

Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

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The Pulse of the Health and Fitness Club Industry

Glenda Pigue
A Gem in Benton!

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2011 In Review

DECEMBER 2011

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Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

CLUB INSIDER Special Edition

“2011 In Review”

By: Justin Cates

Well, it's that time again! This month, we will review everything covered in **CLUB INSIDER** during 2011. As always, we have worked very hard to produce a set of valuable cover stories, featuring amazing and successful individuals within the industry whose stories can help others in the industry. Our growing team of Contributing Authors presented many great articles on a variety of topics, any one of which can help your club business thrive and grow. We reported industry news as it happened, and of course, Norm Cates provided another full volume of

Norm's Notes, reporting the inside scoop on news affecting the industry, offering commentary and opinions, as well as honoring those that our industry and this world lost in 2011.

A Summary of Our 2011 Cover Stories

In January, we brought you the amazing story of **Glenda Pigue** and her facility, **Fitness Unlimited**, in Benton, Arkansas. When she purchased the dying club in 1976, it was 1,200 square feet and had only 40 members. Today, she is up to 60,000 square feet and 5,000 members! This was a great story to begin the New

Year! For our February edition, we enjoyed sharing the story of the wonderful **Kay Aplin** and her club, **Family Fitness**, in Lake Jackson, Texas.

Our March edition was a special one, in which we covered the 30th Anniversary of **IHRSA**. We asked 16 industry veterans about their experience with and the contributions of **IHRSA** these past 30 years and how our industry is truly light years ahead of where it was when the organization began in 1981. There is still a way to go, but **IHRSA** can help us get there.

In April, we shared the story of **Club One** with an interview with **Bill McBride**, who had just become President

of the company. In May, we didn't discuss computers, iPhones or iPads, but we shared **Steve Vucovich's Apple Athletic Club** in Idaho Falls, Idaho.

The mid-year point came with our June cover story on **Blair McHaney** and his **Gold's Gyms** in Wenatchee, Washington. For our stories in July and August, we switched gears a bit by giving thanks to two very important groups to **CLUB INSIDER**; our **Advertisers** in July and our **Contributing Authors** in August. Without either of these groups, we could not bring this publication to you each month, so we once again thank them for
(See "2011 In Review" Page 14)

LA Fitness Acquires 171 Bally Total Fitness Clubs

IRVINE, CA/CHICAGO, IL - Fitness International, LLC, an affiliate of LA Fitness International, LLC, announced that it has agreed to acquire assets relating to 171 Bally Total Fitness clubs. The transaction closed on November 30, 2011.

Chicago, Illinois-based Bally Total Fitness and its subsidiaries currently

own and operate 271 fitness clubs across the United States. The acquisition relates to all of the Bally locations in the states of Arizona, Florida, Georgia, Illinois, Indiana, Maryland, Michigan, Minnesota, Oregon, Pennsylvania, and Washington, the District of Columbia, all of the
(See *LA Fitness* Page 7)

LifeTime Fitness Acquires 9 Lifestyle Family Fitness Clubs

LifeTime Fitness, the Chanhassen, Minnesota-based upscale club company acquired nine Lifestyle Family Fitness Centers in Ohio, North Carolina and Indiana. Lifetime Family Fitness, a St. Petersburg, Florida-based, 55-club chain, has closed an acquisition agreement in which LifeTime Fitness acquired nine Lifestyle Family

Fitness Centers and nine other Lifestyle Fitness Centers in the same markets will close. Geoffrey Dyer, Founder of Lifestyle Family Fitness will acquire two of the clubs in Columbus, Ohio. A total of 34 Lifestyle Family Fitness Centers in Florida will continue operation as normal.
(See *LifeTime Fitness* Page 7)

Ted Forstmann of Fortsmann/Little, Owners of 24 Hour Fitness, Passes Away at Age 71

Niall Ferguson delivered the following remarks at St. Patrick's Cathedral in New York in honor of financier Ted Forstmann, who died on November 2nd:

"Some of you knew Ted Forstmann much better than I did. Most of you knew him

much longer. When Ted's family and closest colleagues asked me to join Mayor Bloomberg and Charlie Rose in offering a eulogy to Ted, I must admit I was hesitant, not to mention humbled. What could be more presumptuous than for a British-born
(See *Ted Forstmann* Page 6)

A Memorial Tribute to Robert "Dr. Bob" Delmonteque 1919 - 2011

By: Norm Cates

Robert "Dr. Bob" Delmonteque will always be remembered by people in the health and fitness club industry as a man that totally embodied, and spent his life

teaching, all that health and fitness is about.

Bob Delmonteque was born Michael Diaks, in Alvin, Texas, on November 9, 1919 (according to Bob's website) on a small ranch 60 miles outside
(See *Bob Delmonteque* Page 18)

Inside The Insider

- Augie's Quest - A Progress Report - **By:** John McCarthy
- Success Often Requires Doing Things Differently - **By:** Karen Woodard-Chavez
- Six Steps to Growing A Money Tree - **By:** Donna Krech
- Get Out Of The Box, Set It On Fire and Roast Potatoes On It - Part II - **By:** Will Phillips
- Congratulations!!! - **By:** Sandy Coffman
- Clubs for the Quest Update
- And of course, *Norm's Notes*



Norm's Notes



●Helloooooooooo Everybody! Wahoo! Another year bites the dust! This is your CLUB INSIDER Publisher and Tribal Leader checking in with our 2011 In Review Special Edition! This is the first edition of our 19th year of publication, so first, I send my most sincere thanks to all of you for each and every time you've picked up your edition of CLUB INSIDER and enjoyed the read! Or, log on and do the same at www.clubinsideronline.com!

●Is America a great country or what? Mmm... Mmm... Mmm! Merry Christmas and Happy New Year to you, your family, staff and members. Please note that in this special, year-end edition, I'll use Merry Christmas here whether some argue it's politically incorrect or not. If you don't celebrate Christmas, but you do celebrate a higher power during this, or any other time of the year, then I say to you... Happy Holidays and Happy New Year! I also bet you it's the same God we all worship. Importantly, today I pray my very hopeful prayer God bless and help America!

●My heart is sad today with the loss of two individuals who've had great involvement and impact on our industry, and each of them are iconic in their own special ways.

They are TED FORSTMANN, who passed away at age 71 on November

20th, and ROBERT "DR. BOB" DELMONTEQUE, who passed away at age 92 on November 21st (See both articles about these wonderful men beginning on Page #3).

●Let me point out something important but not universally known about Mr. Ted Forstmann, the man whose company, Forstmann/Little, acquired 24 Hour Fitness in 2005 from Mark Mastrov for \$1.6 billion. This past year, Ted Forstmann joined a group of billionaires led by WARREN BUFFET and BILL GATES who've pledged to leave a significant portion of their net worth's to charities upon their deaths. The Giving Pledge is Buffet's and Gates' effort to invite the wealthiest individuals and families in America to commit to giving the majority of their wealth to philanthropy upon their death. CARL LIEBERT, who was hired as CEO of 24 Hour Fitness shortly after Forstmann/Little acquired the company, commented to Club Industry's STUART GOLDMAN about the loss of Ted Forstmann:

"On behalf of 24 Hour Fitness' nearly 22,000 team members, I would like to convey deepest sympathies to the family of Ted Forstmann, a visionary financial pioneer, astute businessman and generous philanthropist. I appreciate the confidence he demonstrated in our business as an

investor and in me by appointing me to oversee it on a daily basis. He's been a brilliant mentor to me. I am grateful to have had the opportunity to work closely with Ted and to have known him both as a leader and as a friend. His dedication to improving the plight of those in need was inspirational and a truly enduring legacy. He will be missed daily, but in our thoughts, our hearts and our minds forever."

CLUB INSIDER extends our sincere condolences to the family and friends of Mr. Forstmann. May Ted Forstmann Rest In Peace.

●Robert "Dr. Bob" Delmonteque was a true fitness legend in our industry, and he spent his entire lifetime from age 14 with an intense focus on fitness, serving as a world class example of great fitness and sharing and teaching his knowledge and experience generously with his books and speaking appearances. Dr. Bob left behind a legacy of great caring for people and giving of his time and efforts to the cause of fitness. He will always be remembered for that. CLUB INSIDER extends our most sincere condolences to MADELINE DELMONTEQUE, Dr. Bob's wife of over 50 years, for the loss of her beloved husband. May Robert "Dr. Bob" Delmonteque Rest In Peace.

●As we wrap up 2011, I think it's important to remember many of the others in our industry who've passed away during this past year. They include: DALE



Norm Cates

DIBBLE, TIM RICHARDS, JACK LaLANNE, DEAN WERTZ, STEVE WILLIAMS, STEVE XYNIDAS, and of course just mentioned, TED FORSTMANN and ROBERT "DR. BOB" DELMONTEQUE. Again, May They Rest In Peace.

●DR. ART CURTIS, IHRSA Board Member for four years and Chairman for the past two years, has resigned from Millennium Partners, a nationally-recognized developer of luxury mixed-use properties and owner of five Sports Club/LA locations in Boston, New York, San Francisco, and Washington, D.C., as well as Reebok Sports Club/NY. Art's new venture will focus on providing expertise in the areas of strategy, management (See Norm's Notes Page 8)

About Club Insider

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19 Years and Counting!

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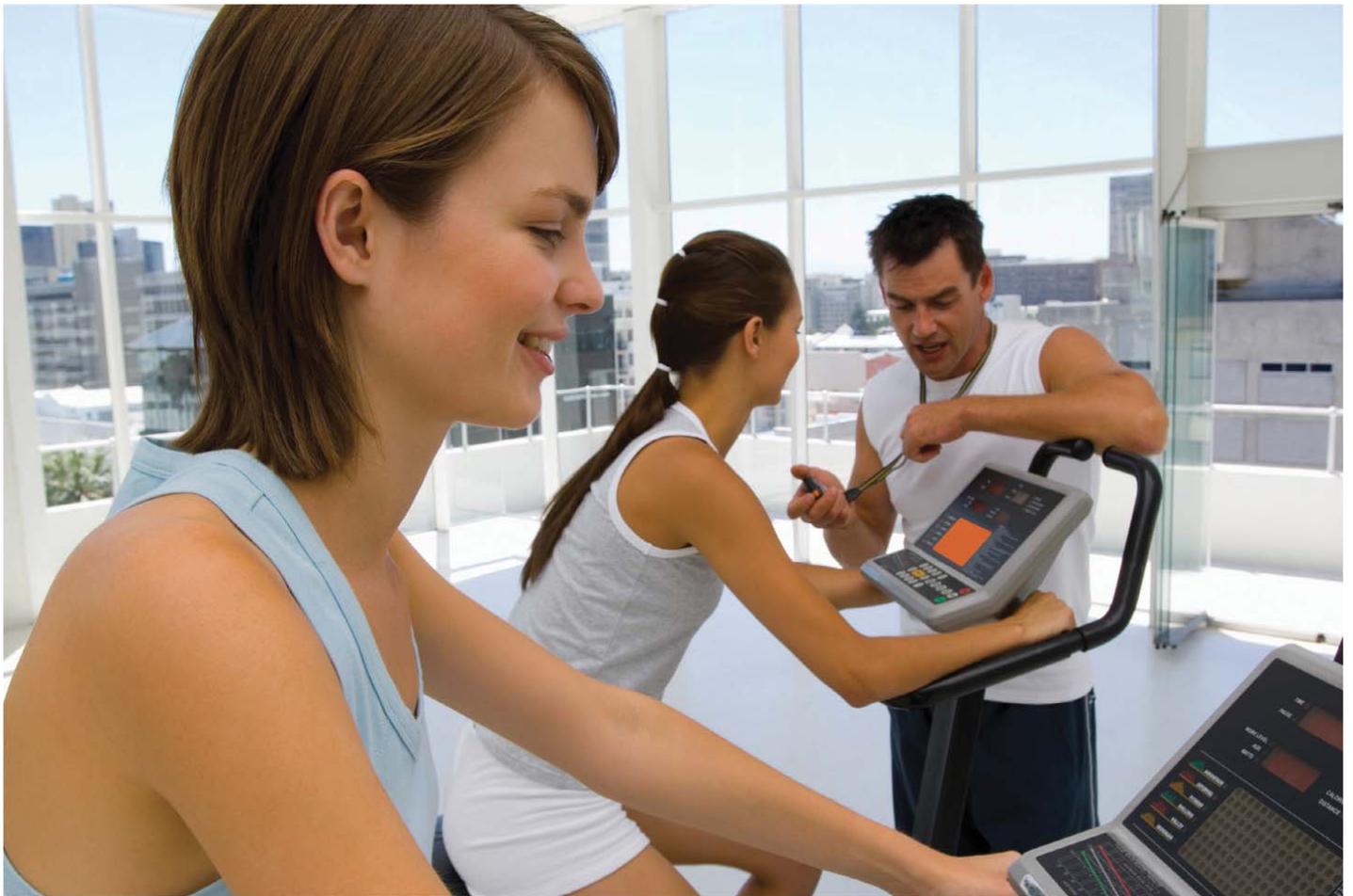
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Augie's Quest

A Progress Report

By: John McCarthy

It has now been almost eight years since Augie Nieto, the founder of Life Fitness (the world's largest fitness equipment company), was struck down with ALS, also known as Lou Gehrig's Disease.

Not long after receiving his diagnosis, Augie decided to spend the rest of his life raising money to fund research aimed at finding the cure of ALS.

Thus far, despite laboring under ever more overwhelming handicaps, Augie has raised more than \$30 million.

As a result of his leadership, and that of others, it is now, as one spokesman at Augie's lab in Cambridge, MA, recently said, "an *incredibly hopeful time*" for everyone who in any way is involved with ALS and its cure.

...Ted Forstmann

continued from page 3

professor to try to do justice to one of the great American capitalists?

And then, I remembered the side of Ted that I suspect relatively few of you saw. Teddy the philosopher. Teddy, my co-author.

When I heard the news of Ted's death, which we'd been dreading for weeks, my first thought was: he was the most *American American* I've ever known. Financier. Fun lover. Philanthropist. And a man who couldn't abide cant, in both senses. Cant in the sense of insincere humbug. And can't in the sense of "this can't be done."

And yet, there was another side to Ted that was a little less classically all-American. He was, after all, a single parent. He was a man for whom the color line --for so long this country's curse-- was simply not visible.

He was also a matchmaker: a Cupid with a Gulfstream 5 instead of wings. He took a fatherly interest in my romance with Ayaan, whom he did so much to help after she was forced to leave the Netherlands, and who can't be here for the very excellent reason that she's about to give birth to our son. Ted was one of those people who didn't advise her against me, and I'll be grateful for that until the day I die.

What I really want to remember today, however, is Ted's secret life as an intellectual. Ted was no ordinary master of the financial universe. He saw things differently. He was what the Germans call a *Querdenker*, which the English "lateral

thinker" doesn't quite translate. Thanks to what Augie and others have done, we now have a drug (dextramipexole) that has moved successfully through two human clinical trials and will soon begin its final clinical trial.

Assuming the success of this last trial and subsequent FDA approval, this drug will then begin helping the many thousands of men and women afflicted by this terrible disease.

Dextramipexole, like other ALS drugs now in various stages of development, has been shown to slow significantly the progress of the disease and to increase substantially overall survival time.

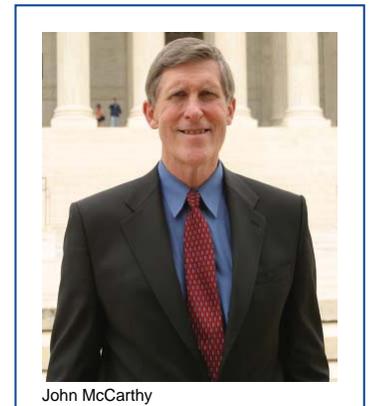
The good news extends well beyond dextramipexole, though. Thanks to funds raised by Augie's Quest and others, we now have a "large pipeline" of ALS therapies that include

drugs, gene therapies and stem cells.

Next year, at the JW Marriott LIVE Hotel in Los Angeles on the evening of Thursday, March 16, 2012, IHRSA will host its seventh annual Augie's Quest BASH to raise money for the cure of ALS. Augie, of course, will be there, as will his wife, Lynne, and several thousand IHRSA members and friends.

This year's BASH, featuring a Mardi Gras theme, will include silent and live auctions, as well as a reception, banquet and entertainment. It is always the festive highlight of every IHRSA Convention.

Everyone who comes to the IHRSA Convention and Trade Show is warmly invited, and the contributions that are made to the event are tax-deductible. The cause, of course, is the cure of a disease that thanks to Augie's Quest,



John McCarthy

we are now beginning to defeat. You can purchase tickets to the event, or buy a table at www.augiesquest.org/bash.

thinker" doesn't quite translate.

From the moment we met, he and I talked about his fears for this country's financial and political system. He had shared my foreboding about the excesses of the early 2000s. And, he also shared my fear that when the crisis struck, people would leap to the wrong conclusions.

In a piece we wrote together for *The Wall Street Journal*, back in April of last year, we made an argument that I believe still holds good: that in a mood of legitimate public anger at the consequences of the crisis, this country is drawing the wrong conclusions about its causes.

Unlike many people in the financial world, Ted Forstmann was not afraid to criticize Wall Street (It was I who had to tone down his invective). But what Ted dreaded was that the backlash that was bound to follow the crisis would lead to precisely the hypertrophic regulation we now see emerging over literally thousands of pages, as well as to demagogic calls for redistribution via higher tax rates and expanded federal programs.

Ted was convinced that any new regulation should focus strictly on excess leverage and the derivatives markets. Those, for him, were the root causes of the crisis.

Ted, you were in many ways the most American of Americans. You were the quintessential doer. But, you were also a thinker.

With Ronald Reagan, he also passionately believed that enlarging the government was not the answer to the problem; often, it was the problem. That was why he wanted to see more disadvantaged kids going to private



Ted Forstmann (Photo Credit: Sonia Moskowitz, Globe Photos/Newscom)

schools. His ideal was social mobility, not state-mandated equality. In this, as in so many ways, Ted was very wise.

A couple of years ago, two of my kids had the privilege of having lunch with Ted at one of his favorite restaurants, Harry Cipriani, just nine blocks from here. Last weekend, I asked my younger son, who's now 12, if he remembered the conversation. He did. Ted's advice was this: "Don't do the obvious thing. Don't follow in anybody's footsteps. Look around you and figure out what's needed, what's missing. Then do that."

I hope my son heeds that advice. I hope his whole generation heeds it. I know, Everest and Siya, that you will.

I admit I was surprised by my own reaction to the news of his death. My first thought was: oh, no, now I won't be able to ask Ted what he thinks anymore. What he thinks about the economy. What

he thinks about politics. I won't be able to get his take on the presidential candidates. And suddenly, I felt really bereft.

That morning, I had to write a column for *Newsweek*. I couldn't help myself: I just sat down and addressed it directly to him. What's your take, Ted? As I was writing it, and boy did the words flow, I realized just how much I am going to miss his wisdom. Because I could never predict what Ted's take would be. To a pedestrian, risk-averse academic like me, the way he thought about the world was full of surprises, and always, illuminating ones.

Ted, you were in many ways the most American of Americans. You were the quintessential doer. But, you were also a thinker. And, we really do miss the unique way you thought.

Wisdom is in short supply these days. You took so much with you when you left us."

...LA Fitness

continued from page 3

locations in the greater Los Angeles area and certain locations in Massachusetts, New Jersey, New York and Virginia. The remaining Bally owned clubs will continue to be operated by Bally under the Bally name.

Upon closing of the transaction, additional information regarding these clubs will be available on www.lafitness.com.

A Message to the Industry From LA Fitness

CLUB INSIDER received the following

update from LA Fitness shortly after the transaction closing on November 30th:

"Our objective in general is to make this transition as easy as possible for both the members and the employees. We will be servicing all of the membership agreements that we acquired from Bally. The majority of clubs we acquired will remain open, but we will be closing some of the clubs before the end of the year. If we close a facility, we will transfer those members' agreements to a nearby facility, either an acquired Bally or an LA Fitness. We plan to add new equipment to many of the clubs, and we also have plans to remodel, expand or relocate a number of

the clubs to larger and newer facilities.

After the closing of our asset purchase, the employees at the clubs we purchased will no longer be employed by

Bally, but we hope that they will apply for positions with us. We will do our best to find a spot for every qualified Bally employee who wants to be part of our team."

...LifeTime Fitness

continued from page 3

and one will also close there.

The companies have finalized the acquisition and lease negotiations associated with the transaction. Terms of the transaction were not disclosed.

Bahram Akradi, Founder and CEO of LifeTime Fitness, commented to Businesswire on November 15th, "Consistent with our long-held strategy, the acquisition and operation of these clubs, which are similar to our existing, smaller format LifeTime centers, brings an infill opportunity to markets in which we already operate large LifeTime destinations." He continued, "We are excited to extend our Healthy Way of Life programs, services and certified experts to a new base of members as we further expand in these current LifeTime markets via this agreement. Once we absorb the integration costs associated with this transaction, we expect the acquisition to be neutral to slightly accretive to our 2012 earnings."

CLUB INSIDER contacted Geoffrey Dyer, Founder and CEO of Lifestyle Family Fitness, and he commented, "What's happened is LifeTime Fitness has executed an agreement to purchase most of the clubs that Lifestyle Family Fitness owns and operates outside of the State of Florida. That includes clubs in North Carolina, Indiana and Ohio. They're not buying all of the clubs. Some of the clubs are being shut down, and those members are being accepted in the LifeTime clubs. I think that as far as providing opportunity for your members and employees, you couldn't wish for a better partner than LifeTime. Of all the brands to buy your clubs, Life Time would be the best, wouldn't you agree?"

CLUB INSIDER (C.I.) - Well, I'll tell you. If my son, Justin's feedback is any metric for that --he and his new wife, Danielle, recently joined the LifeTime Fitness Club near their home in Alpharetta, Georgia--and they are just raving about it!

GEOFF DYER (GD) - You and I both know that they are a company built on quality and over-the-top value. They've always maintained the price integrity and avoided the price wars that this industry has had to go through over the past five years.

With this move, LifeTime Fitness is essentially announcing that they are getting into the small club business. That

creates a lot of opportunities in a lot of cities around the country, I'm sure.

Whenever you have this kind of merger, you want to make sure that the people are taken care of, as you well know. I've been here for these meetings with the members and employees, and they have been very well informed in their communication from Life Time. It was done in a first class way. They had people on the ground to answer questions of members and staff. Of course, they did it across multiple markets, and they are still doing it, two days for each market. They have their COO and Vice President of Human Relations attending these meetings to make sure the communication is a positive one.

So, this is the situation. We have six clubs in North Carolina. They are buying five of those and closing one. They're closing the one in Cary, N.C. because they already have a club in that market. In Indiana, they're buying two clubs and closing two. In Ohio, we have ten clubs in the Columbus market, so they are buying two, closing six and I'm actually going to buy the two remaining clubs. I'm getting back in the day-to-day operations world, Norm!

Right now, I'm out here just making sure that people aren't upset. At the end of the day, LifeTime is honoring all of these members in all of their clubs, so the members will be taken care of. Some of the staff are obviously our concern, but the good news is they've got 164 job openings between their Indiana and Ohio clubs, so there's plenty of opportunities for them to fill positions.

C.I. - What about the Florida Lifestyle Family Fitness Clubs?

GD - We have 35 clubs in Florida and those clubs will continue to operate under the Lifestyle Family Fitness brand. The expectation is the company can now manage those clubs more efficiently. A lot of our growth took place in the Northern markets, so we had higher rents and bigger clubs than we really needed. Then, of course, we've had this economic slowdown. But, the Florida clubs have always performed at a very high level, and they will continue under the Lifestyle Family Fitness banner.

Stay Tuned!

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Make It Fun!

...Norm's Notes

continued from page 4

development, value creation and acquisitions as well as new health club development for club companies, developers, investors and health care organizations. I would like to **Thank Dr. Art** for all of his time, effort and hard work leading IHRSA for the past two years. That a volunteer job without pay and one that's hugely important to our industry. Art's done a magnificent job. **Thank you, Art!** I, for one, appreciate your six years of IHRSA service very much. Best of luck, Art as you move on with your

new venture as a consultant helping folks in our industry.

•**Book it now! IHRSA 2012 in Los Angeles, California March 14-17, 2012**, that is. Also, on **This Page**, check out our advertisers who'll be exhibiting at **IHRSA's 31st Annual Trade Show**. By the way, **TOM HUNT** of **IHRSA** says he has just a few more spaces left, so if you're a vendor and want to exhibit, do it now! **Call Tom at (800) 228 - 4772**.

•Here's a very important note about the **IHRSA 2012 Trade Show schedule** and the issue **I've been belly aching**

about for years! The issue was a conflict between trade show hours with seminars scheduled at the same time. I'm really happy for the exhibitors after learning this news. **IHRSA's Executive Director, JOE MOORE**, has informed me that IHRSA has established a Trade Show schedule which will provide much more time for exhibitors without conflict from seminars. **My sincere apologies to Joe and IHRSA** and to you all, as **I had not read the 2012 Conference schedule carefully enough yet**, or I would have already written this note for you. But, after a closer review of the 2012 schedule, pursuant to Joe's call and email, it's clear that the show hours from 11AM to 2PM and from 3:30PM to 6PM on Thursday and Friday are virtually without overlapping seminar conflicts. Joe wrote in a follow-up email to me, "Norm, IHRSA redesigned the Convention after the 2010 event so more Trade Show hours are free of educational programming. The feedback from both members and Associate members for IHRSA30 was overwhelmingly positive. IHRSA LA is shaping up to be a wonderful event, but the action (as you know) will be on the Trade Show Floor. Thanks, Joe" And, I say, **"Hooray and thank you very much, Joe!"**

•And, while we're mentioning **IHRSA31** in **Los Angeles**, don't miss **The 7th Annual Augie's Quest Bash** to find the cure and defeat **Lou Gehrig's Disease, a/k/a ALS!** Check out **JOHN MCCARTHY's** exciting **Augie's Quest** update and progress report on **Page #6** with the results **ALS Researchers** are making. Also, see the **Clubs for the Quest Article and Ad** on **Pages #26 and #27**, as **PAT LAUS** and **KEVIN McHUGH** of **The Atlantic Club** have established a goal of raising **\$1 million** by **March 15, 2012**. **Stay Tuned!**

•**Big news** hit the industry in late November with **Fitness International, LLC d/b/a LA Fitness** acquiring **171 Bally Total Fitness Centers** on **November 30th** for **\$158 million**, a price that's causing some to call it a **fire sale**. Here's what I call it, **"A damned blessing for our industry!"** And, I will say more. The sooner we can

get the name **Bally Total Fitness** totally out of the picture, the sooner our industry will begin to heal from the 30 or so years of **Bally** damaging our industry's reputation and good standing in many cities with their unethical and illegal activities. I'd throw in a great big **Hallelujah!** **LA Fitness** has placed an ad in this edition to recruit new employees for what will amount to small businesses within the **LA Fitness Centers**. Check out the **LA Fitness Ad** on **Page #12**, and **Stay Tuned!**

•Here's a brief preview of two rather lengthy **Norm's Notes** that appear on **Pages #10 and #12**, the last pages of this month's **Norm's Notes**. I put these two at the very end of my **Notes** work this month so I don't bore anybody who's not interested in reading about some of the industry offenders out there who're hurting the hard-earned and overall good reputation our great industry enjoys and most of you helped to create. The preview here says look out for a guy named **BERNARD CAPLAN, JR.**, as he's a **rising star among industry deadbeats**. Also, get ready for more about **STEVE BORGHI's** latest news-making activity. Would you believe **Cyber Bait and Switch!?** And, while I'm on a roll here writing about offenders who've been damaging our industry for years, whatever happened to **SHANE FRANKLIN?** (not the very honorable U.S. Marine named **Shane Franklin** who served our country for 24 years before he retired) Last I heard of **Franklin** was that he was working for **American Club Systems** managing a **Gold's Gym** somewhere in **Indiana**. I do wonder how long it will be before I hear about **Franklin** being in trouble with the law again? By the way, I just did it again for the hell of it. "Did what?" you may ask. **I Googled: Shane Franklin**. If you want to see some things that **support exactly why** I've been on the case of this health club industry offender named **Shane Franklin** for two years now, just **Google: Shane Franklin** and enjoy the many results! So, to summarize my **2011 "Tell-It-Like-Is about those who are hurting our industry's reputation."** (See **Norm's Notes Page 10**)

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...Norm's Notes

continued from page 8

we have three that go into the **2011 Club Industry Offender Eternal Archives: Shane Franklin, Steve Borghi and Bernard Caplan! Stay Tuned!**

•We welcome **CSI Software** as a new **CLUB INSIDER** advertiser this month. Check out their **Ad** on **Page #27**, and please contact them for information.

•If you live and operate your club(s) in one of the following **Top 10 Healthiest States**, you can take partial credit for the success in

your State, so **Good On You!** The Top 10 Healthiest States rankings are: **1) Vermont, 2) New Hampshire, 3) Connecticut, 4) Hawaii, 5) Massachusetts, 6) Minnesota, 7) Utah, 8) Maine, 9) Colorado and 10) Rhode Island.** Keep up the great work!

•Speaking of "Good On You," a popular phrase from down under, I want to wish my friend **GEOFF DYER** the best of luck on his re-entry into day-to-day operations, as he acquired two of the **Lifestyle Family Fitness Clubs** in **Columbus, Ohio** pursuant to the large deal with **LifeTime Fitness**. Also, check out the **Article** on **Page #3** and note that LifeTime has

acquired all nine **Lifestyle Family Fitness** that were originally planned to be part of the deal. **Good luck to Geoff and to Life Time Fitness.**

•**KYLE ZAGRODZKY, Founder and CEO of iGo Figure,** has announced that his company has been named by the **Canadian Department of National Defense** to manage its fitness facility.

•**FAITH PULIS,** the daughter of **TODD PULIS** (owner of **The Thoreau Club** in **Concord, Massachusetts**), announced that the club has been honored with the **2010 Massachusetts Family Business Community Excellence Award** by the **Family Business Association**. Thoreau was selected as one of 22 finalists (out of 424) for **Family Business of the Year**. While they were not the winner in the small family business category, they were honored with the **Community Excellence Award. Congratulations to Todd and Faith and The Thoreau Club Team!**

•**BILL McBRIDE, President and COO of Club One and IHRSA Board Member,** has joined the **Zuberance Advisory Board**. Zuberance is an award-winning **Social Media** marketing company that is powering millions of social recommendations on **Facebook, Twitter, LinkedIn,** shopping sites and more by energizing authentic brand advocates. Zuberance provides social applications that make it easy for companies to systematically identify brand advocates, energize them to drive social recommendations and track results.

•**XSport Fitness** has been recognized by the **Better Business Bureau** with its **2012 Torch Award Honorable Mention, Category II** for the **Chicago and Northern Illinois** areas. **Congratulations to DANIEL MORRISEY and KELLY CARTRIGHT of XSport Fitness!** XSport Fitness is growing fast and now has 29 facilities in the **Chicago, New York and Washington, DC metro** areas serving over 250,000 members with state-of-the-art, 24-hour facilities. **Congratulations to Daniel and Kelly on this Better Business Bureau recognition!**

•**IHRSA's MEREDITH POPPLER,** and I, would like to remind you that **IHRSA** needs your support of **The Industry Defense Fund Campaign**. This year's campaign goal is to receive at least a **\$100 contribution from every North American health club**. The **Industry Defense Fund** allows **IHRSA** to be able to protect the industry from unnecessary government regulation that would impede your club's ability to do business. Examples of legislation the **Industry Defense Fund** will oppose on the behalf of your club business include: restrictions on the automatic renewal of membership contracts, steeper qualifications for personal trainers and group exercise instructors, and imposing or increasing state sales taxes on membership

dues and services. Trust me when I say that, whether you are an **IHRSA Member club** or not, you should chip in at least **\$100 a year** for this effort as it might just help your club avoid new legislation that could cripple your business. Also, after your contribution, you should also become a member of the prestigious **Public Policy Council** and have greater access to **IHRSA's** legal and legislative information and resources. You may reach Meredith at **(800) 228 - 4772, Ext. 129.**

•**Low-Price Club Update: Planet Fitness** now has 475 locations open and operational, and by year's end, they project 492 will be open. They also have 2,500 in the pipeline under contract. The most recent California clubs will open in **Modesto and Vallejo** this month, joining nine other California locations already open. **Planet Fitness** now has three million members. There are now 159 owners with an average of 2.8 clubs per owner. Most observers agree that the copycat movement to a low-price model in the industry is surging. It's my view that many club operators, or would-be operators, envy or seek to copy the success **Planet Fitness** is experiencing. **Planet Fitness** and other clubs must now compete in the low-price sector with the following brands: **Crunch, Blink Fitness by Equinox, ZX Fitness, 24 Hour Fitness, Bally Total Fitness, Town Sports International, Retro Fitness, Gold's Gyms, Fitness 19, Spunk Fitness, YouFit, WOW! Work Out World and Blast Fitness.**

•**Congratulations to Planet Fitness, 24 Hour Fitness and Hampshire Hills** as these companies have had recent "saves," in which club employees have revived members that had gone down with heart attacks while working out in the club. Those folks should surely have **Happy Holidays!** (credit to **Club Industry's Newsbeat** for this great news.)

•Looks like **Baltimore** area club owner, **BERNARD CAPLAN, JR.,** is out to get a bad name for himself in our industry because his company, **GRS Fitness LLC,** allegedly continued to collect membership dues from members who had cancelled their memberships. This happened after Caplan bought the club formerly known as **Energy Fitness Center** in **Essex, Maryland** in July of 2010. According to the report filed by **Club Industry Magazine,** and I quote, "Maryland Attorney General Douglas Gansler reached a settlement with a Baltimore health club owner who agreed to stop unlawful billing practices and pay restitution to members." Folks, I've written this before, and I write it again for the **sake of the entire U.S. health club industry.** Any club organization of any size that persists in continued dues collections after receiving legitimate cancellation of memberships is not just risking prosecution from their **State's** (See *Norm's Notes* Page 12)

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...Norm's Notes

continued from page 10

Attorney General but scorn from the **Better Business Bureau**. They're pushing our industry closer and closer to a day and a time when some State Legislator somewhere is going to decide it's a great time to stop these offenses with consumers by just stopping all EFT dues collections outright by health and fitness clubs. **IF** and **WHEN** that were to happen, I predict that **75 to 80%, if not more, of all U.S. health clubs would go out of business**. So, if you know of anyone who owns a club, or a chain of clubs, who persists with post-cancellation dues collections, you should call that owner and urge him to stop it before he ruins the business for the entire industry (Inform me, too, please!). Better than that, you should go to his club, meet with him and ask that he stop this from happening because of the trouble it could cause. That's because, God forbid, if any State Legislature passes a single piece of legislation that prohibits EFT membership dues collections in any State, it's going to spread like wild fire with copycats in other States and will disrupt our industry nationwide beyond repair. **Stay Tuned!**

●Speaking of **unethical** and **illegal** behaviors, as I mentioned earlier, I've

been keeping an eye on the activities of one **STEVE BORGHI**, the owner/operator of about 20 clubs in the **Northeast** and the **Midwest** serving 100,000 members, whose d/b/a names may be **WOW! Work Out World** or **Blast Fitness**. From that watch, here's a *good one* for you! I've discovered a new form of **Bait and Switch** in our industry, and the *Bait and Switcher* is none other than Steve Borghi.

A brief *back-story* first. Last Summer, I wrote about Borghi's unethical and illegal activities that allegedly included: 1) Violation of pre-sale registration requirements and rules resulting in the State stepping in to force them to cancel the pre-sale of one club; 2) Conversion of \$64,000 from three business partners in Laconia, New Hampshire resulting in Borghi being fined and put on probation rather than jail time; 3) Being called on the carpet by several State Attorney Generals. One of the results of that writing was that **PAUL SCHALLER**, **President of ABC Financial**, one of our advertisers, contacted me to speak well of Borghi as I had written about his client's unethical and illegal activities. My friend Paul wrote: "Steve has had challenges both personally and professionally, but I give him credit. He is a survivor, and he has provided good quality clubs for consumers to use at very affordable prices for over a decade in six

states (MA, N.H., R.I., CT, MN, IL)! Yes, there has been a club closing, and yes, there have been issues with the AG's offices in New Hampshire. Again, I don't defend Steve, and I don't claim he is an innocent victim; however, ABC would NOT be servicing these 20 clubs today if, in fact, we were being hit with a high number of consumer complaints or if we thought there was considerable risk to our company and family members." I truly hope Paul's trust in his big customer, Steve Borghi, does not end badly.

But, for the record folks, here is one report filed in the **Baysider Newspaper** in **Alton, N.H.** in August of 2009, and I quote:

"Health Club Owner Fined For Misappropriating Fees..."

ALTON, N.H. - An Alton Bay resident involved in a failed attempt to open a health club in Laconia pled guilty last week to charges of unfair or deceptive business practices. According to information released by the state Attorney General's office on August 7, Steven Borghi of Timber Ridge Road pled guilty before a Belknap County Superior Court judge Friday to two misdemeanor violations of the Consumer Protection Act (CPA), and also pled guilty, on behalf of Downtown Fitness LLC, to two felony violations of the CPA. Deputy

Attorney General Orville Fitch explained in a press release sent to local media outlets that the charges against Borghi stemmed from his involvement in failed efforts to open a Work Out World franchise in the building that houses Laconia's parking garage. Under the terms of a plea agreement, Borghi received a suspended 30-day jail sentence and was ordered to issue full refunds, plus 10 percent interest, to the 240 people who joined the health club, which never opened."

I explained to Paul Schaller that he knew that it was part of my job to report to the industry about anyone who behaved like Borghi, advertising customer or not, and I was going to keep on doing my job. More on Borghi, as I previously mentioned. **Attorney JOHN ROCKWOOD** of **Boston** left the following voicemail for me, "Mr. Cates, I'm John Rockwood, and I'm an Attorney based outside of Boston. I have a lawsuit against Mr. and Mrs. Borghi, and I must say my experience with them is entirely consistent with what you reported. I will have to check with my clients to determine how much they will allow me to disclose." After calling and leaving several phone messages requesting a call back from Rockwood, to no avail, I concluded that he was not able to obtain
(See *Norm's Notes* Page 20)

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... "2011 In Review"

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their continued support!

In September, it was back to business as usual with a cover story about **Mike Minton's Sportsplex** in Texarkana, Texas. We had covered Minton's ten years before in 2001, but we wanted to give an updated report as Minton's had just been selected as an **SBA 100 Business**. The **Medical Fitness Association** and the wonderful things they are doing under the leadership of **Ken Germano** was our topic for October. Last month, our November story on **Rick Holder's Hampshire Hills Sports and Fitness** wrapped up our cover stories for 2011.

We sincerely thank all of our cover story subjects for their time and help bringing their stories to our readers. We hope you enjoy them, and very importantly, learn from them. We are confident 2012 will bring even more!

Thank You

First, we want to thank you for reading **CLUB INSIDER**. Our Mission is "To help the owners and operators of health, racquet, and sports clubs professionalize their clubs and gain the trust and business of their community." We appreciate the opportunity to serve you. Additionally, we would like to thank our **Advertising Team** and **Contributing Author Team** because, without them, **CLUB INSIDER** would truly cease to exist. Our industry has a need for learning, sharing and knowledge advancement, and this publication's sole purpose is to help fill that need. We never forget our challenge and are thankful for it every day.

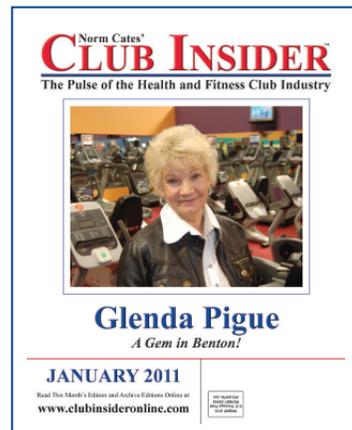
A Note About Subscriptions

Before we move forward with our 2011 In Review report, let me mention our **Paid Subscription** options. Some of you reading this are doing so on a complimentary basis via a promotional copy. If the words "PROMOTIONAL COPY" appear above your address on the front cover, you are not reaping the full benefit of a **Paid Subscription** to **CLUB INSIDER**. One thing to think about when considering a subscription investment to **CLUB INSIDER** is that for just **\$49**, you will receive twelve months of printed and online editions **plus** seven years of online archived editions! Or, for **\$89**, you will receive two years of printed and online editions **plus** seven years of online archived issues. By the way, our online archives will continue to increase in 2012, as we will be adding more and more previous editions, each with great stories and valuable articles that can help your club business be more successful heading forward in 2011 and beyond. So, your value will continue to increase every month. While reading this note and this edition, please remember that you may not receive a promotional copy

next month or the month after because we alternate our promotional copy mailings frequently. So, we urge you to go to **www.clubinsideronline.com/subscribe** today. It only takes a couple of minutes to subscribe securely through our website, and you will have a wealth of industry information at your fingertips! We also wish to express our most sincere thanks and appreciation to all of you who have subscribed during our first 18 years of publication.

And Now, 2011 In Review

January 2011



Front Page Article Headlines

● Dale Dibble, Club Business Legend, and Great Friend, Passes Away ● Tim Richards, Club Veteran, Passes Away Suddenly

Insider the Insider

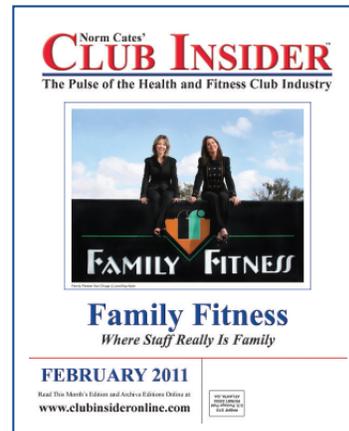
● *THE* Place to Be! - **By:** Norm Cates ● Club Members Lose Their Weight and Gain a Career Helping Others Do the Same! - **By:** Donna Krech ● Does Your Club's Customer Service Have *Heart*? - **By:** Jeffrey Keller ● Everyday Things You Can Do To Improve The Bottom Line In Your Health Club - **By:** Jim Thomas ● Medical Fitness and the Physician Referral Pathway - **By:** Dr. Cary Wing ● *Managing* the Member Experience - Part II - **By:** Karen Woodard-Chavez ● Exercise + Nutrition = Healthy Lifestyles - **By:** Sandy Coffman ● The 2010 IHRSA Profiles of Success ● Federal Court Reverses Gym Music Decision in Australia ● Gordon Johnson Honored ● IHRSA Releases 2011 List of Trends for Fitness Clubs ● 24 Hour Fitness Announces East Coast Expansion Plans for 2011 to 2013 ● Courtney Minor and Ron Alterio Join Visual Fitness Planner ● ABC Financial Services Joins PCI Security Standards Council ● Dana Milkie Joins ABC Financial as Vice President of Club Support

Norm's Notes

● Rest in Peace Dale Dibble and Tim Richards ● NETWORK! at IHRSA30 ● Copycats on the Loose ● Congratulations to Gordon Johnson ● Report From Phil Wendel's ACAC ● Two Annual New Year Tips ● Kyle Zagrodzky Offers 15-minute Club Improvement Video Series ● Don

and Cathy Whitney Doing Great Things For Disadvantaged Children ● Crunch Fitness Announces Opening of Newest Franchise ● Deep Thinking With Ray Wilson ● IHRSA 2010 Profiles of Success ● Public Policy Update From Meredith Poppler ● Congratulations on Overruling of Australian Music Fees Decision ● ACE's Collaboration With ICAA ● Merritt Athletic Clubs Debuts Life Fitness Journey ● See You at IHRSA30! ● Welcome to NPTI

February 2011



Front Page Article Headlines

● Fitness Legend, Jack LaLanne, Passes Away at the Age of 96

Insider the Insider

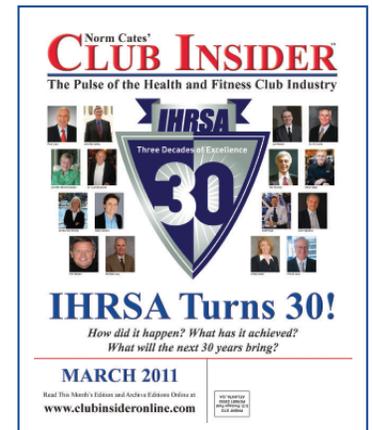
● *Managing* the Member Experience - Part III - **By:** Karen Woodard-Chavez ● Celebrity Marketing - **By:** Derek Barton ● Key Performance Indicators: Which Ones Are Right For Your Business? - **By:** Steve Ayers ● Rope Is The Only Thing Your Staff Should Be Skipping! - **By:** Ron Alterio ● The Real Truth About Social Network Marketing - **By:** Casey Conrad ● Reasons Why Independent Health Clubs Fail - **By:** Jim Thomas ● Programs... Promotions... Professionalism - **By:** Sandy Coffman ● Ten Questions to Ask Before Joining a Gym ● Visual Fitness Planner Team Energized By Annual Corporate Retreat ● World Gym and Body Training Systems Launch World Group X

Norm's Notes

● Jack LaLanne Passes Away ● 2011 Club Industry East Canceled ● See You at IHRSA30! ● Rush Fitness Set to Open 23rd Location ● Planet Fitness Set to Open 400th Location ● Ron Polisenio Comments About ZX Fitness ● "Good Gyms" vs. "Bad Gyms" ● "Is the Gym Passé?" ● Thomas Plummer's NFBA Seminar ● Mike Motta's Plus One Acquires Fitness Works ● ABC Financial Announces Michael Murphy as new Regional Sales Director ● The Revenuers are Coming! ● Five Club Chains on Entrepreneur Magazine 2010 Franchise 500 List ● 10 Important Questions From the BBB ● Senator Tom Harkin Reintroduces WHIP Act ● Chuck Leve Hosts Inaugural AFIRM Event in Atlanta ● The 6th Annual

Bash for Augie's Quest

March 2011



Front Page Article Headlines

● Planet Fitness Hits 400!

Inside the Insider

● Top 9 Health Club Marketing Tips For Today's Times - **By:** Maria Parella-Turco ● A New Key Ingredient For A Club To Be Successful - **By:** Bruce Carter ● Club Members Losing Weight Eating Favorite Foods! - **By:** Donna Krech ● Time for Change - **By:** Royle Berry ● John and Tammy Wright... Beating the Recession With Fitness! - **By:** Norm Cates ● The Importance of "Play" In Your Programs... - **By:** Sandy Coffman ● City Blends Launches Co-Branded Partnership With World Gym International ● It's Number 400 for Planet Fitness! ● Personal Training Poised For Transformation By 50+ Market

Norm's Notes

● IHRSA30 Special Edition ● 6th Annual Bash for Augie's Quest ● Important IHRSA30 Programs ● Planet Fitness Opens 400th Location ● David Barton Gyms Files for Chapter 11 ● Star Trac President, Mike Leveque Resigns ● Protect Industry EFT With Reputable Operations! ● David Patchel-Evans' Goodlife Fitness Centers Honored ● AFIRM Attendance ● Congratulations to Club Industry Magazine's Stuart Goldman ● Welcome to New Contributing Authors ● Dr. Cary Wing Joins Fitmarc as Director of Business Development for Medical Fitness ● Nikki Layke Rejoins ABC Financial ● The Revenuers are Here! ● Congratulations to the Gold's Gym Franchise Association ● Cybex International Named Preferred Equipment of the League by the National Hockey League ● Another Fitness Center Franchise, BLAST 900 ● World Gym and City Blends Launch Co-branded Café ● Donna Krech Announces New Life Coaching Training Program ● Jill Stevens Kinney and Sandy Hoeffler Announce Collaboration to Create New Generation Tennis Center in Golden
(See "2011 In Review" Page 16)



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... "2011 In Review"

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Gate Park • March is National Nutrition Month • Fabiano Designs Launch "Training Concepts"

April 2011



Front Page Article Headlines

•Michael Bruno's Revival of Star Trac Off To A Great Start! - Deal Making Equipment Guru Off and Running With Star Trac

Inside the Insider

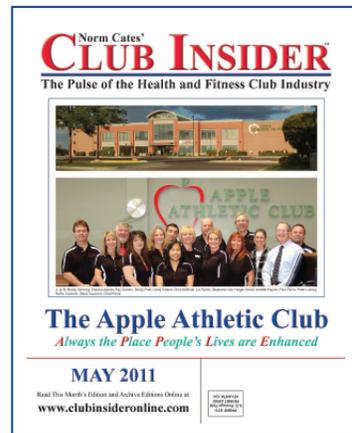
•The "Insider Speaks" - Congratulations! - **By:** Norm Cates •A Retention Breakthrough! - **By:** Will Phillips •Creating a Strategic Plan For Your Club - **By:** Greg Maurer •Managing Staff Behavior In Your Health Club - **By:** Jim Thomas •Meet New People, Get Some Exercise and Have Fun! - **By:** Sandy Coffman •IHRSA's 15th Annual Financial Panel - Produced and Moderated By Rick Caro •U.S. Health Club Membership Exceeds 50 Million! •The IHRSA Board of Directors Welcomes Three New Members •All Roundtable Conference Conducted Will Phillips •Gold's Gym Franchisee Association Named One of Constant Contact's 2010 All Stars •Augie's Quest BASH Raises \$1.3 Million for ALS Research

Norm's Notes

•Congratulations to IHRSA30 Attendees •50 Million Members! •Congratulations to 2011 IHRSA Award Winners •6th Annual Bash for Augie's Quest Another Success! •Congratulations to Red Lerille •Condolences to Jeffrey Keller •Rest In Peace Dean Wertz •GoodLife Fitness to Open 100 New Clubs Over Five Years •IHRSA's Resolution to Combat Obesity Through Physical Activity •The 2011 IHRSA Public Policy Summit •Ron Miller's Book, Vietnam Special Flight, Inc. •Healthier Lifestyles and Prevention Act Reintroduced •The Revenuers Are Coming! •Annual \$50 Fee for Adults Who Lead Unhealthy Lives Proposed in Arizona •Congratulations to the Gold's Gym Franchisee Association •Congratulations to Bill McBride •AFIRM Baltimore/Washington D.C. Showcase Set for June

6-7th •Florida Health Clubs Seeking Deregulation •A Goal For IHRSA's Public Policy Funding •ABC Financial Unveils Software Update at IHRSA30 •Retention Management Launches in Scandinavia •LifeCenter Plus Health and Fitness to be Featured in Opera's *O Magazine* •Congratulations to Justin Cates and Danielle Morozewicz Getting Married April 30th!

May 2011



Front Page Article Headlines

•Steve Williams... One of a Kind! - 1949 - 2011

Inside the Insider

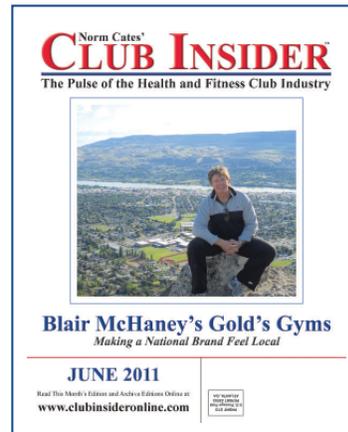
•The "Insider Speaks" It's Your Problem... - **By:** Norm Cates •The Next Generation Health Club - **By:** Will Phillips •Checklist for Retention Success - **By:** Maria Parella-Turco •More Club Members Losing Weight - **By:** Donna Krech •How to Reverse Decline and Restore Stability to your Health Club, Fitness Center or Gym - **By:** Jim Thomas •Have Fun This Summer! Programming for Kids... - **By:** Sandy Coffman •Lawsuit Alleges Urban Active Fitness Clubs Violated Laws •RED HOT SUMMER Promotion Celebrates Seriously Fun Fitness •REX Launches First European Roundtable •Canadian Prime Minister Announces an Adult Fitness Tax Credit •fitRewards Announces Full Integration with ABC Financial •Fitness Industry Provides Free Health Club Memberships to Military Families •IHRSA Index Attests to Industry Strength

Norm's Notes

•Congratulations to Newlyweds Justin and Danielle Cates! •Steve Vucovich and the Apple Story •"Let's Move!" •Welcome Back to Bert Monson •It's Your Problem... •Best Wishes to Ted Forstmann •fitRewards Teams Up With ABC Financial •Haley Barbour Cuts the Fat •Fitness Formula Previews 9th Club •Powerhouse Gyms Selects BioSpace as a Preferred Vendor •Urban Active Sued Again •REX Roundtables Launches in Italy •The IHRSA Index Report •Lifestyle Family Fitness Offers Free Summer Memberships to Teens Again •Professional Tennis Registry to Host 3rd Tennis Club

Owners and Facility Managers Conference, October 5-7th •Canadian Prime Minister Introduces New \$500 Fitness Tax Credit •Interesting Story in Albuquerque, New Mexico •Bruce Kaplan Promoted to Sales Director of Nautilus •ICAA's "Rebranding Aging" Movement Launched May 9th in Washington D.C.

June 2011



Front Page Article Headlines

•Government Launches New Dietary Guidelines Campaign: ChooseMyPlate.gov •Leve, AFIRM Part Ways With SGMA

Inside the Insider

•How to Recognize Opportunity For Your Health Club - **By:** Jim Thomas •Rules. Who Needs Them? We All Do! - **By:** Angie Pattengale •Successfully Launching New Club Programs - **By:** Greg Maurer •Member Self-Service is the New Full-Service - **By:** Steve Ayers •Open Your Fall Season With An Open House! - **By:** Sandy Coffman •Vision For a Healthier, More Prosperous America •Horsham Athletic Club Grand Opening •Rochester Athletic Club Honored •The Rush Fitness Complex Has It's 23rd Grand Opening Celebration •Mike Motta Becomes Plus One Chairman •ICAA Warns Consumers to Beware of "Graywashing"

Norm's Notes

•United States Government Drops Food Pyramid •Planet Fitness to Reach 500 Locations By 2012 •Congratulations to Joe Shank and Almaden Valley Athletic Club Celebrating 35 Years! •Another one bites the dust! Trade show, that is... •Chuck Leve and AFIRM Part Ways With SGMA •Club Industry Show Coming October 12 - 14th •Joe Cirulli Tutorials on INC.com •Phil Wendel Reports ACAC Growth •RUSH Fitness Opens 23rd Location •Congratulations to Mike Motta! •Joining Forces Initiative Launched June 1st •Urban Active Responds to BBB Complaints •Stories of Theft •Anytime Fitness to be Honored •Apologies to Anthony Vivoamore

July 2011



Front Page Article Headlines

•"We Don't Want FAT PEOPLE In Our Club!" - **By:** Donna Krech

Inside the Insider

•Sharing: Trend or Fad? It May Change Our Industry - **By:** Will Phillips •Whadaya Know? - **By:** Karen Woodard-Chavez •National Gym Supply Expands for Now and the Future - **By:** Norm Cates •Multiple Ways to Generate Leads This Summer - **By:** Casey Conrad •Why Would a Health Club Owner Need a Buy-Sell Agreement? - **By:** Steve Ayers •How to Make Better Decisions on Behalf of Your Health Club - **By:** Jim Thomas •Hiring and Training a Programming Champion - **By:** Sandy Coffman •Obesity Rates Still Rising in Many States •Retention Management Hires Bob Shoulders to Lead New Social Media Division •REX Roundtables Announces New Trusted Vendor Relationship With Visual Fitness Planner

Norm's Notes

•Rest In Peace Steve Xynidas •National Gym Supply Expands •The Fitness Industry •The Next Guru of Obesity •Congratulations to Joe Moore •Congratulations to Big John McCarthy •Titan Fitness Holdings to Drop Gold's Name •Mike Silva to Open Second Edge Location •My Apologies to Our Readers, Club Industry and Sam Posa •ZX Fitness to Close Three Locations in North Carolina •Congratulations to Bob Shoulders •Mark Urlage Joins TRX •The Professional Tennis Registry to Host Third Tennis Club and Facility Conference

August 2011

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•IHRSA Continues Voluntary Certification With Down Vote On Latest Draft •Double Dip Recession? Another Great Depression? - Economic Chaos... Meltdown of the Economy... What Should We Do?

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•Purpose Led Profit - **By:** Donna Krech •Out of Chaos Comes Opportunity - **By:** (See "2011 In Review" Page 17)

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Thomas Plummer •Here's Why You Need a Sales System in Your Health Club - **By:** Jim Thomas •Get Results or Get Out! - **By:** Misti Burmeister •Professional Points, Programs and Policies - **By:** Karen Woodard-Chavez •How Long Is A Piece of String? - **By:** Chris Russo •Aquatics Programming For The Fall And Winter Season - **By:** Sandy Coffman •Fred Elias Joins Visual Fitness Planner •Iron Grip Introduces Functional Training Set •Linda Mitchell Honored for 30 Years at Newtown Athletic Club •Mid-Atlantic Club Management Annual Conference and Awards •IHRSA Quarterly Index Posts Improved Performance for Fourth Consecutive Quarter •Michael Scott Scudder Acquires Fitness Industry Group

Norm's Notes

•Congratulations to Rick Caro and Sue Denison! •Congratulations to Chris Russo and Jillian Taylor! •Congratulations to Art and Linda Chappell! •Gold Gym International and Bally Total Fitness Courtship Ends •The Step Company Files Trademark Infringement Lawsuit •Look Out for Steve Borghi •New Paradigm Partners Teams Up With FIT-traxx •Jim Smith Closes Peak Performance •2011 Club Industry Show is Right Around the Corner •Kevin Einck Joins Star Trac •Equinox Acquires The Sports Club Company's Remaining Locations •Welcome to Misti Burmeister •Fred Elias Joins Visual Fitness Planner •Janet Frenkel Becomes COO of American Council on Exercise •Anytime Fitness Lands in the Netherlands •The Genesis Health Club Acquire Two New Locations •IHRSA's 11th Annual European Congress

September 2011

Inside the Insider

•What A Treasure Our Beating Hearts Are On This Earth! - **By:** Norm Cates •How to Find and Keep a Team That's Dedicated to Your Club's Success - **By:** Donna Krech •"Joining Forces" With the Military Builds Relationships and Business - **By:** Bonnie Pfister •Behaviors of the Best

Health Club Salespeople - **By:** Jim Thomas •The S.I.M.P.L.E. Approach to Employee Loyalty - **By:** Jeffrey Keller •Another New Beginning - **By:** Sandy Coffman •IHRSA Releases 2011 Health Club Consumer Report •iGo Figure Integrates with Harlands Group in the EU •Seasoned Veteran Chuck Leve Joins Brand Activation Agency, Involve •Former 24 Hour Fitness Executive Named COO of Med-Fit Systems, Inc. •Karen Woodard-Chavez Announces New Club Excellence Training Program

Norm's Notes

•Never Forget 9/11! •Red Lerille to Be Honored at Club Industry 2011 •Inc Magazine's 5,000 Report Features Many Industry Companies •Congratulations to Gordon Johnson •Congratulations to Gold's Gym Award Winners •More Information About Steve Borghi •Butch Staples to Build Tennis Facility in Bluffton, S.C. •Karen Woodard-Chavez to Launch Club Excellence Training Program •Andrew Carchia Creating International Health Club Associations •Mindy Strich Launches To Serve With Love •Savvy Club Owners Taking Advantage of Depressed Real Estate Market •Snap Fitness Announces Partnership with Rolling Strong

October 2011

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•Planet Fitness to Sponsor *The Biggest*

Loser •Red Lerille Honored

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•The Number ONE Reason Your Members Are Not Getting Results - **By:** Donna Krech •Improving Your Disaster Personality - **By:** Will Phillips •Give Back and Get Ready! - **By:** Chris Russo •Does a "Green" Design Equal More Profits? - **By:** Bruce Carter •Listen To My Ideas! - **By:** Misti Burmeister •Try Something Different - **By:** Sandy Coffman •Health and Fitness Industry Urges the Signing of the CEO Pledge •Industry Veterans Align to Form Instant Force in Fitness: FIT Brands •IHRSA Applauds Introduction of WHIP Act •Crunch Fitness Inks Deal to Open 30 Franchises in New Jersey •NBC's The Biggest Loser Kicks Off Another Season With Iron Grip Free Weights •XSport Fitness Continues Its Rapid Growth Throughout Chicago, New York and Washington D.C. •Tony Torre Hired as National Sales Director of Visual Fitness Planner •New Affordable Care Act Initiative Helps Create Healthier Communities, Fight Chronic Disease •Life Fitness and The American Council On Exercise Name America's Top Personal Trainer To Watch •Club Industry's 2011 Best of the Best Award Winners

Norm's Notes

•Planet Fitness Announcing Advertising During The Biggest Loser •Club Industry Show Not to Return to Chicago •Register for IHRSA 2012 in Los Angeles •Happy 80th Birthday to Alan Schwartz •XSport Fitness Announces 32 Clubs Open by June 2012 at \$9.95/month Price Point •Congratulations to Colin Milner •Dennis Cieri to Open 30 Crunch Fitness Locations •Larry Gurney's Rush Fitness Complex Now Boasts 23 Clubs •The 30th Annual Athletic Business Conference and Expo •Happy Birthday to Rick Caro •Welcome to Tony Torre •California Senate Bill 746 Becomes Law •Joel Tallman, Charley Lindsey and Tim Godwin Form Fit Brands •Happy 70th Birthday to Michael Scott Scudder •The Centers for Disease Control Allocates \$8 Million to Viridian Health Management •Welcome to Bob and Birgit McKenna •Curves International Teams Up With IHRSA and the Joining Forces Network •Med-Fit Systems to Purchase SportKAT Company Assets

November 2011

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•LifeTime Fitness Acquires 9 Lifestyle Family Fitness Clubs!

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•The "Insider Speaks" - Think Steve! - **By:** Derek Barton •The Secret to Achieving Any Goal - **By:** Donna Krech •Learn How To "Get Out Of The Box, Set It On Fire and Roast Potatoes On It" - **By:** Will Phillips •Turn Yourself Into A Trusted Brand In Your Health Club - **By:** Jim Thomas •Why Should Anyone Listen To You? - **By:** Misti Burmeister •Paying Attention to Mr. Jones

- **By:** Tony Torre •On A Scale From 1 To 5 - **By:** Sandy Coffman •ACAC Breaks Ground On New Richmond, Virginia Club •IHRSA Launches 2012 Campaign for the Industry Defense Fund •Millennium Partners Announce Art Curtis Resignation •Fitness Clubs Provide Free Health Club Memberships To Military Families •The Sports Club/LA Partners With Fila

Norm's Notes

•19 Years and Counting! •Register for IHRSA 2012 in Los Angeles •Rich Synnott Becomes Executive Director for the Upper Valley Aquatic Center •Augie's Quest Has Now Raised \$30,752,950 •Cardinal Fitness Has Closed Six Clubs in Indianapolis •Bally Total Fitness Has Grand Opening of First BFit Club •Don't Miss the 31st Annual Athletic Business Conference •Phil Wendel Breaks Ground on New 57,000 Square-Foot Club in Richmond, VA •Gold's Gym Continues to Experience Losses •fitRewards! Integrates With Club Ready Management Software •Larry Gurney Donates Used Equipment to Several Local High Schools •IHRSA Accepting Applications for Julie Main Woman Leader Scholarship and Outstanding Community Service Award •Congratulations to Jill Stevens Kinney •Sports Clubs/LA and Fila Enter Mutually Beneficial Arrangement •Spri Products Named #1 Selling Brand of Fitness Accessories •Sales Tax Expansion Likely in Maryland •What I Am Thankful For •Happy Thanksgiving!

(Justin Cates is the President and Assistant Publisher of CLUB INSIDER and grew up in the health, racquet and sports club industry. Justin was born into a club business family in 1985, and from the age of eight, he spent his non-school and sports hours in a home which doubled as CLUB INSIDER Headquarters. He has lived and breathed this industry for 26 years, since his own day one. Now, he is an integral part of the "Story" of Norm Cates and CLUB INSIDER. Justin may be reached by phone at 770-595-6086 or email at Justin@clubinsideronline.com)

...Bob Delmonteque

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of Houston. However, Diaks was known most of his life as Bob Delmonteque, and he passed away at the age of 92 on November 21, 2011. He's survived by his wife of over 50 years, Madeline, who resides in Malibu, California.

Dr. Bob Delmonteque was a big, handsome, soft spoken, easygoing fellow who truly loved fitness and made it his life's focus and work from the age of 14. Bob had a million dollar smile.

The history of the health and fitness club industry is full of stories of the amazing people who pioneered our industry. True industry pioneers include Ray Wilson, Donahue Wildman, Bill Hubner, Bill Pearl, Red Lerille, Ken Melby, Jerry Kahn and many others.

Health and fitness club pioneers that are no longer with us, but are people who will always be remembered for their own contributions to the industry, include Vic Tanny, Jack LaLanne, Joe Gold, Robert Rice, Dale Dibble and Rudy Smith, to name a few.

Bob Delmonteque lived an amazing life, and he did quite a lot of good during his fitness career. His greatest contributions to health and fitness included the personal example of fitness he set; his work in developing and operating hundreds of revolutionary health clubs with his partner and life-long friend, Ray Wilson, and with Dick Minns; his books on fitness and health and his talent as a public speaker. Bob's books included *Lifelong Fitness 2004*, *Bob Delmonteque's 14 Diet Commandments*, *Lifelong Fitness* and *Winning the Battle Against Aging*. Maybe Bob's greatest contribution to others in life was his great spirit and totally positive thinking mindset.

Bob was also a trainer for many movie stars and two world class athletes. They included Clark Gable, James Dean, Tyrone Power, Errol Flynn, Marlon

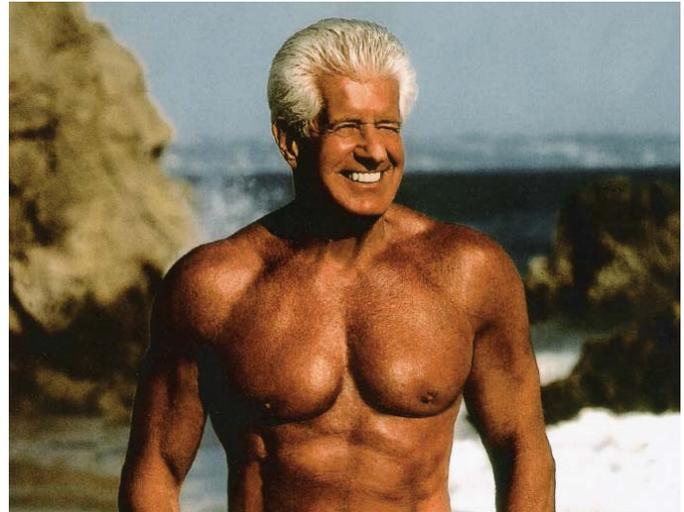
Brando, John Wayne, Marilyn Monroe, Rita Hayworth, Gloria Swanson, Betty Grable, Paul Newman, Matt Dillon, Jack Dempsey and Rocky Marciano.

In January of 1996, **CLUB INSIDER** published a cover story featuring Bob Delmonteque, also known affectionately by his good friend, Larry Gurney and others, as "Dr Bob."

Larry Gurney is the owner of 23 Rush Fitness Complex facilities in Tennessee, North Carolina, South Carolina and Georgia. Larry felt like Bob Delmonteque was his Grandfather. Bob had helped Larry with many Grand Opening events for Larry's Rush Fitness and Bob was a big draw at the events where he would present his methods for fighting aging and staying fit. Larry commented about his long-time friend, "Bob was a friend, mentor, role model and inspiration to thousands around the world. His enthusiasm and passion for life was infectious and his unwavering positive attitude was unshakeable. Bob truly believed that anything in life could be achieved if you wanted it bad enough, and he didn't understand the word "quit." I really believe that God broke the mold after Bob, as he was truly one of a kind. There could never be another like him. He was, without a doubt, one of our industry's true pioneers and a health and fitness icon. He meant the world to me!"

CLUB INSIDER's 1996 cover story reached back in time, and Bob Delmonteque shared several recollections about his early days working with Joe Weider and later, Ray Wilson.

In 1952, Joe Weider hired Delmonteque to work for his new magazine *Your Physique*, Joe's first bodybuilding magazine. Delmonteque worked with Joe's brothers, Ben and Ed, as they started publishing the publication from Joe's home. Delmonteque commented to **CLUB INSIDER** in 1996, "We didn't have a nickel for a cup of coffee back in those days. Today, (Joe Weider was still alive at



Bob Delmonteque, Age 85 in 2004

that time) Joe Weider's success is legend, and his publishing empire is vast and tremendously successful."

In 1953, Ray Wilson met with Bob and said to him, "Bob, I'm going to make a millionaire out of you! We're going to build a health club chain that has mirrors, carpeting, chrome equipment and even air conditioning to remove the smell! I need for you to work for me as a physical culturist. Think about it for 24 hours and call me!" Then, Bob added, "Ray Wilson is a real charmer, and as he was walking out the door, I yelled, 'Ray, come back here... I've thought about it long enough; you've got a deal!'" This meeting resulted in a friendship and partnership between Ray and Bob, which lasted 40 years. In the beginning, they opened over 500 locations across America called either American Health Studios or the Silhouette Studios. The clubs were upscale, just like Ray said they would be, and they were one of the first to advertise on a "mass" basis by splitting the ad costs among a significant number of locations in each market. Delmonteque commented in 1996, "Ray Wilson was and still is one of the greatest visionaries in the world."

Later, in the early 1960's, after Wilson and Delmonteque had spent a couple of years in Mexico, where they opened what they called Spas, they partnered to create and operate the Jack LaLanne European Health Spas in California and the Executive Health Clubs and the Presidents Health Club in Houston. It was in Houston, Texas where they met Jim Lovell, the NASA astronaut whose fame was generated with the Apollo 13 Mission, the same mission the now world famous comment was made, "Houston, we have a problem."

Bob's greatest training achievement may have been when he was chosen by NASA to be the personal trainer for the Astronauts in Houston, Texas, during the 1960s. Bob trained Jim Lovell and other astronauts including Deke Slaton, Gordon

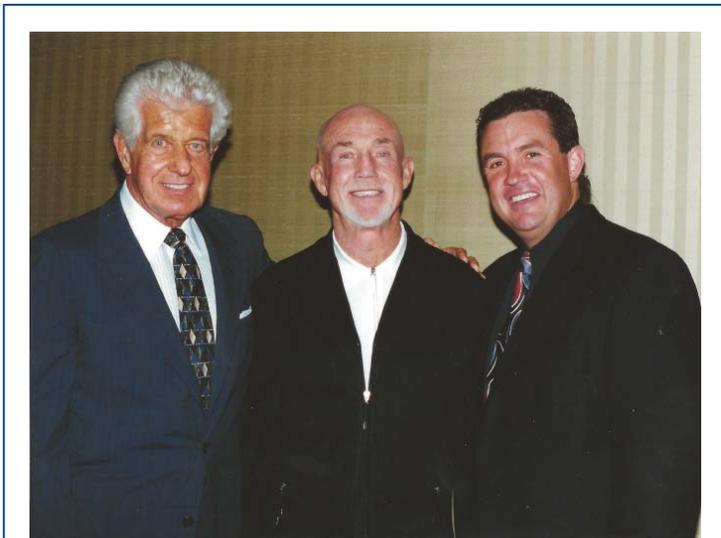
Cooper, Scott Carpenter, Wally Shira, Gus Grissom, Alan Shepherd, John Glenn and Shorty Powers. Delmonteque recalled, "These guys were in great shape overall... Everyone of them had resting heart rates of 50 or less." Dr. Bob also worked with the second group of Astronauts which included, in addition to Jim Lovell, Frank Borman, Neil Armstrong, Ed White, Tom Stafford, Charlie Conrad and James McDevitt. Bob remained friends with Shepherd and Jim Lovell for decades.

Later, Jim Lovell ultimately helped Wilson and Delmonteque change the health and fitness club industry forever with his advice to Wilson that they should install cardiovascular equipment in all of their clubs. That advice resulted in Wilson's work on perfecting Lifecycle and bringing to market the one single cardio piece that paced the health and fitness industry for decades and has caused many spinoff cardio equipment companies. History shows that Lifecycle and Nautilus were the first lineup of cardio and strength equipment that preceded, and really caused, the boom in new equipment production that ultimately resulted in mass production of new clubs beginning in the early 1980s.

Ray Wilson and Bob Delmonteque were the best of friends for over 50 years. In response to the news that his longtime friend and partner had passed away, Wilson paid his friend the highest possible compliment, "Bob was my best friend and my best partner."

• • •

A memorial service was held for "Dr. Bob" Delmonteque at the Holy Cross Cemetery in Culver City, California on November 30th. In attendance were Larry Gurney, Donahue Wildman, Sonny Resser, Ron Thompson, Danny DeLarosa, Mike Hays, Betty Weider, Bob Thomas and Todd Smith, among others. May Robert "Dr. Bob" Delmonteque Rest In Peace.



(L to R) Bob Delmonteque, Donahue Wildman and Larry Gurney

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Courtney Hines	Text Message	Other	Today	Incoming Leads	Today's Call
Simon Walker	Text Message	Other	Today	Incoming Leads	Today's Call
Frank Elias	Text Message	Other	Today	Incoming Leads	Today's Call
Don Albano	Text Message	Other	Today	Incoming Leads	Today's Call
Warren Webb	Text Message	Other	Today	Incoming Leads	Today's Call
Sam Labasa	Web Lead	Facebook	Today	Incoming Leads	Today's Call
Scott Johnston	Web Lead	Facebook	Today	Incoming Leads	Today's Call

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Success Often Requires Doing Things Differently

By: Karen Woodard-Chavez

Happy New Year! It certainly will be for many clubs, not just because of the windfall peak of the season that most clubs experience but because many clubs have strategically set themselves up for an enhanced level of success and return based on work they did in 2011.

In this article, I will share with you two examples of clients who decided to commit to doing things differently rather than the same-old, same-old model of businesses with diminishing returns. Because they made the changes in 2011, they will see a very different ROI in 2012.

I have been working with a client for seven years who has finally made the commitment to invest more in the human resources of the business. This operator is a mid-priced operation in a B market with a lot of for-profit and non-profit competition. The business consistently hits the new member sales numbers but was missing the mark on non-dues revenue, particularly with Personal Training. There were three reasons this facility was missing the numbers in Personal Training:

1. Not enough Trainers;
2. The staff was doing just enough to make it work for themselves but not for the club;
3. An *absolute* lack of leadership.

The club operator, like many in this business, is a very generous person who will always give people every chance possible, to a fault, which ends up wasting time and negatively affecting the business and the members. After much frustration, discussion and running the numbers on the investment, this operator made the strategic decision to invest in and seek leadership talent to take Personal Training and service to members to the level that we all knew it

should be at. The right person was found with the assistance of Jeff Randall of JLR Associates, and the program is moving in a very different direction as is the profitability of the club.

The lessons in this example include:

1. Stop denying when something is not working.
2. Recognize when something is not working and act upon it to change the outcomes.
3. Don't fool yourself by thinking you cannot afford better talent than you have; do the numbers and determine the ROI.
4. Seek help to get talent from outside of your community if you do not have the talent within your community.
5. Lack of revenue makes everything more of a struggle. Abundance of revenue makes life easier and allows for more choices.

How many of you have found yourself in this position? It will not change on its own. You as the manager, leader or owner have to take control and change it. Do not waste time; *make the changes you need to make now.*

Another example of a client who will be having a very strong year in terms of new sales, retention and non-dues revenue is a client who decided early in 2011 to completely change the selling model and compensation model for the club.

This client has chosen to follow the continuum of care model that the medical industry utilizes. How does that apply to the club industry? The commercial club industry has always focused on getting people into the club, and then, once they are members, they are pretty much on their own. Thus, we see the same dismal retention rates. The continuum of care model dictates that once someone becomes a member, he

will have a person (the salesperson) who manages his membership. This means that the salesperson will track usage and stay in touch consistently with his members so that usage does not falter. The salesperson will regularly make recommendations on programs, services, events and sell those items to their members. The salesperson now is compensated on multiple elements, such as new sales, retention of members and program sales.

What does this shift mean for the business?

1. Increased new sales due to a differentiated model and service;
2. Increased non-dues revenue because the club has its best sellers selling it;
3. Increased retention of members because of the focus on usage and results;
4. Increased staff retention due to an enhanced role and compensation.

The lessons in this example include:

1. When the market is filled with commodity lower-priced facilities, you cannot have a sustainable model if you are higher-priced unless you offer something with different value.
2. Create differentiation in your business model to provide a higher level of service, which provides a higher level of success for the member. This is smart business.
3. This type of change is not immediate. It is a process that takes an intense level of planning and learning and can take one to two years or more to come to fruition.

In each of these examples, there was an element of calculated risk with huge relative change for each of these clients. I applaud each of these clients for the level of creativity, willingness to do something very different than what they



Karen Woodard-Chavez

have done in the past and the investment that they have all made in the success of their businesses. It is that spirit that takes organizations to the next level of service, profitability and personal reward for those who are involved.

Avoid spending the next year doing the same-old-same-old if it is not working. There are far too many businesses in that boat. Instead, I encourage you to take your business under the microscope to see what needs to be done differently for you to achieve the type of business you desire in terms of service, profitability and personal reward. Much success to you in this New Year!

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

...Norm's Notes

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approval from his clients to talk to me. So, I have moved on. But, to John Rockwood, if you're reading this, I'm *STILL* waiting for your call. And, I welcome any information anyone might have on this case at (770) 850-8506.

To see and better understand what I'm talking about with respect to the *Cyber Bait and Switch*, Go to www.blastfitness.com. Then, click on the **Join Today** image on the left side of the page. What do you see? You will see copy promoting **Blast Fitness** for **\$10 a month** in the **State of Illinois**. Then, scroll down to **Massachusetts**. Click on any button. What do you see? YES! You see what I see. You see **WOW! Workout World** ads, though you originally had logged onto the www.blastfitness.com website.

More bad news is that Borghi's partner in the Needham, Massachusetts **WOW! Workout World**, **JIM MOSES**, closed the Needham club on November 4th. According to posts, I noticed when I **Googled WOW! Workout World Needham, MA**. Moses' operation apparently continued to collect pre-paid \$50 *dues guarantee fees* right up until the day they closed. So, who's behind Blast Fitness in Massachusetts and the other States? You guessed it, **STEVE BORGI!** **Stay Tuned!**

• I must write this Note, so please forgive me if you're not a college football fan in general or a **University of Georgia Fan**, in particular. I sit here writing these **Norm's Notes** on a beautiful December 10th Saturday afternoon, and I'm listening on **WSB 750 AM Radio** to the **Memorial Service** for the **legendary and one and only LARRY MUNSON**, who passed away on Sunday night, **November**

20, 2011, at the age of **89**. If you're a resident of Georgia, or surrounding states, it's very likely that you know who Larry Munson was and you've listened to his more than amazing football game calls. Larry left his job at **Vanderbilt** over 40 years ago to join Georgia as its play-by-play announcer in 1966. That was one year before he called the **1967 Liberty Bowl Game** that I played in against Georgia when I was an **Offensive Guard** for **N.C. State** as we **beat UGA that day, 14-7**.

Larry was the greatest radio play-by-play announcer that the University of Georgia Football or any school ever had. He made calls that electrified his listeners and have lasted forever. Such as my favorite in the **Georgia/Florida** game of **1980** when **LINDSEY SCOTT** caught a pass from **Georgia Quarterback BUCK BELUE** and ran **92 yards** for the touchdown that won the game. Georgia was **#2** in the country

and this play saved that season. Larry's **"Run Lindsey!!! Lindsey Scott... Lindsey Scott... Lindsey Scott!!!"** call will live forever and still rings in my ears until this day.

Larry Munson gave us Georgia fans over 40 years of his life. His great calls were often heard by fans listening to Larry on their headset radios while sitting right there in the stadium or by fans muting their TVs in favor of Larry's calls. There will never, ever be another one like Larry Munson. We all have missed him since he retired several years ago before he passed away, and we really miss him now. **May the Great Bulldawg Announcer, Larry Munson, Rest In Peace.**

• **God bless our Troops** in the **Middle-East** and all around the world. And, may **God bless you, your family and your club(s)**. **Merry Christmas, Happy New Year and Happy Holidays** to you all! **God Bless America!**

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Six Steps to Growing A Money Tree

By: Donna Krech

You might think, "Come on Donna, money doesn't grow on trees!" Well, our team feels differently. When we're setting our goals for the New Year, I teach them exactly how to grow their money trees from their purpose trees. If you own or work in a club, you can grow one too!

You may be wondering what a purpose tree and money tree are. A purpose tree is a picture of the thousands of people you could share your message with. A money tree is a picture of what you offer them for purchase, ever-increasing your income.

In my August article on Purpose Led Profit, I taught that your business purpose is defined as the reason you're in business *beyond* making money. Life is nuts, but when you know your purpose, life is easier and money comes faster. In this article, I'll share building the purpose tree and then focus on how to turn your purpose tree into a money tree.

In any economy, you can grow a money tree by generating multiple streams of income. You can get more than one paycheck for each job that you do. It starts with living your purpose around everyone you touch!

This begins with living it in front of your team and expecting it from your team. Acquire more team members based on matching the purpose. Reward them for living and displaying the purpose. Profit will come easier.

Next, make your purpose a motto and serve customers with that message. Create a performance gauge to measure how well you're serving customers with your purpose. Reward employees for serving customers with the purpose.

After serving your customers, attract prospects in the community with the message of the purpose. Walk it, talk it, put it in your material and have everybody that works with you memorize it so you can serve customers with it and attract the community with it.

Finally, if you are serving your team with it, your customers with it and your community with it, you are going to make an impact on the world with it! Isn't that why you got into this business in the first place... to change the world?

Charlie "Tremendous" Jones *loved* reading. Charlie would look at a book and say, "Ahhh, the way this touches your life, the way this impacts your business, the way this makes you money... Yum!" He would tell you about books and what books would do for you and how books would change your life and cause you to think, "I have got to get my hands on some books!"

His message was infectious! Charlie had a passion for reading, and if people were going to work in his company, they had to have a passion for reading, too. He didn't *hope* they'd get a passion for reading; they *had* to have a passion for reading to get on his team. He served his team by having high standards and expecting them to love books the way he did.

He also served his customers. For those of us who bought something from him, he constantly reinforced the message that reading makes all your dreams come true. He'd say (while kissing the book), "These things change your life, these things make you money, these things are amazing!" He lived his message in front of us. Even now, after he has passed away, I can tell you that this is what he stood for; this was his purpose.

Charlie didn't just serve his team and customers; he also attracted new people with this message. Young, old, it didn't matter. If there was a chance to talk about the power of reading, Charlie took it. He would get up on a stage to speak, and (I kid you not) he would lay a big ole kiss right on that book! He told his prospects how his life had been changed by reading and how their lives would change, too. He made an impact with his message with everyone he came in contact with.

Please do not just serve your customers with the message of your purpose. That is limited thinking, and that is not purpose-filled thinking. Serve your community, your prospects and the world with the message and the abilities that you have.

I like to talk about growing a purpose tree first, so we make the biggest positive impact we can. Now, let's talk about growing the money tree so you can make more money while you're getting your message out there:

1. It begins with a low-cost or free offer to bring someone into your club. The offer might be for a trial, a report, inviting a prospect to a free workshop or giving a free estimate of some sort. At our club, Fitness Solution, we have a free custom fitness visit, so you can come in and find out what we are all about. Let me encourage you to work with your team and come up with the right free or low-cost trial.

2. Once they avail themselves of the free offer, they then purchase the initial membership.

3. Then, we educate them on the product to show them how much better their results can be, and they purchase product.

4. Then, we offer classes to demonstrate

our Life Success program.

5. The Life Success classes tell you about the Life Coaching we offer. This is another upsell for us and an even greater result-producer for the member.

6. Next, you can actually become a Life Coach by getting certified.

So, to summarize, you make a low offer and then you go to something higher, higher yet and highest.

Here's an example of a retail store:

1. They run a sale on tennis shoes for \$29.00 to bring you in the door.

2. Then, the person who takes care of you goes out of their way to pick things out for you that match the sale item. You buy more stuff, investing more than just what the sale was for. That is a higher purchase.

3. Higher yet is when the retail store introduces you to the concept of a personal shopper. You love it! You purchase that service too. It started with something on sale and goes to the person who really services you. Hence, you buy more.

4. Then, the personal shopper is always calling to tell you that colors are changing, seasons are changing, and they have the wardrobe choices picked out for you. You head in and buy more.

5. There is a level higher yet with a personal shopper who will bring all the goods to you. That's a much higher value for a much higher investment.

6. There is even a higher level yet. The personal shopper will arrange a Custom Fashion Visit and meet you in New York City where a limousine will pick you up and take you to the right stores to shop for just the right things for you. You end up with a personal shopper in NYC, but you started with tennis shoes on sale for \$29. Every club can grow their own money tree this same way.

Come up with the thing you know how to do that you want to share with people and decide what you can offer them. It's very simple. Give them a free report on the top three things they need to do to accomplish their goals in your area of expertise. Don't make this harder than it is. This is one of your skillsets, something you have done for a long time. There is your free report.

1. It starts with a free report.



Donna Krech

2. After this, they might buy your book.
3. Then, they may buy your program.
4. Then, they come to your workshop.
5. They then may want coaching from you.
6. You will be a high demand speaker at high schools or colleges for yet more income, or get other speaking opportunities... there is no end.

This is all about what you were born for and how to increasingly add levels of income. So, I'll ask you to think on it. What could you offer that your customers could purchase, that brings even greater benefit than what you sell now? Again, to help you get your head around it, as an example, at Thin&Healthy, we offer:

1. A free metabolism evaluation.
2. Then, you purchase a program.
3. Then, we educate you on product that will help you hit goals better.
4. There is Personal Training.
5. Then, there is Life Coaching.
6. Then, you can go on to become a certified Life Coach.

The more connected my customers are to me and the more invested they are, the better results they will get and the more I can help them achieve their goals forever. I want them more connected so I will sell them more stuff. If they keep buying, they will stay. Then, they will get better results because of what they are purchasing from me. Then, they will stay, get more connected, get more invested, get better results and stay forever.

Go ahead and see what you can come up with for your money tree from your purpose.

Caution: Whatever your initial offer is should serve your client. It *should not* be a ploy to get somebody suckered in to try your business. Give them your best
 (See Donna Krech Page 25)

advice, etc.

“We went from \$37 a month to \$99... And all we did was talk to our members!”

AUSTIN THOMAS,
By the end of the 4th week of pre-grand opening, we'd already produced \$171,000 gross with \$33,000 to the bank... from just 100 Thin&Healthy's Total Solution memberships!

When we bought our club in the small town of Washington, North Carolina (population 10,000) in August 2000, it had 219 members and we had no competition in town. A year later, a hospital wellness center moved in and we began adding equipment and technology to compete. We were now a 450-member club and stayed there for five years. We relocated and built a 20,000 sq. foot club. It took a year and a half but we got to 1000 members. Today we're between 1700-1800 members, but before adding Thin&Healthy's Total Solution (THTS), I felt like something was missing.

When I began training on the floor, I realized that every January these people walk in, stay 30 days and leave. If they can't afford \$250-300 a month for personal training, we have no effective way to help them learn or coach them, so that is when I started hunting for an answer.

A couple of years ago I went to Club Industry in Chicago and spoke with Thin&Healthy, but it wasn't until I saw the invitation to their Total Club Solution Event that they really got my attention. I decided to explore the program. What sold me ultimately was sitting with and training with current licensees that do what we

do every day. I was able to ask questions and get honest answers, finding out the good, the bad and the ugly from other club owners who were already using the systems. By the end of those two days, I was asking them how to get a license. They didn't even have to ask me.

It became very evident to me that this was a piece of our puzzle that was missing. Little did I know how much it was missing until we started selling memberships. Before putting in the Thin&Healthy's Total Solution systems, our average member due was about \$37 a month. Our THTS members pay between \$79 and \$99 a month (pre-grand opening) and regular prices are \$99 and \$119.

We enrolled 70 people right off the club floor in our first two weeks of pre-grand opening. We didn't have a single sign up on the wall! The only other marketing I did was on Facebook with the systems I learned from THTS, and I had 20 sales directly from Facebook! In the first two weeks, we did \$18,000 actual money in hand from down payments and product.

We were at \$15,000 in the positive in just those two weeks, and our EFT increased by \$4,000 per month. Our closing has increased from 33% to 90% since adding THTS. We really didn't have the processes in place before THTS; we were order takers. By the end of the 4th week of pre-grand opening, we'd sold 100 memberships with \$171,000 gross with \$33,000 to the bank.

Product sales were one of the biggest things I underestimated. I had no clue that we would sell it the way we did. We sold \$13,000 in those first four weeks! We've never had any product turnover the way the Thin&Healthy product has. It has been a shocker. There is no comparison to other products we've carried. We had product like bars in here for convenience, but they were not a money-maker. The only other product we have in here is our smoothie bar and it does about \$200 a day. We've tripled that amount with the THTS product and the smoothie margins are not as good as the THTS product margins.

Beside the financial benefit of adding the program, the best thing I've seen is the instant benefit of the buzz around the club, the excitement on Facebook and in the emails I get from members, the true accountability of the coaching sessions, people wanting to come in the door and sit down and talk to someone. It's given us something to measure that we've never had before.

If you want something that is going to make your club have value and truly differentiate you from the club down the street, THTS does that. You just have to trust what they are giving you and don't try to create your own program or systems. I'm excited about what the future holds. X



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Learn How To “Get Out Of The Box, Set It On Fire and Roast Potatoes On It”: *Double Digit Club Growth*

By: Will Phillips

Part II

Part I of *Learn How To Get Out Of The Box, Set It On Fire and Roast Potatoes On It: Double Digit Club Growth* appeared in the November, 2011 edition of **CLUB INSIDER**.

This is Part II of a process to guide club owners and their teams in finding effective, new ways to grow sales, penetrate markets and retain members. They are ways that you and the club industry have not considered before. There are specific, actionable steps you can take.

If you are not making double digit progress in penetrating your market, in increasing sales and reducing attrition, if you believe your mental business model is preventing progress, then you are ready to get out of the box. Here are the steps:

1. Identify the walls of the box. For Example: A membership card can only be used by a single person, the member. We sell memberships, not programs. Our salespeople do the selling, and we cannot rely on members to sell members. No one else is growing net members, so we cannot. All our sales people do a good presentation and a thorough close. Our product is so complex and poorly understood that a personal sales experience is required. There are hundreds more assumptions that may be keeping your club in the box.

The following list of **mental virtues** will enable you to get out of the box and think freshly:

● **Suspend the assumptions you identify.** Literally suspend them. Write them on large sheets and hang them above your heads in your meeting room. Give yourself and your team permission to violate them.

● **Look for anomalies, outliers, exceptions in this and other industries.** Encourage wild ideas to address the problem. Go to industry conferences in other industries. Learn how other industries solve the problems you are facing. Assign each person on your management team to research another industry. Read general business magazines for ideas: INC, Fast Company, Business Week, Forbes, Fortune, Wall Street Journal. Read some of the break out books in the Resources section at the end of Part I of this article to see what other industries have done.

● **Respect any new ideas** as they arise

instead of dismissing them as silly, ineffective, juvenile, unsophisticated, not workable, etc.

● **Consider the problem** (for example, low sales), the anomalies and wild ideas as mysteries that you do not understand. Approach them with curiosity. Open your mind, ask questions, inquire and do not rush to judgment.

● **Avoid jumping to action** and cutting off the inquiry into the mystery.

● **Act at all times with humility.** This means don't make assumptions about what works and what does not unless you have good data that what you say is so. This keeps you out of the box. And, as soon as you are comfortable back in the box, you lose.

So, let's learn to gleefully get out of the box and explore how to understand our challenges and problems with fresh eyes. As my daughter, Anna, said on my 75th birthday, **“You taught me to not only think outside the box, but to set the box on fire and roast potatoes on it.”**

2. Design Rifle Shot experiments to explore and test how well you understand the mystery. A rifle shot is low-cost, low-risk and low-disturbance to the business. It is an experiment to see if you can hit the target with your new, out-of-the-box approach to solving the problem.

Too often, companies shoot cannon balls at their new idea and waste or use up all their gun powder and never hit the target. And then, they shoot another cannonball in another direction based on faulty assumptions, beliefs and untested statements. In Jim Collins' latest book, *10X Companies*, all shoot lots of rifle shots to fine tune and locate the target, before then firing a well calibrated canon ball.

3. Fill out an Application To Hunt, good for one shot:

- **What will you do?**
- **Describe your target.**
- **Spell out needed resources:** data, money, people, equipment, space, etc.
- **Describe the trophy** you will bring home. This is the evidence that will convince your team that a canon shot is justified.
- **Name the head hunter.**
- **This license is good from:** _____ **to:** _____.

4. All Hunting Licenses are issued by the

Company Licensing Authority. This is usually the top management team.

5. Licensing Authority convenes once a month unless there is a need for more frequency. License applicants circulate their completed License Application (outlined above) to all members of the Licensing Authority a day before the meeting. All members are expected to read all the Applications before the meeting.

In the meeting, the chair brings up each application and takes a quick vote: All in favor of granting the license?

● If the vote is unanimous, the license is granted without a start date.

● If it's not unanimous, ask for a 5-10 minute discussion of concerns.

● Vote again, “Unanimous Support,” and it is granted.

● If it's not unanimous, vote to have the applicant rework and improve the application to resubmit next month.

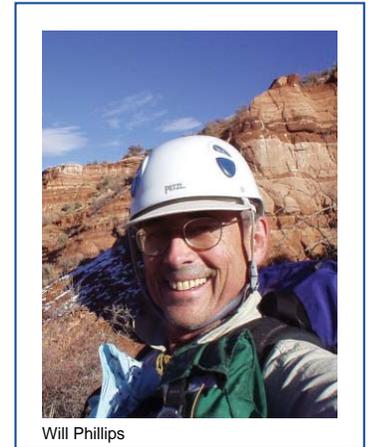
● Or, cancel the application and tell the applicant not to reapply.

When all applications are dealt with, the Licensing Authority reviews resource demands for current operations, already in place Hunting Activities and the New Licenses granted today. Sequence and schedule them to enable high levels of focus and support to insure success. Now, enter the start and end dates on the licenses.

6. The Licensing Authority reviews progress of all Rifle Shots at monthly meetings. When the Rifle Shot has been taken, Trophies are displayed and the hunters may now submit their Cannon Ball Plan to expand the project. This is similar to the License Application. The Licensing Authority considers these applications for a Cannon Ball, just as they did for rifle shots. Cannon Balls are also monitored monthly by the Licensing Authority until they are sufficiently confident they can turn further Cannonading over to the appropriate departments in the company.

7. How to review and monitor Rifle Shots and Canon Balls: The hunter reports to the Licensing Authority on these questions:

- Is the hunt on schedule?
- Has anything changed in what you are doing or what you expect?
- Is the hunter's morale high?
- Are you getting the expected cooperation and support from the other parts of the business?



Will Phillips

This can be a written or be a verbal report with short, clear answers. If all is well, the report is done in less than a minute. If there is a problem, discuss and resolve.

8. Debriefing is critical if your company is to learn how to hunt better. A debriefing is valuable for every Rifle Shot that does not get a trophy and mandatory for cannonballs that miss. This is summarized in two videos on debriefing in the holiday decoration business found on REX Roundtables' YouTube:

● **Part 1:** <http://bit.ly/vpTOVO>

● **Part 2:** <http://bit.ly/siujF3>

9. New Out Of The Box (OOTB) Game: The License Authority launches and manages the process of experimental innovation. It is very important to continually identify new game to hunt. This means exploring the major boxes in your club that are relevant to growth. As a minimum, they include core areas that acquire, enchant and keep members: Marketing, Sales and Operations.

Each of these areas are mental models which have plateaued in the industry. This is indicated by plateaued market penetration, plateaued retention and the general dearth of truly innovative improvements in these three boxes in the vast mainstream of health clubs. The areas of innovation are low cost clubs and online sales, but I sense these are only tapping the surface of the potential innovations that could transform the middle and upper market.

(Will Phillips is the CEO of REX Roundtables for Executives and may be reached at Will@RexRoundtables.com)



...Donna Krech
continued from page 22

stuff, your best information and they will be willing to invest more with you.

I am committed, and I am going to meet people's needs with my message. It doesn't matter what you sell, people have needs and people are hurting. People go through junk, and they wonder why they are going through it. You could change their life with your business and your purpose.

If you have a heart for sharing your message with your community, even making a world impact, your business will catch fire because you won't be able to not go out and tell people about what you do. When you have a money tree constructed, you will continue to make more and more money, helping people get better and better results. That is what you want, to be happy, be healthy, be wealthy and be contagious.

(Donna Krech is the Founder and owner of Thin & Healthy Total Solutions and may be reached at donna@donnakrech.com)

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IHRSA 2012 will provide more than 40 learning opportunities in the **Management & Operations Track** designed especially for club owners and managers. PLUS plenty of planned and informal networking opportunities and *the* industry Trade Show featuring the latest innovations and coolest products in health and fitness.

In addition to the thought-provoking General Sessions, following are a few of the more than 40 sessions being offered in the Management & Operations Track*:

- > Align the Culture of Your Organization to Drive Strategy
- > Create the Member Experience You WANT to Achieve the Financial Success You NEED
- > 5 Ways to Build World Class Teams
- > The Independent Club: How to Thrive in Today's Marketplace
- > To Tweet or Not to Tweet – Managing Social Media Within Your Health Club
- > Strengthening Your Club: Negotiating Financing, Loans & Equipment Leasing
- > Managing by Numbers: Key Performance Indicators for Successful Club Management
- > Leading by Intuition: Managing a Successful Club Operation by Following Your Instincts

Join the Excitement and Prepare for Tomorrow!



*This is a partial listing of the IHRSA 2012 schedule. For the complete schedule, please visit ihrsa.org/convention.

“I learned more at IHRSA 2011 than at any educational workshop that I have ever attended. If I can apply half of what I learned, then my business will be successful.”

*~ Jason Cerniglia, Hoover Fitness
Alabama, USA*

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CLUBS FOR THE QUEST joins forces with **ZUMBA® FITNESS** to Launch Nationwide **ZUMBATHON® CHARITY EVENTS** in 2012



Clubs for the Quest, formerly Clubs for the Cure, is partnering with Zumba® Fitness to make it easier than ever for Health and Fitness Clubs across the industry to help raise money to find a cure for ALS. The goal is to have 2,000 clubs across the country conduct a One Hour Zumbathon® Charity Event from Jan. 1, 2012 through March 15, 2012 – 75 days to raise \$1,000,000 for ALS research.

100% of the monies raised through Clubs for the Quest goes directly to the TDI Research Center located in Cambridge, Massachusetts. Also known as the ALS Therapy Development Institute, this team of researchers have a unique and comprehensive approach that leverages over a decade of treatment

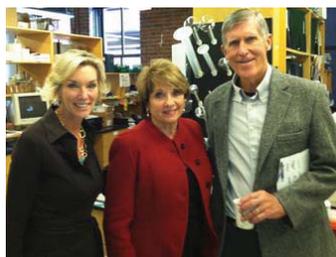
“We are making it easier than ever for clubs to raise money for ALS through our partnership with Zumba® Fitness,”

states Pat Laus, founder of Clubs for the Quest and The Atlantic Clubs in Manasquan and Red Bank, New Jersey. *“If 2,000 Health and Fitness Clubs conduct at least ONE Zumbathon® Charity Event on ONE Day for ONE Hour, it quickly adds up to \$1,000,000 to help Augie find the cure for ALS.”*

Augie Nieto, the founder of Augie’s Quest, is a fitness visionary who was diagnosed with ALS, or Lou Gehrig’s disease, in March 2005.

Augie through his tireless efforts has successfully raised over \$30,000,000 to support the research efforts in fighting this disease.

Through Augie’s Quest and the Clubs for the Quest’s efforts during the past four years, over \$3,000,000 has been generated through the efforts of the



Lynne Nieto, Pat Laus, John McCarthy at TDI

focused ALS Research and applies an industrial scale to efficiently advance treatments to patients. This team is coming closer to finding a cure everyday thanks to the support of many that fund the research that is required to find the cure.

“ I would like to thank all of the Clubs who have joined The Clubs for The Quest effort over the years and I am asking for you to help Augie again this year between Jan.1- March 15th. **The time is NOW** to join Clubs for the Quest Team as we work with Zumba® Fitness to raise \$1,000,000 for ALS TDI research. When we work together as ONE industry and harness the power of our members in making a difference in the world; anything is possible,” states Laus.

**HOW CAN WE AS AN
INDUSTRY RAISE
\$1,000,000
IN 75 DAYS?
IT IS EASIER THAN
EVER IN 2012!**

The Clubs for the Quest Team is once again asking each club owner to provide the following support:



**ONE DAY - ONE EVENT
ONE HOUR - TO ACHIEVE
ONE MAN’S QUEST
TO FIND A CURE FOR ALS**

The goal is for 2,000 clubs to conduct a One Hour Zumbathon® Charity Event in 75 days and raise \$1,000,000 for ALS.

“The Atlantic Club’s Group Exercise Team, along with many other Clubs across the country have conducted many different type of events over the years to raise money for ALS,” states Christine Plisky, Group Exercise Director at The Atlantic Club. “However, with the support of Zumba® Fitness in 2012, having a One Hour Zumbathon® Charity Event is easy given the overwhelming popularity of our Zumba® classes.”

**WHAT DO CLUB
OWNERS AND
OPERATORS NEED TO
GET STARTED?**

“It is simple,” states Kevin McHugh, COO of Clubs for the Quest and The Atlantic Club. Visit our website at www.clubsforthequest.com view a

one minute video and share it with your staff as you enroll them to conduct a Zumbathon® Charity Event. After viewing the video, click the link “Zumba® Event - Learn How,” and you will have all the information you need to have a successful event!

If you have any questions, please contact our Clubs for the Quest Marketing Team at 732-292-4358 or kristinm@theatlanticclub.com.

If you would like to get involved or interested in conducting other fundraising events for Augie, please go to the Clubs for the Quest website and let us know your needs and our team will contact you within 24 hours. The Clubs for the Quest Team is here to support you at www.clubsforthequest.com.



ONE EVENT! ONE HOUR! ONE MAN'S QUEST!



We invite club owners
and their staff to join
CLUBS FOR THE QUEST

in Hosting a
ZUMBATHON® CHARITY EVENT
at Your Club to Raise Funds
to Help Augie Nieto
Find a Cure for ALS!

Become Part of "United We Dance to Cure ALS" by hosting one
ZUMBATHON® EVENT for one hour between February 1 through March 31, 2012.



Fundraising programs and materials
are all provided for your use at
www.clubsforthequest.com in the section
designated **Zumba Fitness® for Augie**.

Augie Nieto, Founder of Life Fitness, was diagnosed with
ALS in 2005. Later that year, Augie and his wife, Lynne
created the **Augie's Quest** initiative in conjunction with
the **Muscular Dystrophy Association (MDA)**. For more
information visit www.augiesquest.org.



*WE Are Moving as One Industry
to Find the Cure for ALS!*



Programming Tip of the Month: Congratulations!!!

By: Sandy Coffman

First of all, let me say **CONGRATULATIONS!** to all of you for having a successful 2011. Now is the perfect time to prepare for a fun, productive and profitable 2012 by **CONGRATULATING** your existing members on their choice for a happier, healthier lifestyle by joining your club. Too many clubs neglect this all important program. This program can be found in Part II, *Successful Programs for Fitness and Health Clubs: 101 Profitable Ideas*. Your members need and want some recognition from you. Now is the time to give it to them. Deep down, they're saying, "Does anyone know I'm here? Does anyone care?" This is a simple way to say, "Yes, we know you are here and we care."

A **CONGRATULATIONS! PROGRAM** is an example of a program in the achievement phase on the wheel on logical progression. Quite simply, it is a

terrific **retention** program.

Description

1. A specific program with the purpose of saying **CONGRATULATIONS!** to your members is necessary to encourage the retention of any member.

2. **CONGRATULATIONS!** is especially beneficial to the new member who has been active during the first month of membership.

3. **CONGRATULATIONS!** is very encouraging for the active member who has completed a fitness program.

4. **CONGRATULATIONS!** is also helpful to retain those who are new but inactive, for example, "**CONGRATULATIONS! FOR JOINING THE ABC CLUB,**" "You've made an excellent decision!" Then,

follow up with a personal invitation.

5. Whether members are active or inactive, **CONGRATULATIONS!** cards should be sent to members in the mail. It's a marketing tool (direct mail) that is specific and personal. It is relatively inexpensive because the recipients are not in the thousands, and they are already members who have indicated that they want to be at your club. They need to be recognized.

6. **CONGRATULATIONS!** cards should include a list of current programs available at the club.

7. **CONGRATULATIONS!** cards should include a voucher for a free drink, an energy bar, a 15-minute massage or a program fee.

8. **CONGRATULATIONS!** cards could include a "fit fact," a statement or question for the member to answer. If the member brings the card into the club with the correct answer, she gets a prize: a free drink, an energy bar, a massage or a free program.

9. If the member brings the card into the club with the correct answer, she puts the card in a drawing box. One or more cards will be drawn at a specific time and the winners will receive a prize.

10. Despite your best efforts, it is inevitable that some people will be hesitant to become involved in the club in the first place or will become inactive after a short period of time. **CONGRATULATIONS!** Cards offer an excellent opportunity to personally invite people back into your club and into



Sandy Coffman

a new program.

Tips for Success and Points to Consider:

- The cards should be signed by the salesperson, the program director and the manager.
- The cards can be sent by email.
- CONGRATULATIONS!** cards must be followed up with a phone call!
- About 80% of active new member cards will probably be returned
- About 60% of inactive new member cards will probably be returned.

CONGRATULATIONS! to all of you for reading the **CLUB INSIDER** and my **Programming Tip Of The Month!**

(Sandy Coffman is the Dean of Club Programming and the author of the book *Successful Programs for Fitness and Health Clubs: 101 Profitable Ideas*. You can contact Sandy at slcoffman@aol.com or www.sandycoffman.com)

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Very Sincerely,

Norm Cates, Jr.

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