

Norm Cates'

CLUB INSIDER

CELEBRATING 25 YEARS OF TRUST

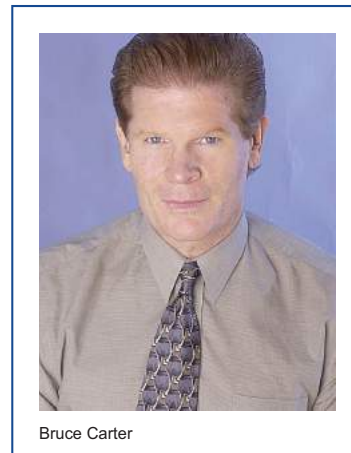
Modern Club Architecture and Design *Featuring Interviews With Rudy Fabiano and Bruce Carter*



Rudy Fabiano

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ATLANTA, GA



Bruce Carter

MAY 2018

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CLUB INSIDER

CELEBRATING 25 YEARS OF TRUST

Modern Club Architecture and Design Featuring Interviews With Rudy Fabiano and Bruce Carter

By: Justin Cates

Part I

Each month, at **Club Insider**, we attempt to bring to you, our readers, stories of club success. Though we always seek to report the full story of how an organization came to be, eventually, the core of the story becomes about what they are doing now. As so many have been quoted about overnight successes, though, the irony they

try to embellish is that an overnight success is never that. It is something that took years and levels of planning to achieve that most cannot comprehend. That is why, this month, I am personally excited to bring to you an in-depth cover story about modern club architecture and design, featuring two true veterans of the field in our industry, **Rudy Fabiano and Bruce Carter**.

Years ago, as I grew and learned, experiencing the trials and tribulations of K-12 and college, and of course, middle and high school-level sports, the path of

my future was not set. So, I started with the obvious career choices: astronaut, race car driver, fireman... Somewhere along the way, I was also completely sure I would be an architect! My LEGO creations were off the charts, yet my math grades not so much and my study skills even worse. Being an architect was a fun dream, yet only that. Now, in the field that suits me best, I write to you, authoring a cover story I am personally invested in because of my old love for this field, during which I learned a great deal. And, I hope you will as well.

When many initially think of a club's architecture and design, the likely images that come to mind are the end result a club's members and other customers will physically see and move around within. However, if we peel back the layers of the onion, we will find that the façade we think of is only that, and to become truly excellent, it must be built on a structure strong enough to support future success.

As I began the process of researching and writing this story, I was (See *Architecture & Design* Page 10)

NAC Owner and IHRSA Chairman-elect, Jim Worthington, Appointed to Presidents' Council on Sports, Fitness and Nutrition

NEWTOWN, PA - On May 4, 2018, the President's Council on Sports, Fitness & Nutrition (PCSFN) announced that it appointed *40-year industry veteran, newly-elected Chairman of the IHRSA Board of Directors, Owner of the Newtown Athletic Club (NAC) and physical activity champion, Jim Worthington*, to serve. Mr. Worthington will be serving with other newly appointed individuals including: Herschel Walker, Mariano Rivera, Bill Belichick, Dr. Oz, Lou Ferrigno and Misty-May Traenor.

The President's Council on Sports, Fitness & Nutrition was formed in 1956, and since then, has worked to create and promote programs that allow Americans to adopt healthy lifestyles that stress the importance of regular physical activity and good nutrition. The President's Council

plays a key role in educating Americans and leading outreach and awareness efforts to improve the health and fitness of the American people.

"I am honored to have been appointed to serve on the President's Council on Sports, Fitness & Nutrition and to work with Secretary Alex Azar of the Department of Health and Human Services to develop a national strategy to expand participation in youth sports, encourage regular physical activity, and promote good nutrition for all Americans. These initiatives align perfectly with my 40-year career in the fitness industry and my upcoming chairmanship of IHRSA, which begins on July 1," said Worthington of being selected for this high honor.

This achievement for Mr.

Worthington is the culmination of a lifetime of work and dedication to health and fitness for the members of the NAC, the community, the nation and the world. The appointment is a reflection and recognition of what the NAC has done to promote healthy living for 40 years (celebrating its 40th Anniversary) and how, with the support and dedication of the NAC members, staff and the community, its standing in the nation and the world has been validated. As the Chair of IHRSA (International Health Racquet and Sportsclub Association) and now a member of the President's Council, Jim will work harder than ever to create and promote health and wellness for the nation. He is grateful to the members of the NAC and the community for their support throughout this tremendous journey.



Jim Worthington, NAC Owner and IHRSA Chairman-elect

Inside the Insider: Edition #293

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- How to Get More Prospects to Visit Your Website (And, it's probably not what you think) - **By:** Jim Thomas
- The Best Financing Available Today - **By:** Paul Bosley
- Social Media Isn't Going Away, But You Can Get In Front of It! - **By:** Sam Johnson
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- The Atlantic Club's Country Concert for ALS a Huge Success
- Life Time Disrupts Shared Workspace Industry With Opening of Life Time Work
- Deneen Laprade Named VP of Business Development for Instinctive Insights
- The Bay Club Company Acquires Broadway Tennis Center
- 700+ Capitol Hill Staffers Set New Participation Record in ACE Congressional Fitness Challenge
- And, of Course, *Norm's Notes*

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in the category of the former, not realizing how much goes into the concept of a "design." Everything from your current or future location(s) and its local competition, to whom your customers will be and what you will offer them at all levels, as well as price points, will be but a few of many questions that must be asked before the first line of graphite is ever put down on paper.

Within the process that unfolds, the architect or designer should never be thought of as a mercenary, paid only to bring a steadfast vision to life. Instead, they should be thought of as a partner in the endeavor of your club's design because that is how they look at you in delivering to you a great design. Only by working cooperatively together can an optimal solution be found. From there, the foundation of yet another overnight success can be formed. The end game is their utmost priority, but know, it will take time, clear communication and multiple iterations before it comes to reality.

With that, I introduce to you the interviewees for **Part I of Club Insider's** cover story on modern club architecture and design: **Rudy Fabiano**, *Principal, Fabiano Designs*, and **Bruce Carter**, *Principal, Optimal Design Systems International*. I invite you to read on.

An Interview with Rudy Fabiano, Principal, Fabiano Designs

Club Insider (C.I.) - What is the difference between an architect and a designer? Where did you study architecture, and where did you first start out professionally?
Rudy Fabiano (RF) - I received my Bachelor of Architecture from New Jersey Institute of Technology. Typically, it is a 5-year program with a requirement of an additional three years working as an apprentice under a registered architect, meaning it is eight

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years in total before you are allowed to take your licensing test, which is similar to the Bar Exam for lawyers. I had to take a 4-day, 9-part test. So, to become an architect, it's a very long education and apprenticeship process. Also, licensing is required by each individual state, so an architect needs to be licensed in the state in which they plan to work. Fortunately, I'm a nationally accredited architect, which allows me to get licensed in other states through a simple administrative process, rather than sitting for tests in each state. Today, I'm a registered and licensed architect in probably 35 states, as it may fluctuate as work comes in from different regions.

This is a very different process than being a designer, since the laws put a huge responsibility on architects to protect the health, safety and welfare of the users, whereas designers don't have that level of responsibility. As a designer, you don't require licensing; however, to call yourself an interior designer, in many states, you do. You can be a good designer or bad designer, and no litigation typically is going to stand in your way. However, I believe having a clear design strategy, understanding materials, life safety and project specific flow and function is very important to the project's success, whether you are the architect or the designer.

To my firm, Fabiano Designs, that distinction is important because, sometimes, we are the architects for the project, and other times, we work with a local architect as the project designers. We have architects and interior designers on

staff, so our clients do get the benefit of an experienced architecture firm, even when we are only the designers on the project. Personally, I am a registered and licensed architect, a certified interior designer and also a professional planner.

I became a registered architect in 1991. Starting out, I was an in-house designer for a land developer, so in the 1980s, we would find open land, purchase it and go through the approval process to change the zoning, which added to the value of the land, and allowed us to build what the market dictated to maximize the financial returns for our investors. So, I would develop the land, assist in the design of the buildings, and then, design the individual tenant spaces. I'd then get the permits and hire the contractors to build the space, so it was turn-key and gave me a great insight on the building process, understanding what makes it efficient and what could be better. As a young designer in my early 20s, this was an extraordinary well-rounded experience in all phases of the development process. I believe that experience still helps me to this day.

C.I. - When and how did you become focused on the health and fitness club industry?

RF - What got me into the health and fitness industry is that, while working with the development company, one of our tenants was Gold's Gym. I designed the club and built it for our tenants. The owners were a fun couple, starting a new venture. I really enjoyed the ability to mold



Rudy Fabiano

a big space into something people would enjoy being in. Interestingly, Bruce Carter was their consultant. I know he's the other interviewee in this story, so it's just an interesting circle that, 30 years later, we are still working in the health and fitness business. It was 1989, and my first of many Gold's Gyms was in the Princeton area of New Jersey.

As a young architect I had a lot of ideas. Some were buildable; many were probably not, but I found a way. In my second club, we poured the entire 35-foot front desk juice bar shaped like a snake out of concrete. We had to hire a surfboard maker to sculpt the form for it, which I think his payment was a lifetime membership. I will say it was a head turner showpiece that got lots of attention when members walked in the building.

As I said, I went through many years of schooling, and during that time, I really focused on design theory and how spaces can and do affect people. So many of my designs have had a social purpose to them, and not just the 'what's the flavor of the month style.' Because of my training, I very quickly came to understand
(See *Architecture & Design* Page 12)



Gainesville Health & Fitness Exterior - Gainesville, FL



SKYCYCLE at Gainesville Health & Fitness - Gainesville, FL

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that fitness had an interesting cultural perception to overcome; there was a lot of anxiety associated with people who were not familiar with working out. I started to experiment on how to communicate what fitness was really about to the regular person, how to put them at ease and reducing intimidation. In the late 1980s, you had the workout pros and then the others. The challenge was really to get everyone else to buy in to it and to understand it was about health and wellness and not just about muscle. For me, gyms allowed me to practice my theories of design as a motivation tool and social center for engagement.

Working on the first club, it became immediately apparent to me that fitness was a great laboratory to research and try out new ideas on how to affect people to be comfortable and at ease. Creating designs to allow people to interact with each other by bringing sociability, health and community into the design. We are still focusing on that in our designs today.

C.I. - How many facilities have you designed to date?

RF - Because that first club varied from the typical gym designs, it was very successful and won a few awards, and I got owners interested in our design. After a few more projects, it just snowballed, and I think we are now up to over 900 fitness/wellness-related projects worldwide.

Biggest Challenges and Top Advice

C.I. - What are some of the biggest challenges you have faced while designing within this industry?

RF - I believe the greatest challenge for the fitness industry for a while had been its success. The industry was basically mom and pop at the time, and it was hard to

convince some clients to take a chance on different design strategies or having them understand the value of design to their business. Part of the problem was that there was so much equipment there was hardly room or money for anything else. Bringing balance to the work and convincing owners of the importance of social spaces, or nodes as we called them, was a challenge.

I do not believe that is the challenge any longer. The industry is a well-established business model with savvy investors. Convincing the owners of the importance and the value of a well-designed club has gotten much easier. These guys are well-seasoned businessmen/women, and they understand that design will affect their bottom line. Everyone learned from Apple that smart design can help you build an empire. I believe elevated design standards aimed at increasing returns is part of our client's expectation in hiring us. We do that by connecting with a member's emotional need to be part of something unique and beautiful.

There are still the typical challenges that come with any building or renovation project: budget, quality and time. Building a quality club on a tight budget or short timeframe requires experience and creativity. However, I do believe that our trademark is that, regardless of the budget, our projects will flow, look and feel like we spend much more than we did. They should all feel highly-designed and thought-out. Our clients know that we are committed to a design that will bring a value to the project, both in terms of membership and membership experience.

Many people consider design to be an aesthetic creation that is judged by the look. Certainly, people do judge based on how everything looks. However, if the flow is confusing, or something doesn't work right, a user's perception of the space will change very quickly. True design is a solution-based endeavor with many layers that need to be considered and resolved.

Items such as the flow of the club, the correct square footage for each program, creating effective back of the house operations, proper heating and cooling, considering member comfort, creating the fostering social and cultural opportunities all need to be packaged in a beautiful and simple way that creates an *exceptional* experience. Rather than just go by the look, you've got to 'live' in it and use it to really appreciate a great space. One mantra we have is that, until we and the client think the design works on all these levels, it's not good enough to build. No matter what our fee is, we don't limit the number of designs we will create until we achieve that balance.

Stating the obvious here, this industry owes a lot to the driven, innovative and smart owners who led the way in trying out new programming, delivery methods and spending their resources on new ideas. I have been lucky enough to be allowed to do my job. I am still fortunate to count many of this industry's leaders as my clients. Together, as a team, we have been able to push the envelope, creating designs that really deliver a fulfilling experience to the members, which is what it's all about. We have a saying: Great clients create great projects.

C.I. - Above all, when beginning the process of either a new build or a renovation/expansion, what is the top piece of advice you can offer to a prospective owner?

RF - When renovating, before any work can be done, you have to have an understanding of what you have. What is broken and needs fixing, and what is not. One of the basic services we offer is a facility analysis and master planning. We will come out and do an analysis of your club, evaluate all the spaces and components and produce a master plan solution on what we recommend should be modified. It could be aesthetic or programmed-based; sometimes, it is just

the flow. Usually, it's a combination of many items. But, doing an evaluation and having a plan of action is really the only way to spend money on a renovation. Often, what an owner thinks is wrong is not necessarily what needs to be modified. They think to just fix the lobby and all will be well. But, from a renovation perspective, I think it's really important to look at the entire club: the flow, the programming and what's really affecting slow membership growth, lack of sales or low satisfaction for the member. What is frustrating your employees? What is frustrating your instructors? All the above can lead to poor sales or retention.

As an example, maybe the acoustics in a group exercise room are bad. The instructor can't communicate well because it echoes too much, and the members have a bad experience in terms of trying to listen. None of that has to do with aesthetics; it has to do with function, which is an important aspect of design.

So, if you're renovating, it's very important to carefully evaluate your starting point and have a vision of what you are trying to accomplish. Are you trying to become stronger in the marketplace? That will affect what you will do. Are you trying to retain your members because competition is coming in? That means you may want to improve on your programming, offer more innovative classes, create more studios or turf areas, or make your amenity spaces more legitimate, such as the locker rooms. If you're building new, you need to have an understanding of who you are or going to be, who your members will be and what your marketplace niche is. It all starts from the initial vision. Without that, it's very hard to just be everything to everybody, so it's important to understand who your core members are going to be and what your core values and competency in serving the community (your members) will be.

When it's a new a client, it might take some time for them to truly understand (See *Architecture & Design Page 14*)



Gold's Gym Anaheim Exterior - Anaheim, CA



Lobby and Lounge Area at Gold's Gym Anaheim - Anaheim, CA

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who they are as a club. Because we are so ingrained in the industry and so well-versed in most of all of the programming offered, we can run down the list with them and help them prioritize what is important to offer. Depending on the size of the club, do they want boutique style offerings within or will they be a general, basic club? We certainly do help and advise on programming and market opportunities, but what I have found is that, typically, the organization is going to take on the personality of its leadership. Strong leaders with a true vision are the ones succeeding today in our industry.

Currently, 80% of the people we work with are very experienced, multi-club owners who know what business they are in and know what they want to deliver to their members, but they come to us to enhance their vision to the next level. Working with successful companies is a bit of a challenge. You have to key into what is successful about their business genetics and where the opportunities for improvement are. Based on our extensive experience, I believe we are well suited to elevate these companies. The amount of money being poured into this industry by equity firms, financial institutions and investment groups is pretty impressive. But, there is a very short leash on how that money is spent when it comes to capital improvements. Stretching those dollars to create outstanding facilities has always been our strength.

C.I. - These are exciting times.

RF - They are exciting times, and it's interesting because it's really allowing us to now look way beyond where we thought fitness centers and health clubs were and look at the true picture, which is a multi-faceted facility that has wellness, fitness, recovery and social implications for members. So, it's quite interesting

and innovative. Let me also add this: We used to look at a lot of other industries to learn from. We used to look at hospitality, restaurants and hospitals. Those industries are now starting to look at us and learn from our experience and our success. It has come full circle. There was a time when owners would have tremendous difficulty in getting financing. Right now, if you have multiple clubs under your umbrella, *people are looking for you*, to invest in you or to provide you with the spaces you require. So, I think we are entering the real start of maturity for this industry.

Creating a Fit

C.I. - What things do you look for, and what things should a prospective owner look for, when determining if there is a good fit between designer and owner heading forward in what will typically be a year-long or more relationship?

RF - It's important to have the same goals. First, there are always going to be financial challenges. I've never had a project where someone said, 'Rudy, spend as much money as you want.' There is always a very firm budget because that makes good business sense. So, you need to be compatible from a financial standpoint versus what is achievable in the marketplace for that budget. You also need to be compatible from an ethical perspective. Beyond that, aesthetics don't worry me too much because we have many different styles and can adapt. We have a very high satisfaction rate of delivering clubs our clients and their members truly enjoy.

Owners who demand a lot and have very high expectations are the ones we really enjoy working with. At the same time, I think the most successful projects are when owners allow us to do our job. We look at the owner as being part of the design team; can we work together and come up with something better than

what we would come up with individually? So, I look for compatibility, but it's equally important to have different points of view that can stretch my imagination. We are part of the same team, as such, I enjoy when my teammates push me to be better.

Conversely at times, we do say, 'no.' There may be unrealistic expectations. Maybe they have an unrealistic timeline or unrealistic budget we simply cannot meet for various reasons. If the chances for success are very slim, or we don't feel we can provide what a prospect needs, we usually advise that we are probably not the proper fit. As a business owner, that is a difficult, but important concept to understand.

The Process

C.I. - Once that fit is determined, please take us through your typical design process. Does your process differ based on whether the project is a new build vs. renovation?

RF - The design process is one part of the overall process for the project. We are an architectural and interior design firm, so we have architects and interior designers on staff. We approach each project, holistically, as a team. We will typically have a project manager, who organizes and schedules the project. We will have a design principal, who is in charge of the strategic vision for the project and usually manages client's expectation to the team. Many times, that is me, but I'm not the only design principal here. Depending on the project, we will have an architect who puts the project together in drawing form, as well as interior designers, who are in charge of all the materials, finishes and what the look and feel of the club will be. Finally, we have support staff. Part of the team is the ownership. They may have someone who helps, or it may be the actual owner. We usually meet regularly until the project is complete.

The process begins with setting

up the project. What is the timeline? What are the milestones we are trying to hit? What is the budget? And, really getting into the parameters and defining what would make the project a success. We start by scheduling out the project, and we use a program called *Smartsheet*. It gives you a schedule, but it also allows for tasks to be given to team members, as well as to be used as a communication tool. It outlines how many days things will take, so it's a true project schedule that may or may not encompass the construction aspect of it as well. Once we have that, we get into the programming. At this point, no drawings are being done, and no finishes are being looked at. What we are really trying to do is understand the needs and requirements of the project. Typically, part of the process is a room-by-room analysis. What spaces does the owner want? How many people should we accommodate? We really get into the nitty gritty of the different rooms. If it's a new owner, he may not know, and we will help him.

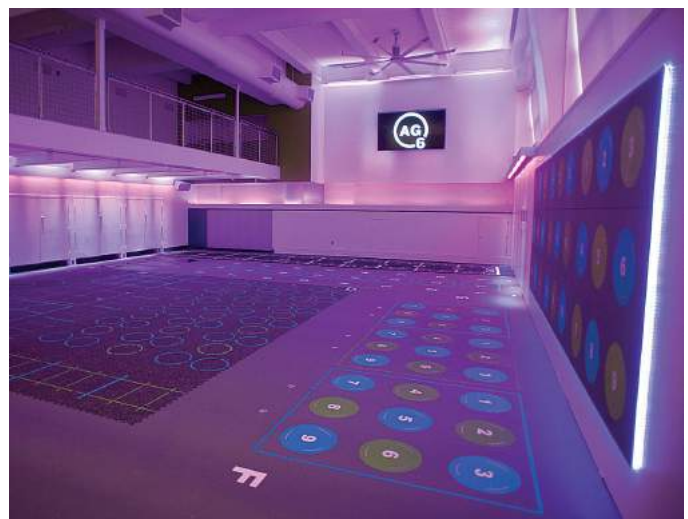
At the same time, based on what they've told us and the expectations, we will set up a Pinterest Board. This allows both of us to capture images from around the world and throw them into the bin. 'We like this,' or 'that's a cool look,' just to get us talking about the aesthetics and the direction we want to go.

Once we understand the programming and have a really good understanding of the timeline, we start designing. It starts with the floorplan, and we may go through 10 - 20 evolutions. We don't limit the amount of design iterations and design until everyone is happy with it. We don't settle. The owner might like something, but I might not like it yet because I can visualize what it will be like when complete. As the master plan starts to work with all the different rooms, we move into 3D visuals, which is incredibly helpful to all of us. 'Here's what it's going to look

(See *Architecture & Design* Page 16)



Lobby and Lounge Area at Studio Fifty Five - Jeddah, Saudi Arabia



Workout Space at Asphalt Green - New York, NY

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like,' and everyone gets excited.

From there, we go through the materials process and get to a final design that everyone is onboard with. Finally, we document it all so we can price it, build it and permit it. On a small project, everything I just explained can happen in three weeks. On a larger project, it can be 4 - 8 months. But, if you are going to spend the kind of money it takes to build properly, it's important to really be thoughtful and purposeful about your design decisions and the materials that you use.

One of the things I think I'm most proud of is, over the years, we have learned how to better hit budgets and timelines. To most owners, those are #1 and #2 in terms of their success matrix. And, I'll tell you, more and more, we work with chains that are owned by larger companies, and those two items are usually non-negotiable. 'Here's your budget. Here's your timeline. Deliver.' So, we've had to get very sophisticated in our approach to achieve those. With all that said, we fully understand that, when the project is complete, our clients want everyone to come in and say, 'Wow!' What we want is for members who have used the club for six months or more to still love coming to our project. They deserve a member experience worthy of their time, money and trust.

An Interview With Bruce Carter, Principal, Optimal Design Systems Intl

Club Insider (C.I.) - When and how did you become involved with designing facilities for the health and fitness club industry?

Bruce Carter (BC) - When I was 13 years old, I ordered a set of weights from Joe Weider. I just fell in love with it, and I started working at a health club in high school. I was a trainer, and this is back in 1965. Then, I worked at the gym at UCONN. And,



my first job out of UCONN was working at European Health Spa, so I have always been drawn to health clubs and have worked in them. As a result, I've worked every position in a health club. I've been a janitor, pool attendant, trainer, training manager, group exercise instructor, sales person, sales manager, a manager and a partner in many clubs.

In 1980, My brother, **Bill Carter**, and I started Optimal Designs. My brother went to school at Spring Garden Institute and Harvard, and he was the design end of it. I got my undergraduate and graduate work at University of Connecticut in marketing, so we combined his design experience with my health club business experience. That was the model.

As a company, for the first 15 years, we started out designing and doing complete start-ups, so we did everything: financial packages, the pro-formas, meeting with the banks, site finding, lease negotiation, site analysis, staff hiring and training, putting in all the financial systems, all initial marketing, sales hiring and training, and we designed it. So, we did everything. It was turn-key, and we did about 150 startups like that.

About 20 years ago, we sold the consulting end of it. In fact, one of my employees bought it and continued on

with it. Then, we just focused on design and certain types of consulting. Now, my brother just consults with the company, and the designers we have on staff are all degreed in design.

From a perspective of design, I've worked in all the positions of a club and been a partner in clubs, so when we design, we do so with a lot of hats on, including being the owner. That's because, as a partner in a club, you look at design differently because you are now spending your own money. It's not that, if we did design and nothing else, that wouldn't be wrong, but because we are working in a commercial industry, we are very disciplined on how we spend money because I know what it's like to spend it and then have to service the debt on it.

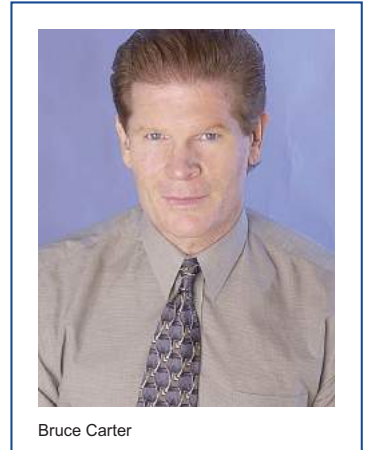
C.I. - How many facilities have you designed to date?

BC - We've worked on about 570 facilities.

Biggest Challenges and Top Advice

C.I. - What are some of the biggest challenges you have faced while designing within this industry?

BC - We are interior designers, so with everything we do, we will end up having a local architect working with us. We are the interior people and specialize in clubs

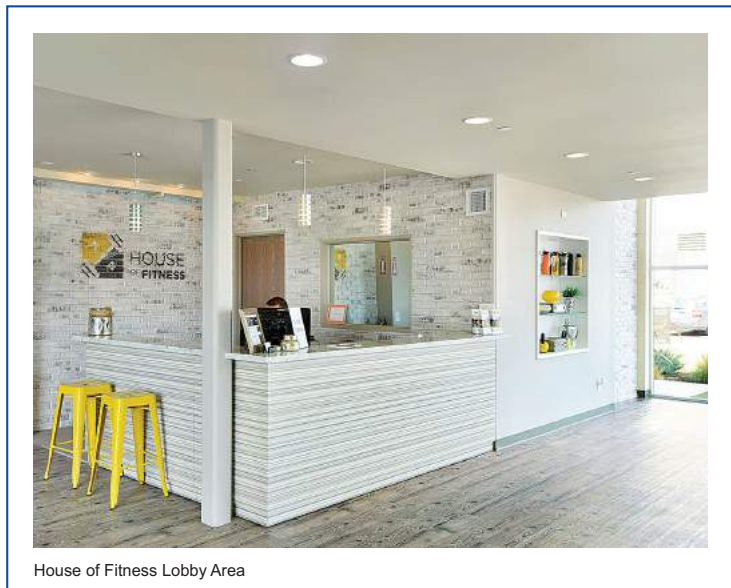


Bruce Carter

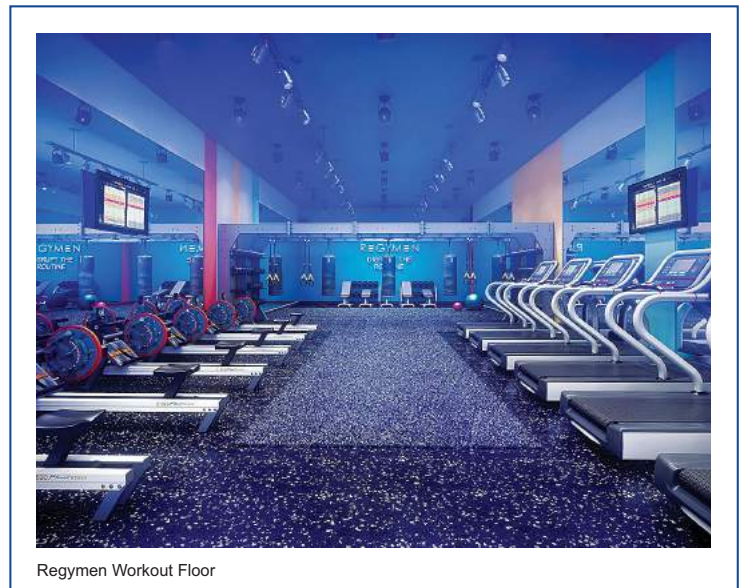
of all shapes and sizes, but we are not the people who will do the final mechanical drawings and things like that.

As things have evolved, initially, one of our biggest challenges was to get club owners to think about and understand that design was a critical component of a successful club. The club industry evolved out of the hobby business, meaning fitness people opening up gyms because that was their love and passion. So, as the industry evolved, it was all about the workout. The mentality of, 'What do we care if it looks nice; we are here to work out.' So, over the years, getting the club owner to see the importance of design has been one of the bigger challenges. It has definitely been changing, but it is still to some degree 'about the workout.'

In my last article that you published (*How to Design a Club for Maximum Sales Power - January 2018 Edition of Club Insider*), I wrote that the fitness industry is evolving into the hospitality industry. In the hospitality industry, we are here to welcome people, so we've evolved into a hospitality and social environment with an emphasis on fitness and wellbeing. And, we look (See *Architecture & Design Page 17*)



House of Fitness Lobby Area



Regymen Workout Floor

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at health clubs as a place in any market where people can come and make positive changes in their lives. That's more of the mind, body and soul component of what we provide. It's not just physical.

Of course, there are challenges from project to project. One for us is always getting the most exciting, dynamic and inviting club for minimal dollars. How do we get the most wow factor without spending a ton of money? Because the money has to be paid back... And, it's been proven that, just because you spent a lot of money on design, it doesn't mean you can charge more. There are a lot of clubs in the 'club graveyard' that spent a lot of money and then charged a lot because they spent a lot, but we are in a very price sensitive industry. And, the \$10 model proved that even more. However, with the fitness studios, price sensitivity has been readjusted to where some people are now paying a lot for a little. At the same time, on the other end of the spectrum, there are still the \$10 clubs. We are still in a price sensitive industry, but it has become skewed. Planet Fitness changed the model, and a lot of clubs had to come down in price. Then came the boutique studios. Like anything, you can go to Wal-Mart for clothing, but if you want a great, specialized piece of clothing, you will go to a boutique and pay four or five times the price. There will always be a certain percentage of people who don't have a problem with that.

C.I. - Above all, when beginning the process of either a new build or a renovation/expansion, what is the top piece of advice you can offer to a prospective owner?

BC - Design needs to support the business plan. The first part of the process is that we want to find out from the owner what their business plan is. The design has to have the facilities necessary to provide

the programming to generate the revenue planned for, and this applies to a new club or renovation. With the onslaught of lower-priced models and more competition in that segment, clubs had to start thinking of how to get more dues or average dues per member. This has led to the low-price \$10 model now wanting to upsell to additional facilities and programming. And, clubs that are not low-priced model are also changing their business plan to do the same.

To put it a little different: Everyone is doing it now, so it's a more dynamic business than ever. It used to be that you opened a club at \$39 a month, an add-on for \$19 a month and 90% of your revenue was dues-based. Now, it's down to about 60% of revenue being dues-based and the rest is fee-based programming. So, the trend, obviously, is to get more dues per member, and the key is to get more revenue per square foot. The boutiques do tremendous revenue per square foot and significant revenue per member, and they've been very successful against larger clubs.

Because of \$10 clubs, the model has changed. Then, because of studio clubs, the model has changed. And, now, we are adding studio clubs within clubs, so when they go to compete, their experiences are as exciting and dynamic as they are at smaller studio clubs but within a larger club. We do a lot of studio clubs as well, and still, people do look at the studios and say, 'They must be better at it because they specialize in it.' So, larger clubs need to make sure the environment and space looks really cool and is exciting in order for people to see they are really good at it. Then, they need to follow up with staff and support mechanisms like that.

Creating a Fit

C.I. - What things do you look for, and what things should a prospective owner look for, when determining if there is a good

fit between designer and owner heading forward into what will typically be a year-long or more relationship?

BC - For us, it has been pretty easy. The vast majority of our business for the past 38 years has been word-of-mouth referrals. We just look at the potential client and suggest they talk to other clients of ours that are similar to what they want to do. We have enough projects out there that we have done. Even if they have a chain of 8 - 12 clubs, we will say, 'Here's another chain with 8 - 12 clubs. You may want to talk to them.' But, how do we know we will be a good fit? A lot of it is rapport.

Our approach is to get the most bang for the buck club. That's where we come from, and again, that's from me having been a club owner on a number of occasions. I look at it and say, 'We want big-time wow factor but with discipline on what we spend.' So, we are very aggressive on how we specify things. On a side note, I will say that we do have some clients where we do not have a really tight budget, such as with some major country clubs, hotel and corporate fitness centers, and surgery centers. With these things, we have quite a budget and are not trying to get a return on investment. It's just a different set of variables, but in the commercial fitness industry, which is the bulk of our work over the years, we really have to please the market in every way possible and make sure the debt is in line with revenue. There's an IHRSA figure where debt should not exceed a certain percentage of revenue, and we understand that because we've done enough feasibility studies and financial planning over the years.

So, in determining a good fit, we just kind of know right away. We fit with most everyone, but at times people want to totally personalize their club. And, we tell people, 'We are not designing your house.' That's a big thing. This is commercial; we aren't doing homes. Designing a house means the health club owner will say something like, 'I

want you to design a club that I am going to love.' Well, we don't know if the market is going to love that, and we are designing for the market, not an individual. So, we let clients know that ahead of time. Obviously, they can have input and choices along the way, but it can't be so personalized as to be totally geared for them. That's where our team's background comes in. As a design firm, we are very market-oriented, and we create things we know the market will want and respond to.

The Process

C.I. - Once that fit is determined, please take us through your typical design process. Does your process differ based on whether the project is a new build vs. renovation?

BC - With a new build, you've got a clean slate and can start from scratch, if you will, to create what you want as an end result. With renovations, the number of things you might do is all over the place. One of the renovations we have done was an early IHRSA club called the Waverly Oaks Athletic Club, up in Boston, and that was a total renovation. Top to bottom, everything changed. But, other renovations might only be a cosmetic change, or it could be a partial or several phased-in changes. Often, you are working with an existing set of design variables, and you've got to work with those to put together something new, yet conforming, relative to budget. The creative process of renovation is to keep some things and bring in new things, making everything look brand new, yet you didn't change some things. And, there's an art to how you pull that off.

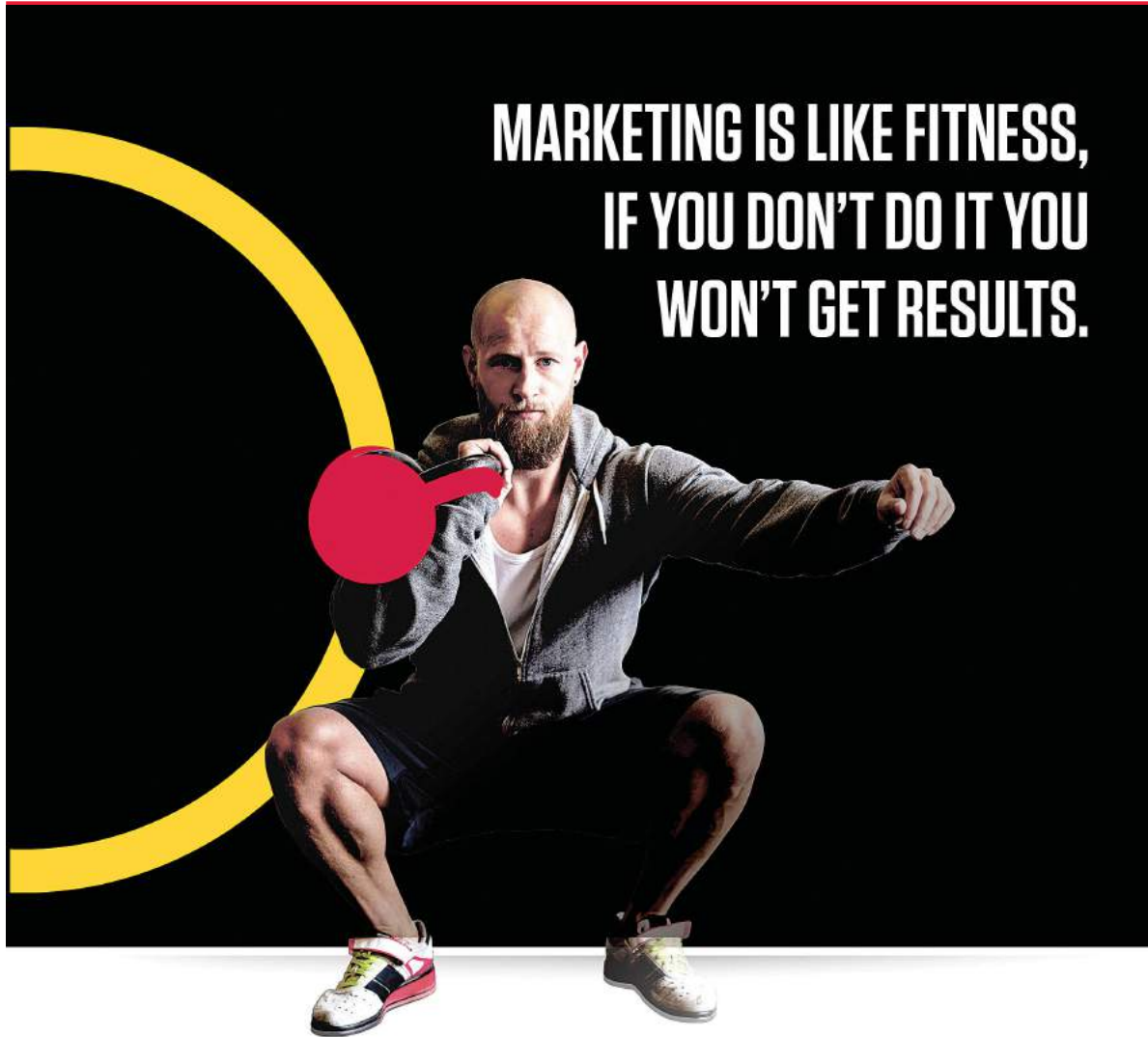
With both, the process is always to ask questions and find out what the client's objectives and goals are with the facility. Do they have an existing club? What is the business plan? Who is the competition? We will visit the competition, and we also look at the market demographics because (See *Architecture & Design* Page 18)



Waverly Oaks Lobby and Lounge Area



Waverly Oaks Workout Floor



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it lets us know who's in the marketplace and who we are trying to please. From there, we see what the space is or what space is available to them.

Then, we begin to create the plan. We will create a *schematic*. It's a space-planning tool. What goes where? From there, it flows into the details of the layout, materials, finishes, lighting and things like that. The homework, though, is first finding out those important things about them.

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Thank you very much to **Rudy Fabiano** and **Bruce Carter** for their time interviewing for **Part I** of this in-depth cover story on club architecture and design. Next month, you will hear from them once more discussing the tangibles, modern materials and finishes, as well as offering additional advice they have for you in your next project. Thank you also to **Kellie Fabiano, Kirsten Braddock** and **Johanna Carter** for their assistance with photos, graphics and other support activities. **Stay Tuned for Part II** in the **June Edition of Club Insider.**

(Justin Cates is the Assistant Publisher of Club Insider and grew up in the health and fitness 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 that doubled as Club Insider Headquarters. He has lived and breathed this industry for 33 years, since his own day one and is an integral part of the "Story" of Norm Cates and Club Insider. Justin can be reached by phone at 423-314-4310 or email at Justin@clubinsideronline.com)



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