles of Success*, in which **more than 10,000 club sites report overall increases in key performance indicators**. These are just two of the very many benefits that IHRSA Members receive as part of their membership. So folks, IF your club(s) or studios, or businesses, are NOT an IHRSA Member already, you really should come on board. **Just call IHRSA at (800) 228-4772 and join IHRSA today**. I promise you will be **VERY GLAD YOU DID!**

■ **Last March, I met MS. KRISTEN DEAZELEY** at our **2019 IHRSA San Diego Trade Show Booth**. Kristen works for the **Internal Revenue Service (IRS)**, and she's agreed to write another article for our December Edition. I told her I wanted to give you all a brief preview of her upcoming article, and she helped me out with the following: **"As we enter the holiday season and upcoming tax filing season, the IRS, state tax agencies and the tax industry urge employers, large and small, to step up cyber security protections against business identity theft."** So folks, look for **MS. KRISTEN DEAZELEY's article in our December edition next month. And, STAY TUNED!**

■ Here's a **Note** about a gym closing and then reopening two days later! These comments were produced by **JASON SCOTT, a reporter for my friend, PETE BROWN, the owner of Athletic Business Magazine**. Here's the story by Jason Scott:

"A Williston, Vermont, gym announced that it would be closing permanently on a Friday, but it seems that reports of the gym's demise had been highly exaggerated, as the gym was reopened on the following Monday morning. The *Burlington Free Press* reported that members were notified of **Synergy Fitness'** decision to close on Friday with a **Facebook post** and a **sign in the window**. 'Economically, we had no choice,' the post read, noting that members would receive a refund for any pre-paid membership dues and personal training. Members reacted to the post mostly with disappointment, while other local gyms pounced on the opportunity to

offer a free month of membership to affected Synergy patrons. But, almost as abruptly as it was closed, Synergy was saved when a buyer swooped in on Sunday to acquire the business. The buyer identified himself as **ERIK SHEPARD** in a Facebook post on the Monday of his reopening of the gym. He wrote, 'Yes it's true! Synergy Fitness is under new ownership. My name is Erik Shepard, and I purchased the gym late Sunday evening. We opened first thing this morning. I'm honoring all existing memberships and training sessions. Our operating hours will be the same, and all of the staff will be coming back, so you

see the friendly faces you've always seen. When you come in for your next workout or fitness class, please ask for me so I can personally welcome you. I'm very excited with this new venture and helping all of you reach your personal fitness goals."

■ **This news from FitBit: SAN FRANCISCO, CA** - Fitbit, Inc. (NYSE: FIT) has announced that it has entered into a definitive agreement to be acquired by Google LLC for \$7.35 per share in cash, valuing the company at a fully diluted equity value of approximately \$2.1 billion. (See *Norm's Notes* Page 8)



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...Norm's Notes

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Fitbit pioneered the wearables category by delivering innovative, affordable and engaging devices and services. Being "on Fitbit" is not just about the device, it is an immersive experience from the wrist to the app, designed to help users understand and change their behavior to improve their health. Because of this unique approach, Fitbit has sold more than 100 million devices and supports an engaged global community of millions of active users, utilizing data to deliver unique personalized

guidance and coaching to its users. Fitbit will continue to remain platform-agnostic across both Android and iOS. The transaction is expected to close in 2020, subject to customary closing conditions, including approval by Fitbit's stockholders and regulatory approvals.

■ **DOUG CASH** has announced that Wilson Sporting Goods executive **MICHAEL DOWSE** is replacing **GORDON SMITH** as the **new USTA CEO and Executive Director**. Dowse has served as president of Wilson Sporting Goods since 2013 and also has worked at Nike. **He will start his**

USTA job January 1, 2020. Thanks to Doug Cash for sharing this information.

■ **JUSTIN** and I want to say **Thanks for reading Club Insider!**

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

(Norm Cates, Jr. is a 43-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of Club Insider, now in its 26th year of publication. Cates was IHRSA's First President, and a Co-Founder with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. In 2017, Cates was honored with Club Industry's Lifetime Achievement Award. Cates can be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com)

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Fitness Holdings Northeast Acquires Crunch Paramus

GREENWICH, CT - Fitness Holdings Northeast, LLC ("Fitness Holdings"), one of the leading franchise groups in the Crunch Franchise network, has announced its acquisition of Crunch Paramus, in Paramus, New Jersey. The acquisition closed in October and raises the ownership group's club count to 22, serving more than 100,000 members.

"We are thrilled about acquiring another one of the top-performing Crunch clubs, extending our portfolio, and implementing our 50-club growth strategy," said **Bob Cooke**, CEO of Fitness Holdings. "Our growth approach of developing multiple channels simultaneously has successfully kept us on schedule to achieve our two-year goal. Our team's strengths of operations and integration provide us

a strategic advantage when entering and completing an acquisition. We are fully committed and positioned to capture more market share through acquisitions as well as traditional organic development."

"It takes a unique talent to analyze, secure, and execute acquisitions successfully into the day-to-day operations of an organization. With 10 clubs now acquired, and more on the way, our management team continues to impress us with this organized skillset," says **Munir Karimi**, Board Member of Fitness Holdings and CEO of Synergy Capital Investments. "We are excited to welcome new staff and members into our family and continue our commitment to providing a great Crunch experience."



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...Dr. Gerry Faust

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Steve, Kim, Brian, Mark, Ryan and Scott, and many more grandchildren. Additionally, they always did a masterful job of effectively working together.

As Gerry was a proud supporter of his alma mater, St John's University in Minnesota, and of those military and first responder heroes that have bravely served our country, the family asks that in lieu of flowers a donation be made *in memory of Gerry Faust to St John's University* or to the *Gary Sinise Foundation*.

Funeral Services for the celebration of his life have been scheduled for *Wednesday, November 20th* in Rancho Bernardo (San Diego):

10:00 AM - Funeral Mass at San Rafael Parish (17252 Bernardo Center Dr, San Diego, CA 92128)

1:00 PM - Reception at Rancho Bernardo Country Club (12280 Greens East Rd, San Diego, CA 92128)

There will also be a Vigil at San Rafael the evening before (November 19th at 6PM) at San Rafael Parish Chapel.

Comments From

Long-time Friends of Dr. Gerry Faust

I asked several associates of Gerry Faust what they remember about him as a person and in the way they knew him, what he taught them, how he helped their business, his role in the club industry and each one's favorite memory.

Rick Caro, *Founder of New York City-based Management Vision, Inc., IHRSA Co-Founder and former President, and long-time highly successful club consultant*, should be given credit for discovering and bringing the great Dr. Gerry Faust to our industry because it was Rick who discovered Gerry, vetted him and paved the way for him to establish four Faust Roundtable Groups. While doing so, this led to the spinning off of many more Roundtable groups produced and delivered to our industry by Dr. Faust's friend and

long-time Associate, **Will Phillips** (See *Later Comments*).

Rick Caro commented on the life and times of Gerry Faust:

"When I recruited Gerry in 1984 to the health club industry, it was because I learned that we were ignorant of the concept of a business life cycle, not clear where a club fit into the concept and full of current and future club challenges. I learned that we did not truly understand the building blocks of organizational structure, culture and a methodology to deal with key company projects. So, Gerry came along at a time when the industry was dominated by entrepreneurs who had a penchant to learn and a need for improvement.

He first served as a keynoter for IHRSA. Then, he and I created the first Roundtable group of non-competing club leaders. We devised a format that involved sharing confidential information, often taking on a major problem area jointly, a major educational presentation by Gerry, and regular issues and problems that individuals were encountering. He even taught us a methodology on how to present such problems and to manage the feedback from caring fellow club leaders.

He was a gifted presenter. He often referred to previous client learnings from other industries. He was a master of synthesizing deep, specific discussions with key takeaways. His humor was paramount. His caring attitude was prevalent. He developed mentoring relationships with many in the industry. He created a library of presentations for all. He was a great storyteller, an exceptional researcher, a prolific author and an amazing presenter. He was a thought leader.

But, he was a friend to so many. For that, he will be missed the most. I cannot articulate what a difference maker he was for our industry. His legacy is huge. I already feel the loss." -**Rick Caro**

Comments From Will Phillips, *Founder REX Roundtables for Executives*:

"I first met Gerry Faust in San Diego 42 years ago. He was, what else would you expect, doing a presentation with a

flipchart. I'm not sure if he was talking about his company, *Courseware*, which provided comprehensive instructional design development and integration of instructional materials for high-tech companies and military fighter planes, or whether he was talking about Amway. Gerry was one of those Amway people who make it up into the realms of diamond, if not more. He made it all sound so easy. I marveled at his sales skills.

A few days after meeting Gerry, I had my first meeting with **Ichak Adizes** in Los Angeles. He was one of the two consultants I wanted to connect with when I moved from Boston to California. I spent a good part of the day with Ichak as he exposed me to an extraordinarily systemic, comprehensive approach to organizational change. He also explained to me his struggle communicating some very complex and deep concepts and practices to his business clients. I immediately thought of Gerry.

A few days later, Gerry and I drove from San Diego to Los Angeles and began a three-way partnership where we worked closely together for a decade serving clients all over the world, such as American Airlines, Domino's Pizza, and Bank of America. The concepts Gerry and I learned from Ichak are the ones many of you have heard of: **PAEI, Life Cycle, and Capi™**.

Ichak excelled at observing executive behavior and organizational success and failures then extracting out of that 13 powerful ways of improving an organization. Gerry Faust became the greatest deliverer of these ideas in the business world. Gerry excelled at understanding the customers' needs and deeper motivations. This enabled him to connect with clients in an extraordinarily effective and meaningful way to bring about change and improvement.

In the midst of our consulting partnership, I remember intense client/consulting review sessions in our office where each of us presented what we were doing and why and how it was working with our clients. Gerry focused on whether we were connecting with the client and whether we were getting results with our consulting for the client. Working with Gerry

developed my business smarts, those back of the envelope quick insights that are right on target.

As an outdoorsman, Gerry and I also shared a deep connection for adventure in the wild, his hunting and fishing, and my mountain climbing.

In the early '80s, both Gerry and I were consistently speaking to executive groups, then called *TEC*, now *Vistage*, once or twice a month. This experience moved some of our focus from large, public companies to small, privately held ones. We saw tremendous advantages in working with owners over hired CEOs. But, we were used to charging hundreds of thousands dollar-a-month retainers with our consulting with the world's largest public companies. How could a small company afford this level of engagement?

Our experience with Vistage and *YPO (Young Presidents Organization)* opened the door to executive peer groups as a potential solution. I became enamored with these and began running them with our clients and also locally for the San Diego Chamber of Commerce. I remember the day when Gerry returned from giving an important presentation to the IHRSA Convention and saying he had met this great guy, **Rick Caro**, who loved his presentation and was interested in putting together a small group of club owners to work with Gerry. Thus, the first Club Industry Roundtable was born. Shortly thereafter, I started the second Club Industry Roundtable under the auspices of *REX Roundtables for Executives*. REX now has close to 200 clubs worldwide involved in roundtables in North America, South America, Europe, Australia and New Zealand. None of this would've happened without Gerry's initial breakthrough presentation at the IHRSA Convention." -**Will Phillips**

Comments From John McCarthy, *Executive Director Emeritus of IHRSA*:

"In a sense, Gerry Faust founded a graduate school for men and women who had already experienced success in the health club industry. He did this by bringing industry leaders together in such a way that (See *Dr. Gerry Faust Page 12*)



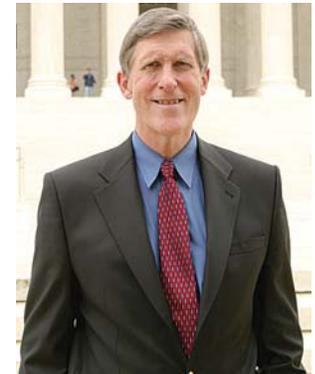
Rick Caro



Dr. Gerry Faust and Rick Caro



Will Phillips



John McCarthy



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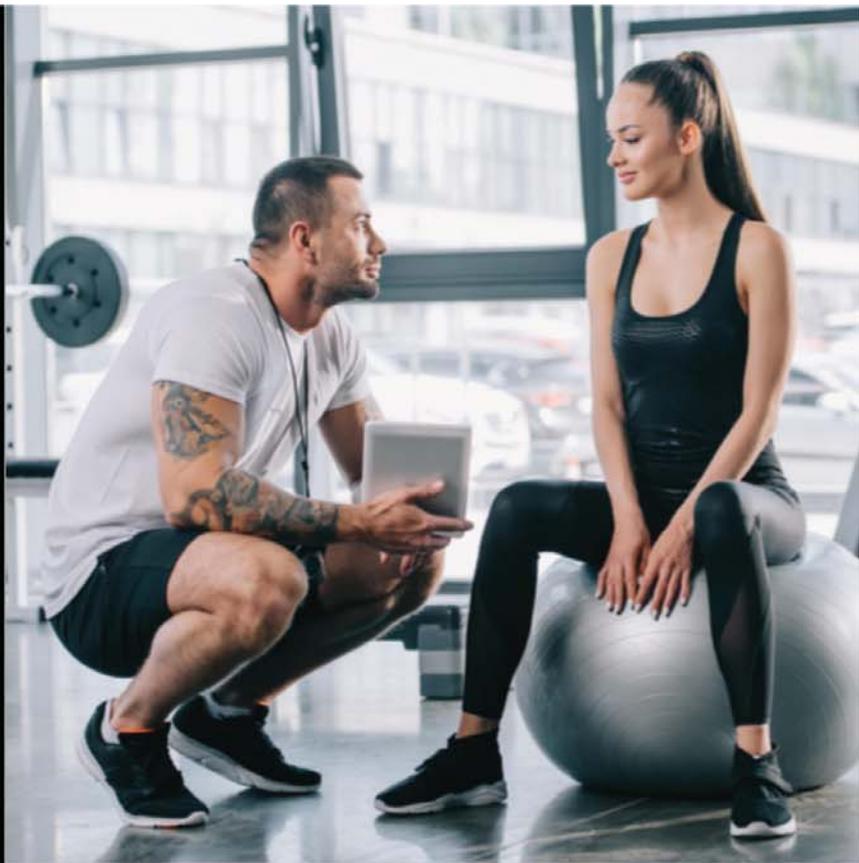
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...Dr. Gerry Faust

continued from page 10

they would benefit not only from Gerry's own experience as a consultant to other industries, but that these leaders would also educate one another by each of them being very open and revealing about their successes and failures.

In short, Gerry founded something that became so valuable to its participants that it will continue for years and decades to come... and what's even more, Gerry did it with his own exceptional sense of humor and camaraderie that made the experience uniquely enjoyable to all who were a part of it. Gerry will be missed, not only for what he achieved, but even more, much more, for *who he was*. God rest him and bless him." -**John McCarthy**

Comments From Joe Moore, President & CEO of IHRSA:

"Gerry was so very intelligent and accomplished but never acted judgmental. He was always good natured and had the ability to teach people how to think for themselves. He always had a great story, knowing exactly how to phrase his words for maximum effect. It was fun to be in Gerry's presence. Just last month, I dusted off the *Entrepreneurial Board Game* he created and had to smile at my memories of his enthusiasm. I was sad to hear the news of his passing, but I'm happy that Gerry was my friend." -**Joe Moore**

Comments From Cecil Spearman, Founder and CEO of the Spearman Clubs:

"I met Gerry Faust when I was fortunate to be invited to join the *Faust Roundtable #1*. I spent 22 years in the medical supply business, including six years as President of the second largest company in that industry. I had built and operated an indoor tennis club as a partner with my boss at *American Hospital Supply* before leaving American to become President of his competitor. I bought out my partner once I became his competitor and operated a tennis club in Illinois while living in California. In 1984, I decided to change careers and work full-

time in the club business. I bought *The Laguna Niguel Racquet Club* in 1984. I joined IHRSA and became involved with IHRSA leadership and management. As a result of IHRSA, I met several of the founders of the Association and was invited to join Roundtable #1... a very lucky break for me and my company.

Becoming a member of this Roundtable was the beginning of the second phase of my business career. Gerry was immediately aware that my business experience was extensive, but my knowledge of managing multi-sport clubs was limited. He helped me understand the difference between indoor clubs and multi-sport clubs. He helped me get organized to operate a club company and to set goals and operating plans. Gerry was the primary reason that I was able to make the move from the medical supply industry to club ownership and management successfully. With his help, Gerry was the reason we enjoyed great success in operating our clubs for 35 years and a substantial growth in assets.

Gerry advised on organization, setting goals and problem solving. He helped me win property tax challenges, and he helped immensely in making the move from large public companies to a small, family-owned company operating in a new industry. Gerry became a close friend, as well as a trusted advisor. He was fun to work with, and he always had a joke to smooth over any challenge. He was brilliant but always cheerful, and *he always worked WITH me as we faced challenges TOGETHER*. Gerry Faust was a joy to work with in solving problems. He will be missed GREATLY, but his legend will live on through the people he helped to make successful. **Long Live the Legend of Gerry Faust!**" -**Cecil Spearman**

Comments From Bill McBride, Owner of BMC3 and CEO of Active Wellness:

"Gerry was a friend, mentor and inspiration to me personally and professionally. I grew up in the industry learning from Gerry directly as well as from others Gerry influenced and taught. Early on in my career, I heard him speak and read his book, *Responsible*

Managers Get Results. I loved, and still do, his no-nonsense approach to human nature, business lifecycle and teamwork styles. I also appreciated his humor, wonderful story telling and easygoing demeanor. Gerry will be missed by his dear and wonderful immediate family AND his broader industry family. He was a wonderful, smart, caring teacher who gave the world much more than he took. I had the privilege of his friendship, mentorship, facilitation on Roundtable #1 and also got to do a little business with him... I am blessed that he played a role in my life. Rest in Peace, Dr. Faust." -**Bill McBride**

Comments From Tom Lyneis, Veteran Club Owner and Operator:

"Gerry was a man of vision and enthusiasm. He was ever the optimist and offered encouragement! He was a risk taker. The Faust Roundtable gatherings were always an event and always provided memories as we traveled the country visiting member's clubs. For many of us, Gerry was the professional guidance and sounding board we needed at the beginnings of the industry. He had a talent for managing and guiding a diverse group of entrepreneurs with strong opinions. He drew upon his own real business and personal experience... his successes and failures across a variety of fields. He had great stories! Best of all, he was a good person with a great heart." -**Tom Lyneis**

Comments From Rick Beusman, President of Saw Mill Club:

"I've known Gerry for over 30 years as a brilliant management consultant, a dear friend and a guiding light in our industry. Gerry was instrumental in the early years of IHRSA, by helping club operators improve and grow their businesses through data collection and analysis and management leadership training. Gerry created the original business Roundtables for club operators. He and Rick Caro gathered some of the true industry movers and shakers, and through them, helped spread the gospel of incorporating professional business management principles as being

crucial to successfully grow our industry.

Gerry was a very quick study on any situation that might arise, and his advice was always sound. He was generally the smartest person in the room. He was also a warm and giving person with a terrific sense of humor.

More importantly, he truly loved the fitness industry and was very passionate about seeing it grow and flourish. It was through Gerry, and people like him, that IHRSA has always been about sharing ideas and best practices for the benefit of the many not just for the few.

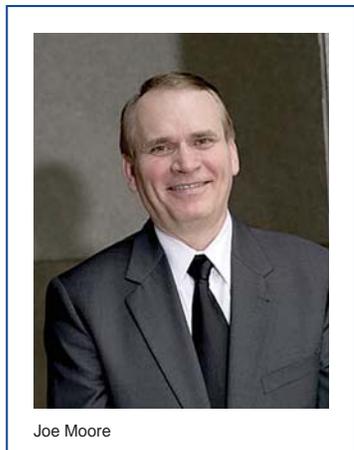
Those fortunate enough to know (See *Dr. Gerry Faust* Page 14)



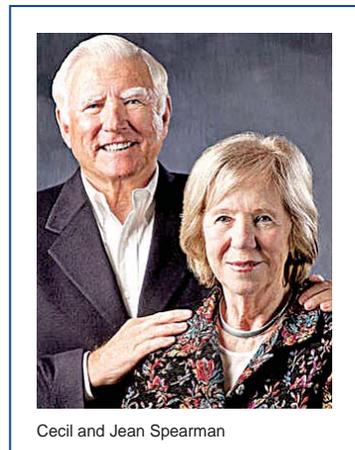
Tom Lyneis



Rick Beusman



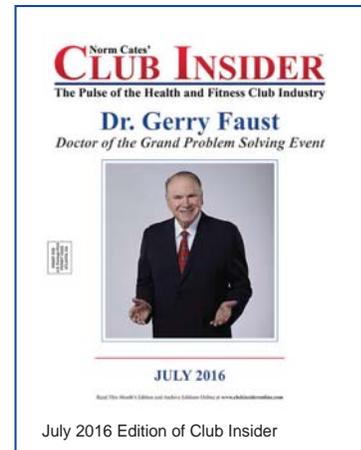
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...Dr. Gerry Faust

continued from page 12

Gerry and his wife, Terrie, were witness to one of the great love stories of our time.

Gerry was a true industry icon and legend. He will be dearly missed. We were all fortunate to have had him in our lives and our industry." -Rick Beusman

Comments From Jill Kinney, Founder and Chairman of Active Wellness:

"Gerry was a big man with a big voice, and he had a huge impact on the health club industry. I met him in New Orleans at one of the first IHRSA conferences where he delivered an inspirational keynote address. He was a psychologist, entrepreneur and successful businessman, and he became a personal consultant to many of the industry leaders through the years. He and Rick Caro developed Roundtables, a forum of 10 - 12 club owners who worked collaboratively under Gerry's leadership. He encouraged us to develop organizational assessments and evaluate the P,A,E,I types of our people. He was a great strategic planner and made all of us take the time to step aside from the wild ride we were on as the fitness industry was taking off and plan ahead. The Roundtables were meant to improve our business, and they did. But, more importantly, they built lifetime friendships.

What I admired most about Gerry was his love for his family. He adored his wife Terrie, and his kids and grandkids meant the world to him. I remember Gerry welcoming me to the Roundtable in 1990. I was very pregnant with my first child and scheduled to open our first *Club One* site in a few months. Gerry made me climb up on a chair and sing my Cal fight song in front of the group. We all laughed hysterically when I couldn't remember the words. He loved to expose authenticity. Gerry can rest in peace knowing that he truly made a difference in the world and that he was truly loved." -Jill Kinney

Comments From Tim Rhode, Former Owner of Maryland Athletic Club:

"Having known Gerry for nearly 30 years,

what I remember most are his wisdom and wit. His ability to share useful insight laced with humor made things easy for people to understand and remember. He taught us all about business lifecycles, work styles and how to diagnose and improve our businesses. The Executive Roundtables he introduced to our industry helped to propel many businesses, including ours, to new levels. My favorite memory of Gerry is not a particular event, but the fact that he cared deeply, shared enthusiastically and was determined to make a difference for everyone he worked with. He did all that. I am so grateful to have had him as a mentor and am proud to have had him as a long-time friend. He truly lived his life in *Prime*." -Tim Rhode

Comments From Liz Rhode, Former Owner of Maryland Athletic Club:

"The first thing I remember about Gerry is that he was bigger than life itself when you stood in his presence! His light, joy and love of life was contagious and made you want to 'have what he was having' sort of in the *Harry Met Sally* scene. No matter the time or distance apart, Gerry was genuinely delighted to see you again like a true and loyal companion. It was an intentional embrace full of wisdom delivered with love with a side of laughter in between. Gerry taught me that women mattered in business, and he respected their strengths before its time. He was a confident man willing to share successes and challenges in work and home along with his beloved Terrie. He respected Terrie and recognized the amazing job she did... especially with him and their family! Gerry helped our business by mentoring us throughout the years. His pearls of wisdom fueled us when we needed it the most, and he inspired us to be the best for those we served. My favorite memory of Gerry was our after-hours Faust Roundtable dinner meetings where Gerry would always want to sit at the Ladies table because we were a lot more fun! Gerry would say, 'Save me a seat!' We know for a fact that a very special seat has been saved in Heaven for Gerry, and it's one of the best seats in the house! Well done Gerry, a great mentor, coach and above all... a great friend. We love you dearly and

know you are bringing continued laughter from above!" -Liz Rhode

Comments From Carol Nalevanko, President of Village Health Clubs and Spas:

"Whenever I think of Gerry Faust it immediately brings a smile to my face. Gerry was a warm and caring person, always willing to help me out with any problem or question, be it business or personal. As a member of the Faust Roundtable, I've known Gerry Faust for almost 20 years. I've always admired him for his love of his family and his love for the outdoors. Gerry worked with me to assist me in creating one of my first strategic plans for my company, *The Village Health Clubs*. He also developed an annual employee training program for me. We still use some of Gerry's trainings to this day. He had an uncanny ability to teach us complicated business strategy by breaking the information down in a way that was simple to understand, and more importantly, easy to implement. My favorite memories of Gerry were the many dinners we shared as part of our Roundtable meetings. It was at these dinners where we really got to know each other, learn about our families and friends, and of course, share some great jokes. I consider Gerry Faust to be a great friend, and I will miss him dearly." -Carol Nalevanko

Comments From Mark Eisenzimmer, Owner of Cascade Athletic Clubs:

"Gerry's impact on our industry, our businesses, our team and our entire family was so profound he has left us a legacy and will not be forgotten. We so loved this man (and his entire family) and are eternally grateful, better people for having him in our lives. He was one of my very best friends, and he will be missed beyond words. We are crushed." -Mark Eisenzimmer

Comments From Debbie Eisenzimmer, Owner of Cascade Athletic Clubs:

"Gerry Faust first caught our attention as an entertaining and impactful keynote speaker for the athletic club industry. We were quickly drawn to him and joined his infamous Executive Roundtable #1 group

35 years ago. Mark and I became fast friends with Gerry and Terrie. We loved their energy and fabulous marriage. We've traveled the world with them. Terri and I loved whooping the guys in pinochle. We flew to each other's children's weddings. We even got to partner in developing a health coaching business. Truly, they became some of our most cherished friends. I can't believe Gerry is gone, and for me, he's not. I see his smile, hear his laughter, see his light-footed dance moves and live my life in a better place because of the ways he has mentored me, Mark and thousands around us. We both love this man and are sad, but we believe his faith has moved him on to heaven, and we will see him again soon." -Debbie Eisenzimmer

■ ■ ■

I want to thank **Rick Caro, Will Phillips, John McCarthy, Joe Moore, Cecil Spearman, Bill McBride, Tom Lyneis, Rick Beusman, Jill Kinney, Tim and Liz Rhode, Carol Nalevanko and Mark and Debbie Eisenzimmer** for their time and effort, with virtually zero notice, invested in producing and sending these comments. Thanks to all of you for remembering our good friend, **Dr. Gerry Faust**, in such a nice and very classy manner.

Last, I want to close this **Special Tribute and Expression of Appreciation to Gerry** with these words: *There is no possible way I can express enough Thanks and Appreciation for the positive impact Gerry Faust had on my life, and the life of Justin Cates, my son and now partner in Club Insider. Without Dr. Faust's Roundtable #1, it's very likely that Club Insider would never have existed... ever! So, to Gerry up in Heaven, and to his loving Family down here on Earth, I say: THANK YOU, GERRY! May Gerry Faust Rest In Peace.*

(Norm Cates, Jr. is a 43-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of **Club Insider**, now in its 26th year of publication. Cates was IHRSA's First President, and a Co-Founder with Rick Caro and five others, in 1981. Cates can be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com.)



Jill Kinney



Tim Rhode



Liz Rhode



Mark and Debbie Eisenzimmer

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at the time I didn't know it was a long-term program. They wanted me to do this and I thought, "Who's going to work this stuff and we're going to run a boot camp and I have a son, and we have a marriage. I don't even understand. Where is your mind in all of this?"



Jennifer Stafford - 20/30 Fast Track Licensee

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"We produced 1.6 million the first year! It's just been phenomenal."

From that point, we got introduced the 20/30 program and in the first month, we made over \$250,000 just with the 20/30 program!

Our clientele now is completely different than the clientele we had before. We had people that were

interested in fitness, and now we have people that would have never stepped foot into a gym. They would not have even considered it. It was the last thing on their mind. They wanted to lose weight before they got into the gym.

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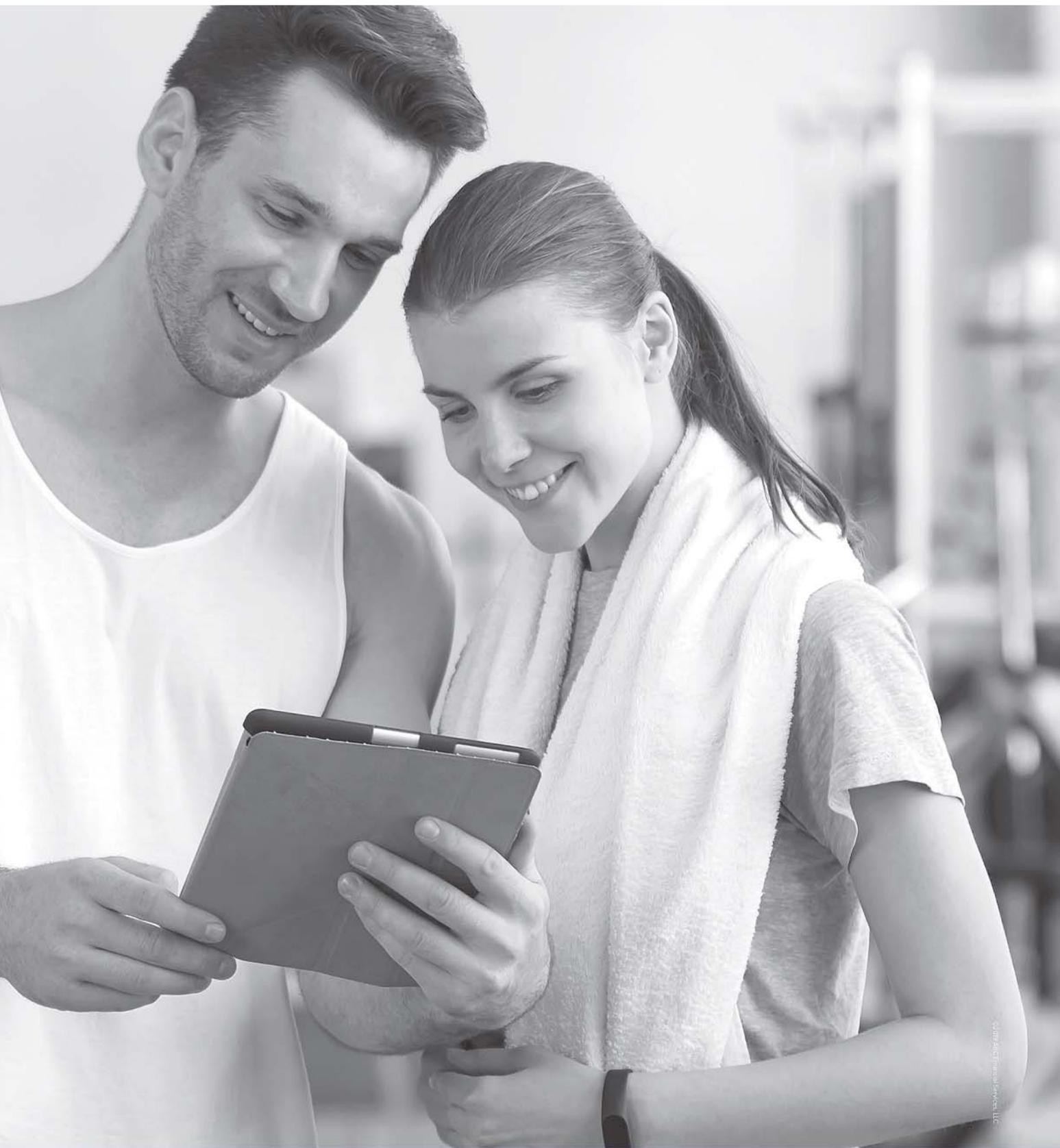
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continued from page 3

Boutique Fitness Industry Statistics that Show Why Business is Booming? Finally, in the August 28, 2018 edition of *NASDAQ Online*, author Chloe Shin addressed the topic in a piece entitled, "What is Boutique Fitness, and How Can Investors Profit?"

So, is the story of the boutique boom the real deal, hype or possibly a hybrid of the two? ClubIntel has been writing and speaking about the boutique fitness studio segment since 2005. We are a believer in the power of boutiques. We believe boutique fitness studios are a natural evolution of the fitness industry framed by changes in our nation's culture, socioeconomic conditions and generational lifestyles. Despite our enthusiasm for these fitness industry innovators, we are also realists when it comes to defining whether the "Boom" is everything it's being made out to be.

This report is intended to share information about the industry, some big picture and some microscopic, that collectively should assist readers reach their own conclusions in respect to the trajectory and scope of the boutique fitness studio segment. We'll begin by defining the boutique fitness segment and then move on from there.

What Exactly is a Boutique Fitness Studio?

A boutique fitness studio is a brick and mortar fitness-oriented business that, for all intents and purposes, meets the following criteria:

- Offers a highly specialized fitness experience (e.g., barre, boxing, cycling, HIIT, Pilates, etc.).

- Is delivered in an intimate physical environment that is typically less than 10,000 square feet, and in most instances, less than 5,000 square feet. According to research reported in 2018 by the Association of Fitness Studios (AFS), the average fitness studio in 2017 was around 3,600 square feet with 75% under 5,000 square feet.

- Is built around appealing to a niche community or tribe. The success of most fitness studios is centered on serving a supportive and highly enthusiastic tribal following.

- Is client/member-centric, meaning the experience is designed to provide personal attention and social support to help the client/member achieve their goals.

- Is experiential and entertaining. Studios leverage the tenants of the "experience economy" by providing inspiration, fun and entertainment. Studios are about staging a production.



Stephen Tharrett

- Is highly convenient. This refers to the studio's physical proximity to consumers, its digital attributes that allow for engagement 24/7, and finally, program availability (classes held multiple times throughout the day).

The Boutique Fitness Studio Consumer

To better understand what's happening, or not happening with respect to the fitness studio "Boom," let's begin by looking at some consumer and user data pertaining to individuals who frequent fitness studios. We will begin with a summary of the key insights on boutique fitness studio consumers generated from the 2019 *IHRSA Health Club Consumer Report*. We will then follow with a short summary of insights on CrossFit consumers as reported by *Quantcast Analytics*.

Insights from the 2019 IHRSA Health Club Consumer Report:

- An estimated 42% of health club members in 2018 report having a membership with a boutique fitness studio. This is the highest percentage since data on boutique



Mark Williamson

fitness studio membership was first tracked in 2013. It represents an increase of approximately two percentage points from 2017.

- 65% of boutique fitness studio members report engaging with two or more facilities, and 22% indicate they engage with at least three facilities.

- On average, members of fitness studios use their facility 104 times annually; 34% use their studio 150 or more times annually (highest percentage of any fitness industry segment); 22% report using their studio more than 200 times annually (tied for most active member group); while only 7% report using their studio less than a dozen times annually (industry segment with the lowest percentage of infrequent users).

- In 2018, fitness studio members spent an average of \$94 a month on their experience, the highest amount spent by members of any fitness industry segment. This equates to 2.6% of the average real disposable personal income per capita of Americans (RDPIPC). The average for the entire fitness industry is approximately 1%

of RDPIPC.

- Approximately 60% of boutique fitness studio members fall between the ages of 25 and 44, with the largest segment being individuals 25 to 34 at approximately 40%.

- Approximately 66% of boutique fitness studio members have a college degree or higher, with 27% having earned a post-graduate degree.

- Approximately 79% of boutique fitness studio members are women, and 21% are men.

Insights from Quantcast Analytics on General CrossFit Demographics:

- 42% of CrossFit participants are between the ages of 25 and 34, while another 19% are between 35 and 44. Collectively, these two age demographics represent 61% of the CrossFit's base.

- 86% of CrossFit members identify as Caucasian.

- Approximately 50% of CrossFit members are reported to be male and 50% female.

- Approximately 50% of CrossFit members report having household income \$150,000+.

- Approximately 40% of CrossFit members have earned a post graduate degree.

Generally speaking, the aforementioned insights on fitness studio consumers indicate that:

- Collectively, fitness studios attract the largest percentage of American consumers. Fitness-only facilities are the second most appealing, attracting approximately 30% of all health club members.

- Fitness studio members tend to be Millennial, female and well-educated.

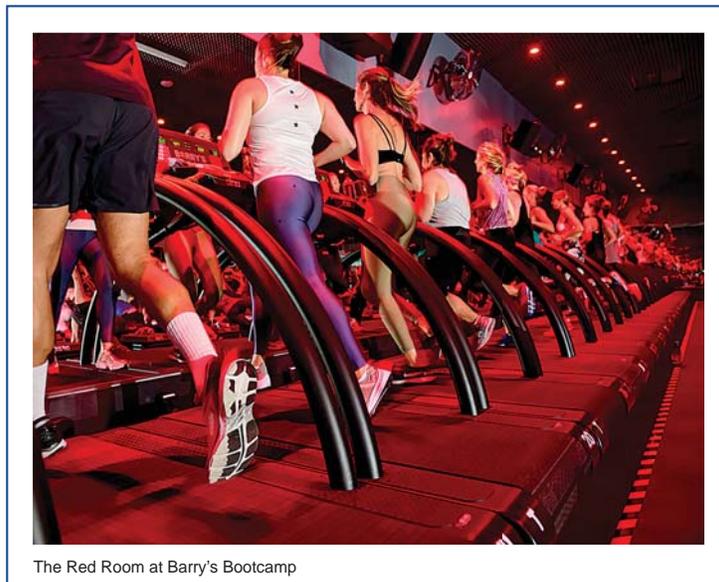
- Fitness studio members pay more on average to engage with their studio than other fitness industry members, and nearly three times as much as members of fitness-only facilities.

- A large segment of boutique members is extremely active (34% engage more than 150 times annually).

- Members of CrossFit, like the members of boutique fitness studios, are well-educated and tend to come from households with relatively high annual income.

What Are the Most Prevalent Types of Fitness Studios?

As previously noted, one of the defining attributes of fitness studios is grounded in appealing to a specific (See *ClubIntel* Page 19)



The Red Room at Barry's Bootcamp

...ClubIntel

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community of fitness enthusiasts. This speaks to both the type of fitness activity offered and the personality of those who pursue that type of activity. To a lesser degree, but importantly, fitness studios are also a consequence of a new generation's desire to seek variety in their lifestyle pursuits. The following is a list of the most commonly operated boutique fitness studio models:

Barre Studios - These are among the most popular studio formats in the U.S. Their approach to fitness is centered on the principles first espoused by **Lotte Berk**. Among the most recognizable brands are *Pure Barre*, *Barre Method* and *The Bar Code*. Other influential brands include *Exhale* and *Physique 57*.

Boxing and Kickboxing Studios - According to a recent report released by market research firm IBIS World, there are approximately 3,956 of these studios in the U.S. Among the most recognizable brands are *9Round*, *iLovekickboxing* and *Title Boxing Club*. Some newer brands in this segment include *Rumble*, *Everybody Fights* and *Mayweather Boxing*.

Cycling Studios - These studios build their experience around dynamic and entertaining group cycling. In some instances, the environment is competitive in nature, and in others, it's more of a stage production. Among the most recognizable brands are *Soulcycle*, *CycleBar* and *Flywheel*.

Dance-Oriented Fitness Studios - These studios are built around using a specific style of dance, such as Latin dancing, jazz, hip-hop, pole and Asian (Belly Dancing) to name a few. Among the most recognizable brands in this segment are *Jazzercise* (largest studio franchise) and *Zumba*. A fast-rising franchise in this segment is *AKT*, owned by *Xponential Fitness*. Among some of the less recognizable and unique segments of dance-fitness concepts are pole dancing franchises such as *Addictive Pole Fitness*, *Goddess Dance Studios* and *PhysioPole Studios*.

HIIT Studios - Along with barre studios, these are among the most popular in the U.S. HIIT studios vary in their approach, leaving considerable room for differentiation. Some use a blend of cardio equipment and resistance tools, while others use body weight and resistance-based movements. Among the most recognizable brands are *Barry's Boot Camp* and *Orangetheory Fitness*. Two popular HIIT brands in New York are *Fhitting Room* and *Ripped Fitness*.

Pilates Studios - Like HIIT studios, these studios often differentiate the customer experience based on their approach, whether it is equipment-based

or non-equipment-based. Among the most recognizable brands in this segment are *Club Pilates* (largest) and *Im=X*.

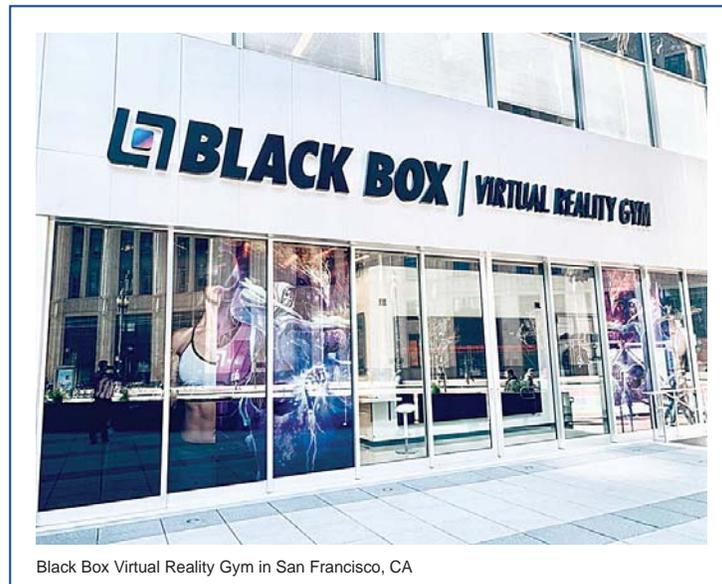
Personal Training Studios - These studios focus on offering either private individual training and/or small group private training. This segment of the fitness studio segment may possibly be the largest. The vast majority of these fitness studios are operated independently. Due to the nature of this model, it is difficult to scale across diverse geographic markets. Among the most recognizable brands in this segment are *F45*, *Iron Tribe* and *Fit Body Boot Camp*.

Yoga Studios - According to IBIS World, this segment may be the largest fitness studio genre, primarily due to the large number of independent yoga studios in the U.S. Among the most recognizable brands in this segment are *Core Power Yoga* and *Yoga Works*. Other brands, some of which are making a push to expand rapidly include *Honor Yoga*, *YogaSix*, *Yoga Pod* and *Hotworx*.

In addition to the aforementioned segments of the fitness studio segment, some categories popular in Canada, Europe and Latin America are now making their way to the U.S. including *Whole Body Vibration Training* studios and *Electrical Muscle Stimulation* studios. In the spring of 2019, the founders of virtual reality training platform *Black Box* opened a virtual reality training studio in San Francisco called *Black Box Virtual Reality Gym*.

Newest Fitness Studio Model: Black Box Virtual Reality Gym

One of the defining attributes of the boutique fitness studio segment involves entrepreneurial innovation and the introduction of new business models built around unique training approaches.



Black Box Virtual Reality Gym in San Francisco, CA

In Europe, EMS Trainings Studios such as those franchised by *Body Street* (250+ studios) has emerged as important players in the segment, despite the relative absence of these studios in the U.S. In Canada, studios such as *Pure Vibe* and *Vibes Fitness* have introduced boutique studios dedicated to whole body vibration training. Now, the U.S. can boast a first-of-its-kind fitness studio, *Black Box Virtual Reality Gym*. This concept offers consumers a gym with the sole approach being built around the use of virtual reality training.

Black Box introduced one of the fitness industry's first Virtual Reality (VR) training systems, initially showcasing it at the 2018 IHRSA International Convention in San Diego. The *Black Box VR* system integrates the principles of fitness, virtual reality and gaming to create a system (equipment and program) that allows people to use their body as a controller while exercising in a virtual reality universe. The routine itself provides a high intensity workout while making it feel like the person is engaged in e-gaming.

In the spring of 2019, *Black Box* opened the first ever VR gym in the U.S., locating it in San Francisco, CA. A second studio has opened in Boise, Idaho. The studio in San Francisco offers 14 VR stations where clients and members can complete an intense high-intensity workout while immersed in virtual reality landscape where their body is the controller. The studio offers prospective clients a fitness experience that is as much exercise as it is gaming, and just as importantly the workout itself can be completed in less than 30 minutes.

To learn more about *Black Box*, check out the **October 2019 Club Insider Cover Story** (bit.ly/clubinsider70).

The Bifurcation of the Boutique Fitness Studio Market

When the fitness studio market

initially appeared on the radar of the fitness industry, it was an entrepreneurial business model comprised predominately of independent fitness studios (not unlike the health club industry when it first burst on the scene in the 1970s). Well, today, we can unequivocally say that the fitness studio segment has broken off into two paths. The first path is the entrepreneurial independent fitness studio segment, probably the largest segment. The second segment is chain or multi-unit fitness studios comprised nearly entirely of largescale private-equity-fueled, corporately-owned and/or franchised fitness studios. Let's take a look at examples from each of these bifurcated fitness studio segments.

Independent Fitness Studios:

These are studios typically owned and operated by their founder. In most instances, they are community-based and range from a single studio to possibly multiple sites in a larger community. These studios are the soul of the fitness studio industry and rely heavily on the talents, passion and equity of the founder for their success. The following are some examples of independent fitness studios from various U.S. markets (studios visited by the authors):

Ridehouse - A group cycling studio based in Dallas, Texas. Operates one studio.

Serious Results - Personal training studio based in Flower Mound, Texas. Operates one studio. Named Best of Denton County, Texas in 2018 by *Murray Media* readers.

FNS - A customized training studio offering private and group training. Operates a single studio in Santa Clara, CA. Has been voted by the readers of *Metro Magazine* as the number one training facility in the Bay Area for three years running.

Fhitting Room - A HIIT studio group based in New York, New York. Operates three studios in New York City. Has been featured in articles appearing in among many *Harpers Bazaar*, *People Magazine* and *Wall Street Journal*.

Now and Zen - A yoga studio based in Lodi, California. Operates a single studio.

Peak Zone Fitness - A HIIT studio based in Dallas, Texas. Operates a single studio.

Chain Fitness Studios (corporately-owned or franchised):

This portion of the fitness studio market receives the most media attention, in part due to its size and scope, but also due to the public relations machines and large marketing budgets most possess. These fitness studios are highly-scaled productions, less dependent upon the

(See *ClubIntel* Page 20)

...ClubIntel

continued from page 19

talents of a founder and more on a highly structured and systemized approach that ensures consistency in the product and/or experience being delivered. These studios tend to be less tribal, less intimate and less community-oriented than independent studios, though exceptions exist. In a recent tally we did of the leading fitness studio chains (franchises and corporately-owned), we identified between 15 to 16 groups that operated at least 40 units in the U.S. Cumulatively, these 15 to 16 chains operate over 11,000 studios in the U.S. (did not include CrossFit affiliates in this count). Among the most recognizable and prominent fitness studio brands in this segment are:

Bar Method - Operates barre studios and has approximately 120 franchised locations in the U.S.

Pure Barre - Operates barre studios and has over 500 franchises across the U.S. It is the largest operator of barre studios in the U.S. The company is part of the Xponential group of fitness studios.

Soulcycle - Owns and operates 87 group cycling studios in the U.S. While not the largest by studio count, it is likely the largest in respect to revenue generation, not to mention the most recognized group cycling brand in the U.S.

Core Power Yoga - Owns and operates 215 yoga studios, the vast majority under a franchise model.

9Round - Operates fitness studios based on a boxing/kickboxing format. They presently have over 700 studios in the U.S., nearly all of which are franchised. They are the largest operator of kickboxing/boxing fitness studios in the U.S.

Orangetheory - Operates HIIT studios with 1,000 franchise locations in the U.S. and 1,200+ around the globe. Orangetheory is the largest operator of HIIT studios in the U.S.

Club Pilates - Operates equipment-based Pilates' studios. Currently have over 500 franchise studio locations in the U.S., making it the largest Pilates studio company in the U.S. The company is part of the Xponential group of fitness studios.

Jazzercise - Operates dance-oriented fitness studios and was founded nearly 50 years ago. Today, the company has approximately 6,900 franchises in the U.S.

Cyclebar - Operates group cycling studios under a franchise umbrella. They currently have over 200 studios in the U.S. The company is part of the Xponential group of fitness studios.

CrossFit - These studios or "boxes," as

they are commonly known, deliver a unique brand of functional fitness where each day there is a different work out. There are approximately 6,500 CrossFit-licensed boxes in the U.S.

iLovekickboxing - Operates kickboxing-oriented fitness studios under a franchise umbrella. They currently have over 260 franchise locations in the U.S.

Row House - Operates rowing studios and has approximately 100 franchise locations in the U.S. The company is part of the Xponential group of fitness studios.

Title Boxing - Operates boxing-driven fitness studios and presently has 185 franchise locations in the U.S.

Yoga Works - Operates approximately 60 corporate-owned studios in the U.S. The company is presently the only publicly traded fitness studio operator in the U.S.

In addition to the list of prominent fitness studio operators listed above, some other recognizable brands with a foothold in the U.S. market include:

The Bar Code, a barre-driven studio model that presently has 40+ franchised studios in the U.S.

Barry's Bootcamp, a HIIT-driven studio model with approximately 40 owned and franchised locations in the U.S.

F45, a small group training studio model with over 500 franchise locations around the globe.

Flywheel, a group cycling studio model with approximately 40 franchise locations in the U.S.

Iron Tribe, a HIIT and personal coaching oriented studio model with approximately 40 locations in the U.S.

How Many Boutique Fitness Studios Are There in the U.S.?

This is the million-dollar question, or possibly the billion-dollar question in the case of investors (the Unicorn principle). Our research does not offer a hard and fast number on the exact number of boutique fitness studios in the U.S. nor in our opinion does the research of others. Let's look at some high-level information that we have been able to find:

■ IBIS World, a world-renowned market research group reports that, as of 2019, there are 111,055 health clubs, gyms and fitness studios in the U.S. They also reported there were 46,220 yoga and Pilates studios and 3,956 boxing gyms and studios.

■ IHRSA, the International Health, Racquet and Sportclub Association, reports that, as

of 2019, there are 39,740 fitness clubs in the U.S.

■ AFS, the Association of Fitness Studios, estimates there are over 100,000 fitness studios.

Below you will find two estimates (we do not guarantee their accuracy) on possible studio numbers for the U.S:

Estimate #1 - 71,000 studios: *111,055 (IBIS grand total of fitness facilities) LESS 39,740 (IHRSA club count) = approximately 71,000 fitness studios*

Estimate #2 - 87,000 studios: *26,000,000 (estimated number of studio members per 2019 IHRSA health club consumer data) /300 members per studio (2017 AFS data on average clients per studio) = approximately 87,000 fitness studios.*

Based on these two broad estimates, as well as the count offered by AFS, we believe the potential size of the U.S. fitness studio market may range from 71,000 to 100,000.

Where Are Consumers Likely to Find Boutique Fitness Studios?

Some industry pundits have proclaimed the fitness studio boom an urban trend, fueled by America's urban migration, especially that of college-educated millennials. According to an article appearing in the January 10, 2019 edition of citylab.com written by Richard Florida, boutique fitness studios are as much a suburban fitness trend as an urban fitness trend.

According to data shared in his article and pulled from his research of the leading fitness studio operators, both suburban and urban markets had a higher concentration of fitness studios (percentage of total studios located in these markets) than the respective level of the U.S. population represented by suburban (population density of 102 to 2,213 per mi²) and urban markets (population density >2,213 per mi²). The most interesting insights, at least from our perspective was data reflective of which fitness studio brands had staked their value proposition on targeting either a suburban demographic or an urban demographic. **Table 1** (bit.ly/clubinsider71) lists the top five urban and suburban fitness studio brands based on what percentage of their locations are located in either an urban or suburban market.

The Extent By Which Boutique Fitness Studios Have Infiltrated Various Markets

If boutique fitness studios are truly a boom phenomenon, then one approach to understanding their impact would be to look at their level of infiltration in various U.S. markets. Consequently, we explored six urban markets from different corners

of the U.S. to look at the level of market penetration in respect to the number of studios in these markets and the size and density of population they serve.

Upfront, we want to say that those we selected are located in popular urban demographic markets, in particular markets that are appealing to Millennials and Generation X. The markets we explored include: Chelsea, NYC, N.Y.; Lincoln Park, Chicago, IL; Highlands, Denver, CO; Back Bay, Boston, MA; Capitol Hill, Seattle, WA; Mission Bay, San Francisco, CA; and Uptown, Dallas, TX.

In respect to what we explored, we looked at the following: total population, population of 25- to 44-year-olds (total and by percent), market size in square miles (mi²), population density, average HH income, number of studios, and finally, the number of 25- to 44-year-olds per studio.

Tables 2 and 3 (bit.ly/clubinsider71) speak to the outcomes of our findings.

Some general insights brought forward by this data include:

■ Nearly all of these markets have a high population density, a large percentage of adults falling into the 25 to 44 demographics, an above average level of HH income, and finally, represent a small geographic market area (less than one-mile radius).

■ As shared earlier in the section on fitness studio consumers, 60% of boutique users are 25 to 44. Consequently, markets such as these that are comprised of a high concentration of 25- to 44-year-old adults are more likely to be fertile ground for boutique fitness studios.

■ The number of adults 25 to 44 available per fitness studio ranged from 435 to 1,800, significantly less than you would see for a traditional fitness club. It is evident that studios are able to thrive in markets where clubs would have a considerably greater challenge.

■ Market size is small. In the case of each of these urban markets, the radius of the market is one mile or less (less than 3.2 mi²). This speaks to a market where consumers are more likely to walk, bike or take the metro than to drive.

■ The density of studios, not to mention variety of studios (each market had at least 4 to 6 different studio segments) was considerable.

■ ■ ■

In **Part II**, we will cover *Pricing Approaches and Price Points; Fitness Studio Performance; Private Equity and Fitness Studios; and Final Thoughts and Takeaways.*

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

Six Weeks to Sales Success

By: **Casey Conrad**

It's no mystery; the number one issue for most fitness facility operators is getting more prospects to walk through the door. Let's face it, marketing is much more challenging today than it was in the past. Long gone are the days where an ad in a newspaper or a direct mail piece would generate dozens, if not hundreds, of leads. With traditional mediums drying up and a myriad of digital platforms available, getting in front of prospects requires entirely new approaches and skill sets.

Add to all of that the fact that competition continues to outpace demand... by a LOT! Between the big box chains, low-price clubs, boutiques and now in-home products like *Peloton* and the *Mirror*, the "pie" of market share continues to be divided up into smaller and smaller pieces. Between the 1980s and now (almost 40 years), the population of Americans who are members of a commercial fitness facility only grew around 8% (from 12-- 20%). The number of easily accessible fitness options for consumers has probably quadrupled!

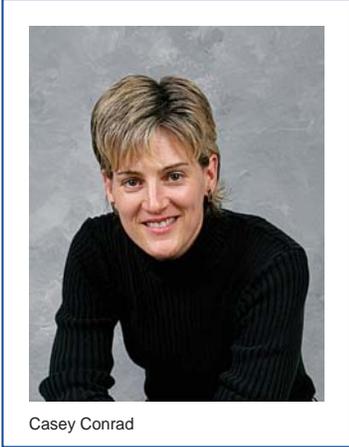
That all may seem very depressing, but there is a point. As an industry, and not just an individual operator, how do we get more Americans to join commercial fitness facilities? Let me be clear; I'm not talking about a promotion that pulls an existing fitness consumer from one location to another. I'm referring to *growing* the number of consumers who become members.

For the past year, I have been very vocal about what I believe is a viable solution that both acts as a way to attract entirely new customer bases and is also the marketing vehicle. I'm referring to six-week, highly-targeted wellness programs.

Over the last several years, I have been piloting a variety of six-week programs at a private wellness center that doesn't even have signage. I mention this because that further demonstrates the power of the concept(i.e. with strictly social media posts and inexpensive ad campaigns, one can drive prospects to inquire and buy a short-term, outcome-orientated programs at a price tag that, in most cases, is much higher than what the facility would get for

six weeks of membership dues). Some of the more popular wellness topics include weight loss (always effective but not necessarily a "new" market), sleep issues, joint aches and discomforts, mental clarity concerns and fatigue. And, NO, none of these programs requires a dietician, nutritionist or medical professional because they are lifestyle-based without any medical intervention.

There are three aspects to the program: (1) dietary education (utilizing several books depending upon the focus of the program), (2) exercise programs and/or classes using sound science and can be created by your on-staff experts, (3) and a wellness device that enhances the body's circulation process naturally by laying on it for just eight minutes multiple times per week. Package pricing depends upon the facility's demographics and model, but the average six-week program usually sells within the range of \$249 - \$499. Of course, customers can be given the option to simply participate in the program, or at an attractive discount, get started on a regular membership + program.



Casey Conrad

What was so surprising to me were the numbers of customers who choose the combination of the get-go, yet they had never been a member of a fitness facility previously. Although research would need to be done to ascertain the exact reason, I believe it can be traced back to **Christine** (See **Casey Conrad** Page 23)

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Build Your Tribe:

Sure-Fire Ways to Maximize Your Group Fitness Participation

By: **Jarod Cogswell**

"You're stronger than you think!" It's a mantra I have used for years, teaching large group fitness, and I firmly believe it. Admittedly, it gets me emotional at times. Heck, I've even shed tears of joy in the middle of the turf inspired by collective effort, perseverance and witnessing "our tribe" push themselves and one another farther than they thought possible... And, as a fitness professional, there's no better feeling than helping people push past their barriers to feel stronger mentally, emotionally and physically.

It's also an amazing experience and honor as a coach to service a full class of connected individuals from all levels of fitness. But, how do we maximize participation to meet individual fitness goals and create experiences that ultimately, when applied, creates buzz to attract new clients and keep them coming back? Here are some tips that may increase your numbers...

Create the Experience - First, the design of the workout must be safe and effective. That's goal number one. Variety is essential, and safety is paramount. Second, create a theme and/or mindset for the workout. Get your crew of peeps feeling powerful and energized even before the session begins. Make it feel less like exercise and more like an adventure!

Invite - Unlike most of us fitness pros and our loyal followers, we must remember that, for most, exercise is hard. We need to give people a nudge. If you have a private Facebook page, use it. Invite, and **Make IT Fun!** People love it!

Over-prepare - Expect the unexpected. Be prepared to give alternatives to the movements you have chosen. At times, we are catering to so many different people with different needs that, as professionals, we must have our toolbox of movements *ready for anything.*

Music Matters - Music is energy. The

genre matters. The volume matters. Have that playlist ready to go. Song selection should match the flow of the workout. Don't be one of those who switch songs manually during classes. Be a pro. Get your DJ hat on and pump up the crowd!

The Welcome - It's an honor when people show up for your class. Give them a *sincere*, "Thank You," for coming. Let them know you truly appreciate them. Show up at a minimum 15 minutes prior to class to meet and greet. Set the tone.

The Introduction - Be sure you know who is new to class. Introduce them to other class participants. Connection is vital. Let them know they are not alone and ask your "veterans" to step up and help where needed.

Explain the Plan - Settle nerves by clearly explaining the workout format so that participants know what to expect. **Note:** Do this *prior* to the warmup. Many coaches will lose momentum by explaining after the



Jarod Cogswell

warmup. Keep the energy flowing upwards.

Bring the Energy! - The goal is to educate, motivate and inspire. Move quickly. Coach and encourage. Ensure each participant gets noticed and feels supported. This is (See **Jarod Cogswell** Page 24)

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...Casey Conrad

continued from page 21

Brooks' study done back in the 1980s with IHRSA that identified, "Fear of not fitting in," as one of the four primary reasons people don't even visit a fitness facility when they know (and in many cases want) to start an exercise program.

Although this three-part approach sounds simple enough, we went through a lot of trial and error working out the bugs. The statement, "The devil is in the details," exists for a reason! In order for you to avoid our mistakes, let me share with you six pieces of advice and distinctions:

1. Involve your own staff in the exercise program development. On our first go-round, we contracted a PhD in exercise physiology that specializes in the population we were targeting. That was all well and good, but when we handed the trainers the protocols and guidelines, there was dissension among the troops! Everyone had an opinion, and not everyone was on board with what had been created and handed to them (albeit with the best of intentions). With some trainers unhappy, it seriously put a damper on the launch. It is critical that your staff, and especially trainers, are supportive. Members look to them as the experts, not some unknown person with letters at the end of their name, regardless of how credible the person is (excluding a celebrity who could sell the dumbest idea to their fans). Instead of doing the work for them, involve your trainers in the process. If there is not someone on the team who has experience with the target population you are going after, have them seek out the advice and choose the philosophy that they believe in (assuming it is sound science). And, if you have a particularly vocal trainer who others on the team look up to and follow (even if they aren't in charge), be sure to get him involved as well! If he is dominant enough, he alone, could severely impair success.

2. Align the first program with a passion, if possible. What I mean here is that, very often, in owner-operated clubs, there is a client or a member population that they feel particularly aligned with and passionate about serving. In many cases, there may already be successful testimonials of those whose journey involved the services of the club. In one instance, an owner had herself overcome a severe immune issue that had left her constantly fatigued, achy and moody. With lifestyle changes, she transformed her health and her life. As a result, she was committed to helping other women who were dealing with the same previous challenges she previously had. By taking her passion and wrapping a structured wellness program around it, she naturally attracted members even before any advertising. In addition, her social media journey was public, and this further created lots of interest. Once the first six-week program was completed, the popularity grew primarily through referrals.

3. Do not reinvent the nutrition wheel. This piece of advice will upset dietitians and

nutritionists, but it's the truth. If you have a certified dietician or nutritionist create a program, it won't be something that may be duplicated, and if they leave, you will be in a tough spot. The reality is that there are sound scientific nutritional advice books that speak to every health condition: joint health, brain health, sleep management, etc. By using a book, you can have a fitness trainer (or even passionate staff member) lead group discussions or webinars in the same way a book club would work. Now, you are merely discussing the book and not yourselves prescribing a diet. This is very important, because legally, only a dietician and nutrition can do that. We have even had clubs that will find amazing YouTube videos by authors and incorporate that content either in a group setting or sharing links for at-home viewing. The bottom line is that we all know following a clean diet is a huge part of feeling well. And, with all the news these days about gut health being linked to long, healthy lives, it's an easy discussion with motivated participants.

4. Run an in-house session before advertising! Maybe the blinding flash of the obvious to some, but I'm amazed at how many operators don't follow this simple rule. No matter how structured, how organized and how efficient a staff is, there are always bugs to work out. Members who already know, like and trust that you will be more forgiving of these little bumps in the road. One way to get a good group to launch is by offering members a discount. Be transparent and tell them why. Let them know that, in return, you want their feedback, and if appropriate, a nice testimonial after completing the program. If possible, identify any members who are "influencers" in the community. Their testimonial could help catapult the second-round participation level.

5. Tap into local associations, support groups and professionals. Once you have a successful launch, it is time to begin forming relationships with others in the same "space" in terms of topic. For example, we like to contact the local hospital's diabetes support group regarding our *Diabetes Lifestyle Challenge*. Some will help promote the program once they fully understand it. Others may initially be reluctant until someone in their group brings the information to them after completing the program. The bottom line is that, in every community, there are a large number of people suffering from some common lifestyle-based issue that a wellness program could greatly benefit. People dealing with an issue who get results organically (and happily) tell others about the program. We all know referrals are the best form of advertising for many reasons.

6. Perfect one before adding another. Ultimately, your facility will want to have more than one six-week program that attracts a wide diversity of new prospects. Even with really small groups of 12, the average club will convert anywhere from 60% - 80% of participants into some level of club membership or personal training. If a facility were running a couple of programs

at any given time, that would mean 14 - 20 additional members every six weeks. Over the course of a year, that is a big financial payday. Best of all, the customer acquisition cost is extremely low, and the up-front spend on the program is much higher than most clubs typically get from the typical fitness customer.



Relaxation, recovery and rejuvenation are the buzz words in the media. People want wellness more than just fitness. By incorporating these six-week, lifestyle-based programs into your facility,

you create a marketing magnet that attracts new customers and helps people who have often lost hope for feeling better. In the process, you will add ancillary revenue and convert these participants to long-term members.

(Casey Conrad is a long-time industry sales and marketing consultant. She has authored numerous books. Most recently, Casey was independently contracted to be the Northeast Regional Director for BEMER, USA, a European medical device manufacturer based in Liechtenstein. For more information, she can be contacted at CaseysHealthClubTraining@yahoo.com.)



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Attaboy!

By: **Derek Barton**

Remember the compliment, “attaboy?” Remember when you got an “attaboy” and how good you felt, especially when it came from your father or your first boss? They even made a silent comedy film back in 1926 called, “Atta Boy.” I don’t remember that either.

In case you are visiting planet Earth and just picked up a copy of **Club Insider** (a wise choice), you may not know the term, “attaboy.” *The Merriam-Webster Dictionary* says the term is condensed from the phrase, “That’s the boy,” used to express encouragement, approval, or admiration. Its first known use was in 1909. I have a feeling it may have started in the Garden of Eden when Eve said to Adam, “I’m a lot smarter than you!” Adam, looking at the apple in Eve’s hand, was eager to reply, but he chose to stay silent whereupon God whispered in his ear, “attaboy.”

I don’t know if anyone is still using the phrase, “attaboy,” today, but I sure saw new versions of it during the World Series between the Washington Nationals and the Houston Astros. If you watched all seven of those great baseball games, you saw a ton of “attaboys.” I couldn’t wait for someone to hit a home run, especially on the Nats team because they perfected the “attaboy” into an exciting celebration of some amazing choreography. No audible “attaboys,” just some inspiring hand, arm, fist and chest bumping, with hugs and then the home run guy plopping down onto the dugout bench next to his teammate as they performed some crazy antics like driving wildly in a car. Every teammate got into the act making

sure their hero who had hit the home run knew how much they appreciated him.

Hitting a home run is one of the greatest thrills in sports. At that moment, you know you have contributed something awesome to your team. And, when you round third heading for home, your teammates are waiting to let you know it. That’s the bonus! The feeling of unbridled appreciation from your teammates and coaches is a rush that sustains you for a long time!

After watching this World Series, I couldn’t help but think about the workplace, the companies where people work, the teammates they work with, the 40- to 60-hour work week where people bust their ass to move their company forward trying to hit their own home run. Many people *do* hit it out of the park at work, but do you ever see them getting up from their desks excited and doing a victory lap around the office while their co-workers give them high-fives and “attaboys?” They’d probably get sent to HR, right? During my time at Gold’s Corporate in the ‘80s and ‘90s, when our small but mighty team was building that brand, there were a few of us who would champion each other daily. Those colleagues have become some of my closest friends today.

As in sports teams, camaraderie in the workplace is important to succeed. Nothing wrong with celebrating your own accomplishments, but it means so much more when others celebrate you. The entertainment industry celebrates their own peers every year with the Oscar Awards, Emmy Awards, Tony Awards and Grammy Awards. And, we love watching them. At Gold’s Gym, we initiated our own “Oscar

Night” at our annual conventions in Las Vegas where we celebrated our franchisees for their great accomplishments. Several fitness conferences around the world where I have given seminars and keynotes also recognize excellence in individuals and organizations. It’s always an uplifting evening!

To your employees, kudos go a long way. It might make up for the paycheck that they wished had more in it, whether you think they deserve more or not. I’ve heard some employers say, “My employees don’t need any strokes, I pay them to do a good job!” My reply to that employer is, “You also pay good money to an entertainer to put on a good show for you at a concert, but you still give him or her ‘strokes’ by applauding. If you have a good waiter at a restaurant, their ‘attaboy’ is a tip on top of the bill.”

Whether it’s our employees, teammates, friends or even family members, we all need strokes. It’s human nature. That’s why we love watching sports. We empathize with the victories and celebrations. There’s nothing more emotional than when you volunteer at the Special Olympics and you’re at the finish line of the 50-meter dash waiting to give that child a hug. Those “attaboys” make you *both* feel good!

I’ve played sports my whole life. Baseball was my game. In the marketing world, I use the baseball phrase, “In the ballpark.” If the marketing idea is okay, we’ll say it’s “in the ballpark.” If it’s a good idea, then we say it’s a single or a double, but we’re always trying to hit a home run. Bottom line, a home run is a home run whether in sports or in business. And, when



Derek Barton

we see a home run in business, just like in baseball, we need to cheer and celebrate that person!

That’s why I was so moved when Norm Cates sent out an email to many of his friends and colleagues praising his talented son, Justin, for being named to *Walt Disney World’s 2020 Traditions Team*. Talk about a home run. Then, Norm praised Justin again with an article in his publication, **Club Insider**. Talk about an “attaboy.” So, let me chime in on the well-deserved praise. **ATTABOY, JUSTIN!!!** And, to you, Norm, who inspired all of us with your heartfelt email and article acknowledging your son’s great accomplishment, “Attaboy, my friend, attaboy!”

(Derek Barton is CEO of Barton Productions, and he can be reached at derek@bartonproductions.com.)

...Jarod Cogswell

continued from page 22

essential to the group fitness experience.

Use the “Science” - Depending on the class format, use heart rate monitoring/training if you have it. Programs like MyZone enhance the experience and allow us as coaches to safely monitor and praise individual performance. Besides, people love the sense of accomplishment afterwards by actually viewing the feedback.

Use Names and Praise - There’s nothing more powerful than name recognition. It creates connection and loyalty. Remember as many names as possible and use them. Simply naming a few people will segregate the rest of the group. EVERY body matters.

Post-class Huddle - Show your appreciation and praise for their effort. Thank them again for coming. Come up with a word or phrase that makes the

experience memorable for the remainder of the day. Post-class chants **MAKE IT FUN** and memorable!

Build Your Tribe! - Be sure that people are connecting during and after class. I’m constantly asking class members to high-five and fist-bump one another... Raise one another up! And, I have them actually earn T-shirts/Tanks for showing up a minimum number of times to my classes. Take photos and post them after class. Make them feel like rock stars. Host social

events. Ask them to invite friends to the next class. Ultimately, many individuals quit exercise, but members of a tribe never quit relationships.



The key to building group fitness participation is consistency and influence. Do the above, be authentic, be purposeful about changing lives and see your wait list grow too!

(Jarod Cogswell is the Founder of WORK Like an Athlete Business Consulting Services. Jarod is a Todd Durkin Platinum Coach, former gym owner, Alpha Warrior U.S. Army BOSS Strong Coach, veteran fitness professional, keynote speaker and author. He passionately serves fitness professionals and clients to maximize their personal and professional potential. Jarod can be reached at jcogswell@enterpriseathlete.com)

Make It Fun!

Your Members Can Have Their Cake and Eat it too!

By: **Ron Alterio**

Health and fitness clubs all around the country are trying to figure out how to drive more paid group personal training, and one of the most common questions and a key concern that comes up in the process is: "How can I do this without cannibalizing my one-on-one personal training revenue?" Most owners understand that paid group training helps cast a wider acquisition net due to its affordability. Most also understand that paid group training helps service a higher percentage of your member base for a much lower cost. But, let's face it, those same operators have spent their entire careers focused on driving the largest profit center and revenue stream outside of the membership base: one-on-one personal training.

As a result, most are hesitant to introduce, focus or sell anything in general that will interfere with its success and are even more hesitant to start to building a paid group training program in particular. For those who do make the effort to drive paid group training, the program will typically live in a small corner of the club, it may get thrown a few leftover toys to use,

and the success, or lack thereof, is usually tied to a few well-intentioned but under supported coaches.

Although that thought process and associated behaviors are understandable, the good news is it doesn't have to be this way. The two training modalities need not be mutually exclusive to one another. In fact, one of the best ways to protect and extend the lifetime value (LTV) of each existing one-on-one PT client is to offer a product that allows for the most client touches per week and at the lowest price point possible. There is no better way to accomplish this aim than to combine, blend, or "marry" your one-on-one product with paid group training. Let me explain.

At its core, marrying one-on-one personal training with your paid group training means taking a given number of individualized and private sessions (1, 2, or 3 times per week) and then bundling in or including an unlimited number of paid group training sessions. For example, let's take a typical (1) time per week personal training solution. Let's say your average session rate for a 30-minute session is \$35. The monthly rate in this example would be an affordable \$140 a month. The

problem, or challenge with this solution, is the minimal number of weekly client touch points involved.

To remedy the low number of touch points, you would need to suggest a (2) times a week solution. Unfortunately, the challenge with this approach is the significant monthly increase in cost. A (2) times per week private solution would now be \$280 per month. The best way to increase the number of weekly touch points while still keeping the monthly cost to the member as low as possible is to offer a one-on-one private solution at (1) time per week and then bundle or anchor on an unlimited number of sessions with a group. Depending upon a few variables, such as the size of your paid group training area and the rate you pay your coaches, you could easily offer a paid group training solution for as little as \$49 a month. If you were to marry the two, you would now be able to offer every member a personal trainer *EVERY* time they come into your facility for as little as \$189 a month!

Another reason you might want to consider marrying the two services together is that it also balances the needs and wants of the trainer with the needs and wants of the



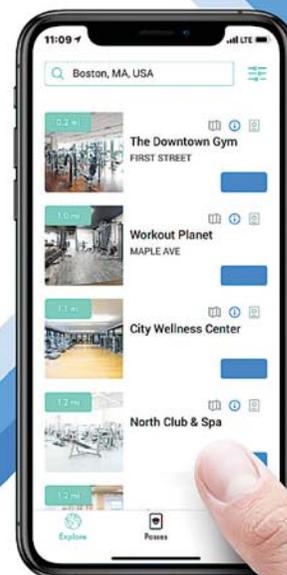
Ron Alterio

member. Trainers in general would rather have as much private and individualized time as possible with each client to ensure they are getting the most effective, efficient and safest workout possible. Unfortunately, cost will always be a limiting factor in achieving this aim. Conversely, most members in general would prefer to workout in groups due to the increase in fun, (See **Ron Alterio** Page 26)

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Effective Lead Follow-Up Cycle for New and Existing Leads

By: **Karen Woodard-Chavez**

When I ask clients how they are doing with Month-To-Date (MTD) new membership sales, the responses vary. Some are on track, some are ahead of pace and others are behind. Inquiring why on all counts and especially with clients who are behind, the response is typically that traffic has slowed down. Lead generation is clearly a key to sales success, and often, there is not enough lead generation going on. That is another article. What I also find is that there is typically *ineffective lead follow-up happening*. When this happens, sales teams are leaving a LOT of opportunity on the table that should easily translate into more new sales, better member relationships, increased referrals and better retention. With regard to leaving a lot on the table, the following are some compelling facts: **80% of all sales require five follow-ups to close**. Here's the exact breakdown according to research by *Marketing Donut*.

- 44% of sales reps stop following up after one rejection or ignored email;
- 22% of reps stop after two attempts;
- 14% of reps stop after three attempts; and...
- 12% of reps stop after four attempts

The math works out to suggest that **8% of salespeople are scoring 80% of the sales!** Even if following up isn't your favorite part of the job, it's absolutely crucial to your success. **If you give up before that crucial fifth follow-up, you're shutting down the bulk of your sales potential.**

Some of you reading this have terrific CRM/Prospect Management Systems. Some of you do not. Even with a solid system, you still need to have human finesse paired with it to create effective follow-up. Let's take a look at what that looks like.

Keep in mind your *three best tools to minimize follow-up*:

1. Do a terrific and complete job with Pre-Tour (Ask all the right questions, listen, take

good notes), Tour, utilizing the Four Chain Link, building desire and closing the sale on the tour.

2. If you do not close the sale on the tour, schedule an appointment for the prospect to come back and do something they would be doing as a member within 24 - 48 hours. Do this before you part ways today.

3. When he returns for his engagement/activity appointment, you need to be there. This is, after all, a sales appointment. After he has enjoyed the club as your guest, while he is there with you, again invite him to join.

With utilizing the three aforementioned tools with future prospects, you will have less follow-up to do and shorten your sales cycle. However, you have lots of leads to follow-up with from the recent and not so recent past. With this in mind, you need to **prioritize, not generalize your leads**. Consider the *Hot, Warm, Cool continuum* for your leads.

Your goal is to consistently move cool leads to warm leads, warm leads to hot leads and hot leads to members. This is where effective follow-up is critical. Let's first define Hot, Warm and Cool (HWC):

Hot leads are the leads you have appointments with to come in and join this week. You know this because you have perhaps already given them a tour, and they are coming back to join. Or, because you have qualified them in a telephone conversation, and they have scheduled an appointment to come in and join.

Warm leads are leads who are still having a conversation with you. They return your calls, respond to your emails and texts.

Cool leads are the leads who are not communicating with you. Perhaps you have never met them; they were given to you to follow-up on or perhaps you did at one time have a selling conversation with them, yet all communication has fallen off the cliff. Lead definition is important because it determines how and what you

do with your follow-up efforts.

Let's address the simplicity of how, frequency and duration of follow-up:

- How:** Email, phone, text, in person;
Frequency: Depends on the freshness of the lead; and
Duration: Until they join or ask us to not reach out to them anymore

Tools for Types of Leads

Effective Follow-up With Incoming Calls:

Always:

- Get interest, get need, get time of day they wish to exercise. Schedule an activity appointment based on these three gems of information;
- Avoid scheduling a "tour;"
- Schedule for an activity and show him the club;
- Confirm appointment with something compelling; and
- Invite a friend to join him in the activity he will be doing at the club (you may get two leads).

Effective Follow-up With Web Leads:

Always:

- Respond within five minutes of the prospect submitting his interest (According to **Insidesales.com**, follow-up within five minutes translates into you being nine times more likely to get to the next step with him.);
- Attention grabbing subject line;
- Personalize it based on the information he has given you;
- Consider it to be the same as if the prospect were on the phone or sitting in front of you: develop a conversation;
- Develop a relationship by asking questions;
- Always get interests;
- Always get needs;
- Always get time he plans on exercising;
- Avoid pushing a plethora of generic information to him;



Karen Woodard-Chavez

- Ask to have a conversation with him;
- Schedule an appointment for him based on interest, need and time of day he wishes to exercise;
- Confirm appointment with something compelling;
- Invite a friend; and
- Keep following up.

Pay Off Exercise:

1. Go back through all of your incoming call notes and web-lead notes to determine whether you know at minimum your prospects I, N and T.
2. Make notes about what would be compelling to them for your next call(s).
3. Answer what you need to do to create a more compelling relationship with them.
4. Create a plan to move them up in the HWC continuum with a date attached.
5. Work your plan.

Effective Follow-up With Presented Prospects:

Always:

- Take good notes in the Pre-Tour (I, N, M, U, E, DMA, T, F, OL);
- Schedule a return visit before he leaves based on what they would do as a member; (See **Karen Woodard-Chavez** Page 29)

...Ron Alterio

continued from page 25

motivation and camaraderie. Combining the two solutions allows the trainer to provide the consistent support, instruction and oversight necessary without holding back the elements of the training experience the member enjoys!

Now that we have demonstrated the benefits of creating a combined training solution, it is important to note that there are a couple key points to consider before making this adjustment:

First, it's important to ensure that the right narrative around the new

product offering is communicated clearly and consistently to your members. Your members need to see that both private and group are necessary and that each modality, when combined, create the most complete and powerful solution to obtain their desired results: private instruction for ensuring safety, guidance, and instruction, along with the group dynamic to work hard and have fun. If the wrong message is delivered, your members will see each modality as optional and eventually expendable.

Second, to eliminate the "us vs. them" mindset between the two departments, you will want to ensure, as

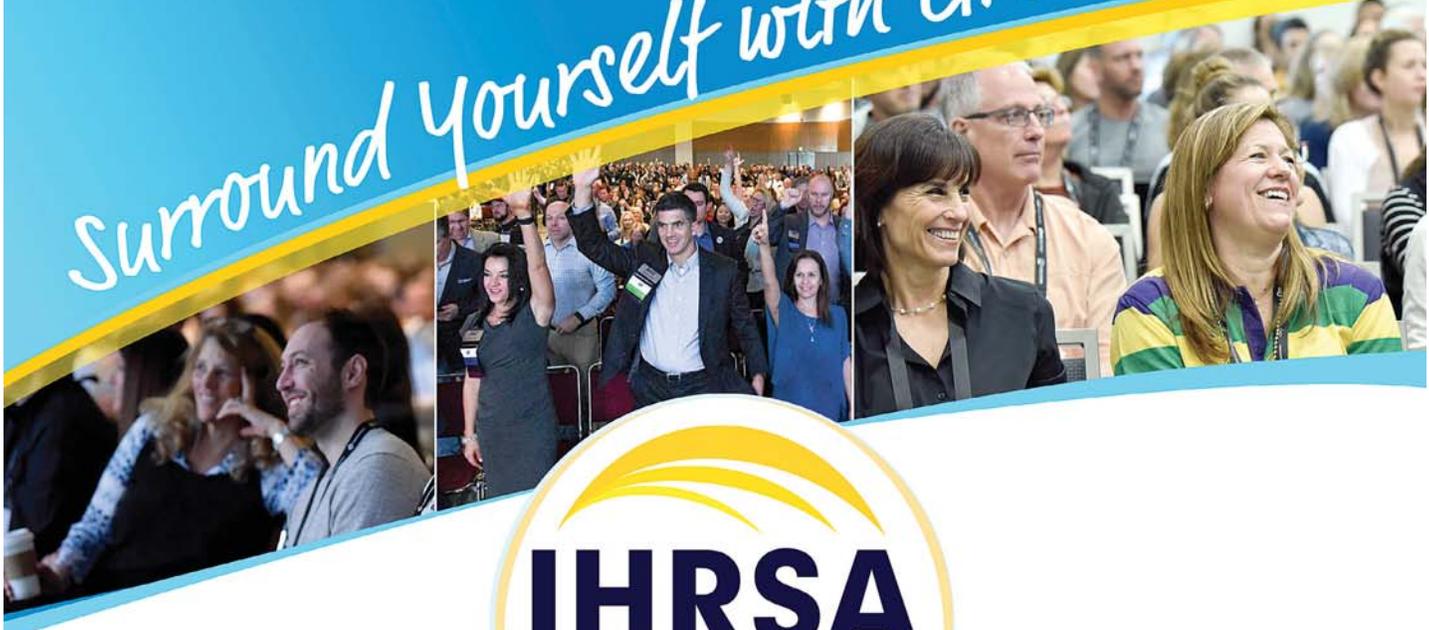
much as possible, that the trainers who are providing the private training with the clients are also the same trainers coaching the group training workouts. One of the keys to making all of this work is having your trainers use a portion of the private sessions to prepare the member (both mentally and physically) for the group workouts that will follow throughout the week. Trying to deliver a complete solution using two distinct teams will only create an environment of confusion and disappointment for the member. It will also be super hard to maintain that all important cohesive product messaging, and it will be next to impossible to effectively progress

the member over time as there are just too many interdepartmental communication bottlenecks to overcome.

There you have it, a novel idea of combining two unique yet complimentary training modalities to help satisfy a variety of needs and wants. Just remember to ensure that everyone understands and can communicate the product messaging and that you have one team willing and able to service both modalities for the ultimate member experience.

(Ron Alterio is Vice President of Operations, XGT Fitness. He can be reached at ron@xgfitness.com.)

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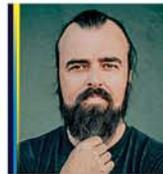
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Understanding and Protecting Your Health Club's Intellectual Property

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

Health and fitness clubs, like most businesses, benefit from their intellectual property. And, like most industries, the health and fitness club industry is not immune to intellectual property disputes and lawsuits. Therefore, health and fitness clubs must protect their intellectual property, including their trademarks and copyrights. In addition to boosting and protecting your

brand, understanding your legal rights and the mechanisms involved in the protection of your intellectual property can also minimize the possibility of a costly lawsuit.

The following is intended to provide a basic overview of trademarks and copyrights, along with some fundamental suggestions for protecting these aspects of your intellectual property. **However, this article is not intended as legal advice. This area of law is particularly complex.**

Please consult an intellectual property attorney for specific direction in this regard.

Trademarks

A trademark is a word, name, phrase, symbol or design that identifies and distinguishes one health and fitness club from another, including club names, slogans, and logos. In other words, your trademark is effectively your brand.

Trademarks do not expire. The rights to a trademark come from the active use of the trademark. However, common law rights to a trademark can be accompanied by limitations, including how these rights are viewed from one legal jurisdiction to another. Therefore, for maximum trademark protection, it is best to register your trademark with the *United States Patent & Trademark Office (USPTO)*. Registering your trademark provides public notice of your claim of ownership of the trademark along with a nationwide presumption of ownership of the trademark.

Copyrights

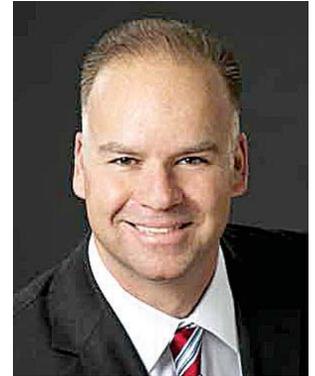
A copyright protects original works of authorship and expression. Protected work must be original work that is fixed in a tangible medium of expression. For health and fitness clubs, these works typically include photos, websites, manuals and text. Copyright protection provides the copyright holder exclusive rights to print, display, distribute, perform and publish their work, including internet transmission of the work.

A copyright lasts for the life of the creator of the material PLUS 70 years. Copyrights are granted by the *U.S. Copyright Office*. Like trademarks, copyrights can be further protected through registration with the federal government. Although copyright protection arises automatically upon the creation of original work, the copyright must be registered before the holder of the copyright can sue for infringement.

Although trademarks and copyrights are distinct enough from one another to warrant oversight by their respective federal agencies, these concepts can occasionally overlap. A murky area emerges when a short word or phrase, typically viewed as a trademark, demonstrates enough originality and creativity to warrant copyright protection. When a court and the USPTO find that this level of originality and creativity is present, copyright protection is granted.

Protecting Your Trademarks & Copyrights

Trademarks must be used consistently to maintain protection. Registering the trademark further solidifies your



Paul R. Bedard, Esquire

ownership and may prevent someone else from infringing upon your intellectual property. Using the trademark symbol on branded materials may also deter infringement. The "TM" symbol can be used at any time, whereas the "R" symbol can only be used once the trademark is registered.

When extending the use of a trademark to a third party, a licensing agreement should be drafted by a qualified intellectual property attorney. If someone other than the health and fitness club created the intellectual property at stake, such as an independent contractor or third-party designer, an assignment of rights agreement that legally assigns all rights to the work from the creator to the health and fitness club should be executed.

Whenever feasible, copyrighted materials should include notification of copyright. Although registration of the copyright affords increased protection, a copyright notice can be included on your copyrighted materials regardless of registration status.

Ongoing monitoring for any unauthorized trademark or copyright use should be a common practice. This practice can be as simple as performing regular internet searches or as sophisticated as engaging a third-party specialist for this monitoring.

To maximize the protection of your brand, prompt legal action should be taken to curb any discovered trademark or copyright infringement. Instead of immediately filing suit, a *Cease and Desist Letter* is typically the first step involved when confronting the unauthorized use of intellectual property. An effectively drafted letter on your attorney's letterhead may save all parties involved from an expensive legal action.

(Paul R. Bedard, Esquire has nearly twenty years of management, leadership and operations experience in the health and fitness club industry. Paul can be reached at pbedard@smddlaw.com or 860-620-9460, Ext. 109.)

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ABC Financial and Trek Announce Vendor Partnership

LITTLE ROCK, AR - ABC Financial (ABC), a leading software and payment processing provider to the health and fitness industry, has announced their preferred partnership with Trek CCM, LLC. ABC is excited to integrate Trek's automated, yet personal, customer communications platform with ABC's software ecosystem. Trek's solution, *Heather*, will enable clubs using ABC Financial software to effectively and efficiently communicate with members on a continuous basis.

"Too many gym owners are feeling pain that Heather will alleviate," said *Trek Founder and CEO, Cameron Marcum*. "Consider how much work they put into hiring and training new employees and pushing marketing promotions, only to see their efforts impeded by poor execution. Recently-hired employees are less effective at building relationships with customers, don't follow up as well with hard-earned

leads, have below-average closing ratios and often turn over quickly."

As a veteran user and builder of fitness messaging platforms over several decades, Marcum realized the significant opportunity to address the opportunities not addressed by current SMS marketing providers. Heather was created to simplify a gym owner's life while generating immediate results, without relying on employees to initiate conversations. The text-based communications platform helps clubs reach out to both members and prospects at the exact moments that are most impactful to signup, renewal and overall engagement. Heather also helps owners and staff fill classes, perform collections, and even survey and win back lapsed members.

"When we learned about the capabilities of Heather, the benefits to bringing this functionality to our customers



was immediately clear," said **Kelly Card**, *Chief Engagement Officer at ABC*. "Trek's Preferred Partner status with ABC is a reflection of the opportunities in both revenue and improved member

experiences that Cameron and the team have built for gym owners."

"For Trek customers, the bottom line is a better bottom line," Marcum said.

Planet Fitness Reaches \$5 Million Fundraising Milestone Benefitting Boys & Girls Clubs of America

HAMPTON, N.H. - Planet Fitness, Inc., one of the largest and fastest-growing franchisors and operators of fitness centers in the U.S. and home of the Judgement Free Zone, announced that, together with its franchisees, partners and members, it has raised *more than \$5 million* since 2016 for its nonprofit partner, *Boys & Girls Clubs of America*. This fundraising effort is made possible through Planet Fitness' philanthropic initiative, *The Judgement Free Generation*, which aims to prevent bullying and promote kindness among youth.

From September 1 - 30, Planet Fitness raised \$1 million thanks to generous donations from its members, franchisees

and partners. During the campaign, members were invited to make donations at the front desk of Planet Fitness clubs and online. Funds raised support Judgement Free Generation programs, such as anti-bullying and pro-kindness trainings for Boys & Girls Club professionals and youth as well as scholarships for Boys & Girls Club teen leaders who embody the values of kindness and acceptance. Since 2016, the company and its franchisees have also built more than 25 judgement-free mini fitness centers in Boys & Girls Clubs in select locations across the U.S.

"We are committed to creating spaces of kindness, inclusion and acceptance throughout every single one

of our Clubs," said *Boys & Girls Clubs of America President and CEO, Jim Clark*. "We sincerely appreciate Planet Fitness' continued support and partnership in this mission."

Studies show that about 1 in 5 students ages 12 - 18 have experienced bullying nationwide*, with the most commonly-reported types of bullying including verbal harassment (79%), social harassment (50%), physical bullying (29%) and cyberbullying (25%).** Together, Planet Fitness and Boys & Girls Clubs of America are addressing this important issue and are committed to continue making headway in fostering safe, inclusive environments for today's youth.

"One young person being bullied is too many," said **Chris Rondeau**, *Planet Fitness CEO*. "As the home of the Judgement Free Zone, Planet Fitness is committed to supporting this cause and helping to shape a judgement free generation."

To learn more about The Judgement Free Generation and Planet Fitness' pro-kindness movement, please visit givingback.planetfitness.com.

**National Center for Education Statistics. "Bullying: Fast Facts."*

***Youth Truth Student Survey. "How Are Students Experiencing Bullying?"*

...Karen Woodard-Chavez

continued from page 26

- Confirm appointment;
- Give compelling act-by dates, then call after act-by dates;
- Utilize more emotion than promotion; utilize *their motivation* rather your motivation;
- Do not leave too much info; you want them to respond to you;
- If they have moved down the HWC continuum, heat them back up;
- Use all sources available to you for follow-up and utilize the echo effect; and
- Keep following up.

Pay Off Exercise:

1. Go back through all of your presented prospect notes to determine whether you are following up with your Prospects (I, N, M, U and T).

2. Make notes about what would be compelling to them for your next call(s).
3. Answer what you need to do to create a more compelling relationship with them.
4. Create a plan to get them back in the club with a date attached.
5. Work your plan.

Effective Follow-up With Those You Have Not Yet Met (Guest Cards):

Always:

- Utilize all sources available and utilize the echo effect;
- Reach out immediately;
- Inquire about their experience at the club, what they did and what they want to do;
- Would they like membership information;
- Do not leave too much information; you want them to respond to you;
- Call the member they came in with to

gather more insight;

- Determine where they are on the HWC continuum; and
- Keep following up.

Pay Off Exercise:

1. Go back through all of your not yet met leads to determine who you can move to warm on the continuum.
2. Prioritize those leads to develop.
3. The remainder of these leads will be on an every two-week follow-up plan.

Reflect back to the reality of the compelling statistics from the start of this article: **8% of salespeople are scoring 80% of the sales!**

Even if following up isn't your favorite part of the job, it's absolutely crucial

to your success. If you give up before that crucial fifth follow-up, you're shutting down the bulk of your sales potential. The importance of effective follow-up is critical to your sales success. If you are thinking you just do not have enough leads, that may be partially true. Perhaps, the real issue is your effectiveness in follow-up efforts.

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

Casey Conrad Appointed as Northeast Regional Director for BEMER, USA

WAKEFIELD, RI - Casey Conrad, long-time sales and marketing industry consultant, announces that she has been appointed as the *Northeast Regional Director for BEMER, USA*, a European medical device company based out of Liechtenstein with U.S. offices in Carlsbad, CA. As a Regional Director and Independent Distributor, Conrad will help guide sales and marketing, provide advanced trainings and promote the company's mission of "A BEMER in Every Home" for the states of VA, MD, DE, PA, NJ, CT, RI, NY, MA, VT, NH and ME.

"I purchased a BEMER Pro for my mother four years ago. After several weeks, I started using the device and

soon thereafter, started introducing the technology to key club clients. The BEMER is a perfect fit for any health and fitness facility, providing wellness benefits to members, ancillary revenue opportunities and becomes the foundation for short-term special population marketing promotions. And, now, with the awareness about the benefits of electroceuticals, these types of devices will become more mainstream," said Conrad.

Tasso Kiriakes, *Owner of Bodez* in Ormond Beach, Florida, who has used Casey's consulting services for over 20 years, was the first of Conrad's clients to bring BEMER to his facility. Kiriakes

commented, "We brought in BEMER over three years ago. It made an immediate impact in our club. Members purchased packages and we did an outreach program to the community and brought in almost 20 users who were not members of our club. Now I have an entire Wellness Center inside the club with a variety of natural modalities. I believe it gives us a competitive advantage with other fitness-only facilities."

In October of 2019, the *Wall Street Journal* featured an article entitled, *the Post-Gym Gym*, that predicted recovery centers would be the next big thing in the fitness space. Today, chains like Planet Fitness, Crunch and Sport & Health all have

wellness components as part of their VIP membership options. "People today want to live more vibrant lives, not just longer lives. Blood flow is critical to achieving that, and that is exactly what BEMER does, enhancing the body's natural circulatory process" Conrad continued.

The *National Sales Director*, **George Veronis**, stated, "We are thrilled to have someone of Casey Conrad's stature in this leadership role for BEMER. Her lifelong commitment to wellness, the passion she brings as a trainer, and her reputation as a superb speaker makes her the ideal choice to grow the sales force in the Northeast Region."

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Thanks and Appreciation

At **Club Insider**, we are excited to be about to finish our **26th Year** of this home-based health and fitness club trade publication! The thought that this publication was *founded to serve an industry I truly love*, and so that *I could become a Mister Mom for my son, Justin*, is still *intriguing and amazing* to us. I wish to extend our most sincere **Thanks and Appreciation** to everyone that's made this amazing 26-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. **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 **311** monthly editions! And, of course, **Thanks and Appreciation** to the **United States Postal Service** for sending those editions out to our **10,000 readers!** **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 a decade of continuous advertising with us. We also want to say sincere **Thanks and Appreciation** to all of our **Club Insider Contributing Authors**, past and present, who've contributed *thousands* of excellent articles to help our readers with their Best Business Practices. **Thanks and Appreciation** to **IHRSA** for all it does.

Sincere **Thanks and Appreciation** to my son, Justin, who started working part-time for **Club Insider** when he was just eight years old (helping with mailings). This young man, pretty much behind the scenes for 26 years now, has truly been a fantastic partner for his Dad in **Club Insider**. Justin does our editing, publication layouts, all of our website design and maintenance, all of our bookkeeping and subscription processing work, as well as archive management and anything else that needs doing, including writing a majority of our cover stories each year.

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

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

Norm Cates, Jr.

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