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THE Club Insider

NEWS

The Pulse of the Health, Racquet & Sports Club Business

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**Judi Sheppard Missett &
30 Years Of Jazzercise!**

Norm Cates'

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NEWS

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THE Club Insider

NEWS

The Pulse of the Health, Racquet & Sports Club Business

JUDI SHEPPARD MISSETT and 30 YEARS OF JAZZERCISE!

By Norm Cates, Jr.

Make it fun! That is a primary and basic element of Judi Sheppard Missett's Jazzercise organization. She originally entered the exercise business because she had a passion for dance and movement. Her love for dance led to the development of Jazzercise....a passion, a product, an organization, a movement that 30 years later spans the globe and boasts of 15,000 worldwide locations.

Judi was born in San Diego, California. Her Dad was a Navy man and after the World War II moved his family back to Red Oak, Iowa. She graduated from Northwestern University with a Theater and Radio and TV major and a minor in dance. During college, Judi had been employed professionally in theater and had helped work her way through college. In

1972, Judi and her husband, Jack, and baby daughter, Shanna, moved to San Diego, California.

30 years ago, prior to moving to San Diego and while working for Gus Giordano's Jazz Dance Studio in Chicago as a traditional jazz dance instructor, Judi created a special "just-for-fun" dance class that is now called 'Jazzercise.' Her story and the huge success of Jazzercise is incredible.

Jazzercise now has 4,800 franchise instructors in 38 countries around the globe. Jazzercise instructors provide their nearly half million students with 20,000 classes weekly.

Jazzercise's 1998 revenues were \$16.5 million and total system-wide Gross Sales were \$51.3 million. Jazzercise, Inc. has 125 full-time employees.

In addition to Jazzercise, Inc., Sheppard Missett has created Jazzertogs, the company's multi-

million dollar fitness merchandise mail-order division, and JM Television Productions - a full service video production division. Most recently, Sheppard-Missett has launched an innovative new computer software program called CyberStretch by Jazzercise to fight the onset of repetitive stress injuries from prolonged computer use.

The Jazzercise Mission Statement is: "To build and maintain an enduring worldwide network of successful dance fitness franchises by providing them with the leadership and support services necessary to enable them to deliver to the public consistent, first-quality fitness programs and health and nutrition education services."

Judi's business success stems from what she calls her "little voice" within. A voice of truth, she believes it guides her in the right direction when it

comes to conducting business. Of course, in addition to this, Judi makes sure she stays on top of industry trends and developments and her natural business savvy has proven to be right on target.

Judi's passion for bringing the joy of fitness to millions of individuals has led to not only her great business success, but to numerous honors as well - among them the 1996 National Fitness Leaders Association Charles Bucher Memorial Award for her contributions to youth fitness, 1996 Soroptimist International of San Diego "A Woman of Accomplishment Award," 1995 Women Who Mean Business Award from the San Diego Business Journal, the 1991 IDEA (International Association of Fitness Professionals) Lifetime Achievement Award and in 1992, induction into the IDEA

Hall of Fame. Judi's success was also recognized by President Reagan in his 1986 White House Conference on Women in Business, and in 1988, she was named Working Woman magazine's Entrepreneur of the Year. Her contributions to the growth and advancement of the fitness industry have been noted by leading fitness organizations, such as the Aerobics and Fitness Association of America (AFAA), the American Council on Exercise (ACE), the President's Council on Physical Fitness & Sports and the National Fitness Leaders Association (NFLA), of which she serves as Executive Director. Judi also serves on the California Governor's Council on Physical Fitness & Sports' Executive Committee and San Diego Inner-City Games Board of Directors.

In addition to serving as President of her worldwide dance-fitness organization, Judi continues to teach her own Jazzercise classes

(See Judi Sheppard page 5)

DIRECT FOCUS, INC. BUYS NAUTILUS

By Norm Cates, Jr.

Vancouver, WA. - Brian Cook is the President of Vancouver, Washington based, Direct Focus, Inc., a publically held company Traded on the Toronto Stock Exchange. In 1998 Direct Focus had

\$57 million in sales. Direct Focus was founded in 1986 and manufactures and sells Bowflex Exercise Equipment and Instant Comfort Sleep Systems. The name of the company was changed from Bowflex to Direct Focus in 1998.

We contacted Brian Cook to learn about his plans for Nautilus, after having just acquired the company.

Here is that interview conducted by telephone.

Q. "Bryan, tell us about your acquisition of Nautilus. Why you purchased the company and what your plans are?"

A. "We had recognized, as many people have, that Nautilus has been a great name in the fitness industry for quite a period of time. I don't think it was an

idea that just came to us overnight. We'd known people at Nautilus, but we never discussed any acquisition plans until Delta Woodside, Inc., the former owner of Nautilus, put Nautilus up for sale last year."

"First, we intend to return Nautilus to its position as the leader in the strength training equipment segment of the

commercial fitness industry. We intend to expand Nautilus into additional areas of fitness and expand its cardiovascular presence. We intend to expand the marketing use of the name. Although we don't have the products today, we believe we will use Nautilus name on products in the future in the direct marketing side of our business. We also believe a name

(See Direct Focus page 4)

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- Use The "Fitness Prescription" To Increase Membership Sales
- IHRSA'S Capitol Report

IT'S 1999! Where Did A Quarter of a Century Go?

By Norm Cates, Jr.

1999! Wow! Sounds 'spacial' doesn't it? Hard to believe that 25 years ago I was sitting outside a racquetball court waiting for my

turn to play when I met a fellow who would change my life forever. It was 1974 and at the time I was living at an apartment complex in Northwest Atlanta called Riverbend. Riverbend had a clubhouse with a workout room, spa facilities and two racquetball courts, beautiful

grounds, swimming pools, moats with fountains, tennis courts and about a mile of incredible river frontage on the gorgeous Chattahoochee River which runs through the Northwest part of Atlanta. The two racquetball courts were not regulation. They were about 25' long, 12' wide

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THE INSIDER SPEAKS

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THANKS TO OUR 1998 ADVERTISERS!

We would like to extend our most sincere thanks and appreciation to the following companies that sponsored The **CLUB INSIDER** News as advertisers during 1998. We greatly appreciate the support and encourage all of our

readers to be in touch with these manufacturers and vendors. The company names are listed in the order they appeared from January thru December, 1998.

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Thanks To The **CLUB INSIDER** News Contributing Authors

During our first five years of publication of The **Club Insider** News we have been blessed by the great resource we now call our Contributing Author Team. Each month for five years professionals from all walks of the health, racquet and sportsclub industry have dedicated their time and effort to write and contribute articles or letters on a variety of topics that are important to you, our readers. Some of these folks are club owners, club managers, professional consultants, doctors, advisors, Association executives....you name it and The **Club Insider** News readers have received the benefit of their expertise

and written input.

As we move into our 6th year of publication with this issue we would like to take a moment to extend our sincere thanks and appreciation to all of those that have served on this very important team. Below are the names of each of our Contributing Authors during our first five years. They are listed, not in alphabetical order, but instead, in the order in which they first provided their work for publication by The **Club Insider** News. And, it is important to note that although their names appear only once here, many of these folks have contributed numerous articles over the years.

CLUB INSIDER NEWS CONTRIBUTING AUTHOR TEAM - 1993-1998

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Norm Cates' **THE Club Insider** NEWS

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...Direct Focus

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like Nautilus should also have a consumer line of equipment marketed through traditional retailers. We're talking upper end specialty fitness and sporting goods dealers. However, the development and continued leadership on the commercial side is going to continue to be very essential."

Cook continues, "Also, I've heard a rumor on the street that I'd like to clear up. The rumor is that Direct Focus purchased Nautilus with plans to discontinue the commercial line and use the name solely for the consumer mar-

ket. NOT TRUE! I repeat, NOT TRUE! We recognize that the commercial fitness business is the central core of the Nautilus brand name and to keep the Nautilus brand name strong, you are going to have to keep the commercial side strong."

We asked Brian Cook about the continuation of the Nautilus manufacturing plant and offices in Independence, Virginia. Cook replied, "There's another rumor. I've told many people if we didn't want the Independence, Virginia facility, we would not have paid \$19 million for the company! Because if you didn't want that facility, it would not have made sense. There are 54 acres, 220,000 square feet of

manufacturing space and another 30-40,000 square feet of office space at the Nautilus Headquarters in Independence."

It is good to see the Nautilus name and company continue on and we wish Brian Cook and his entire Direct Focus organization the best of luck as they move forward with their plans for Nautilus.

(Norm Cates, Jr. is the Publisher and Editor of The **CLUB INSIDER** News and a 25-year veteran of the health, racquet and sportsclub industry. Cates was a Co-founder and the 1st President of IHRSA (The International Health, Racquet and Sportsclub Association) in 1980/81.)

NORM'S NOTES

YEP, HERE IT IS! 1999! Wow how time flies! As we roll into the end of the century I again want to thank all of our readers, advertisers, contributing authors, the Faust Roundtable #1 and everybody else associated with **THE CLUB INSIDER** News during our first 5 years for your support and help. As we move into 1999 and our 6th year of publication, I vow to do my best to provide you every month with the latest news, excellent educational articles and commentary on important industry topics when the time is appropriate. I encourage everyone to write down our new e-mail address so you can be in touch with us about the news happening in your organization and community. We want to cover what is happening with your club industry ventures and your organization because you, our readers, **ARE** the industry. Our new email address is: clubinsidernews@mindspring.com or Fax information to: (770) 933-9698.

1998 In Review - In this edition I've gone back over each month of 1998 and provided a summary of some of the most important events during the year. Check the article out on page #16.

According to reliable sources, **Club Sports International** has been negotiating for some time and is on the verge of

closing a big deal to acquire the 7 **WellBridge Fitness Centers** owned by **Monsanto**. Stay tuned for the news as we receive it.

Also, according to both parties, New York-based **Crunch Fitness and Sportslife** in Atlanta, have been in discussions for some time about the acquisition of **Sportslife** by **Crunch Fitness**. Neither **Crunch** nor **Sportslife** officials will provide details, but both have clearly told me they are having serious discussions. Stay tuned again and you will be the first to hear about it when the deal closes. **DOUG LEVINE**, the Founder, President and owner of **Crunch Fitness**, is arguably the health, racquet and sportsclub industry's most gifted and prolific entrepreneurs and has his chain of clubs now spread across the globe with new facilities in LA, San Francisco and Tokyo and several more planned. Doug told me today he is projecting \$64 million in revenues for 1999 and expects to take **Crunch Fitness** public in 2000! His retail division is marketing everything you can think of including apparel, CDs, videos, and much more. To give you an idea of Levine's marketing prowess, check this out. The 94-square foot snack bar in his LA **Crunch Fitness** had gross revenues of \$350,000 last year! Yes, that was no typo. \$350,000 in 94 square feet. Works out to about \$3,700 per square foot! Amazing, is it not? In Atlanta, if Levine closes the deal, two things are for sure. He will be coming into a very competitive At-

lanta market. There are over 200 clubs on the North side of Atlanta, including 20 of **TONY deLEEDE**'s **Australian Body Works** and **CSI's** **Concourse** and **Peachtree Center Athletic Clubs** and **Athletic Club Northeast**. Good luck boys on the deal!

Speaking of great entrepreneurs, **TONY deLEEDE**, owner of **Australian Body Works**, tells me he will open his 20th location next week and two more locations in the next two months. He also has two others in the last stages before signing. Tony's goal is to have 50 locations in Metro Atlanta and I wouldn't bet against him. Good luck, Mate!

A couple of years back, my good buddy, **GERRY BOWES**, owner of the **Westbay Athletic Club** in Bradenton, Florida, was up above the ceiling of one of his racquetball courts changing light bulbs. The surface he was on gave way and he fell face first 25-feet straight down to the racquetball hardwood floor. How he lived through that I'll never know, but God was definitely with him because he is now recovering well and back on a limited work schedule. Thank Goodness.

JASON CONVISER, popular **IHRSA** speaker on health clubs and healthcare, and a Vice President Contract Services of **Bally Total Fitness**, has been named a Fellow by **ACSM**, the American Colleges of Sports Medicine. Congratulations Jason!

My apologies to the folks at **IHRSA** for last month when I published the **Capitol Reports** provided as a courtesy of **IHRSA** to **THE CLUB INSIDER** News, I failed to entitle it **IHRSA's** **Capitol Report** and give proper credit. **Capitol Report** is just one of what I'll bet are 100 or more benefits of **IHRSA**, The International Health, Racquet and Sportsclub Association. The 18-year old organization will host its 18th Annual Convention and Trade Show in beautiful San Diego, California, March 24-27th. At this year's convention, **IHRSA** will award the **1st Annual Manager of the Year Award**. Sponsored by **Life Fitness**, this award will be given to the two top managers of single-unit and multi-unit clubs. If you are in the health, racquet and sportsclub business anywhere, you are truly missing out if your club is not an **IHRSA** member. And, I've said it before and I'll say it again, if you miss that San Diego 18th Annual Convention & Trade Show, you are missing the single greatest learning and educational opportunity of the year anywhere. Join **IHRSA** if your not a member and **COME TO SAN DIEGO!** You will be glad you did. For membership information, call Meredith McLaughlin at **IHRSA**, (800) 228-4772, Ext. 129 or Jill Spitz, Ext.109. See you in San Diego!

GARY KLENCHESKI, President of Boston-based **Fitcorp**, a chain of 9 clubs and 16

corporate fitness facilities, tells me that he has promoted **KAREN TOOMEY** and **WILLIAM BOURQUE** to Vice President with **Fitcorp**, which is celebrating its 20th Anniversary in October, '99.

I want to remind all of you aspiring authors that we are always looking for contributing authors to join our team. If you have a passion for a particular subject and have written or would like to write about it, give me a look at your work through e-mail: clubinsidernews@mindspring.com or Fax: (770) 933-9698. Thanks in advance!

MICHAEL SCOTT SCUDDER is a club consultant who has consistently received high marks for his speaking engagements at **IHRSA Club Industry Conventions** and is a well published writer. He is also a really nice guy! Michael tells me that he is launching a **1999 CLUB SUCCESS SEMINAR SERIES** that will offer training at a variety of 8 locations around the country during 1999. His plans include stops in: Albuquerque, N.M., Dallas/Fort Worth, Tx., Houston, Tx., Portland/Salem, Or., Phoenix, AZ., Denver, CO., Salt Lake City, UT., and Chattanooga, TN. For information on the course contents and rates call Michael Scott Scudder direct at: (505) 751-4236.

The **Iron Grip Barbell Company** has obtained a patent on their three-grip barbell plates.

MAKE IT FUN! STAY TUNED AND HAPPY NEW YEAR!

Gus Giordano is the Director of the company and the studio and I consider him my mentor. He is a Jazz Dance Master Teacher who does some fabulous things in the dance world. He is a wonderful guy and is still in Chicago. I'm still in contact with Gus and every year I teach in the Jazz Dance World Congress wherever it is around the world. I was teaching at Gus's studio and dancing with his company and I noticed that there were a lot of people in my classes, women in particular, that would come and take a class or two and would not stay. I thought, 'they are there to have fun and maybe lose a few pounds, but they are not there to become professional dancers.' But, I had structured the class to teach professionals. I thought, 'that's not going to work.' So, I asked Gus if I could try a little (See **Judi Sheppard** page 12)

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..Judi Sheppard

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every week and to choreograph new routines every 10 weeks for franchised instructors to teach. She also authors a weekly fitness column for the Los Angeles Times Syndicate, and stars in her own best-selling home exercise videos.

We spoke with **Judi Sheppard Missett** at her **Jazzercise, Inc.** offices in Carlsbad, California. She was warm and cordial in the following interview, displaying candor, a great sense of humor and an obvious determination of spirit that I am sure has been a key to her success.

AN INTERVIEW WITH JUDI SHEPPARD MISSETT

We began our interview with a simple question about how she got involved in the fitness business and started **Jazzercise**. She recalls, "I'm a dancer at heart. That's what I have in my soul. I was working professionally in the theater in Chicago to help my parents pay my way through Northwestern University. Actually, I started working professionally at age 14 doing touring companies and things, so it was natural for me to keep doing what I had been doing. At Northwestern I majored in theater and worked in theater at the same time I was also performing professionally with **Jazz Dance Chi-**

...It's 1999

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and had ceilings of about 12'. They were great for a 'speed-game' of racquetball with lots of forehand and backhand killshots and no ceiling game. But, they were two of only 9 racquetball courts in the entire Metropolitan Atlanta Area serving the then 1.4 million population.

It is amazing to me that meeting my good friend, Ray Irwin, that night at the courts, has changed my life so much. Because it was that night when I talked to Ray about investing in some farm land syndications I was selling that he told me that he was not interested because he was saving his money to build a 'racquetball club.' At that time, I was a commercial airline pilot on furlough due to the Arab Fuel Embargo of 1973. When Ray told me about his plan, I listened intently, and he shared his vision with me. Ray was originally from Illinois and a CPA by trade. He had

become aware of a new racquetball club built in Chicago called the Courthouse, and he planned to build one, too. I was completely awed by the idea. Ray and I played some racquetball and became friends. Not long after that, he and I formed a partnership along with another local fellow, Bobby Siegal, to build Atlanta's and the Southeast's first racquetball club. Although that partnership didn't last nor build a club, Ray and I were fortunate to meet Rich Boggs and formed a partnership that launched Courthouse I, eventually called Courtsouth. We built 9 clubs in Atlanta and the Southeast. Meeting Ray and Rich led to a 25-year career in the health, racquet and sportsclubs business for all of us. This article will give you an idea of what it was like in the club business in 1974 compared to now.

***IN 1974** the club industry in America was truly in its infancy. The real pioneers and truly two of the greatest legends in the history of the health club indus-

try, Ray Wilson and Red Lerille, had already been in the club business for over 26 and 11 years respectively. In 1974, Ray had 3 European Health Spa locations here in Atlanta with another 155 or so around the country. In the U.S. Ray had accelerated the development of the business with the upscale environments offered at European. But, during those years, the industry knew very little about fitness. Red Lerille was in the early stages of growing his club from a 4,000 square-foot storefront gym to the mega-club of over 140,000 square feet on 25 acres that it currently is. Weight lifting gyms were thriving, but were mostly sweat-shops occupied only by men. There is no official count that I know of, but I would bet that the total number of clubs in America at that time was under 4,000 and that included indoor tennis clubs and a handful of racquetball clubs which were rising in popularity at the time. In the South, there were very few health clubs, no racquetball clubs and maybe 5 indoor tennis clubs.

***IN 1999** there are approximately 14,000 commercial for-profit health, racquet and sportsclubs in America and an estimated 50,000 non-profit, corporate, church, apartment, hotel, recreation, governmental and you-name-it clubs. The current number of health club members in America, according to IHRSA's latest information, is 22.8 million. Nobody knows for sure how many health club members there are worldwide, but I would bet there are at least another 20 to 30 million. IHRSA has just expanded its membership growth initiative for 2010 to 50 million in America and 50 million more worldwide.

***IN 1974** there were no Nautilus machines, no Lifecycles, no STEP and no BODY PUMP. There was only free weight equipment, and the ever dependable Paramount and Universal Machines. Exercise bikes were available, but we didn't know what they did for us until Dr. Kenneth Cooper told us. There were still the wooden fat rollers, the belts attached to an electric motor and medicine balls. Free weights and pulleys were it.

***IN 1999** Nautilus has just been purchased by Direct Focus, the makers of BOWFLEX Machines. There are probably 20 or 30 other companies selling steel and who knows how many manufacturing and selling free weight products and cardiovascular exercise equipment. And, there are a world of other fitness products for both the commercial and residential markets out there. Universal Gym Equipment is history and Nordic Trac is doing poorly. But, Bill Hubner has Paramount approaching its 50th Anniversary and Augie Nieto has built Life Fitness into a multi-million dollar

business, now owned by Brunswick. Two big thrusts for the 1970's were Arthur Jones' Nautilus and Ray Wilson and Augie Nieto's Lifecycle. In 1989, the STEP caused a boom in group exercise and it appears that The STEP Company is on the same path with BODY Pump.

***IN 1974** the club industry began a surge of growth of indoor tennis and racquetball clubs. The numbers mounted rapidly, especially as the game hit America. With racquetball we made a mistake. We taught the game to beginners with one or two group lessons, allowing them to enter the game with little investment in time, lessons or equipment. Many of us found out the hard way that it was as easy for them to leave racquetball as it was for them to try it. The facilities we were building then were spartan compared to what is being designed and built today. The racquetball and tennis clubs were virtually without fitness facilities. There were no aerobic studios, no fitness centers with selectorized machines and no free weights. Just either tennis or racquetball courts, small locker rooms, maybe a lounge and relatively small parking lots often on small plots of land, and not necessarily in ideal neighborhoods. The free weight gyms of the era continued to be spartan.

***IN 1999** the clubs are, in many cases, country clubs in the city or suburbs with mega-clubs offering every imaginable facility, equipment and amenity in opulent surroundings. Facilities like the Gold's Gyms of today are luxurious and extremely well equipped. In short, literally billions are being spent around the world on new urban and suburban health, racquet and sportsclubs which are becoming truly a '3rd Place' for individuals and families to spend their hours away from work and home.

***IN 1974** there were a lot of multi-club operations including European Health Spas, Jack LaLaane's, Vic Tanny's and many more. That was before the days when the Chicago Health and Tennis Corporation's Donahue Wildman and Roy Zurkowski assembled a nationwide group of club chains under one ownership to form what has evolved into today's Bally Total Fitness. Ray Wilson sold his chain of 160 European Health Spas to U.S. Industries and that company failed miserably in the industry and ultimately the European Health Spas nationwide closed.

***IN 1999** consolidation is hitting the health club industry big-time with 24 Hour Fitness, Club Sports International and Town Sports International leading the way. 24 Hour Fitness continues to rapidly build new locations and acquire clubs in primarily the

Western Region of the country. Club Sports International with their new partners, the Starwood Capital Group, is locking up the upscale end of the industry with the acquisitions of such club groups as the 12 location Northwest Athletic Clubs in the Minneapolis/St. Paul, Minnesota area and the New Mexico Sports and Wellness club group in Albuquerque, New Mexico. Town Sports International is very aggressively acquiring and building many new clubs in the Northeast in New York, Boston and the Washington, D.C. area. And, The Sports Club Company continues to hold a strong position in the mega club segment. The forecast by this writer is that the club merger/consolidation push will continue and will probably accelerate as club giant, Bally Total Fitness, continues with moves as they did in the San Francisco Bay area recent acquisition of the 9 clubs, including the Pinnacle Club group.

***IN 1974** there were practically no 'niche' facilities in the industry anywhere.

***IN 1999** you will find 'niche' facilities around every corner across the country. Facilities such as personal training studios, spas, women's-only, corporate fitness, martial arts studios, basketball emporiums and the list goes on and on.

***IN 1974** the idea of 'upstream preventive health care' was not a primary driving force in the industry as it is today.

***IN 1999** preventive health care and alliances between for-profit health clubs and hospitals are becoming commonplace nationwide. This movement is sure to continue as the nation's consumers and their employers continue the search for affordable and fair health care coverage.

***IN 1974** memberships were sold with two primary structures. Gyms primarily sold memberships on legally binding contracts requiring a specified time period, interest on the unpaid balance and a potential penalty on your credit should you decide to cancel and not pay anymore. Racquet clubs were selling annual memberships at very low prices with hourly court fees. For example, during our pre-opening sale of our first Courthouse I Racquetball Club, the first racquetball club in Atlanta and the Southeast, we sold memberships for \$30 per year for the family, \$25 per year for men and \$15 per year for women! It worked well for a couple of years while our court occupancy rate, without any competition, was in the 80% range. However, when the competition came and it came fast across the land, the hourly court fee idea failed and club operators everywhere scrambled for what to do next. What we did next was turn to the conversion of racquetball courts for the addition of indoor tracks, aerobic studios, (See *It's 1999* page 14)

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Use the "Fitness Prescription" to Increase Prospect Confidence and Membership Sales.

By Mike Campetelle,
Communication Consultants

Today's consumer is much more "savvy" than the consumer of the past. In our high-speed, high-tech information age consumers are constantly bombarded with information via either television, print or of course, the Internet and Worldwide Web. Although consumers may have an awareness of the vast amount of information available to them, it can be overwhelming to try and sort through it all. If the health and fitness industry wishes to continue to elevate its level of integrity and professionalism, we must be able to provide

consumers with clear, well communicated solutions of how to reach their fitness goals.

A recent survey shows that approximately 44% of new club members are first time members clearly indicating that our industry is beginning to achieve success at attracting the deconditioned and non-exerciser market. This exciting news brings with it the responsibility of bringing membership sales representatives to the higher levels of skill and knowledge required to gain a prospect's confidence, which results in increased sales. Here's why.

We do business with people we like and Trust.

When a large sampling of Americans was asked what

they valued most in a salesperson the number one attribute was Trust. The second attribute was Knowledge which really, is a major ingredient of trust (i.e. we trust those who know what they're talking about!). The third attribute was Help. The membership sales professional's mission then is to help as many people as possible make an informed decision relative to their future health and well-being based on shared knowledge and built on a relationship of trust. Exactly, how do we do that?

The Fitness Prescription

It is no longer acceptable for a membership salesperson to be a mere "order taker" or "tour guide." As harsh as that may sound, it is amazing when shopping health clubs just how often a prospect is hustled through a "theme-park" style guided tour of a facility without regard to uncovering that prospect's motivation for making a buying decision or imparting knowledge to help them make an informed decision. Because many prospects are new to fitness, the Fitness Prescription, is the tool that can help to educate them.

What is the "Fitness Prescription?"

The fitness prescription consists of three parts: 1) Strength Training, 2) Cardiovascular Training and 3) Flexibility Training. This may seem elementary to fitness people but is NEWS to many prospects! Remember, those working in the health club industry often use words like "cardiovascular," "target zone," "elliptical trainers," or "max VO2 uptake." Start talking about "momentary muscular failure" with an exercise neophyte, and more than likely, they'll be headed for the door! It is important to educate the prospect on the components of a well-balanced exercise program in a language that they can understand and feel comfortable with.

Strength Training

Many prospects enter the club with misconceptions of what strength training is and the resulting effect of strength training on their health and appearance. The average consumer is unaware of the relationship of strength training to weight loss, body composition or reduced risk

of injury. Many have adopted one or more fitness myths like: "I don't want to lift weights because I'll build too much muscle and look like a man." By illustrating the benefits of strength training in layman's terms, the fitness sales person will motivate more prospects. For example:

"Bob, here is our strength training area of the fitness center. You mentioned that one of your goals is to build up and tone certain areas. Our strength training area is going to be an important part of that program. You know Bob, many of our new members were surprised to learn how body composition changes with time; in fact studies show that after we reach the physical adult stage, about 30 years old, we begin to lose about a half a pound of muscle per year! The good news is that it's never too late to start reversing that trend by beginning weight training now. We need only to train the muscle with a little more weight resistance than it is accustomed to, about 2 or 3 times per week. Bob, what days were you planning on coming in to club?"

Obviously, there are many "nuggets of knowledge" that can be used as educational tools. Others include:

- * The fact that a pound of lean muscle burns about 50 cal./day while a pound of fat burns about 2 cal./day!

- * Weight bearing exercises have been shown to have a dramatic effect on bone density, especially in the mature population at risk for developing osteoporosis.

- * Consult the Surgeon General's Report for more ideas.

Cardiovascular Training

While advancing technology in cycles, steppers, hikers, striders and elliptical trainers has provided numerous and exciting ways to train the heart and lungs, to the new prospect, this equipment can be intimidating at least and resemble the bridge of the Starship Enterprise at most! What the prospect needs to know is 1) how this equipment is going to benefit them, and 2) someone will be there to help them when they need it. Here's what this part of the tour might sound like:



Mike Campetelle

"Jane, you mentioned earlier that you wanted to feel healthier and more energetic. One of the ways we can help you with that is here in our cardiovascular equipment area. By cardiovascular exercise we simply mean exercising your heart and lungs at a safe level for about 20 to 60 minutes 2 to 3 times per week. Studies have shown that when we perform cardiovascular exercise we increase the amount of oxygen in our system which aids in our body's fuel consumption. A result is a feeling of increased energy and overall wellness. As you can see, we have a variety of equipment to choose from. Which piece of equipment would you be interested in trying first?"

Again other modules might include:

- * The benefit of a lower resting heart rate to overall health.

- * What the "target heart range" is and its importance in body fuel consumption.

- * The relationship of increased oxygen usage efficiency and overall health.

We've briefly discussed the first two components of the exercise prescription which brings us to the third and final component.

Flexibility Training

Probably the most overlooked component of a balanced exercise program is flexibility training. Flexibility training or stretching is no less important than the other exercise components and is more necessary today than ever before because of

(See Mike Campetelle page 14)



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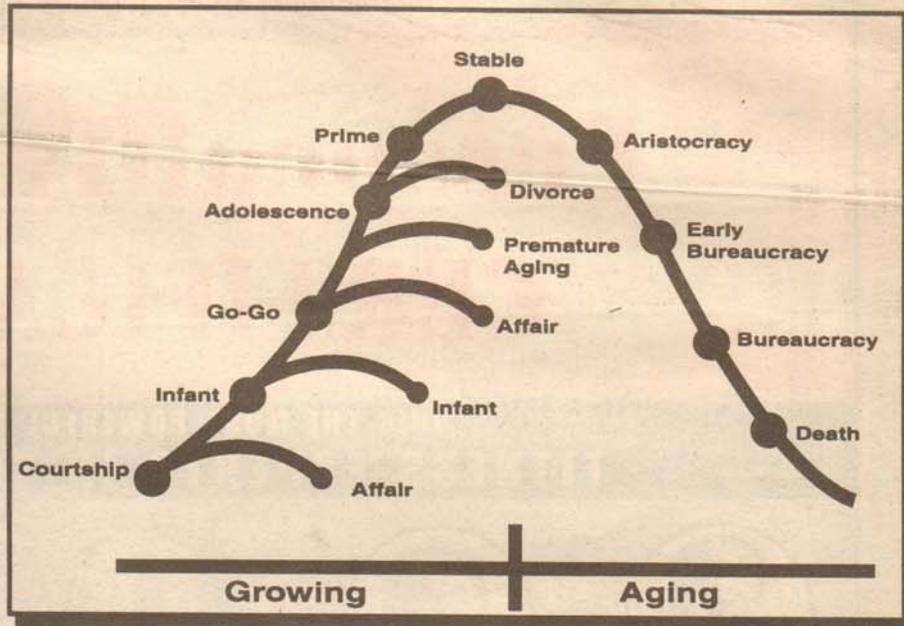
ORGANIZATIONAL LIFE CYCLES

By Faust Management Corporation

Organizations go through predictable patterns of growth and development. As they grow, their personality (culture) changes as does their focus, priorities, problems, concerns and complexity. At the simplest level, this life cycle can be explained as a series of phases of evolutionary growth followed by crisis which necessitates revolutionary growth on the part of individuals, the team and the organization. If the appropriate revolutionary growth happens it begets more evolutionary growth which is followed by crisis, etc. If the appropriate revolutionary growth does not happen the organization begins to flatten, to age, to decline.

The following represents one very practical way of describing an organization's life cycle 1.

The first stage of growth is COURTSHIP, when the organization is only some entrepreneur's dream. The focus is on what could be, plans are often over optimistic and there is a lot of convincing talk as the "founders" try to convince themselves that the risk is taken (e.g., when the investment is made, or someone quits their job) then the INFANT organization is born. This is when the hard work begins. There may be little structure or system and the emphasis is on hard work and sales. In fact infant organizations are often a one person show where making payroll is the immediate goal. The infant business regularly



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cries out for food (spelled C.A.S.H.).

The organization survives its infancy by learning how to produce results. With survival comes confidence and new ideas begin to appear. Opportunities appear to be everywhere and the GO-GO phase begins. Not wanting to miss opportunities the organization leaps into new product lines, new markets, new businesses. Sales and growth are king, bigger is considered better and people get spread thin. Everything is a priority ever day, and the organization regularly shoots itself in the foot (or some other part of the corporate anatomy). In their attempt to keep up with their growth, GO-GO companies often create problems they will spend the next ten years trying to solve.

The excitement of growth is at some point balanced by the understanding that "we need to get our act together." Not everyone has this insight at the same time and not everyone may agree what it means.

ADOLESCENCE begins. This is a time of rethinking, reinvention and conflict. The conflict may be between department heads, the entrepreneurs and their more analytical colleagues, or between the "old guys" and the "new guys". It often revolves around where we are going and what risks we should take. This is a time that is often hard

on the leader and the executive team, and a time when it is easy to lose energy and prematurely age.

However, if the organization can make a healthy transition through Adolescence it will emerge as a PRIME organization. The prime organization is proactive. It achieves total quality as an organization in that it provides great service to its customers, great results to its stakeholders and is a great place to work for high performing people. It has clearly defined strategy, meaningful budgets that are met, and reward and recognition systems aligned with company strategies. Its big problems are finding enough capable people and staying in PRIME.

If the organization stops stretching and striving for excellence its entrepreneurial spirit wanes and it begins to age. The STABLE phase is characterized by this transition. This phase is difficult to notice because the traditional management information may not pick up the subtle changes. The organization is still strong and profitable. Its problems lie in the future. If the organization slides into ARISTOCRACY. Still the organization may remain profitable, even cash heavy as it raises prices and cuts costs. But these strategies only

work for so long. Eventually the decline is obvious to all who will admit it. The organization moves to EARLY BUREAUCRACY as the hunt for someone to blame starts. As scapegoats are eliminated the organization often celebrates that it has found and eliminated the problem. But nothing has really changed. This organization is dying. In fact, it will die unless someone from the outside steps in. If the company is big enough and vital to the nation's economy, the savior may be the government.

Every organization is at some points in its life cycle development. It is also on a vector, either moving forward toward prime or subtly aging. Where you are determines what you need to do to move to Prime. The challenge for all organizations is to know where they are and to plot their courses to prime. Can you find your organization's position on the life cycle.

(This model is presented in Making Management Happen, a video tape with Dr. Gerry Faust, President of Faust Management Corporation and former President of the Adizes Institute. This model was originally described in the book How to Solve the Mismanagement Crises by Ichak Adizes.)

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...Judi Sheppard

continued from page 5

different approach that was not so dance oriented. He said, 'Oh, sure.' He gave me an empty studio and I put flyers around the studio announcing a new class that is Jazz Dance Exercise rather than Jazz technique class. The first class I had 15 women. The second class I had 30. The third time I had 60 and the room wouldn't hold anymore! So, that was just an idea I had. That was in 1969. I loved teaching that class because I could see the joy in people's faces as they began to move and feel the music and kind of interpret it. They were playing follow-the-leader with me basically, but there was a joy there. Everything that I do in Jazzercise is basic dance and I feel that dance is just a wonderful way to self express. I could see that in everybody's faces. They were just so happy and radiant! And, the side benefits were that they started to feel better and they started to lose some inches. And started to see some muscle. Of course, back then in the late 60's, fitness wasn't anything. You had Bonnie Prudden, she was about the only one. People, especially women, weren't thinking in terms of how fit they were.... they were just thinking of getting liberated in the work place! That was the whole movement starting there. They certainly weren't up to fitness. Having always been a dancer, I was always interested in fitness. I had

attributed it to the fact that I had always had a lot of movement in my life. In those days I would go to the Y and I would go through the fitness testing they had there. Well, they had no charts for women! It was all based on males! I would go through and they would have to figure it out. And, I would always just kind of blow them away! I was flexible, I was strong, I had good endurance and everything. So, I kind of just got interested in the whole thing by doing that as well as teaching this one particular class. I was still doing a lot of performing in the theater. I had graduated from Northwestern. My daughter, Shanna, was a year old when Jazzercise really was born. So, I just kept doing that one particular class. It's from my heart. I think that's how you become a success, if you do something you love and something from your heart and your soul, that's the secret. But, I believe you have to be passionate about what you are doing in order to succeed."

LEAVING THE WINDY CITY FOR THE HEAVEN OF SOUTHERN CALIFORNIA

Judi continues, "My husband was a television news reporter for CBS at the time. In 1972 we decided we'd had enough of the Mid-western cold weather and all of the Chicago wind. He had been through some very tough times in Chicago cov-

ering the Chicago 7 Trial, the '68 Democratic Convention, the SDS Riots and he was burned out, so we decided to move to Southern California. His brother was here. They were all newspaper publishers. We had visited frequently and decided to move here with our daughter. I felt I could still do a lot of theater work out here. But what happened was I just started teaching

more. And the more I taught, the more I liked it! Of course in Southern California everybody is open to anything involving health and body beautiful and all that. The more I taught, the more people wanted me to teach. I just started developing this class.... this format. Making it simple and fun and easy to follow. I had so many people wanting me to teach that I just couldn't do it all. And as I went along and learned more,



Shanna (left) & Judi Sheppard Missett

I structured the class in such a way that we had the right amount of cardiovascular in the warm-up, did muscle work, etc. There wasn't a lot of knowledge in the early 70's but I did use whatever I could find. For five years from 1972 to 1977, I did this all by myself. At the end of 1977, I was teaching 25 classes per week! Because I can't say no....(that's not a good trait, by the way!) I decided I couldn't go on like that. I decided I either had to quit teaching some of those classes or I had to train someone to help me. So I decided to pick five women that had been with me from the beginning. They were gals that loved the program and the class and had some dance background. I trained them how to do it. And being a very organized person, I had written all of my choreography down so I could use that. An interesting thing is that Margaret Stanton, who is my Executive Vice President now, was in my class. She stepped forward to type all of this choreography. After training the original five I called up each of the locations where I was going to send new people and told them I was going to have to send someone in my place. Most of these locations had well over 100 people in every one of them. It worked! I didn't know if it would work or not. So those five gals were off and running! And that caused a demand for more. More students. More people

wanting to train as instructors. Our instructors all come from within the classes because they are touched by it somehow. They make a much better instructor than somebody you just pull off the street who wants to make a fast dollar."

Jazzercise As An Opportunity For Club Owners

In developing her vast Jazzercise franchise organization, Judi has relied on the same basic concepts from the beginning. Missett comments, "I look for people who are passionate about Jazzercise and that have been touched by the program. People that don't mind a little hard work. And, people who don't mind having a lot of fun. I think fun is a really important ingredient!"

During the early days of her business, Jazzercise teachers were employed on an independent contractor basis. However, by 1981 the business was growing so fast that she hired some new accountants and lawyers to help her. For legal reasons they advised her to establish a franchise system. And, as it turned out, Jazzercise fit the parameters for franchises very well. The choice was either to change all of her instructors to employees (there were about 1,200 instructors nationwide at that time) or make them all franchisees. Judi recalls, "To make them employees after some had owned their own (See Judi Sheppard page 18)

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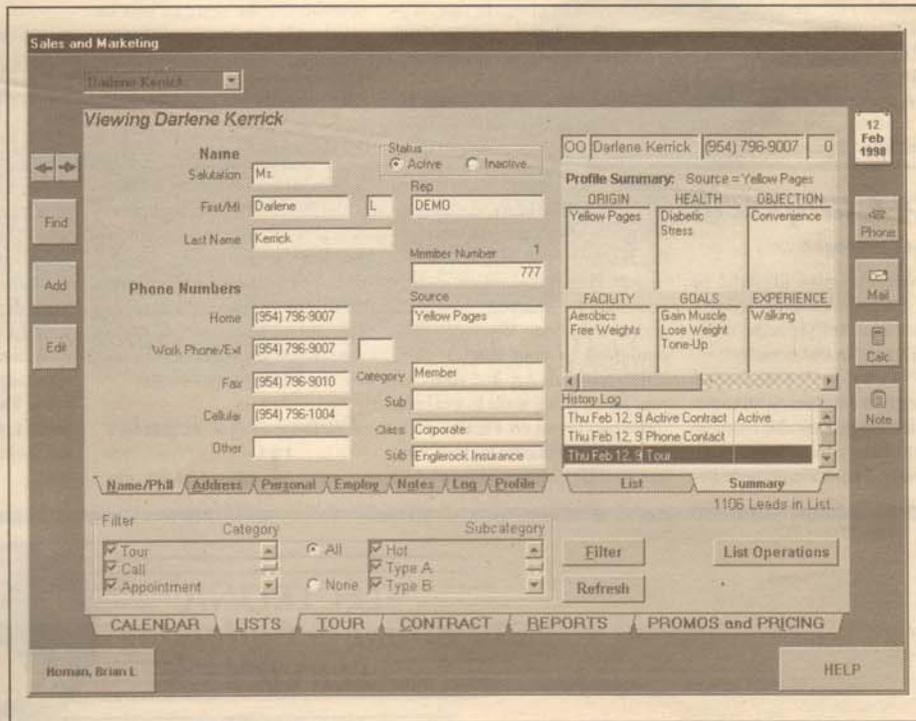
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...It's 1999

continued from page 6

fitness rooms. We basically converted pure racquetball and tennis clubs to multi-sports clubs to diversify and attract other market segments. The new, multi-purpose club packages allowed a movement to monthly dues collected by Electronic Funds Transfers. An important contributor to this massive conversion of racquetball courts to large fitness facilities, aerobic studios, etc. was Ray Wilson, who, by 1980 had successfully converted numerous failing racquetball clubs to profitable Family Fitness Centers in Southern California. In the early 1980's Ray Wilson was contacted by IHRSA and persuaded to speak to IHRSA members at one of the first conventions that was held in Las Vegas. Ray gave a brief presen-

tation and then spent over an hour answering the questions of the many racquetball club owners at the seminar. Among those in attendance at Ray's speech was Red Lerille who later told Ray that his speech in Las Vegas had been instrumental to him in the growth and preservation of his club in Lafayette, Louisiana.

* **IN 1999**, clubs are moving more and more to Monthly Dues collected by Electronic Funds Transfers. The man that invented the 'Life Time Membership', Ray Wilson, now strongly believes in and operates his clubs in Hong Kong, Tampa and Columbus, Ohio, via only monthly dues plans. In fact, Wilson will speak at the IHRSA Convention in San Diego on that very subject.

* **IN 1974** there were three primary club industry Associations for club owners and man-

agement to a complete program and that's flexibility training or stretching. We know that stretching is vital to preventing injuries, maintaining the range of motion you need for everyday activities, and overall body tone. I'm curious, think of your level of flexibility ten years ago and your current level. If we were to evaluate those two levels on a scale of 1 to 10, with 10 being the highest, how has your flexibility changed? And

each organization had its own constituencies. There was the APFC (Association of Physical Fitness Centers) for gym owners, the National Tennis Association (NTA) for tennis club owners and the National Court Club Association (NCCA) for racquetball club owners. There was a fellow from New York named Rick Caro who served on the Board of Directors of both NTA and NCCA. One day Caro attended a National Tennis Association Board Meeting and pulled out of his briefcase what he thought was the agenda for the NTA meeting. It wasn't until the 4th item on the agenda was reached that he realized that he was looking at the agenda for the National Court Club Association. That experience triggered an idea in Caro's mind and that idea was to investigate bringing the two Associations together because

if you don't begin to include some flexibility training in exercise program where do you think you'll be in another ten years? I see... Tell me Kathy, are you more interested in someone showing you some basic stretches, or would you be interested in trying one of our yoga classes?"

Putting It All Together

Today's health club

consumer expects more from a club's representative than ever before. They are looking for professionalism, service, knowledge and guidance. The clubs that deliver these desired attributes will realize success with increased consumer confidence in their product and the resulting increase in membership sales. Those that don't will have to settle for closing their eyes, crossing their fingers and hoping for the best.

* **IN 1999** under the able direction of many excellent Board of Directors and Executive Director, John McCarthy and his great team, IHRSA has grown to 4700 member clubs in over 50 countries worldwide, IHRSA has also be-

come the single most important worldwide educational and professionalization source for club owners and managers. IHRSA will host its 18th Annual Convention and Trade Show in San Diego March 24-27th. Other Organizations including the International Sports Science Association (ISSA), American Council On Exercise (ACE) and the International Association of Fitness Professionals (IDEA) have become strong suppliers of education and professionalization services and materials. The Association of Physical Fitness Centers is now defunct.

So, there you have it. A look back in time at America's most exciting industry.

What will the next 25 years bring? Stay tuned to **The CLUB INSIDER** News and we'll keep you posted as the years go by!

Make the choice today to implement the Fitness Prescription in your sales presentation and help as many people as possible make an informed decision relative to their future health and well-being based on shared knowledge and built on a relationship of trust.

For additional information, please contact: Mike Campetelle, Communication Consultants, 226 Becker Avenue, East Providence, RI 02915, 401.437.2951

Mike Campetelle

continued from page 8

most people's inactive lifestyle. In fact, the Surgeon General reports that an inactive lifestyle is the number one ailment in our country!

"Kathy, we've discussed how a program combining strength training and cardiovascular training is going to help you to reach your fitness goals. There's one more in-



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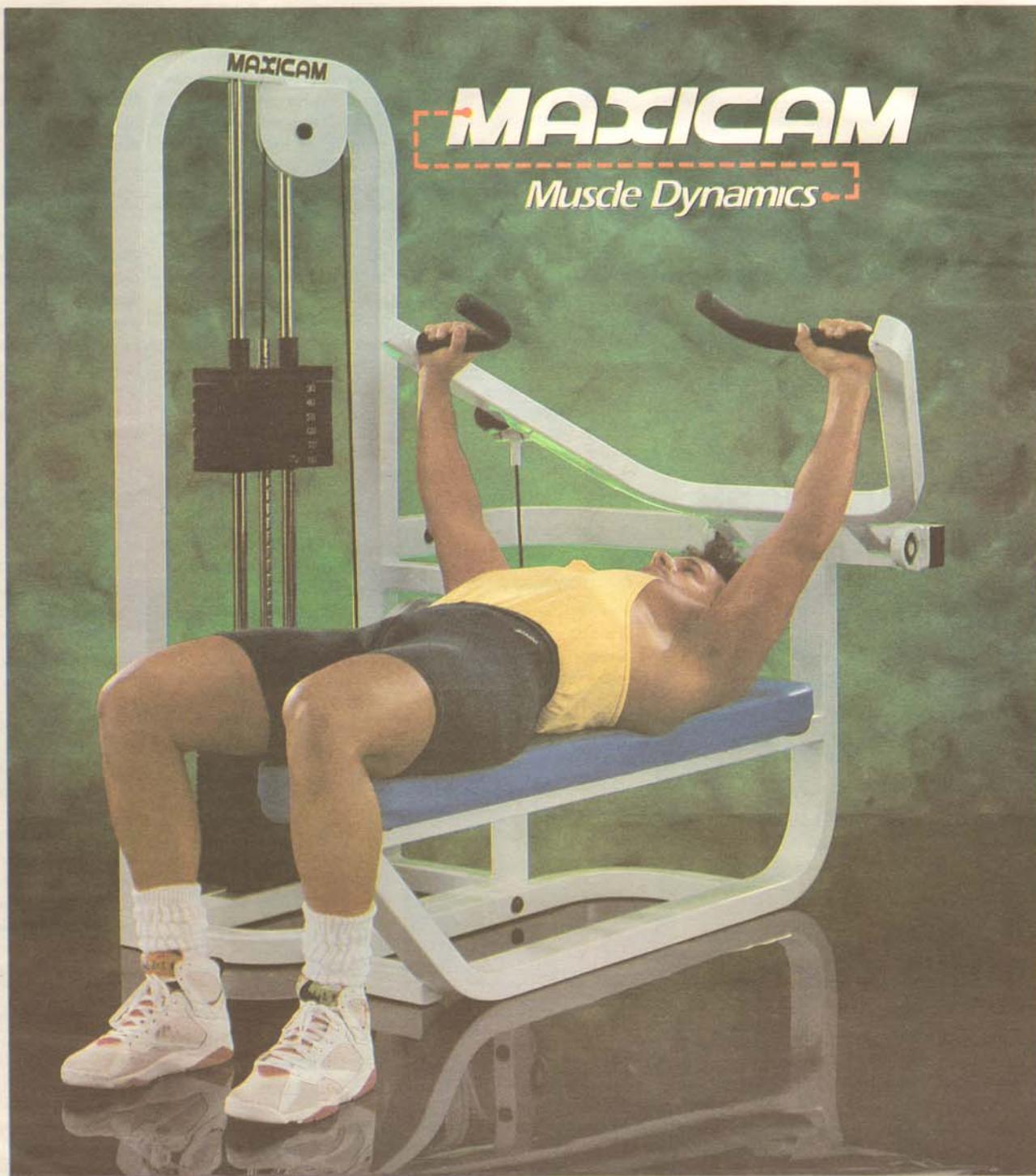
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1998 IN REVIEW

will provide updates when possible.

Every month, one of the main thrusts of The **CLUB INSIDER** News is the publication of the latest health, racquet and sportsclub news first! On average, we publish the hottest industry news at least one month and often two months before our glossy magazine publishing friends.

The following 1998 In Review report is intended to bring you up-to-date on the news, just in case you missed anything important. Also, we will summarize and provide commentary on the who, what, when, where, why and how of the various stories and

JANUARY - 1998

* Sport & Health Acquires Smith Clubs - The biggest club operation in the Washington, D.C. area acquired the four most upscale clubs in the area owned and operated by the Smith Companies. Those clubs were: Skyline City, Crystal City (2) and Worldgate Athletic Clubs.

* IBM announced it was pulling out of Comdex, the world's largest computer trade show. This brought those that notice to wondering if any big companies would ever pull out, lock-stock and barrel from the major club industry trade shows. This fall, Life Fitness and Cybex, the

club industry's two biggest companies, announced plans to scale back by, sources say, 40-50%, from their normal space reservations. Who else will follow? Stay tuned.

* Club Sports International completed acquisition of full ownership of The Concord Athletic Club in San Antonio, Texas.

* Town Sports International Spending The Money! Having raised financing for \$100 million in late 1997, New York based Town Sports International began an acquisition tear for 1998 by acquiring three Gold's Gyms in Westchester County, New York from Bill Austin and Lyle Schuler and the Landmark Athletic Club from Glenn Colarossi and Pumping Iron in Manhattan. This was just the beginning for 1998!

FEBRUARY - 1998

* BODY Pump Attracting Club Industry Leaders - Some of the top club operators in North America have been lining up to install the new BODY Pump group exercise program in their clubs. The STEP Company obtained the rights to market BODY Pump in North America from the New Zealand creator of the program. Highly successful clubs such as Red Lerille's Health and Racquet Club in Lafayette, Louisiana, The Houstonian in Houston, Tx., Australian Body Works and Sportlife in Atlanta and Franco's Athletic Club in Mandeville, La. are installing BODY Pump.

* Massachusetts Single Sex Health Clubs Get Senate O.K. - A bill to legalize single-sex health clubs in Massachusetts cleared a major hurdle when the State Senate approved the measure by a 35-3 vote. Final passage by the Senate was predicted by both sides. Healthworks, a Boston-based chain of four women's-only health clubs had spearheaded the Bill along with IHRSA and 26 other Massachusetts women's-only clubs. The Bill was ultimately passed by the Senate and immediately signed into law on February 6, 1998, by acting Governor, Paul Cellucci

* StairMaster announced

plans to acquire Pacific Fitness - Donald Wanat, President of StairMaster, announced that the agreement should be completed by the end of February. The purchase would involve certain assets that include patents and global intellectual property rights for both the Arcuate™ and SPF 2000™ strength equipment product lines.

* Patrick Pine, Executive Director of the Western Association of Clubs, launched the National Fitness Therapy Association.

* The Sports Club Company deal to acquire the Los Caballeros Athletic Club in Fountain Valley, California, fell apart.

* Bud Rockhill, a partner in Club Sports International with Tom Lyneis and Ed Williams for the past 10 years, decided to leave the company.

* CSI completed the acquisition of the Athletic Club of Boca Raton, formerly the Sport- ing Club Boca.

* IHRSA renews its efforts to promote racquetball.

* Ray and son Perry Wilson, launch the presale of a new group of clubs in Tampa, Florida with a 10,000 square foot presale facility stocked with over 200 pieces of equipment.

* Moore Fitness Fighting Government Competition - Club industry veteran, Joe Moore, owner of Moore's Fitness Centers in Cincinnati, Ohio, led the fight to defeat a \$7.4 million fitness center proposed by the local recreation department. The measure lost at the polls by a margin of 2 to 1.

* Delaware Valley Alliance of clubs agrees to reciprocal membership plan for 15 of its member clubs.

* Ray Wilson, health club industry legend and icon, celebrated his 70th Birthday.

* SEHRA (Southeast Health Racquet and Sportsclub Association) raised \$18,000 to fight the 6% Florida sales tax. Joe Cirulli, Geoffrey Dyer and Bob Karshner lead the effort to organize Florida club owners.

* Dee Dee Kovacevich, Vice President of Marketing for Jazzercise, was appointed to the California Governor's Council On Physical Fitness and Sports. Other

members include Arnold Schwarzenegger and Chairman and Jazzercise Founder, Judi Sheppard Missett.

* Life Fitness acquires Parabody, manufacturer of Serious Steel strength training equipment for consumers.

MARCH - 1998

* Rick Caro launches Club Vision Partners - Rick Caro, one of the most powerful, well connected people in the club industry created and launched Club Vision Partners. Club Vision Partners will be the merger of 4 to 7 major club groups from various regions of North America into one major company. The plan is to take the organization public and to accelerate acquisitions after that. All plans were put on hold after the stock market glitch in the Summer of 1998 for IPO's.

* Nautilus To Be Sold - Delta Woodside Industries announced that it had decided to sell Nautilus International. An investment banking firm, Chase-Manhattan Bank, was retained to handle the sale.

* The Benfield Group Sold - Jeff Bensky, founder and owner of The Benfield Group, has sold his healthcare consulting firm to its two senior consultants, Chuck Reynolds and Judy Sewing. Bensky sold in order to be able to focus his efforts on TBG Development which provides new approaches to developing, financing and operating medically-oriented health and fitness centers around the country.

* Gerry Bowes Falls 2' Headfirst From Racquetball Court Ceiling - My pal, Gerry Bowes, nearly killed himself while changing court light bulbs! Thank God he survived and made an almost complete and miraculous recovery.

* Bally Total Fitness' "New Attitude" Translates to Greater Community Involvement - BTF donates over 1,000 pieces of used exercise equipment to inner-city high schools, park districts, community social support organizations, police departments and fire stations around the country. Over 100 pieces of equipment were donated to the Chicago Park (See 1998 In Review page 20)

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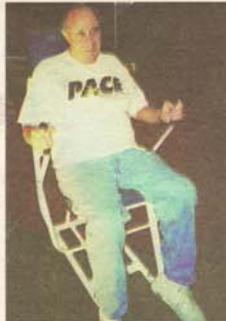
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Competing With The Billion Dollar Diet Industry

By Rande Ladue

The Diet Industry boasts over 40 billion dollars a year while the latest figures from IHRS estimate the Fitness Industry to be approximately \$8.5 billion per year. Does this seem backwards to you as it does to us? Why? What are the Membership Directors hearing from potential members? "No time", "No money", etc. What they are not hearing is the word INTIMIDATION! (After all, who wants to admit that they are scared to death to be in front of the hard bodies?) We would venture that "No time" is the most common objection used, but since the Diet Industry is about 5 times the size of our Fitness In-

dustry, most of the intimidated (overweight, deconditioned) people out there do not even come in the door of a health club.

A personal friend of mine in the Fitness Industry (prior to my PACE days), was about 35 lbs. overweight. Since he was a non-exerciser (did not have time), he joined one of the major Diet Programs in which a young lady in a white lab coat would measure and weigh him once a week and give him his supply of food for the next week. Stan (not his real name) persevered, and three months later, lost 35 lbs and \$750. Of course, he immediately went back to his old eating habits and three months after that, he had regained the 35 lbs., plus 5 more.

Naturally, he went back to the same diet program.

At the urging of his wife, he asked me to train him. I took him to a local club and showed him the basics. I could tell he was scared to even be in there. The next two days, he complained about aching muscles and that he just did not have the time to go to a club 3 days a week. I suggested he get a home gym and a stationary bike. He did; and probably still uses it as an expensive coat hanger.

The majority of our PACE Group Exercise Programs™ were sold last year to facilities that wanted to use it as some type of Weight-Management program. Some used it as a short-term, Weight-Loss-Only Membership with 3 PACE classes per weight and

some type of nutrition program; others used it as a transition program, using PACE only for the first 2-3 months, then transitioning these new members into the general population. All are still successful.

We told the club managers that just about any turn-key nutrition program will work on its own temporarily, and even offered a few suggestions. It was PACE that offered the much needed, non-threatening exercise element that provided long-term results. Then it hit us!! Why are we not providing a high-quality nutrition program of our own along with our PACE Packages to ensure the desired results of our customer's and their customer's?

After extensive research, we have agreed to a limited joint venture with MediCorp Personalized Nutrition Technology to private label their highest quality weight-management tools and materials to Pro*Fit Enterprises and will be marketed under the name The PACE Weight-Management Program™.

For more info on our new PACE Weight-Management Program™, or a free video on PACE, call us toll free at 888-604-2244 or visit our website at www.paceprofit.com. To learn more about MediCorp PNT, contact them at 714-282-0305 or visit their website at www.medicorp.net. Pro*Fit has been recognized by the American Council on Exercise (ACE) as a Continuing Education Specialist.

..Judi Sheppard

continued from page 12

business for 4 or 5 years, were making good money, feeling a sense of ownership and commitment and then all of a sudden for me to say, 'I'm going to make you an employee and I can only afford to pay you this much...blah, blah, blah.' I just couldn't accept that! The franchise route was really the way to go because then they had that sense of ownership and if they wanted to sell their classes later on, they would be able to do that because they owned their own business. And yet I had the kind of control I needed in order to maintain the quality. So that's what we did in 1982. Of course, I've continued that ever since. "

All franchise owners must be certified Jazzercise instructors. If a club owner wants to install Jazzercise in their club, he can become certified at one of the many Jazzercise workshops around the country. Or Jazzercise can select appropriate candidates for the Jazzercise operation and introduce them to the club owner.

Jazzercise A Franchise Leader Worldwide

The 4800 Jazzercise Franchises around the world provide an estimated 20,000 classes per week. Worldwide there are approximately 15 million Jazzercise students!

Entrepreneur Magazine recently published their annual Franchise 500 list and

Jazzercise is number 20 on that list. Jazzercise is also ranked 1st in the Fitness Centers of Entrepreneur Magazine, 2nd in the Low Investment Category and number 24 in fastest-growing franchises.

30 Years of Charity Help For Communities

Since Jazzercise began, Judi Sheppard Missett has encouraged charitable work by all of her franchisees. Through Jazzercise fundraisers, she has spearheaded the donation of millions of dollars to worthy causes; among them the Leukemia Society of America, Rush-Presbyterian-St. Luke's Medical Center, Susan G. Komen Breast Cancer Foundation, American Lung Association, American Heart Association, AIDS Research, American Cancer Society, March of Dimes and American Diabetes.

Missett comments, "We raise over \$1 million per year for charity and we have ever since the beginning. That is just something I've felt is important...to give back to the community. I think it's pretty neat because it is not me doing it. It is those instructors and our wonderful students worldwide." Jazzercise has dedicated a significant portion of the charitable funds to Breast Cancer Research. For 1999, the 30th Anniversary Celebration Year, Jazzercise has established \$3 million as the target for Breast Cancer Research donations. She comments, "Starting in January until August we have over 88 fund raisers going on around the country to raise the goal of \$3 million for Breast Cancer Research. The person that raises the most money and comes to Jazzerjam '99 will win a brand new car! That's pretty cool and a big motivation!"

Developing the Jazzercise Brand Name

We asked Judi how she was able to go about developing Jazzercise into such a well recognized international brand name with a terrific identity. She quickly and humorously replied, "I worked my ass off!" After a good laugh between the two of us she continued, "I'm real proud that we have that distinct brand name. In fact, just the other night on the TV show 'Maggie Winters' she was mentioning that she needed to go to her Jazzercise class! Every year we do an outtake of all of the TV shows that mention Jazzercise and there are just tons of them! It is fun!. It's become kind of like Kleenex. People will say, 'Hand me a Kleenex, instead of a tissue, even if it isn't a Kleenex brand. "

She continues on branding, "I think selecting a good name was one of the important aspects of it. And registering the name right away. I did that in 1972. Letterman uses Jazzercise all the time on his Top 10 List. And, they just did an Anniversary Special and they had Barry White on. The list stated the sexiest things when spoken by Barry White and it was Jazzercise! I think that really says it. It is just catchy!"

She adds, "And then we had to defend the name because once it became popular, everybody called every class they taught Jazzercise. But, it wasn't the real thing. We had to take a very strong stand to defend the name, which we did. That strong stand made the name even stron-

ger! People knew after several years of that they could not use the name unless they have a right to use it as a franchisee.

A Terrific Philosophy!

I discussed Judi's business and life philosophy with her. She has a very strong set of core values that have obviously worked for her and her organization. Her explanation of her philosophy is clear and concise, "I'm a philosopher of sorts. I've told you some of my philosophies. Another point is to be really successful at something, you have to be true to who you are. I think that at Jazzercise we have been true to our philosophy and to who we are over the years without any hesitation. I think that's real important. If you start worrying about your competition and trying to be somebody else, that's when you start to slip. We have always been very distinctive. I have a certain philosophy. I think fitness needs to be for the masses, not for just the 20% that already work out. Our goal is to reach the other 80%. And make it fun and not too grueling. People need to feel successful. They don't need to feel intimidated or afraid of a situation or environment or a class. They need to feel successful. That is very important and I think that is why Jazzercise is still around. People really trust the name and they know what it's all about. It doesn't mean that we haven't changed over the years, because we certainly have. As we learned more about fitness I would change the program, make the aerobics section longer, added weights, etc. The philosophy is still the same. Make it fun. Make people feel successful. Help them feel a totally non-threatening environment. You know what? Just give those stu-

(See Judi Sheppard page 21)

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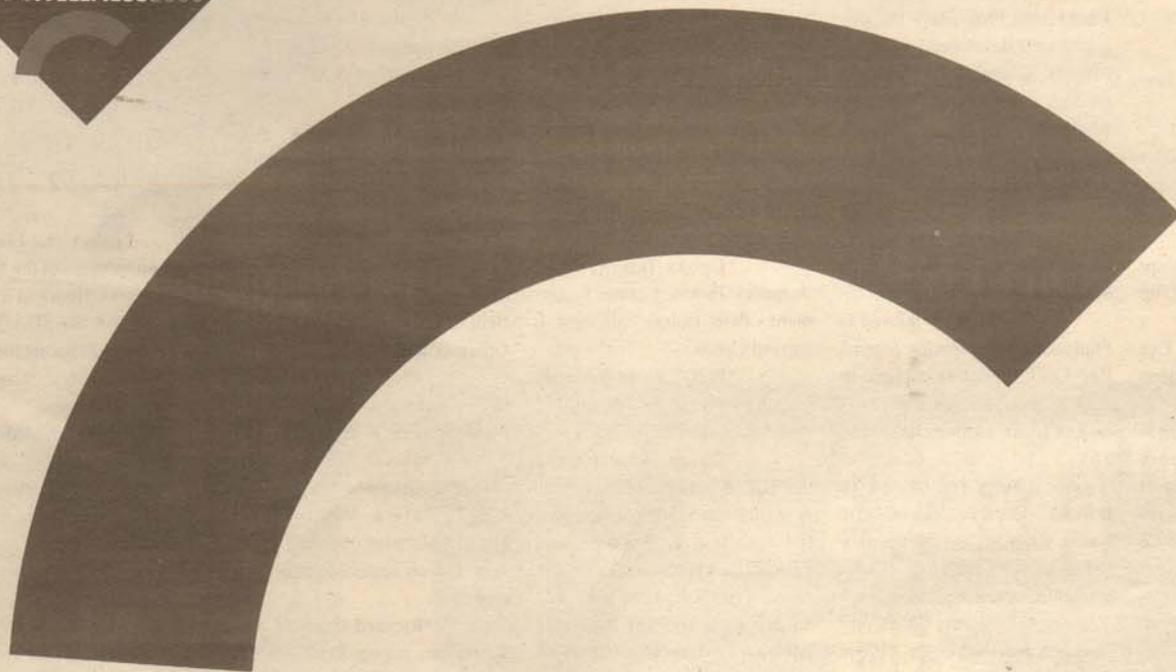
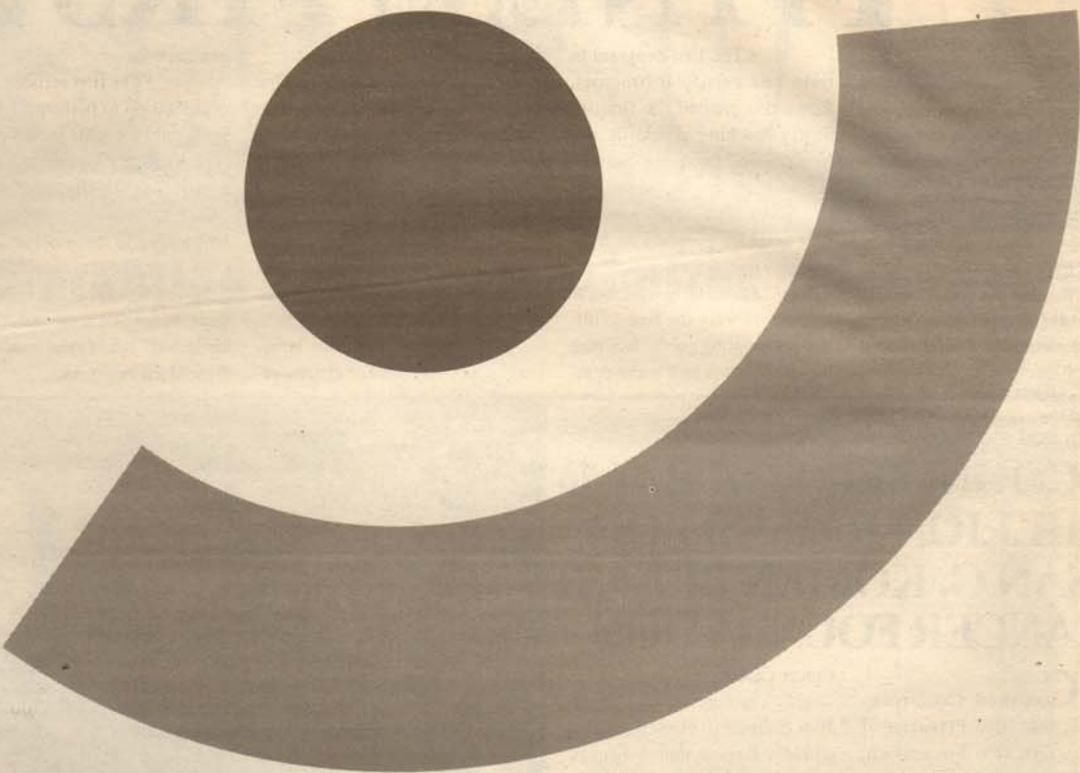
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FITNESS FIRSTS

When Judi Sheppard Missett originated Jazzercise almost 30 years ago, fitness was just beginning to evolve into the lifestyle it is today. Throughout the years, Missett has built a long list of fitness "firsts" for Jazzercise that have provided the foundation for today's fitness industry.

Jazzercise was the first to insist that exercise can and should be fun.

The first program to train and certify instructors, Jazzercise created the first industry teaching standards and held the first instructor conventions.

Jazzercise was the first aerobics program to franchise its instructors.

Similarly, Jazzercise instructors were the first to utilize pre-existing public facilities for classes such as Y's and com-

munity centers.

Jazzercise was the first to offer low-impact and other less strenuous options to exercisers.

Jazzercise pioneered the use of videotapes for instructor training.

Jazzercise produced the first aerobic dance exercise albums. Those albums achieved gold and platinum status.

First to organize large-scale dance-a-thons for charity or-

ganizations.

The first aerobic dance organization to perform in large-scale public events including the NFL halftimes, Opening Ceremonies of the 1984 Olympics, Statue of Liberty festivities, Super Bowl halftimes and many others.

The first aerobic-dance program to appear on Entrepreneur Magazine's annual "Franchise 500" list of most successful franchised businesses.

Through the development of "Jazzertogs," Jazzercise became the first aerobic dance program to successfully market brand name licensed products.

Jazzercise is the first aerobics program to host an international convention bringing together instructors and students for a celebration of dance, fitness, beauty and fun - Jazzerjam Chicago '89.

JAZZERCISE RECOGNIZED FOR HALF- MILLION RAISED FOR SUSAN G. KOMEN BREAST CANCER FOUNDATION

Carlsbad, California - Jazzercise, Inc. Vice President of Marketing, Dee Dee Kovacevich, recently accepted an award on behalf of Jazzercise for its generous contributions and support to the Susan G. Komen Breast Cancer Foundation at an award luncheon in Dallas, Texas.

Since 1995, Jazzercise instructors and students have raised more than \$530,000 for the Susan G. Komen Breast Cancer Foundation and over \$2.2 million for breast

cancer causes.

Jazzercise, created by Judi Sheppard Missett, is the world's largest dance fitness program with 4,700 + instructors teaching 19,000 classes weekly to over 450,000 students in 38 countries around the globe. For local Jazzercise class information or to find out more about Jazzercise, go to www.jazzercise.com or call 1-800-FIT-IS-IT.



Dee Dee Kovacevich (left), Jazzercise V.P., Receives Susan G. Komen Breast Cancer Foundation Award From Michaelene Graham

...1998 In Review

continued from page 16

District.

APRIL - 1998

Health club memberships in the U.S. reach 22.8 million, up 8% over 1996!

We reported that Lee Hillman had spoken to a luncheon group at IHRSA in Phoenix.

Town Sports International, Inc. Announces Record Third-quarter results. A profit of \$450,000 for the quarter was reported compared to a loss of \$2.6 million for the same period the year before.

Bally Total Fitness registers for 2.5 million new shares.

Enhancements, LLC. Announces Credit Card incentives for fitness clubs.

Life Fitness Launches Educational Programs - The programs were developed by the Life Fitness Academy and include product training and continuing education workshops.

MAY - 1998

IHRSA Announces Goal of 40 Million Health Club Members By the Year 2010!

Red Lerille Injured In Plane Crash - Industry legend, Red Lerille, piloting a plane he built himself, suffers a severely broken leg in crash in Lafayette, La.

Bally Admission To IHRSA - Yea or Nay? Norm Cates, Club Insider News publisher raises issue for IHRSA leadership consideration again.

The Sports Club Company acquires the Vertical Club in New York City.

Town Sports International acquires four Ovov Fitness

Centers in New Jersey.

JUNE - 1998

Bally Total Fitness Enters San Francisco Bay Market With Acquisition of Two Health Club Chains - BTF acquires Pinnacle Fitness and Gorilla Sports club chains.

Cybox International Acquires Tectrix Fitness Equipment - Peter Haines continues to expand Cybox.

BODY Pump continues march across America adding more clubs rapidly.

Steven Schwartz and the IHRSA Committee release the new Uniform System of Accounts for the Health, Racquet and Sportsclub Association.

Jeff Randall sells The Squash Club and The Wellesley Athletic Club to TSI and opens JLR Associates, a search and recruitment firm specializing in the health, racquet and sportsclub in-

dustry.

Life Fitness names Herman Rutgers Executive Vice President of Global Marketing, Sales and Service.

Life Fitness Announces Oldest Lifecycle Contest for 30th Anniversary.

JULY - 1998

Norm Cates Fights Off Skin Cancer - Issues Warning to Others- Cates doing well now.

Club Sports International Agrees to Acquire New Mexico Sports & Wellness.

Survey Shows health club revenues up by 9%.

Mark Mastrov and David Giampaolo become partners in club acquisitions in Europe.

Richard Branson and Virgin, Inc. put up \$160 million for health club chain development in Europe!

Life Fitness and Clark

Hatch Group Create Strategic Partnership in Asia-Pacific.

Casey Conrad Earns Honors In Law School - club industry entrepreneur to stay in club industry.

AUGUST - 1998

Roger and Elaine Ralph Win Entrepreneur of the Year Award in Maryland. Honored by Ernst & Young LLP & NASDAQ.

Club Sports International finalizes acquisition of New Mexico Sports & Wellness.

Charlie McDermott building new 100,000 square-foot club for \$12 million! Club to replace and consolidate several of his West Chester, PA. Clubs.

Packy Wilson begins pre-sale in Columbus, Ohio in partnership with his Dad, Ray Wilson.

Jazzercise announce Jazzerjam '99 to celebrate Jazzercise's 30th Anniversary.

(See 1998 In Review page 28)

..Judi Sheppard

continued from page 18

dents the most customer service you can possibly give them. Make them feel so good about coming to class or your facility that they just want to come back because they feel welcome and it's cozy and friendly. I really think that's why we've been so successful. Over the years we've been criticized about being almost too friendly or too corny or whatever. Those are the things you close your ears to. You must say to yourself, 'In my heart I know what I'm doing touches people and it gets results. That's somebody else's opinion and they have a right to it and let them have it. But don't focus on it or get out of sorts because that's when you start slipping.'

JUDI SHEPPARD MISSETT'S 'GUIDING LIGHTS'

We asked Judi to reflect on the people that have had the greatest influence and impact on her life and career. She responded, "As I mentioned previously, Gus Giordano has been a big influence on me. A lot of the women that work with me that are with me today, such as Margaret Stanton, the one I

mentioned that had typed my first choreography notes, is just a phenomenal woman and really has been influential. Jan Kinney, Vice President of Operations and our Management Team are great. Jan had started out as an instructor, now she's part of the management team. She is really able to cut through the muck, you know, and get to the nitty-gritty. I sometimes get a little muddled in the gray. She is real black and white and I think that is a good balance. You know, as an entrepreneur and creative person, I can go off on tangents sometimes. You get all excited about things. Some of these women here with me in the office help me by saying, 'Sit down Judi, how can we use this idea? We might need to tweak it a little bit.' That balance is important. My assistant, Sandra Missett, is real good at that, too. She is a real good sounding board and has been real influential in helping me make decisions. My husband, Jack, is the managing partner of one of our Divisions called CyberStretch by Jazzercise and we just celebrated our 32nd Wedding Anniversary!"

JAZZERJAM '99 COMING THIS SUMMER!

Since 1989, Jazzercise

has produced Annual Conventions for their instructors and students which typically have drawn 3,000 to 6,000 attendees. This Summer, August 5-8th, Jazzercise will host Jazzerjam '99, a celebration of the 30th Anniversary of Jazzercise. The event will be held at the San Diego Convention Center in the Marina District. Peter Vidmar, the former Olympic Gold Medal Gymnast, will be a keynote speaker and it is hoped that Jack LaLanne will be able to attend. There will be an Opening Night Party, a Gaslamp Party, Shopping Expo, Jazzercise Corporate Visits, a Jazzerjam Golf Tournament, training seminars, and much more. For information on the event, see the enclosed brochure or call Jazzercise at: (760) 434-2101.

GOALS FOR THE FUTURE

We asked Judi to share her goals for the future. She replied, "As far as goals are concerned, first let me mention that 1998 has been one of our best years ever! We are thrilled with it! Of course, we want to keep that trend going."

"I'm always looking for new class formats. You never know what you may want to

change or tweak or add to or whatever. I'm really trying to develop programs that will reach out to some of the people that are older because our society is getting older. So, we have several programs for older people and people with special needs. Really my goal is to keep developing programs that will reach out to that other 80%. I care about our regular exercisers, but I especially want to reach out to those that are afraid of any kind of movement at all. Trying to get them motivated to do something is something we will always be doing."

ACTIVE ON THE CALIFORNIA GOVERNOR'S COUNCIL ON PHYSICAL FITNESS AND SPORTS

Judi has been on the California Governor's Council On Physical Fitness and Sport for six years. She shares that experience with us, "I'm strongly involved in the Council. California really has the strongest Governor's Council in the nation. We're really proud of that. Of course, part of that has to do with the fact of having Arnold Schwarzenegger as our Chairman! I mean that gives us a lot of clout. We do have a wonderful contingent of people that

work with us all over the state. I love being involved in it. One of the things we are working on for next year is mentoring programs where we work with all people, not just children. Mentoring kids, older adults, anybody that we can to get them involved in fitness and help them improve their health through that. That is a big goal of ours. Melissa Johnson is now our Executive Director, having taken over for John Cates after he retired a couple of years ago. I had worked with her in the National Fitness Leaders Association for a long time."

"HAVING FUN!"

I closed the interview by telling Judi that, "You've done an awful lot for our country and our world so you ought to be mighty proud of yourself for what you've accomplished." Her response, "Thank you. I have fun doing what I'm doing, so as long as I'm having fun, I'm going to keep doing it!"

What a charming lady!

(Norm Cates Jr. is the Publisher and Editor of *The CLUB INSIDER News* and a 25-year veteran of the health, racquet and sportsclub industry. Cates was a Co-founder and the 1st President of IHRSA in 1981.)

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Fair Competition Victory! Parks Without The Pork

Armed with information from IHRSA's web site, Jim Kusnerik of Superior Athletic Club in Medford, Oregon, successfully defeated a bond referendum to finance a \$6.5 million municipal fitness center.

The planned government fitness facility was part of a \$17.3-million outdoor park improvement package. Although many newspaper and television outlets favored the measure, Kusnerik got his message out by sending direct mail pieces to voters and runnings ads in the newspaper.

Kusnerik's victory is all the more impressive because he didn't have much time to mount his public awareness campaign. He credits the IHRSA web site because it gave him immediate access to the industry's best fair competition arguments. "It was a valuable tool for me," he said.

In the end, the government fitness center failed by a 59% to 41% margin.

Good work, Jim! Click here to see IHRSA's on-line fair competition resources.

MA Fair Competition Battle Hits Page One

The Boston Globe catapulted IHRSA's call for fair competition in the fitness club industry to front-page news last week.

At issue is the YMCA's purchase of a formerly for-profit tennis club in Hanover and the subsequent multi-million dollar expansion of its fitness facilities. The Y opened for business in November and directly competes with five nearby IHRSA clubs.

Under the headline "Health Clubs Say Y Has Too Much Muscle," the Globe reported IHRSA's contention that certain Y's and other tax-exempt groups "that build beautiful gyms have an unfair advantage over private for-profit clubs in those areas."

Earlier in the week, the Globe published an editorial in support of the Y but recognized the legitimate concerns of health club operators.

The New England Coalition for Fair Competition, consisting of NEHRSA/IHRSA clubs, recently filed legislation in Massachusetts that would allow a small business to file a complaint against a tax-exempt organization it feels is competing unfairly. The bill is based on a similar law enacted last year in Pennsylvania. The first complaint under the Pennsylvania law was filed by an IHRSA member against the Ridley YMCA.

To see the Globe's coverage in full, visit IHRSA's web site at www.ihrsa.org.

PLAN NOW & SAVE FOR IHRSA - SAN DIEGO

Only two days remain for you to register for IHRSA's International Convention and Trade Show in San Diego, March 23-27 at IHRSA's lowest rates. Why wait?

Here are some of the government-relations related activities that you won't want to miss:

Tuesday, March 23: 12-6pm Fund Golf Tournament. Five sponsored contest holes add extra excitement to this fun-filled event. All proceeds benefit IHRSA's legal and legislative efforts.

Wednesday, March 24: (1-3pm) Successful Soundbites: A Club Guide for Working with the Media. In this session you'll discover:

- how to use "soundbites" to get your point across

- how to overcome media bias

- how "bridging" can diffuse difficult questions

- how to develop an effective media-relations plan for fair competition and other issues.

Wednesday, March 24: (3:30-5:30pm) Fair Competition Open Forum. Learn what IHRSA and club operators across North America are doing to win the battle for fair competition in the fitness industry.

This premier industry event is only 11 weeks away. Call (800) 228-4772 ext. 130 by Friday, January 8 to receive the lowest rates available.

IHRSA PROGRAM HELPS CLUBS COMPLY WITH OSHA STANDARDS

Did you know that federal law requires that all employers provide and document interactive training for employees at risk of exposure to bloodborne pathogens in the workplace? Failure to provide this training can result in fines from the Occupational Safety and Health Administration (OSHA) of up to \$10,000 per employee.

IHRSA has made compliance with federal standards easier and less expensive with the Bloodborne Pathogens Compliance Program, a comprehensive, professionally developed, and easy to use guide to employee training in a club setting.

The OSHA program includes:

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One IHRSA club in Massachusetts spent over \$2,000 to have a consultant develop the necessary manuals and provide initial employee training. Save money and time with IHRSA's Bloodborne Pathogens Compliance Program. Call 1-800-228-4772 ext. 130 to order. Member Price: \$125.

RESTON YMCA UPDATE

After being delayed by a lawsuit for nearly two years, the Reston YMCA in Virginia is proceeding with plans to build a \$10-million, 50,000 square-foot recreation facility.

The Y was delayed be-

cause the Take a Second Look Committee, a coalition of health club and day care operators, challenged a sweetheart lease given to the YMCA by the City of Reston. Under the lease, the YMCA will pay Reston one dollar a year for use of the property.

Christopher Walker, owner of the Health Club of Reston, didn't like the way the way the lease was awarded. "It's not a good transaction and very unfortunate precedent. It's not a good idea to give money to organizations that don't pay taxes," he said.

Although he is disappointed that the lawsuit was unsuccessful, Walker said that the lawsuit bought time for club operators to prepare for the Y's opening. "Every member commercial clubs can attract now is one member they will have a better chance of retaining after the Y opens." The new Y plans to open within 18 to 20 months.

THE NEW CONGRESS

The 106th Congress, which was sworn in earlier this month, includes 48 new members. Now is the time to get to know them and strengthen your relationship with returning legislators. IHRSA's briefing paper entitled "Political Action in the Health, Racquet & Fitness Club Industry" (free to members) can help you do this.

SAY "THANKS"

In 1998, Congress directed the IRS to examine and report on the problem of unfair competition from college/university and hospital-operated fitness centers by April of 1999.

This was a significant victory for IHRSA and its member clubs. Thank your Representative and Senators for supporting this important measure by visiting the government relations section of IHRSA's web site (www.ihrsa.org). Click on "Take Action" and send a pre-written letter (or compose your own) to your elected officials. By saying thanks, you are reminding lawmakers that you are concerned about this growing problem and that you are watching what the Congress does to address it.

While the fair competition language passed by Congress constitutes a victory, it is not as broad as it should have been.

Through intense lobbying efforts, the YMCA got itself exempted from the congressional directive to the IRS.

IHRSA is in the process of drafting a report on unfair competition in the fitness industry that will be submitted to the IRS in February. You can do your part now by letting your Representative and Senators know how tax-exempt competition hurts your business.

TAX-EXEMPT REVENUES HAVE TRIPLED SINCE 1975

A new IRS report states that total revenues and assets of nonprofit organizations more than tripled from 1975 to 1995, far outpacing the U.S. economy's real growth of 74% during the same 20-year period.

The IRS's Statistics of Income Bulletin, published quarterly, reported that nonprofit organizations made up 12.4% of the economy in 1995, more than double the total from 1975. Not surprisingly, the report states that nonprofit organizations "represent an important and growing force" in the economy.

TAX REPEAL EFFORTS UNDERWAY IN 4 STATES

Working with IHRSA, club operators in four states are gearing up to repeal taxes on health club memberships this year.

Clubs in Florida, Minnesota, Ohio and Washington are in the process of hiring lobbyists and enlisting club support to rid the industry of these burdensome taxes. With many state governments flush with revenue, the chances of success this year are better than ever.

Currently, only 21 states tax health club dues. In 1994, Connecticut repealed its tax on club memberships. In 1996, the city of Thornton, CO. repealed its tax on health club memberships. To learn more about these efforts and how you can help, contact IHRSA Government Relations.

NEW ON-LINE SERVICE

On IHRSA's web site, find out who your state & federal lawmakers are and instantly contact them.

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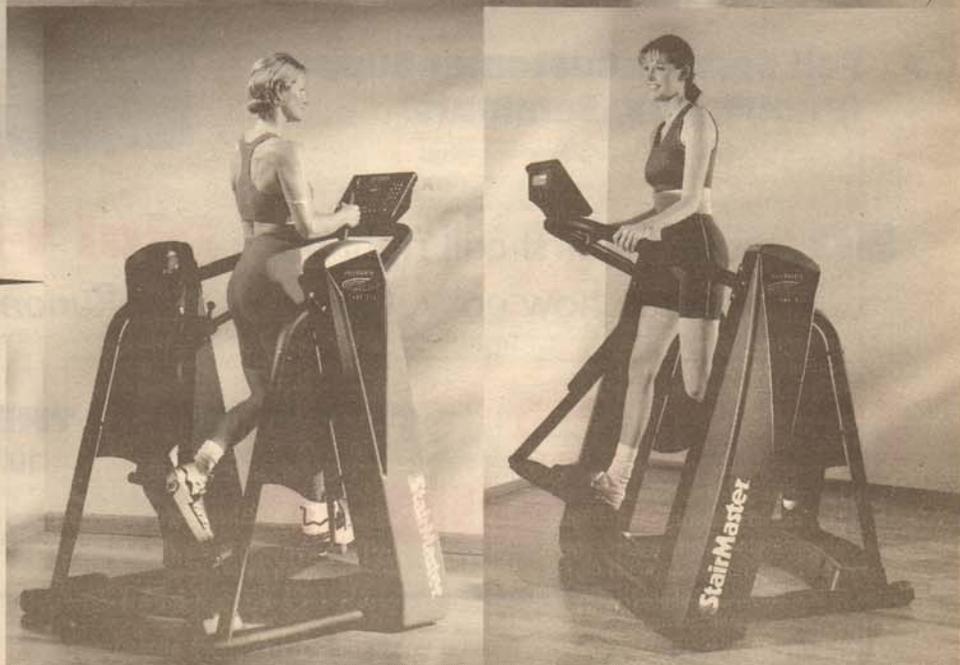
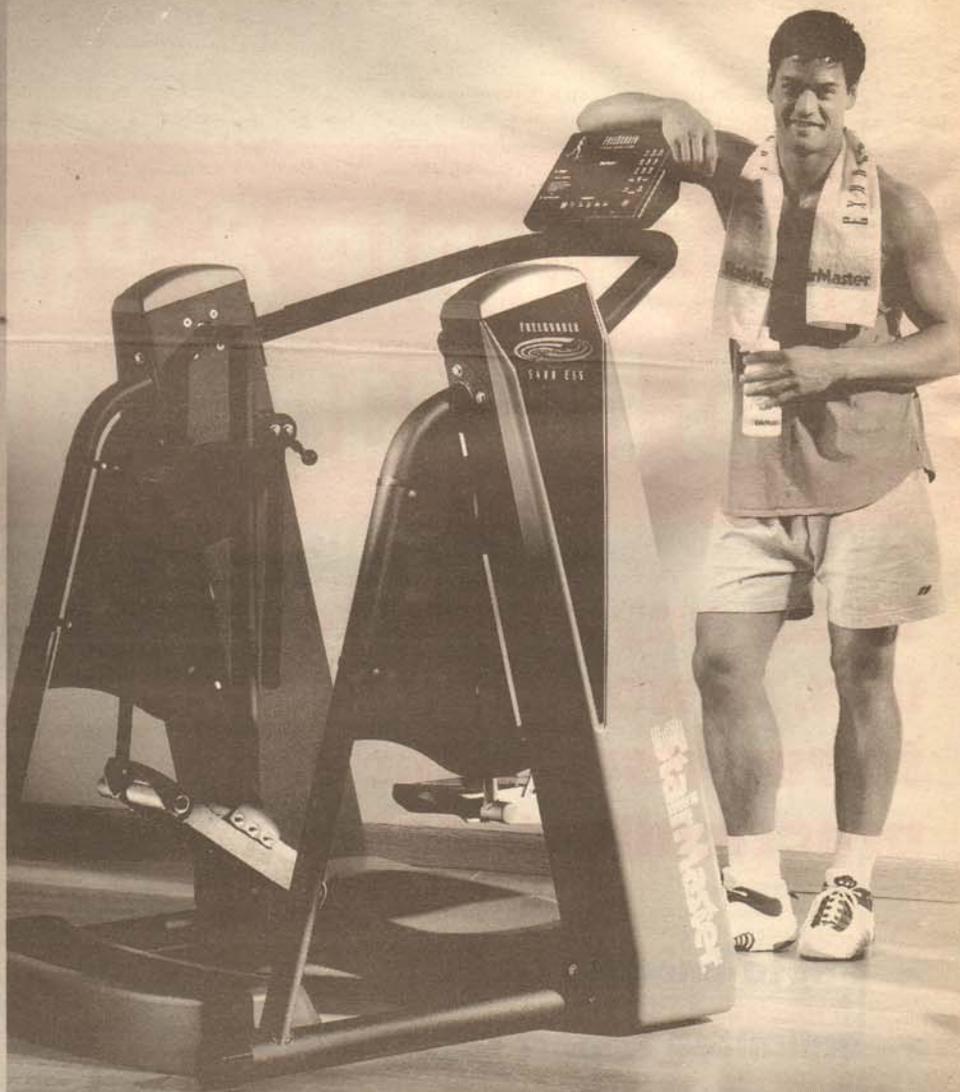
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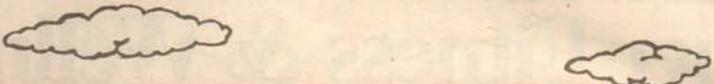
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Encore Marketing International, Inc. Announces New Club Premier Fitness & Wellness^(SM)

Encore Marketing International, Inc. (EMI), a leading provider of fee-based enhancement programs to the credit card industry, including major financial institutions, retail department stores and oil companies, is pleased to announce the development of their newest membership club, Premier Fitness & Wellness^(SM).

Premier Fitness & Wellness is designed especially for people not only looking to stay healthy and fit, but those looking for heady savings in the process. Premier Fitness & Wellness mem-

bers enjoy a broad group of health-related products and services with members' only discounts and special offers. Premier Fitness & Wellness is also for those people who want to create a healthy lifestyle. We see this as a great marketing tool that will send members into the clubs. Geoffrey Dyer, President and CEO of Lifestyle Family Fitness Centers, commented "a club like this is a benefit to the American consumer because never before has such a combination of partnerships been made available. As a representative of

the fitness industry, I have seen a real void in the industry with partnering and we're thrilled Encore has put such a product offering together. It is a partnership that makes sense for everyone. Credit card issuers are lucky they have been chosen to be the first to test this club".

Features of Premier Fitness & Wellness include: free trials, reduced initiation fees and discounts on membership dues at thousands of health and fitness clubs across the country; education and savings on vitamins and herbal supplements; discount on the Step

Company's Nutrex program; discounts on the Step, the original health club workout concept; discount on the popular SMOKENDERS "Learn How to Quit Kit"; savings on home gym and fitness equipment; magazine subscription discounts; and a quarterly newsletter.

Encore Marketing has marketed and operated its own fee-based enhancement programs for over 20 years. Their programs include the Encore Preferred Traveller* Club, Home & Garden Savings Club(SM), Pet Care Savings Club(SM), Protect-Your-Cards(SM) card registration program, CreditVue monitoring program LawPhone* prepaid legal plan, MedAdvantage discount health card program³, Debit Protection Select^(SM), and their new-

est Premier Fitness & Wellness^(SM).

Encore Marketing currently has four locations from which it services over 3,500,000 cardholders in the various programs it operates. Encore Marketing's home office outside of Washington, DC houses the Encore Travel Center, a full service travel agency owned by Encore, customer service, membership information systems, marketing, production, graphics, as well as corporate functions. Its Blue Ridge, Pennsylvania facility, is an inbound and outbound telephone center. Sales and client services are run out of Jacksonville, Florida and Richmond, Virginia.

If you are a fitness or club facility wishing to join the network, please contact Bob Beals at (800) 930-3666.

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SERVICE TRAINING

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**...1998
In Review**

continued from page 20

*Bally Total Fitness Reports Strong Second Quarter - 1998 Results.

*Donald Wanat leaves StairMaster

SEPTEMBER - 1998

*Bally Total Fitness Unfairly Slapped By Wall Street Journal - Article full of unfair comparisons to other public company.

*Bally Total Fitness announces a deal to install rehab centers in BTF clubs.

*Fitness Holdings, Inc. d/b/a 24 Hour Fitness files S-1 documents to go public.

*Tennis Corporation of America and Fitness Formula Announce Alliance With Chicago Society and ClubCorp.

*BODY Pump Hits 600 Clubs! Playing to rave reviews nationwide!

OCTOBER - 1998

*Bob Provost, Owner of the Greenville Racquet and Fitness Club in Greenville, S.C. agreed to honor all 2,200 memberships of local World's Gym that had closed in September, 1998 without notice. Good for the industry and good for Bob!

*Starwood Corporation, partners with Club Sports International announce the development of a chain of 11 "W" Hotels that will include luxurious spas and fitness centers.

*Richard Hart, Neil Schober, Ray Wilson sell Hart's chain to 24 Hour Fitness.

*Tom Bryant named by StairMaster Chairman, John Rutledge, as CEO of StairMaster.

*IHRSA and Fitness Products Council Pledge \$50,000 to grow club membership.

*Life Fitness employees and guests celebrate 30th Anniversary of Life Cycle at Chicago House of Blues. Winners of Oldest Lifecycle Contest announced.

NOVEMBER - 1998

*Hannah Karass, Liz Neporent and Bonnie Patrick honored by Club Industry Magazine.

*Burnette Donoho named as interim Chairman and CEO of Club Sports International.

*Bollinger Acquires Re-

tail Products Division of The Step Company.

*Newtown Athletic Club, owned by Jim Worthington, named as one of Philadelphia 100 fastest growing privately held companies.

*Western Association of Clubs Files to Dissolve The Association - National Fitness Therapy Association emerges, led by Patrick Pine.

*ISSA Rolls Out New 'Basic Training Program.'

*Sport & Health Acquires 3 Fitness Equation Clubs in Washington, D.C. area. Chain now has 25 locations!

*Bally Total Fitness and Sports Display Enter In-Club Marketing Agreement.

*Bally Total Fitness Announces Strong 3rd Quarter Results.

DECEMBER - 1998

*CLUB INSIDER News Celebrates 5th Anniversary. Publisher, Editor and Owner, Norm Cates, Jr. humbly enters 6th year of publishing with thanks and appreciation to all concerned!

*Jeff Loebbaka leaves Life Fitness.

*Mike Arteaga, Geoff Dyer and Phil Swain Nominated to IHRSA Board of Directors.

*Town Sports International Receive \$40 million in preferred equity.

*Bally Total Fitness expands e-commerce success. On-line shopping for memberships pioneered.

*Bally Total Fitness Bank Credit facility increased to \$90 million.

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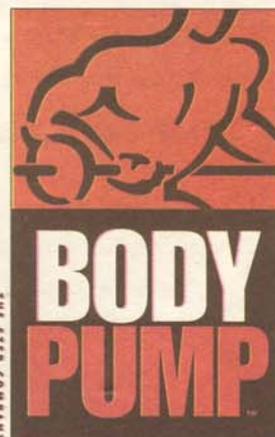
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