

Norm Cates' CLUB INSIDER™

The Pulse of the Health and Fitness Club Industry



Baptist Health/Milestone Wellness Center in Louisville, Kentucky

**Baptist Health/
Milestone Wellness Center**
Where You Matter Most

JANUARY 2016

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Baptist Health/Milestone Wellness Center

Where You Matter Most

By: Justin Cates

Happy New Year! I hope your holidays were great and the New Year's rush is going even better. Let's dive right into the **January 2016 Edition** of CLUB INSIDER. This month, our cover story features a very interesting story out of Louisville, Kentucky: **Baptist Health/Milestone Wellness Center**, led by President **Diane Kelton**.

Just before Christmas, I had the opportunity to visit the 70,000 square-foot facility, and I saw and learned some very fascinating things. When writing cover stories, I usually try to bring across one or two key themes that truly defines the

subject being featured. This focuses the interviews and the writing of the story. It also allows the reader to rapidly learn the key points that should be taken away from a given story. This month, that will not be the case as Baptist Health/Milestone Wellness Center truly excels at three major components that, in and of themselves, would normally define a facility.

To that end, this month, you will also notice a slightly modified format for the cover story interview, as I had the opportunity to conduct a primary group interview with four key team members in a group discussion about key components that define their organization, followed up by several individual interviews.

In the first group format interview, you will hear from **Diane Kelton, President**; **Lisa Groft** and **Maria Bernard**, both *Personal Training Co-Directors*; and **Jeff Howard**, a nationally known trainer having appeared on CNN, ABC, The View and Oprah and who has been instrumental in developing many of Milestone's signature classes.

Following the group interview, **Priscilla DeSpain, Membership Concierge**, conducted one of the most extensive club tours I have experienced. I learned the ins and outs of the organization's philosophies and nuances one would only subconsciously pick up on unless told otherwise. But, as a whole, all of those



things make the difference at Milestone. Finally, following the tour, I (See *Baptist/Milestone* Page 10)

“Insider Speaks” *When Two Worlds Collide*

By: Thomas Plummer

Chaos brings opportunity, and the fitness industry is certainly operating in a chaotic mode as we go into 2016. Meaning, if there was ever a time to attack in this industry by anyone looking for growth opportunities, it would be this year.

Chaos can be defined for us as an end of one belief system and the beginning of a new era where, no matter what you think you know about the business, the rules have changed and everything you think you know is now horribly wrong.

On one side of the collision, we have the mainstream fitness world, locked into the rules of 1995 and struggling to find a new identity to stay competitive.

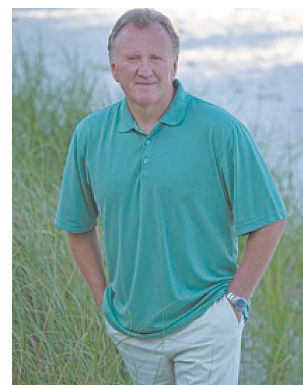
Everything we think we know in that world is failing. The \$39 price point is disappearing and is being replaced by the \$9 - \$19 players. The traditional way we market to consumers doesn't work any longer... illustrated by the end of almost all retro marketing tools, such as direct mail, newspaper ads, radio and cable television. And, most importantly, the client is becoming better educated and no longer will settle for what has passed as a fitness industry for the last 70 years.

On the other side of the collision, we have the training gyms. With respect to the lower end struggle, weirdly, it is just beginning to heat up, and the low-price players will find themselves in a total war this year. The original \$10 gyms have

always believed that price is their definer and that the \$10 barrier would protect this category, since no one would be crazy enough to go lower. Yet, not only are some crazy enough, their plan is perhaps that of a mad genius.

There are now gyms in the Northeast offering two-for-one memberships for \$10! The mad genius part is that no one cares about the number of people it takes to sell a \$10 membership. Getting the \$10 membership sold is the goal. And, it won't be long before it might be four people for \$10. Just crank out the \$10 memberships and don't care about the number of the people in the gym!

This is crazy, but is it crazy smart?
(See “Insider Speaks” Page 6)



Thomas Plummer

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met individually with Diane Kelton and then **Chuck Bent**, *Director of the HMR Program*. Having lost 100 pounds on the program he now oversees at Milestone, Chuck is an inspiration full of energy and vigor, and helping others achieve those same results has become his life's work. And, interestingly enough, both Diane and Chuck, as well as some other staff members I met, were all members of the club before ever coming on as staff members. And now, they are the leaders of the organization.

The story of Baptist Health/Milestone Wellness Center is one that will make you feel good about what you are doing to help others within our incredibly great industry. But, more than that, Milestone is a great example to learn from as facilities across our nation learn and adapt to truly become the solution to so many health care issues moving forward. Happy New Year! Make it a great and **FUN** one! And, I urge you to read on...

A Group Interview With Milestone Staff

CLUB INSIDER (C.I.) - When and how did the Milestone Wellness Center come to be?
Diane Kelton (DK) - Milestone originally opened in 1984. Paul Schmitt, who had been the Director of the Y, opened it. His significant other, Sue Schonberger, was very involved, too. She's actually still our Group Exercise Director. They opened the club, and it was about 8,500 square feet. After about 15 years, it grew to about 18,000 square feet. At the time, the lease was up, and they looked at doing an expansion.

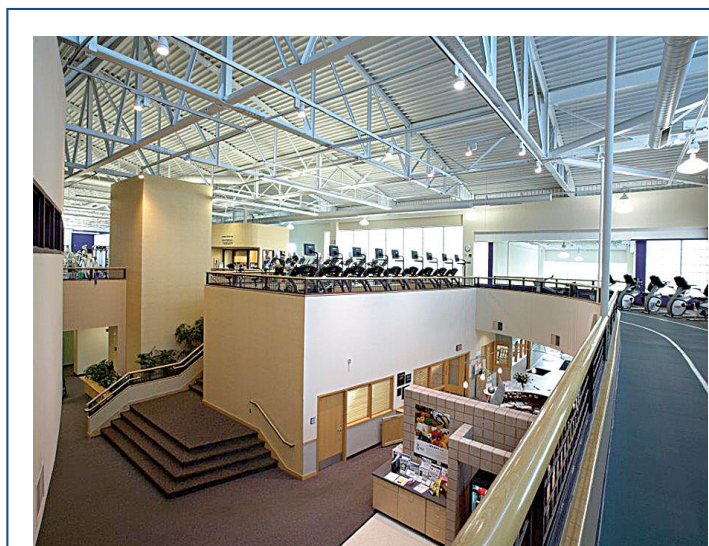
The gentleman who was the Board Chair at the time was Tom Payette. He owned a Jaguar Dealership and really oversaw the business side. I had come on doing the accounting in 1990. We connected with Donald Demars, who was

a consultant out of California, and he had done a lot of hospital partnerships in the fitness industry. He recommended that we try to partner with a hospital. Through a very long process, things worked out with Baptist Health Louisville. In the fall of 1999, we broke ground on this property and opened it in November 2000. We just celebrated our 15th anniversary here.

C.I. - When and how did Baptist Health come into the fold?

DK - During the search process, we sent a letter out to all area hospitals. Oddly enough, Baptist Health had the least interest initially, though they were interested in leasing space for physical therapy. Donald Demars had done a club with a group in Beaumont, Texas. At the time, the Board Chair for the hospital flew several of us down to look at it. When we came back, Sue Tamme, who was the President of Baptist Health came back and said it didn't make sense for them to lease space and would now like to be a 50/50 owner. She is still involved with the hospital and is our current Board Chair.

It was a long process, and many things had to fall in place. We had an option on the land. It was a member who is still a member today. We had money down on it, but it was totally refundable, which is very unusual. We did a private placement. There was a group of about 20 investors who owned Milestone, but we had to raise about \$1 million to match the hospital's investment. At the time, Blairwood, which is a local club, was owned by Caritas, another hospital system. They were looking to do a big expansion and had actually hired the Michigan Athletic Club on a management contract. So, we were both in the running to do the expansion. Theirs never came about and was sold back privately. But, because of that, the two groups, Milestone and Baptist Health decided to pick out architects, contractors and everything, even though we didn't have the money yet. It was just with the



Baptist Health/Milestone Wellness Center Interior

hope that it would work out, and if it didn't, that the two groups would share the expenses and move on. I remember sitting at the hospital thinking, 'This is so weird, picking out carpet for my office though we did not have any money.' But, in the end, we did raise the money through a private placement and got our financing in order.

C.I. - Please tell us about your personal experience with the Center prior to coming on board as a staff member and later, President of the organization.

DK - I became a member in 1985. Then, I started doing accounting for them part-time in 1990. My degree was in accounting, and I have an MBA. When I was 20 years old, if someone had told me this is what I would be doing, I would have laughed at them. I never played sports, was never athletic and was always overweight as a child, but I lost weight in college. Later, I saw a special Milestone was running: *10 weeks for \$100*. I thought I wouldn't do it, but for \$100, I figured why not? So, I started going and started in Sue Schonberger's class. It was a very regimented program where she had the class three times a week. I thought, 'this isn't so bad.' So, I ended up joining after the special was over.

As I mentioned, my degree was in accounting. At the time, I worked for a local restaurant management company, but I always knew I wanted to be more on the operational side than the accounting side. I was doing accounting for a lot of small businesses, and that's when I started doing some work for Milestone. In 1989, the original Milestone investors sold out to a group of local businessmen, of which some of them are still very involved. Through the process of needing accounting help, Sue Schonberger recommended me to Tom Payette, and that's how I started working with them.

As it got into the late '90s, when they were looking at this expansion, which was going from a small investment to a \$14 million one, they knew they were going

to need to bring someone on business-wise. Because Tom and I had worked so closely together, he kept pushing for me to get more involved. At the time, I also applied for Law School and was accepted. So, in the fall of '99, I went to Law School that semester, and it was the year we broke ground. I had a vision that I was going to do both (laughs), and in the second semester on the third day, I had to make a choice. So, here I am 15 years later (laughs again).

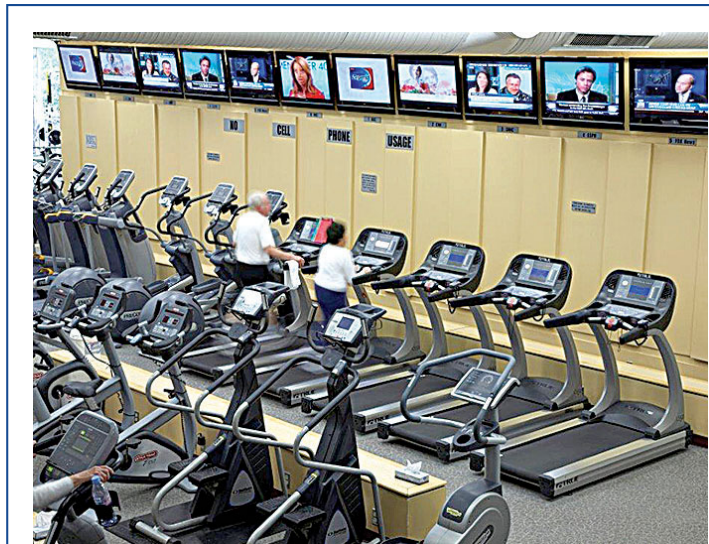
C.I. - Partnering with Baptist Health facilitated a move to a new location built from the ground up. Please describe the current facility/amenities, programs and other offerings.

DK - We have a 70,000 square-foot, state-of-the-art facility that includes a 25-yard, 5-lane lap pool; large warm-therapy pool; whirlpool; 250+ fitness and aquatic classes for all fitness levels, kickboxing to yoga; cardiovascular and resistance equipment; 1/11th-mile walking and jogging track; fully equipped Pilates training studio (extra fee); cycling studio with LeMond RevMaster bikes; Life Fitness + Hammer Strength equipment; Cybex Arc Trainers; TRX (extra fee); Oasis Spa (extra fee); Personal Training (extra fee); café; steam rooms and spacious locker rooms.

C.I. - Unlike most centers in this category, Baptist/Milestone is only partially owned by the hospital. Given this, the center has independent investors and a for-profit status. Please tell us about that.

DK - The beauty and success of this facility is that it is really operated like a fitness club. The hospital has plenty of room to do sickness, but they were looking to do wellness. Hospitals are good at what they do, but it's a totally different business than a fitness club. I think our success has been because the hospital saw that. Doing a wellness center was one of Sue Tamme's

(See *Baptist/Milestone* Page 12)



Baptist Health/Milestone Wellness Center Cardio Floor

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big visions during her career, but she had the good sense to know that it was not what their expertise was. So, when we formed the new entity, it was half owned by a group of investors and half owned by the hospital.

C.I. - Also, unlike most facilities, you have a dual role as the General Manager and Controller. Please describe the challenges of that, as well as positives that come from it.

DK - The advantage is that I know the numbers in and out. For any business, that's a huge advantage, whether it's a fitness club or not. As anybody in the club business knows, the challenges are that some days are just crazy.

Jeff Howard (JH) - She has a very open door policy, so members are always welcome to come talk to her, as well as staff, Board Members or whomever. She really has her hand in everything, which is nice. She knows everything that is going on under this roof, which is something I've never experienced before.

CLUB INSIDER (C.I.) - Walking in, I noticed that right away. I didn't even have to go to the front desk because her office is right up front. I immediately saw her out of the corner of my eye because I knew what she looked like, and I thought, 'Oh, this is where I need to be.'

DK - I was very big on designing the club this way. When planning this facility, we had the luxury of visiting a lot of clubs, and the thing I hated was that, so many times, you could never find the management people. They were all hidden back in some corner. Some of those I met made it clear that's the way they wanted it. I'm not that way; it's a member business. You have to love it.

MB - With Diane being visible, accessible and so easy for us to pitch an idea to her, it has been really helpful. She's not afraid to take risks. For example, a few years ago, with all the new things coming along, we tried CrossFit. We bought the equipment and paid the licensing fees to see if it would

appeal to some of the younger people. But, we just didn't really have that community within our membership. You know how the CrossFit community is. So, we decided to discontinue the licensing, but we kept the equipment and have found many people using it. They will still go to CrossFit for that community, but they will still come here for workouts. To evolve, you have to take risks. Sometimes things work, and sometimes they don't.

A Group Discussion About Retention

C.I. - Can you explain the concept of having fitness coaches as part of the initial sales process?

Lisa Groft (LG) - I think that an advantage is that we know the most about fitness out of anybody in the facility. So, if someone asks a question, like 'I've had breast cancer, what can I do and what should I avoid?' then, the fitness coach can tell them how this club can specifically help them during the sales process versus some membership representatives who may not know *exactly* what type of equipment they should be using or how the club can specifically help. The fitness coach can get into more details because they all have a degree in an exercise-related field plus national certifications, so they know their stuff when it comes to fitness.

DK - We are still working on making that process seamless. We've all had that experience before. You go through the salesperson but are then passed on to someone else, so we are trying to create a more seamless process.

Maria Bernard (MB) - Let me add to that. If our salespeople are signing up someone who is looking for general weight loss, they have no problem taking them through and properly selling to them. But, if it's someone who comes in with a specific thing that they are looking for, they will bring a fitness coach in and make them part of the sale. That's important because it shows the person we are selling to that, if the salesperson doesn't have an answer, they will find someone here who does and we are all working together. They see firsthand that there are a lot of people in



Aquatics at Baptist Health/Milestone Wellness Center

this facility who can help them so they aren't just left on their own.

JH - The number one thing that a lot of people are apprehensive of is 'that room.' The equipment looks dangerous, and for someone like an older mother, it's very intimidating; they don't feel comfortable with that. So, the fitness coaches really tend to make it a welcome environment. They explain how the things work. They are going to show them the classes that work. And, I think that really tends to make them feel we really care and are not just trying to get them to sign on the dotted line.

C.I. - How do you communicate with each other to refine your process of doing that? Is there anything in place for that?

All - Meetings.

JH - We have meetings almost every week.

LG - Fitness staff have weekly meetings. The managers are monthly, sometimes twice a month. And, Maria and I meet with Diane once a week.

JH - We also have forms for people we track. When they call in, when they walk in, retention with fitness coaches, the

difference of getting a sale versus not, etc. With all of that, we are definitely finding that retention is better when they have a fitness coach.

DK - Besides formal meetings, we also have a lot of staff interaction between all of us. Our predominant market, about half of our members are between the ages of 40 and 65. And, many of them are very, very fit. About 30% of our membership is 65+. The rest are under 40. With that, there have been a lot of huge advantages with the hospital. But, one of few disadvantages has been perception. When we were first giving hard-hat tours, a lot of people just thought it was a rehab center. And, we are still getting over that hurdle in that people ask us if they have to go for rehab to use the facility, and we have to explain that we have 6,000 members and run like any other retail fitness club in the country. The hospital does have physical therapy (land and aquatic) here on-site, but other than that, there are no hospital services.

JH - Because of what she was saying about our members, I have never been in a facility that has so many group exercise classes. We have 170 - 80 land classes
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Diane Kelton



Lisa Groft



Maria Bernard



Jeff Howard

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and 70 - 80 aquatic classes per week, and we have TRX on top of that. The reason we have to have so many is because we have 6,000 members, and we have to give them a good product they can use. A lot of clubs usually only have about 10% usage for group exercises. Ours is 40%, and the difference is what we are trying to do is this: We have to compete with a lot of small box gyms when we are a big box, so it's about making a community within a community. With small box gyms, they are seeing success because people go there with a like mindset. They go there knowing what they are going to get. We are trying to do the exact same thing but on a larger scale. So, whether you are younger or older, you know you are getting a product with a community of whom you know. We are finding the most success with retention when someone is part of a community; they tend to stay part of the community.

MB - We don't do the big advertising on billboards or television. For us, it's a lot of referrals and word-of-mouth. We have members that will come with their parents at the same time. For example, your mom can go to a class, and you can go to a different class. We cater to all fitness levels.

DK - Sometimes, we have three generations in here at one time.

MB - Then, they go eat at the café afterwards. It really is a community.

C.I. - I noticed the LA Fitness down the street on the way when I was driving in. What is your competition like in this area?

JH - We compete with Orangetheory, Pure Barre, 9Round, CrossFit, Red Ride and numerous other small boxes. But, what we are finding is that members will now have both. They will have a membership with us and another with one or more of the others.

They want what they want when they want it, and it's a different environment, but they almost always stay a member with us.

DK - When we opened, we didn't have anything near here. It was basically the Jewish Community Center and the Y.

A Group Discussion About The Senior Membership Segment

C.I. - As we have already touched on, Milestone is also known for the involvement of its senior population. How involved is this segment in your program offerings? And, please tell us about the social components they engage in when on-site.

JH - We have a section upstairs, outside the studios, that has coffee, cards, puzzles, newspapers, etc., and it is designed for people just to hang out. They do that for hours. Also, Sue Schonberger does a lot of events outside, such as dinners, bus trips, etc. They include those who are in wheelchairs, so she really makes it community-oriented.

DK - That population is also a huge percentage of our personal training clientele. For me, if someone asks what am I most proud of at the club, I say that you might see someone with Parkinson's being pushed around in a wheelchair, you might see someone who was a former soldier and was injured; or you might see someone who is training for the Ironman, all in one place. I don't know our statistic, but when we were doing this facility, we looked at the hospital-based Mercy facilities in Cincinnati, and at the time, they had the statistic that 47% of the people who join hospital-based facilities have never belonged to a club before. It just opens up different doors. That's the beauty of the hospital and the security blanket it provides. Conversely, we still rely on member referrals and word-of-mouth to attract new members. And, some of the



Group Exercise Baptist Health/Milestone Wellness Center

people here who do physical therapy on-site transition as well because they know us. But, the advantage of not being right on the hospital campus is that people don't feel like they are going to a hospital.

JH - A lot of clubs have regular group exercise and Silver Sneakers. But, they don't really have anything that is in the middle, so there is a gap where people are missing out. We have so many classes that we are able to fill that gap. We may have a young class with more movement in one studio, and in another, our instructors in there are geared more towards teaching an older demographic. But, it's not Silver Sneakers, so it's in that middle gap. We cater a lot to that. So, for that population, they hear about it, they see their friends going to it and they see the quality of life improve. They want that as well.

MB - From a personal training standpoint, it's not always people coming in who want to see how much weight they can bench or squat. It's more about functional training that will enable them to keep the independence they have. They want to keep being able to go to the store on their own and do other activities of daily living.

LG - It's all about daily living: getting off the toilet, getting out of the car, playing with their grandkids... We hear that so often; their number one goal is to have more energy so they can play with their grandkids.

JH - We have some of the fittest 50-, 60-, 70-year-olds that I have seen anywhere. It's amazing when you see that room moving. I have a woman that does my class who is 73 years old. She did cycling with me just now, and it's like SoulCycle. Then, she comes and does weights. She is 73, but she is a *young* 73, you know what I mean? We have so many members like that, which is just amazing. I also teach in the aquatic environment, which is generally thought to

be more sedentary, but we are losing 40 - 60 pounds with these people. Their quality of life definitely improves. An important factor is that, when they walk upstairs, they don't see the hard bodies. They see more of their contemporaries. Their instructors are more of their contemporaries. Sue is 65, and she is a group exercise instructor. She's a *very young* 65 and in better shape than most, but we've really made an effort, subconsciously even, to make the mindset unimimidating and inclusive.

C.I. - What are the challenges of integrating a sizable senior population with younger segments?

DK - The biggest issue with that is when people from outside the club come in, they may think it's more of a senior population club. That is not the case, as 30% of our population is 65+, so it's not the majority.

LG - When you are 25, you still think 55 is old. But, when you become 35, 40, 45, you become inspired by these people who are 65+ years old up there in a group exercise class kicking butt. It's inspiring. But, still, to that young group of a thousand or so who are under 30, there are challenges, but we work to balance those out.

JH - For example, one studio will be more for younger demographics, let's call it HIIT training. And, in the studio next to it, at the same time, will be more mature training. So, they co-exist. One thing we have to be careful with is our advertising. Let's say we did an ad with all muscle people, then a muscle person would come tour the place and it would feel like a bait-and-switch. So, in terms of advertising, we focus more on showing fit people who are real members and a range of ages. From 25 - 65, we try to show all of it because we know who we are.

C.I. - Conversely, what have been some of the unexpected gems of these (See *Baptist/Milestone* Page 16)



Pilates at Baptist Health/Milestone Wellness Center

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populations interacting?

JH - When someone who is 35 sees someone who is 73 doing it and knowing it will make their quality of life better, that's inspiring. Another gem is being able to work out with your mother or having your grandmother in the building and being able to have a coffee with them afterwards. How many facilities can do that?

LG - If you don't exercise, you feel much older. But, these people who are here exercising feel so young and vibrant. They have this energy, and it's infectious. Another great thing is that we will be giving tours, and older members will come up and say, 'You have to join; you will love it here!'

DK - We do get a lot of compliments from younger members. They have busy lives, so they are in and out. Older members love to come in and stay for a while. I've also had many of them say it's what got them through their spouses passing away, with the support and community they have here. It's somewhere to go daily.

LG - Once, I went to a client's funeral. I looked around, and I saw a ton of Milestone members. I thought about how incredible that was because it's not just a gym; it's a community. We support each other, hold each other up, and it was really great.

A Group Discussion About Personal Training

C.I. - We've already discussed several offerings that, on their own, would normally define a facility. But, you also have a very successful personal training department. And, because of the market you are in, you've had to create this success combating a few limitations. Please tell us about that.

LG - We don't do packages because we have found that, in other clubs, when people purchase a package, there is a beginning and an end. When they reach that end, they are DONE. Instead, we will say things like, 'Let's try it a few times over a couple of months.' So, it's kind of like a package, but they are paying as they go instead of all upfront. That way, they also don't feel the impact of that much money all at once.

MB - It's not a hard sell either, and results are the key. That's what we keep them with. You know that, as long as they are meeting with you a couple times a week and they are doing some on their own, they will get the results. I believe the biggest thing is that we leave it open-ended, so they also feel that, if they want to stop, they can.

LG - It's low pressure. The other major difference between us and other clubs is that, if you sign up to work with me, I am your trainer every single time you come.

You don't bounce around between me, Maria and ten other people on our staff just because you want a certain time.

C.I. And, just like a doctor, you are monitoring their progress. So, for example, if their knee is hurting this week, you can make adjustments.

LG - Yes. And, too often at other clubs, we hear about trainers quitting because there's a high-turnover rate. We don't have that here. We have longevity of trainers and some who have been here 15 years. So, you are going to keep that trainer every time you come so you can build a relationship with them, and it becomes lifelong. I still have clients that I have worked with since I came here 12 years ago. Then, it truly is *personal training* and not just a workout.

C.I. - How many personal trainers do you have on staff?

LG - We have 60 on staff.

C.I. - How many sessions per week are offered/sold and at what price points?

DK - Depending if they are group or individual, 650 - 700 sessions a week.

LG - \$65 for a one-hour session. \$45 for a half-hour session.

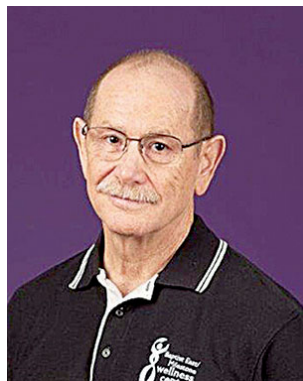
The HMR Program

C.I. - Among your offerings, I'd like to discuss your behavioral modification programs.

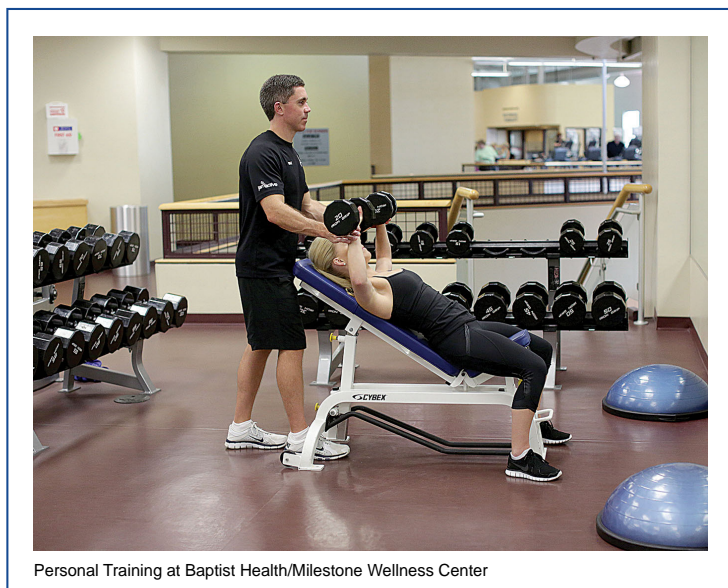
DK - I'm going to have you talk to Chuck Bent about the HMR Program. Chuck has great passion for what he does, and he actually lost 100 pounds on the program. He actually has the same story as me. He was a participant at Milestone and is now on staff, the Director of the HMR Program. I will say that, for us, as far as the success of the facility, HMR is just as important as personal training.

C.I. - Please describe the HMR Program.

Chuck Bent (CB) - The HMR Program is a nationwide program. In terms of results, it is the number one weight loss program in the nation with two times more documented weight loss than any other program. It's a very structured program, but the results are



Chuck Bent



Personal Training at Baptist Health/Milestone Wellness Center

phenomenal. We consistently get people off of their meds. People who are diabetic are able to get off their insulin shots. Those who had high cholesterol no longer need pills. We get people healthy.

C.I. - How is it structured to lead to results? What is the philosophy behind it?

CB - It's a motivational program. People come in and see the results. That motivates them to do it again and again. It's a behavioral change program because behaviors are changed, and it's supported by the results on the scale. This program works. So many people have lost 30 and gained 40, or lost 20 and gained 30 in the past. It's because we go back to our old ways. It's more of a lifestyle change. We aren't going to go back to our old ways, but we are going to rethink what we are doing and come up with new ways. It's not a diet; it's more of a way of life. I eat more food than anybody I know, but the key is high-volume, low-calorie nutritious food.

C.I. - Please tell us about the dietary components that accompany the program.

CB - In the first phase, it is very structured. You will have at least three of our shakes, two of our entrees and five servings of fruits and vegetables per day: 3-2-5. How long you are in that phase depends on how much weight you have to lose. The average person stays 13 - 15 weeks and might lose about 35 pounds. They get a lot of weight off and don't want to leave. They are on roll. It's too easy, and they are afraid to go over to the other side. But, they have to eventually.

Then, they go to a second phase where we transition them to living in the real world, such as being able to go out to restaurants and order the right things, etc. They can be social and active but make the right choices. They learn to read labels, know where the calories are and where the hidden calories are so they can keep the weight off for life. So, that is the goal of our program.

Everywhere we go, we are surrounded by food choices. We are bombarded by high calorie, low nutrition food. But, people on this program don't have to think about that because we teach them to plan their day. It's just a skillset that is taught in order to be successful for life.

C.I. Including non-members, how many clients utilize the program?

CB - Right now, we have about 265, and that's Christmas time, which is not too shabby at all. We will have a big surge in January. My goal in life is to help people get healthy through nutrition and not through surgery.

Interview Wrap-Up With Diane Kelton

C.I. - What other key market differentiators does Milestone possess?

DK - There are other facilities, but we are really Louisville's only full service facility in that you can come in, work out, leave your child in a very safe environment, have lunch, get a massage, get your nails done and more. We are the only facility in Louisville like that. And, I would definitely call us a 'country club' in that members feel great ownership in the facility.

C.I. - From the outside looking in, let me also add to that your staff. With the longevity of so many; staff whom I toured with knowing so many people's names and they know them; the camaraderie I see, even when it was just you, Lisa, Maria, Jeff and I talking a little while ago. It's great to see and experience.

C.I. Can you elaborate on the concept of real Board of Directors? How it's structured, how you work with them, etc.

DK - The Board is made up of two groups. There are four people from the hospital side. Over the years, Sue Tamme has chosen or recommended them. And, there (See *Baptist/Milestone* Page 18)

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are four people from the investor side. They are elected, but we have had the same Board for about ten years. Most of them are very active and avid users of the facility, so they certainly give input. But, it is not a Board that tries to micromanage. At the same time, they are extremely supportive, continually updating the facility. They meet every other month, and I, of course, report to the Board. So, it is really the Board and myself, and we review general operations. Each of them brings different issues and talents based on their expertise. It's a good mix of people that brings everything together.

C.I. - What are some of the opportunities you see coming in 2016?

DK - We will continue to position ourselves to compete with all the small boxes. Louisville is always the last to see these trends, but it has really increased the past two years. And, we want to continue to create excitement, which is something Jeff has brought to us because of what he does nationally presenting to training instructors all over the country. We have the opportunity to have him here to continue to build our programming. Our old facility was really built on group exercise. And, as I mentioned, that's how I joined and got started. Group exercise certainly provides

that community environment, so it's very important to us.

Also, we have so many different personalities, as you saw, and they are all so passionate. But, that can sometimes be hard to manage. So, we are bringing in someone to help manage that. We are hiring someone we have used on a coaching basis to do our management retreats and help take us to that next level of culture in which everyone is where they need to be. Our tagline is: *Where You Matter Most*. As she says, it's not just about where the member matters most, it's about where we matter most to each other as staff. Those skills are learned.

C.I. - That sure sounds like *Good to Great* philosophy. You've got a lot of great people on the bus, so now, you are getting them all in the right seat to make sure it's going the right direction. That's great to hear.

C.I. - Conversely, how about some of the challenges you believe you will face in 2016?

DK - Really, I think it's always a challenge to maintain the right staff in all positions and communication of who we want to be and making sure everyone participates in that.

C.I. - From a bird's eye view, where is Milestone going over the next 3 - 5 years?

DK - We looked at a second location right

before the economy crashed, and we were very ready to do it. We revisited it and decided to hold off. It was the best thing because the economy crashed the next year. We actually once peaked at 7,200 members. Now, that's really over capacity for us, and we had complaints about parking, etc. But, I feel our facility can accommodate 6,500, so my goal over this time would be to see that number.

C.I. Milestone is an IHRSA Member. What are some the key benefits that IHRSA provides?

DK - They obviously have great materials you can fall back on. We listen to a lot of their webinars. Lisa and Maria attend the conference and trade show every year. I used to, but I may this year. But, I also do the Faust Roundtable group, so we kind of try to balance it out.

C.I. - To close, what advice would you give an organization leader who is trying to partner with a hospital?

DK - From my standpoint, I believe the important part would be to make sure that both parties have the right expectations and know what each group is going to do. I admire the hospital and what they are surviving through right now with the health care changes. I certainly do not have the ability or know-how of doing all that. At the same time, I think most of them would say the same about us here. If

you are in it to be successful, each group must know that managing a health club is much different than operating a hospital. As I said, our Board gets a lot of great input from the hospital. At the same time, they don't try to manage the club. It's not always easy; it never is with two groups, but the right balance is important.

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(Justin Cates is the President and 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 31 years, since his own day one. Cates graduated from the Terry College of Business at The University of Georgia in 2007 and then went on to two years at The Art Institute of Atlanta, where he studied Interactive Media Design. Now, he 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)