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NEWS

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

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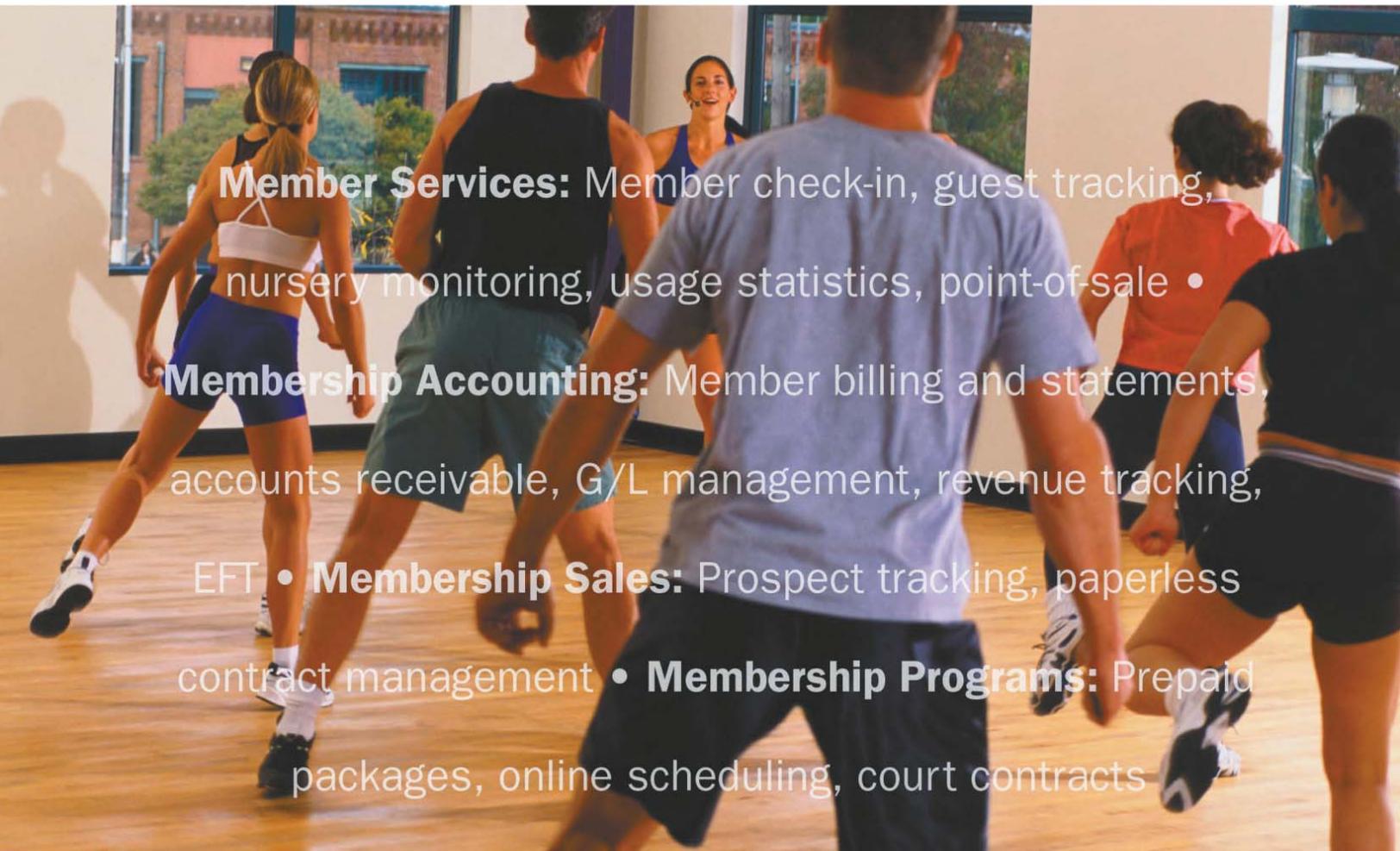


L to R: Harvey Voris – Vice President-Engineering, Stacey K. Kato – CPA-Controller, Dave Lynch – Operations Manager, Steve Rhodes – Vice President-Sales and Marketing, James Trisler – President

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

Paramount Fitness

Celebrating 50 Years of Excellence!

By: Norm Cates, Jr.

Where were you 50 years ago? In 1955, America was just moving on and continuing its recovery after the Korean War. Dwight David "Ike" Eisenhower was President of the United States, television was just becoming a normal part of the American household and there was no Interstate Highway System. Very few cars even had air conditioning. There were no fax machines, no cell phones, no personal computers, no internet and no Microsoft. There were less than 500 health clubs, if that, as the health club industry chain development was in its early years (Now, there are 26,830 commercial health clubs listed in Yellow Pages in the U.S.). Health clubs and gyms offered free weights in hot, sweaty, spartan-like environments with no carpet, no air conditioning and no mirrors. There were no high-tech cardio machines. Generally, the health club equipment of the era (except the free weights) jiggled, wiggled and massaged the body, but did nothing to improve fitness. Health clubs had to fight hard to sell memberships because nobody then really knew the value of regular exercise and, generally, did not want what the health clubs had to sell. Membership selling was tough and hard selling of memberships became the norm for those health club pioneers that survived those early years. The other icons of the health club industry of today

were just getting started on their careers.

In 1955, young Bill Hubner, age 20, was just two months into the new business he had established, the Paramount Fitness Corporation. Paramount Fitness was founded in a less than 400 square-foot space next door to his Dad's gray iron foundry. Hubner, a young fellow with only an 8th grade education, started the hard way... one piece of Paramount equipment at a time. Fast forward to 2005. Bill Hubner is now a highly successful, multi-dimensional businessman, and Paramount Fitness is now located in an expansive 200,000 square-foot, 3-building complex in Los Angeles, California. Bill Hubner and Paramount Fitness have endured the "test of time." Paramount Fitness celebrated its 50th Anniversary in November, 2004 and now encompasses a worldwide strength training equipment giant with sales and distribution in over 60 countries.

Bill Hubner did not need a Harvard MBA to become one of America's greatest business entrepreneurs and businessmen. His key to success, as stated in the following interview, was and continues to be "great people." His interests are not limited to Paramount Fitness. He also owns a chain of 27- health clubs in the Midwest and Northern California called Fitness USA. Beyond Paramount and Fitness USA, Hubner is heavily involved in a real estate company, a travel business, a finance company,

and an advertising firm, and is partners with Larry Gurney in The RUSH Fitness Complex chain in Tennessee, just to name a few of his multiple ongoing business ventures. His hobbies include travel, collecting, and sharing his great business success by showing his friends and business associates a good time.

The terrific, 50-year success story of the Paramount Fitness Corporation can be traced directly to Bill Hubner's management secret... "great people." Bill Hubner and Paramount Fitness have had the blessing of two of the health and fitness club industry's best and most respected people: Steve Rhodes, Paramount Vice President of Sales and Marketing, a 29-year Paramount veteran and Jim Trisler, Paramount President, a 25-year veteran. These two winners have teamed up with over 150 other very dedicated Paramount employees to make this great 50-year success story happen.

Interviews With Paramount Founder and Owner Bill Hubner, Steve Rhodes, Vice President of Sales and Marketing and Jim Trisler, President

In celebration of the 50th Anniversary of Paramount Fitness, we are proud to provide interviews with the people that made it happen. Over a very long period of time, Bill Hubner, Steve Rhodes and Jim Trisler have contributed hugely to the health, racquet and sportsclub industry through Paramount Fitness. Paramount Fitness has offered an extremely durable and reliable line of products that has continuously been improved and perfected. That improvement process continues with the



launch of the new Paramount XL Series (See page #5).

Now for the interviews with the men who made it happen:

Comments From Bill Hubner - Paramount Founder and World Class Entrepreneur and Businessman

Mr. Hubner, first I would like to congratulate you and your Paramount Team on the 50th Anniversary of the Paramount Fitness Corporation! You and your Team should all be very proud of having achieved such a milestone. And, we thank you all for your service to the health and fitness industry worldwide for over 50 years now! Paramount's 50-year track record of building and selling extremely durable, high-quality equipment has no peer in this industry. No other company in the world can boast such a track record and we congratulate you all. Now for my questions.

Q. Mr. Hubner, tell us why and how you started Paramount Fitness?

A. "The last grade I ever attended in school was the 8th Grade. I had a number of menial jobs until I got involved with my first job in sales. I got married at age 18 and had 3 children by the time I was just barely 22. By age 20, I had decided that because of my lack of education, I had far better

chances if I did something on my own. I felt that in a corporate job they would not find it very entertaining that I wasn't very smart. My Dad had a gray iron foundry, where he used to cast barbell plates for Dick Klein's Healthways Company, Bob Hoffman's York Barbell Company and the Vic Tanny gyms. I started off in a less than 400 square-foot space next door to my Dad's foundry by selling barbell and dumbbell sets, boots and head straps. That's how Paramount began. My first piece of equipment was a flat bench, then a supine bench, then an incline bench and then a leg curl machine. After that, it transformed into a whole line of fitness equipment. I don't know how I did it, to tell you the truth, but I'd sure hate to try it again. I had no money. I just did it by the 'seat-of-my-pants.' I just made it happen, and it evolved in a short time into a complete line of Paramount Fitness equipment.

Q. Tell us about your big Paramount Fitness complex in Los Angeles?

A. We own, lock, stock and barrel, and debt-free, 10 acres on Bandini Boulevard in L.A. with 200,000 square-feet in three buildings. We acquired an existing building on the site in 1983. The initial purchase included the acreage, the 90,000 square-foot building and in-

(See *Paramount Page 10*)

Inside The Insider

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- Alliances 'Inside' and 'Outside' The Industry
- Member Motivation = Member Retention
- Resolutions for Stellar Sales Success
- Failing to Plan is Planning to Fail
- New Year - New Beginnings

•Norm's Notes•

Contained below are some of my opinions... I welcome yours! clubinsidernews@mindspring.com

•Hello Everybody! And, Happy - Healthy New Year! This is your friendly **CLUB INSIDER** News Publisher since 1993, checking in. This edition of Norm's Notes is going to be "short and sweet" (except for this next note) as I also have a ton of information for you in this edition. Starting with this month's terrific Cover Story about **BILL HUBNER's** 'Paramount Fitness Celebrating 50 Years, of Excellence!', we have a Blockbuster edition for you all, so **HOLD ON TO YOUR HAT!** I have written an article on *Alliances* in the health club industry and this piece is a *must read for everybody in our industry*. We also bring you *Part II* of our '2004 In Review' covering the months of March, April and May, 2004. We will publish the review of the rest of the months of 2004 in *Part III* next month in our February edition. And, as usual we have several educational articles presented by some of our 2005 'Contributing Authors',

KAREN WOODARD, RICHARD EKSTROM, CASEY CONRAD and GARY POLIC and new 'Contributing Author', **SHAWN CODD, of Sales Makers.**

•First, let me comment on the recent new guidelines on exercise and nutrition announced by the U.S. Government last week. I think the government has made a **BIG MISTAKE!** And, I think this mistake is going to cost our industry some business, and we need to prepare for that possibility. The mistake: the U.S. Government has told U.S. citizens and the world that their former exercise recommendation of exercising at least 30 minutes a day is not adequate. Instead, the government has stated that people need to exercise for one to one-and-a-half hours everyday of the week! What a **TURN-OFF** this is going to be for current 'non-exercisers'! I believe they made a mistake by the outright announcement of this huge new

declaration without some important sentences right after the announcement. The additional sentences may be and probably are in their report. However, I doubt that 5% of Americans will ever read the report. The government should have made and published as a **PART** of the big news statement, the following: "**CAUTION!** If you have been sedentary and are not accustomed to regular exercise, you should carefully and gradually begin exercise with approximately 20 to 25 minutes per day for your first week of exercise. You then should slowly and regularly increase your daily exercise duration by 10 minutes once a week, until you build up your strength and stamina over a period of a few months. Do not be embarrassed and discouraged by starting at a lower amount of time for your exercise. Instead, realize that over time you will obtain greater results by developing regular exercise adherence at lower time volumes while your mind and your body team up to make exercise a new lifestyle habit." Yeah, I know you folks are the club operators and trainers out there and are the people that you deal with members, and I am just a Publisher and writer. But remember this. I am now a 59-year old guy that just a little over

4 years ago weighed-in at a whopping 343 pounds on a 5' 11" frame! I have 'been there and done that' and lost over 100 pounds. Since November 26, 2001, I've successfully developed an entirely new lifestyle, a strict exercise adherence habit and have truly changed my life. And, I can flatly tell you... when I finally got up off my big ass and began to exercise everyday of my life, I was hardly able to walk across the room without being out of breath! I WAS like these non-exercisers out there in America. Had I not had the sense to start slow and build up to my now one hour per day of walking and doing pushups, I would never have achieved my goals! So folks, I KNOW you know that it is your job to **TEACH** your new members, or non-exercising members in your club that 'easy does it.' Also, remember this... for a very regrettable few years in my life after an auto accident in 1991, I gained a bunch of weight (over 100 pounds) and I WAS AN UNWILLING 'SPYON OBESITY' FOR ALL OF US! I am NOT PROUD OF IT, BUT I HAVE LIVED THE OBESITY LIFE and IT REALLY, REALLY, REALLY IS AWFUL! Do you teach your members about the 'demons' in their lives that cause them to lose control of their



SalesMakers' Shawn Codd and Norm Cates, Jr.

Thank You

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Alliances 'Inside' and 'Outside' The Industry Can Help The Health Club Industry Grow!

By: Norm Cates, Jr.

Alliances... what are they and how do they help our industry?

Alliances 'inside' our industry have driven the health club engine for years. The health, racquet and sportsclub industry's greatest 'Inside the Industry' alliance is IHRSA. (The International Health, Racquet and Sportsclub Association). Actually, IHRSA consists of two great and important alliances: IHRSA's Member Clubs and IHRSA's Associate Member Group. The IHRSA Member Club's owners, managers and other employees receive an amazing line-up of benefits, that 'if used regularly and proficiently' year-in and year-out, will undoubtedly help your club or clubs grow and prosper. And, I must emphasize the 'operative' words in the previous sentence: "if used regularly and proficiently!"

IHRSA's Associate Members, consisting of nearly 400 manufacturing and vendor companies of all shapes, sizes and descriptions, are teamed up to support the Association and the 'Industry' in many ways: 1) through annual dues that each IHRSA Associate Member pays for membership; 2) through support and participation in IHRSA's Annual Trade Show

with the 24th event coming up March 17-19th in San Francisco; 3) through a vast array of sponsorships of all kinds of IHRSA and other initiatives produced by the Association to help your clubs succeed; and 4) through all of their company's vast, creative and expensive Research and Product Development programs that, over the years, have brought excellent tools for clubs to help their members reach their goals and achieve the results their members seek through their club membership investment. Beyond those items, all manufacturers, vendors and service providers become very valuable educators for many club operators in the industry because they invest their resources in experts who know their stuff. You should make an effort to 'tap-in' to the expertise of these excellent vendor experts!

In short, these IHRSA Member Club and Associate Member Alliances are in my view, a microcosm of the 'Big Picture'.

*The 'Big Picture'
IHRSA's newly modified
Mission Statement is: 'To
Grow, Promote and
Protect the Industry.'*

I, for one, hope someday to see a much larger 'Alliance' in America...one

involving virtually all health, racquet and sportsclubs and every conceivable kind of fitness and health facility in between, **united in an 'Industry' Alliance with the U.S. Government in its War On Obesity.** IHRSA is perfectly positioned and prepared, and Now is the time and America is the place for this to happen. I'd bet some moola, if I were a betting man and had some extra, that IHRSA leadership is already planning to use the great relationships 'Big John' McCarthy, Helen Durkin and Kevin Buckley have been building for years in Washington, D.C. to make such a grandiose idea happen, and *if so... excellent.* If not, all CLUB INSIDER readers please think about this **idea: What if IHRSA, teamed up with the U.S. Government as a promotional partner and was able to rally operators of health and fitness facilities (IHRSA Members or not) across America to do just one thing... open their doors to the public on the first Saturday and Sunday of every month of the year?**

IHRSA could develop a prototype 'America's Health Education Package' for consumers to be distributed at seminars arranged in clubs nationwide at specified times during those 1st Saturdays and Sundays. (Sundays starting right after church at 1:00 p.m.) **Chuck Leve** could sign up Nationwide Sponsors for mass and I do mean mass, nationwide TV, Radio, Newspaper and Direct Mail Promotions and to fund the health education package. This movement could couple our 'Industry' with the **U.S. Government as a promotional partner in the year-round promotion** by using its massive public service resources and capabilities, year round, to supplement the mass advertising program funded solely by dollars invested by the U.S. Government and the sponsors. This would provide **24 extra big-traffic days per year** to clubs across America. Importantly, this would potentially mobilize literally millions and millions of the 175 million or so obese and/or overweight Americans to come on in to a club near their home or work and **to take the first step in their lives**

toward fitness and a new healthier and more fit lifestyle. The promotion effectively could become a 'National Habit for Health', and each month, more and more people that had been on the couch the month before will visit a club and may just decide (with the help and persuasion of the club) to **come on back and 'join up'!** **Month after month, year-after-year, the 1st Saturday and Sunday of each month could become a "Lifestyle Renaissance"** time for our nation and millions of Americans that have not yet been able to **"Make The Break"** to a health and fitness lifestyle yet. You may say, upon reading this, but I disagree if you do, **'Simple idea... but impossible to do!'** **But, I say to each of you reading this, "Let's dream the dream and make it happen!"**

'To Grow, Promote and Protect the Industry'

To me, IHRSA's Mission Statement that says: 'To Grow, Promote and Protect the Industry' means **ALL health and fitness facilities of all kinds everywhere.** **Does it not mean that to you?** Think of it. This could be the **next great growth step for IHRSA's already in motion "Get Active America!" promotion** launched last May, 2004. It could be **"Get Active America!"** year round, month after month. **Promotion, promotion, promotion to the masses... that's what we need!** Promotion equals more membership prospects, pure and simple. And, with the national **Yellow Page** health club listing count just reported at **26,830**, it is a good idea that our industry should get on the stick or we're going to see a **'Shake Out'** in our industry, the likes of which we've never seen before! **Promotion, promotion, promotion... mass promotion, that's the ticket!** The result could be millions and millions of new people coming inside the doors of health and fitness clubs everywhere! Millions that have **never been inside a health club before.** Millions of people could finally be moved to finally act to **save their own lives**, and imagine the sponsorship capital that could be raised to help market

and promote this new American Health Initiative. Yes, I know... much, much, much easier said than done. **But, after much reflection back to 1993, when IHRSA's Board** at that time decided to change the name of **IRSA** (yes, then it was IRSA), to **'Exercere'**, (Latin for "To Exercise"), it is now my view that this **'Big Picture'** I have outlined here was what that IRSA Board, at that time, had in mind and the end goal of the 'Exercere' name change movement. **But, somehow I do not think this was efficiently communicated.** No one has ever told me that was the case, nor has anyone filled me in lately on the IHRSA efforts to move the masses. This **'Big Picture' concept**, with the **great brainpower and leaders** the 'Industry' has on the **IHRSA Board and within IHRSA membership is something that if enough of the right people in IHRSA and the U.S. Government decide they want to make this happen in America... it actually could happen!** **America is a wonderful country... but, we all have a big problem (healthcare) and if the Obesity Epidemic continues in America, we could someday bankrupt this country if we don't fix it. It is that serious. Now is the time... America is the place!**

**IHRSA & NFTJ Conference
Launch New
'Education Alliance'!**

Other terrific 'Inside' the industry alliances of particular note and great importance are the annual **Club Industry Conferences and Trade Shows (now called Fitness Pro Business)** held in the Summer and Fall annually. Another alliance is the subject of a portion of the last portion of this piece: **Wally Boyko's National Fitness Trade Journal Conference and Trade Show and its recently announced new 'educational alliance' with IHRSA.**

Last month, I had just completed a brief outline of what I hoped to communicate when writing this article for you after I received the great news! This new **NFTJ/IHRSA Conference 'Educational Alliance'** is great
(See Alliance Page 7)

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...Alliance

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news for this industry. **Wally and Mischelle Boyko**, 24-year publishers of The National Fitness Trade Show Journal, have conducted their annual Las Vegas Conference and Trade Show for 24 years now. The 'educational component' of the NFTJ Conference, up until now, had focused on a limited segment of the educational possibilities in the industry. In recent years, the NFTJ Conference has served as the *host for World Gym University*, produced by *World Gym International*, under the able leadership of *CEO and President Mike Uretz*, and has been conducted each year by *'Brother'- Michael Scott Scudder*.

Along came the *2004 NFTJ Conference and Trade Show last September* in Las Vegas at the *Rio Conference Center, Hotel and Casino* and amongst the planned activities was a well-deserved honor for my friend *'Big' John McCarthy, IHRSA's highly esteemed Executive Director for almost 24 years now*. In the past, I have used the nickname *'Big' John* for John McCarthy. Today, I proudly announce a new nickname for *'Big' John*. From this point forward, I shall refer to *'Big' John* as *'Big John-The Master of Alliances'*. In Las Vegas in September, *'Big John-The Master of Alliances'* was honored by the NFTJ with its annual and very prestigious *'Lifetime Achievement Award'*. I and several of John's IHRSA staff and friends attended this great event, including: *IHRSA's Director of Promotions Chuck Leve, Donna Garrity and Richie Wagner. Other friends in attendance included: Ray Wilson, Cecil and Jeanne Spearman, Rudy and Virginia Smith, John and Jan Doyle and yours truly*.

I can only say this about *'Big John McCarthy- The Master of Alliances'*. There is *only one like him* on this *'Mother-Earth!'* *God 'threw' away the mold when he made him*. Industry legend, **Ron Hemelgarn** introduced **Chuck Leve**, John's long-time friend and IHRSA associate, **Chuck Leve**, who delivered a wonderful, heartfelt introduction of *'Big John-The Master of Alliances'*. Upon receipt of this high honor, John McCarthy joined an elite group of previous **NFTJ Lifetime Achievement** honorees and health club industry icons that include: **Arthur Jones, Jack LaLanne, Rudy Smith, Ray Wilson, Ron Hemelgarn, Jerry Kahn, Robert Rice, Joe Gold, Bill Pearl and Ken Melby**.

Emerging from John's visit and honor in Las Vegas last September, IHRSA and the NFTJ Conference and Trade Show last month announced their new **NFTJ/IHRSA 'Educational Alliance'**. This new alliance could lead to hundreds of Western Region health club owners and managers and many others from across the country having a terrific and *fun* new *educational destination* opportunity. This event will be an easy to reach, affordable and *fun*

'learning destination' as the Rio Hotel, Conference Center and Casino is one of Las Vegas' nicest venues and it is in *driving distance* of what I estimate to be 4,000 to 5,000 health clubs in California, Arizona, Nevada and New Mexico. Moreover, Wally Boyko has arranged for an extremely reasonable rate on the normally \$300+ Rio Hotel Luxury Suites- *just \$129 per night!* And, many airlines across America also provide great airfare discounts if people book well in advance, and since the first NFTJ Conference and Trade Show and IHRSA 'Educational Conference' is scheduled for September, 8th, 9th and 10th, 2005, there is plenty of time to book airfare early! My most hearty congratulations to the NFTJ Conference and Trade Show and IHRSA as they launch this terrific new *'Educational Alliance!'*

How Alliances 'Outside' The Industry May Help Your Business

First, let me explain what I mean when I write the words: Alliances 'Outside' The Industry. By that I mean alliances you can cook up with many potential organizations in your very own community.

Second, let me write here:
"Alliances 'Outside' The Industry =
More \$\$\$\$\$\$\$\$\$\$\$\$
for your club(s).

Consider two different, but powerful 'Alliance Builders' with respect to Alliances 'Outside' the Industry.

First to mention is highly successful, independent club owner/operator, **Mike Minton**. Minton is arguably one of *America's top health club/community alliance builders*. Minton's *Sportsplex* in Texarkana, Texas has a current alliance with the *Texarkana Independent School District*. His work with the School District has just caused him to be *honored* with the *State of Texas Governor's Partner In Education Award*. The Governor of Texas will personally present this Award to Mike later this year. The Award will be given for the Sportsplex's efforts working with obese children and special education students in Texarkana, a town of 60,000, that has the state line between Texas and Arkansas running right down the middle of the city. Minton's Sportsplex also has an alliance with *The Children's First Coalition a (501(c) 3)* charity that helps the Sportsplex meet the needs of families of low income who have overweight children. Minton's Sportsplex also has an active and fruitful alliance with the *Pepsico Corporation*. Pepsico provides equipment and cash to help educate the public on the benefits of living healthy lifestyles. Another alliance in development and progress has Minton working with the *City of Texarkana, Arkansas, the School District and Arkansas Governor, Huckabee* to develop a new multi-purpose facility in a joint-

(See Alliance Page 23)



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...Norm's Notes

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weight and not be able to get control again? Do you teach your members that they must: "TRAIN THEIR MINDS TO TRAIN THEIR BODIES?" These comments are my opinion... I welcome yours: 770.850.8506. clubinsidernews@mindspring.com or by phone: And, just in case any of you out there wondered, I am STILL working on my book "Leaving Fat City!"

•MIKE MINTON, Founder and owner of Minton's Sportsplex Texarkana, Texas, is arguably one of America's great "Alliance Builders". Check out my new "Insider Speaks" page #6 for my article on Alliance building.

•TONY deLEEDE, one of this industry's greatest entrepreneurs, headed back to his home country of Australia a couple of years ago to become a partner involved in acquiring a big chain of health clubs that had gone bankrupt. Now, Tony and his beautiful, former wife, GAIL deLEEDE, have teamed up to form a new vendor company for

the industry called ActiveXL. ActiveXL is a company that will specialize in supplying backpacks with gifts such as water bottles enclosed in the bags that are given as a joining gift to new members. Look for the news on this great new service and business for club operators in our upcoming February edition.

•Congratulations to Technogym CEO, Nerio Alesandri, as Technogym, the Gambettola, Italy-based company has been named by Fortune Magazine as the "Best Company To Work for in Italy" and one of the "10 Best Companies" to Work For in Europe!

•Congratulations in advance to DAN LEVINE and SIMON MEREDITH, the builders and owners of the East Bank Club in Chicago, one of the world's largest and likely the most profitable, health, racquet and sportsclubs. The East Bank Club is a gigantic, 450,000 square-foot Chicago mega-club that you must see to believe! Levine and Meredith will be honored at the IHRSA San Francisco Convention in March with IHRSA's DALE DIBBLE

Distinguished Service Award.

•MIKE MOTTA, a wonderful guy and the Founder and CEO of New York City-based, Plus One, leads the market in corporate fitness in the city and surrounding areas. Motta and his team lost one of their facilities in the World Trade Center 9/11/01 attacks and had his entire operation, including his General Offices near the destroyed buildings, totally disrupted. Mike has fought back and his company is thriving. He recently wrote to me: "Business is steady, we are adding 2-4 new sites a year and keep growing our client list with "A" company names. Our big push now is to prepare for growth. We have just hired CHRIS CIATTO, as Plus One COO and three new sales people to cover the lower 48 states. Motta, a previous Cover Story subject for The CLUB INSIDER News, now also fits service on the IHRSA Board of Directors into his very busy schedule. Keep on cranking Mike and Team!

•JOHN JANSZEN, the CEO and Co-founder of Ohio-based Fitworks, Inc. tells me that they are locked in a battle in

Westchester Township, Ohio with a big, municipally funded Parks and Recreation facility and are having their attorney, prepare a lawsuit to stop the non-profit competition built with taxpayer's money from happening. STAY TUNED as we will know more next month on the developments.

•Great to read in the Atlanta Constitution Business section that the CheckFree Corporation, the parent company of our page #2 (Inside front cover) advertiser, CheckFree Health and Fitness Division, experienced an 11% jump in 4th Quarter revenues!

•A great company in our industry for years and years and still a great company, Body Master, has been forced into Bankruptcy protection, but the recent filing should allow the company to work its way out of whatever its financial difficulties are. Good luck to all at Body Master as you move forward and work through those issues.

•GEOFFREYDYER's Lifestyle Family Fitness hosted the Grand Opening Celebration of its Lake Mary, Florida facility the weekend of January 28th. It

is the second Lifestyles F.F. location in Orlando and the 20th in the chain. Good luck with the new club Geoff and Team!

•LESLIE LEHMAN, my beautiful friend from Dallas, Texas, who recently sold her club, 'N Vision Fitness in Plano, Texas, informs me that she has taken a position in franchise sales with Velocity Sports Performance. Velocity Sports Performance is an Atlanta-area-based company that specializes in training for 'up and coming' and accomplished elite athletes. If you have space in your club that you are considering converting to generate greater income production, or if you are looking for a really terrific new business opportunity, you should contact Leslie Lehman, Velocity Sports Performance representative at: 972.880.0297.

•I've done a TON of writing for this month's New Year edition and my eyes are burning and my fingers are tired right now. But, I bet you will be glad I did by the time you read this edition. There is an awful lot of important and useful information enclosed in this 32-page issue.

(See Norm's Notes Page 30)



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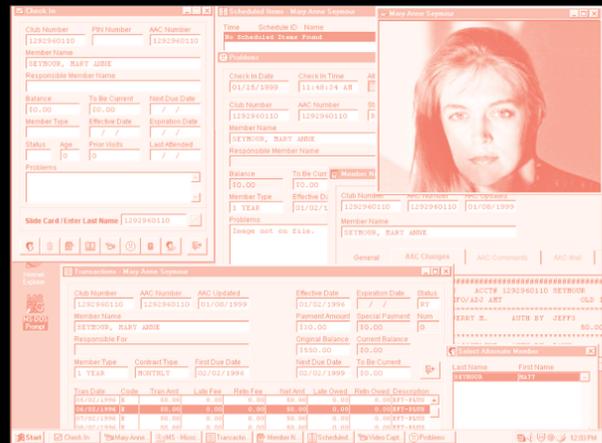
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...Paramount

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cluded a second building on it. Then we bought the 60,000 sq. ft. building across the street, and we added another building to the existing properties in 1996.

Q. Mr. Hubner, your management style is truly one that I admire. You pick *great people* to share your "vision" of what you wish to achieve with them, you turn them on to the challenge and then encourage them to get it done.

A. The whole thing is the "Vision," and very importantly, you *must* delegate both the responsibility *and* the authority. Too many managers miss that point. They delegate the responsibility *without* the authority, and you just can't do that and be successful over the

long haul.

Q. The long-term durability and toughness of Paramount Fitness equipment is legendary. I can remember, from my 20-year club owner career, how durable and great my Paramount equipment was and how much my members enjoyed the line. My Paramount equipment worked great and simply never broke down. Can you share your thoughts on the legendary Paramount durability?

A. Let me comment about that based upon my own experience as a club owner. I opened my first health club in 1958 in Flint, Michigan. To show you how doggone unrealistically durable Paramount equipment is, we have some machines that we are still using from our first health club in 1958. This coming March, it will be 47 years ago that I installed that equipment in Flint,

and some of it is still in use there today! Nobody really ever wants to be in that kind of business! That's horrible! If I ever get into another manufacturing business, I want it to be a business building a product that people can wear out. That's just like all of the cardio equipment manufactured today!

Q. How do you go about recruiting your great people?

A. Well, I've always had the same concept in hiring both at Paramount and in my health clubs. What I purposely have done is to go outside our industry and attract people that know nothing about the industry so they come in without any experience and only learn from the ground up, the proper way. That way they do not come in with preconceived notions or ideas that we totally disagree with. In my Fitness USA health clubs, for example, if you have ever worked in another health club, you don't stand a chance with us. We hire *only people from outside the industry* so we can train them the way we want them to be trained.

Club Insider- That's pretty smart, because we all know that everybody knows "*everything*" after they've worked in a health club for six months!

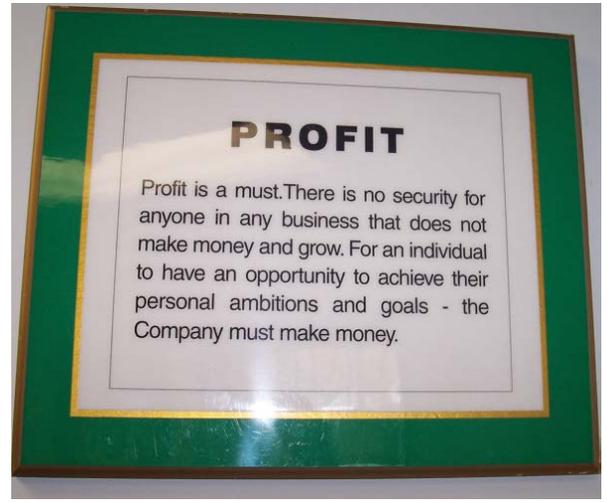
Bill Hubner- Yes, they're brilliant! But, my question for them is: *'If you're so brilliant, why aren't you still working there?'*

Q. Mr. Hubner, have you ever considered taking Paramount Fitness public?

A. Not really. The reason is that I was the Chairman/President and majority stockholder of a publicly held company, and I don't ever want to do that again. I don't want a bunch of shareholders looking over my shoulder giving me a bunch of ideas that I don't need! By the way, that was a subsidiary company controlled by a big conglomerate called U.S. Industries. Health Industries was losing between 2 and 2 1/2 million dollars a month in cash and I bought the company from them. It had 141 locations in 26 states. The U.S. Industries company that I bought was called European Health Spas.

Q. You oversee a vast array of businesses. How do you so successfully do all this?

A. The simple answer is: "**GREAT PEOPLE!**"

**Bill Hubner's Feelings on The Importance of Profit**

An Interview With 27-Year Veteran and Paramount Vice President of Sales and Marketing- Steve Rhodes

Q. Steve, tell our readers about your background before joining Paramount Fitness 28 years ago.

A. I actually came to Paramount at a fairly young age in terms of my career. My family had moved to Las Vegas while I was in college. After college, I headed out to Las Vegas and lived there for a little bit before deciding to get my career moving. Shortly thereafter, I relocated to Los Angeles. I joined Paramount in January, 1978 and that was really my first serious job experience after graduating from Seton Hall University in New Jersey with a major in Business Administration.

Q. Steve, tell me about your family?

A. I have 2 children, Mike, 16, and Alexandria, 15, with my wife of 18 years, Cindy. I also have a daughter from a previous marriage, Brianne, who is 26, and was born a year after I started at Paramount.

Q. In what capacity did you join Paramount?

A. At that time, Paramount was a relatively small company and I joined as one of two sales people.

Q. Please give us an overview of your job responsibilities now?

A. I am responsible for the total sales effort. That includes the hiring, training and supervision of the sales team. I have an Advertising Manager who reports to me, and I have an Administrative/Customer Service Staff. My job includes

budgeting for the sales department, which includes all the marketing costs and compensation programs for the staff. I am involved in some of the creative stuff with overviews of advertising. I also do some writing for some of the catalogues and technical specification writing. Obviously, my job involves wearing a lot of hats.

Q. I would also bet that you were involved in development of Paramount's terrific website: www.paramountfitness.com.

A. We actually thought we should go outside the company and hire a web development company. We did that early on, but we were not really happy with what we achieved. So we took our internal people and gave them the necessary training in web development by sending them out to computer classes. We learned how to do the creative work and then developed our own website in-house. Cherie Michelle, our Advertising Manager and veteran Paramount Fitness team member, learned all of the website creative techniques. She created the website, and I give her a lot of credit for that. Cherie's done a really good job.

Q. I realize that Paramount has a multi-dimensional product line serving not just health clubs but all kinds of vertical markets. Do your efforts in marketing and sales focus on any particular segment more than another?

A. No. In terms of advertising, our focus has been towards clubs. We do some advertisements in various other publications that market towards the military, universities and other
(See Paramount Page 12)

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commercial segments. In terms of a lot of the other vertical markets, such as corporate fitness, police and fire department, those markets are very fragmented and we feel very difficult to advertise towards. So, efforts towards those market segments are more in the field, knocking on doors and working with our network of dealers. So, primarily our focus for our ad placement has been on clubs.

Q. While reviewing your website, I noticed that you have a U.S. and a worldwide sales organization. Could you comment on both?

A. We have a sales force that covers the world. Our outside sales group includes international salesmen, regional and territory Managers for domestic

sales, as well as a fully staffed internal customer service team that backs up the field salesmen. In addition, we have an international network of dealers to provide local sales and service capabilities.

Q. Could you please share how your dealer network works?

A. Paramount was actually one of the first companies that relied on a dealer network for commercial sales. We felt this was necessary to service our products and to gain market share. Many fitness equipment manufacturers started at the retail level with consumer products and have since moved into commercial. Those that were strictly commercial tended to rely more upon their own direct sales force. In terms of the club market, a lot of our sales are done on a direct basis just because of the

relationships that are built in the field by my staff. The vertical markets are typically the domain of the dealer market. That is for domestic sales. Our international sales are primarily handled by our dealers in each respective country.

Q. How many people directly report to you Steve?

A. Seventeen.

Q. One of Paramount's very positive aspects is your 'Past Generation' parts supply availability and your excellent post-sale service organization. Could you comment on those areas please?

A. Because we've been under the same ownership and management group for all these years, I've always felt an obligation, and that it was in our best interest, to continue to provide parts, even for machines that are 20 years old. Naturally, we want our great customers to buy new equipment. For those customers of ours that hold on to past generations of Paramount equipment, we continue to provide parts and service.

Q. The Paramount Fitness motto: "Do What You Do Best" is a terrific motto. How does it influence your job?

A. It is just a matter of focus. Paramount remains focused on the strength side. Of course, the trend has been for some of the companies to move into cardio if they are doing strength and vice versa. Paramount just feels, at least at this time, that we're better at serving our customer base if we remain focused on commercial strength equipment. It is a matter of resources and experience. We feel we're better suited to the strength side of the business... it is what we do best. There is already a large array of quality cardio products on the market currently and right now we are very focused developing new strength products and continuing to improve on the ones that we've got.

Q. Tell our readers about the new Paramount XL Series that is coming out soon?

A. Historically, in our business, companies on the strength side had a single line or circuit of machines, if you will. As far as I know, Paramount was the first company to decide that there was room in the marketplace to have two different circuits that would appeal to the various markets



Paramount Fitness Headquarters Entryway

either based on design style, space considerations or budget. So, in 1993 we introduced a secondary line called our *Fitness Line*. There was a very distinctive appearance. In terms of specifications, it was a more of a basic line of machines without some of the distinctive features found on our premium circuit. Over the years other companies have done the same. Moving into this current period in our history we felt it was important to have a product we call a 'mid-tier' product that can appeal to both the upper end club market, universities and YMCA's as well as to customers in the hotel or multi-housing markets who have been very happy with the *Fitness Line* but are looking for something a little bit different. So, the *XL Series* is a mid-tier product between our Premium level circuit and our *Fitness Line* circuit that are lower price point products. In terms of structural specifications, function, biomechanics, all of the important factors of designing a weight machine, the *XL Series* is consistent with Paramount's premium level products. But, through efficiencies on the production side and some changes in materials, Paramount has creatively come up with what we feel is a very high-end line at a very affordable price.

Q. Steve, how long has Paramount Fitness been an IHRSA Associate Member?

A. We've been IHRSA Associate Members for 19 years.

Q. How have IHRSA's Trade Shows helped Paramount Fitness?

A. IHRSA brings to us not only the domestic equipment buyers, but also those from the International market which we find very important for Paramount's growth. The IHRSA Trade Show continues to gain momentum and is an important industry event each year. There are a lot of good shows, maybe 10 to 12, that we focus on, but they tend to be more regional now. So, IHRSA stands alone as the industry trade show that we all look forward to and one in which we showcase new products. Of course, there are many other shows in which Paramount is represented through our dealers, both domestically and internationally.

Q. Paramount has a huge plant in Los Angeles. From the time a club customer orders a line of equipment, how long does it typically take for delivery?

A. That's always an interesting question. It's always a function of your working backlog. Our product category isn't particularly seasonal. But, there are periods during any year where you can be very, very busy and maybe not quite as busy. Given a limited number of arms and legs and hours in a workweek, it is a function of our backlog. But, to simply answer, our goal is to always try to maintain a delivery schedule of between 4 to 6 weeks, and in many cases we can do better, and there are rare cases where we do not. That can be influenced by factors such as custom paint colors, optional features that people request or even the num-
(See *Paramount Page 14*)

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David Patchell-Evans, President and Founder GoodLife Fitness Clubs, Canada

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ber of products that might be particularly in demand at that time. I would say that we have as much a concern in being too early, as we do being too late. But obviously, we work with our customers to try to get there when they want us there.

Club Insider - So, a word to the wise to our readers here is my suggestion that they should get to the **Paramount Fitness Booth #1323 at IHRSA's San Francisco Trade Show early, at 11:00 A.M., when it opens the first day on March 17th** to see, use and possibly order the new **Paramount XL Series** so they can have the quickest possible delivery.

Q. Steve, visualize the future for Paramount Fitness for our readers.

A. Good request. This is a rapidly changing industry. We now have influence on the products manufactured outside the U.S. coming in this direction now. It is a growing challenge to manufacture a high quality product at a competitive price. Paramount has made a tremendous effort to improve our efficiency at the manufacturing level to make a better product at a better price without any compromise to biomechanics or any ergonomic aspects of the product. The industry today is filled with a lot of quality products. To distinguish itself, Paramount has to stay innovative. We have to be able to develop new products and get them to market as efficiently as possible. Once there, we make sure those products are going to be reliable in terms of performance in the field. We're learning as we go, and even after 50 years, it's a challenge. Nothing's easy.

Club Insider- I don't know about anybody else in this industry that has 50 years of successful business under their belt. Maybe York Barbell Company, but they focus on free weights, right?

Steve Rhodes- I would say we stand alone in that respect. It is rare to see a company remain under the same ownership for such a long time.

Q. Steve, I noticed a newsletter on your Website: www.paramountfitness.com. Could you tell us about that?

A. That was actually something that was started about 14 years ago, and until recently has been a printed newsletter we sent as a mailer. It is now sent electronically from our web Site.

Club Insider - I thought the photos of the recent installations were really nice.

Steve Rhodes - One of the focal points of the newsletter was certainly to showcase high profile installations. Also, we use the newsletter for introducing new products as well as R&D. It has been a great marketing piece for us.

Q. Steve, Jim Trisler seems to be a terrific and very professional guy to work with. Would you like to comment on your working relationship with Jim?

A. Well, Jim was not with Paramount when I started. At that time, Paramount was really hungry for direction. Since Jim has been there for about 25 years now, Paramount has been headed in the right direction. Jim has a tremendous background in manufacturing and engineering and he has experience in sales, so he understands all sides of the business. That range of experience at the top is very helpful and brings people to work together as a team, as opposed to one department or another having its own agenda and trying to direct the company. So, it is sort of a team effort and Jim understands all aspects of the business, so it has been a very good run for Paramount.

Q. Let me ask you the same question about Mr. Hubner. It must be quite an experience working for someone like him... what a guy! Care to comment?

A. Well, I will say this. I think a lot of the success at Paramount and maybe the atmosphere at Paramount is the result of **Bill Hubner letting people do their job**. He is remarkably loyal to the people who work for him. Of course, he expects performance, which is correct. But, he allows his Managers to manage. He just gives us the space to do our jobs.

Q. Steve, here is the last question for you. What do you attribute Paramount's success or longevity to?

A. I think back over the years and this is a question that has been asked of me, not just this year, as we turn 50, but 10 years ago, even 15 years ago. The real answer is there are a lot of

reasons over the years. Some change. But, I would say the consistent answer to that is the people. Not to get corny about it, but it is the people of the company that make the difference. And again, Mr. Hubner allowing the managers to manage the company, set the direction and obviously his influence from the outside, is important. We hire good people and we've been able to keep staff in place for a lot of years, even from the manufacturing level up through administration and the sales department. We try to maintain stability among our work force. That helps on the quality side in terms of production and it helps on the sales side in terms of relationships. We have a lot of stability, both domestically and internationally, among our dealer network. Our dealers have been with us for as long as 38 years in some of the overseas markets. So, we maintain some very long-term relationships, both internally within the company and externally, with our customer base and we continue to march on. (Paramount has dealer representatives in every state of the U.S. and just over 60 countries worldwide.)

Club Insider - Steve, this has been a very informative interview; I thank you and Congratulations to you all for 50 great years. Would you like to close with any other comments?

Steve Rhodes - I would just say moving forward that Paramount is encouraged by the growth in the industry. When I started 28 years ago, it was clubs and YMCA's. Corporate fitness was just beginning. It was just the beginning of fitness entering into the multi-housing market and hotels. And now, you can hardly travel anywhere and not find a multi-station gym and an exercise bike or treadmill in even the smallest hotels. We see fitness facilities or rooms being put in municipal buildings, police and fire agencies, and the growth of the wellness market. It just goes on and on. Fitness is an upward trend. Obviously, it is a very competitive market from a manufacturer's perspective. Paramount will continue to try to improve what we do, get better at what we do and maintain our position in the market.

*An Interview With Jim Trisler
- Paramount Fitness President*

Q. Jim, where are you from



Paramount Fitness Showroom

originally, where did you go to school and what other roles did you experience before you became involved in Paramount?

A. I have a Bachelor of Science Degree from Purdue University and an MBA from the University of Detroit. Initially, I worked for three years in Detroit in the machine tool industry. Then, I escaped from the Midwest and went to California. After moving to California, I was in the commercial refrigeration industry for ten years. I was a Vice President of Sales and a Vice President of Manufacturing in that industry. Of course, I've been with Paramount for 25 years, having joined the company in 1980.

Q. Are you married and do you have children?

A. Yes. I've been married to my wife, Marty, for 38 wonderful years. We have two grown married children, Dan, age 34 and Elizabeth, age 32.

Q. Jim, you are one of our great industry veterans on the supplier side. How did you become involved in the fitness equipment industry in the beginning?

A. Well, it was kind of unique. I was actually looking for new challenges in my life at the time. I wanted to get into another industry and I saw a Wall Street Journal ad that Bill Hubner had placed for a General Manager for

Paramount Fitness. That's how I found it. I had worked out with strength equipment, actually barbells and dumbbells, since I was 17, and I found this to be kind of a unique combination of my vocation and my hobby. So, I interviewed with Bill, saw the company and took the job and the rest is history.

Q. Jim, I am sure you've seen an awful lot during your 25 years with Paramount. Please share your perspective from a major leading equipment manufacturer and supplier.

A. One of the things that are most obvious to me is that there has been a mass increase in the knowledge of training technique and biomechanics from a manufacturer's standpoint, from a training standpoint and from the club's standpoint. In addition, the consumer is significantly more knowledgeable about fitness and fitness training than ever before. One of the other great things that has occurred is that the biomechanical accuracy of our machines and the industry's machines are more accurate today for training purposes than ever before. I believe today the thing consumers probably don't recognize is that *they get more return per dollar spent on either equipment or club membership than ever before.*

(See Paramount Page 16)



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Club Insider - I think you're absolutely right about that Jim. We all need to spread that word to more and more consumers.

Q. Jim, you have a great team of people at Paramount, including Steve Rhodes and many others. Could you share your feelings about your Team Paramount there?

A. One of the things that occurs when a group of people stay together in a company for a long period of time is they essentially become sort of like a family and they grow up together. Their ability to work with each other and to move in different directions becomes very, very easy and we've all grown together with the company and with the industry as well.

Club Insider - That has to **Make It Fun!**

Q. Jim, would you describe your own management style?

A. I believe that I'm a very good team builder and that's one of the things I've always done. The ability to get people to work together to develop and sell products in a very competitive field is the key. When everybody is on the same side of the ball, it gets pretty easy. So, my job is basically to keep the team going straight down the field. Another thing in working with Bill Hubner is *profitability is a must!* (See photo of Bill's beliefs on Profit on page 10)

Q. Paramount's motto: 'Do What You Do Best' could also double as *great advice* to many people. Could you comment on that philosophy described in that motto?

A. It actually developed over time. As time passes we are all presented with different decision points to decide where we are going to go. We've tried different things. We've tried different products that just weren't what we do best. What we do best is to be a profitable manufacturer of commercial strength equipment and to design and develop new strength pieces. Once we figured out that's what we do best, that's where we have kept our team going. We are a commercial strength manufacturer.

Q. From your viewpoint and experience, what are the greatest

opportunities you see for suppliers in our industry?

A. We look upon our market today as a global market. A large percent of our sales have always been exports. Globally, the acceptance and the development of the fitness industry is growing expansively. The development of new markets overseas and the education of consumers in other countries is going to be the future.

Q. What about the greatest challenges you folks on the supplier side see in the industry?

A. That's actually a simple answer for us. Today there is intense price competition on our product. Most of the manufacturing efficiencies in our industry have been passed on to the customer, so the #1 challenge is to remain profitable.

Q. The Paramount Website: www.paramountfitness.com is very impressive. Your company history and other information on the website gives a powerful statement about Paramount. Paramount's presence is felt in many segments of the industry. My question is: 'Is there any particular industry segment that you see as the most important and rewarding, thus earning Paramount's greatest marketing focus?'

A. We're really in a very segmented market. There are hotels, condos, apartment complexes, police and fire departments, municipalities, colleges, YMCA's, college recreation, the health club business, the tennis club business, are all parts of our Paramount market. From a marketing standpoint, we are actually pretty homogenous in trying to go after all of the market.

Q. Give us a 'tour' of your Paramount factory in Los Angeles?

A. First, let me mention this. We manufacture all of our components right here in the U.S.A., with the exception of six products that we bring from overseas. We manufacture them completely from raw tubing and plate steel. We have the latest computer controlled equipment in our shop. Plus, we have laser plate cutting machines and laser tube cutting machines. We have two at the cost of about \$1 million each. Life Fitness has some of these machines and nobody else has any. Plus, we have \$5 million worth of cutting edge tech-

nology manufacturing machines. The product goes through our welding department and then we do all of our own assembly and shipping. We have a hundred different products, so we need the space.

Q. How many employees work in the factory and the rest of the company?

A. Worldwide we have about 150 employees. We do have salesmen throughout the U.S. covering different territories and we do have direct salesmen in Europe. Over 50% of our employees have been with the company for over 10 years as well.

Club Insider - Is that right? What a remarkable statement! That's got to provide better quality products, service and everything else!

Q. I noticed on your website the particularly important segment referencing to 'Past Generation' parts supply and 'after-the-sale' service. Could you comment on that?

A. We've got the unique capability to produce the most common components for our products which are cables, upholstery, etc. for equipment we manufactured 25 years ago! Our Parts Manager, Gabe Valenciano, has been with the company for over 30 years! He is remarkable... he looks like he did 25 years ago.

Q. I can testify as a former Paramount customer that the equipment is sure built to last and I remember how much my members liked it. Care to comment?

A. My Vice President of Sales, whose name is Harv Voris, is Chairman of the ASTM Committee For Fitness Standards. We've been participating in that for years. We mechanically test each original design machine for 500,000 cycles, running it through a complete range of motion. We actually exceed the

ASTM Standards. Also, we actually test every cable we make for end-fitting pressure using a machine that we devised. We comply with both the ASTM and European Standards for finger clearance and guarding. We also test individual components, like a lat bar for example, for over a million cycles. All of our computer equipment in the shop is operated by our own people that we've identified and sent out for training. We are constantly designing new strength training products.

Q. The big IHRSA Trade Show is coming up March 17-19th in San Francisco. You are rolling out the new *Paramount XL Series*, and it will be there. Could you tell us about it?

A. We are constantly developing new strength products. The *XL Series* came off our computer designed system in engineering. The thrust of this product is the sleek new appearance using oval tubing with solid, easy adjustments, the ability to handle 95% of the male and female population and offered at a price point that is very attractive.

Q. How has IHRSA helped Paramount?

A. IHRSA has always been the main-stay trade show for us. Typically, the quality of the buyers that attend the IHRSA Trade Show is our customer base for the clubs.

Q. What's it like to be the top man, except for the owner, of a company that has 50 years under its belt.

A. Norm, I don't have a good answer for that, but the only answer I can come up with is "It makes everybody else seem so young."

Club Insider - That's great! Comments from a humble man!

Q. Jim, in my opinion, you work for a man that I think has the

single greatest pure-business success story of anybody in our entire health and fitness industry, Mr. Bill Hubner. He views you and Steve Rhodes and his Paramount Team with a huge amount of respect. Bill Hubner is an amazing, dynamic guy! What's it like working for a guy like Bill Hubner?

A. It is very different. He has let Paramount and my Paramount Team grow the company by ourselves. He is very *hands off*. And, it is more of a partnership, as opposed to an employee-employer relationship. He doesn't want to get involved in the minute details. He wants the big picture and that's all.

The *CLUB INSIDER* News would like to wish Bill Hubner, Steve Rhodes and Jim Trisler and the entire Paramount Fitness Team hearty congratulations on their first 50 years of Excellence! I look forward to following the fortunes of Paramount Fitness as the years go by and to The *CLUB INSIDER* News covering their 100th Anniversary story in 2054! STAY TUNED!

(Norm Cates, Jr. is the Publisher and owner of The *CLUB INSIDER* News and a 31-year veteran of the health, racquet and sports club industry. Cates was the 1st President of IHRSA and a Co-founder of the Association in 1980/81. In March, 2001, Cates was honored by IHRSA with its DALE DIBBLE Distinguished Service Award. Cates may be reached by phone at: 770.850.8506 or email at: clubinsidernews@mindspring.com)

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What's the power of a new idea worth to you?

To paraphrase an old classic, we are in the worst of times and the best of times in the fitness business. Getting new memberships is harder, new clubs are opening faster than new members are joining, staffing is a nightmare on even the good days, and the chains seem to be on a mad track to do as much damage as they can to the fitness business in general and to the independent operator.

We are also at one of the great turning points in the history of the fitness business. The pendulum is swinging in our direction as the consumer finally is getting what the fitness industry can offer. Just like the turning point for smoking a few years back, the consumer is seeing that fitness is real, needed and articles talking about everything from low carbs to Pilates are in every magazine and newspaper in the country.

Before we can reap the benefits from a more aware and sophisticated consumer the industry itself has to change. In the next few years in the fitness business there will be a correction. Some clubs will thrive during these changing times and others will fail unable to compete or take advantage of the newer markets.

What will separate those that make it from those that don't could be as simple as a few new ideas for your business. A single but powerful idea, such as a new way to market, more efficient sales, a key staffing tip or simply a different way to niche your business, could be what separates you from the clubs that will struggle.

The amazing thing about the fitness business is that anyone can be beat. You can learn to compete against any competitor by getting a fresh look at your business and how you run it each day. And any fitness business can make more money and improve. Remember that just because you were successful in the past does not mean that success will continue in the future without a new idea to power the change to need to make.

The Thomas Plummer Company has been the source of business changing ideas in the fitness business for over 15 years. Thousands of independent operators, from all over the world, have attended a TPC seminar seeking that one powerful new idea that could change the financial success of their business. Even if you have attended in the past don't forget the motivation and inspiration you get every time you dedicate a few days to spend working on your business and not in it.

Our company is in front of more independent owners per year than all other seminar providers in this industry combined. We are the clearinghouse for what works and what doesn't because we are getting that immediate feedback from our seminar guests and consulting clients all across the country in every market. If there is a new idea out there that works we will be teaching it in our next seminar.

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The power to make money in the fitness business

“2004 In Review”

By: Norm Cates, Jr.

Part II

The *CLUB INSIDER* News December, 2004 edition contained Part I of our annual review. I thanked my son, Justin Cates, our Information Technology Director, Webmaster and Assistant Editor. In that edition we also thanked our Advertisers, and I thank all of them again here, for their support of this now 11+ year publication. Please make a point to contact our advertisers when you are preparing to enter or are in the market for new equipment, services or products. Also, please note our **Advertiser Directory** for the IHRSA Exhibit numbers shown on our new Norm's Notes page #4. Our advertisers are the *leading edge companies* in this industry, and I can assure you, they want your business, they deserve your business and they will serve you well. We also thanked our “2004 Contributing Author Team” for their dedicated service to The *CLUB INSIDER* News and thus, the entire health, racquet and sportsclub industry worldwide. And, thanks again to our terrific team of “Contributing Authors”!

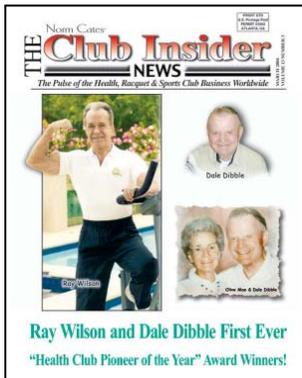
This “2004 In Review” - *Part II* contains a review of each cover-story presented and what I now call “Short-takes From Norm's Notes”, plus any other items reported in our March through May, 2004 editions. **Part III** will be published in next month's edition, covering months June through December, 2005. In the summary below, I will provide our annual New Year - year end review in the same format.

Let's get started!

March 2004 Cover-Story
Ray Wilson and Dale Dibble
First Ever *CLUB INSIDER*
“Health Club Pioneer of
the Year” Award Winners!

Our Cover-Story subjects for the March, 2004 edition were **Ray Wilson and Dale Dibble and his wonderful wife, Olive Mae.**

Each of you reading this are “Pioneers” of this wonderful industry too! I say that because when you really look at it, we all are. Think about this. About 85% of the U.S. population just celebrated



Christmas. For those of us that believe that the baby Jesus was born in a barn and placed in a manger because the “Inn was full”, we have evidence that one worldwide industry, the hotel industry, is at least 2004+ years old... Think about it and compare that industry's tenure and compare that history to the relatively short history of the health club industry. The truth is, in world history, 60 years is a very short period of time. And, interestingly, the first ever *CLUB INSIDER* “Health Club Pioneer of the Year Award” winners, **Ray Wilson and Dale Dibble**, actually represent the people that have been involved in almost all of the history of the industry since it began.

Ray Wilson, age 76, has been involved in the health club industry for over 50 years, and he literally ‘shaped’ this industry for decades and continues to do so through “Phase six” of his amazing career. **Ray Wilson's Healthy Exercise Centers**, now being rolled out in Southern California and other areas around the country are going to make a huge-world changing difference in our industry... **STAY TUNED!** **Dale Dibble**, now 84, on the other hand, represents the greatest pioneer from what I refer to as the “Modern-era” of the health club industry. Dale Dibble, whose nickname I use, “**Mr. Enthusiasm**” is a pioneer that taught us all an awful lot. He taught us all how to ‘**think outside the box**’, and he taught us the **VALUE of SHARING INDUSTRY KNOWLEDGE.** Sincere thanks to both **Ray Wilson and Dale Dibble, The *CLUB INSIDER* News' 2004 and first-ever “Health Club Pioneer of the Year Award” winners!**

Since I am fortunate to

be one of this industry's most involved historians, I want to define “Modern-era” in the health club industry. In my mind, and in the minds of many others, I believe, the “Modern-era” of the health club industry began when *new club developers and operators*, coming from all walks of life, became involved in the development of health, racquet and sportsclubs, and the formation of IHRSA in 1980, I believe, marked the *beginning of the “Modern-era” health club industry time line.* While your club(s) may or may not be IHRSA members and supporters, I believe and many others believe that the health club industry changed **hugely for the better and became much more professional** in the last 24 years since we founded IHRSA, than it had during the previous 36 years.

So, through the choice of Ray Wilson and Dale Dibble as the first two “Health Club Pioneers of the Year Award” winners, The *CLUB INSIDER* News has honored two people that had, in our view, the *most significant impact* in our industry since it began.

In **March, 2005, at the IHRSA Convention and Trade Show on a day, time and place yet to be finalized**, the second Annual *CLUB INSIDER* News “Health Club Pioneer of the Year Awards” will be presented to two pioneers of great stature: **Red Lerille, former Mr. America, and now just starting his 43rd year as the owner and operator of Red Lerille's Health and Racquet Club in Lafayette, Louisiana and Joe Gold, the Founder of both Gold's Gyms and World Gyms.** We sincerely regret the fact that this honor for Mr. Joe Gold will be presented posthumously, with **Mike Uretz, Joe Gold's friend and CEO of World Gym accepting on behalf of Joe Gold. Stay Tuned!**

In our page #3, March, 2004 article entitled “*The *CLUB INSIDER* Chronicles 10+ Years of Health Club History*”, we reviewed our first 10 years of publication as we rolled into our 11th year. We also announced our *10th Anniversary Party and “A Tribute to Ray Wilson”* to be held at the Las Vegas Hilton during the 2004 IHRSA Show. On our “Insider Speaks” page #4, we chronicled the events in the Midwest involving issues

between **Joe “The Gladiator” Moore, (Moore's Fitness World, Inc.) and Royce Pulliam's Gold's Gyms.** We also announced the formation of *MEHCA- The Midwest Ethical Health Club Association.* On page #5, we published a letter from **Jeff Graue**, co-owner of the *Lexington Athletic Club*, in which Graue brought a *formal IHRSA complaint* against Pulliam's Gold's Gyms organization. On that same page, we published a letter from **Neil Kingery, the President and CEO of the Lexington, Kentucky area's Better Business Bureau.**

‘Short-Takes’ From Norm's Notes and March, 2004 Articles

●The *CLUB INSIDER* News new “Consumer Edition” was announced on our March, 2004 page #4 in a full-size ad. I explained the concept to our readers in Norm's Notes. Briefly, the new *CIN “Consumer Edition”* is a new publication that is still under development and when rolled out, will be focused on helping you and your club provide your club members with positive educational articles that will educate and motivate them, will provide better new-member referrals from your existing members and will result in increased member retention.

●We commented on the massive onslaught of publicity with respect to “America's War On Obesity” declared over two years ago by the U.S. Surgeon General's Office. ●*SIBEC North America* was announced and the September, 2004 event was the second held in New Orleans, Louisiana in 2003. ●We congratulated IHRSA's ‘Big John’ McCarthy, as it had just been announced by **Wally Boyko**, that John would be honored with Boyko's *National Fitness Trade Journal - Life Time Achievement Award* in Las Vegas, Nevada in September, 2004. ●**Sir Richard Branson, owner and founder of the Virgin Active Group**, announced that it was rolling out what they call the *Virgin Solution...*a solution intended to bring together the *health club industry and with the insurance industry with the goal of lowering insurance claims through improvement of health club members worldwide.* ●*IHRSA's Team* was praised for

the excellence of the *IHRSA Conference and Annual Trade Show* and you, our readers, were urged to attend and buy products, services and programs from the IHRSA exhibitors and especially, *from our terrific advertisers* shown in this and past editions of The *CLUB INSIDER* News. ●We reported on *Body Training System's 2004 Summit* attended by over 400 other health club industry professionals and yours truly here in Atlanta. *Body Training Systems*, headed by **Rich Boggs, Ray Irwin and Terry Browning**, is literally changing the landscape of health club activity and participation in North American health clubs through their excellently and very professionally planned, produced and delivered *Body Training Systems training programs* (See *BTS ad* on page #31 of this edition).

We published articles by **Richard Ekstrom, Donna Krech, Jason Conviser, Ph.D. and Michael Scott Scudder.** We also published an informative article on **Carlos Dixon**, the owner of *Impact Design Concepts*, and we published an article on the *Body Training Systems 2004 Summit* held in Atlanta.

April 2004- Cover-Story

Rudy Giuliani
America's Hero



The cover subjects for our April, 2004 edition were former **New York City Mayor, Rudy Giuliani**, and my good friend, **Rick Caro.** IHRSA honored Rudy Giuliani with its “*Person of the Year*” Award at its March, 2004 Convention in Las Vegas. **Rick Caro, the only winner ever of both IHRSA's** (See *2004 In Review Page 20*)

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IRON GRIP
BARBELL COMPANY

...2004 In Review

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'Person of the Year Award' and its 'Distinguished Service' Award, presented IHRSA's 'Person of the Year Award' to his friend, Rudy Giuliani. (Caro had been honored by IHRSA in its early years with its 'Person of the Year' Award, when the honor was still given to recipients inside the club industry, while for the last 15 years, it has been given only to luminaries from outside our industry) Caro's introduction of Rudy Giuliani was insightful and stirring. Rudy Giuliani's acceptance speech was a lot of things. It was hilarious, it was fun, but at times, it was serious. The speech was about Rudy Giuliani's favorite subject, "Leadership." During the speech, Giuliani went back to his amazing experiences as the Mayor of New York City during the 9/11 attacks. Riveting would best describe his remarks during this segment of his speech. Rudy Giuliani was a world class Mayor in New York City, and he was truly America's Hero during the immediate aftermath and from then on. He is now a world class consultant with his New York City-based Giuliani Partners firm, and Rudy Giuliani is also a world class speaker; this presentation demonstrated that talent for the packed house at the Hilton Hotel in Las Vegas. We congratulate both Rudy Giuliani for his great leadership and IHRSA for this terrific selection of the 2004 'Person of the Year' Award winner.

In the "Insider Speaks" column for April, 2004, I wrote an article entitled: "To Enforce" or "Not To Enforce" IHRSA's Standards and Code of Conduct...That Is The Question? Will IHRSA's "Bait and Switch" Continue?

A New and Very Important 'Insider Speaks' Commentary for the IHRSA Leadership and the Entire 'Industry'

After reflection, I realize that I went a "bit nuts" when I wrote that article in April, 2004, and only those that know me, and how deeply I care about the Association called IHRSA may understand exactly WHY I wrote that inflammatory piece. So, to maybe "clear-the-air" on this, let me explain. I was one of seven Co-Founders of IHRSA in 1980 and I was honored to be elected the 1st President of IHRSA. I will

admit to anyone that I take great pride in IHRSA's achievements for our industry over the past 24 years. Due to that deep heart-felt pride in IHRSA, I take IHRSA business seriously, while I expect most everyone else does not pay as much attention, except for the current Board of Directors, John McCarthy, the IHRSA Team and a handful of past Presidents and Board Members. The article was intended and written for a purpose that I am not yet sure I achieved because the Board and Staff have remained silent with respect to this matter. That purpose? To get the IHRSA Board of Directors and Staff to do some "real heavy thinking" with respect to IHRSA's future, particularly in the areas of IHRSA Standards and the Enforcement of those Standards. In fact, I believe I achieved little with that writing and my gut tells me all I did was piss off a lot of people about this matter. However, if you are reading this and you are one of those that I rankled, I sincerely apologize. It was not my intention to make you mad at me personally and I am sorry. But, I want everyone to know that in my view, had it not been for the high standards established by the Founders and the early IHRSA members across North America, I doubt if IHRSA would hold the worldwide status in the health, racquet and sportsclub industry it does today. As Founders of IHRSA, we sought to create an Association of club owners who believed that ethical club operations and dealings with consumers was crucial to our long-term industry success and the goal of attracting millions of new health club members. These days, IHRSA has changed its focus. The IHRSA Mission Statement had been changed and it dropped the Association motto: "The Association of Quality Clubs." With respect to the Mission Statement, it was changed from one that reflected the thinking of the IHRSA Founding Fathers to one that reflects a much broader Mission. The IHRSA Mission Statement has been changed twice since we started IHRSA. First it was: "To Grow, Promote and Protect" the Fitness Industry. That Mission Statement did not refer to clubs and it is my belief that the new Mission Statement moved the Association in the direction of being many things to many people, compared to before, when it was targeted to mean a few good things to less people in the

industry. Now, I read that the IHRSA Mission Statement has been slightly changed again. This time to: "To Grow, Promote and Protect the Industry." The Industry, I believe, means ALL OF THE HEALTH and FITNESS CLUBS everywhere. Only the future will tell if IHRSA will be able to move and position itself again where it will again become of great value to the independent club owners of North America. My concern, as I have expressed here before, is that somewhere along the way, there could be a new club association created exclusively for independent club owners. Frankly, however, I don't think that anybody, anywhere in our industry, could start up such a new Association and make it anywhere near as great and as successful as IHRSA. Moreover, we will never - ever find a person as great as 'Big John' The Alliance Master McCarthy to lead such a new independent club Association. Should a new Independent Club Association actually be created, IHRSA's financial income statement could increasingly rely on chains and international clubs, instead of hundreds, if not thousands of independent clubs. On a very positive note, IHRSA has taken three very excellent first steps' towards the goal of attracting and reattracting more independent clubs to join IHRSA membership by: 1) teaming with the NFTJ Conference to launch a new "Alliance for Education" that will be packaged as a new Conference for Entrepreneurs; 2) by launching the new Club Entrepreneur Business Magazine targeted to independent club owners and 3) by launching the new and recently announced 'Get Active Magazine' to be provided free to IHRSA clubs that signed up for distribution beginning in May, 2005. 'Get Active Magazine' will be published exclusively for the IHRSA Member Clubs. These three steps alone should give former IHRSA independent club owners something very positive to consider with respect to coming back as an IHRSA member club.

In the aforementioned article, I referred to IHRSA statements to prospective member club owners that it "Enforces the Association's Standards" as being, in effect, a form of "Bait and Switch". By that I meant simply that I, all past IHRSA Presidents and Board

Members and IHRSA's membership sales staff have, since DAY ONE, used the tool of stating to prospective clubs that "We have standards and we enforce those standards." But, that truthfully is an incorrect statement, is it not? Would it not be better for the Association to address standards and enforcement in a statement saying something like the following: "While IHRSA supports, promotes and believes all IHRSA member clubs should comply with the Association's Standards and Code of Conduct, the Association is not an enforcement agency and therefore, cannot enforce the Association's Standards and Code of Conduct?" It is the belief of IHRSA's leadership that enforcement of State Laws and Federal Consumer Laws, etc., some of which cross into the area of club standards, should be handled exclusively by agencies who are prepared to enforce State and Federal Consumer Laws and whose job is enforcement. Therefore, the Association believes that any IHRSA member that has issues and conflicts with another IHRSA member club in their market should pursue said conflicts and issues with the appropriate agencies in their home market: 1) The State Attorney General's Office; 2) The State Consumer Affairs Office, and 3) the Better Business Bureau. "

It is important to note here, and I do so happily, that IHRSA has established a nationwide alliance with the Better Business Bureau Council (BBBC). That was an excellent move that should help IHRSA and the health club industry. The first shot out of that Alliance has been the creation of an IHRSA/BBB Council document called: "How To Chose A Health Club." Kudos to all that have been involved in that effort!

'Short-Takes' From Norm's Notes and April, 2004 Articles

● **American Sports Data** announced that as of April, 2004, there were approximately 39,400,000 health club members in the U.S. The figure represented a 3 million member increase, meaning that the industry has taken a significant jump, since the last count, toward IHRSA's Goal of 50 million U.S. members. ● **Bahram Akradi**, the Founder and CEO of Life Time Fitness, announced that the company

was going to launch an Initial Public Offering (IPO). ● **Bally Total Fitness** announced that it had entered into an agreement in New York to provide refunds to certain New York members that felt they had been misled about contracts and/or cancellation rights. Bally responded very positively when it announced that they had hired several new key people to serve as Managing Directors: **Alison Kal, Brand Management; Michael Marasco, Customer Relations Manager; Kelly Hundt, Field Marketing and Promotion; Steve Tucker, Marketing Controller; Cindy Wojdyla, Creative Director and Monique Goffinet, Account Director.** ● **24 Hour Fitness** announced that it was launching "24 Hour Express" and since then, I was informed by **24 Hour Founder and CEO, Mark Mastrov**, that in my writing, I had given the wrong impression that their launch was patterned after **Ray Wilson's Healthy Exercise Centers**, which it was not. My apologies to Mark and his team and to Ray Wilson for my error. Thank you, Mark, for taking the time to set me straight on the matter. ● **Mike Talla**, the Co-founder and Co-CEO of The Sports Club Company, announced that he was stepping down as Co-CEO and that veteran, **Rex Licklider** would continue as CEO. ● It was announced that **UK business-man and IHRSA Board Member, David Giampaolo**, had joined **Gene Lederer's Health Club Panel Network's Board of Directors.** ● **Ruth Stricker** informed me in Las Vegas that her long-standing facility in Minnetonka, Minnesota, **The Marsh**, (maybe America's most unique wellness environment), had been recently featured in "Fifty Plus Living", a supplement to the **Minnesota Star Tribune.** ● **Samuel Young**, the President of four **Tilton Fitness Clubs** in New Jersey had been honored by the **Medical Fitness Association (MFA)** with its **Distinguished Service Award.** ● Club owners and operators in Maryland rallied together in an alliance to STOP a Maryland Legislative effort to impose sales tax on health club memberships. ● **Jim Bell**, President of the **International Fitness Professionals Association (IFPA)** had named their **2003 IFPA Fitness Professionals Awards winners.** They were: **Vicki Lang, 24 Hour Fitness Regional Group Exercise Manager; Carla Owens, Per-** (See 2004 In Review Page 21)

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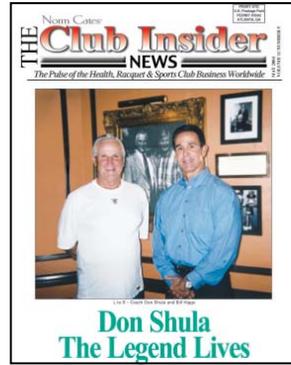
sonal Trainer **24 Hour Fitness**; Nancy Kouris, Manager, **World Gym**; IFPA Faculty Instructor of the Year, **Dr. Bob Simmons** and that **Dr. Wayne Westcott**, was the **2003** and first IFPA Fitness Hall of Fame Member. ●In Japan, long-time **CLUB INSIDER** subscriber, **Toshikazu Saito**, CEO and President of **Renaissance, Inc.**, informed me that Renaissance had gone public. I had the pleasure of chatting with Mr. Saito briefly at IHRSA Las Vegas where he shared this exciting Renaissance news with me. ●My long-time pal, **Lyle Schuler**, informed me in Las Vegas that he was offering a **100% Money Back Guarantee** to help in his newly-acquired **Mid-Hudson Athletic Club** in Upstate New York. ●Free Motion Fitness Founder and CEO, **Roy Simonson** announced that Chris

McGill had been promoted to Vice President of Sales -U.S. and Canada, for **Free Motion Fitness**. ●**Jerry Noyce**, Health Fitness Corporation CEO, announced another in what has been, and I predict, will continue to be, a long line of increased revenues for the rapidly growing company that has now grown to over 386 facilities. ●**Mike Balfour**, Founder and CEO (at the time) of **Fitness First** in the United Kingdom informed me in Las Vegas that his company was rapidly approaching 400 locations and \$1 billion in annual revenues. Mike also informed me that they were transitioning **Mike Metcalf**, Fitness First COO, into the new role of CEO. ●In Las Vegas at IHRSA, **Ed Williams**, **Tony deLeede**, **Mike Motta**, **Lloyd Gainesboro** and **Cyrus Oskoui** officially joined IHRSA's Board of Directors. Congrats to these great guys and to veterans, **Dean Wallace** and **Sandy Franco** as

they left the IHRSA Board at the same time. ●The **Governor of Maryland, Robert L. Ehrlich, Jr.** announced that he would VETO a \$670 million tax package that would impose as a "taxable service", a sales tax on fitness facilities. Way to go GOV! ●**Robert Ferguson** and **Christa Clarke**, Co-authors of the book entitled: "Fat That Doesn't Come Back" began to provide seminars for members in West Coast health clubs.

May - 2004 - Cover Story
Don Shula
The Legend Lives

Our cover subjects for our May, 2004, edition were legendary **NFL Hall of Famer** and former **Miami Dolphins Head Coach, Don Shula** and **Bill Higgs**, long-time-veteran General Manager of **Shula's Athletic Club** in Miami Lakes, Florida. I am a former elementary high



school and college football player, so this "in-person" meeting and interview with the legendary former Head Coach of the **Miami Dolphins** Coach **Don Shula**, and GM **Bill Higgs** was very enjoyable for me for more than just the normal club business reasons. As most football fans and many people know, Coach **Don Shula** coached the **1972 Miami Dolphins Team** to the only **17-0 undefeated and perfect record in the history of the National Football League**.

The athletic club that bears **Don Shula's** name is simply terrific. It would take an expert to tell that the club is a 'converted' racquetball club, given the **luxurious interiors, rich wood and many elegantly framed photos from Coach Don Shula's amazing football career**. Coach **Don Shula's** name in Florida is as good as **GOLD**: first, through his worldclass run and success as the **Miami Dolphins Head Football Coach** and later in life, through his role as the club name sake for **Shula's Athletic Club** and importantly, the **Shula Steak House** chain of 17-upscale steak houses located around the country. Coach **Shula**, age 74, has also stayed very fit and active and regularly comes into the club that bears his name to participate in regular **45-minute Pilates workouts with Personal Trainer, Wendy Hammond**.

Bill Higgs has been the **General Manager of Shula's Athletic Club in Miami Lakes, Florida**, since October, 1982 and this coming October, 2005, will mark the beginning of **Bill's 24th** year as GM. I am not aware of **any person** in the health, racquet and sportsclub business with such tenure and a track record to match **Bill's**. Over those many years, **Higgs** has not just served as the General Manager. **Bill** has also shepherded the conversion of the original club from a 9-court racquetball facility to an **elegant-upscale 40,000 square-foot athletic club complex** with

outdoor tennis situated on 5-acres. Recently, he has continued overseeing club operations while the club receives the major edition of a **brand new \$1.2 million Spa**. All of **Bill Higgs's** efforts during his first 23-years has resulted in **Shula's Athletic Club** being world class, very successful and **Shula's Athletic Club** now serves 3,200 members in this **Miami bedroom community**. **Bill** is a great credit to our industry not just in Southeast Florida, but nation-wide and the **Graham Family**, owners of **Shula's Athletic Club** and the **Don Shula Hotel, Steak House and Conference Center** should be aware of and pleased with the excellence of their choice of General Manager, **Bill Higgs**. Reflecting back on **Bill's** career, I think it is important to mention that he has seen to it that **Shula's Athletic Club has been a member of IHRSA** since the beginning of the Association and he has personally been a strong **IHRSA and John McCarthy supporter and friend during all that time**.

The page #4, "Insider Speaks" column for May, 2004, entitled: "Does The Emperor Have No Clothes?" was a hard-hitting, "Tell-It-Like-It-Is" piece by **Michael Scott Scudder**, long-time Contributing Author for **THE CLUB INSIDER** News. **Scudder** asked a lot of tough questions in his rhetoric in the article that really needed to be answered and I respond as follows: Questions such as: "Why is there no real 'national voice' for these small operators?" Based upon the recent very positive activity by the world's leading health club Association, **IHRSA**, it appears to this observer that "someone" is stepping up to be that 'national voice' for these small operators and that "someone" is **IHRSA**. You can't blame **Scudder** for his viewpoint. First, his focus and virtually his entire 'client-base' as a consultant consists of small club operations. In his writing, **Scudder** defines his constituency as: 1) under 20,000 square-feet; 2) generally under 2,000 members; 3) generally under \$1.5 million in gross revenues; 4) operated by a limited owner/operators as opposed to large, multi-level managed clubs and 5) an independent operator. **Scudder** asked also and we repeat these questions only as an extension of learning here: 1) why is it that no publication has seen fit to tell (See 2004 In Review Page 22)

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Member Motivation = Member Retention

By: **Richard Ekstrom**

Retention. Retention. Retention. We hear about it. We read about it. We know it is a key element to improving profitably, but where do we start?

It's important for all club owners and managers to study successful retention methods and employ them to their own specific environment. IHRSA's *2004 Guide to Membership Retention* provides us with good lessons on what – and what not – to do. In October's issue of *The Club Insider* News, I outlined the key elements of good membership retention, all of which are good for individual clubs as well as individual club members.

Let's focus our attention now on one of these important elements: *member motivation*.

According to this report, motivation is the trigger that ignites club membership. The key to member motivation lies in giving your members what they are looking for. But what are they looking for? There is no single answer to this question. Your members may have joined your club because they were motivated to lose weight, to look better or to simply experience the

health benefits of regular exercise. Others may have joined to meet people and make new friends. While still others may have joined to have a place where they feel they belong. In most cases, the motivation is emotional rather than intellectual.

Whatever the reason, it is vital that we take advantage of the member's motivation right from the start and reinforce his own motivation along the way.

Define Your Members

Understanding and leveraging the member's motivation affects retention. Take time to get to know your new members. Find out what motivated them to join your club. As part of the enrollment process, ask every new member to be specific in defining his fitness goals and objectives. Implicit in the motivation that inspires a person to join a club is an expectation that your club will support and sustain that motivation, and you can't meet that expectation unless you know what it is.

Orient Your Members

The process by which a new member is oriented into the

life of your club is a key factor in membership retention. According to IHRSA, every year our industry sells memberships to men and women who are not familiar with a fitness club and have not yet developed the habit of regular exercise.

Take nothing for granted. Make sure each member feels comfortable with every aspect of your club from locating the locker rooms and towels to signing up for a yoga class and scheduling a personal training session.

Provide every new member with a personalized introduction to your facility. The best orientation program is the one that is custom-made to a member's needs, not just a generic one.

Communicate To Your Members

Another significant element of retention that is often lacking is communication. The importance of on-going communication cannot be stressed enough. Communication that supports your members' motivation supports member retention. It is recommended to periodically remind your members of their objectives, inquire into

their progress as well as measure it.

One easy way of communicating with your members is through email. Obtain the email addresses of all your members and send them messages regularly to reinforce their motivation. In addition to helpful health tips and information about what's going on in your club, notes of congratulations or appreciation are always well received.

Another way to communicate with your members is simply saying "hello" and "good-bye" to them as they enter and leave your facility. I know you are probably thinking: "Come on, that's a no-brainer, I teach that to my team all the time!" However, how often do you verify that it's happening all the time? Hang out in the various areas of your club and observe your team interacting. You may be surprised at how many members come and go without that powerful "Hello" or "Goodbye." If it doesn't happen, then it's not only a relationship opportunity lost, but it may be a membership lost.

Recognize Your Members

Recognition and reward programs are a crucial part of successful retention strategies. The IHRSA Guide advises us to take advantage of every possible opportunity to recognize and reward our members. Recognition and reward systems that benefit a club's long-term members, frequent users and high spenders can be a potent tool in making members feel valued and appreciated. Members who refer other members should also receive recognition and reward.

Motivate and Reward Your Members

Based on the information cited in the IHRSA report, clubs are well advised to reward frequent club usage, particularly in the first 90 days of membership. No matter what the cost of membership is, members perceive that high usage equates to high value. There is a definite correlation between frequency of usage and perception of value.

Incentives are also helpful in circumventing termination. As stated in the report, many people leave a club
(See Ekstrom Page 23)

...2004 In Review

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the whole story: that club facility growth is outpacing net membership growth? (Thus, supply is exceeding demand). - CLUB INSIDER response: Let me review for our readers the fact that on more than one occasion, we published comments from industry icon and legend, Ray Wilson, who has sounded this same alarm and has launched Ray Wilson's Healthy Exercise Centers, small 2,000-2,500 square-foot co-ed facilities to attract the people that typical clubs of today are not successfully attracting, with hopes of those *Healthy Exercise Centers* becoming "feeders" when linked and teamed with big-destination type mega-clubs. Scudder also asked, "Why is it that no publication has openly stated the obvious: that some 50 million plus members have left health clubs in the last decade? My response to the question is simply that along the way, I have effectively answered Michael's question on multiple occasions

when I have argued that "former" health club members, estimated at over 40 million strong, need to be "re-attracted" and convinced that today's health clubs are "not your father's type of health clubs" and that the health club owners and managers in America today are there to serve them much more professionally, more ethically and more with their interest as members, in mind. We must convey the message that our 'industry' strongly believes that we are now truly different from their "father's type of health clubs." and that 'We as a "united industry" are asking North American consumers for another chance to prove to them that this is, in fact, the absolute truth now about our 'industry.'" This message, HOPEFULLY FROM AREAL 'NATIONAL VOICE', AS REFERRED TO BY MICHAEL SCOTT SCUDDER above, is the single, most overriding and most important message our health club 'industry' must effectively and clearly communicate to the entire North

American population if we want to see the 13 or 14% penetration of the U.S. market rise to 20, 30, or 40% of the population. In other words, our "industry" as a whole, has a MASSIVE re-selling and communication job in front of us, if we wish to see this industry truly grow. You know and I know that if CONSUMERS IN AMERICA 'TRUST' US, they will be MUCH MORE LIKELY to BUY FROM US! Simple... but complicated. But, that is the message we all, as a 'united industry' must convey. STAY TUNED!

'Short-Takes' From Norm's Notes and Other May, 2004 Articles

• I announced that our newly announced Club Insider 'Consumer Edition' pre-enrollments of club members was as 104,350. • We indicated that we expected IHRSA to announce its action, if any, on the written complaints to IHRSA made by Kentucky club group owner/operator and IHRSA Club Member, Jeff Graue and his

Lexington Athletic Club group.

• We provided an update from Southeast Florida, where Brian Homan had been engaged in the development (allegedly as a Consultant) of a new health club called 'About Family Fitness.' • We announced that Roger Wittenberns, CEO of Lady of America, with 1,000 locations, launching a new franchise chain he calls *Workout Express For Men and Women* • Veteran health club pioneer, Nick Kalandros passed away at age 69 from a heart attack and we shared that information. May Nick Kalandros 'Rest In Peace.' • Hoggan Health Industries announced its relocation to: 8020 South 2300 West Jordan, UT. 84088. • Colin Milner, the Founder of the International Council On Active Aging and whose legacy in history will be that he stepped up and created the most progressive health and fitness organization for seniors in the history of the world, announced an alliance with The American Association of Homes and Services for the Aging. Keep up the great work

with ICCA Colin! • We introduced Kelli Sarnecki and her book, 'Learning To Live.' • I mentioned my recent road trip to Florida and the article in the May, 2004 edition entitled: 'Road Trippin In Florida.' And, as always, we asked the Good Lord to Bless Our Troops and our lost Soldiers and to Bless America.

Articles contained in the May edition were provided by our '2004 Contributing Author Team' members: Richard Ekstrom, Karen Woodard, Frank Ancharski, Karen Kirby, Michael Scott Scudder. Also contained in our May, 2004 edition was an article announcing an alliance between Body Training Systems and Iron Grip Barbell Company.

The "2004 In Review" Part II is now complete and in our February edition we will publish Part III with my summaries and commentary of June through December, 2004. Sorry to be long on this, but there is a lot I wanted to say to each of you as I review 2004 and we all embark on this Happy-Healthy New Year!

...Alliance

continued from page 8

venture effort to meet the health and fitness needs of their community. Minton's Sportsplex is also working as a partner with a new health and wellness **MAGNET School** that will provide education, after-school fitness programs and activities, swim teams and a lot more for youngsters. **Mike writes, "What a great opportunity and future we have!"** and I could not agree more. **And, it could not happen to a nicer guy.**

Next, let me mention another 'Alliance Master', **Mark Mastrov, the CEO of 24 Hour Fitness.** Mark is the original founder in the 1980's of 24 Hour Nautilus in Northern California. Relatively early in his career, Mark changed the name of his 24 Hour Nautilus chain to 24 Hour Fitness. He worked hard and eventually was bought out by an investment group headed by **McCown deLeuw**, an investment banking firm. Mastrov stayed on as the Chairman and CEO of the company and now 24 Hour Fitness is approaching 400 clubs. Over the past 10 years, Mastrov has created incredible alliances with a long list of big time celebrities including: **'Magic Johnson', Andre Agassi and Shaquille O'Neil**, to name a few. 24 Hour Fitness' business is booming and a large part of their success has been directly because of Mastrov's acumen in the world of using big-time alliances as major marketing tools. Perhaps his greatest achievement was the recent **"Biggest Loser"** Television reality series that occupied prime time for a couple of months with a contest between **12 grossly obese individuals** who were thrown into a residential compound and trained rigorously for a couple of months by two expert 24 Hour Fitness Personal Trainers. And, they all got great results. While I did not see all of the TV shows in the series, I can tell you these two things: **1)** 24 Hour Fitness logo was plastered all over the TV screen for one full hour once a week for about two months; **2)** without a doubt, because of the great success in losing weight experienced by the contestants,

...Ekstrom

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simply because they have drifted away. Often, increased retention can be accomplished if the member is invited to rekindle his motivation and rewarded to retain his membership.

Complimentary guest passes, a club t-shirt or even a free re-evaluation are good incentives to motivate your members.

Celebrate Your Members

Whether you celebrate a member milestone, the day-to-day benefits of regular exercise, a new finding in health research or even a holiday, celebrations of any kind are always welcomed and enjoyed. Celebrations present you with yet another great opportunity for your staff to connect with your members and for members to connect with other members.

anyone that was overweight and that watched this series could not have watched without feeling great motivation and desire to achieve the results that those folks achieved; **3)** I am very sure that the ever present 24 Hour Fitness logo must have created impressions amongst the millions and millions of people watching on major network TV that were probably worth \$25 million or more in prime time TV advertising!

So, my message here, illustrated by just two excellent, but vastly different organizations, is this: **YOU CAN MAKE MORE MONEY FOR YOUR CLUBS BY GETTING OUT THERE IN YOUR COMMUNITY and knocking on doors and making something happen!** My advice: if you are not already a member, **join your local Chamber of Commerce and make it part of your job and your business** to do **just two things:** **1)** first, start going to each month **Chamber 'After Hours' Party** conducted. Typically, a business that is a Chamber Member serves as the host for one of the monthly events; **2)** as you get to know the leadership and the organization, start looking for a time and opportunity to host one of the **monthly Chamber Member parties** at your club. Use the many **new contacts you will make** at your local Chamber of Commerce **to launch more community alliances of all kinds.** Look for **'Open House'** opportunities for your club. Look for ways you can serve your community through **donation** of the use of your club on a **Saturday night for special charity or fund raising events.** **Reach out** to your members through personal contacts and your newsletter and make it known that you want the 'community to come and use your club' for helpful purposes. **Get up! Get out! Make it happen! You CAN DO IT!** (Norm Cates, Jr. is the Publisher and owner of **The CLUB INSIDER News.** Cates is a veteran of 31 years in the health, racquet and sportsclub business. Cates was the 1st President of IHRSA and a Co-founder of the Association in 1980/81. In March, 2001, Cates was honored by IHRSA with its **DALE DIBBLE Distinguished Service Award.** Cates may be reached by telephone at: 770.850.8506 or by email at: clubinsidernews@mindspring.com)

Recognize that your members are motivated by their own individual goals, values and desires. Understanding member motivation and effectively leveraging it will positively affect your retention. Improvements in member retention, no matter how small, will enhance your club's revenue and profitability. (Richard Ekstrom, President of Retention Management, can be reached at 800-951-8048 ext. 2 or riche@retentionmanagement.com. Comments and questions are welcome and appreciated. Retention Management is a privately held company that manages the complexities and time demands of running a comprehensive retention improvement service for health clubs. It focuses on new member orientation, member attendance, health/fitness education and the automation of attrition defense systems. Retention Management's mission is to create a positive impact on a club's bottom line through improved member retention.)

Your consultants may "Talk the Talk" But, can they "Walk the Walk?"

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Resolutions for Stellar Sales Success

By: **Karen D. Woodard**

As an industry we are blessed every January with a windfall of new member sales due to people's "resolutions" to get fit, lose weight, and feel better. Some of the people who are driven through your doors with this motivation are successful while others are not. This article is not going to be directly dedicated to making your members more successful with their resolutions, but instead this article will be dedicated to anyone who sells memberships in your club and outlines 8 resolutions that, if implemented, will guarantee a higher level of success in getting *and* keeping members

Resolution #1

Resolve to be inclusive with all people you come into contact with (prospective members, guests, co-workers, friends, strangers and family). When you are inclusive, you make others feel a part of the whole and welcomed. When you are exclusive, you make people feel excluded from whatever is going on, or worse yet, you can make them feel that they are not a part of the club. An example I see in many clubs is that there is a core of staff that is close with a core group of members but they do not venture outside of that familiar group of members. Their behavior with those members is more jovial, intimate, familiar and with other

members it is somewhat aloof. That is exclusive behavior. Inclusive behavior would be to treat every member with the same level of warmth, congeniality and energy regardless of how long you have known them. When people feel included, they feel more comfortable, which automatically builds a higher level of trust and rapport. When trust and rapport are up, there are more opportunities for conversation, which can lead to retention and referrals.

Resolution #2

Resolve to regularly do your SBWA. What is SBWA? It is Selling By Wandering Around. The purpose of SBWA is not to go up to members and ask for names of their friends who might want to join, but instead, to create time twice per day (fifteen minutes each) when you simply walk through the club and have conversations with the members you do know and introduce yourself to those you don't know. I realize that for some of you reading this, SBWA is a no-brainer. I also realize that for some of you reading this that SBWA is an uncomfortable challenge. I encourage you to practice this for several reasons – to be able to engage people in conversation is a key quality in sales success (engage people in conversation does not mean that you do all the talking). What do you talk about? ASK them what experience they have had with the new club programs or classes.

Talk about things that are familiar to you both. Take an arm full of magazines into your cardio area and offer people something to read. While doing so, introduce yourself. Be intuitive – if you sense they are open to a conversation, then open it up. If they are not, that's OK. Encourage them to enjoy the club and holler if they need anything; then go onto the next person. SBWA is about building relationships that build retention and lead to referrals – over several "visits", not simply in one conversation. I want to be very clear that the primary purpose is to build relationships and familiarity not to seek referral names. Once you have built relationships, it is easier to recognize where referral opportunities are or are not in a comfortable manner. When the opportunity is naturally there, by all means, extend an invitation for the member to bring a friend to the club.

Resolution #3

Resolve to use all areas of the club. I realize that you, just like your members, may have one or two areas of the club that you utilize for your work out program. BUT, if your job is to be able to sell the services and programs of the entire club to a prospective member that may be interested in the things that are not what you do for your workout, and you have not participated in those services or programs, it will be very difficult for you to create any excitement, differentiation or urgency for them to join. If you are a weight room and cardio equipment person, I encourage you to get into the group exercise studio and take a few classes. If you are a group exercise person only – get into the weight room with a trainer and learn a few things for yourself as well as how to answer FAQ's from prospective members. If your club has tennis and you are not a tennis player – this is the year for you to learn more about tennis. The benefits of the additional product knowledge will provide you with a higher level of confidence and enthusiasm in your selling process, as well as increased sales because you will create more credibility and rapport with your prospects.

Resolution #4

Resolve to spend five hours per week on prospecting activities that build your business. I encourage you to think about building your business in the following ways: 1.) Always have a referral activity going on each month such as Dollars from Day 1©, Passes in Classes©, etc., 2.) Always have an alumni invitation out at the beginning of each month to former members, 3.) Always have a community outreach activity to generate monthly sales, 4.) Always have your corporate/group sales program events in place on a monthly basis and 5.) Always have your current lead follow-up activities that create urgency to join in place monthly. If you are doing all five of these business-building activities regularly, you will be creating an abundance of business and never have a problem hitting your sales goals. Far too many clubs do not train their membership sales staff to be business builders. Most clubs expect the staff to sell, but do not give them the tools to build business; therefore, the staff ends up waiting for business rather than creating business.

Resolution #5

Resolve to manage your sales business by the numbers. Some clubs have a very good sales reporting system and use it to the advantage of both the club and the sales representative. Some clubs leave a lot of money on the table by not having a sales management report system at all. Sales reports, if used properly, can be very revealing and a tremendous tool to show you what you can do differently to reach a higher level of productivity and success. I also recognize that some clubs use sales reports incorrectly, by requiring that sales staff complete the reports, and yet the sales manager does nothing with them. When this happens, I notice that reporting from the sales staff is often, shall I say, fictitious. If this is the scenario at your club that is unfortunate, however, you can still benefit from your sales reports. I encourage you to be diligent about doing your reports daily with your real numbers (no



Karen Woodard

guesses or make-up stuff), so you can reveal to yourself what areas can be improved upon. If you would like a copy of a sales report that reveals this to you, call me and I will send you one. The impact of measuring and tracking your results always has a positive effect on your bottom line.

Resolution #6

Resolve to make the tour about the member not the club. The only way you can do this is to become proficient at asking the questions that reveal the answers, listening to the answers and utilizing that information on the tour. What questions? What answers?

When you meet the prospective member, you will sit down with them for 3–5 minutes and ask the questions that reveal their reasons for saying yes to joining your club and the possible hesitations for joining your club. As you may know, the "yes" questions reveal their interests (activities they would like to do in the club), need (outcome or results), motivation (driver behind the need) and sense of urgency (timeframe for results). The "hesitation" questions or objections usually fall into the categories of time, decision-making ability, financial, eagerness or other limitations. Your job here is to reveal all the reasons that would make them say "yes" or possibly hesitate to join so you can work those elements into the tour to customize your time together rather than simply show the club the same way to every person. By making the tour about the person and not the club, your results will be increased excitement
(See Woodard Page 25)

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...Woodard

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ment on their part, increased credibility and rapport for you, increased ability to create differentiation, ability to handle concerns more effectively while on the tour and increased first-time closing rates.

Resolution #7

Resolve to have the courage to confront and the willingness to correct. What does that mean? It refers to taking a moment to acknowledge and act upon those non-verbal messages that you get from a prospective member in the sales process instead of noticing them but feeling too uncomfortable to say anything about them. Those messages are *filled* with opportunity for us to get more information if we simply ask for it. For example, while on tour, if you ask a prospective member a question and you perceive, based on what they have told you, that they will respond enthusiastically but instead they are neutral to somewhat negative with their response then you, rather than feeling awkward about it, would simply say "John, I did not expect that response from you. I was thinking you would be a little more excited about this aspect

of the club. Tell me what you are thinking." By doing so, you will get clarity and know if there is a concern that you need to handle that would allow them to say yes to joining today. The courage to confront and the willingness to correct concept addresses directly and diplomatically handling concerns. Some of us feel that it is inappropriate or pushy to ask about a concern and be able to handle it for the prospective member. The reality is that you in your role as a Membership Representative at your club are a businessperson, and this is part of the expected business practice. If you feel that this is inappropriate, this is where the concept of the courage to confront and the willingness to correct will help you. Certainly, diplomacy and tact in the process make everyone feel better about it and will take you very far. Finding the words that create that diplomacy and tact are simple – it is just a matter of playing with it and practicing

Resolution #8

Resolve to do your point of sale referral presentation on every sale you make. I realize that some of us are very good at this and some of us are so uncomfortable with this tool because we think it is cheesy. I have a proven method for you that will give you impressive results and

allow to come from the genuine perspective that you are giving a gift rather than asking for names. This is the "short of the long": When you are doing the paperwork for the new member – you will explain that there are some documents that you will take care of for them and there are some documents that they will need to complete. Based on your club requirements, you may have two – four documents for them to complete. When they are finished with them, you explain to them that you now have a thank you gift to give them for joining. You will place the invitation form before them and explain the following: "John, as a new member we would like to thank you for joining the club with our New Member Guest Privilege. This is an invitation that we will extend to three of your friends, family members or colleagues – whomever you would like – to enjoy the club for three days each courtesy of you. We will host them – there will be no guest fee. However, the value on each of these is \$60 or \$180 total. This invitation is offered during the first 30 days of your membership, so while I am finishing up your paperwork, go ahead and jot down the names of the people you would like us to send an invitation to and we will either get them in the mail or e-mail them today, which ever you would like us to do".

Ensure the success of this

program with the following points:

1. Come from a gift perspective.
2. The new member guest privilege must be a different form from your everyday guest pass policy.
3. Have a tight guest pass policy.
4. The new member guest privilege is only offered for the first 30 days of the membership.
5. The form does not go home with the member for them to "think about it".

This tool is a no-brainer for increased referrals, if done correctly, and done every time you start a new membership. Think about this – if you are personally selling 30 – 60 memberships per month and you present this to everyone of those members perhaps only 50% will have you send the invitations to three colleagues – that would be 15 – 30 x 3 or 45 – 90 potential leads. Let's say only 50% of those actually used the invitation – that would be 22 – 45 prospects and let's say that only 50% of those

joined – that would be 11 – 22 new members every month that you would be generating. Hmm...not something to just think about but instead, something to do. If you have any questions on this one – call me.

When it comes to resolutions, everyone can be successful – it is really a matter of choice to be successful and integrity with your follow through. Any and all of these resolutions will have a huge impact on your sales success but only if you choose to make them part of your good work habits. Stellar Sales Success to you in this year and the years to come.

(Karen Woodard is President of Premium Performance Training in Boulder, Colorado. She has owned and operated clubs since 1985 and now consults with and trains club staff throughout the world. She provides her services on-site, online, by phone and through books, tapes, and manuals. She can be contacted at 303.417.0653 or karen@karenwoodard.com)

Make It Fun!

Failing to Plan is Planning to Fail...

By: *Casey Conrad
and Gary Polic*

We've all heard the expression, "Failing to Plan is Planning to Fail," but its' importance to club sales success in the month of January is imperative. Let's face it, sales is a numbers game. You should sell the most memberships in January and your highest member usage is in January. This means that you have the necessary traffic—of members and prospects—to obtain the number of referrals you need to guarantee your success for the months ahead.

Of course, referrals aren't the only planning that clubs need to do to ensure success in 2005. A well-planned and executed guerrilla marketing strategy is also a must. Therefore, whether you are your club's leader or a member of the sales team, it is your responsibility to "Plan to Succeed." In this article, you will be given a list of internal and guerrilla marketing "musts" to follow in the months ahead.

1. Point of Sale Referral Presentation ("POS")
A POS referral presentation is when the salesperson utilizes a system that all new members are given the opportunity to refer new members. Does your club have a referral sheet? Do you offer incentives to both the sales person and the new member to A) give referrals and B) sponsor new members? Do you create urgency and empower the new

member to sponsor a friend within 2 weeks to 30 days of their becoming a new member? Finally, is the same amount of enthusiasm shared with the new member at the POS referral presentation as is shared with him when he takes a tour? All these are important aspects of any successful referral presentation. Without both a system and an effective delivery, the opportunity to turn one sale into many more is lost. Take the time now to review your POS referral presentation and if any elements are missing, contact us at gpolic@communicationsconsultants.us and we will gladly send you FREE of charge, our referral system packet via e-mail.

2. New Member Follow-Up – Yes, we're talking about good, old fashioned follow-up AND before you roll your eyes, consider this: Even if it was just one phone call within 7 days of joining, what type of impression would a new member have if he got a call from his salesperson who simply wanted to know, "How are things going? Is there anything we can do for you?" The impact would be immeasurable but NO ONE does it anymore. Interestingly enough, the solution is not difficult or complicated; create a system whereby the person who sold the membership is responsible for following up AND a system to "inspect what you expect." Communication Consultants recommends that salespeople do the following: an initial handwritten thank you note, 14-day call, 30-day call, 45-day call

and finally a 60-day letter and call. Ideally, this is actually reaching the member and speaking to them. Seeing them in the club is great, but not as valuable as taking the initiative and picking up the phone and contacting him yourself. It should come as no surprise that the 60-day follow up (which for some people seems extreme) has a very specific goal. That is to explore the potential for additional referral opportunities. Think about it, if the member has been active in using the club he should see some results by the 60-day mark. Well-trained salespeople will always check his records, update the member on previous referrals AND ask the member for new names (assuming he is happy and getting results). Sounds simple enough and it is—so long as it is being done consistently!

3. Floor or Club Contact – This is one of the most overlooked vehicles of prospecting, and when done correctly can add both credibility AND new members to your club. What is "done correctly?" Certainly NOT the act of simply walking the floor and talking to people. Floor contact means utilizing a notepad, writing down the name of every member you interact with and his concerns or comments made during your conversations. At the end of the day, you go through your notepad and drop a quick card to every single member you spoke with, referencing your conversation and possibly any actions you were to take. As

crazy as it seems, this very specific strategy allows the "Law of Reciprocity" to work in your favor! Of course, you may also need to schedule a follow-up call with certain members when appropriate. This very powerful strategy results in members being impressed with your follow up and ultimately will want to send you more business because he feels the need to reciprocate the good deed. A colleague of mine, Steve Strumpf, who is a General Manager and 20+ year industry veteran, has performed this task for years now and has established networking and prospecting venues that otherwise would never have been made. He is one of the best I have ever observed, and he has the numbers to back it up! Again, the members will reciprocate!

4. Internal Sales Promotion (ISP) Although internal sales promotions (ISP) are technically considered a management task, they can be influenced by salespeople with "Word of Mouth Marketing." An ISP would be any type of large referral or sales promotion to members that typically involves a mass mailing. If for some strange reason you are not running an ISP for the month of January, begin preparation now to have one in February! When running any ISP, your sales team as well as your front desk and fitness team should be wearing T-shirts or buttons to advertise the promotion. Most importantly, you should have an internal employee contest to incentivize your staff to generate leads and new members. Rewarding ALL YOUR EMPLOYEES will increase your lead generation ten fold because each department has a different relationship with the members. We all know that people do things for people they know and like and the concept holds true with any ISP. Don't miss the boat with this point; involve and reward the entire staff and increase your success ratios.

5. Sales associate mailing to a targeted group or neighborhood – Certainly this is another prospecting idea that isn't new but amazingly enough very few salespeople we speak with are actually doing it. And, even the ones who are sending out target mailings fail to utilize a few creative tools that can

dramatically increase the success rate. Obviously, the first element necessary is obtaining a list. If you don't want to utilize the internet, the easiest thing to do is to contact your local phone company and purchase a Haines Criss Cross Directory. Although there are never any guarantees, this list is usually updated every February so you should receive a list with current names of the people actually living in the household! Select an entire street (within your market area) and mail your piece to everyone. Handwrite the envelope with your return address but don't include the club name. This is a small trick that helps to get the recipient to actually open the piece, which is absolutely necessary if any success will be attained! You also have the phone number on the purchased list, so a courtesy call to the name on the list would be recommended, since it typically will double your response rate. Of course, it goes without saying that you should script out the call and role-play it with the staff before shipping them off to the phones. Also, inspecting calls will tell you if more training is needed. This strategy sure beats the sales person calling the same old lead 20 times!

6. Corporate, Group and/or Association point of sale referral presentation – We've already discussed the need for a strong POS referral presentation but seldom do salespeople think about asking for a corporate or association referral. For many club operators the corporate referrals are sought out from the back office, but why not let the salesperson—the very person whom the new member has a relationship with—inquire about where he works and a contact name. It may lead to more corporate sales quicker! The other type of referral—an "association" referral is rarely used but perhaps the one with the greatest potential. Think about it, often one of the most important aspects of a person's life is the associations or community groups they are members of. These venues often are looking for speakers and even fundraising opportunities. You can find ways to give back to the community and who knows where it will lead in terms of
(See *Conrad-Polic* Page 28)

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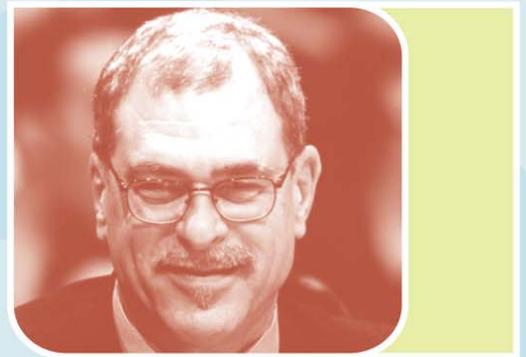
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Jackson is the author of four books on basketball, including his 2004 best seller, *The Last Season*, about his 2003-2004 season with the Lakers. He neither babied nor bullied his players. Instead he gave them the opportunity to learn for themselves how to succeed, and a structure in which they could win as a team.



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New Year – New Beginnings

By: Shawn Codd

As you begin anew in 2005, are you confident you have the right sales staff in place to take your club to new sales heights? If not, now is the time to get the right team hired and trained as quickly as possible. In his book, "Good to Great: Why Some Companies Make the Leap... and Others Don't", Jim Collins talks about having the right people in the right seats on the bus. Staff fit is crucial to your success. Take a clear, objective look at your sales team. We, at Sales Makers, have worked with almost 900 clubs in 23 years and have hired and trained thousands of sales staff. We firmly believe the right team is the key to your success! If you are not totally confident they will take you to your club sales goals (and beyond), then take steps immediately to replace them with those who will. Here are several steps to help get you there.

1. Hire a replacement before making a change. This is a critical point to remember. Oftentimes, sales managers are too quick to let someone go before they have a replacement, which leaves them worse off than when they started. The most important person to consider is the prospective member. When he visits your club, you must have enough salespeople to help him. If it is necessary to let a salesperson go prior to hiring his replacement, make certain you have a commitment from the remainder of the sales staff to fill in where needed so there is no lapse in service to prospective or existing members.

...Conrad-Polic

continued from page 26

business opportunities.

7. Referral Table set up
 Of course, what we're talking about here is simply setting up a card table in your lobby, decorating it nicely with balloons, streamers, fresh flowers or even fresh coffee, bringing out some club water bottles, T-Shirts or other novelty items that members want, manning it with a sales staff and asking every single member who walks by if they would like a free give-away. This is also a tried and true internal marketing idea but one that many clubs fail to utilize because

2. Hire a team player.
 Superstar salespeople are great to have; however, a more important quality to have in a club salesperson is his ability to be a team player. This quality is easily ascertained by asking the candidate the proper questions in the interview. There are some excellent and affordable online tests you can administer during the interview process for candidates you are serious about such as Sales Test Online. They will help you in determining how much of a team player your candidate really is. The key to remember is, the more team players you have on your sales staff, the more your sales will skyrocket.

3. Use all avenues available to you. Use your local newspaper to place a simple, yet stand-out ad in the job section on Sunday. Most of you have a local job internet available as well as such job sites such as Monster or Hot Jobs. Write ads for these that are catchy and out of the ordinary to secure as many qualified candidates as possible. Place a flyer in the locker rooms and at the front desk with a short sampling of the job requirements and to whom they should send their resume. Your existing members are a great place to find people who are passionate about your club. Make sure all your employees are aware of the salesperson job as, you may very well have a 'diamond in the rough' at your front desk, on your group fitness team or on your programming staff. Place an interesting and informative job posting on your website as well. You just never know where your

someone "Pooh-Pooh'd" it at one time. Remember, right now your member traffic is at its peak, so take advantage of it with this low-cost, simple idea. Certainly, you may need to cross check your data base so the names received are qualified, but this is a small price to pay. When a name (or certain number of names) is received, the member receives an immediate gift to reward him and create the excitement to those around in the club.

Another even more exciting way of doing this is utilizing a spinning wheel, as in the Wheel of Fortune TV show. In this instance, when the member refers a qualified name and phone

number he or she can spin the wheel to receive an immediate prize! (Keep in mind the same concept can work for a corporate, group or association referral campaign that was discussed earlier). This is simple to do and gives salespeople AND members immediate gratification. If you send staff members out to work the crowds at the club and build excitement when a give-away happens, this type of campaign can be run successfully 4-6 times a year.

4. Trust your gut.
 Never, never, never ignore what your gut instinct is telling you. If you have a candidate who seems perfect for the position and everything is saying "yes", but your gut is telling you "no", more than likely your gut instinct is right on. There is a reason that little voice inside is causing you to hesitate. You will usually do yourself a favor by listening to your gut feelings.

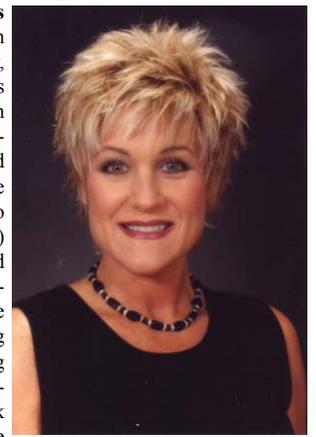
5. Get feedback from other managers. As good as you might be at interviewing, feedback from other managers is very valuable. There might be something you missed, either positive or negative about the candidate that another set of eyes will see. If possible, interview in pairs (no more than three per interview) and discuss your observations immediately following each interview.

6. Always check references. This holds true even if you are totally sold on your candidate. Prepare a reference check form and stick to it on every reference check call. It is best to check at least (1) personal and (2) professional references. You should ask detailed questions which include, "What challenges (if any) did this person have in performing his job" and "If given the chance, would you rehire this person?" Remember, you are interviewing salespeople and some of them can sell themselves better than they actually turn out to be. Checking references is one more way to minimize your risk as an employer.

There you have it; seven proven, low-cost ways any club can immediately use in their marketing plan. The key, of course, is the attitude, en-

7. Additional qualities to look for in a salesperson. In addition to being a team player, there are other specific qualities which are essential to hiring an excellent membership salesperson. The first quality should be an "edge of the seat" attitude that conveys, "I cannot wait to get started!" In sales (and in life) 80% of success can be attributed to a winning attitude. Consequently, this quality should be at the top of your list when hiring salespeople. Another winning quality is a candidate's willingness to learn. You need to ask yourself, "Is he teachable?" The answer should always be "Yes" to that question. A person who thinks he knows it all is only going to hinder your sales team's success. Yet another crucial quality to look for in a membership sales candidate, particularly in the health club environment, is his ability to be empathetic. Seeing things from another's viewpoint is paramount to success in club sales. These qualities, along with good eye contact and a quick and easy smile, will go a long way to ensure success in hiring a winning membership sales team. These are just a *few* of the over 20 ingredients of a successful salesperson. For the complete list, please email me at info@sales-makers.com or call 800.428.3334.

(Shawn joined the Sales Makers team with over 15 of years experience in sales and sales management. As Area Director for a multi-club operation, she was responsible for coaching, motivating, and inspiring her



Shawn Codd

sales teams using the Sales Makers system. Her expertise is in increasing membership sales and retention through effective teamwork and the use of our proven Sales Makers system. She also has extensive experience in selecting, interviewing, and hiring just the right person to compliment your club's team. Shawn enjoys making a difference in people's lives through the benefits of exercise and looks forward to the opportunity to work with you and your sales and management teams in the very near future! Shawn Codd may be reached at: info@sales-makers.com or 800.428.3334.)

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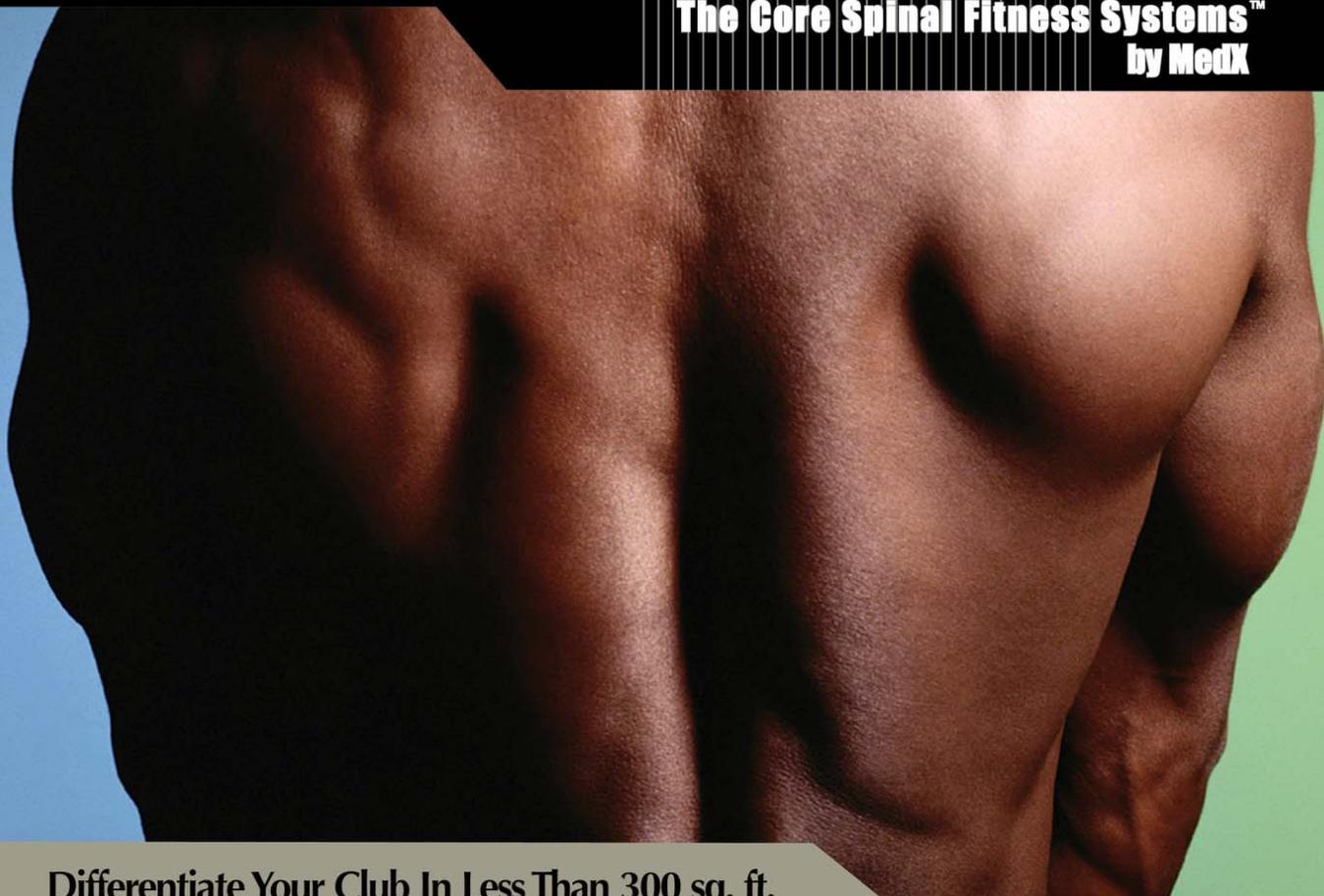
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