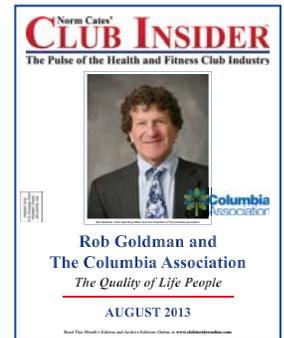
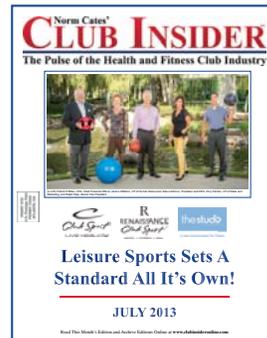
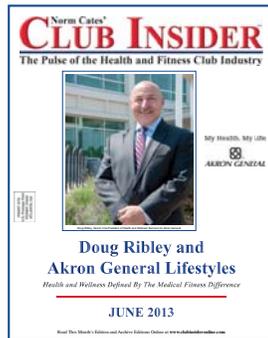
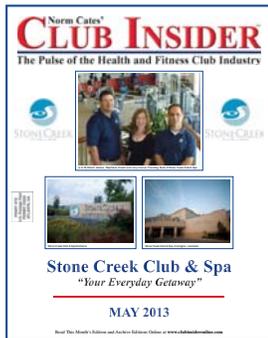
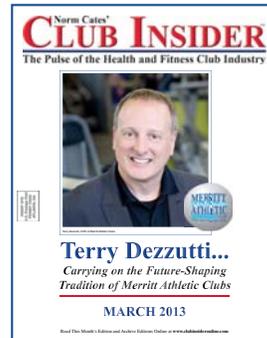
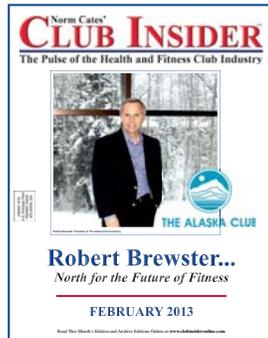
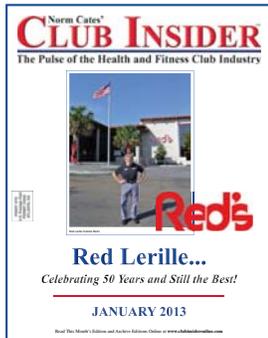
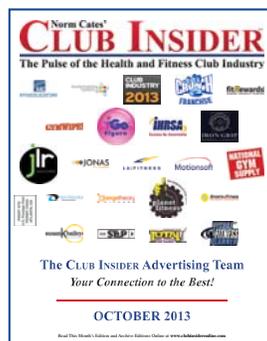
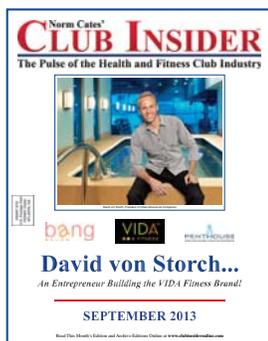


Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry



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“2013 In Review”

DECEMBER 2013

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Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry

“2013 In Review”

By: Justin Cates

Here we are again! It's the end of another year. I hope it was a great one for you, both personally and professionally. At CLUB INSIDER, it was another exciting year, as we completed our 20th year of service to this great industry. We also set some plans in motion that will continue to make CLUB INSIDER your go-to industry resource; now, and in the years to come. Once again, this year, we strived to share great cover stories that, if studied, can really help you in your club business. Our Contributing Authors provided more tools for your toolbox with a supreme lineup of Best Practices articles from which to learn. And, of course, we continued to share industry news as it happened with both published press releases and volumes of Norm's Notes.

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," and we hope you have found value in this year's CLUB INSIDER editions and that this month's article offerings will add to your knowledge and expertise heading into the New Year.

A Summary of Our 2013 Cover Stories

In our January Edition, we began the year with the one-and-only **Red Lerille**, who celebrated 50 years in business. What an incredible achievement for him and his club (simply known as **Red's**) in Lafayette, Louisiana! At 200,000+ square feet on 20 acres and serving almost 20,000 members, there is much to learn from industry legend, Red Lerille.

We went north for the future of fitness to Alaska with our February Edition, featuring **Robert Brewster**, President of the **Alaska Club Company**. Having been there for the majority of the company's expansion, and also being an

IHRSA Board Member, this story became one discussing the power of leadership.

In our March Edition, we featured **Terry Dezzutti**, Chief Operating Officer of **Merritt Athletic Clubs**. With a similar background to Robert Brewster, and carrying on a long-standing legacy at Merritt, this became another great story on the importance of effective leadership.

Our April Edition covered the industry event of the year, **IHRSA 2013** in Las Vegas, Nevada. This story also showcased the importance of IHRSA to our industry by speaking with some of the key leaders who "make IHRSA go," **Joe Moore** (President and CEO), **Brent Darden** (current Chairman) and **Bill McBride** (ex-officio Chairman).

With our May Edition, we shared the refreshing story of **Stone Creek Club & Spa** in Covington, Louisiana, led by the team of **Larry Conner**, General Manager, and **Marvin Gresse**, Assistant General Manager.



Justin Cates

In our June Edition, we once again delved into the increasingly important topic of Medical Fitness and the implications it is having on our industry. Featuring **Doug Ribley** and **Akron General Lifestyles**, (See "2013 In Review" Page 10)

Club Industry Magazine Moves Exclusively Online in 2014

Publisher's Note: This is an important move for the health and fitness club industry in the United States, as it should provide our friendly competitors at *Club Industry Magazine and Conferences* with staying power, which will be beneficial to all of our CLUB INSIDER readers because their continued learning and education is crucial to the overall health of the club industry. For nearly 30 years now, *Club Industry Magazine and Conferences* have helped club owner operators do a better job serving the 50+ million American club members with your facilities, services and products. Therefore, CLUB INSIDER, with essentially the same mission as *Club Industry Magazine*, will

continue to support and work with our friendly competitors. **Stay Tuned!**

Club Industry Magazine Announcement:

OVERLAND PARK, KS - With the goal of creating a deeper, more immediate connection between its audience and vendors, as well as enabling more interactive capability with Club Industry content, Penton's Club Industry, has announced plans to move to an exclusively online content model beginning in 2014.

ClubIndustry.com will expand its online focus on data and analysis with special online sections focused on vital topics in the industry, such as management/

operations, technology and training/group exercise, for premium subscribers. Club Industry will continue to be supported by the newly launched Club Industry mobile app. In addition to the educational content offered in the site's popular **Step by Step** columns, Club Industry will offer additional education for premium subscribers through new Master Class videos offered by the market's top consultants. ClubIndustry.com also will feature **Executive Insights** videos highlighting opinions from industry visionaries and a revamped continuing education program at the Club Industry Conference and Exposition.

According to a recent readership survey, the media outlet's audience, made

up of fitness facility operators and professionals, has embraced online, mobile and in-person offerings as a preference and on a more frequent basis: Readers' online and mobile usage increased by 66% and page views were 28% higher.

Pamela Kufahl, editor-in-chief of Club Industry, says, "This is a bold move we're making to 100% digital content, and our editorial content team is devoting its full attention to providing relevant content for our audience on a daily basis online. We are excited by the ability to have more interaction with our audience and provide more immediacy to them through this move."

(See *Club Industry* Page 6)

Inside The Insider

- Our Country Needs to Promote Fitness, Not Tax It! - **By:** Hossein Noshirvani
- The Death of the Big Box Business Model - **By:** Thomas Plummer
- If It Looks, Smells and Quacks Like A Duck... Well, You Know The Rest - **By:** Ron Alterio
- How to Design Spa-Like Locker Rooms For Less - **By:** Bruce Carter
- Two More Ways to Make a Million Dollars in 2014 - **By:** Donna Krech
- Let's Make a Marketing Resolution! - **By:** Deneen Laprade
- Programming For The "Fun Of It!" - The Perfect Program - **By:** Laurie Cingle
- Gold's Gym's Skip Johnson Has New Book Released On Amazon.com
- ACE Hires Respected Physician
- Gyms Can Attract New One-Day Customers and Long-term Members With the GymPoints App



Norm's Notes



•Hello Everybody! This is your CLUB INSIDER Publisher and Tribal Leader since 1993 checking in!

•Is America a great country, or what? Hmm... Hmm... Hmm! As I write this note, today is the 72nd anniversary of Pearl Harbor Day, December 7, 1941, "a date which will live in infamy." Most folks miss remembering this important date in American history, as it kind of gets lost in the shuffle between Thanksgiving and Christmas every year. But, today, I do want to remember the 3,000+ American sailors and soldiers who were killed during the Japanese sneak attack on America's Naval Base called Pearl Harbor in Honolulu, Hawaii. This cowardly, sneak attack on Pearl Harbor killed as many people as were killed by the equally cowardly sneak attack by the terrorists in New York City and Washington, D.C. on September 11, 2001. As we all celebrate this wonderful Holiday Season, and yes, as some of us celebrate a Merry Christmas and a Happy New Year, may we all remember the 6,000+ deceased Americans, and others, who died on Pearl Harbor Day and on 9/11/2001. May they all Rest In Peace, and may their families live on in our wonderful America knowing that we remember their lost loved ones.

•May former South African President, NELSON MANDELLA, Rest In Peace.

•No matter what you may have planned for 2014 for learning and advancement of your club business by increasing your knowledge and expertise, DO NOT MISS IHRSA's 33rd Annual Convention and Trade Show, to be held in the best and most beautiful place IHRSA has ever been, San Diego, California, March 12-15th! For information on the Conference, call IHRSA at (800) 228 - 4772. To book a Trade Show exhibit space: If you're an IHRSA Associate Member, contact TOM HUNT at Extension #152. If you're a vender who's a non-IHRSA Associate Member, contact WILL FINN at Extension #130. For hotels and other information, go to www.ihrsa.org.

•The following is a list of great CLUB INSIDER Advertisers who're exhibiting at IHRSA's 2014 Trade Show in San Diego, March 13 and 14, 2014. We urge you to visit these terrific folks and do business with them because I know they'll treat you and your staff fairly and well.

Company	Exhibit #
Affiliated Acceptance Corporation	1235
Athletic Business Magazine	944
Club Insider	3054
Club Industry Magazine	4345
Go Figure, Inc.	3454
GymWipes (2XL Corporation)	3150
IHRSA	1327

Iron Grip Barbell Company	3144
Jonas Fitness, Inc.	1523
Motionsoft, Inc.	3138
Sports & Fitness, Insurance	2946
Visual Fitness Planner	722

•IHRSA's 18th Annual Financial Panel, an in-depth review of the Health Club Industry Growth Factors and Financial Sectors, will again be produced and hosted by my long-time friend, RICK CARO, IHRSA Co-Founder, former President and first ever IHRSA Lifetime Achievement Award Winner, on Friday, March 14th from 11:15AM - 12:30PM.

•The Bash for Augie's Quest is scheduled for Friday night, March 14, 2014, and I urge you to make plans to be there to help AUGIE and LYNNE NIETO win the battle and find a cure for ALS! Augie has survived ALS for eight years now, and at last year's event, he did leg presses with 100 pounds on a machine, stunning the audience. Well, the word I get is that Augie is progressing even more, and amazingly, he's making plans to WALK OUT ON THE STAGE AT THE BASH! Just to think that, eight years ago, Augie was stricken by this terrible disease, also known as LOU GEHRIG'S Disease, and since then, Augie and Lynne have raised nearly \$40 million for ALS research that I believe one day will FIND THE CURE. Check out The BASH Ad on Page #17, and please do make plans to attend this very important and special event in beautiful San Diego, California! Augie and his wife, LYNNE, have been on the Today Show with NATALIE MORALES



Norm Cates

a number of times, and the following was written about Augie by Today Show Contributing Author, SCOTT STUMP:

"I'm inspired by a man with ALS who is 'thriving'"

Augie Nieto cannot speak or move, but that doesn't mean he can't inspire others. Natalie Morales met Nieto seven years ago when he was diagnosed with Amyotrophic Lateral Sclerosis, a degenerative condition better known as Lou Gehrig's disease, at age 46. While many only live for a few years with ALS, Nieto's passion for life is still going strong. Nieto and his wife, Lynne, have founded Augie's Quest, which has raised nearly \$40 million to fight ALS. "The last time I saw Augie, in 2009, I honestly feared it might be the last time I would see him," Morales said on (See Norm's Notes Page 7)

About Club Insider

Established in 1993

21 Years and Counting!

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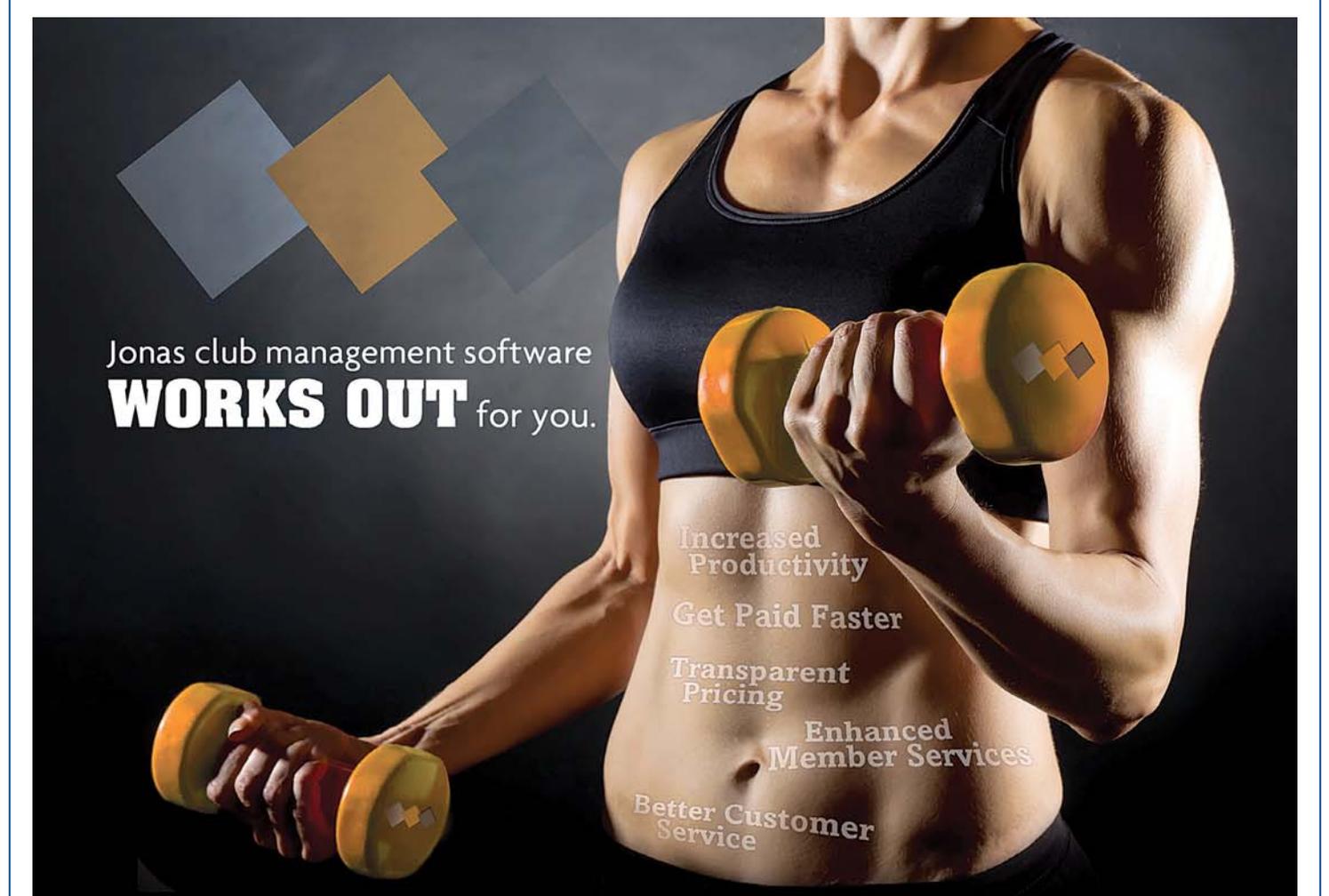
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Our Country Needs to Promote Fitness, Not Tax It!

By: Hossein Noshirvani

We tax tobacco, alcohol and gasoline. I get it. Hey, I understand taxes, and I'm happy to pay them for the greater good. Those first three make sense to me, but gym memberships? Is there a worse message to send to our country than any disincentive at all to being physically fit?

Let me give you some background here. In the state of New Jersey (home of Real Housewives, Harold's Deli, left turns from right lanes, and Mike "the Situation"), and in a number of other jurisdictions, gym memberships are taxed. For the life of me, it doesn't make sense. Am I wrong? Is it me? Am I not getting something?

Most taxes assessed on choice-based activities largely have two purposes. To curb behavior (and create a disincentive to do something) and to raise money for the government who will inevitably (through taxpayer's money) have to cover the costs associated with that activity.

Smoking... I get it. The government doesn't want me to smoke. It's bad for me AND it's bad for them. In addition to bad breath, wrinkles and a propensity to stand outside of buildings cigarettes causes disease. All these things mean that health insurance and

some worthwhile entitlement program's costs go up unfairly. So, taxes hopefully discourage people from smoking. It makes sense!

Alcohol... Well aside from making me debonair and the entire world beautiful, alcohol does have negatives. Dangerous driving, cirrhosis and let's not forget all those calories. This too makes sense to me. It's clearly not good for me or for the State for me to drink to excess (one glass of wine though is good for the heart).

Gas... It's cheaper in the United States than it is just about anywhere in the world (in perhaps the greatest case of irony, gas in New Jersey is actually cheaper AND they pump it for you!), and most people can't manage without it. So, they tax it in hopes that we use less and to help pay for the infrastructure connected to it (roads, pipelines, safe transport). When it's at \$3.50/gallon, I drive less. If we consumed less, the world would be a better place, so I get it (And hopefully not turn the Gulf into the world's largest deep fryer!).

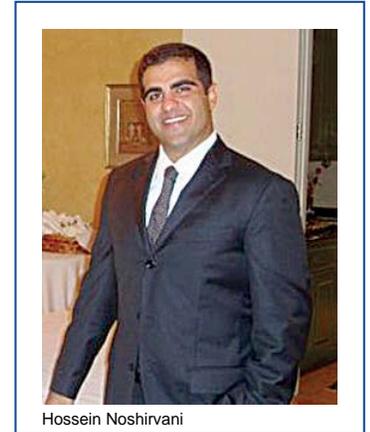
But gym memberships? Healthy gym goers smoke way less (billions of dollars in healthcare savings!). Healthy gym goers

bike, walk and rollerblade places and rarely order drive thru fast food to then eat in their air-conditioned, motor-running car in the parking lot (save gas, eat less fat). Healthy gym goers get less drunk because they hate calories and have to get up at 5AM to work out (Safer roads, more productive workforce).

Having more healthy gym goers is one of our best chances at reducing the deficit and saving America over the next 20 - 50 years! And this is something for which you want to roadblock incentives? I'm sure the belief is that gym goers tend to be higher earners so they can afford it. Well, you know what? Now, you've completely eliminated people on the threshold, forcing lower earners to do even less exercise.

Instead of motivating people to take physical action to improve our situation, you've made them angrier about it and more likely to stop! Gyms are literally like "walk-a-thons" or "bike-rides-for-a-cause." The more you do physically, the more everything about society benefits! This isn't about blaming Obama or the Democrats or the Republicans. This is simply about big picture, common sense solutions that benefit everyone!

Our country needs to promote



Hossein Noshirvani

fitness, not tax it. I'd love to hear from anyone why this is a smart and worthwhile tax. Please defend it. Seriously. I want to be won over by this. Because frankly, I cannot.

(Hossein Noshirvani is the Executive Vice President for Motionsoft and is the head of Motionsoft's marketing team. He can be reached by email at hnosshirvani@motionsoft.net.)

Gold's Gym's Skip Johnson Has New Book Released On Amazon.com

DOUGLASVILLE, GA - We've all felt grateful for something in our lives. But, what about feeling in some way grateful for *everything* that happens to us, whether good, bad, tragically unexpected or carefully planned?

That's the premise of Skip Johnson's insightful book, *Grateful for Everything: Learning, Living, and Loving the Great Game of Life*, recently released on **Amazon.com**. Skip, Vice President of Operations at the family-owned, award-winning Gold's Gyms of Douglasville and West Cobb, Georgia, draws on his own experiences as a business executive and USPTA Master Tennis Professional to open readers' eyes to the possibility of finding contentment and fulfillment through the simple, yet challenging, task of being thankful through the good times, and the challenging ones.

"This book is not a way to learn to be 'happy' about whatever happens to your life," Johnson explains. "What we'll explore is how to take the hand that we have been dealt, develop steps to become grateful for the lessons to be learned and then begin to weave it all into a mosaic of life that resembles more of a great game to play, instead of a mire to be trudged through on a daily basis."

Skip does not promise that difficult times will go away or that emotions such as anger, frustration and fear, will disappear. What he does propose is that putting *Grateful for Everything* into action will create empowering tools to help people deal with these emotions and see life through the lenses of possibility, opportunity and trust.

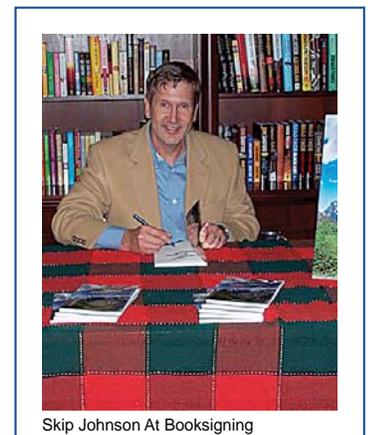
Written in easily understood text, *Grateful for Everything* offers inspirational

ways to avoid daily drama, accept difficulties and develop responses of determination and optimism with a belief that the future is beyond sadness and grief.

The book seems to already be developing quite a bit of momentum. Amazon Top 10 Reviewer Jim Chambers recently wrote, "This book is more than a simple philosophy about life or a collection of platitudes. The author gives specific examples to illustrate his ideas, and there are a number of practical tips for successfully transforming your outlook on life."

Anyone wanting to live a more powerful life not easily dominated by disappointment, frustration and fear, and live instead as an authentic presence, will benefit from *Grateful for Everything: Learning, Living, and Loving the Great Game of Life*.

You can read more about Grateful



Skip Johnson At Booksigning

for Everything on Skip's Facebook page at www.facebook.com/skipjohnsonauthor or at www.skipjohnsonauthor.com.

...Club Industry

continued from page 3

About Club Industry

Club Industry is a Penton trade publication for top-level executives and managers at commercial, nonprofit, university, corporate, medical, government

and military, hotel, residential and member-owned fitness centers. The news and trends publication features a website, e-newsletter, monthly print and digital magazine, as well as a trade show, which will be held October 22 - 24, 2014, in Chicago, Illinois. Visit them online at www.clubindustry.com or www.clubindustryshow.com.

About Penton

For millions of business owners and decision-makers, Penton makes the difference every day. They *engage* their professional users by providing actionable ideas and insights, data and workflow tools, community and networking, both in person and virtually, all with deep relevance to

their specific industries. They then *activate* this engagement by connecting users with tens of thousands of targeted providers of products and services to help drive business growth. Penton is a privately held company owned by MidOcean Partners and U.S. Equity Partners II, an investment fund sponsored by Wasserstein & Co., L.P. Learn more about Penton at www.penton.com.

...Norm's Notes

continued from page 4

TODAY as part of TODAY's week-long #InspiredBy Series, in which anchors and fans on social media share their inspirations. "But today, miraculously, he seems to be thriving by leaps and bounds."

"I feel very fortunate to be at the place I am in life," Nieto said via the computer he uses to speak. Nieto, the Founder of Life Fitness, a company that produced some of the first cycles and treadmills used in gyms, was in peak health when he was first diagnosed with ALS. He felt powerless and tried to take his own life. He came back from that dark time with the help of his wife, Lynne, and teamed up with the Muscular Dystrophy Association to found Augie's Quest, organization on a mission to eradicate ALS. Augie's Quest has raised almost \$40 million, and Nieto's spirit is stronger than ever. He is the Chairman of both Augie's Quest and Octane Fitness and just joined the Board of Curves, the national chain of weight loss and fitness centers. He uses a roller ball to type on the computer with his foot, and the computer speaks for him. For the first time in years, he is working out again at a recovery facility called Project Walk. "I saw him move his hand for the first time in eight years," his wife told TODAY. "To me, it's a miracle." Nieto is training with a single goal in mind; walking his daughter, Lindsay, down the aisle at her wedding next summer. "I think he acts from a place of significance now," Lynne Nieto said. "It's not success-driven. It's significance: 'How can I make a difference?'"

Nieto has inspired not only Morales, but others like Corey Reich, 27, too, who is battling ALS. "Augie is an amazing inspiration," Reich told Morales. "Definitely a hero. Augie has never allowed the disease to keep him from doing what he wants to do." He hopes to walk his daughter, Lindsay, down the aisle next summer. "I get so much strength from you and your family," Nieto told Reich. Rather than dwell on his limitations, Reich lives every second of every day to the fullest. "If he can do it, the rest of us certainly can," his wife said. Nieto still exudes the same spirit he did when he first met Natalie in 2006, when he told her, "You can either celebrate what you can do, or mourn what you can't."

•Last month, I wrote a Norm's Note about the launch of a new trade Association for small studio/gym owners. Thanks to BRAD ELSON for setting me straight on the errors I made in that announcement. First, my apologies to Brad and his Association. And now, my correction: "The name of the trade association is the Association of Fitness Studios (AFS). CHUCK LEVE is a Consultant for the new Association, and the Sports and Fitness Insurance Corporation (SFIC) is a Marketing Partner with JENNIFER URMSTON LOWE serving as a member

of the Association of Fitness Studios Advisory Council. SFIC and Jennifer are not "Partners" in the business. Elson went on to state, and I quote him, directly: "AFS is being run by myself, as CEO, and JOSH LEVE, my long time friend and business partner, is serving as President." Good luck to all involved in the Association of Fitness Studios!

•SKIP JOHNSON is the son of my long-time friend, GORDON JOHNSON, who owns several Gold's Gyms in Douglasville, Georgia, a suburb of Atlanta. Skip has written a book entitled, **Grateful for Everything: Learning, Living, and Loving the Great Game of Life**, and we've published Skip's Press Release about it on Page #6. Check it out, best of luck with your book sales, Skip!

•Our friends at Club Industry Magazine have announced that the publication is going all-digital in 2014! Check out their announcement on Page #3. This will be the third publication that has either gone all-digital, or left the marketplace entirely since we launched CLUB INSIDER in November, 1993. Ironically, I launched CLUB INSIDER in the motor lobby at McCormick Place in Chicago during The Club Industry Show in 1993 by providing complimentary sample copies of my little 12-page inaugural edition to folks who were departing the Club Industry Trade Show on the shuttle buses. That inaugural edition featured an article about RED LERILLE, my friend in Lafayette, Louisiana, and the owner of now 50+ year running Red's Health and Fitness, now simply referred to as: Red's. What a memory!

•BIG JOHN MCCARTHY, the highly esteemed former 25-year IHRSA Executive Director, Chairman of The Augie's Quest Bash Committee and long-time CLUB INSIDER Contributing Author, was kind to give me a heads up last month on the big deal with North Castle Partners acquiring JENNY CRAIG. Included in that writing, but not commented on last month by yours truly, was the great news that they've retained the services of JILLIAN MICHAELS, celebrity fitness trainer and health and wellness expert, as a spokesperson and to design group exercise programs to be done in the famous Curves Circuit. The report announced that Michaels will be instrumental in the efforts of Curves actively pursuing a revitalization of the brand under a unique marketing position of offering both nutrition planning and strength training, the two most critical components to long-term weight success, under one roof. It was reported that Curves, in its first year, is planning to launch many new consumer-based initiatives in the next few months. The North Castle plan entails cooperation among several of North Castle's investments along with Curves, and they plan to leverage their knowledge and network across the weight loss,

nutrition and fitness industries from their current and prior investments in Atkins Diets, Equinox Fitness Centers, World Health Clubs, EAS and Naked Juice. Stay Tuned!

•JOHN SINCLAIR, who was named by Life Fitness as one of the 2012 Top 10 Personal Trainers to Watch has been named Director of Fitness at The Midtown Athletic Club in Weston, Florida in Southeast Florida. Best of luck to John in his new endeavor!

•I'm happy to announce our new incoming CLUB INSIDER Contributing

Author Team Members whose article contributions will begin to appear with our January, 2014 Edition. They include: NANCY TRENT of Trent & Associates; ROBIN SCHUETTE and JOHN GREENE of MedFit Partners, in Evanston, Illinois; LISACOORS, Founder and Chairwoman of the Women's Fitness Association (WFA); and Board Members JODY ASCHEENDORF, ALISON SACKENHEIM and ASHLEY VAROL. Lisa Coors will lead off next month in CLUB INSIDER with an article entitled, **The Call For Professionalism**, and Robin and John will also begin to share their expertise (See Norm's Notes Page 8)

JLR Associates Announces the placement of

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...Norm's Notes

continued from page 7

and knowledge in the medical fitness world in 2014! **Stay Tuned!**

• I think I'd be dropping the ball should I close out my **December 2013** edition of **Norm's Notes** without mentioning **STEVE BORGI** and **Congratulating him!** I want to *sincerely congratulate* Steve because, in the past six months, I've not received a single email, phone call or letter from anyone complaining about any of his antics in our great industry! To me, **that's a milestone...** and to me... **it's a**

great achievement!

Now, don't get me wrong folks. Just because I've not received any reports about Borghi doesn't mean that Borghi's gone on the *straight and narrow* and isn't doing anything bad. It just means that **I, yours truly, NORM CATES, your Health and Fitness Club Industry Watchdog,** have not received any reports on Borghi in six months. And, I might add: **I really, really, really hope it stays this way!** That's because the *worst and least enjoyable* part of my job here at **CLUB INSIDER** is when **I have to write these reports on bad guys doing bad things because I truly and really do not want to**

have to write them.

So folks, please do **Stay tuned!** And, no matter who you are, or what you do in our great industry... if there's a bad actor out there doing things that mess up our industry's improving reputation anywhere, anytime... **I DO want to know about it.** My email address is **Norm@clubinsideronline.com.** Send me an email with a brief summary of what's going on along with your contact information. **I WILL verify it, and when verified, I will go after that bad actor like a dog on a pork chop!** Trust me on that one, Folks. **I simply refuse and absolutely will not stand silently by or tolerate any shady operator damaging your chances to make a good living in the health and fitness club industry in your community by doing illegal or unethical things** that cause consumers to think or say, "Well, I'd love to join a health club, BUT I've heard so many bad things about this local health club operator that I just don't think I can trust ANY of them. So, I'm just going to join the Y instead because I can trust them."

• **CLUB INSIDER** is a **Paid Subscription-based Publication.** Are you a **Paid CLUB INSIDER Subscriber?** If the words **PROMOTIONAL COPY** appear above your name and address on the cover of this month's edition, you are not a **Paid Subscriber,** and you are definitely missing out and are not enjoying the **full benefits** of a **Paid Subscription**

to **CLUB INSIDER,** which includes one year in print and nine years of Archived **CLUB INSIDER** editions. So, don't delay! **Subscribe today for just \$89** by going to **www.clubinsideronline.com/subscribe!**

• **My son, and CLUB INSIDER Assistant Publisher, JUSTIN CATES, and I, want to wish you and your family a very Merry Christmas and a Happy, Healthy New Year!** And, if you do not celebrate Christmas, we'd like to wish you and yours very **Happy Holidays** and a **Happy, Healthy New Year!**

• **God bless all of our troops, airmen and sailors and keep them safe. Thank you, Congratulations and Welcome Home** to all of our troops who've served in **Afghanistan** and around the world. **God bless you and your family, your club staff, your members and your club(s). God Bless America!**

(Norm Cates, Jr. is a 40-year veteran of the health, racquet and sportsclub industry. Cates is the Founder and Publisher of CLUB INSIDER, now in its 21st year of publication. Cates was IHRSA's First President, and a Co-Founder with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. Cates may be reached by phone at 770-635-7578 or email at Norm@clubinsideronline.com)



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...“2013 In Review”

continued from page 3

this was a story not to be missed.

Setting a standard of its own, **Leisure Sports** was the feature of our July Edition. Founder **Steve Gilmour** took us through the 34-year history of his organization, now an \$83 million dollar enterprise with eight facilities encompassing 735,000 square feet and serving over 72,000 members.

The quality of life people, **Rob Goldman** and **The Columbia Association**, graced the cover of our August Edition. The importance of community is best described by quoting the Association's founder, **James Rouse**, from a 1963 speech, “*There really can be no other right of purpose of community except to provide an environment and an opportunity to develop better people. The most successful community would be that which contributed the most by its physical form, its institution and its operation to the growth of people.*” The Columbia Association is doing just that in Columbia, Maryland, and our industry can learn much from their example.

Our September Edition featured the unique story of **David von Storch** building the **VIDA Fitness** brand (among other complementing brands) in Washington D.C.

In our October Edition, to commemorate the completion of our 20th year of publishing, we featured the **CLUB INSIDER Advertising Team**, which has made it all possible. We say to them once again: **We appreciate your advertising business, and we also Thank You for serving our readers well.**

To close out the year of cover stories, in our November Edition, we shared the launch of **MOSSA**, formerly known as *Body Training Systems*. This story is an important one for the industry because it marks the entry of Microsoft into the fitness segment with its **Xbox Fitness** feature on the new Xbox One. Our industry's goal of health and fitness becoming a mainstream topic in the public consciousness is now a reality. Now is the time to strive for success and change our country and the world for the better!

Thank You All!

Before moving on, we must take a moment to thank those that make it possible for us to publish **CLUB INSIDER** each and every month.

First, we'd like to thank all of our authors this year, as they took time out of their busy schedules to share a great mix of informative articles across a vast array of topics. Beyond our monthly cover stories and news coverage with both press releases and Norm's Notes, we try to bring Best Practices to you from the trenches. **Our Contributing Authors this year included: Andy Graham, Bill McBride, Brenda Abdilla, Bruce Carter, Casey**

Conrad, Chris Werte, Derek Barton, Donna Krech, Dr. Kevin Steele, Greg Maurer, Jeffrey Keller, Jim Thomas, Karen Woodard-Chavez, Laurie Cingle, Maria Parella-Turco, Mark Kleinman, Mark Williamson, Mike Manning, Richard Ekstrom, Stephen Tharrett, Tracey Bourdon and Will Phillips. Thank you to all of these authors!

Next, we'd also like to thank all of the companies that advertised with us this year because we could not have come to you each month without their support. **Our advertisers this year included: Affiliated Acceptance Corporation, Athletic Business Magazine, Body Training Systems, now Mossa, Club Industry Magazine and Trade Show, Crunch Franchising, Fiserv, fitRewards!, GymPoints, Gym Wipes by 2XL Corporation, iGo Figure, IHRSA, Iron Grip Barbell Company, JLR Associates, Jonas Fitness, LA Fitness, MOSSA, Motionsoft, National Gym Supply, New Paradigm Partners, Orangetheory Fitness, Planet Fitness, Sports & Fitness Insurance, Susan K. Bailey Marketing & Design, The Step Company, Thin&Healthy's Total Solution and Visual Fitness Planner. Thank you to all of these advertisers!**

Finally, we would like to thank you, our readers, for your support. The labor of love called **CLUB INSIDER** always has you in mind, and we hope it shows. Last, but certainly not least, we want to say **Thank You** to our printer, Walton Press, a 113-year old company in Monroe, Georgia for all of the great work they've done on every edition of **CLUB INSIDER** since 1993.

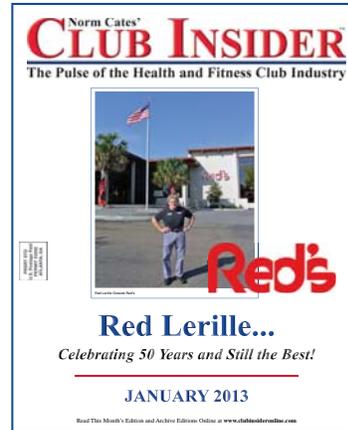
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Before we move forward with “2013 In Review,” let me mention our **Paid Subscription** options. Some of you reading this are doing so on a *complimentary basis* with a promotional copy of our printed edition. If the words “**PROMOTIONAL COPY**” appear 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 **\$89**, you will receive twelve months of printed and online editions plus nine years of online archived editions! Or, for **\$149**, you will receive *two years of printed and online editions plus nine years of online archived editions*. By the way, our online archives will continue to increase in 2014, as we will be adding every edition of **CLUB INSIDER** we have ever published by the end of 2014! This is an incredible wealth of information and an even more incredible price! 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 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 and the history of our great industry at your fingertips! We also wish to express our most sincere thanks and appreciation to all of you who have subscribed to **CLUB INSIDER** during our first 20 years of publication.

And Now, “2013 In Review”

January 2013



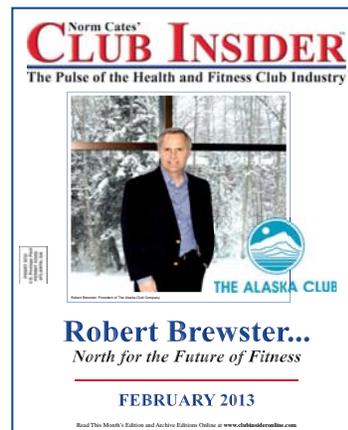
Front Page Article Headlines

●IHRSA's 32nd Annual Convention and Trade Show Is Just Around the Corner!

Inside the Insider

●A New Year's Commitment - **By:** Will Phillips ●What To Do If You Do Not Have A 2013 Marketing Plan - **By:** Tracey Bourdon ●The System for Sustainable, Repeatable Success - **By:** Donna Krech ●Welcome to The Golden Circle - **By:** Karen Woodard-Chavez ●IHRSA Index Posts Increases In Revenue, Membership and EBITDAR ●What Makes Good Clubs Good... and Bad Clubs Bad? ●Blast Fitness Says It Will Give Refunds After Closing Fort Worth Gym ●And of Course, *Norm's Notes*

February 2013



Front Page Article Headlines

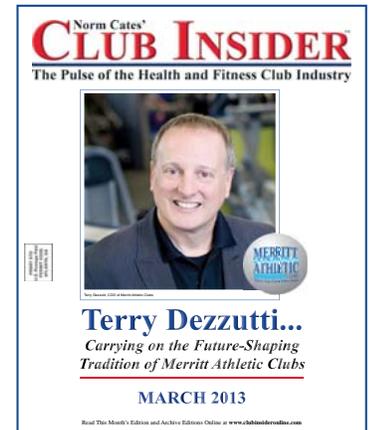
●Catching Up With CHRIS RONDEAU, New Planet Fitness CEO - **By:** Norm Cates

●Rick Caro's 17th Annual Financial Panel

Inside the Insider

●Retention in the Era of Instant Results - Expand Your Focus - **By:** Richard Ekstrom ●Customer Service Is As Simple As... - **By:** The NFBA ●Working Your 2013 Marketing Plan - **By:** Tracey Bourdon ●Helping Your Team Embrace BIG Change - **By:** Brenda Abdilla ●Colorado Athletic Club Announces Second Location in Boulder, Colorado ●Fiserv Names Sara Bowman As New Director of Sales for Club Solutions ●IHRSA's Latin American Report Shows Growth Potential in Key Health Club Markets ●“World Fitness Day” Marketing Campaign Delivers Record Results! ●And of Course, *Norm's Notes*

March 2013



Front Page Article Headlines

●Rick Caro and Others To Be Honored At IHRSA 2013 in Las Vegas ●Massachusetts Office of Consumer Affairs Finds Many Local Fitness Clubs Not Complying With Disclosure Laws

Inside the Insider

●Time to Catch Up? - **By:** Will Phillips ●How to Improve Your Health Club Business - **By:** Jim Thomas ●FINALLY... Eliminate the Stress of Managing - **By:** Donna Krech ●Planting the Seeds For Better Marketing - **By:** Tracey Bourdon ●Business Survival & Prosperity - **By:** Maria Parella-Turco ●De-Clutter Your Club for a Better Member Experience - **By:** Bruce Carter ●Matrix Global Q4 Sales Increase By 39.7% and 24.6% Over Prior Year ●And of Course, *Norm's Notes*

April 2013

Front Page Article Headlines

●Rick Caro Receives IHRSA's First Lifetime Achievement Award ●Joe Weider Passes Away At 93 - **By:** John Rogers, Associated Press

Inside the Insider

●Thought Provocation: IHRSA's 2013 Keynote Speakers - **By:** Justin Cates ●Is This The New “F” Word? - **By:** Donna (See “2013 In Review” Page 12)

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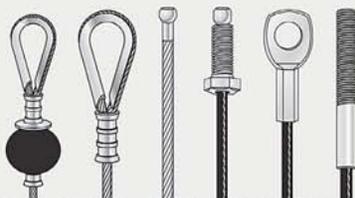
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**IHRSA Soars!!!
Caro Honored**

APRIL 2013

Krech ●By The Numbers - **By:** Jeffrey Keller ●The Top Ten Marketing Tips - **By:** Derek Barton ●Global Fitness Industry Energizes and Innovates at IHRSA 2013 ●Raising the Bar: Health Clubs Continue to Thrive ●Jeff Skeen's Fitness Connection Receives Top Awards from Supplement RX ●Rick Caro's 17th Annual Financial Panel ●Bash for Augie's Quest Raises More Than \$1.6 Million for ALS Research ●24 Hour Fitness Shakedown Stuns Key Leaders! ●Crunch Franchising Announces Deal with Fitness Holdings and RLB Holdings ●And of Course, *Norm's Notes*

May 2013

Norm Cates' **CLUB INSIDER**
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Stone Creek Club & Spa
"Your Everyday Getaway"

MAY 2013

Front Page Article Headlines
●The "Insider Speaks" - What Do You Stand For? - **By:** Norm Cates

Inside the Insider
●Driving Profitability Via Your Fitness Department - Part I - **By:** Dr. Kevin Steele ●Should I Stay Or Should I Go? - Member Retention In Your Club - **By:** Tracey Bourdon ●Financial Literacy - **By:** Will Phillips ●What If You Are Not A Natural Health Club Salesperson? - **By:** Jim Thomas ●How to Find Three Extra Hours Every Day - **By:** Donna Krech ●Systematic Approach To Creating a Plan for Marketing and Membership Sales - **By:** Greg Maurer ●Virgin Active Eyes £2bn

David Lloyd Merger - **By:** Mark Kleinman ●Programming For The "Fun Of It!" - 21 Ideas to Inspire New Programs - **By:** Laurie Cingle ●LA Fitness Remodels Five Atlanta Clubs With New Equipment, State-Of-The-Art Facilities ●Blast Fitness Members Upset After Gym Closes Doors ●Life Fitness President Chris Clawson Named Ernst & Young Entrepreneur Of The Year 2013 Finalist ●Life Fitness Launches Search For The World's Best Personal Trainers To Watch ●NEHRSA Selects Susan K Bailey Marketing & Design As Agency of Record ●SKLZ and Athletes' Performance Launch New Facility ●Is His Fitness Franchise In Good Shape? ●And of Course, *Norm's Notes*

June 2013

Norm Cates' **CLUB INSIDER**
The Pulse of the Health and Fitness Club Industry

**Doug Ribley and
Akron General Lifestyles**
Health and Wellness Defined By The Medical Fitness Difference

JUNE 2013

Front Page Article Headlines
●24 Hour Fitness Announces Resignation of Carl Liebert, and Appointment of New Interim Executive Leaders ●Club One Announces Leadership Changes and Strategic Shift to Fitness and Wellness Management

Inside the Insider
●Four Steps To Communication That Gets Results - **By:** Donna Krech ●Service Sells - The Balance Between Sales and Service - **By:** Karen Woodard-Chavez ●Driving Profitability Via Your Fitness Department - Part II - **By:** Dr. Kevin Steele ●Programming For The "Fun Of It!" - Ode To Fitness - **By:** Laurie Cingle ●Orangetheory Fitness Strikes Deal With David Lloyd Leisure to Launch in the UK ●Wellbridge Names Michael Meehan Chief Operating Officer ●TLC5 "Coaching for Soldiers" for Optimal Fitness ●And of Course, *Norm's Notes*

July 2013

Inside the Insider
●Reframing Problems for Better Solutions - **By:** Will Phillips ●Preparing to Sell Your Health Club - **By:** Jim Thomas ●Beware! Common Payroll Traps That Will Get You In Trouble - **By:** Mike Manning ●Driving Summer Membership Sales - **By:** Casey Conrad ●Double Your Success and Triple Your Marketing Response This Summer

- **By:** Donna Krech ●Programming For The "Fun Of It!" - Team Trek - **By:** Laurie Cingle, M.Ed. ●Johnson Health Tech Promotes Several Senior Executives ●Salute You Scholarship to Place Thousands of Returning Troops on New Career Path ●Honolulu Says "Aloha" to the Island Club & Spa ●And of Course, *Norm's Notes*

August 2013

Norm Cates' **CLUB INSIDER**
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**Rob Goldman and
The Columbia Association**
The Quality of Life People

AUGUST 2013

Front Page Article Headlines
●Club Industry Returns to Chicago ●Scott Manion Passes On

Inside the Insider
●The Habit of Winning - **By:** Donna Krech ●"New & Improved!" - **By:** Derek Barton ●Programming For The "Fun Of It!" - Five Steps to Championing a Program in Your Facility - **By:** Laurie Cingle ●Membership Doesn't Provide Results... But... - **By:** Maria Parrella-Turco ●Sell Your Health Club For More Than It's Worth - **By:** Jim Thomas ●Leadership and Our Stress Response - **By:** Bill McBride ●Revisiting "10 Characteristics of High Retention Clubs" from IHRSA 2004 - **By:** Chris Werte ●Fitness Management & Consulting Launches Gyms for Sale Website ●Life Fitness Personal Trainers To Watch Final To Be Held At Nuffield Health London ●And of Course, *Norm's Notes*

Norm Cates' **CLUB INSIDER**
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**Leisure Sports Sets A
Standard All It's Own!**

JULY 2013

Inside the Insider
●21 Years and Counting!!! Hmm... Hmm... Hmm... - **By:** Norm Cates and Justin Cates

Front Page Article Headlines
●Five Places to Find New Money on Your Club Floor Right Now... - **By:** Donna Krech ●Our Industry Needs More "Social Scientists" - **By:** Bill McBride ●Now Is The Time To Make Money For Your Club! - **By:** Tracey Bourdon ●Selling With Technology - **By:** Casey Conrad ●Three (See "2013 In Review" Page 14)

September 2013

Norm Cates' **CLUB INSIDER**
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David von Storch...
An Entrepreneur Building the VIDA Fitness Brand!

SEPTEMBER 2013

Inside the Insider
●How to Multiply Profits on Purpose - **By:** Donna Krech ●Would Your Business Benefit From An Advisory Board? - **By:** Mike Manning ●Health and Fitness? Or, Fitness Only? - **By:** Andy Graham ●Create the Life of Your Dreams... Using Very Practical Methods - **By:** Brenda Abdilla ●How To Create an Inexpensive Facelift For Your Club - **By:** Bruce Carter ●Guidelines for a Great Business - Mostly False... - **By:** Will Phillips ●Intentional Excellence vs. Accidental Excellence For Club and Revenue Producing Staff - **By:** Karen Woodard-Chavez ● Programming For The "Fun Of It!" - Best Practices for Creating 12 Months of Retention Program - **By:** Laurie Cingle ●How Exercise Changes Fat and Muscle Cells ●Having "The Talk" When Heart Disease Runs in the Family ●Motionsoft Recognized in Inc. Magazine's List of America's Fastest-Growing Private Companies ●200,000 Heart Disease and Stroke Deaths Could Be Prevented ●Mount Vernon Athletic Club Blue Chip Tennis Academy To Manage Burke Racquet Tennis Programs ●UCLA on Alzheimer's: Food for Thought ●ACE Hits The Starting Line As Official Training Partner Of Women's Running Series ●O2 Fitness Continues Aggressive Expansion Across the Southeast ●World Gym To Honor Lou Ferrigno With The 2013 Joe Gold Lifetime Achievement Award ●Mike Dupuis Becomes COO for Key Health Institute, LLC ●And of Course, *Norm's Notes*

October 2013

Front Page Article Headlines
●21 Years and Counting!!! Hmm... Hmm... Hmm... - **By:** Norm Cates and Justin Cates

Inside the Insider
●Five Places to Find New Money on Your Club Floor Right Now... - **By:** Donna Krech ●Our Industry Needs More "Social Scientists" - **By:** Bill McBride ●Now Is The Time To Make Money For Your Club! - **By:** Tracey Bourdon ●Selling With Technology - **By:** Casey Conrad ●Three (See "2013 In Review" Page 14)



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...**"2013 In Review"**

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Norm Cates' CLUB INSIDER
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Round of Growth •Akron General and Kent State Form Health and Wellness Collaborative •Fore Court Celebrates 40 Years of Fitness Success •Thomas Plummer Sells Controlling Interest In The NFBA to Investment Group •ACE Wraps Up Healthy Aging Month With 7 Steps to a Healthy Life •And of Course, **Norm's Notes**

November 2013

Norm Cates' CLUB INSIDER
The Pulse of the Health and Fitness Club Industry

ENTER THE FITNESS WORLD!
BTS PARTNERS TO LAUNCH XBOX FITNESS AND A NEW NAME

NOVEMBER 2013

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As Workout Wednesday •Kids Who Exercise More May Get Better Grades •And of Course, **Norm's Notes**.

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(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 28 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)

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The Death of the Big Box Business Model

By: Thomas Plummer

It's as if 1995 never left us in the fitness industry.

Walk into almost any big box mainstream player, especially the chains, and it is as if time is standing still. The machines might be newer, the colors a little different and the hair-styles have changed, but the basic business model dating back to the 1950s is still alive and well. Most of these gym operators are still trapped in 1995 and the glory years of fitness.

We have, in essence, become trapped by our own success. The fitness business worked financially back in the day, the chains prospered, the independents and franchises grew and everyone made money. What we did in the 1980s and early 1990s worked as a business model and made a lot of people a lot of money while fueling the growth that allowed chains to sell for monstrous money and made independents able to grow regionally and dominate. Even the franchises of the day, such as Gold's Gym and World Gym, which were based upon name recognition and image but without any discernible business model, flourished worldwide.

Times were good in the industry, every major operator was a genius and no one thought it would ever end... but the easy times are over, and the model and practices we used in that era will never work again.

The volume-centric business model we have built this industry upon, and that is now failing as evidenced by slow growth and tumbling prices, is based on these basic business concepts. The overall premise of this model is that we need an unlimited supply of new members to make the model work, and that is where the old model is failing. Here are the rules of the volume-centric model:

- Gross memberships are all that count. In this model, still in use in almost every mainstream fitness facility in this country, it is all about the number of new memberships, the total amount of the gross revenue those memberships represented and the resultant net receivable base.

- Memberships are at least 85% of the gross revenue in this type of gym.

- Training is offered as an extra profit center, usually penetrating less than 6% of the total membership, and resulting in about a true 17-30% net profit for that department.

- Retention is meaningless. We talk a good game and pretend to care, but how many gyms actually have someone dedicated to making sure we don't lose what we have?

If you have someone, how does the budget of that department compare against the sales department? The action is in getting new members to replace the ones we lose each month.

- Marketing is sale-based. Driving potential new members to the gym is only done through advertising that emphasizes the deal of the week, and then, once a potential client is in the gym, that first deal becomes the basis for making a new deal with the person sitting in front of you. If that doesn't work, then there is the end of the month closeout call as the last ditch effort.

- The system is all about fresh volume needed each month to replace the members that are lost through standard attrition. The return-per-client served is not relevant, but the number of new clients per month is the only thing that ultimately counts.

- This business model was derived in an era of no or light competition. This is perhaps the most important thing to note about the volume-centric business model. When players in the 1960s and 1970s were fine tuning this model, there simply wasn't much competition in the industry. We have reviewed old phone books in the past and estimate that, in the 1970s, there were about 300,000 people for every fitness business. Today, in towns such as Baton Rouge, Louisiana, there are fitness choices for about every 25,000 people, and that is counting everyone in the market where about one-third of the people who live there might be too poor to think about joining any gym. Another example is a women's-only gym in Hyannis, Massachusetts, which has 22 competitors within six miles but only had one when it was founded almost 30 years ago.

Here is what the volume-centric business model looks like. These numbers are from a mainstream fitness facility with about 2,200 members on the East Coast. The gym owner charges \$39 per month as his basic membership. All of his training is done one-on-one at about \$50 per session.

Membership Revenue

\$960,000 a year in net membership revenue (\$80,000 average x 12 months)

Training Revenue

\$84,000 a year in training revenue (\$7,000 per month x 12 months)

This is obviously a membership-driven business. If this operator has been in business for several years, however, this is a flat-line model. He might get better salespeople, market more, change his prices a little or just become more efficient,

but the \$960,000 is almost impossible to change by more than just a few points once an operator has been in business for several years. In other words, there is no growth left in this business, and he is obviously totally dependent on only one source of income.

Why is a model that has been so successful for so many decades now failing? Keep in mind that the industry has been completely shaken to its roots. In the past, and collectively, we have survived the end of the spa era, the bodybuilding gym era and its inevitable decline, the advent of the machine and the end of the old aerobics era in the early 1990s.

The interesting thing to note is that all of these eras of change were all surface changes, but the base operating system underneath never wavered. In each of these eras, there were still guys in offices pressuring the client to buy a membership today based upon the discount that was good for today and today only. Memberships drove the industry during each one of these eras, and that is what is failing today in the mainstream fitness business.

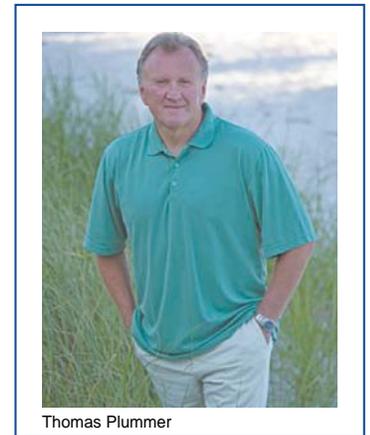
Here are the big reasons we are in the midst of one of the nastiest eras ever in the gym business and why the volume-centric model is unworkable now and in the future:

Heavy, nasty, intense, dense competition:

Everyone is a genius when you are the only game in town, but intense competition means you either stand up and fight or you fail. The volume-centric model was derived in a time of no competition and all the tools of the time, such as draw boxes, price specials and office pressure sales, worked well. The key is the approach at the time and these business practices were commonly accepted as part of doing business. Besides, where else was the client going to go if there wasn't much competition in the market?

In today's market, if you are price-based, and everyone else in your now tightly packed competitive market is running specials based solely upon price, there are simply not enough price-driven potential clients left to support that many gyms. It is good to remember that, after over 60 years, we still have only about 17% of the people in this country who belong to fitness facilities.

If you run price ads, and everyone else does the same, you simply drain all available potential business. The low-priced guys have added to the mayhem. Despite some of their quite brilliant marketing, these chains are really nothing more than giant vacuums that eventually drain whomever is left that balked at \$39 per month to rent a treadmill in a typical



Thomas Plummer

mainstream box. If you compete on price, you die by price, especially if there are another 20 operators in your market doing the same thing.

Pareto's Law will kill you: If you own a mainstream fitness facility or chain, then Vilfredo Pareto is your worst enemy. Pareto noted in 1906 that 80% of the real estate in Italy was owned by 20% of the people. Nothing happened big with this observation until Joseph Juran turned it into Pareto's Law in the 1950s, and there probably isn't anyone on the planet in sales who hasn't heard that 80% of all sales comes from 20% of your clients.

Most chain gyms derive the bulk of their revenue from memberships, but the other biggest source of revenue for these operators is usually training revenue. While the bottom line isn't usually there for this revenue, the total number is usually a factor in the club's overall gross revenue for the year. The issue here, however, isn't just the revenue generated from training clients, it's the total contribution of those clients to the business.

The training clientele in the mainstream gyms, while usually less than 6% of the gym's total population, often represents a much bigger financial contribution to the business. For example, a mainstream chain club might have 3,000 members, but only 150 (5%) of these people support training and the other profit centers over time. Yes, you have others who don't fall into the training category but who still spend money. This group, such as the yoga or boxing people who pay extra for the privilege, adds another few percentage points to the 5%, but the total of all these people who support these programs on a regular basis will still be less than 10% of the gym's total membership in most cases.

These people are in effect, "your best members," meaning they are the ones most likely to refer, most likely to buy a shake or bottle of water, most likely to buy

(See Thomas Plummer Page 19)

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supplements and most likely to support any other special, but with an extra charge, of programming in the gym. In other words, this small group that is only about 6-10% of your population might be responsible for as much as 30% of your total revenue per year.

In the past, once a club attracted and developed this group within the business, it could consider this business somewhat safe. These clients don't leave often, pay every month for the extra service and are usually more stable in the marketplace.

The advent of the modern training gym has, however, changed all of that forever. The old style training gyms weren't much of a threat to the mainstream players. These little gyms were usually nothing more than just shrunken mainstream gym imitators with about 30 clients operating in less than a few thousand feet that would only generate about \$10,000 - 15,000 per month if lucky. No one cared that they were there, and their combined effect was small in the mainstream industry.

The new model training gym is the one who will force all mainstream gyms to change how they are doing business, now and in the future. These new training facilities are often in the 6,000 - 10,000 square-foot range, have 250 - 400 clients and generate \$1.2 million - \$2 million annually with a net of over 30%.

The damage occurs, and the validation of Pareto's Law, when these new generation training gyms open in the immediate vicinity of the mainstream players and drain the bulk of that 6 - 10% of the membership, representing up to 30% of the club's revenue, in just a few months. There are, of course, mainstream players who don't internally do the training, making these gyms solely dependent on just membership sales to feed the big pig each month, which leaves them even more vulnerable to competition and price wars.

The decline of group exercise (aerobics):

Group exercise, or aerobics for you old dogs who still haven't learned any new tricks during the last decade or two, is slowly declining in many markets. This noted decline is based upon a base reference of using a 20% penetration rate in the club's membership. For example, if a club has 2,000 members and 400 of them, or 20%, do group exercise, then this club would be deemed to have a successful group exercise program. Anything less than a 20% number usually means the gym is offering something that it is most likely either losing money each month or that this type of programming is no longer a strong attractor of new memberships.

We have noted that, during the last three years, the number of members using group exercise in many mainstream gyms is slowly slipping a few points a year. Here are some of the reasons behind this

slow decline:

- The age and availability of the average instructor is a factor. The generation of aerobic instructors is fading, and they are hard to replace. Finding someone dependable who can teach a step class, weight-based class, cycle and maybe yoga is a rare thing these days. Their age compared to the average employee usually means there are limits on their availability due to family, main jobs and willingness to just do more than a few classes per week.

- The younger females who are coming into the gyms today don't want to be group exercise instructors; they want to be personal trainers. Women didn't have many options in the earlier days of fitness. If you were female and didn't want to do sales, you were at the front desk. Group exercise attracted millions of women to the industry over time, giving them a status as a vital part of the business. Today, that has changed, and the new status for females is training, not doing group exercise.

- The team-training concept is draining all the younger females who might have supported group exercise in the past. The group dynamic is the lost magic in the industry, and the trainers have rediscovered this vital ingredient for success. CrossFit might have been first. Anytime you have a group of 30 people screaming loudly for each other and working as a team, you have a direct replacement for group exercise. In most gyms, the stronger the team training in the training department, the more quickly the group exercise program will decline.

- The group students are aging in most markets. This is not true of group exercise in all markets, but many markets do suffer from the "my mother used to do this," syndrome. When someone in their 20s peeks into a room and sees 15 women all in their 40s, 50s and older doing a step class, it reeks of 1995, and many younger women just don't want to be part of it.

- There is no longer a return on investment in offering group exercise. Most mainstream players have either lowered their prices for an individual membership, or at best, haven't been able to raise prices for a decade. These same operators usually offer group exercise as either part of the membership or at a slight \$10 a month extra differential. The sad news is that, as

the group exercise person becomes more rare, the cost per class continues to rise to where group exercise people get almost as much as a trainer. In other words, the cost of the program is going up, but the return is either frozen or going down. This doesn't matter as much if you have over 20% of your membership doing group, but if you have less than 20% participating, it is hard as an owner to keep offering something that loses money each month in hopes of attracting new business.

Change is coming from the bottom up:

Change in the industry used to have a very definable pattern, and it always flowed from the top of the industry downward to the independent operators. For example, you would go to a national convention and hear a speaker talk about a major chain switching their entire business system from contracts to month-to-month EFT.

This person would then leave thinking, "Hey, if the big guys are doing it then it must be right because you couldn't be that big and make mistakes." Then, a week later this small independent operator somewhere out there in the middle of the country would switch his entire membership to what he thought he heard at the convention.

This would be true for the introduction of new equipment. The big equipment players would introduce a new top-secret product that you could only see in a special tent with invitation only. Within a year, every small guy would own that piece and feel like the big chains, which received their stuff first because their orders were the largest.

None of this is happening anymore. Chains are barren of innovation, trade shows have lost their luster except as a place to gather and party, and no one any longer believes that a certain piece of equipment gives you any type of business advantage in the marketplace. Change is still happening, however, and it is now being driven from the bottom up. Most of this radical change in thinking is coming from the training world.

Innovation in training used to be a long, arduous process that would take years. Now, with the Internet, information that used to take years to disseminate from a presenter at a conference to a real world trainer now happens in hours.

Trainers are driving change in every gym despite the efforts from many of the big box players to hold them back. The good trainers have dropped the clipboards,

stopped putting clients on single joint fixed plane equipment and have learned the process of group training. Not all of the chains have adjusted well to this change, and some have even given up concepts, such as team training. But, when there are about 1,500 or more training gyms opening every quarter, these deniers of destiny will finally learn how to sell and service groups or will lose their entire training market to the smaller, but more conceptually modern, competitors.

This change in many ways has negated the standard operating procedure of a big box, making it hard for these operators to simply sell a membership and then expect the majority of their members to practice do-it-yourself fitness. There are enough members out there no longer happy with big workout cards and 1967 circuit training that are fleeing to the smaller training gyms where open space, group training and the newest and most creative equipment waits.

The Shift To The Training-Centric Business Model

People who get results will stay longer and pay longer. People who fail to get results leave. This is everything you need to know about retention, and this is everything you need to know about changing your business plan for the next decade. People want results, and we are moving from a volume-based business model to a results-driven business model, where the key is not the sheer amount of members you can sign up, but the return-per-client-served.

The training-centric business model is based upon a simple premise: You need to create a layered price structure that allows the highest percentage possible of your clients to get coaching in groups or traditional one-on-one. Your goal is to ultimately get 40% of your membership involved with a training-based membership that is priced higher than the simple access membership. For example:

- Unlimited 1/1 training (max of 12 sessions per month/guided after that) @ \$549
- Limited 1/1 training (5 sessions per month) @ \$249
- Unlimited small group (max of 12 sessions per month/max of 4 in group) @ \$169
- Limited small group (5 sessions per month) @ \$129
- Large group team training (unlimited/max of 20 clients per group) @ \$89
- Group exercise membership @ \$49 per month
- Simple access (cardio and equipment) @ \$39 per month

Guided means the client has workouts designed by the team to do on their off days. There are no sessions or packages offered to the clients. All training is done on 12-month memberships. If someone takes a higher priced program, he gets everything below that level included
 (See Thomas Plummer Page 20)



If It Looks, Smells and Quacks Like A Duck... Well, You Know The Rest: *The Anatomy of an Effective Small Group Demo in the Non-Studio Space*

By: Ron Alterio

Let's face it... Small Group Training (SGT) has taken our industry by storm. Everywhere you turn, more and more owners are racing to get on the SGT bandwagon. Unfortunately, the majority of operators are simply adopting the "build it and they will come" mindset. As a result, many are struggling to sell (SGT), especially in the more traditional or mainstream fitness facilities.

What many club operators fail to realize is that, as much as we may find SGT cool, trendy, energetic and all the rage, our members simply haven't got a clue. They are creatures of habits. They have their favorite treadmills, they have their "must-attend classes," and some will even fight you tooth and nail if you try to remove their favorite adductor. The truth is, most of your members don't even know what a kettlebell, burpee or plank is!

One of the best ways to introduce SGT to your members and increase penetration is to offer free, but effective, demo classes. However, make no mistake... there is a VERY big difference between an effective demo and simply offering a free class. An effective demo should be an extension of your sales processes. There should be specific and strategic steps aimed at walking the member through the entire buying process. In fact, an effective demo should consist of three distinct, but complementary, sections to ensure maximum success:

1. The Introduction (5 - 7 minutes) - This is your chance to tell the story. Take the first few minutes of the demo to help your members understand what SGT is and why they would want to consider doing it. Remember, your competition for SGT is not the guy across the street or down the road, it's the equipment and programs you already have in your gym. Your story and product has to be convincing enough for them to make the switch. For example, if your SGT is centered around functional training, you may want to use the story, "Life is good, Small Group Training makes it better." This message conveys that SGT is essential to help you be prepared to do the things you want to do in life and do them better. They need to understand they will be moving and training the body in ways they can't anywhere else in the gym. **Additional Tip:** Go around the room and quickly find everyone's "life" goal. You will definitely need it later.

2. The Body (20 - 30 minutes) - This is where most operators drop the ball. The key to remember here is that this is *NOT* a workout. This is a *demo*. This is the part

of the process where the sale happens. This is all about highlighting movement in a group, demonstrating the power and energy of working with a team and making the movement relevant to the people in the room. Whatever product or movement you are delivering, make sure you are teaching it back to each person so it's relevant to their goal. For example, if you are teaching a box jump, and you have someone in the room who wants to get better at being a weekend warrior in his men's basketball league (while he is doing a box jump), ask him; "Mr. Jones, what part of playing basketball does this remind you of?" Once he answers, then follow up with, "Do you now see how doing this type of movement versus just running on a treadmill can help bring your game to the next level?" **Additional Tip:** Bring energy to the class with music, whistles and other fun props. Also, find ways to make the attendees feel part of a team, like high-fives and shout outs. Do this as quickly as possible.

3. The Close (10 minutes) - You've made your case, you put in the work and now is the time to reap the rewards but... **You MUST ask!**

•The close should start with a short cool down and summary of what just happened. Have them take a seat or kneel and remind your audience what SGT is and how its different than the other stuff you have in the gym. However, the most important part of the cool down is to keep the team condition strong. No one likes to be "the one" who bails out on the team. No one wants to be "that person" who lets the team down. Ensure this happens by leading with a few pre-closing questions like, "By a show of hands, who now sees the difference between SGT and traditional workouts?" and "By a show of

hands, who here now sees the benefit of replacing their current routine with SGT?" Very few, if any, of the members of your audience will keep their hands down.

•The next part of your close should be the *offer*. There has to be a call to action, a reason to act now. There has to be something in it for them while they are hot and ready. The key here is to not over explain or complicate the offer. Simply tell them when this type of class meets and how often they can attend. Then simply explain the price. **Additional Tip:** Make sure the call to action offer is handed out and a coupon is physically placed in the attendee's hands. Additionally, if possible, try to make sure their name is written on the coupon.

•The final step of the close is *Asking!* You've put in the work, you have kept the group together and you explained the offer. Don't blow it by simply walking away. Now, more than ever, your audience specifically needs to be told what the next steps are. This is where you have to actually ask them to buy. The key, however, is to do it in a way that keeps the team condition together. Remember, no one wants to be "that guy." For example, "Now that you see the benefit of SGT and how you can't get these types of results anywhere else in the gym, by a show of hands, who wants to take the next step and make the commitment to the rest of the team and get started?" **Additional Tip:** Make sure that you have the logistics of signing people up already taken into consideration, such as access to a few computers and additional help from other staff or management to ensure no one is left waiting to sign up.

As you can see, an effective SGT demo is much more than simply having a



Ron Alterio

trainer and a group of people go through a class together. Simply teaching a class confuses the member, waters down the product and actually creates a sales barrier. On the other hand, an effective SGT demo consists of clearly explaining the product, relating the product back to the audience and making sure the audience knows how to get involved. So, no matter what type of SGT product you are offering, make sure you are prepared to incorporate all of the above three steps before you ask the member to participate in your demos and you'll be sure to get a lot more yes responses!

(Ron Alterio is the National Sales Director for Visual Fitness Planner. He supports a variety of business models throughout the United States and Latin America using the full suite of Visual Fitness Planner products. Additionally, his Sales IQ consulting services can be obtained by calling him at 717-645-3899 or emailing him at ron@vfp.us)

...Thomas Plummer

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in his membership. Clients paying above the \$49 membership just pay that number and not their rate plus a membership. For example, if you take the \$129 membership, that amount is all you pay. You do not pay the \$129 and \$39.

The only growth left in a mainstream gym or chain is in training, not membership. There is absolutely no way a chain club can sell the memberships it did five years ago and sustain that number over time. Competition has killed the volume approach to doing business. The shift has to be away from volume-based toward getting more clients involved in either group training or one-on-one, although the

growth potential is in the group approach, not traditional training.

Here is what the model should produce within 18 months, if done correctly:

Membership Revenue

\$960,000 a year in net membership revenue

Training Revenue

\$960,000 a year in training revenue

The goal stated above is that, ultimately, you can generate about the same amount of money from training derived memberships each month than you can from membership. This is the only growth area left and the only way to not get run into the ground from the continued growth from the training gyms. In other words, if

you are a mainstream fitness facility, you either train or you die.

(Thomas Plummer has been speaking worldwide for over 30 years in the industry and appears as a keynote speaker at many of the national conventions here and in other countries. He is currently in front of over 10,000 fitness industry professionals annually and has sold over 150,000 books on the business of fitness. Thomas Plummer is the featured speaker for the National Fitness Business Alliance (NFBA). The NFBA offers a wide variety of workshops and seminars each year. For more information on the workshops, or to book Thomas for your event, go to www.nfbaexpo.com or call 800-726-3506)

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How to Design Spa-Like Locker Rooms For Less

By: Bruce Carter

People come to health clubs for many reasons. One reason often overlooked is that it can be an escape from a person's normal day-to-day life. Studies show that lockers rooms are one of the most important areas that people respond to in a club, good or bad. Whether designing a new club or renovating an existing club, providing a beautiful upscale spa-like locker room can be a strong marketing asset to any club.

The term "spa-like" is used because spas were originally upscale points of destinations that people went to rejuvenate and "get away from it all." Everything about the better known spas was that they were special and different from normal environments, and this was true of the spa locker rooms.

A spa-like locker room is a "dream" locker room, something people would love to have in their home, but most do not. So, there should be two goals: (1) to provide locker rooms to get more people to join and more to stay as members and (2) to provide such a beautiful locker room without spending a large sum of dollars.

Here are the design features to use for a "spa" locker room.

The flooring should mostly be tile with possibly some carpet (moisture resistance) areas for the locker section. It should be noted that more locker rooms are being built without any carpet. Carpet gives a "warm" and comfortable look and feel, but it does have to be continually replaced due to moisture, cleanliness and odor. Ceramic tile is more efficient, and if the right type is chosen, it can be equally effective in creating a clean upscale ambiance. The absolute must for floor tile is that it has an extra non-slip finish. Nothing can detract from a spa-like locker room more than having beautiful floors covered with boring mats so people won't slip. Therefore, you must shop around to find the non-slip tile that also looks good. Also, floor tile sizes must allow for the floor to be adequately pitched to the drains.

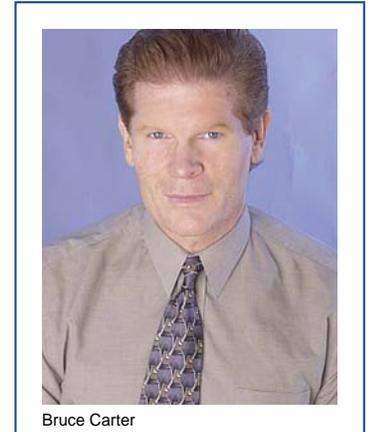
For the most part, the more wall tile used, the better, especially in any type of wet area. Rectangular shapes run horizontally are popular now. All types of color options are available (including low cost choices because walls do not have to

be non-slip). It is important that the wall tile harmonize with the floor tile but have some type of contrast. In addition to the wall tile, it is also recommended to use glass mosaic accents or other type of accent pieces to add "personality" to the wall. However, if your budget is tight, glass mosaic is usually double or more the cost of regular tile, so therefore, even a 6' strip of accent tile makes an impression.

One area to possibly use more accent tile is above the sink area where it looks great when mirrors are outlined with mosaic tile, and then, hang pendant or wall sconce lights on the tile between the mirrors. This is not expensive, but it looks very "high end."

In addition to tile on the walls, heavy-duty vinyl wall coverings are a great way to add an inviting upscale ambiance to a locker room and are strongly recommended (except in "wet" areas). There are countless color and design patterns available to work with any décor.

Colors for locker rooms can vary, yet should interrelate to the overall color theme of the club. Soft earth colors of tans, greens and blues work as well as a



Bruce Carter

predominately white or light beige with soft accents. Keep in mind that, when white is used, an added commitment to maintenance of the finishes is a must. In other words, it can look good when you open, but what will it look like six months from now?

The proper use of lighting is a must and should switch from the basic brighter (See Bruce Carter Page 24)

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Two More Ways to Make a Million Dollars in 2014

By: Donna Krech

A New Jersey club owner found her facility increasingly surrounded by \$10 gyms (If this hasn't happened in *your* area, rest assured, it soon will). She knew she had to differentiate her club if she wanted her business to survive. She discovered a business system for making more money with weight loss, never dreaming that it would transform her entire business.

A second club owner in the Southern states had a top-notch facility. The owners are great people, and they provide great service. Yet, they were only "getting by." They knew there had to be a better way. So, like the club owner in New Jersey, they added a business system for making money with weight loss. They thought they were adding just another profit center. They were blown away when *total* revenues doubled within one year.

Two different clubs, in two different parts of the country, yet both experienced phenomenal results. Last month, I told you about three owners who turned their facilities into million-dollar moneymakers simply by adding a business system for making money with weight loss. The two owners you're about to meet also did this, but each went a step further. By leveraging this system, they increased revenue in *every* single segment of their club, including in places where they least expected it.

The key to replicating these million-dollar success stories in your facility is a 3-step process:

1. Sell your current members something they want in addition to their membership.
2. Sell additional products to help them enhance these results.
3. Then, use this same system to sell more

...Bruce Carter

continued from page 22

overhead lighting of the main exercise areas to softer accent lighting. This would include wall sconces, pendants, recessed can lighting, cove and drum lighting. Locker rooms should be a soothing environment, so bright lighting such as basic fluorescents should not be used.

A question that often comes up is the showers. Showers for an upscale locker room should have a separate changing room in front of the shower. The shower should be at least 4' x 4' in size with the same size for the changing room. Louvered doors stained with a urethane finish look beautiful, and a quality fabric shower curtain should separate the shower from the changing space. Soap and shampoo dispensers and shelves for individual items

in every profit center in your club.

Bottom Line: You have new revenue in your club *right now*. You see it every day, and you're probably overlooking it. The system these two owners used will show you where to find it.

"I've found the edge over the competition I was looking for."

Kathy Pacifico is our first example. She was looking for a way to differentiate her gym from the \$10 clubs littering the landscape. As she says, "What sparked my interest in weight loss was the ability to differentiate ourselves in the industry."

After investigating several weight loss strategies, she chose the one that offered a comprehensive system for marketing, sales, service, staff training, administration, leadership and management, the whole gamut. The results far exceeded her expectations. "It helped me to close a HUGE gap in a market I didn't have a handle on, which was the weight loss industry."

Kathy quickly realized that she found a golden key. "Being able to offer weight loss as another business within our business was a phenomenal opportunity. As a health club, unlike a freestanding weight loss business waiting for people to walk in, we have a viable group of people walking in every day, and a huge percentage of them want weight loss."

So, as a first step, Kathy sold the weight loss program to members. "My goal was to inspire, at the very least, 30% of my membership to experience the benefits of this program." She then went a step further, offering products to enhance their results. Now, members are happily losing

should be in the shower area with hooks and a bench in the changing area. In place of louvered doors, fiberglass doors can be used, but look into using colored fiber glass doors to add a unique look.

In the locker section of the locker rooms, lockers should be a minimum of 15" wide and 20" deep. A combination of full and half lockers can be used, and wooden lockers can look more upscale but are not necessary (and they require maintenance). There are quality laminate lockers that work well, and most often, it is recommended to use a wood grain laminate in which there are dozens of choices. Locker benches should either match the finish of the lockers or be vinyl-cushioned.

Changing rooms (a minimum of 3) should be included in a women's locker room at a minimum of 4' x 4' size with louvered doors or regular stained doors.

All vanities and hair bars should

weight while Kathy's income continues to climb. This revenue was sitting all along, untapped, *right in her club*.

On top of this, Kathy reaped another unexpected benefit. By integrating the weight loss system throughout her club, Kathy's team gained renewed purpose. "They are happier and production is better. It's a different energy, and our club culture is just better overall... a true win-win for everyone."

By now, you may have figured out that Kathy used Thin&Healthy's Total Solution systems. And yes, I realize I'm talking about my own company here; but remember, I'm a club owner just like you, and we use these systems to consistently increase profits, *year after year*.

Increasing Hope and Revenues

Our second example is Amy Bond. After experiencing her own success in losing weight, Amy wanted to share the program with others. Knowing that she had a complete system to support her in everything, from marketing to sales, Amy decided to offer the weight loss program, part-time, at her brother's gym. Within *one* month, she had signed up 40 people, producing over \$100,000 in sales.

Not surprisingly, Amy and her brother, Austin, quickly recognized the opportunity they had in front of them. They began applying the business system used for the weight loss program to every profit center in the club.

"Every aspect of the club has improved and increased because of Thin & Healthy's Total Solution business systems. Tanning revenue is up 90%, and massage revenue is up 40%," remarks Amy.

The impact this has had on their business is almost hard to believe. "We



Donna Krech

did \$800,000 in overall revenue two years ago, \$1.8 million last year and will do \$2.6 million this year! When people ask us what we are doing, we can honestly say we are just plugging in the Total Solution system."

Yet, like Kathy, Amy experienced benefits far beyond increased revenue. "I watched people succeed, not just in losing inches and pounds, but with getting the spark in their eyes. I saw a sense of hope that wasn't there two weeks prior."

These new opportunities and revenues are in your gym, right now.

These same opportunities are waiting for you *in your club, right now*, and keep in mind, January is right around the corner. As we know with New Year resolutions, your attendance numbers are about to skyrocket.

There is still time to take advantage of the January tsunami of people who want to get fit. You can explode *your* income in 2014 simply by using the right
 (See *Donna Krech* Page 26)

be either granite or a solid surface material such as Corian or Cambria. Another key point is that vanities should have a laminate "skirt" below the vanities to hide any plumbing. Make sure that the skirt is angled correctly to meet handicap access code. In fact, before you begin, check with ADA codes when creating a locker room or renovating an existing one for all the necessary clearances and accesses, sinks, toilets and showers.

Toilet partitions can be laminate, stainless steel (but will require more upkeep since fingerprints show easily) or phenolic (plastic). Painted metal units are basic and should not be used in an upscale locker room.

Graphics and artwork can help to create the desired mood for a spa-like locker room. More and more research is showing that people feel less pain in environments that appeal to their instinct

to want to connect with nature. Adding graphics and art that bring nature into an environment can help relaxing people and making them feel more comfortable in a club. Go to Shutterstock.com or Art.com to find countless options to choose from.

Proper planning for spa-like locker rooms can make a substantial difference in how well your club is received and desired. The key is to make them unique and inviting so people will want to come back again and again to rejuvenate themselves and escape from their normal hectic daily life.

(Bruce Carter is the President of Optimal Design Systems International and can be reached by email at bruce@optimaldsi.com)

advice, etc.

The Secret To Tapping Into The Over-Weight Market

My gym was just based on membership, and I knew weight loss was a big component of the members that we saw. They would join to lose weight, and those who were really dedicated and hardcore did ok. But that was a really small percentage of our membership.

I was looking for other profit centers and ways to help members get results. I went to a fitness-industry show and took a session with Donna Krech on How to Make Weight Loss Work in Your Club. The idea that there is a whole market out there that fitness clubs don't even reach got me really excited! That is when I decided that weight loss was something I really wanted to pursue. Between Donna's marketing and passion to help people, plus an expected increase to the bottom line, I knew Thin&Healthy's Total Solution (THTS) was the right fit.

One of my "ah ha" moments while listening to Donna's session was this: your club is only getting 13% of the population in the gym market. After being in the gym market for so long, I saw many people who would NEVER go into a gym, even though they should.

When I realized this, I had the typical personal-trainer mentality of, "Why doesn't everybody love fitness like I do?" But really, we're the odd ducks. People don't love fitness. They understand it is what they should be doing, but they find everything else to do instead.

What Donna said was that people want weight loss, but they don't want the gym. You have to educate them and slowly ease them into the gym, because it's too scary for them to walk right in. I'm a gym person and some gyms are even too scary for me! So another one of the "ah ha" moments was to make THTS separate.

There is a different way to market to people who want weight loss, and Donna had those systems down. THTS marketing

makes you think in a whole different way. People will come in your door if you do things the as described in the THTS systems. That is really the key.

You can try it on your own. I tried different things on my own and would get part of it done, but I didn't know how to do it all. With everything in a turn-key system that's already been done for you, you don't have to beat your head against a wall. That was the biggest thing that drew me to THTS.

My vision now is to take THTS into Ontario, expanding into gyms, chiropractor and physiotherapists offices, and spa businesses where the primary goal is to help people look better and feel better. Let's face it; when you have excess weight, there are usually other problems that go with it (back, knee, hip problems, etc) so all of these industries could also benefit from a weight-loss component.

Thin&Healthy's Total Solution will differentiate a business from their main competitors and offer the ability to become

a full-on wellness facility. That will help them pull a far larger percentage of the market as their prospect, because the program includes real, grocery store foods where everyone can eat as a family, a movement component, and the most important piece of the puzzle which is the motivation/education component.

One of the nicest things about THTS is that it doesn't take a lot of room to add into an existing business. Also, you don't have to recreate anything. All the systems are created for you; you just have to take the training and plug the systems in. And the support is excellent.

When you become part of the company, you really feel like you are part of a family. You don't find that in many businesses anymore. THTS is a great company to be a part of and I'm excited to bring it to the health and wellness businesses in Ontario. Together, we can have a huge impact on the health and wellness in our communities. X

There is a whole market out there that fitness clubs don't even reach!

- ALANNA NEAVE



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Let's Make a Marketing Resolution!

By: Deneen Laprade

Soon, it will be a New Year, and as tradition dictates, it's time to make a resolution to get better at something. I say, let's make a marketing resolution! Why not? Let's all agree to work from a marketing plan in 2014. Growing a successful business requires continuous marketing, and continuous marketing can only be successful when there is a plan in place that dictates the what, when and how of it all. Equally as important, a plan helps you track and analyze the results of your efforts to create a road map for the future.

A great place to start is to do some digging and determine where you need to increase your revenue. For instance, how healthy is your dues line? Do you have 30% of your members participating in personal training? Are your profit centers performing at full potential? Assign growth goals to these areas and develop a marketing plan to meet and even exceed your goals.

Once you know the needs of your business, have assigned measurable objectives and prioritized these goals, do some market research. Gather the facts about your prospects. In fact, one of the most useful things you can do is a member plot. Find out exactly which areas of the typical 3- to 5-mile radius from your business have the highest penetration of your members. What do these members have in common? Income? Location? Age? Like my mom always said, "Birds of a feather flock together!"

Use this information to determine how to share your message. I'm sure we're all aware of the "Print marketing is dead" argument. Sure, the pendulum swung to the digital world, but it's back, as it should be. Those of us in the business of creating effective marketing campaigns understand it's the *MIX of marketing vehicles that make the magic.*

Learn about your members and prospects and what compels them to act. Understand to some extent their behavior, value and loyalty drivers so you can deliver integrated communications that line up with their unique needs. Find the sweet spot and deliver. **Let's stop here and look at marketing options:**

Digital Marketing - Sharing your message via electronic devices. It can be, though will not always be, low-cost. ROI tends to be higher with digital marketing, most specifically in the social media realm where posting is free.

E-mail Marketing - This is like the digital direct mail card. In order to be truly effective, there needs to be a compelling

subject line and content with a swift call to action encouraging prospects to "Click to Register."

Print - Sharing your message on the printed page in all traditional forms, including guerrilla-marketing pieces. ROI tends to be lower with print marketing due to its cost, yet it has a place and *must be included in the mix.*

Direct Mail - Though it is technically print, it is worthy of its own mention here. For the specificity of the medium, when done well, it is very effective. Adding call source numbers and PURLS (personal URL's) make quantifying the effect of the project simple and come with the added benefit of capturing lead information.

TV and Radio - Powerful and has a broad reach. This marketing vehicle has a high price tag as compared with the other vehicles mentioned; however, it compels prospects into action most effectively due to its repetitive and/or immediate nature (i.e. Live remotes).

Community Involvement - Philanthropic acts ingratiate your club or studio in the hearts and minds of your prospects. Cost varies, as does the amount of time and energy. The ROI and other intangible benefits can be significant.

Guess what? Your plan is starting to take shape already!

Your next steps are to decide what your primary focus will be during each month of the year. Some months are better spent focusing externally and others are better focused internally. Though you should always have both internal and external campaigns going, the *primary* focus is directly related to the buy cycle of our industry.

Speaking in general terms, most clubs and studios experience similar patterns of member usage in each season of the year. The trick is to learn the nuances of your unique business and identify the opportune times to run referral and prospecting campaigns, challenges and retention efforts.

Plan your member referral campaigns to follow a big sales month. Run a weight loss challenge in mid- to late-winter and again late spring. Host an open house in the fall when folks are getting back to their post-summer routines. Reach back to former members when prospects are most actively seeking fitness solutions as they are quite likely looking at the same time.

Start sketching out your plan now. You know what your business needs

to grow, learned about your members and have identified prospects. You know how you want to communicate with them, and you just mapped out when you'll run campaigns focusing on your goals. All the pieces to a successful plan are here and simply need to be documented.

Additional Considerations:

- Create an action plan to identify the unique responsibilities of the staff involved; include dates for completion.

- Select a campaign or theme to unite your various efforts and strengthen your brand identity.

- Adopt a consistent look, message and feel to your designs so you are immediately and easily recognized in your market.

- Decide on offers and expiration dates to create a sense of urgency.

- Have a system in place to track leads. Make it a part of your club culture to ask every new prospect how they heard about you.

- Inform your staff, especially front line and sales staff. They need to clearly understand your expectations to convert leads into members and clients.

- Work on three months at a time. Once you have one quarter in place, you can copy it forward, making the necessary adjustments to goals and focus, based on results from previous efforts and the time of year.

- Making this resolution is a commitment to implement a strategy that is practical, pragmatic and produces results. You'll feel liberated by it. Rather than waking up in a cold sweat at 3AM because Mother's Day is in three days and you forgot to schedule a promotion, you'll sleep like a baby and whistle your way into the club with displays in place and gift certificates being sold.



Deneen Laprade

- Eat the elephant one bite at a time, and you will eventually have a 12-month marketing plan that will become the template for all of your future marketing. From this, you'll also come to know your business intimately. You'll end up with more time to explore new opportunities because you aren't reacting to the same holidays, seasons and buy cycles year after year. This is your year to take control.

Here's to a healthy, happy and prosperous 2014.

(Deneen is an accomplished, energetic leader in fitness and wellness with proven ability to create and manage effective marketing campaigns and programs that result in revenue growth, increased profits and member retention. As a Marketing Coach with Susan K. Bailey Marketing and Design, she consistently applies her years of experience at the club level to meet the marketing needs of her clients. Her belief is that marketing is an all-encompassing strategy that combines careful planning with a consistent approach to net the results clubs need and want. Just as a carefully planned fitness routine, when combined with consistency nets results for members, an effective marketing plan will do the same for fitness professionals and their businesses.)

...Donna Krech

continued from page 24

business systems in every corner of your club.

51 Ways to Make An Additional \$1 Million

I mentioned last month that we put this CD together for training staff. Yet, it provides so many tips on how to increase income with a business system for weight-

loss; I would like to send you a **free copy** on a first-come, first-served basis.

To get your CD, all you have to do is call Beth at (866) 260-8446 (THIN), Extension #116. As I've mentioned, it's free, and there is no obligation. Beth will also be happy to answer any questions you may have.

But, please, *don't hesitate.* January, 2014 is not only a new start for the people who want to get thin; it can be a new start for you, too.

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ACE Hires Respected Physician

SAN DIEGO, CA - American Council on Exercise (ACE) has named Natalie Digate Muth, MD, MPH, RD, FAAP, to the position of Healthcare Solutions Director. Dr. Muth will bolster ACE efforts to help make health coaches, personal trainers, group fitness instructors and advanced health and fitness specialists play a more central role in a healthcare system that is increasingly focused on cost-effective primary prevention. Dr. Muth joins ACE as a full-time, senior-level employee following years of service to the organization as a consultant and subject matter expert.

"ACE is very serious about securing an invitation for the professionals we certify and serve to the broader healthcare table," said ACE President and CEO Scott Goudeseune. "Dr. Muth will play a critical role in our efforts to prepare well-qualified, ACE-certified health and fitness professionals to contribute to the prevention and treatment of obesity and its comorbidities. She will be pivotal to our work to evolve the systems and environments that are shaping the nation's response to the obesity epidemic so that our profession may contribute in a far more integral, substantive way."

Dr. Muth said, "As the medical community and the U.S. healthcare system shift towards the delivery of value-based and patient-centered care, NCCA-certified health and fitness professionals can play an important role in helping patients live their most fit, healthy lives. Too often, our professionals are missing from the prescription for better health. ACE intends to change that."

Dr. Muth is a board-certified pediatrician at Pediatric Medical Associates in Vista, CA, a registered dietitian and board-certified specialist in sports dietetics and an ACE-certified health coach. Author of *Eat Your Vegetables! and Other Mistakes Parents Make: Redefining How to Raise Healthy Eaters*, she is widely recognized for her expertise in nutrition, fitness and obesity prevention and treatment. Dr. Muth has been an ACE-certified professional since 1998 and was a senior healthcare strategist for ACE prior to her promotion.

Gyms Can Attract New One-Day Customers and Long-term Members With the GymPoints App

DENVER, CO - GymPoints LLC, a Denver start up, announces the launch of its website, GymPoints.com, and mobile app, connecting gyms with consumers by selling one-day, or one class, gym access on their mobile device. GymPoints attracts paying one-day users who are also valuable potential members. The simple-to-use GymPoints platform breaks down the barriers that prevent many Americans from going to the gym by offering convenient, hassle-free access on their mobile devices.

Although most Americans are aware of the health and lifestyle benefits of exercising, industry research suggests that as few as 15% of Americans are card-carrying gym members. GymPoints recognizes that there are barriers such as cost, commitment and location preventing the other 85% from utilizing gyms. By offering consumers discounted and hassle-

free, one-day access on their mobile device, GymPoints is breaking down these barriers. Gyms seeking new exposure, increased day pass sales and new prospective members should become a GymPoints Partner Gym.

GymPoint's state-of-the-art application and website was built to capitalize on Americans ever-growing reliance on their smartphones. An August, 2013 study released by eMarketer reports that Americans are expected to spend an average of five hours a day on their smartphones, tablets and other mobile devices. By engaging consumers on their mobile devices, GymPoints gives gyms and fitness facilities the opportunity to reach new customers while earning additional revenue at almost no added cost.

Using the **GymPoints.com** website and mobile app, users can locate, research, pay and check-in for one-day

or one-class access, all on their mobile device. GymPoints users buy points, which are redeemable at Partner Gyms, for one-day or one-class access. Using the website and app, users see gyms closest to them or can search anywhere. Consumers have access to gym photos, amenities, class schedules and can even get directions from the website and app. Check-in is paper-free and hassle-free as consumers simply scan his phone's unique GymPoints QR Code on the GymPoints Merchant Tablet at a gym front desk.

The GymPoints Merchant Check-in Tablet and App is built to be hassle-free for both consumers and gym employees by operating without employee input. GymPoints users simply scan their phone on the GymPoints tablet and sign the liability waiver right on his device. When a user scans his phone, the GymPoints Tablet

App instantly collects payment, processes his check-in and asks for his signature. The check-in process takes a matter of seconds and delivers a confirmation tone to front-desk employees. Using the Tablet App, employees can instantly track gym attendance and utilization.

Gyms interested in becoming a GymPoints Partner Gym should visit **partners.gympoints.com** and simply choose a pricing package. Gyms can sign up in a matter of minutes online and will be contacted by their dedicated account manager. Gyms only pay a one-time, risk-free setup fee and never pay again. GymPoints is unique because gyms never pay a monthly or annual fee, only the one-time set-up fee. The state-of-the-art GymPoints platform creates value for both consumers and Partner Gyms.



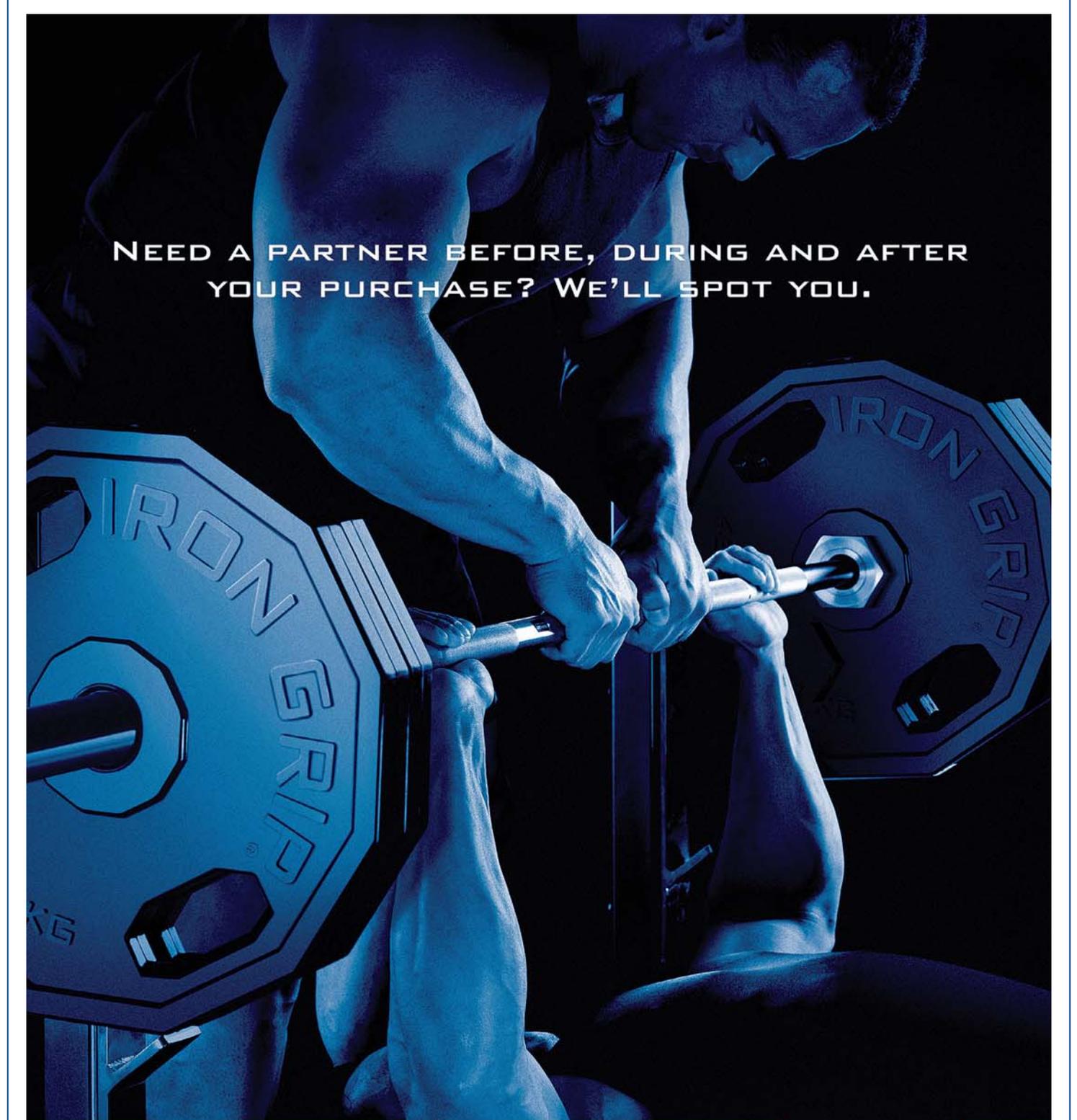
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Programming For The “Fun Of It!”

The Perfect Program

By: Laurie Cingle, M.Ed.

Bundling exercise, weight management and health/wellness education creates the perfect lifestyle program. People will pay for a program that can guarantee results (for those who follow all the components). Here's my “perfect program”...

12-Week Ultimate Fitness and Nutrition Program

Who signs up? People who: (1) are intimidated by equipment, (2) want to lose between 10 and 30 pounds, (3) have been working out for months and are not seeing results, (4) are having trouble sticking with a program and need the support and structure of the group, and (5) are new to exercise and unsure where to begin. Participants range in age from 16 to 73 years old, are of low to moderate fitness

level and desire to lose at least 10 pounds.

Description. The program consists of five parts, all completed simultaneously:

1. A structured eating plan containing: (A) daily menus, (B) grocery lists for each week, (C) 37 recipes, and (D) an education piece describing the principles of the plan.
2. Small group strength and flexibility training with a fitness trainer two times a week for 12 weeks (24 one-hour sessions). The 4-person training sessions are conducted at a scheduled time on specific days. For example, Monday and Wednesday at 5:30PM. The participants work with the same trainer each session.
3. Cardiovascular exercise 3 to 5 days a week following the guidelines established by the trainer. The ultimate goal by the end of the 12-week period is for each participant

to burn an average of 2,000 calories each week in cardiovascular exercise.

4. Live educational lectures that focus on nutrition and exercise. The lectures are held one evening a week and are delivered by a nutritionist or exercise physiologist. Topics include a tour of a local grocery store, eating healthy when dining out, exercising when traveling, strength training for weight loss and how to boost metabolism.

5. Fitness assessment and goal setting. Three fitness assessments are completed during the program: Weeks 1, 6 and 12. The assessment consists of blood pressure, body weight, body composition, measurements, flexibility and aerobic capacity. Women in the program usually lose between 10 and 20 pounds, and men lose between 20 and 30 pounds. The average percent loss of body fat is 6% to 7%. Typical results include reduction of blood pressure, loss of inches in the waist and hips, increased energy during the day and increased flexibility.

When is it delivered? The program is delivered three times a year: January, April and September. The average number of participants per program is 35. The profit margin is 70%.



Laurie Cingle

Don't forget, every program needs a champion to ensure its success.

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

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Thanks and Appreciation

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

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

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

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

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

Norm Cates, Jr.

IF IT'S TRUE WE'RE JUDGED BY
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