



Prepared exclusively for REX Roundtable Members

## Tribes by Seth Godin

By Will Phillips

As health clubs succeeded in the 90's many entrepreneurs and franchisors were attracted to this healthy growth industry. The old timers then began asking 'how do I differentiate myself?' The dumb old timers differentiated by lowering prices to compete. The smart old timers began looking for real points of differentiation. One differentiator that has emerged is **social bonding**. This has occurred almost as a by product of group exercise.

One strong club discovered that their fitness only members stayed for an average of 24 months while group fitness members lasted for 46 months. This is **the most astounding retention program** ever. Traditional retention efforts aimed at giving a new member a good start have at best added a few weeks to the average length of membership. Several concerted efforts to boost retention through front end attention showed even less impact. Yet a group exercise class can almost double your retention! Suppose 50 of your members stayed twice as long. Can you

compute the bottom line impact on revenue? Try this: If 1,000 members stay an extra 12 months that is 12,000 times your membership fee. Let's say 12,000 times \$45 a month. **That equals just over half a million dollars more in annual revenue.** Or you could just sell 1,000 fewer new memberships and have the same revenue as now. You can play with the numbers and get different answers, but they will still be significant. And this \$540,000 is largely due to social bonding.

You knew that! Right? Well maybe you did and maybe you did not, but the critical question is what do you do with that knowledge? **First, you are missing the boat is you don't explore and add a sophisticated group exercise program.** Both LMI and BTS can help you here. They each have their advocates and their allies. In my experience there is fewer than 10% to 20% differences in their offerings and your members may see even less. You are behind the times if you

have not explored and added one or the other.

**Second, the club's job is to become experts in social bonding and networking.** Most clubs are experts in fitness and physiology. And that might have been a competitive distinction in the 70's or 80's, but now it's just expected in every club. Good facility design, good equipment and good programming. Knowledge of fitness and physiology is not longer enough for success. It is simply the ticket to enter the industry. Now the leaders are leaning about how to connect, really connecting better with the members

#### How To Use This Review

Most club owners and managers are not committed readers. That is why REX searches out the best books, business school research and new insights into managing and business and club success. We distill this research into our **Book Reviews and Management Briefings.**

Scan the REX Review and see if the bold items grab you. If they do read the paragraph or even the whole review. If the grabs you and seems like their might be some truth that would help your business, definitely buy the book and go deeper.

and even more important connecting members to members. This is called a TRIBE. The world's most famous tribe are Harley riders. They have a tribal unity and bond that advertises the product so effectively that Harley Davidson spends little on promoting the brand. They do

invest in enabling the riders to promote the brand.

Seth Godin's *TRIBE* is a reasonable stab at explaining the principles of tribes so that you can build a tribe. Now the study of tribes properly belongs to the cultural anthropologists, and Seth is not an anthropologist. His strength is that he understands business and writes clearly.

#### Godin On Tribes

Here is what Seth has to say about tribes with my side commentary to take his ideas a bit deeper and to apply them to the club industry.

A tribe is a group of people connected to one another connected to the leader and connected to an idea. Jerry Garcia and The Grateful Dead created a tribe some 40 years ago. They did not succeed by selling records. In fact, they only had one top 40 album. Instead, they succeeded by attracting and leading a tribe who followed them all over the world.

#### Tribal Insights

1. Humans want to belong to tribes; frequently multiple tribes.  
  
[A-Can you identify any tribes in your club? Name them.]<sup>1</sup>
2. Tribes used to be local but now, the internet eliminates geography, through such internet sites as Facebook, MeetUp, Twitter, Squidoo, Basecamp and Craig's List and finally, through email.

[B-Can you even conceive having a tribe attached to your club whose

<sup>1</sup> The lettered items are questions for you as a club leader to ponder. They are based on Seth Godin's view of tribes and your club's potential for nurturing the actual and latent tribes in your club. Grappling with these question will get you and your management team thinking about how to build tribes.

members do not live locally, but spread across the U.S.]

3. Some tribes are stuck. They embrace the status quo, focus on the past, and drown out any member who questions the accepted order. They have all the components of a tribe except leadership. Seth Godin's view is that in a tribe, everyone not just the boss is expected to lead.
4. Organizations that destroy the status quo win. Consider how this may or may not apply in the health club industry. Who have been the winners? Have they destroyed status quo? Who is destroying the status quo now? Godin goes on to give a more specific example saying that one person can invent a pricing model that turns an industry upside-down. How does that apply to the health club industry?

[C- What will you destroy? ]

5. Tribes are about faith or belief in an idea. This is one of the reasons why the Arthritis Foundation could sponsor marathons around the world and raise over \$80 million. Hundreds of people run in cause-related marathons because they believe in something. They believed in their mother's five year anniversary of surviving breast cancer. In one set of interviews, those

who had completed a cause-related marathon said they never had time to exercise, but they did have time to practice for six months to run a marathon in honor of their brother's death from diabetes.

6. [D-What beliefs or ideas are held by you and at least some of your club members that could form a tribe?]
7. There are two basic ways that organizations can function. The traditional one that we are familiar with for the last 150 or 200 years is the factory model of producing goods and services. It is extraordinarily efficient but it is not as profitable as it used to be. Factories came into being because they are efficient and because human nature desires stability and in some ways the absence of responsibility. Factories, whether they are factories producing automobiles or reports such as a government bureaucracy, provide stability in the absence of responsibility. No surprises, no changes. In fact, most factories are producing commodities and most factories are very easy to relocate into a different country. In one day, 20,000 Ford factory workers lost their job. Factories are easy to close or outsource.

So if tribes provide advantages over factories, why are there not more of them? First, understand that one of the dynamics of a tribe particularly as Seth Godin speaks of them is that they are extremely adaptive, flexible and innovative. Even though the average factory/bureaucracy worker has a pocketful of complaints about his job and his organization, why is there not more innovation, tribes and change?

In a word, fear. As always, the only thing holding you back is your own fear. It is not so much fear of failure as it is fear of being blamed or criticized.

[E-To what extent is your club a factory or a tribe?]

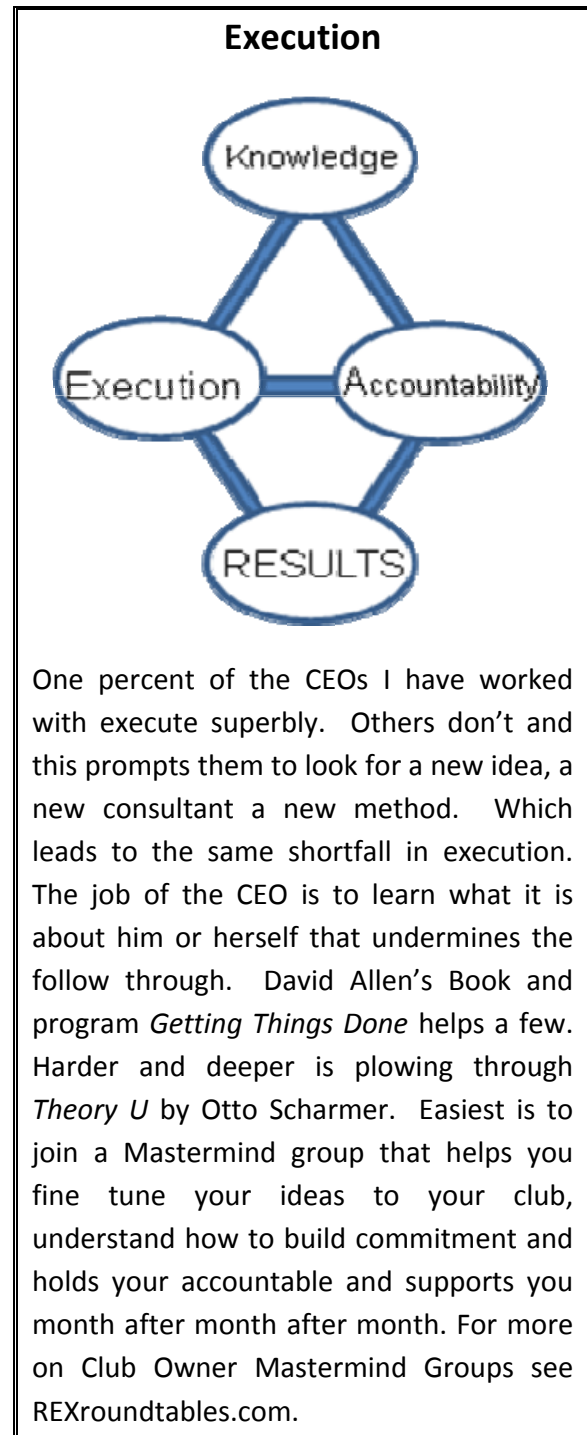
8. Crowds versus Tribes. A crowd is a tribe without a leader. A crowd is a tribe without communication. Most organizations spend their time marketing to the crowd. Smart organizations assemble the tribe. Crowds are interesting and can create all kinds of market impact, but tribes are longer lasting and more effective.

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**TRIBE BUILDING PRINCIPLE #1: A  
Passionate, Shared Interest**

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To turn a group of people into a tribe there must be a shared interest. Godin points out that a leader can increase the effectiveness of the tribe and its members by transforming a shared interest into a passionate goal and a desire for change. Publish a manifesto. Give it away and make it easy for the manifesto to spread far and wide. It does not have to be printed or even written. Most clubs have mission statements and rarely use them. Thus



we have a new term-Manifesto-distinct from a Mission. A Manifesto is written for the tribe – not the owners or managers. It is surrounded with passion. It speaks to the heart. Nick's

Pizza and Pub<sup>2 1</sup> has the simplest manifesto I have seen: *Our Dedicated Family Provides This Community an unforgettable Place; to Connect with your Family and Friends, to Have Fun and to Feel at Home.* When REX held a workshop at Nick's for Roundtable members, Nick and his partner Chris clearly demonstrated how they use this to build a tribe when staff line up to work at Nick's and patrons regularly drive forty five minutes once a week to eat there.

CrossFit.com has done this with fitness. It is a world wide tribe passionately committed to fitness. Their website posts different fitness challenges and hundreds of people post their times. It is worth while visiting their web site and reading their manifesto-*What Is Cross Fit.*

[F-What is your club's manifesto? Try articulating it?]

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**TRIBE BUILDING PRINCIPLE #2:  
Communication Up, Down, Sideways.**

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There are four different types of communication:

-Leader to tribe. Make it easy for your followers to connect with you. It could be as simple as visiting or emailing or watching you on TV.

-Tribe to leader. Multiple mechanisms for real time, on going upward flow of information. Tom Peters kicked this off in the 1980's with management by walking around.

-Tribe member to tribe member. Make it easy for your followers to connect with one another. There is that little nod of one

restaurant regular guest to another restaurant regular.

-Tribe member to outsider. The tribal leaders can provide tools for leveraging the tribe to allow it to grow and gain new members. Make it easy. *Would you like e mail this to a friend?*

The National Rifle Association has a huge impact on the political and legislative culture of the United States far in excess of its size. Godin claims this is because the tribe is extraordinarily passionate, well connected and communicates up, down and sideways.

So the leader's job is to provide tools to tighten the communication. This means giving everyone of your professionals a blog and freedom to use it.

[G-Explore what you can do to enhance, deepen and accelerate each of the four communication channels in your club.]

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**TRIBE BUILDING PRINCIPLE #3:  
Tighter versus Bigger**

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The leaders of most organizations put their emphasis on growing bigger. This will not build a tribe. To build a tribe, you must make it tighter. This means that communication flows more quickly with more alacrity and emotion. A tight tribe closely connected is one more likely to hear its leader and more likely that the leader will hear the members. Even still more likely that it will coordinate its action and ideas.

Steve Jobs has done a great deal to tighten the Apple tribe. Within hours of a new product announcement, word has spread to millions or even tens of millions of users all online. So the strategy is the reverse of user, first "tighter" which enables bigger rather than

trying to grow bigger which prevents growing tighter. When the tribe grows, it does not do it for you, they do it for each other. And tighter can drive bigger!

People do not believe what you tell them or show them. They often believe what their friends tell them. They always believe what they tell themselves. What leaders do is give people stories they can tell themselves, stories about the future and change and hope.

The internet has taken the original idea behind blogs and extended them to a variety of tools to tighten a tribe such as Twitter with tiny messages that can reach thousands of people waiting to hear from you. Facebook enables a huge range of images, text and connections to be created.

[H-Focus your responses to the four items in question G with 'tighter' in mind. Consider what sort of internet social network forum could build a tribe of *Younger Next Year* members, or a group committed to losing weight or parents of autistic children? P.S. These are all real tribes in real clubs now!]

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**TRIBE BUILDING PRINCIPLE #4:  
Realize That Money Is Not The Point**

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of the movement. Money exists merely to enable it.

[I-Organizational change appears to be less WHAT the leader does or HOW the leader does it, than THE INTERNAL CONDITION of the leader (see *Theory U* for more on this. What is your internal condition about the priority of TRIBE over PROFIT?]

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**TRIBE BUILDING PRINCIPLE #5:  
Transparency Is Your Only Option.**

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Track your progress and do it publicly and create pathways to enable your followers to contribute.

[J-What steps could you take here?]

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**TRIBE BUILDING PRINCIPLE #6:  
Exclude Outsiders.**

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Make it crystal clear who should be in and who should be out. *Who is the part of your movement is almost as important as who is not a part.* In order to win an election, you need the majority of the votes. It may not even be over 50%, if everyone does not vote. In order to lead a tribe, this will fail. Indeed, a tribe require close to 100% positive vote by its members to be a tribe. Leaders must motivate them to join and follow the tribe and the rest of the population is free to ignore you or disagree with you and move on. Not everyone is going to be a Harley rider, a Starbucks aficionado or a Southwest Airlines fanatic. Fine. Let the people who are committed, commit. Trying to lead everyone results in leading no one.

Tribes are increasingly voluntary. Great leaders do not want to water down their message in order to make a tribe just a bit bigger. Tribes that work better when they are bigger, get bigger such as the email tribe. Some tribes do better when they are smaller precisely because they are small such as a REX Roundtable. Almost all of the growth that is available to you as a tribe exists when you are not like most people, and when you work hard to appeal to the folks who are not like most people.

[K-WOW! This raises a wholly different view of a health club. Instead of trying to get and keep new members who live within traditional drive times.

Be much more selective, build a tribe and recruit members both inside and outside your drive time. Members who stay!]

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### LEADERSHIP

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Godin has two main themes in this book. The first is the nature and dynamics of tribes, their benefits and how to grow them. The second part is view that successful tribes are extremely adaptive and that adaptivity comes from their entrepreneurial or innovative leadership. So it was a great deal of emphasis in the book on what this leadership looks like.

A few key points:

1. Individuals have more power than ever before in history and more freedom of choice.
2. The only thing holding you back from becoming the kind of person changes things is your lack of faith in yourself. [L-Hmmmm!?!]
3. All leaders change the status quo.

[M-Are you leading your club? Changing the status quo of industry norms and assumptions? Or are you just milking the cow?]

4. When you fall in love with the system, you lose the ability to grow.
5. Response is always better than reaction but both of these are weak in comparison to initiatives.

[N-Name your initiatives.]

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### Falling In Love With The System

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Godin gives a great example of the music business, which was built around five assumptions:

1. Free radio promotion

2. A limited number of competitors about competing music labels
3. High cost of production requiring musicians to get financing from record companies
4. The top 40s stay focused of the baby bloomer generation
5. A high margin, non-reproducible medium, the LP

As you can see, the digital age removed and weakened the strength of every one of these assumptions, yet the music industry has found that hard to accept. All music companies, all music labels and their enforcers such as ASCAP have chosen the reactive approach to change, trying to take things back to the old ways. Obviously, they have spent huge amounts of money, and energy on this and incurred the wrath of many listeners through their multitude of legal suits.

As they squashed down, the original large attack from Napster, several more free music downloading and sharing sites sprang up that are very difficult to control. At this point, I would not be surprised if 80% of the conversations in the music labels and their enforcer associations are about how to get back to the old ways and how to punish their musicians and listeners who are adapting and using in their ways. This is not a very powerful way to greater future.

[M-List the assumptions that the club industry is built on? DO they all still apply?]

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### You Have Three Choices for Facing The Future

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Godin describes a fundamentalist is a person who considers whether a fact is acceptable to their beliefs or religions before they explore it. A curious person explores first and then

considers whether or not they want to accept ramifications of the new input.

It is quite clear that during our lifetimes, we are experiencing an extraordinary degree of turmoil. I was raised as a child in the postwar Eisenhower years when things were calm, predictable and pleasant. Simply look at the TV shows from that time as an example or the music. Today, the world is heavily impacted with globalization, technology, revolutions, poverty, and disease. We see institutions being challenged on all fronts. Sociologists would say there has been a loss of norms or values compared to the 50s. As a result, there are three ways that everyone chooses react to these disruptive times of turmoil when many of our sacred social institutions seem very fragile.

1. **Muddle ahead harder.** This is the one most of us choose to do. Do not think too much, just keep working and see what you can figure out.
2. **Reactive.** Times used to be better somewhere in the past. Maybe it was the 50s. Maybe it was the 1850s. Whatever your view, let us go back to the past when things were clearer, more settled and happier.
3. **Shaping the future.** This time of chaos is indicative of deep change. In the four apartment model of change which many of you have seen, it explains that all people in all organizations are in one of four rooms in this apartment house. The room of joy or what you are doing and who you are, are exactly in sync. The next room that you move into is the room of satisfaction. Things are not quite in sync but they are okay. Even though 80% of the world lives in poverty, we are okay, so

no need to change too much.

Unfortunately, the disjunctiveness between what we are doing and what is happening in the world around us and who we are increases and we move into another room which is extremely uncomfortable and painful because the fit between who we are and what we are doing and what is going on in the world is so out of sync. The normal human reaction in this room is to deny it and say everything is fine. This is where we muddle along and work harder. However, in taking the blindfold off and truly looking at what is happening inside ourselves, our families, our organizations, and our social structures, has two options now. It can inspire us to be reactive and work as hard as we can to go back into the room of satisfaction. Over time, it usually turns out that this is an extremely difficult task to do. It is like swimming upstream, as soon as you rest, you are washed down again. The other option in this room of denial is to let the chaos lead to creativity. It is only during these periods of chaos that the deepest creativity and transformation occurs. This enables us to rethink the future and reshape our relationship with the future which eventually leads us back into the room of joy.

Some of you have read about Joe Cirulli's path to success at Gainesville Health and Fitness Club in the cover article in INC magazine this past August. In discussing how Joe operates (thinks, feels and wills) with the author of the article- Bo Burlingham- it seemed clear to me Bo would place Joe in the third category above-Shaping The Future. In fact one of the five values at GHFC is *We Shape Our Future*.

This is what Seth Godin is talking about in a more simplistic way with the curious person, seeking solutions by being open to new

information about themselves and the world. The key factor in this transformative process is not necessarily gaining new factual or perceptual information but gaining new information about yourself. This requires a totally different way of gain in the world which is not addressed in this book but is addressed in *Theory U* by Otto Scharmer-a partner of Peter Senge at the MIT Laboratory on organizational learning.

[N-Which approach have you chosen to change? Is this the best one for you and your club?]

#### Reader Beware

Every business owner and manager wants to improve how things are at work. So they seek knowledge-through books, seminars, conventions and consultants. This covers 10% of the journey to change.

Nothing changes until the idea is fine tuned, re engineered and adapted to your club, in your setting with your people.

Now that covers maybe 30%. **Next is the commitment to execution.** This means putting the refined improvement into action, watching to see how it works, improving it, persisting, trying again and again until it produces results.

This might be 100% of the journey to change, BUT it rarely happens without ACCOUNTABILITY. CEOs rarely hold their people accountable in an effective manner, and **no one holds the CEO accountable.**

#### The Challenge Of Curiosity

It is difficult to become curious when to a large extent, our parenting, our education, our schoolroom education, religious education, if any, and our work experience has largely required us not to be curious. This is one of the reasons why we often find the most creative people and the most creative organizations, the industry changing organizations are developed by people who did not complete school. It is not that education would not have benefited them, but the suppression of curiosity would have killed their likelihood of truly being an entrepreneur. There is an interesting view that says the safest thing that you can do feels risky and the riskiest thing you can do is to play it safe.

Leaders create a culture around their goal and involve others in that culture. Leaders have an extraordinary amount of curiosity about the world they are trying to change. Leaders use charisma in a variety of forms to attract and motivate. Leaders communicate their vision of the future. Leaders commit to the vision and make decisions based on that commitment. Leaders connect their followers to one another. Tribes grow and people recruit other members.

[M-Reflect on this section. Where have you behaved in ways that are in sync description of leadership? What conditions nurtured you behaving that way? How can you increase the frequency or strength of those conditions?]

#### Leadership Fear and Discomfort

Godin postulates that few people truly want to lead because of the discomfort. He says if you are comfortable as a leader, it is most certain

you are not reaching your potential as a leader. Leaders lean in instead of backing off or doing nothing. They lean in by inciting, challenging and enabling. Godin's book *The DIP* has excellent, simple advice about leaning in- especially when it feels like a dip.

[O-Jim Collins said that a leader's vision should make them about 15 to 20% anxious. If there is no anxiety (fear of fear), then the vision has little vision. What vision or manifesto or behavior would make you anxious?]

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### Follow Up

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First, buy *Tribes* and read it to deepen your understanding. Next listen to Seth Godin at IHRSA in San Francisco this Spring. And in the meantime, go back and consider really answering all the questions A-O. Do this with your leadership team.

For more reading about social bonding connections to a business read *The Culting of Brands* by Douglas Atkin. The author takes the concepts of building tribes even deeper.

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### About REX Roundtables

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**Achieve business and life goals faster and easier.** As a Roundtable member you have resources, information and support other club owners only dream of. This book review is an example of REX's commitment to explore new ideas, new books, new technology and present it to members in a digestible and useful format that is specifically designed to your industry and needs.

**A Roundtable is** a carefully composed group of fifteen non-competing club owners. Experienced peers who own or run clubs. Leaders who understand the club industry and appreciate your concerns. They meet regularly to compare best practices. solve problems and hold one another accountable for improving their business and their lives. Each Roundtable has a special chemistry between members that builds high trust and full honesty.

**The Roundtable Agenda** is created from the challenges faced by members. The chair orchestrates the discussion to develop insight and solutions. Successful promotions and sales methods are shared. Operations, hiring, programming, retention are systematically examined and developed. **Best Practices are developed in all these areas. Breakthrough insights vital to you club are common.**

**Performance Numbers are collected regularly.** They are compared and ranked. You will see your key numbers in relationship to your peers in every meeting.

**You will get honest feedback** on what you are doing right and wrong. You receive positive support and ideas on how to improve your club.

**You will be held accountable and challenged.** Your business will grow, and you will develop.

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**Interested in Revenue Growth?** One REX Roundtable averaged 14%/yr. growth for 12 years.

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**Interested in Cost Savings?** For the last three years the cost savings of a Roundtable Club averaged \$100,000 per year. This all went to the bottom line.

**REX GUARANTEES** that you generate at least ten times the value of your annual Roundtable fee of \$6,000.

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