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Norm Cates'

THE Club Insider

NEWS

The Pulse of the Health, Racquet & Sports Club Business Worldwide

JANUARY 2003
VOLUME 10 NUMBER 1



Andrew Eker (L) & Tom Behan

Tom Behan and Andrew Eker Alaska's Club Force

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Norm Cates' THE Club Insider NEWS

Tom Behan and Andrew Eker

Alaska's Club Force

An Interview With New IHRSA President and The Alaska Clubs' Co-Founder and Co-owner Tom Behan and Co-Owner/President Andrew Eker

By: Norm Cates, Jr.

The health, racquet and sportsclub industry is growing globally and a large part of that global expansion has been fueled by bankers and financial institutions that have developed faith in the health club industry. The Alaska Clubs have been one of the leaders in that movement toward banker's confidence because prior to entering the club business 18 years ago, Tom Behan, had a career in banking and finance. He was the CEO of one of the nation's largest housing finance corporations and President of Alaska Pacific Bank. He has served on numerous boards and has consulted on many business and finance equity offers. Behan, and his partner, Andrew Eker, established a foothold in the Alaskan club market in

1986. They now own and operate 13 club locations ranging in size from 12,000 square feet to 108,000 square feet. in the Anchorage, Fairbanks and Juneau, Alaska markets.

Tom Behan was one of the first children born of American parents in occupied Germany (Stuttgart) after World War II. His early youth included stops in Alaska for the first grade, Panama for the fourth grade, and stops in Texas through the eighth grade. His Dad retired from the Army in El Paso, Texas. Tom spent his high school years in El Paso and went on to the University of Texas at El Paso, graduating with a BBA in 1970. He is a graduate of the Pacific Coast Banking School at the University of Washington. Behan and his wife, Kris, combined families in marriage 15 years

ago and have five grown children (two for Tom and three for Kris) and three grandchildren. A thirty-year resident of Alaska, Behan now lives with Kris in Olympia, Washington.

We had the opportunity to speak with both Tom Behan and Andrew Eker about their club business careers and The Alaska Club group and those comments appear below.

An Interview With Tom Behan, New IHRSA President, Co-Founder & Co-Owner, The Alaska Clubs

Q. Tom, how did you first get involved in the club business?

A. When we sold our Alaska bank holding company in the mid eighties I wanted to remain in Anchorage and try something

new. So I started an investment company. In 1985 the Teamsters Union in Alaska put their big institutional recreation center they built in Anchorage on the market. It was big (over 100,000 square feet) and located on some prime real estate. I was very interested in it as an investment for a partnership, but knew it was a specialized building and only a new commercial club would make a deal work.

I was intrigued by the club business and watched the industry start to take off with racquetball clubs around the country as I was an avid handball player at the time. I sensed that Anchorage was ready for a multi purpose club, but I knew I needed more than my expertise to make something work. That is when I teamed up with Andrew and we



Tom Behan - New IHRSA President

went after the deal. I knew Andrew from my banking days and had financed some of his projects, but we started our partnership as a Joint Venture purchase of the Teamsters Recreation Center which became (See Tom Behan Page 8)

2002 In Review

Part II

JULY 2002

The very interesting, and one and only, Clive Caldwell, of Toronto's Cambridge Club Group graced our Cover in July appearing in the photo standing in front of one of his many art pieces that are on display in his clubs. I greatly enjoyed my interview with the

"True Club Man" Clive Caldwell and would suggest to any of you that did not read his Cover story in our July issue that you ought to do so. On our page #3 we featured a report on Gordon Johnson's terrific success with Body Training Systems. Rich Boggs and Ray Irwin, my friends and former club partners in Atlanta's Courtsouth, have developed an

organization in Body Training Systems that is producing unheard of results for many club owners across America. Gordon owns 3 Gold's Gyms in the Atlanta suburbs of Douglasville and Marietta and had seen by last July an additional 1500 new club members he can directly attribute to the excellence of his Body Training Systems Group Exercise Programs directed by Leslie Austin. STAY TUNED because next month I will have a follow-up report on Body Training Systems clients success stories. I highly recommend that you visit the Body Training Systems exhibit at IHRSA at booth #2619 if you

are going to San Francisco. You will be glad you did. Life Fitness announced an agreement with LeMond group cycling bikes to be the exclusive distributor for LeMond. Dick Mitchell announced that he had retired from the CheckFree Corporation, but would stay involved in the financial world of the industry as a consultant. Dick is a terrific guy who pioneered EFT collections and computer operations through his RCM Corporation way back four decades ago in the late 70's and 80's. He later sold RCM to CheckFree and stayed with the company until last summer. Mike and Marsha Minton's

Sportplex in Texarkana, Texas was named the SBA's Small Business of the Year in their region. Bahram Akradi, the Founder and CEO of LifeTime fitness announced that he was going to spend \$25 million in development of a Member Management System. Akradi has also become an IHRSA leader spearheading the creation of the Industry Leadership Council. Tony deLeede, was one of America's best club operators before he sold his Australian Body Works 22-club chain. Now it appears that he is one of Australia's best. He informed me that he expected to reach 28 to 30 locations "down" (See 2002 In Review Page 10)

Inside The Insider

- *"As I See It"*
- *A Closer Look At Why Your Members Come & Go*
- *ACE Makes Fitness Trend Prediction For 2003*
- *FitnessInsite Reaches 1,500 Location Milestone*
- *What A Great Industry!*

DON'T MISS THE IHRSA CONVENTION & TRADE SHOW IN SAN FRANCISCO FEB 26th - MAR 1st!!!**•Norm's Notes•****•IHRSA's 22nd Annual**

Convention and Trade Show will be held in San Francisco, February 26, 27, 28 and March 1st. The event promises to be another awesome time for everyone that makes the time and investment to attend. Here is the scoop. IHRSA's Person of the Year Award will be given to the one and only, "The Father of Fitness," JACK LALANNE. Also, the 3rd Annual DALE DIBBLE Distinguished Service Award winner is FRANK EISEN-ZIMMER as he has been a key leader over the years as IHRSA has battled non-profits like the YMCA of the USA. Beyond that, keynote speakers, Jim Collins, Paul Zane Pilzer, and Pat Croce will highlight the lineup of over 100 IHRSA speakers from all sectors of the

industry. As usual, the IHRSA Trade Show has shaped up to be another blockbuster with 345 exhibitors occupying 135,000 sq. ft. in the giant Moscone Center in down town San Francisco for the largest Trade Show in IHRSA history! I've shown the Exhibit numbers of our advertisers that will be there below and urge you to: (1) Take your check book and (2) Visit with, learn about and buy our advertisers' great products and services. Our advertisers are great people who will treat you right before, during and after the sale. Another highlight of the Convention will be Fitness Management Magazine's Nova7 Industry Awards Night. There are over 18,000 health, racquet and sports clubs in the U.S. and the best of the best, the list of 28 club finalists

in the Nova 7 categories, are all winners and appears on page #25 of this issue. The winners amongst the winners will be announced Thursday Night, February 27th from 6 to 8 PM at the Nova7 event.

Speaking of the IHRSA Convention and Trade Show, it is important to note that this will be IHRSA's 22nd Annual Convention

and Trade Show. And, I think you should all realize that these truly are the 4 most important days of the year in the health, racquet and sportsclub business for industry professionals to attend. I continue to be amazed at those that don't make this annual gathering a #1 PRIORITY, and who fail to budget the time and money to ALWAYS ATTEND this most import 4 days of the year for people in our industry! My guess is though, 10,000 to 12,000 smart people from 75 countries around the globe will make the trip to beautiful and action-packed San Francisco, California for this always great event. And, before I forget to mention it, I just want to comment on big JOHN McCARTHY, IHRSA's highly esteemed Executive Director. I am not sure all of us realize how darned lucky we've been in this Association called IHRSA to have big John McCarthy at the helm for 22 years now. Some people have taken John for granted because he has always been there for us. There are 280+ million people in the U.S. and I guess 6 billion on Planet Earth and from those billions we have been so lucky to have had the GREATEST VISIONARY IN THE HISTORY OF OUR INDUSTRY, JOHN McCARTHY, as our Executive Director leading the way. And, when I say "VISIONARY", what I mean is one single leader who has seen the future, taken the future into consideration and mixed his vast vision with the huge and very different club group constituencies to make IHRSA the premier health, racquet, and sportsclub association in the world. Without John's vision for the future and his absolutely amazing leadership ability to get along with everyone and help opposing groups get along with each other, our industry just would not be as far advanced globally as it is today.

With that said, I urge you to walk up to big John McCarthy while at IHRSA San Francisco, shake his hand and just say these words to John, "THANK YOU FOR YOUR VISION AND GREAT LEADERSHIP FOR THE PAST 22 YEARS.

We truly appreciate you."

In the 2002 In Review article in this issue I shared the amazing story of DALE DIBBLE and how he has used exercise to stay alive and has been such a huge influence down in Naples, Florida, where he and his wife, OLIVE MAE, live. Dale's story is remarkable and you ought to read it so check out page #10 in the 2002 In Review article. Also, check out the photo on page #26 of this issue of the FAUST EXECUTIVE ROUNDTABLE #1 taken at the 50+ Forum organized by Dale Dibble & RICK CARO at the Bentley Village Wellness Center in Naples, Florida on January 8, 2003.

Congratulations to ALAN SCHWARTZ, the Chairman and Founder of The Tennis Corporation of America as on January 1, 2003 he became the United States Tennis Association Chairman, CEO and President. Alan's son and CEO for Tennis Corporation of America, STEVEN SCHWARTZ, tells me that Alan is getting a lot of media coverage on the news.

Special Congratulations to RED and EMMA LERILLE as they finished their 40th Year of business at Red Lerille's Health and Racquet Club in Lafayette, LA and are off and running on their 41st year! Red was Mr. America in the early 60's and immediately after winning that honor came to Lafayette, LA. a city now of 100,000 plus and started a little 4,000 sq.ft. health club in a vacant lumber store. Over the past 40 years, Red's has grown to 135,000 square feet on 20 acres of land. He has 23 tennis courts including 3 indoor courts, 3 outdoor swimming pools, parking for about 750 cars and Red's serves close to 8,000 memberships that equal around 12,000 members.

Red opens his club personally at 4 a.m. everyday and then works out with his partner until about 6 a.m. He then rides his bike back to his home a mile or so away, has breakfast and then goes to the airport and flies one of six antique WWI vintage airplanes that he personally has restored to new-pristine con-



Norm Cates

dition. Once he's finished flying for 30-40 minutes a day he goes back to his club and works from 9 am to 2 pm.

Then he takes a couple of hours break and comes back and works from 4 pm until about 8 everynight. He gives virtually ALL of the club membership tours and sells a high percentage of his club's memberships. And, Red has the greatest employee loyalty of any club owner in America with one fellow that has been with Red's for 36 years and several who have over 25 years. In short, Red Lerille's Health and Racquet Club is a well oiled machine and if you have never visited Red's, I would urge you to do so one day. Lafayette, LA. is about a two-hour drive on I-10 West from New Orleans, LA. Be sure to tell Red, "Norm sent you!" Congratulations to Red and Emma and the whole great team at Red's in Lafayette!

Last month we had the late breaking news about LEE HILLMAN, Bally Total Fitness Chairman, CEO and President resigning and we were able to rework the issue to get the story on page #3. In that article I mentioned that I would be publishing an interview with newly appointed Bally Total Fitness CEO, PAUL TOBACK this month. But, I've postponed the article for next month when I have had the time to catch Paul at his Bally offices, as he has been traveling a great deal to Bally clubs in his new role as CEO. Paul is a very sharp guy and I am

(See Norm's Notes Page 5)

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...Norm's Notes

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looking forward to hearing about his plans as he rolls into the challenging job. I also had the pleasure of receiving a call from **LEE HILLMAN** who told me he planned to stay in touch and that he would be continuing his involvement in the club business and would also stay in touch with **IHRSA**. Best of luck to both **Paul Toback** and **Lee Hillman** as they move into new roles.

• **DAVID PICKERING**, my friend I called "The Big Kahuna" on his cover story headline of The **CLUB INSIDER** News a few years back, continues to drive **IFCN** (International Fitness Club Network) in the right direction. The 10+ year old **IFCN** announced right at press time

that it had entered into a joint venture with **Incopore**, the largest health club network based in England and serving all of the UK and Western Europe. Both networks provide health and wellness benefits to some of the world's largest corporations and insurance companies, serving a combined 35 million people. In short, **IFCN** attracts new corporate members to **IFCN** enrolled clubs by offering the "lowest membership rate for the type of membership selected". For information on **IFCN** go to: www.ifcn.org STAY TUNED for an **IFCN** update in our February issue.

• **PAUL BOSLEY**, the President of **healthclub experts.com** tells me about a new club called **Motion Fitness**, a 137,000 s.ft. club in New Berlin Wisconsin, whose

managing partner is **JOE DUNN**. Paul's company directed the six month pre-sale at the club and by opening day they had 3,000 membership accounts on the books worth \$150,000 per month in EFT dues and billing. Check out Paul's company ad for **CMMA** on page #16 of this issue or contact Paul for more information at: pbosley3@comcast.net

• A few years back **24 Hour Fitness** got more press than they could have bought with a bucket of gold doubloons when they ran a huge billboard ad with a picture of some aliens on it and copy that read: "When they come they will EAT THE FAT ONE'S FIRST." It was a terrific bill-board and my guess is it probably caused more than one wreck. But, some folks, especially the fat women of San Francisco where it appeared, took a dim view of it. Now, I must confess...that was really the reason I went on a 180 degree lifestyle change and quit drinking forever, quit eating pasta, bread, potatoes and rice for two years and

started to exercise everyday (now I walk 32 miles a week) causing me to guess what? Lose 110 pounds! Now, I feel great and have more energy than in anytime in my adult life I can remember and I don't have to worry about being eaten by Aliens! But, what prompted these comments was a call I got from my friend, and local **Gold's Gym** club owner, **GORDON JOHNSON**, who was enraged by a postcard he had received at his home in a mass mailing from **Crunch Fitness** (now owned by Bally) So, Gordon emailed the card to me and I must admit, it is pretty raunchy! The photo side of the card shows two pictures of two women's asses. One woman is on her knees with high heels on and her head and shoulders are not in the picture, but her back is, and is sloped downward with her head on the floor. It appears that she is in what might be described as the opposite of the "Missionary Position", if you know what I mean. She is wearing nothing but a sheer pair of panties giving a rather clear view of her

reproductive access point. The other photo shows the back of a half naked woman standing in a pair of sheer underwear showing her butt very clearly. The photo side of the card reads and I quote: "We don't care if it's boney, squishy or even synthetic, we think it's beautiful! And, we want it in our gym....get your butt down to **Crunch** by 1/31/03 for this special offer. \$0 Initiation Fee and \$39 per month." So, the beat goes on. Gordon told me he was going to send a letter to the Editor expressing his disgust and concern about the ad but I have not received it yet. I will wait until I get the letter from Gordon along with the card and I will run them both in a future issue. STAY TUNED. GOD BLESS AMERICA!

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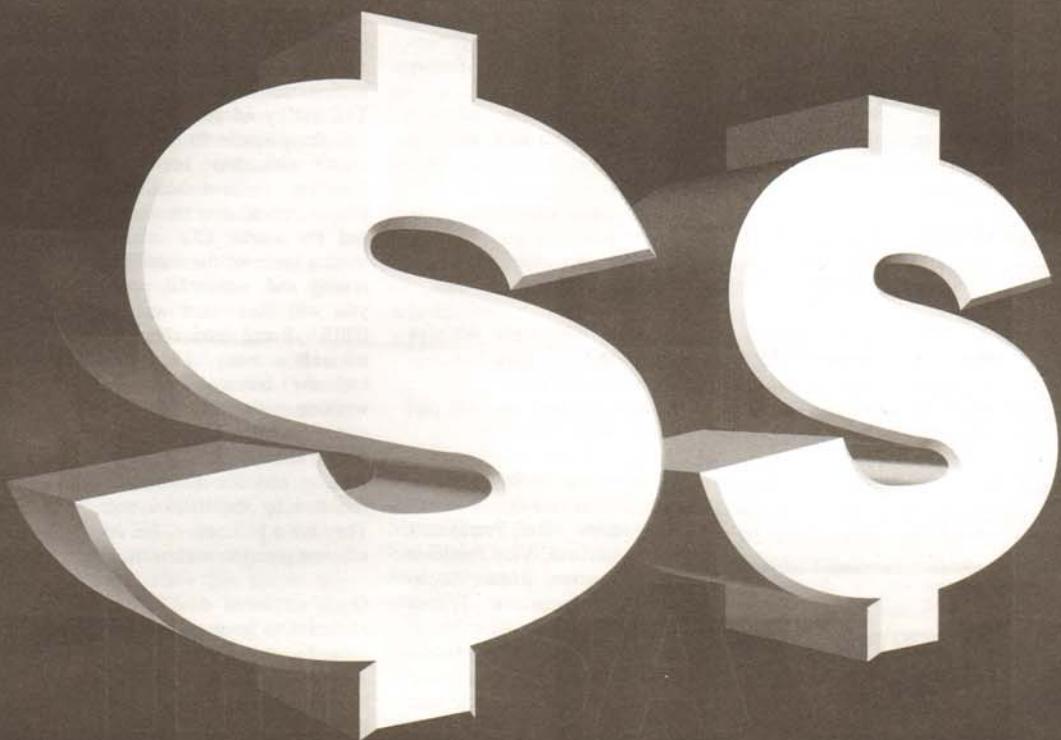
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...Tom Behan

continued from page 3

the original The Alaska Club.

Q. Tom, I understand you live in Washington and have a second home in Phoenix. How do you manage two homes and balance your role as a Co-owner of the 13 The Alaska Clubs?

A. A few years ago I realized that with Andrew "hands on" in Anchorage (he did not need me looking over his shoulder), a seasoned management team and the Internet, I could make a strategic move to the Puget Sound area. I have family and/or business interests in Alaska, Washington, Arizona and Hawaii. SeaTac Airport in Seattle or Sky Harbor in Phoenix are great launching

points to get to these and other places. I'm in Alaska five or six times a year and receive daily sales and management data through email. More recently, I am traveling on IHRSA business both nationally and internationally. So my office is where my cell phone and computer are, at least for the next couple of years.

Q. Please describe your clubs in general and do you have a Website that our readers could visit??

A. We have a combination of fitness only, women only, and multipurpose athletic clubs that are family oriented. Visit us at www.thealaskaclub.com

Q. How many locations are now open?

A. 13

Q. How many members do you now serve?

A. 50,000

Q. What ancillary services does the typical Alaska Club facility offer?

A. Pro shop, tanning, massage, snack bar, child care, and personal training

Q. What is your membership rate structure?

A. Monthly dues that vary from \$43 to \$152

Q. Tom, how many full-time employees and part-time employees do you have?

A. 300 full time and 700 part time

Q. Who are the key management staff at your clubs?

A. Andrew Eker, President - John Marchetti, Vice President Administration, Robert Brewster, V. P. Operations, Debbie Ganley, Fairbanks Area Manager, John McConnochie, Juneau Area Manager and in addition to these people there are at least another 6 or 8 other key management staff

Q. Tom, tell me about the competition you face in your markets?

A. Alaska has a wide range of individual clubs that vary from Curves for Women to Fitness clubs, multipurpose clubs, the University campuses, community centers and the YMCA.

Q. What is your strategy overall when it comes to your competitive position in the market against commercial clubs and also against the YMCA's, Park and Rec Centers, etc.

A. To have clubs conveniently located where people live and work. To provide a network of clubs that have reciprocal use in the major population centers in Alaska. To have a full range of health and wellness services for our members.

Q. If you look back 18 years since you began, how has that competitive climate changed?

A. There has been a major shift to the fitness only aspect of our clubs and expansion of the women only concept.

Q. Tom, you've served as a member of IHRSA's Board of Directors for three years now and I want to congratulate you on that effort and contribution. And, on January 1, 2003 you assumed the role of IHRSA President, replacing the 21st

IHRSA President, Geoffrey Dyer. What has that experience of serving on the Association Board of Directors been like for you?

A. It has been an extraordinary professional experience for me. The quality of people I have had the pleasure to meet and work with has been outstanding. I have met club people from all over the country and the world. Our industry attracts some of the most interesting and wonderful people you will ever meet and my IHRSA Board term connected me with so many. I also have had the bonus pleasure of working with John McCarthy and his amazing staff in Boston. We all know what a terrific guy John is and his qualities are reflected by the IHRSA staff. They are a productive, fun and efficient group to work with.

Q. What value does IHRSA represent to your club organization?

A. Our IHRSA membership has been invaluable since even before we opened our first club. Our due diligence and business planning for the original club was guided by IHRSA information. We knew then that we had a valuable ally in the business in IHRSA and we have stayed close to the Association ever since. Alaska is a long way from the "lower 48" and we have found IHRSA to be our best value many times over for up to date industry information and many other benefits..

Q. Please outline some of your goals and objectives for IHRSA as you step into the IHRSA President's shoes and replace Geoff?

A. There are many, but the primary focus this year is in three areas:

- Government Relations - We will continue to fight for "fair competition". Working with the ILC and the newly formed ICC, we will accelerate our efforts to protect IHRSA clubs from non profit predators.

- The launch of a major "wellness initiative" to position the industry as a solution to serious public health issues like obesity, diabetes etc. and begin the process of dialogue and networking with political alliances, both private and public. Both of the above issues will be featured at our first Legislative Conference in Washington, D.C. in early May.

• Capital markets are sluggish

at best for the industry and we are going to work to identify opportunities for an improved explanation of our business and more effective communications to the right audiences. The life blood of our industry is the flow of capital and we need to creatively tell our very positive story and explain how our industry works and its exceptional opportunities for growth.

Q. What do you see as the greatest challenges facing the industry in general?

A. Briefly, I would say the greatest industry challenges are:

- Fair competition in order to preserve and expand our market share;
- Capital market growth to fuel our industry growth;
- Market and appeal expansion - attract the de-conditioned and weight loss markets;
- Certification integrity to protect against abuse and build trust;
- Staying young and focused - meaning keeping up with the dynamics of growth and change - globally.

Q. What are the greatest challenges facing The Alaska Clubs?

A. Our organization is primarily challenged by expanding our markets and appeal in present populations where our clubs exist, and grow further by penetration of our brand in smaller towns. Also keeping up with the market as new opportunities evolve in programming and infrastructure is a constant.

Q. If you could write a "formula" for the health, racquet and sportsclub industry for the next 20 years, what would it be?

A. To grow, promote and protect the industry with imagination and vigor.

Q. Please describe the working relationship between you and Andrew.

A. From my perspective it has been excellent. I could not ask for, or imagine a better business partner than Andrew Eker.

Q. What are you and Andrew's Company roles and titles?

A. Andrew and I are equal partners in our partnership entities. Early on in our partnership we agreed that one of us should always be physically present and hands on at our clubs. I was

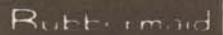
(See Tom Behan Page 24)


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...2002 In Review

continued from page 3

under" where he had reopened a bunch of defunct clubs with the U.K.'s Mike Balfour's Fitness First group name. And, he has been doing very well at it as usual. Marty Tuley, the owner of a health club in Kansas, published a book about weight loss entitled: "Get Off Your Ass!" Now, I "Get Off My Ass" everyday and walk 32 miles a week to help keep off the 110 pounds I lost in 2001 and 2002.

AUGUST 2002

Bill Pearl, the legendary "Father of Modern Bodybuilding", was our cover subject for the month. Bill is one of the nicest guys you will ever meet and is a true credit to our industry and to Life Fitness whom he represents as a spokesperson. On my "Insider Speaks" page I published an article entitled "We Have More Trade Shows Than We Need!" Arguing that the health club industry vendors are being

forced by circumstances to be in attendance at some trade shows that are really irrelevant and that we need less trade shows, not more. It was very sad to have to report to you in August that Mr. Robert Dedman had suddenly passed away. You would never meet a nicer, more cordial and sincere guy than Bob Dedman and his Club Corporation of America misses him greatly as does the industry at large. In August, Casey Conrad's Healthy Inspirations Weight Loss Company celebrated its 2nd Anniversary. Casey is still going gangbusters with H.I. and is approaching 60 locations now. Hogan Health Industries, Inc. celebrated its 25th year in business. The ink was hardly dry on our July edition where I featured Gordon Johnson and his Gold's Gyms success with Body Training Systems when I heard from Gordon that his clubs had won the Gold's Gym Worldwide Group Fitness Award!

SEPTEMBER 2002

The man I call "Mr.

Enthusiasm" the one and only Dale Dibble, and his friend at the Bentley Village Wellness Center in Naples, Florida, David LaHait, were our cover subjects. David LaHait is the Director of the wellness center, a 2,000 sq.f. facility that serves approximately 900 residents in the Hyatt Classic Resort 156-acre property. Through Dale and David's work at the Wellness Center, an amazing 62% of the 900 residents exercise 3 or more times a week. My feature story entitled: "Avoiding The Geriatric Ward" focused on giving club owners and managers as much information as possible about how to attract and retain the 50+ market into health clubs. There was so much material that "Avoiding The Geriatric Ward" had to be divided into two editions for a Part I and a Part II in October. I also published an article by Dale Dibble about his experiences at the Bentley Village in Naples, Florida, and in that article he shared with our readers the fact that on Thanksgiving weekend, 2000, he had to go to the Cleveland Clinic in Cleveland, Ohio for

emergency heart procedures. He has had problems since the 1980s with his heart. He told us he had been told by the doctors that they could do no more for him after that, no more angioplasty procedures or stints and that he only had 2 to 4 months to live! Well, last weekend I traveled to Naples, Florida for a Faust Roundtable #1 Meeting and guess who organized it and conducted a terrific hour and a half long powerpoint presentation on Senior programming? You guessed it. Dale Dibble! Amazingly, on September 4, 2002, Dale was told by his doctors "Dale, you have defied all odds. You have developed and are continuing to create new capillary veins. The one thing that is making this happen is your daily exercise regimen." After being told by his doctors two years ago that he had just 2 to 4 months to live, Dale patterned his behavior after another Bentley Village Resident, Joe Radbill, who had a similar heart blockage problem and three years later Joe showed that he was growing new capillary veins and he did

it with exercise, exercise, exercise! In that issue we announced that Alan G. Schwartz, my friend and the Chairman of Tennis Corporation of America, had been chosen by USTA Officials to be the next Chairman, CEO and President of the giant 650,000 member tennis organization. Also in September we announced that 24 Hour Fitness had sold some of its European clubs to Nordic Capital, a Stockholm-based private equity firm. Bill Pearl was honored by Wally Boyko's National Fitness Trade Journal with the Lifetime Achievement Award. In that "Avoiding The Geriatric Ward" Special September edition we featured interviews with IHRSA Executive Director, John McCarthy, Keiser Founder and CEO, Dennis Keiser, ICAA Founder, Colin Milner, Anthony Slayen, formerly with Cascade Athletic Clubs, Patricia Weir of The Atlantic Club, and articles by Dale Dibble, David LaHait and Barbara Morris, Author of "Baby Boomers Can Put Old On Hold!"

(See 2002 In Review Page 21)

JLR Associates announces the placement of

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The Only Thing Certain Is Change

Anything that stays the same too long starts looking old, dated, ho-hum. That's why even the most popular automobile designs are changed after a few years. That's why clubs are constantly updating equipment and surroundings to attract and retain members. And that's why Ivanko's new Ultrathane E-Z Lift Plates will give your weight room users an exciting lift. Not just urethane, Ultrathane, because these plates are "fully functional" and safer for floor lifting. Ultrathane, because they have more grip places for easier handling. Ultrathane, because Ivanko quality is recognized worldwide as the best there is.

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“AS I SEE IT”

*A monthly fitness industry opinion column by Michael Scott Scudder
published only in The CLUB INSIDER News*

“SUCCESS”

Riveting word, isn't it? Has an appeal...sure is a hook... millions have gone for it...thousands have died for it...even sounds good. “Success.”

Look it up in a Thesaurus, and you will get the following synonyms: “accomplishment,” “achievement,” “triumph,” “victory.” The accepted antonym is “failure.”

So what's “success” in

our industry? Is it owning 400 clubs? Is it running one club well, profitably able to put money back into the business? Is it scratching out a living for yourself? Is it being able to pay the bills by the end of the month?

I guess it's all according to *your* standards. But I'm gonna tell you a little story of *what success isn't* – at least according to *my* standards.

I got a phone call the other day from a guy who owns

a gym. (Names and places changed to protect the foolhardy; synonyms for foolhardy: “reckless,” “rash,” “risky,” “imprudent,” “foolish,” “unwise,” “hotheaded,” “impulsive,” “unsafe,” “irresponsible”; antonym: “sensible”.)

I answer and the voice on the other end says: “This is Joe from Winners Gym in Poppalopa. I got a quick question for you.” (Yeah, right.) I say: “OK. Shoot.”

Joe: “I wanna know how to compensate my salespeople for cash sales.”

Me: “Sorry, Joe, I need a little more than that.”

Joe: “Well, I'm running a real successful gym here in Poppalopa. Best gym in town. I wanna raise some cash and I'm gonna offer a prepaid discounted annual membership special in January and February. I thought I'd ask your advice about how to pay my sales people and my sales manager.”

Me: “One – why are you running a cash special in the best two months of the year? Two – how much discount and what's your regular monthly price? Three – how much cash do you need and what for? Four – you're talking to a guy who doesn't much believe in prepaid, discounted cash memberships.”

Joe: “Well, I got a good EFT base...doing well. I try to follow yours' and Plummers' advice about selling mostly EFT memberships. Do it a lot of the time. But I need to raise some money to buy new equipment. Need about \$40,000. My regular monthly dues are \$42 – gonna offer a prepaid year only to new members at \$399. How would you compensate that?”

He then went on to explain his compensation program, which was actually pretty well thought out, and why he thought he could do this “cash deal” now. (His reasoning was that he had gotten his EFT base

“up there pretty good” and “figured it wouldn't hurt” if he went for a cash special now.) Oh, yeah, and I asked him what his regular prepaid annual price was now, for those people who simply refused to pay on EFT. It was \$465.

I then countered with: “Do you realize what this sale is going to do to your EFT base, not only in the short term, but into next year? What are you going to say to those current members who want to cash out and get a good deal? You going to *refuse* them? You going to offer a better price to a *new* member that to an *existing* member? What about the perception of value? You'll take a \$42 a month base down to a value of about \$33 (\$42x12= \$504; \$399/12=\$33.25)...or a 21% drop in valuation. What will you offer that renewing member next year? And, by the way, have you ever heard of leasing?”

Well, Joe had “answers” for everything. Bottom line was, when I got in Joe's face a little bit, Joe has been in business for 7 years, has taken every penny he could out of the business, not put anything back in, has a somewhat “tired” gym, now realizes he needs to spruce up his gym due to increased competition, doesn't have good enough credit to get a lease or a bank loan, etc.

There are thousands of “Joe stories” out there. Unfortunately. Irony is, Joe thinks he is successful! He's made it for 7 years! And you know what? You almost can't blame him, because the club industry's version of “he who dies with the most toys wins” has been “getmoremembers
getmoremembers
getmoremembers.”

I don't think Joe is a failure. But I do think that Joe's a disappointment. Joe... and Winners Gym...have been all about *Joe*, not about the people he should be serving. In 84 months, Joe has learned next to nothing about his business, and about *the* business. *Our* business. Joe's a taker, and Joe's on a crash course to



Michael Scott Scudder

closing his doors within a couple of years...and he doesn't even know it. When it happens, he'll blame everybody else.

Success? I'll tell you what I think success is. Success is being able to pay your bills, make a good living, reinvest in your business, establish a good credit rating, not ever have to offer discount specials, raise your dues every year because you're a quality player and... most of all, being able to consistently take care of the people who trust you (members and employees) and contribute ongoingly to your community.

Of course, that's the way I see it. I could be wrong. But then again, I've lasted 4 times as long in this business as Joe has. Good luck, Joe.

(Michael Scott Scudder, a contributing author for “The Club Insider News,” is a 28-year veteran of the fitness industry. He is managing partner of the newly-formed Southwest Club Services, a club management training company based in Taos, New Mexico and Fort Worth, Texas. He can be reached at 505-690-5974, by email at scuddertour@direcway.com or on his web site at www.scuddertour.com)

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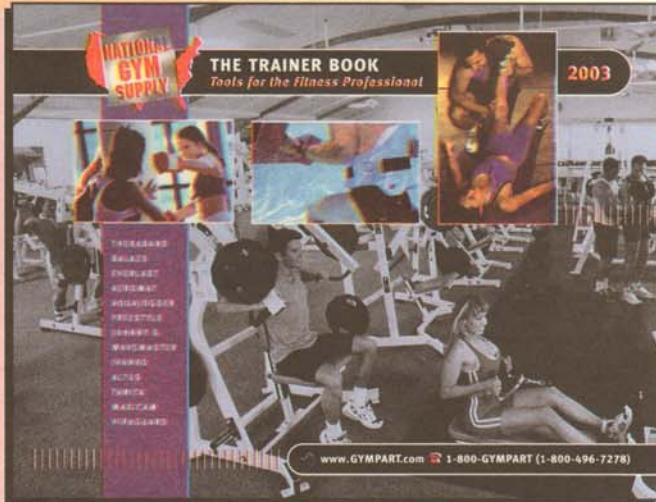
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A CLOSER LOOK AT WHY YOUR MEMBERS COME & GO

By: Gary Albert

In a New Year, when club membership sales are up, take a few moments to step back and review your club's member integration process. Is it set up to ensure that your newest members stay with you, well beyond the New Year? If not, it can be with a bit of fine-tuning in the right places. To find out where your process needs tweaking, ask yourself these three questions:

1. Have I adequately trained my sales team to identify which members need to be integrated?

Each new member has different needs. Some are

motivated and knowledgeable enough to begin membership on their own; however, others need assistance to ensure their successful beginning. Your sales team needs to be able to recognize which type each new member is and guide them accordingly. With the right tools, this task is easy. One tool, a fifteen-item questionnaire developed by Dr. James J. Annesi, M.S.W., Ph.D., is designed specifically to assess an individual's ability to maintain a new exercise regimen. The score identifies the degree of difficulty that a member will have in developing long-term exercise habits. Those members identified as having a high degree of difficulty are the ones who would

benefit from assistance in developing a structured exercise program.

The method used to identify a "member in need" does not have to be complicated. You may use a scientific questionnaire like the one by Dr. Annesi, or you can simply educate your staff to ask each and every member, "How are you going to use the club?" Members answering with definite plans and concrete goals may need no further assistance—they know why they are at the club and are prepared to get what they came for. On the other hand, members without an answer need to meet with your fitness staff to learn about the club's available program options and be guided towards one.

Be sure that your sales team has the right education and tools to help them identify and appropriately guide all your members—the fate of your members' long-term success depends on it!

2. Have I prepared my fitness staff for their first appointments with members?

When your fitness staff meets with members for the first time, the objective is to listen and guide the member toward the fitness option that is best for him. The first fitness appointment needs to include discussion in three areas: the member's goals, his preferences and any special needs he may have, and a clear and knowledgeable explanation of the fitness and programming options available at the club.

Without a thorough consultation, it's premature to assume that each member receives a "standard" first appointment—be it an assess-

ment, orientation, or personal training session. "One size" does not fit all here. In this first appointment, your fitness staff needs to only accomplish one thing—help the member choose his proper path for his long-term fitness success. Without learning about each individual member, long-term fitness planning is nearly impossible.

With the right tools, this "guiding" process is easy. To assist our clients' in facilitating their first appointments, we have designed a *Decision Support Tool* (DST). It gives structure to the appointment and ensures no agenda item is missed. The DST is a presentation kit that includes a brief introduction to the importance of health and fitness, a needs assessment, a chart to introduce the club's available fitness options, and a visual to score the member's questionnaire. With such a tool, your fitness staff can—and will—guide your members toward their best fitness option.

3. Have I provided my staff with an effective and manageable system for tracking my members?

Once your members begin their membership, are they being forgotten? Member integration is a continual process. While a member may have been connected to the club early on—via their own jump-start or one following a first appointment—it is the tracking function that will ensure they ultimately get what they want from their membership and remain tied to the club.

This tracking function is what Bob Esquerre, International Fitness Consul-

tant, refers to as "gate keeping." Gate keeping includes *following up* to ensure the member's successful beginning, *tracking* their ongoing progress, and continually *checking in* to measure the member's satisfaction. With a system that is effective and manageable, each of your fitness staff can track upwards of one hundred members.

These three components—identifying "in need" and "on own" member types at the sales appointment, guiding "in need" members to a successful start at the first fitness appointment, and tracking all members continually—are imperative in integrating your members for life.

Esquerre maintains, "Without gate keeping, you may get the new member in the front door but lose them out the back door!"

To effectively integrate your members, you need to have a system that is clearly defined, rigorously implemented, and thoroughly supported with effective tools. It needs to ensure all your members get to the club and make working out easy. So, if your members are leaving your club before their time, your decision in 2003 is easy—fix your integration process or change it!

(*Gary Albert is President of ActivTrax a Gaithersburg, Maryland-based company specializing in assisting health clubs with the long-term integration of new members. Gary may be reached by email at gary.albert@activtrax.com.*)

Technogym Named IHRSA's Associate Member of the Year!

BOSTON - January 9, 2003 - The International Health, Racquet & Sportsclub Association (IHRSA) announced on January 9, 2003, the selection of Technogym® as its Associate Member of the Year. Technogym will be honored on Thursday, February 27, 2003 at the 22nd Annual Convention & Trade Show being held February 26 - March 1 in San Francisco, CA. Founded in 1983 by its current President, Neri Alessandri, Technogym

has been an Associate Member of IHRSA since 1993. A market leader in the fitness and biomedical rehabilitation fields, Technogym focuses on the connection between physical activity and overall wellness.

With over 800 employees worldwide and subsidiaries around the globe, Technogym has developed many of the fitness industry's most impressive technologies, including two full lines (Race and XT) of cardiovascular

equipment equipped with CHR technology; Biostrength and Selection in strength equipment and the Wellness System offering an integrated open web based technology for exercise management. At IHRSA 2003, Excite, a new cardio line with embedded entertainment technology will be launched, maintaining Technogym's leading innovation approach in the sector.

"In honor of Technogym
(See Technogym Page 26)

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ACE Makes Fitness Trend Prediction For 2003

SAN DIEGO, CA. The American Council on Exercise (ACE), America's nonprofit fitness advocate, announced its fitness trend predictions for 2003 on January 9, 2003. Through its research, "workout watchdog" studies and worldwide network of certified fitness professionals, ACE continues to accurately monitor America's growing interest in fitness. As 2003 begins, ACE's predictions show increases in mind-body workout activities and senior participation, and a positive mind-shift in how exercise is viewed.

* **Pilates** will continue to grow as one of the nation's most popular fitness trends. Based on the century-old teach-

ings of Joseph Pilates, this artful discipline was originally designed to give dancers muscle strength without added bulk. This form of exercise is ideal for individuals seeking to improve strength, posture, flexibility and body awareness. Every Pilates exercise movement requires control of the entire body and focuses on the quality of movement, correct alignment and proper breathing.

* **Core Strength Workouts** will rise. More and more fitness classes will focus on core strength workouts. To achieve balance, strength and stability of the core (i.e., the body's center of power), exercise classes that utilize stability balls, medicine balls, core

boards, etc., will continue to gain popularity. Having a strong core is essential because the body's core muscles serve as the foundation for all other movement. The muscles of the hips and torso help stabilize the spine and pelvis, and provide the foundation for safe and efficient movement in the extremities. Training the muscles of the core may also help correct postural imbalances that can lead to injuries.

* **"Active relaxation"** is on the rise. Gentler forms of exercise that promote better sleep, longevity, reduced stress, increased energy and an overall sense of well being will continue to compete with traditional strength, weight loss and other forms of exercise programs. The aging population has realized that fitness is more than vanity, and that flexibility, meditation/breathing, yoga and other holistic exercise routines will provide long-lasting and meaningful benefits.

* **Sport-specific training** will continue to guide athletes and the general public into fitness facilities. As the number of marathon runners, tennis players and other athletes increases, so does the importance of sport-specific training. On today's playing fields, the athletes are bigger, stronger and faster than ever before. A sport-specific training program involves focusing on the specific skills associated with an activity (e.g., tennis players strengthening the rotator cuff muscles to improve their serve), while improving cardio respiratory endurance, muscle strength and flexibility.

* **Seniors' awareness of the importance of strength training** will increase. Osteoporosis weakens bones to the point where they break easily, especially bones in the hip.

spine and wrist. Approximately 25 million Americans have osteoporosis — 80 percent are women. Weightbearing exercises, done on a regular basis, are best for preventing it. Research also reveals that strength training can help control cholesterol and blood sugar levels, manage arthritis pain and reduce the risk of disabling falls.

* **On-line personal training** will continue to gain popularity. Training online saves money and time, overcomes barriers to facility access and helps encourage individuals to stay active. Many of these programs offer practical tips on exercise, one-on-one fitness consultations with certified fitness professionals, coaching and training tools, and portable exercise tools that help individuals incorporate fitness into their busy schedules. On-line personal training is valuable, but it typically is not as effective as having one-on-one contact with a certified fitness professional.

* **The need for personal training** will increase. It appears, unfortunately, that most Americans lack the commitment, motivation, and/or knowledge of fitness to stick with their exercise routines. In fact, it is estimated that 50 percent of individuals who start an exercise program quit within the first 6 months. Many individuals have found that just a few sessions with a well-trained, certified fitness professional helps them refine and recommit to their workout programs. The net effect is that they are more likely to safely achieve the results they desire.

* **Circuit-training classes, which combine cardio with strength training, will become more popular.** The focus of these classes is to combine

cardio and strength training into one workout to meet the needs of so many Americans who are "time starved" and want to get the greatest training effect in the shortest amount of time. Combo classes also should help to improve exercise adherence because they enable individuals to achieve more in less time.

* **Exercises will increasingly become a family affair.** Given the growing epidemic of childhood obesity, there is a tremendous need to identify ways to encourage kids to become more physically active. Fortunately, many parents are not only telling their children about the benefits of being physically active, but are also serving as fitness role models. The name of the game is to choose activities that each member of the family can enjoy, regardless of age, fitness level or athletic ability.

* **Corporations will continue to urge employees to participate in wellness exercise programs.** The "bottom line" is the bottom line for companies. With the state of the economy and the increased pace of technology, there is a growing epidemic of stress-related diseases among Americans in the workforce costing companies billions each year. Corporate wellness programs provide exercise equipment and "health advisers" to their staff. Employers who offer such programs may benefit from reduced healthcare costs, absenteeism, injury rates and turnover and improved job performance, productivity and morale.

(The American Council on Exercise (ACE) is a non-profit organization dedicated to promoting the benefits of physical activity and protecting consumers against unsafe and ineffective fitness products and instruction. As the nation's "workout watchdog," ACE conducts university-based research and testing that targets fitness products and trends. ACE sets standards for fitness professionals and is the world's largest nonprofit fitness certifying organization. For more information on ACE and its programs, call (800) 825-3636 or log onto the ACE Web site at www.acefitness.org. Telephone: 800-825-3636, 703)

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A typical owner or manager has many challenges and responsibilities, from running the facility, scheduling events, to office management. Often they hire experts to handle accounting and their legal matters, but seldom do they consider retaining an expert for handling an on-going "lead generating" system. The reality is that a good member acquisition system can be accomplished with as little as two hours per day once the routes have been developed and a staff member trained.

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IHRSA's Capitol Report

Reprinted Courtesy of IHRSA

FRIST BECOMES MOST POWERFUL PERSON IN U.S. SENATE

Senator Bill Frist (R-TN), who graced the November issue of CBI, assumed the position of Senate Majority Leader. The Associated Press reported that Frist, a former heart surgeon, seemed comfortable with his new, high-profile job, getting a quick jogging session in between television interviews Tuesday morning.

"It is my hope in this Congress that we will be defined by achievement as well as a cooperative spirit," Frist said in his first floor speech as leader. "At this point in time our nation faces truly historic challenges: winning the war against terrorism, boosting economic growth, boosting job creation, and addressing multiple health care challenges that have become crises and ensuring our agenda is inclusive of all Americans."

Frist, 50, is considered the leading expert in Congress on health care and is a strong advocate for wellness. Last session, he co-sponsored the Improved Nutrition and Physical Activity (IMPACT) Act, which addressed the nation's obesity epidemic.

Frist told CBI last fall that his legislation aims to attack obesity through building awareness of the disease, developing programs that increase physical activity among the nation's youth and adults, and creating workshops to encourage healthier eating.

The new Senate Majority Leader added that the IMPACT bill includes, "a grant program to assist local communities in forming coalitions with the private sector for programs that will encourage more activity in the workplace, and while traveling to and from work."

PENNSYLVANIA TOWN REJECTS REC CENTER PLAN

Hampden Township

commissioners have abandoned a controversial \$11.2 million community center project, saying it wasn't economically feasible, the Patriot-News reports.

The 4-1 vote was met with approval from community and business leaders who had fought the project they said would have constituted unfair competition.

Frank Kindler, owner of the West Shore Health Club, called the decision "good news." He opposed the center as a township resident and business owner whose business could have been hurt.

Kindler said studies have shown that about 5 percent of township residents would have used the center, "but they were asking 100 percent of the residents to pay for it."

"I truly believe that it wouldn't have been economically feasible, and the taxpayers would have eventually had to pick up the tab," said Commissioner Al Benshock. He cited a study by the Commonwealth Foundation for Public Policy Awareness that indicates that local governments end up pumping tax money into such facilities to keep them afloat and that government-owned businesses like fitness centers, swimming pools and golf courses compete unfairly with private businesses in their own communities.

The operators of West Shore Health Club are to be commended for their efforts to defeat this measure -- especially since when the project was first proposed, all five commissioners were in favor of it.

JOIN IHRSA'S HIPAA COMPLIANCE TASK FORCE

The Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA, Title II) require the Department of Health and Human Services to establish national standards for electronic health care transactions and national identifiers for providers, health plans, and employers. It also addresses the

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*Barry Smith, Director
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security and privacy of health data. The compliance date for covered entities is April 14, 2003. It is IHRSA's interpretation that most clubs, assuming they do not receive electronic payments from health

plans, are not covered by these rules.

However, as third party reimbursement does expand, club operators should bear in mind what the requirements of the privacy rule are, and begin to develop procedures which will allow

implementation of HIPAA standards without undue disruption of existing administrative practices.

If you are interested in joining an industry task force on HIPAA compliance, please contact Helen Durkin at had@ihrsa.org

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FitnessInsite Reaches 1,500 Location Milestone

FitnessInsite ("FI"), the market leader in web-based sales management and e-marketing solutions to the health club and active lifestyle market, announced on December 27th that the company now powers the branded websites, email marketing and interactive fitness programs for more than 1,500 locations. Clients include: Fitness-Edge, Fitworks, Gold's Gym, Healthy Inspirations, Lifestyle Family Fitness, World Gym and more than 140 other partners.

Pete Moore, President of FI stated, "In the past 24 months, we have

quietly built the largest network of health-related websites by partnering with blue-chip companies and making it easy for clubs to manage their websites. From posting club calendars online to automated email marketing, our clients are achieving serious results online. In 2002, more than 120,000 membership leads, representing more than \$60 million in new business, flowed through the Internet sites we manage."

New clients in 2002 include Alexander's Athletic Club, WOW!, Body By Jake, National Fitness

Center, Las Vegas Athletic Clubs, Saw Mill Club, Sweat Fitness, Women-Fit, Maverick Clubs, and many more independent operators.

Don Hoskyns, CEO of FitnessInsite remarked, "Not only are we providing a turn-key and easy-to-use solution for clubs to truly take advantage of the Internet, we are able to deliver this solution from \$99 - \$249 per month per location. This allows even a single club operator to utilize personalized software with more than \$5 million in investment. We firmly believe 2003 will be

the defining year for interactive programming and email marketing in the active lifestyle industry."

FitnessInsite is a privately-held company with offices in Phoenix, Arizona. The Company is a member of IHRSA and has working relationships with AT&T, ACE, Balance Bar, Body Training Systems, Church & Dwight, Life Fitness, Michael Scott Scudder, The Thomas Plummer Company, WebMD, Weider Publications and other strong companies in this multi-billion dollar segment. For more information contact Pete Moore at



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...2002 In Review

continued from page 10

OCTOBER 2002

Our October, 2002 edition had a photo of the amazing and one and only Bob DelMonteque on the beach. The cover cut-line stated that Bob was 82 years of age. (He turned 83 in November). When people see Bob's cover photo some of them have said to me, "Aw, come on Norm. That can't be a guy who is 82 years old! You must have 'doctored' his photo by putting his head shot on some 30 year-old guy's body!" My response to those that have said that has been: "What you see is what Bob really looks like and I in no way altered that photo!" Part II of our two part Special Edition, "Avoiding The Geriatric Ward" featured more ways for club owners to attract and keep the 50+ market with articles contributed by: Michael Scott Scudder, Kathy Kres of Salem Athletic Club, Colin Milner-Founder, ICAA, Sarah Kennedy of White Bear Racquet and Swim Club, Judy Dubreuil of Baylor-Tom Landry Fitness Center, Anita Drew of Franco's Athletic Club, Glenn Colorassi, President, Age Fit, Inc., Melanie Cook of The Club House at Town Center Village and an interview with Bob DelMonteque on how he has stayed so fit. We also reported on the Club Industry Convention presentation last fall made by Lynn Swann, the Chairman of the President's Council on Physical Fitness and Sport. In that speech to a crowd of over 300, Swann urged club owners everywhere to "Make It Fun!" in their clubs as how to keep people exercising regularly. We broke the news that Precor had contracted to be acquired by the AmerGroup of Finland. (Owners of Wilson Sports and Atomic Skis). In the November issue I wrote an article entitled: "Thanks For 9 Fun Years!" expressing my thanks to everyone that has sponsored, subscribed to, contributed to, read and supported The CLUB INSIDER News during our first 9 years of publication. And again, I extend my sincere thanks and appreciation to you all as we publish this issue, the third of our 10th year of publication. Life Fitness celebrated its 25th year of business and the contribution to the club

industry that Augie Nieto and Ray Wilson made with the perfection of and marketing of the LifeCycle worldwide should never be forgotten. LifeCycle and Nautilus were the two pioneers that changed the health club landscape forever. IHRSA and Athletic Business announced that the November, 2002 IHRSA/Athletic Business Conference and Trade Show would be the last of a 14-year run in that Alliance. Our thanks for those years goes to Peter Brown, the Publisher of Athletic Business, as he will continue the annual Conference and Trade Show in Orlando next year. It was reported that Curves For Women had reached the 5,000 level of open and contracted locations. Well folks, at that time, that was about 3,600 out of 18,000 U.S. commercial health clubs. I wonder when that bubble will burst? STAY TUNED. The National Institute of Medicine sent out the call for people to exercise at least one hour per day. I can now say that for me, one hour a day is a good number....but as a member of the "Geriatric Ward" at Padriac's Bar and Grill in Vinings, Georgia, I can also say that might be a stretch for some older folks that are considering entering the exercise world. Colin Milner of ICAA said that first, and I agree with Colin. We reported that the Nautilus Group continued to hit terrific sales numbers. But, let me say this about that. I philosophically have a problem with any company and I don't give a hoot who they are, that says anything in their advertising like what The Nautilus Group says in their BowFlex ads referring to the monthly payments on the machine being "less than a health club membership." My point is here on one hand Nautilus pushes their commercial line of Nautilus, StairMaster and Schwinn to you club owners while at the same time they say things in their BowFlex advertising clearly intended to deter people from joining or continuing their membership at your health clubs. There has got to be a way for them to write their ad copy in a way that DOES NOT discourage consumers from buying health club memberships! And, you can tell Bryan Cook I said so. And, you can tell him I am not criticizing BowFlex, as a consumer survey I did with a few friends that had purchased BowFlex for their

homes produced Rave Reviews! Finally, in our October issue Michael Scott Scudder contributed a terrific article entitled: "The Story of Elizabeth" that should be taken and framed and placed in the offices of every club manager, fitness floor worker and sales staff employee in the world. The "TRUE" essence of Michael's article is the lifeline to our business. End of story. If you want a copy of Michael's article send an email to him at: scuddertour@hotmail.com

NOVEMBER 2002

There are clubs and then there is the East Bank Club in Chicago that graced the cover of our November issue. Simon Meredith, the GM of the East Bank Club, shared the East Bank story and it is an amazing one. Also, we reprinted, courtesy of CBI Magazine, an interview with East Bank Club Founder, Daniel Levin.

But, after publication, I was corrected by Chuck Richards up in the Northwest that there was a 110-year old club up there that is 600,000 square feet! That issue began our 10th year of publication and our page #3 story told the tale of The CLUB INSIDER News. We announced that 88-year-old Jack LaLanne would be IHRSA's Person of the Year Award recipient at IHRSA San Francisco February 26, 27 and 28 and March 1st and if you have never seen Jack LaLanne speak in person I can tell you that it would be worth the trip to San Francisco just to see him speak. Talk about "Avoiding The Geriatric Ward!" Jack and his wife Elaine have got it down pat. My buddy, big Jim Flanagan, informed me that Michael Dettmers had been named as the new CEO of MedX. We reported that IHRSA Co-founder, Tim Richards, had been named the "Philanthropist of Distinction" by the Massachusetts Association of Fund Raising because he had donated free memberships to his terrific Orchard Hill Athletic Club to help raise money to build local Boys and Girls Clubs. We reported on the Florida Health Club Association's meeting in Orlando at IHRSA and that they had named a new slate of officers. The FHCA needs every club owner in Florida to jump on the band wagon so the goal of repealing Florida's Health Club sales tax can be

finally achieved. In November, we also published terrific articles by Karen Woodard of Premium Performance Training, Cindy Watson of First Financial, Casey Conrad of Healthy Inspirations and Communications Consultants, Ray Gordon of Sales Makers and Jhan Dolphin of Positive-Shock. While I was at IHRSA Orlando at the FHCA Meeting I discovered one of the best new talents I've come across in a good while. Her name is Bonnie Pfeister and she contributed an article entitled: "Taking The Place of the YMCA" that you MUST READ if you must compete with YMCAs in your marketplace and want to beat them at their own game. John McCarthy at IHRSA was so excited about Bonnie's article that he printed copies of it and distributed them to his IHRSA staff in Boston. If you would like to read it if you didn't already, it is in our November 2002 issue or send an email to Bonnie at: clublegends@earthlink.net

DECEMBER 2002

Our December, 2002 cover page displayed each cover photo from the year 2002. A late breaking story (one day before our December deadline) about Lee Hillman resigning from the position of Chairman, CEO and President of Bally Total Fitness appeared on page #3 along with Part I of 2002 in Review and an article about the YMCA of the USA Reporting a \$349 million net profit! (Yeah, the YMCA of the USA is a non-profit and tax exempt organization!) We reported that Contributing Author, Michael Scott Scudder was closing down his FitnessFocus Company and merging it with

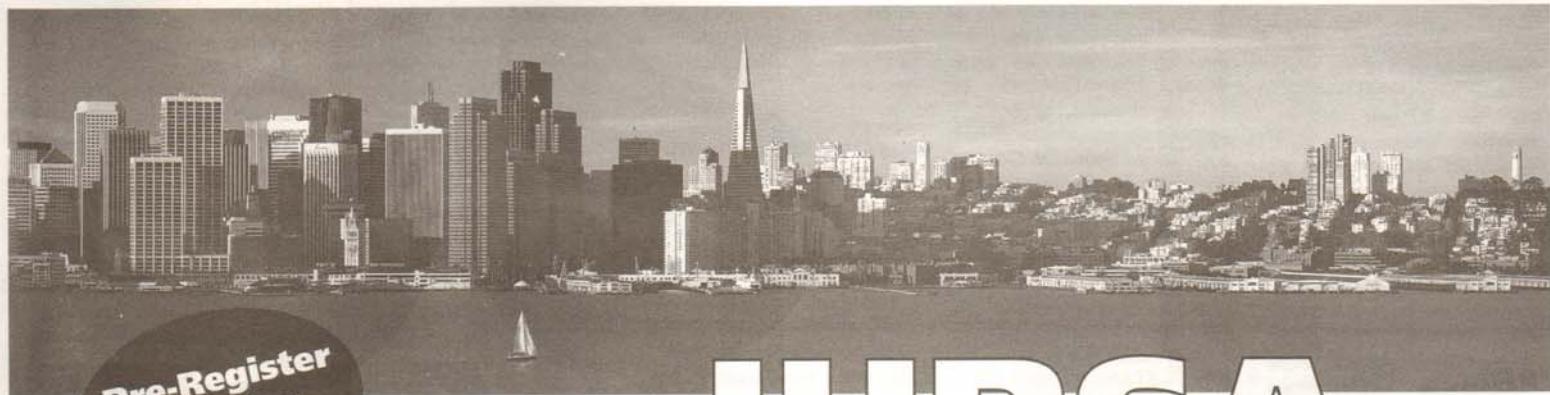
Robert Dyer and Ken Hoover to start a new company called Southwest Club Support Services. For more information go to Scudder's new Website: www.scuddertour.com Brian Cook announced that he had retained the services of J.Walter Thompson for media relations and Integrated Corporate Relations, Inc. for corporate relations. He ought to ask those expensive-'highfallutin'- companies to help him fix his BowFlex ad so they don't hurt the businesses of his club owner customers by telling consumers that "The Bowflex payments cost less than a health club membership!" We announced that David Pecker's American Media, Inc. won the bid for Joe Weider's Weider Publications with an offer of \$330 million. David Patchel-Evans announced that he was moving his club growth charge into the Quebec Province of Canada with a name change from Goodlife Fitness Clubs to "VitaVie" in Quebec. We shared the good news that Jack Black, owner of the Courthouse Clubs in Jackson, MS. had defeated a YMCA proposal by getting active with other local business and home owners to stop the plan by the City of Jackson to deed property over to the YMCA to build the new facility. YEAH! We wrapped up the year 2002 with terrific articles from Cindy Givens of the Wellbridge Company, Rick Caro, President of Management Vision- on cost control, Bonnie Pfeister and Jimmy Mack.

And, with all of the above now of permanent record, I bid you all a HAPPY and HEALTHY NEW YEAR! And, don't forget to STAY TUNED! GOD BLESS AMERICA!

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10:00am-2:00pm Trade Show

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What a Great Industry!

New Year's Resolutions.

By: Ray Gordon

It is that time of year. A health club owner probably made the first New Year's resolution. It fits so perfectly into the type of industry that we are in. It also proves that the majority of people know that they should be involved in a regular exercise program.

They call or come into the club with great expectations that this will be the year. Disappointingly, way too many of them fail to make exercise a part of their lifestyle. Every new member who is allowed to fail is a missed opportunity and costs you and your club a lot of money.

Zig Ziglar once said, "You can get anything you want if you'll only help enough other people get what they want". New Year's resolutions are made with the best of

intentions. No one plans to quit; it happens for any number of reasons. In our business, we see it every day. The new member comes in like clockwork for the first few weeks. They are enthusiastic. They are happy. Then they miss a session or two. Sometimes they get frustrated when they do not see immediate results; when in fact they didn't gain that extra 20 pounds in 3 weeks. Yet, logic and emotion do not necessarily work together to fight that urge to quit exercising. We know regular exercise works. We also know it takes time and effort – on our part as well as theirs.

People come into the club seeking help with a problem. We get to help them. What a great opportunity! We all know that warm fuzzy feeling you get when a new member steps into your office to boast about his weight loss,

reduced cholesterol level, or simply the fact that he just enjoyed an entire hour of BodyPump, and boy can he visualize how it will change him. For so many people this is a huge step and they are incredibly proud of themselves. They are looking for the kudos that comes with that initial success. And as the person who is responsible for signing them up, it's our job to extend that "attaboy" pat on the back. They deserve it!

Whoa. What are you going to do to really help them beyond selling them a membership? What extra efforts are you willing to employ to help them succeed? Did you ask the right questions so that you can make dynamic motivational calls? Are you keeping in touch with them after the sale?

Think about it. Their success truly is our success. And we all know that the

absolute best feeling about exercising is achieving that first level of success, be it losing the first five pounds or noticing that the clothes are slightly looser. Success, even in small doses, is positively the best motivator for the non-regular-exerciser. You have a great opportunity as a membership sales person to really help the new member succeed. Make your weekly motivational calls like a coach encouraging his players. Really care about getting them to use the club on a regular basis. REMEMBER: True success for a non-exerciser is simply becoming a regular exerciser. Many people feel bad about not coming to the club but everyone feels good when they are leaving the club.

What are your resolutions as a membership sales person for 2003? How about a resolution to help more people? Helping people to get healthier.



Ray Gordon

Helping people in the prevention of major diseases and illnesses. Helping people to regain their self esteem. Most importantly, helping people to ENJOY LIFE! It's not just our job, for most of us it's what we

(See Great Industry Page 24)

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...Tom Behan

continued from page 8

the GM of our first club until we hired Robert Brewster. When I became CEO of Alaska Housing Finance Corporation in 1989, Andrew became President of our clubs and has done an outstanding job since. We collaborate on all strategic matters, but I serve as an owner with primary responsibilities to our investors. Andrew is also an owner and he, with our talented management team, takes care of operations.

Q. Do you have a viewpoint on how the industry should go about reaching out to and attracting those 170 million people now designated by the Surgeon General as being obese or significantly overweight?

A. We may have to reinvent ourselves to get these people in our clubs. By that I mean we may see a metamorphosis to a softer friendlier atmosphere that will not intimidate this customer base. We also should work hard to align our industry with other advocates for a war on obesity and launch initiatives to encourage this group to exercise and improved eating habits.

Comments From Andrew Eker, President - The Alaska Clubs

Andrew Eker was born and raised in Seattle, Washington and graduated from the University of Washington in Construction Management in 1963. He moved to Anchorage, Alaska after graduation from

college to work in a family owned construction company and later partnered with a builder to form and operate several companies. We contacted Andrew and he provided us with some insight on his career in the club business and that interview appears below.

Q. Andrew, when did you become interested in the club business?

A. My interest in the club business began in 1975 when I was invited to participate in ownership of a tennis club. I declined the opportunity but, as an active tennis playing member of the club, I remained interested in the business. In 1986, I received a presentation on the possibility of sale of a club that I had recently joined to play tennis. It was the 100,000 square-foot Anchorage Teamster Recreation Center. Being an entrepreneur and business person with a major interest in sports, I partnered with Tom Behan who had similar interests with different talents and formed the partnership that we have today.

Q. Tell us about your typical work week as President of the 13 The Alaska Clubs?

A. A typical week involves executive decision making re: planning and operations. I am constantly visiting the nine facilities of The Alaska Clubs in and near Anchorage and travel to The Alaska Clubs in Fairbanks and Juneau every quarter. Additionally, new locations are always being sought. Thus, planning for network expansion as well as present club renovations keeps me very busy. I also travel to

round Table #3, and IHRSA conventions and other IHRSA activities such as ILC.

Q. What would you say the greatest challenge facing the health club industry is?

A. The economy is our greatest challenge. Hiring and keeping qualified employees is our greatest internal challenge.

Q. What would you say the biggest challenge you have for your club businesses?

A. Keeping people (members) motivated and dedicated to an exercise regime that insures their membership continuation is our greatest challenge. We can attract people to join, but keeping them exercising is our biggest challenge.

Q. What is the key to success of The Alaska Clubs?

A. The key to the success of our company can be attributed to two other individuals besides Tom and Me: Robert Brewster, VP Operations and John Marchetti, VP Finance and Administration. We rely on them to make the machine run. John has worked with me for over 30 years in the businesses that I have owned. Robert came to work for us as operations manager when we owned just one club. Besides these two individuals and their immediate support managers, we have two area managers, Debbie Ganley in Fairbanks and John McConnochie in Juneau that play very important roles in this success.

Q. Tell me about your recruiting and hiring process for management personnel?

A. We recruit in Alaska for our

...Great Industry

continued from page 23

thrive on. The financial rewards are the icing on the cake.

Now, consider this; if you are getting even two referrals from the person who has achieved that initial rush of success, how many more could you be getting over the course of the next year with regular motivational calls? How about a small goal of five additional phone calls per day? Break this down to a daily requirement. What would three extra corporate leads per week produce in revenue over the next 12 months? What would increasing your referral prospects by 20%

do for your income by the end of this year?

You should have already implemented your game plan for improvement during 2003. Using your statistics from previous months, you should know exactly what you need to do to improve your personal sales and ultimately increase your income. After all, can you think of one person who has walked through your doors in the past year that did not need to exercise? One resolution should be to help just a few more people achieve their goals. By helping more people we achieve our goals as well!

Many more people would achieve their New Year's resolutions to lose weight or get

healthier by simply making exercise a habit. You can resolve to make those five extra phone calls a daily habit, or try for those three additional corporate contacts on a weekly basis and before you know it, you're in the habit and successfully enjoying the rewards of your New Year's resolution too. The true definition of a win-win situation!

How about you? As a membership sales person, what resolutions are you going to make to create a habit and achieve even greater success?

(Ray Gordon is the Founder and President of Sales Makers a 20+ year old company that specializes in health, racquet

management staff. We have had poor results when we have recruited and hired outside of Alaska. We like to bring people up within the organization. Other than internal promotion, we use newspaper classifieds and the Internet on our Website.

Q. As President of the Alaska Clubs you run the show. But, it is quite a show with 13 clubs. How do you manage to keep up with all of those businesses?

A. My job is easy. All the hard work is done by our team.

Q. Andrew please share your future development plans with us?

A. As far as future development is concerned, Tom and I are always looking for enhancement of our two partnerships. We wish to be the best in our markets.

Thanks Tom and Andrew for sharing The Alaska Clubs success story with us. Our readers should take note of a comment that Andrew Eker made in this interview. That was that their greatest challenge was keeping the members they sign up exercising. I submit here that is the single greatest challenge for all clubs around the world. Let's face it. Members have many opportunities everyday to make a choice to do something else except to go to their club and work out. So, I say again, as I have said many times before, "MAKE IT FUN!" Fun is the single element that will cause your members to look forward to coming back regularly to the place that in their minds makes them think of the hard work that exercise really is. As a guy once said, "If you dance,

you've got to pay the fiddler." Translated here that means members around the world "Pay the fiddler with every mile they run or bike in your club, they pay the fiddler with every barbell they lift. And, they pay the fiddler everytime they make the time to JUST DO IT! So, keep your clubs FUN for your staff to work in and keep your clubs FUN for your members to look forward to going there each day and your business will grow and thrive. And, you will reach that "promised land" of great club success.

Our sincere thanks to Tom Behan and Andrew Eker for their time and assistance in preparing this article for publication. We also wish Tom great success during his term as IHRSA's 22nd President. The Association has made a good and wise choice in Tom Behan for Board President and I fully expect that he will lead IHRSA on to continued success and greater satisfaction and results for the IHRSA member clubs worldwide.

(Norm Cates, Jr. is the Publisher of The **CLUB INSIDER** News. Now in its 10th year of publication, The **CLUB INSIDER** News is read with great anticipation and vigor by club professionals worldwide. Cates was the 1st President of IHRSA and a Co-founder of the Association. In March, 2001, Cates was honored by IHRSA with its DALE DIBBLE Distinguished Service Award, IHRSA's highest honor. To contact Cates go to: clubinsidernews@mindspring.com or call: (770) 850-8506.)

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- * Results, The Gym, Washington, D.C.

Category 2:*Fitness Prescription & Assessment*

- * Cooper Fitness Center, Dallas, Texas
- * Greenwood Athletic Club, Englewood, Colo.
- * HealthLink, San Antonio, Texas
- * Spectrum Club at Rogers Branch, San Antonio, Texas

Category 3:*Exercise Incentive Programming*

- * Chico Sports Club, Chico, Calif.
- * Conway Regional Health & Fitness Center, Conway, Ark.
- * HealthLink, San Antonio, Texas
- * The Torrington Company Fitness & Wellness Center, Torrington, Conn.

Category 4:*Events, Classes & Community Outreach*

- * Akron General Lifestyles, Akron, Ohio
- * Delnor-Community Health & Wellness Center, Geneva, Ill.
- * MedCentral Health & Fitness Center, Mansfield, Ohio
- * Palos Health & Fitness Center, Orland Park, Ill.

Category 5:*Customer Service*

- * Discover Card Fitness Center, West Valley City, Utah
- * FitClub, Springfield, Ill.
- * The Fitness Center - Discover Financial Services, Phoenix, Ariz.
- * The Williams Companies Wellness Center, Houston, Texas

Category 6:*Websites & New Technology*

- * Club One Professional Services - Applied Materials, Hillsboro, Ore.
- * Faster Fitness, Charleston, S.C.
- * Two Liberty Place Fitness Center, Philadelphia, Pa.

Category 7:*Management, Marketing & Sales*

- * FitClub, Springfield, Ill.
- * HealthLink, San Antonio, Texas
- * Honeywell Employee Health and Fitness Center, Morristown, N.J.
- * Weymouth Club, Weymouth, Mass.

...TechnoGym

continued from page 14

Gym's many contributions to our industry and its steadfast support of IHRSA, we are very pleased to award TechnoGym with IHRSA's Associate Mem-

ber of the Year Award," said John McCarthy, Executive Director of IHRSA. "By investing its resources in top-of-the-line research and development, TechnoGym continually provides our industry with quality products, an example of

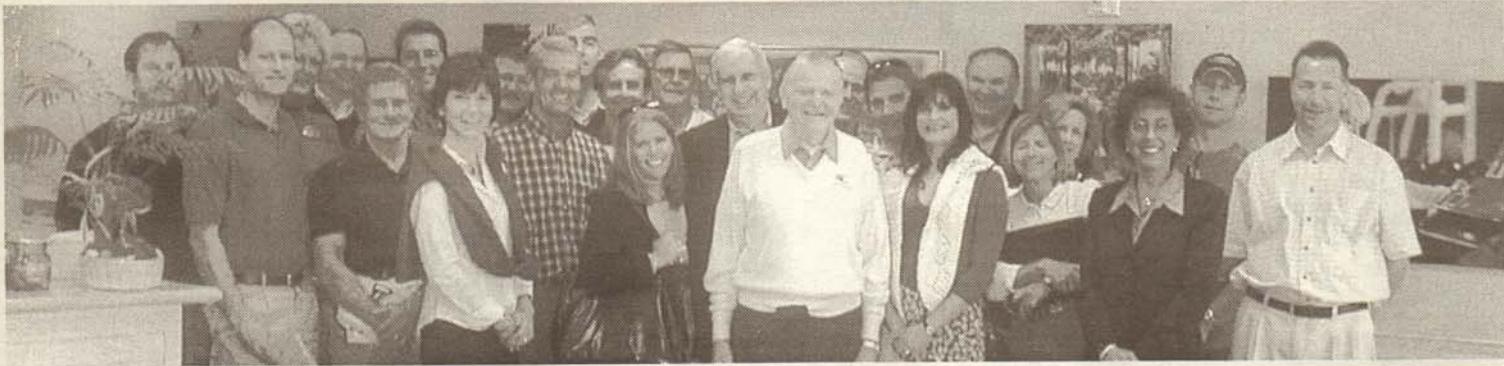
TechnoGym's overall commitment to the industry, innovation and wellness."

Additional information regarding the 22nd Annual Convention & Trade Show can be found online at www.ihsa.org/meetings/conve

tion and additional information about TechnoGym can be found at www.technogym.com.

(The International Health, Racquet & Sportsclub Association (IHSRA) is a nonprofit

association dedicated to the growth, protection, and promotion of the health club industry, and represents more than 6,500 clubs worldwide. IHSRA is an international leader in health club industry education and research.)



Dale Dibble (center in white sweater) And Faust Roundtable #1 At Bentley Village, Naples, Fl.

Norm Cates' **THE Club Insider** NEWS®

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Midwest Regional Manager

We are looking for the right individual to join the Wellbridge Company as Midwest Regional Manager for twelve Wellbridge club locations in the Minneapolis area.

Wellbridge is the nation's leading operator of upscale athletic clubs, spas and fitness/wellness centers with over 45 properties in five geographic regions, 6,000 employees and 200,000 members. With a strategic business model, exceptional talent and proprietary fitness, wellness and spa programs Wellbridge is poised for steady growth in the mid to upper market of the industry.

Qualifications:

- Bachelor's degree
- Minimum five years experience managing multiple locations consisting of large multi-purpose clubs

The qualified candidate should have:

- Excellent leadership/management skills with ability to manage in a multi-location environment
- Excellent written and verbal communication skills
- High standards in ethics, service, and image
- High degree of self-organization, discipline and ability to handle multiple tasks simultaneously
- Strong ability to execute business plans
- Proven ability in project management including analysis, delegation and follow-up
- Computer literacy and working knowledge of Microsoft Word and Excel
- Demonstrated success in revenue achievement and expense management
- Specific knowledge of the market drivers and operational aspects of a service oriented business
- Highly developed team-building skills with the ability to work effectively with all layers of management

This position, based in Minneapolis, reports to the Chief Operating Officer. The Regional Manager would have responsibility for managing regional staff including club general managers and regional controller, fitness director, sales director, tennis director, facilities manager and human resources.

We are proud to be an Equal Opportunity Employer. We offer excellent benefits and an engaging work atmosphere. We've come a long way and our future is exciting; come be part of it! Please submit resume, salary requirements, and cover letter to: JP-HR

Wellbridge
 1700 Broadway
 Suite 1600
 Denver, CO 80290

or send via fax to JP-HR 303-830-7503
 or submit online at wellbridge.com/employment

Visit our website at www.wellbridge.com for additional information.

"We have a passion for improving quality of life through fitness, wellness, sports and fun."

body**training**systems



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"Body Training Systems accounts for 1500 new members and \$1 million in revenue that we didn't have before. In addition, we avoided about \$100,000 of additional investments in capital equipment over the first two years with BTS."

- Gordon Johnson, Gold's Gym Owner



"In just three years with Body Training Systems, annual revenues increased from \$800k to \$1.7 million, and our earnings increased by \$250k."

- John Bonica, Global Fitness Owner



"In only 7 months, BTS has reinvented Group Fitness programming at WOW! We have experienced more than a 30% increase in class participation and more than a 25% increase in guest traffic across our seven clubs."

- Stephen S. Roma, WOW! Work Out World Owner/Chief Operating WOWzer

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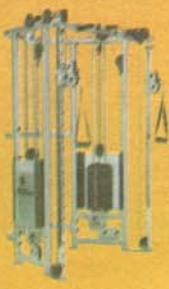
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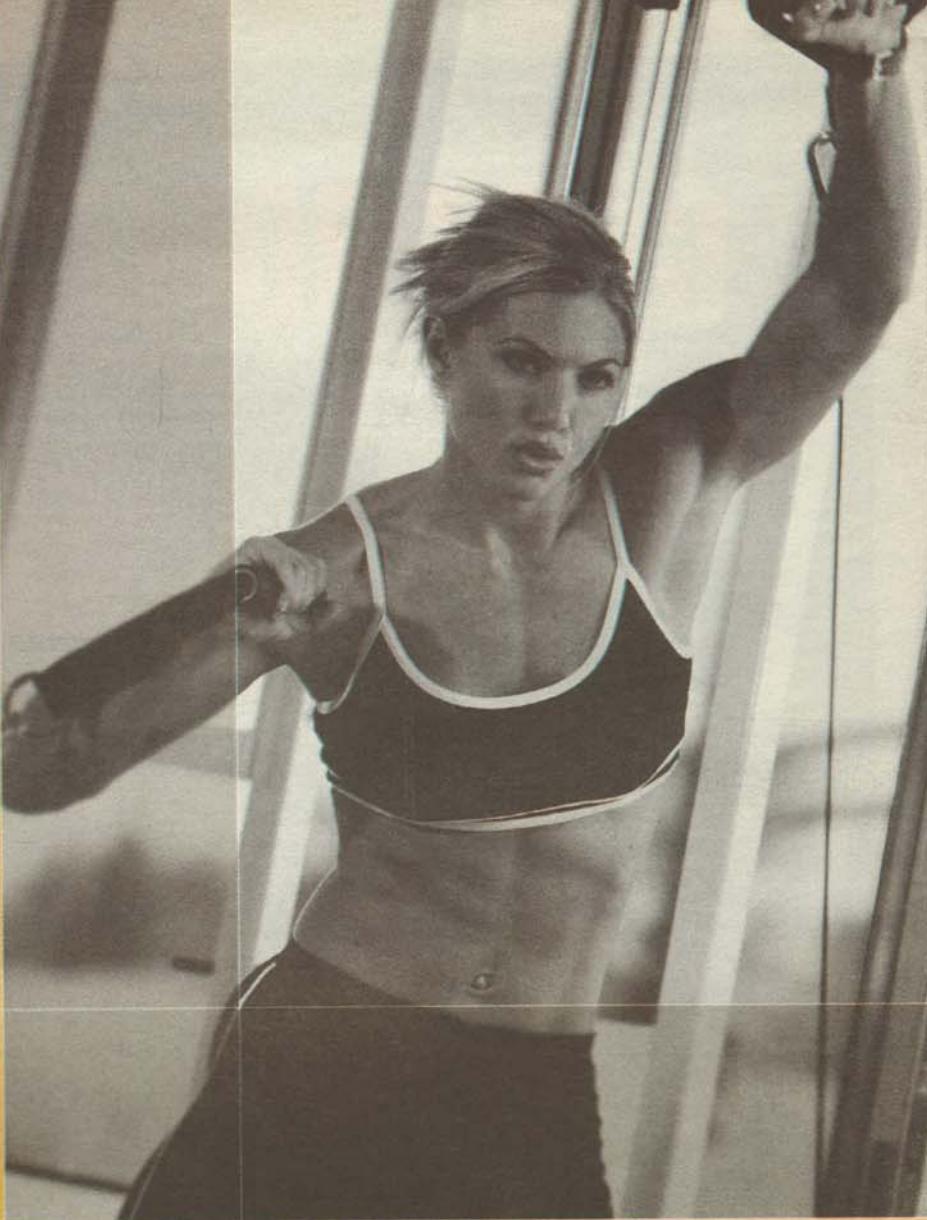
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