

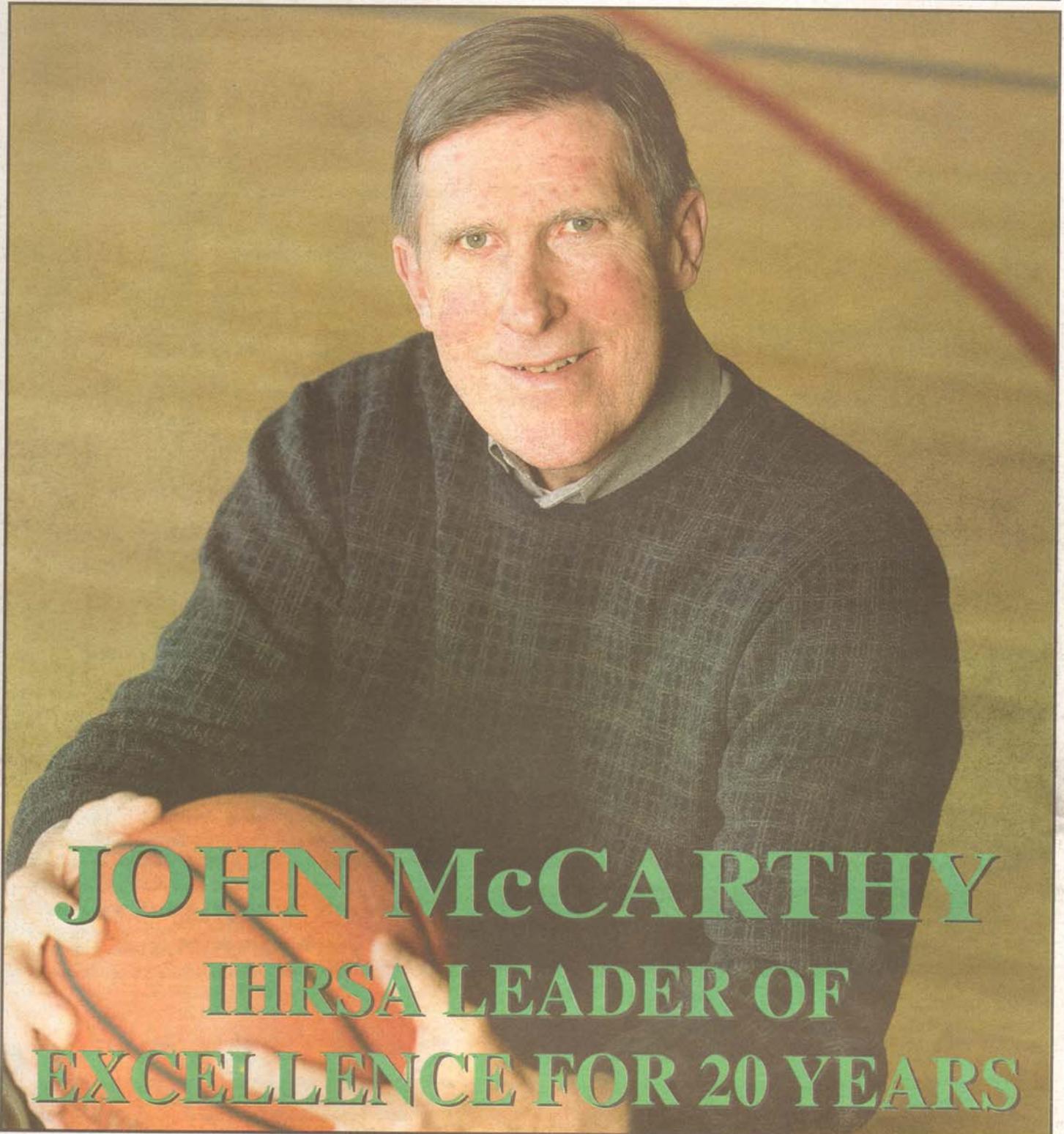
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Norm Cates'

THE Club Insider[©] NEWS

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

February 2001
VOLUME VIII NUMBER 2



JOHN McCARTHY
IHRSA LEADER OF
EXCELLENCE FOR 20 YEARS

Information, please. 411 for Club One



“Clubs are finding that we are in the information business. It is critical that we know what our members want, and how they use the clubs, so we can develop targeted services that will increase member loyalty. RCM allows us to ‘interrogate’ the system to determine the answers. It provides the necessary tools for our clubs’ strategic planning.”

**John and Jill Kinney, CEO and COO, co-founders
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THE Club Insider[®]

NEWS

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

IHRSA'S 20th Anniversary Special Edition

John McCarthy-IHRSA'S Leader Of Excellence For 20 Years

By Norm Cates, Jr.

John McCarthy, the highly esteemed Executive Director of The International Health, Racquet and Sportsclub Association (IHRSA) for 20 years, has led the Association through an amazing era in the club business. During the past two decades, the club industry has changed and advanced more professionally than during the entire previous 40 years of industry history. McCarthy has channeled all of his business energies toward the goal of making IHRSA the most influential and significant force in the club industry world-wide. And, he has succeeded! Using an uncanny gift and ability to get along with people, John McCarthy has assisted the 20 IHRSA Presidents and

Boards of Directors in a truly remarkable manner. IHRSA Board Members are elected by the Members and make the decisions for the Association. However, Presidents and Board Members alike rely heavily on McCarthy, whose job it is to assist the President in setting agendas, goals and objectives and then to carry out the decisions of the Board. John has assembled a finely tuned staff of nearly 60 talented individuals and many of the leaders on his staff have been with IHRSA for years. Key staff members include Rick Devereux, Chuck Leve, Anita Horne Lawlor, Helen Durkin, Bill Howland, Rob Langone, Cathy McNeil, Pam O'Donnell, Meredith Poplar, William Dussor, Tom Durkin, Jay Ablondi and John Kersh, to name a few.

It is the opinion of this writer and many others, that IHRSA, and the

club industry worldwide, would not be nearly the same as it is today were it not for the talent and efforts of John McCarthy.

The Pre McCarthy Years - What The Club Business Was Like 20 Years Ago

Think back 20 years ago. Were you in the club business at that time? If so, you probably remember the state of the industry in those days. If you were not, let's reflect on those years.

In 1980, the health, racquet and sportsclub industry as we know it today, did not exist. There were two primary types of facilities and two mentalities of operation at that time.

On the health club side,

there were facilities across the land commonly known then as 'health spas' or as gyms. These businesses commonly operated using a business model I call the "Spa Mentality." The 'Spa Mentality' club operator commonly used high pressure sales tactics, 'turn over' techniques, 'bait and switch' advertising and in general, these operators lacked technical health and fitness education as we know it today. The concept of 'Cardiovascular' training was just making its way into the health club world, having been introduced in the 1970s by Dr. Ken Cooper, now of the world-renowned Cooper Clinic in Dallas, Texas. Ray Wilson and Augie Nieto rapidly accelerated the 'Cardiovascular' training aspects of the health club business with the introduction of the now famous and

still world leader, LifeCycle.

On the health, racquet and sportsclub side, there were very few 'mega-clubs' as we know them today. In 1980, Red Lerille had been in business in Lafayette, Louisiana for 17 years and was one of the few 'mega club' operators in the country. Dale Dibble and Ed and Zoe Veasey were in the early stages of conversion of their huge 18-indoor tennis court Cedardale Club into a 'mega, multi-sport club.' Other mega-clubs like Daniel Levin's amazing East Bank Club in Chicago and Patricia Laus' Atlantic Club in New Jersey were just getting started. Racquet clubs with indoor tennis or racquetball were in the final years of charging low annual membership fees that entitled members to pay court fees to play. Tennis and racquetball club owners were finding that court time revenue was

(See McCarthy page 4)

Netpulse/Ezone Media Network Files For Chapter 7 Bankruptcy Netpulse Former CEO, Tom Proulx Attempts To Salvage A Bad Situation

By Norm Cates, Jr.

San Francisco, CA.- Netpulse, Inc. and E-Zone Networks, Inc., the two companies that merged with Xystos, Inc. in late November, 2000, to create a new company called Netpulse/Ezone Media Networks, Inc., have filed for Chapter 7 Bankruptcy. The Bankruptcy was filed in the United States District Court in San Fran-

cisco on Tuesday, February 6, 2001. The first hearing of creditors is scheduled for March 14, 2001 at 10:00 a.m. at the offices of the Trustee, E.Lynn Schoenmann, located at 250 Montgomery Street, Suite 1010, San Francisco.

Tom Proulx, the author of Quicken and a co-founder of Intuit, joined Netpulse as CEO in 1997. When the three companies merged last November, Proulx stepped down from his role as Netpulse CEO and retired. Now Proulx is

attempting to salvage a bad situation and is in the midst of raising \$6 million to continue operations.

We contacted Proulx on February 7, 2001 at his offices in San Francisco and this is what he had to say. "The merger took way too long. It was supposed to close in June but ended up closing in late November. By then, the financial markets had collapsed, which meant that we couldn't get the new company funded with all

the debt. That is really the short version of the story. There are companies that we are talking to about acquiring this business. I am also working on a plan to acquire it myself with some investors. It doesn't require a lot to get the company to profitability. But, in this financial market, every nickel is hard to raise. It is challenging and I am working everyday to pull something together, but I can't really predict for you if I will be successful."

We asked Proulx, "Should you be successful in raising capital to continue, would it mean the continuation of all of the business of the new company or would it just be the Netpulse facet of the business?" He responded, "I am trying to keep all of the parts together. All the parts of the business have value and have customers. And, those customers want support. My hope is to be able to pull it all together and to be able to con-

(See Netpulse page 24)

Bally Total Fitness Joins IHRSA

Inside The Insider

- *Create A Clear Path To Your Club's Front Door
- *IHRSA Nears 6000 Member Clubs
- *Putting Callers On HOLD...
America's Number One Frustration
- *Six Ways To Implement e-Learning In Your Business

By Norm Cates, Jr.

The positive changes seen at Bally Total Fitness since Lee Hillman took the helm in 1996 are significant to anyone that has followed the company closely. Hillman is the Chairman and CEO of Bally Total Fitness,

the largest U.S health club operator with nearly 400-clubs, 4-million members and soon to be a one billion a year club business.

The Board of Directors and the Advisory Council of IHRSA (International Health, Racquet and Sportsclub Association), voted unanimously to invite Bally Total Fitness to join

IHRSA. Joe Cirulli, IHRSA President, then extended an invitation to Bally to join IHRSA and they accepted. Effective January 1, 2001, the nearly 400 Bally Total Fitness clubs are members in good standing of IHRSA.

Hillman and his Executive Management Team have lead an amazing turnaround of the com-

(See Bally page 22)

...McCarthy

continued from page 3

dropping rapidly and they were beginning to realize that if they didn't convert their clubs to multi-purpose facilities charging monthly dues, they were likely to go out of business. The early era indoor tennis clubs and racquetball clubs generally offered only courts, small-spartan locker rooms, a reception area and-in some cases-bar/lounge/snack-bar areas and that was it. There were just a handful of old-guard true athletic clubs like the Los Angeles Athletic Club and the Downtown Athletic Club, facilities created in the late 1800s and early 1900s.

RICK CARO'S BRAINCHILD - IHRSA

While the racquet sports operators were going through the evolutionary process of finding out what business they would really be in, there were two trade Associations in business.

The National Tennis Association (NTA), a descendant of the National Indoor Tennis Association, served the tennis club operators. The National Court Club Association (NCCA) served the needs of racquetball club operators. Also, there was an organization at the time in the Northeast called the New England Racquet Sports Association and John McCarthy was serving at that time as the Executive Director of that group. Rick Caro was serving on both the NTA and the NCCA Board of Directors. In early 1980, Caro, President of NTA, had conducted a Board Meeting of the National Tennis Association in Chicago. A week later, he came back to Chicago, to attend a Board Meeting for the National Court Club Association. During the NCCA meeting, Caro had accidentally taken the agenda from the previous NTA Meeting out of his briefcase and was following that for the NCCA meeting. It wasn't until the meeting had reached the 4th item on the agenda that he noticed that he was looking at an NTA

Meeting Agenda. This event confirmed for Caro the idea that there might be the possibility of bringing the two groups together to form one new trade Association, thus saving the duplication of many services and efforts. At the time, the NTA was a more mature organization and had better defined programs for its membership, but was losing money. The NCCA was a less mature organization and was just getting by financially.

Caro's Group Meets To Consider The Future Of The Industry

Rick Caro put together a list of 3 representatives from the NTA and 3 from the NCCA to attend a meeting in Chicago to discuss his idea. He purposely did not attend the meeting, because he wanted his idea to have an impartial evaluation by the selected representatives and not be influenced by his presence. Caro suggested that Dale Dibble, Curt Beusman and Todd Pulis represent the NTA. And, he recommended that Jennifer Michelle (Saslaw), Peter Donahue and yours truly, Norm Cates, attend on behalf of the NCCA. The meeting was held at a hotel near the Chicago O'Hare Airport and lasted all day. Although Curt Beusman was not able to attend due to a last minute conflict, our group of 5 gave Caro a strong recommendation that we should pursue his idea. Three weeks later, the group of 7 club owners, this time including, Curt Beusman and Rick Caro, met at Caro's offices in New York City and formally founded what we called the International Racquet Sports Association (IRSA). A lot was accomplished on that day. The decision was made to close down the two-debt ridden Associations and pay the remaining bills to start an entirely new Association. It was also decided that all members from both Board of Directors would serve the Association during the first year. The Association's By-Laws were drafted and agreed upon. It was decided that Chuck Leve, formerly the Executive Director of the NCCA, would serve as the interim Executive Director for IRSA while the new Association got its feet on the ground. (Chuck was later se-

lected for the role of Associate Member Director). The first convention's location was decided with a tentative date. And, several of the founders lent personal funds to give it working capital. The first meeting of all of the Founding Board Members was set and held in Las Vegas a few weeks later and IRSA was off and running!

Rick Caro, IHRSA's true Founder and former President, comments on his idea of bringing the two Association's members together to start a wholly new Association: "I realized for some time that both the tennis owners' association and the racquetball owners' association had everything in common. In fact, more and more club owners were combining both elements in the same facility like the clubs I owned at the time. I knew that the pure fitness club owners really had no viable trade association. So, logic would dictate the need for one organization serving all constituencies. With limited resources at hand and lots of overlap, the natural next step was to create an IHRSA. I had a dream and John helped me exceed it. I have now had to create new dreams."

John McCarthy Chosen For IRSA Executive Director

John McCarthy's background and abilities quickly lead the new IRSA Board of Directors to recognize that he was the best possible available candidate for the role of permanent IRSA Executive Director. And, what a choice he was! Little did we know that John would turn out to be a truly world-class Executive Director, but it is clear that is what happened.

Rick Caro commented on John McCarthy's selection and performance as IHRSA Executive Director, "John McCarthy was recruited away from a club regional trade association in New England to become IHRSA's Executive Director."

"He has grown everyday since he accepted that position. With virtually no resources when he first accepted that position, he literally created the IHRSA we know today. From 7 club owners sitting in my New

York City office in 1980, IHRSA is now over 5,600 clubs strong in over 70 countries. This simply would not have happened without John."

"John is a rare combination of intelligence and drive, easy-going nature and stubbornness, goal-orientation and process-orientation, visionary and bottom-line sensitive, leader/director and listener/responder and balanced."

"I can recall a bevy of achievements of IHRSA which John conceived, shaped and executed. IHRSA specializes in education, and it takes a host of forms—conventions, sales & marketing conferences, Institute week-long college-based experiences, Vanguard retreats, International meetings, videos, publications, research, translated sessions, etc. None of this would have developed without John's spearheading."

"Even when John did not conceive everything, he nurtured the idea, developed the plan and rallied the staff to execute it. Whether it was the initial three-staff team at IHRSA's outset or the 60+ person team today, John deployed what resources were available. From the days of group buying and special ties (insurance, promotions, etc.), John was always trying to build member value."

"Then, the whole direction into shaping (or contesting) state and federal legislation, battling unfair competition, working with various taxing authorities—John embraced the challenges and fought to overcome each obstacle."

"And he did this with over 60 bosses, as the Board of Directors has continued to change. John has been adaptive and resilient as this type of governance is never easy. And he often led the way in developing an umbrella strategy for IHRSA. He has always been a strong delegator to his staff—who also deserve much credit for John's achievements. And he is quick to signal and applaud their efforts."

"John McCarthy is a presence. All IHRSA members have one clear image of John: he stands at the opening reception at the annual Convention. He greets each person by name. He knows something about each one. He looks each in the eye. He listens and makes each person feel as if he or she is the most important person in IHRSA at that moment. He treats all with respect. He simply engages each member and integrates them into IHRSA. If only our clubs could do the same so easily."

"John has created a legacy. I sit on 7 non-profit Boards and have a long history of volunteerism. However, nowhere has there been an organization where the Executive Director has won the Association's highest award. And, nowhere is there a more beloved leader. And nowhere has any person made his mark more significantly over a 20-year period. I cannot imagine an IHRSA without John. We hopefully will not have to face that day for a long time."

"IHRSA should have a simple goal: keep John happy, excited and healthy for a long time ahead."

Todd Pulis, IHRSA's third President and one of the original group (See McCarthy page 6)

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177 EAST 87TH STREET, SUITE 301, NEW YORK, NY 10128

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THE Club Insider
NEWS
 Established 1993

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PUBLISHER AND EDITOR: Norm Cates, Jr.
 COMPUTER LAYOUT DIRECTOR: Cathy Brown
 COMPUTER OPERATIONS DIRECTOR: Justin Cates
 PRINTING AND MAILING SERVICES: Walton Press
 Box 681241, Marietta, GA 30068-0021 • (770) 850-8506
 FAX (770) 933-9698 Or E-Mail: clubinsidernews@mindspring.com

• NORM'S NOTES •

•**GOD BLESS LYNN BRICK!** Lynn Brick is one of our industry's brightest stars and on January 19th, she suffered a seizure. A CAT scan identified a large, previously totally unnoticed, non-malignant brain tumor. She had a four hour brain surgery on Tuesday, February 6th at the Greater Baltimore Hospital and was home recovering as of February 9, 2001! According to her husband, **VICTOR BRICK**, Lynn is doing well and is resting. Lynn wants to express her sincere appreciation to everybody that sent flowers, cards and letters. She will be recovering at home for a while now and we wish her well in her full recovery.

•Congratulations to my long-time friend **BOB PROVOST** and his daughter **MARY BETH**, as their **Greenville Racquet and Fitness Club** was named **Small Business of the Year** by the Greenville, South Carolina Chamber of Commerce. Bob and Mary Beth's club had to win over some really good competition and **WIN-THEY-DID!** About 2 years ago, the Greenville Racquet and Fitness Club underwent a major expansion and remodeling and now the 25+ year old club is really dominating the Greenville market it serves. Bob's operation has also been helped a great deal over the years through the efforts of **RAY GORDON** and **EDDIE TOCK** of **SALES MAKERS**.

•More congratulations are in order as **HELEN NAPLE'S WOMEN'S FITNESS CENTER** was voted the **Small Business of the Year** by the Winston-Salem, North Carolina Chamber of Commerce. Way to go Helen!

•Last month, I was belly-aching in this column about how a radio ad for **Icon's Nordic Track Treadmills and Elliptical Machines** was encouraging consumers to buy their equipment by telling people how they could get out of bed and exercise at home without having to go to a health club. Well, I am happy to report to you all that just a couple of days ago, I heard a new Icon commercial for the same two products, but this ad was really terrific and spoke to the listeners about the great benefits of regular exercise! That new commercial made my day and I will bet sells many more machines than the other one. Oh yes, here is an interesting fact recently released by the **Sporting Goods Manufacturing Association (SGMA)** in their State of the Industry Report, sponsored by NASDAQ. A 1999 study showed, among other things, that 33% of American households owned and regularly used some form of home fitness equipment,

while another 18% of households owned home equipment, but did not use the equipment at all! Of course they didn't because they forgot it was there as it had become a clothes rack.

•Speaking of a major moves in the fitness industry, just last week, the folks that own and operate the **Busy Body Fitness Equipment Company** announced that they were pulling out of the commercial end of the business completely as of March 1, 2001. To some observers, this marks a major decision that does not bode well for the fitness club industry at large. But, my opinion is that it was an isolated situation, where some good business people decided to focus solely on one segment of the market only, the home market.

•I had the pleasure of speaking with **Cybox** Chairman and acting CEO, **MR. JOHN AGLIALORO** the other day and we discussed the things he is doing to turn Cybox into a money maker and increase the value of the company in the marketplace. My impression of Mr. Agliodoro and what he had to say is that I think he has a good plan and clearly seems to have the determination to see that plan out. He is reducing costs at Cybox and moving forward with some significant new product developments that should be rolled out before the end of the year and those new products should boost revenues. He is also doing a number of things in the **Cybox Customer Service Department**, including something I really want to congratulate him for doing. He is removing his answering machines in the Service Department! He tells me that he wants to have his people talk in person to his customers, even if it is just to tell them in person that they are backed up at the moment, but they will call them back and designate a time that they will do so. What he is talking about is real humans talking to their customers on the phone in person. What an idea! This is a great decision and one that many businesses across America could consider **HALLELUJAH!** (In fact, this month we have a nice article by the **Telephone Doctor, MS. NANCY FRIEDMAN** on page #26 entitled: "**Putting Callers ON HOLD - America's Number One Frustration.**") Be sure to check out Agliodoro's comments in the article entitled, "**Re-inventing Cybox - Again!**" by **JOHN HALBROOK**, in the recently released **IHRSA** publication, **Fitness Industry Technology**.

•Going on a year ago, **LA Fitness** bought **TONY deLEEDE's 22 club Australian Body Works** chain in Atlanta. Now, they just launched a pre-sale of a new **40,000** square foot facility which is more than double the average size of the **ABW** clubs they acquired from Tony. And, in South Florida, **LA Fitness** is rumored to have a letter of intent to purchase the two **Q Clubs** from **Fitness Holdings Worldwide**. **STAY TUNED!**

•**STEVEN SCHWARTZ**, President of **Tennis Corporation of America (TCA)**, sent me this memo about the **MSN Market Challenge** competition with Bill Gates to benefit **Big Brothers Big Sisters of America**. "Who knows more about the stock market, you or Bill Gates? Now's your chance to have fun finding out and have a chance to win \$5,000. **MSN** is challenging your knowledge of the stock market to benefit **Big Brothers Big Sisters of America**. Entering is easy, visit the "**MSN Market Challenge**" on **MSNChallenge.com** starting February 5, 2001 and pick the 4 stocks you think will perform the best. For each entry, **MSN** will make a contribution to support **BBBSA**, up to \$150,000. So go to the link and beat **BILL GATES!** Thanks Steve.

•Long-time industry consultant, **MICHAEL SCOTT SCUDDER**, has written a 15-page report entitled, "**What Healthy Clubs Can Do In An Economic Slowdown**" and it is available for purchase through the Internet by going to Scudder's website: www.michaelscottscudder.com

•**Pyramid Wellness Centers and Sportime Racquet and Athletic Clubs** have recently announced the merger of their five facilities in Greensboro, NC. The organization will operate under the name of **Pyramid Wellness Centers** and will now have the opportunity to offer the most comprehensive programming available for all ages and abilities. The five "campuses" include two downtown training centers, an adult racquet and athletic club, a family wellness and aquatics club, and a gymnastics and climbing gym. Pyramid's mission is to improve the overall health of their community by creating opportunities for social interaction, physical activity, and education which motivate children and adults to embrace healthy lifestyle practices.

•**Bally Total Fitness** is now operating the **City Club** in Pittsburgh.

•**PEANUTS HAVE DEADLY POTENTIAL FOR OUR CHILDREN!** by **LAURA FORTUNA**, in a three-page report on an allergy to Peanuts in any form that could be dangerous and even life threatening to our children and even

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to adults. This is a true story written by a neighbor of mine, **Laura Fortuna**, about how she saved her child's life by using a shot prescribed by her daughter's pediatrician. I just happened to read a notice about her work in our neighborhood newsletter and I am glad I did. Go on line to **Laura at: fortunatam@mindspring.com** and she will e-mail her very important article to you without charge with the hopes of preventing what happened to her daughter, **LYDIA**.

•Word is **RAY BOUDREAUX** has left **Cadex Systems, Inc.** to return to **Body Masters** in the Frog Capitol of the World, **Rayne, Louisiana!** Good luck **Ray** as you return to **Cajun Country!**

•**LEGISLATIVE ALERTS!** If you are not staying up with what is happening at your **State Legislature** in respect to the health, racquet and sportsclub industry, you should be! One great way is to stay in touch with **IHRSA**. For example, since **January 12, 2001**, **IHRSA's KRISTEN ADAMS** has issued Alerts in the following states: **Montana, Oregon, Massachusetts, New York, Wyoming, Texas, California, Rhode Island, Connecticut and Michigan**. These alerts address a number of issues such as in **California**, **House Bill 85** would require every club to offer the option of a one-year term on their memberships and in **Oregon**, a **Bill** would require defibrillators in all new clubs and all other public facilities. So, no matter whether you are for or against a measure, you would be better off knowing what is up.

•Don't miss the **IHRSA CONVENTION and TRADE SHOW** in **San Francisco, California** **March 21-25th**. It will be a terrific educational experience and growth opportunity for you and your key people. And, it is always **FUN** and a great way to network with club owners, operators and managers from all over the globe. You will get back your investment in time and money many, many times over. And, you will make new friends that will last for a life time. **DON'T MISS IT!** For information call: (800) 228-4772 or go to: www.ihrsa.org and click on **Conventions and Meetings**. You will be glad you did. Oh yes, I will be at my **IHRSA Trade Show Booth #216 on Thursday, the 22nd from 3 to 5 p.m., Friday the 23rd from 2 to 4 p.m. and Saturday the 24th from 1 to 3 p.m.** Come on by the Booth and say hello. We will have a **Special Show Subscription Offer** for you! I would love to see you! During the other show hours, I will

be working the show floor, meeting and greeting the many wonderful exhibitors there. So if you are exhibiting and would like for me to come by and say hello, just drop an email to: clubinsidernews@mindspring.com See you in **SAN FRANCISCO!** And, **STAY TUNED!**

The CLUB INSIDER News Worldview

•**GRAHAM COLES**, CEO of **London-based Esporta**, announced earlier this week that membership at the company's clubs grew 31% in **FY 2000**, reaching 147,000. **Coles** also announced that **Esporta** has "**unconditionally contracted**" to open 12 new clubs in 2001. **Esporta** recently won the **6th Annual Club Mirro Award** as the "**Club Retail Brand of the Year.**" **Contratulations Graham!**

•**London's Hilton Group** which operates 81 hotels in the UK and 132 hotels elsewhere in Europe and Asia, announced that it will introduce **LivingWell Health Clubs** in **Hilton Hotels** worldwide. **Hilton Groups CEO, ANTHONY HARRIS**, commented, "**Hilton** is the best known hotel brand in the world, and we feel that **LivingWell** has the same potential." **STUART BROSTER**, Managing Director of **LivingWell**, which currently operates 80 clubs, adds "**Hilton's** international presence and reputation is a fantastic platform for us to develop the first truly global fitness brand."

•In **South Africa**, **FRANK REED**, Managing Director of **Virgin Active**, has launched a nationwide "conversion" campaign to enroll at least 330,000 former **Leisurenet** members to the new company's membership rolls. **Leisurenet**, the former **South African** market leader, sold 5, 10, and 40-year contracts for upfront fees, claiming to have had 940,000 members in its 85 clubs. In the first week of the campaign, 50,000 **Leisurenet** members converted to the new program in which fees for a one year membership range from \$14 per month to some of the smaller outlying clubs to \$26 per month for the premier membership. **Virgin Active** is honoring all of **Leisurenet's** membership contracts until **March 31, 2001**. If **Virgin** can convert 330,000 members, the company will be immediately profitable, says **Virgin Active's** Managing Director **Reed**. Incentives for converting to the new system include 5,000 frequent flyer miles on **RICHARD BRANSON'S Virgin Air**. In late 2000, **Virgin Active** bought **Leisurenet's** 85 clubs for \$36.74 million U.S.D., plus \$3.8 million to keep the clubs running until the sale closed. By mid-January, **Virgin** had renegotiated 74 out of the 85 **Leisurenet** leases.

...McCarthy

continued from page 4

of 5, comments about John McCarthy, "My direct experience with John McCarthy goes back to the early days of IRSA. I found John to have a special charisma that just made you like him immediately. He was always bubbly and smiling. I found him to be a good listener and willing to take calculated risks and yet had a mind very much his own. He is a very dedicated person and a very hard worker. He seemed to pick up ideas fast, and with encouragement, ran with them. He does not like confrontation and would try to reach consensus whenever possible. He is diplomatic and truthful. John is overall, just a fine person. John has excellent listening and negotiating skills. I have a great deal of respect for John and truly believe IHRSA is the powerful leader it is today due in no small way to John McCarthy."

Dick Trant, the 35-year veteran owner of the Weston Racquet Club in Waltham, MA., and the man that originally discovered the great talent, John McCarthy, shares his memories and thoughts about his protégé, John McCarthy, "I first met John at a National Indoor Tennis Association Convention in Florida. At the time, I was President of the New England Racquet Sports Association (NERSA) and I called a meeting of the Board of NERSA and convinced them that we should hire John to be our first Executive Director. NERSA was a fledgling Association at that time, so we all contributed so we could fund John's modest salary. From that humble beginning, John's career as an Association Executive Director in our wonderful industry took off! John was a great athlete, a great student and with his educational background of philosophy and liberal arts, John was and is truly a renaissance man in almost every way. His contribution to the world has been immense. He is such an exemplary human being. It's integrity. It's grace under fire. It's all the things that we attribute to our heroes in that kind of way. He has been such a wonderful spokesperson for the industry. What better person could you have than somebody

who has excelled in all walks of life with such a deeply spiritual content as well. He could have been a success in many fields, but I wanted him to work with us and that is how it all came about. John has truly been the 'golden thread' that binds all of this together. When you think about it, that is an amazing continuous legacy."

Joe Cirulli, IHRSA's 20th and current President, comments on his feelings about John McCarthy, "I am totally impressed with John McCarthy's passion for this industry and his energy to keep finding ways to make it better. John wants the general public to think of our clubs as the first place to satisfy their exercise needs. He is continually searching for ways to unify the fitness industry to make it a political force, which I believe is critical to our future. I have the utmost respect for him. We couldn't have a better person in the leadership of IHRSA."

An Interview With John McCarthy

John McCarthy grew up on the South Side of Chicago, the son of a successful banker. His Dad had started a small neighborhood bank right after World War II and in the following 50 years, he added about 10 more neighborhood banks, all on the Southwest Side of Chicago. McCarthy had three brothers and sports was a driving force in his life. Basketball became McCarthy's thing as he utilized his 6'5" height to great advantage as a basketball player at Notre Dame. McCarthy was drafted by the Knicks and played a short time with the Harlem Globetrotters! He studied to be a priest for a while, then moved on to spend 5 years as a professor at the University of St. Thomas, where he also coached basketball and tennis.

Moving to Boston in 1970, McCarthy began working on

a Ph.D. and began working in clubs to support himself during that time. Although he did not finish his Ph.D., he did become a Partner and the General Manager of a six court indoor tennis club in Walpole, MA. That club, like many others of that era, had a minuscule fitness center in the basement. McCarthy recalls, "through my work there, I met Dick Trant, Dale Dibble, Tim Richards, Nick Cotsidas, Lloyd Gainsboro, Curt Beusman, Rick Caro, and a lot of others who were involved in the regional and national Associations. These were special people to me then, and they still are today."

During the later 1970s, McCarthy became involved with the New England Racquet Sports Association. McCarthy comments, "From 1978 to 1980, I was very involved in NERSA and that led to my involvement with IHRSA. With respect to my getting involved with IHRSA, I was very fortunate in every way. They were looking for an Executive Director, I applied and by then knew most of the people involved, and got the job. As you know, Rick (Caro) and Curt (Beusman) were enormously involved in those years, and without them, the Association probably would never have gotten off the ground."

We asked McCarthy, "What was it like during the early years of IHRSA?" McCarthy replied, "From the beginning, IHRSA was a wonderfully interesting and challenging opportunity, and it has never ceased to be so. I remember like yesterday that first year working with you as President. You would call me almost every Friday, and say, 'John, what are you working on now?' And, I'd say one thing or another. And you would always say the same thing, 'Get it out the door.' You were focused on productivity, and every IHRSA President has followed your lead on that."

I commented to McCarthy, "You and the IHRSA Team (which includes John's great staff and all of the Board members and other volunteers) have built IHRSA into the most important and influential health, racquet and sportsclub Association in the world. How does that feel?" McCarthy replied, "We started with literally no members, but by the end of the first year, we had converted to IHRSA about 300 members from either the National Tennis Association or the National Court Club Association. In that first year, we assumed the liabilities of both the NTA and NCCA, and paid them off. Curt Beusman, Dale Dibble, and Alan Schwartz were the people that funded IHRSA's beginning, and IHRSA will always owe them a special debt of gratitude. Today we have 5,600 member clubs. By the end of this year, we should have about 6,200. Our goals today are essentially the same as they were in the beginning. Namely, we want to do everything in our power to help grow, protect and promote the industry. Implicitly, that was our mission



John McCarthy (L) & Cecil Spearman, winner of last year's IHRSA Distinguished Service Award

then, and it's still our mission today."

We talked about the long-time IHRSA battle against tax-exempt competition and I said to McCarthy, "IHRSA has taken an almost singular leadership role in the fight against non-profit, tax-free competition. What has your vision been in that area?" McCarthy responded, "Yes, Norm. We have been passionate about the fair competition issue for many years, and still are today. We owe that to leaders like yourself, Alan Schwartz, Dick Trant, Frank Eisenzimmer and Scott Garrett, and people today like Joe Moore, Ray O'Connor, John Gebhard, Mike O'Donnell and Dave Cohan, etc. Our goal there is to pave the way for a "level playing field" within the industry, so that everybody has the same opportunity, and the same benefits and burdens."

The discussion continued with my question, "How about that 'Exercere' exercise? What are your thoughts on that aborted attempt to change the name to a Latin word that means: 'To Exercise'?" McCarthy responded, "I think the Exercere debacle was, in hindsight, one of our most humorous mistakes. Fortunately, our members would not let us commit 'hari-kari.' As you'll remember, we paid a consultant to find a new name for the Association, and he came up with the name 'Exercere.' The membership was, to say the least, not impressed. Finally, one of our Board members, Frank Napolitano, suggested that we simply insert an "H" between the "E" and the "R" in IRSA, so IRSA became IHRSA, and that ended that. Common sense prevailed."

I asked McCarthy, "How about Bally's recent admission into IHRSA?" He said, "I believe that Bally should belong to IHRSA. I have believed that for a long time. But, the time is right now. Our goal is to be an 'industry association.' Our goal is to get everyone working together for the betterment of the in-

dustry. That's why we want all the "major players" involved."

I wanted to know McCarthy's feelings about the IHRSA Goal of 100 Million Members worldwide by 2010. He shared this, "For the years ahead, one of the main thrusts will be '100-million by 2010,' i.e., 100-million health club members worldwide by the year 2010. We love this goal because its achievement will be good for everybody- for suppliers, for large club companies, for small club companies, for club employees, and club lenders, and investors. And, in fact for the country and the world as a whole."

In closing, we asked McCarthy what the future holds for him. He said, "With respect to my own future, I take it one year at a time, and one day at a time. I love what I am doing, and so long as we can keep accelerating the momentum, yet never lose the personal touch, I hope to continue. I have no plans to retire, but that doesn't mean I'll be at IHRSA forever. It means only that, like my Dad, I plan to die with my boots on."

The health, racquet and sportsclub industry worldwide and the almost 6,000 IHRSA member clubs now face a future that is much brighter because of the efforts of John McCarthy. John McCarthy is a true pioneer in an industry that still is in its infancy and he will go down in history as one of the greatest contributors to the professionalization of the business ever. Congratulations in advance to John McCarthy and his staff and to all IHRSA Members on the 20th Anniversary Celebration to be held in San Francisco, California, March 21-25, 2001.

(Norm Cates, Jr. is the Publisher of *THE CLUB INSIDER* News and a 27-year veteran of the club industry. Cates was the 1st President of IHRSA and a Co-founder of the Association in 1981.)

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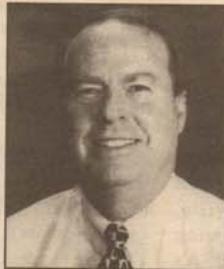
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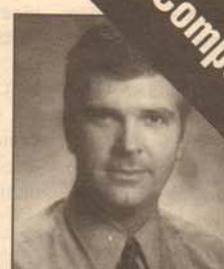
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IHRSA CLUB MEMBERSHIP NEARS 6000 AS IHRSA'S 20TH ANNIVERSARY APPROACHES

BOSTON - February 7, 2001 - The International Health, Racquet & Sportsclub Association (IHRSA), the only non-profit trade association representing health and fitness facilities, gyms, spas, sports clubs and suppliers worldwide, announced it is approaching the 6000 mark for its number of member clubs.

On the eve of its 20th Anniversary Annual International Convention and Trade Show in March, 2001, IHRSA is pleased to report this tremendous growth in the Association's membership. Formed in 1981, the then IRSA (International Racquet Sports Association) initially had some 20 member facilities. By the end of that first year, however, roughly 300 mem-

ber clubs had joined. These new members came from the National Tennis Association (NTA) and the National Court Clubs Association (NCCA) when the two groups wound down to form the new Association.

"The original meeting was held in Chicago where five club owners, including myself, experienced an exciting, day-long brainstorming session full of great ideas," said Norm Cates, IHRSA's first President and the last President of the NCCA. "It is wonderful to see that out of that meeting came an Association dedicated to the growth and promotion of the health, racquet

and sportsclub industry, and that the Association, now IHRSA, is growing, evolving and leading the industry worldwide."

The Association's first convention, held in Las Vegas in 1981, attracted 371 attendees and 57 exhibitors. In comparison, this March, IHRSA will celebrate its 20th Anniversary International Convention and Trade Show in San Francisco, where nearly 350 Associate Members are expected to exhibit on the trade show floor for a cumulative, projected 12,000 attendees.

"IHRSA has kept up with the continued growth of the industry as a whole," said John McCarthy, Executive Director of IHRSA. "As of January 2001, the number of health clubs in the United States reached 16,983, up from 6,211 in 1982. Health club industry revenue growth is also up tremendously from when we first tracked those numbers in 1993-up from \$6.9 billion to \$10.6 billion in 1999."

With member clubs in 75 countries, IHRSA has made its name recognizable in the health and fitness industry throughout the world. Among IHRSA's international mem-

bers are the U.K.'s Fitness First, and Japan's People Company, along with the U.S.-based Fitness Holdings Worldwide and ClubCorp, both of which made the Forbes 500 rankings in 2000. All contribute to the growing success of the Association. Today, IHRSA member clubs range in size from specialty studios serving just a few hundred members to major multiple-club operators serving tens-of-thousands of members.

"We are extremely lucky to be working in an industry that is not only alive with energy, but is also flourishing, with no end in sight," said Joe Cirulli, current President of IHRSA and owner of the Gainesville Health and Fitness Centers in Gainesville, Florida. "IHRSA's growing membership is proof of IHRSA's unwavering commitment to the promotion and enhancement of the fitness industry."

In another drive to serve its growing membership through club promotion, and to make it easier for consumers to find and join a health club, IHRSA launched healthclubs.com in September 1998. With features like point-to-point driving directions, color photos of health clubs, and a list of club amenities, healthclubs.com redefines the way consumers locate a

health club.

"The Association started with five club owners sitting around a table," said McCarthy. "Today, we maintain a membership of more than 6000 health clubs and facility suppliers. With more than 14,000 for-profit health clubs in the United States, and thousands more around the world, IHRSA is bound and determined to double our membership numbers as the years go by."

The International Health, Racquet & Sportsclub Association (IHRSA) is a nonprofit association dedicated to the growth, protection, and promotion of the health club industry, and represents nearly 6000 clubs worldwide. IHRSA is an international leader in health club industry education research, and advocacy. The Boys & Girls Clubs of America is the "Official" Charitable Partner of IHRSA. IHRSA will celebrate its 20th Anniversary with the Annual International Convention and Trade show, held March 21-24, 2001, in San Francisco, CA. For more information about the trade show, visit: <http://www.ihrsa.org/meetings/convention> or to register for a free Trade Show Pass, go to http://www.ihrsa.org/meetings/convention/tso_reg.html.



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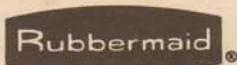
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IHRSA's Capitol Report

Capitol Report Reprinted Courtesy Of IHRSA

Most U.S. Growth Comes in GOP Country

A new population survey by the Census Bureau has sparked a reapportionment of congressional seats that may give the Republican Party an advantage, the Christian Science Monitor reports. Twelve congressional seats will be shifted from 10 states in the Democratic North to 8 solidly Republican states in the South and West including Texas, Florida, Georgia and Arizona. Analysts predict that the population flow to the South and West will also lower the number of Electoral College votes cast from states in the Northeast and Midwest, where Democrats traditionally have found their greatest support. The new U.S. population is a record 281,421,906, according to the Census Bureau.

STATE LEGISLATIVE UPDATE

CALIFORNIA: Senate Concurrent Resolution (SCR) 5 would proclaim March 2001 to be California Fitness Month, and would encourage all Californians to enrich their lives through proper diet and exercise. The resolution also urges California legislators to host events in their districts that stimulate physical fitness. This presents a prime opportunity for IHRSA clubs to establish relationships with their elected officials while getting the sedentary population involved in exercise programs. 5 years ago, Ray Wilson led the way in California's declaration of a fitness month for the State.

SCR 5 and SCR 6 are both in the Senate Committee on Rules. California club operators should contact their state senator and urge him or her to support these important measures. Visit <http://www.leg.info.ca.gov/yourleg.html> to find out who your state senator is and for contact information.

HOSPITAL FITNESS CENTER BACK ON THE TAX ROLLS

IHRSA member The Fitness Company (TFC), has completed the purchase of Birkdale Health and Fitness Center in North Carolina from Northeast Medical Center. The facility, which was operated by the hospital under a non-profit status, has been re-established as a for-profit,

taxpaying entity by TFC. It will be renamed the FitCare LifeCenter. TFC's FitCare brand incorporates medically-based programming and affiliations with a network of healthcare providers.

FEBRUARY 2 IS GROUNDHOG JOB SHADOW DAY

Just like their big business counterparts, small business owners are feeling the crunch from the nationwide shortage of qualified labor, according to a recent study released by U.S. Small Business Administration. It's never too early to start recruiting future employees, and Groundhog Job Shadow Day, February 2nd, is a great way to do that. Groundhog Job Shadow Day seeks to engage young people in the world of work — allowing students to shadow adults at their workplace — and learn the connection between academics and careers. What better way to excite young people about future job opportunities in the fitness industry than to provide a firsthand look at existing careers?

Visit <http://www.jobshadow.org> (or e-mail gr@ihrsa.org and include your postal mailing address) to receive a 60-page handbook that includes everything you need to know to arrange a successful job shadow experience at your club.

JUDGE UPHOLDS DISMISSAL OF STUDENT WITH ANOREXIA

A federal judge has upheld a college's decision not to readmit a student because she suffers from anorexia.

U.S. District Court Judge Rya Zobel said Stonehill College may have damaged Kerri Krissik's self-esteem, but she failed to demonstrate how not returning to school would cause her "irreparable harm."

Officials at the school have said they don't believe Krissik, 20, is well enough to attend classes and that the school is not equipped to care for her. She suffered cardiac arrest while at home in April. She completed her spring semester coursework, but administrators refused to let her

register last fall.

Krissik said she is protected by the Americans with Disabilities Act, but the court did not address that argument.

"The last time Ms. Krissik was on campus she almost died," said Elise Busny, a lawyer representing the college. "There's the risk that she would drop dead on campus." Busny said that the "door is open...to the extent that she continues in her recovery and does well and further medical records show that she is able to come back to school without compromising her health and well-being."

Anorexia nervosa is an eating disorder that is marked by obsessive fasting. Its effects can range from weight loss to delayed sexual development, heart problems, depression and death.

Many people with anorexia exercise regularly — often excessively — as part of their weight-loss efforts, so IHRSA's public policy department fields many inquiries about how to handle a member with such a condition. In the past, the Department of Justice has stated that it would be a violation of the Americans with Disabilities Act to refuse to allow someone to work out at a club because they have anorexia. However, some club operators do so, regardless of the legal risk, because they feel a moral obligation to protect the member from harming himself or herself. (Others do so because they fear a wrongful death lawsuit more than they fear a discrimination suit.) This ruling is good news for those who are faced with this difficult decision.

E-mail gr@ihrsa.org to receive a free copy of IHRSA's legal briefing paper on eating disorders.

MONTANA: A hearing for Senate Bill 151 was held on January 19th at the Capitol in Helena, MT. This measure would prohibit university fitness centers and community fitness centers from selling services to the general public when there is a for-profit fitness center operating in the community. It provides an exception for universities that sell memberships to students, employees, and their immediate families, and would be effective immediately upon passage.

For more information, contact Ron Muri at Billings Athletic Club at (406) 259-2626 and visit <http://www.ihrsa.org/publicpolicy/state/mt.html>.

VIRGINIA: State Health Commissioner E. Anne Peterson, M.D., M.P.H., wants the public to get

involved in developing the Commonwealth's health agenda for the next decade. The goals of Healthy Virginians 2010 are to improve the years of healthy life that Virginians enjoy and to reduce disparities in health-based on factors such as race and ethnicity. "The public is invited to participate in helping us make plans for the next 10 years in public health in Virginia. The results will be used by health decision makers to set priorities for programs and manpower, and progress will be measured and reported," explains Dr. Peterson.

Public comment is requested on 77 possible priorities in 24 areas of health concern. The list of priorities will be pared down to about 50 after public comments are evaluated. Let's make sure that physical fitness becomes and remains a priority! Get more information and post your comments by February 28 via the Virginia Department of Health web site: <http://www.vdh.state.va.us/hv2010/index.html>.

SMALL BUSINESS COMMITTEE CHAIR MAKES FAIR COMPETITION A PRIORITY

In what one business lobbyist called a "moderately surprising" development, Rep. Donald Manzullo, R-IL, won the chairmanship of the House Small Business Committee earlier this month. While Manzullo said he would begin to form his policy agenda over the next few weeks, he cited two issues he wants to address, one of which is the increasing tendency for government entities to compete against private sector companies.

"Prison industries are really expanding," Manzullo told the National Journal's CongressDaily. "In Chicago, we have a situation where the Veterans Administration hospital is in the commercial laundry business. They're in the process of knocking out one of my constituents."

In a meeting with Lee Culpepper, the Senior Vice President for Government Affairs at the National Restaurant Association, Manzullo discussed "highlighting all the good deeds done by small businesses in the community and focusing on how the government

might encourage small business to do more," Culpepper said.

In addition, the National Federation of Independent Business (NFIB) has given Manzullo a perfect score for his lifetime small business voting record.

IRS EXPANDS SCOPE OF RULES ON NONPROFIT COMPENSATION

New tax regulations issued last week governing compensation of executives of charities implement 1996 legislation by Congress aimed at giving the IRS a practical mechanism for dealing with charities that abuse their tax benefits, the Washington Post reports.

In the past, the IRS had few remedies short of revoking the group's charitable status. The new regulations lay out rules under which the agency can penalize executives of charities if they receive excess compensation, such as too much pay or too many perks, given their duties and the size of their organization.

The law and rules apply to organizations operating under sections 501(c)(3) (charities, to which donations are deductible) and 501(c)(4) (social welfare organizations, to which donations are not deductible) of the tax code. The regulations are temporary, which means they will be in effect for three years, but it gets them into force quickly.

The rules are likely to bite into the health-care industry, where hospitals and other large medical institutions have been fattening executives' compensation at a rapid pace. Colleges and universities may also feel the effect.

The penalties are stiff and come in the form of an excise tax imposed on the amount of compensation that was deemed to be excess.

The nonprofit organization itself has no liability under these rules.

CONNECTICUT: Senate Bill 430 would use tobacco settlement funds for "grants to municipalities for permanent recreational facilities to improve the physical fitness of the general public on a long-term basis."

MISSISSIPPI: Senate Bill 2191 would require that students in grades kindergarten through 9 attend physical education and fitness classes.

NEW JERSEY: Assembly Bill 3124 would allow a corporation business tax credit for 50% of the cost of purchasing automated external

(See Capitol Report page 24)

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Create A Clear Path To Your Club's Front Door

By Colin Milner

Throughout history whenever the French would challenge the authority of the government, they would erect barricades throughout the city, placing a formidable barrier between them and the government's troops. Fast forward to the year 2000 and there is a new revolution occurring, this time within the fitness industry. However, like the French, we have erected many barricades to keep out the battalion's worth of older adults and aging Boomers who are striving for a healthier more independent lifestyle.

So how do we eliminate these barriers, thus clearing a path for millions of older American's to embrace the fitness movement? The first step is to recognize what the barriers are, then set about to eliminate them.

When formulating your plan, consider creating programs that; treat chronic conditions, educate them on the benefits of exercise, dispel myths, set realistic goals, then follow up.

Barrier #1: Physiological. Animals sweat, men perspire and women do neither, was the message ingrained in the minds of young women growing up in the 30's, 40's and 50's. They were told that exercise would harm their re-

productive organs and that it was not a womanly thing to do. Young men, on the other hand, first experienced exercise during their military service, 10BX training, or at muscle beach. Is it any wonder their belief system about exercise is distorted?

Overcoming the barrier: focus on changing their self-image as a non-exerciser, adjust your media image of fitness, stereotypes of older adults, staff biases and show them how exercise relates to their ADL's (activities of daily living).

Barrier #2: Lack of knowledge. This group has limited knowledge about the benefit that exercise holds.

Overcoming the barrier: educate them on the benefits and how it can change their lives. Utilize your newsletter, web site and links, public relations, seminars, bulletin board, newspaper and magazine articles and whatever other avenues you feel are effective communication tools to achieve this.

Barrier #3: Marketing message. Typically facilities depict young muscular individuals in their marketing message, seldom using older adults. This sends a message of alienation, they just don't fit in.

Overcoming the barrier: create a multigenerational message, which reflects a vibrant

lifestyle. This says you understand their needs and speak their language. Ensure that you avoid scare tactics and ageism, demonstrating your credibility at every turn. Marketing materials should be easy to read with a large font size.

Barrier #4: Values. The older adults question whether the clubs values system reflects their own. Is the club really interested in me or just my money?

Overcoming the barrier: their values have little to do with sex appeal and ego and more to do with maintaining their functional ability and independence. By customizing your facility, staff, assessments, equipment, sales and marketing message, you will be seen as sharing in their values - making you an appealing choice.

Barrier #5: Time. Have you ever tried getting together with your grandmother and found that her schedule was busier than yours? Well it probably is. Many retirees frequently spend their time caring for grandchildren or doing volunteer work. The barrier of time is ageless and as Boomer's continued to have children at a later age it becomes more imperative to address this.

Overcoming the barrier: Create a comprehensive pro-

gram that is based on quality, not quantity, addressing their chronic conditions, fatigue and schedule.

Barrier #6: Physical Ability. Do I have the ability to use the equipment?

Will I hurt myself? These are only two of the many questions, which run rampant through their minds as they question their ability to function in a club environment. Add to this the feeling of being fragile, the pain associated with many chronic conditions, the fatigue from prescription drugs and the fear of injury and this group can quickly become paralyzed.

Overcoming the barrier: it is imperative to identify the current level of function within the population you will be programming for. There are generally five distinct levels of function ranging from the frail and dependent to the healthy and active. Create programming that addresses their chronic conditions, offering them pain-free exercise at a level of intensity and duration that is acceptable. Assessments should address issues such as falls and osteoporosis. Equipment should be chosen to match their abilities and not those of the younger crowd.

Barrier #7: Social. For older adults, the perception is that exercise is not socially acceptable, leading to ridicule from uninformed friends and family. This can be insurmountable if handled incorrectly. **MAKE IT FUN!**

Overcoming the barrier: break down this barrier by helping them to educate their friends, physicians and family. Create a social environment that makes it easy for them to blend in and offers reinforcement for their decision.

Barrier #8: Motivation. Social interaction diminishes as we age due to debilitating chronic conditions and/or the loss of a spouse or a friend. Also they lack the support from their physicians due to a lack of knowledge about exercise. Once they do start, many times the programs don't "fit" their needs, causing them to drop out. When they do stay however, they stay 2.5 times longer than the younger mar-

ket. **Overcoming the barrier:** foster an environment that encourages this group to participate in more than just exercise. A well rounded wellness program is ideal. Offer them reassurance as to the how this will change their lives.

Barrier #9: Environment. The facility layout, design, culture and environment can be one of the biggest barriers of all. Ask yourself: is my facility age friendly? If not set about to change it.

Overcoming the barrier: organize teams, committees and focus groups to help create change throughout your organization. Have them review your facilities policies, layout, equipment, marketing, sales, assessments and all the nut and bolts in between, to ensure that they are age friendly. Once you have created your game plan, implement it.

The media continues to seduce the aging Boomer and their parents towards a healthier lifestyle. This continuous media bombardment has created visibility worth billions. The result is that participation in regular exercise amongst the older adult has increased, however most adults still are inactive. By eliminating these and many other barriers, we open our facilities up to a whole new world. And what we offer their market is the ability to die young at an old age. It's the closest they will ever get to the fountain of youth and that is priceless.

(Colin Milner is the Vice President of Sales and Marketing for IDEA Health and Fitness Association and former Chief Operating Officer of the Keiser Institute on Aging. He sits on the advisory board of the American Senior Fitness Association, Assisted Living Success Magazine and Canadian Association of Fitness Professionals. He has authored over 60 industry articles and has been interviewed extensively in leading publications.)

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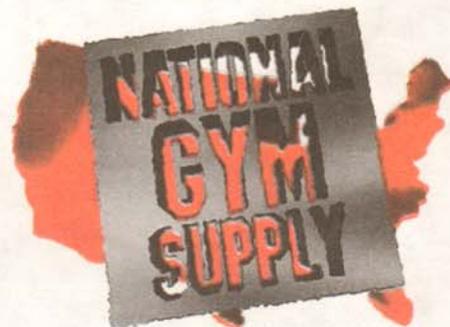
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Six Ways to Implement e-Learning in Your Business

By Paul S. Goldner

Having developed the first e-Learning application targeted specifically for sales professionals, I often get asked "how to implement e-Learning" in one's business. This article is devoted to providing you with a variety of sound e-Learning implementation strategies.

What is e-Learning?

In case you are not familiar with e-Learning, it is providing training over the Internet. The first reaction I always receive when the topic of e-Learning is brought up is "will e-Learning replace conventional, instructor-led sales training?"

While there are instances where this may be the case (and these instances are discussed below), I do not believe that e-Learning will re-

place conventional, instructor led sales training, at least in the short run. Rather, I believe that e-Learning will be part of a well developed corporate education strategy.

E-Learning as a Pre-Training Strategy

One great way to implement e-Learning is as a pre-training strategy. When you calculate your investment in a sales training program you must consider the cost of the instructor, the cost of the materials, travel expenses, meeting room expenses and the salaries and benefits of the people attending the program. One of the largest of these expenses is going to be the cost of the program participants.

In addition, when you calculate your investment in a sales training program, you must also consider the opportunity cost of not having your sales profession-

als in the field. When you combine the opportunity cost you incur with the salary and benefits related to the program participants, you might be very well looking at the largest component of your investment in the program.

Investment in an e-Learning application gives you the opportunity to deliver a portion of your sales training over the Internet. This could give you the opportunity to compress a three-day live program into one day and have the remaining portions of the program delivered in an e-Learning format.

If you were to run a program for 25 sales training professionals, the savings would be quite significant.

E-Learning as a Post-Training Strategy

A second great e-Learning strategy would be to use e-Learning as a post training support mechanism. I have been in the training business since 1983 and if there has been one question that I have been asked more than any other it is: "how will I make the training stick after you deliver the program?"

E-Learning is a great answer to this question. E-Learning gives you the opportunity to review and implement the program content in a structured format throughout the year. When you think about your return on investment in a training program, it will be more a function of what you implement from the program than anything else. E-Learning gives you a structured format to ensure program implementation throughout the year.

E-Learning as a Strategy to Minimize Opportunity Costs

One unfortunate aspect of sales training is that the opportunity cost of implementing a program may be greater than in any other area of training. As sales professionals, we must not only bear the cost of salary, benefits, travel, meeting facilities, and program related costs (instructor and materials), we must also include the opportunity cost of having our sales professionals out of the field.

E-Learning gives you the opportunity to maximize your time in front of the customer. E-Learning can be delivered over lunch, before work, after work, in hotel rooms and even on airplanes.

Imagine being able to fly from New York to San Francisco, London or Singapore and taking a sales training program in the air! E-Learning gives you the opportunity to minimize the opportunity cost associated with conventional, instructor-led sales training.

E-Learning as a Global Training Strategy

Not too long ago, I delivered a program for a Fortune 200 company in the Far East. I would estimate that they spent between \$250,000 and \$500,000 in travel and related expenses for this program. While I believe that live instructor-led training is still more effective than e-Learning, a good manager should always ask the question "how much more effective?" E-Learning would have allowed the client to invest the \$500,000 in other areas of their business and still receive a great training product.

In addition, when I delivered the program in the Far East, there was another issue to consider. The client only sent one or two people from each office in the region to the program. What about the other twenty people in each office? E-Learning gives you the opportunity to provide a consistent training application immediately to a global or geographically diverse sales organization.

E-Learning as a Substitute Training Strategy

Suppose you work for a small organization or suppose that you work for an organization that has only one or two sales professionals in a region. The actual cost of an instructor-led training program and/or the opportunity cost of taking your sales team out of the field may be too great to justify an instructor led program.

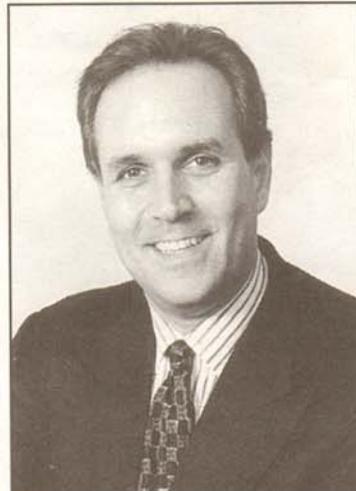
I have always been a strong advocate of personal development, even before I entered the personal development business. I would always argue that some form of training, whether it be video, audio or e-based would be better than none.

If you believe that the cost or the opportunity cost of implementing an instructor led program may be too high, e-Learning may be the vehicle that you have been waiting for.

E-Learning as Part of a Comprehensive Training Strategy

Perhaps the best approach to e-Learning is to develop a comprehensive approach to sales training in your business. This would include instructor led elements, as well as video, audio and e-based options.

When I started my first business in 1983, I hired one sales professional who was quite a bit older than I. When I tried to coach him to improve his sales skills using audio and video-based products, my ideas



Paul Goldner

met with much resistance.

One day, he asked me to go on a sales call with him to Allied Signal. I volunteered to drive and placed an audiocassette program in the car system. During the ride over to Allied Signal, there was a speaker talking about the "instant reverse close". I had never heard of this close before but was able to use it to help us close a sale that day. When we got back in the car, the sales person asked me where I had learned that technique. He was quite surprised when I replayed the audio program. From that day on, both of us became personal development addicts.

Conclusion

John Chambers, CEO of Cisco Systems, predicts that e-Learning will be the single biggest component of e-commerce. Peter Drucker, the famed management consultant, predicts that e-Learning will be our greatest growth industry. I believe that e-Learning must be part of your corporate sales education strategy.

If you would like to receive a free copy of our article "Is e-Learning Right for your Organization?" or you would like to test drive our market leading e-Learning application, REDHOTSALSTV(tm), please send us an email to Paul@redhotsales.com.

I want to wish you the best of luck in your selling career and ...

May 2001 be a REDHOT year for you!

(Paul S. Goldner is a noted author, entrepreneur and professional speaker. He is the author of *Red Hot Cold Call Selling, Prospecting Techniques That Pay Off!* (AMACOM, 1995) and *Red Hot Customers, How to Get Them, How to Keep Them!* (Chandler House Press, 1999). Paul's company, the Sales & Performance Group, is the developer of REDHOTSALSTV(tm), a market leading e-Learning application. Paul can be reached at (914-232-HOT2(4682), 914-232-4845, 8 Paul@REDHOT.SALES.COM and WWW.REDHOT.SALES.COM.)

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Lessons We Can Learn From Other Industries

By Karen D. Woodard

As a club consultant and trainer, I have the good fortune of being in different clubs throughout the world ten to fifteen days each month. Being in different clubs throughout the world also means that I am in different hotels, restaurants and on planes for a substantial amount of time (believe me, it is not glamorous). My point in sharing this is that I have exposure to a multitude of different businesses and the opportunity to observe their systems, successes and failures when it comes to serv-

ing their customers, staff and stockholders.

In observing these other industry practices, there are some striking similarities to what our industry does as well. Thus, the topic of 'Lessons We Can Learn From Other Industries' was inspired with the purpose of being able to transfer or adapt the best practices from other industries to ours. When you think about that, it makes complete sense for two reasons:

1. We get so busy working in the business we forget to work on the business and,
2. We can become a little myopic from time to time and for-

get that there really is a world outside of the club. When that happens, we tend to waste time reinventing the wheel.

This article is a brief look at some of the lessons we can learn from other industries. If you would like more detailed information, this will be presented in its entirety at the 20th Annual IHRSA Convention in San Francisco on March 21st, 2 - 4 p.m.. The research for this program is based on interviews with leaders in the following industries: hospitality, high tech, ski industry, banking, wholesale, and retail. The questions I asked focused around:

Core values; Differentiation and business description Challenges/issues over the next decade; Staff selection; Staff training; Compensation.

Volumes of books have been written on this topic; however, for this article, the content will be limited to a small selection of Core Values, Differentiation and Staff Training.

Core Values

The majority of the industries I interviewed had very clearly defined core values. Particularly the hospitality, ski, wholesale and retail industries. The purposes in defining your company's core values are to:

- Define the values that are integral to your organization.
- Support the vision.
- Support the mission.
- Be the principles that guide all decision-making in the organization on every level.

The following companies have very simple and clearly defined core values:

Vail and Beaver Creek Resorts:

- Our core values are based on an internal and external guest focus and is supported by:
 - Integrity and respect for others
 - Working smart while having fun
 - Teamwork
 - Being responsible community members
 - Respecting our natural resources

Omni Hotels:

- Our core values are based on

the trilogy of:

- Associates (staff)
- Guests
- Ownership

The two company's core values given above are examples of how simply values can be stated. When all staff at all levels have clarity about the values and believe in the values of the company, the best decisions can be made under most circumstances. How has your organization defined its values?

The next category to be examined is Business Descriptions for the purpose of differentiation in the market. The purpose of this element is to see how other businesses define themselves, how the market identifies them and how the staff can identify with them. Notice how well the following companies have articulated their descriptions. This is critical. Once we are clear on who we are and whom we serve, we can become more efficient and effective at doing so. After reading the descriptions below, think about any experiences that you may have had with any of these companies and see if there is a connection between their statements and their service delivery, pricing, marketing actions, etc.

Omni Hotels...

- A five diamond experience at a four-diamond price.
- Serve a niche between Hyatt/Westin and Ritz Carlton

Ritz Carlton...

- Uncompromising levels of personal service.

Vail and Beaver Creek Resorts...

- Extraordinary resorts and exceptionally grand experiences for our guests.

Banking...

- Total financial planning:
- Saving, planning, growing and convenience for you and your money.

How have you articulated your business description? Does your description create an image/experience/benefit or is it



Karen Woodard

simply a string of features?

The last point we will cover in this article is Staff Training. All of the companies interviewed shared the following elements in principal and practice with their staff training programs:

1. Initial orientations that focused on company history, culture, vision, mission, communication, paths for career growth, infrastructure and superstructure. The purpose of the orientation was to give the new employee a bigger picture perspective and that he has a part in the organization's success. The duration of these orientations ranged from one full day to two weeks. The tools used were primarily live staff trainers, with the exception of one company who used video for their orientation.

2. Detailed departmental training that focused on the function the employee would be performing. The departmental training was typically done with an internal 'certified staff trainer' that had a minimum number of years experience with the organization, had passed multiple exams on company and departmental operations and was paid more to train the new employee. Training was not done by whomever was on duty. A shadow period from 1 day to two weeks also occurred with most of the companies interviewed. The typical shadow period was one week with the new employee having one more week of training before they were officially out of training.

3. Graduation periods were also a common element in the training process. The graduation period was simply a celebration of a successful completion. This graduation was recognized by a certificate, lunches with ownership/management, etc. and symbolized the importance of good training. The message

(See Woodard page 22)



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To be continued.



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IHRSA'S 20th ANNIVERSARY CONVENTION & TRADE SHOW PREVIEW

The International Health, Racquet and Sportsclub Association's 20th Anniversary San Francisco, California March-21-24, 2001

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Tom Peters - Best Selling Author of 'In Search Of Excellence'
Herman Cain - World Class Entrepreneur

Don't miss this event! The following guide will give you all the information you need to make an informed decision to attend. Remember this. Both IHRSA Members and Non-IHRSA Members may attend. The registered IHRSA Member clubs may attend both the educational seminars and trade show. Non-IHRSA member clubs are eligible for com-

plementary attendance at the huge trade show. For additional information or to register call: (800) 228-4772

Below is an overview of the schedule and also information about our advertisers that will be exhibiting their products and services at the Trade Show. But first, we want to acknowledge and thank the many IHRSA Associate Member companies that are sponsoring this great event.

Special Thanks and Appreciation To IHRSA's Associate Member Convention & Trade Show Sponsors

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ration, Spri, StairMaster, TechnoGym, TCA, USRA and YogaFit.

Tuesday, March 20th
- Registration 3:00 p.m. to 8:00 p.m.

Certification Exams and Workshops - 8:00 a.m. - 6:00 p.m.

Wednesday, March 21st - Registration - 7:00 a.m. to 7:30 p.m.

All day - Certification Exams and Workshops, Orientation session, Group Fitness Management Training by Body Training Systems, Concurrent Workshops, Focus Group Program, Fair Competition Open Forum.

Opening Reception - 7:30 to 10:00 p.m. - IHRSA's 20th Anniversary Celebration!

Thursday, March 22nd - Jazzercise Class, Canadian Forum, Registration all day.

IHRSA Annual Meeting, Awards Presentation- IHRSA/Polar Electro Community Service Award, Dale Dibble Distinguished Service Award and President's Award and General Session with Tom Peters - 8:15 a.m.-10:00 a.m.

Concurrent sessions, Corporate Business Conference General Session, Focus Group Program, Global Industry Summit and Tennis Forum

Trade Show- 3:00 p.m. to 7:00 p.m.

Vanguard Event - 6:00-7:30 p.m.

Planet IHRSA- International Attendee Reception

Friday, March 23rd - Kick Box Exercise, YogaFit Basics Class, Registration all day, Going BALListic, Total Body Challenge Workout, Early Morning Workout Awards Presentation - Person of the Year, IHRSA ACE Fitness Awards, General Session, Spa Business Conference General Session, Concurrent Sessions, Focus Group Program II, Club Controller's Networking Forum, Human Resources/Legal Council Forum

Trade Show - 11:00 a.m. to 6:00 p.m.

Saturday, March 24th - Dynamic Stretch, YogaFit Class, Balance, Line, Strength with the Body Bar, Early Morning Workouts, AOTAKE-bics Bamboo Step Exercise Class

Awards Presentation- IHRSA/TCA Community Development Award, IHRSA Racquetball Programming Award, IHRSA/Keiser 50+ Programming Award and Concurrent Sessions All Day.

General Session - Herman Cain - World Class Entrepreneur

Trade Show - 11:00 a.m. to 4:00 p.m.

Grand Finale!- 7:30 p.m. - 10:00 p.m.

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Body Training Systems - Booth # 2401 - See page #26 and 27 this issue.

Cardio Theater - Booth #2217 - Cardio Theater puts you in control by allowing you to choose from a multitude of crystal clear audiovisual selections. Systems include Wireless Cardio Theater LCS and Fitness FM Plus. All are reliable, easy to install and easy to maintain. Differentiate your club and entertain your members. Dgould@cardio-theater.com http://www.cardio-theater.com

CheckFree Health and Fitness Services- Booth #:425- CheckFree Health & Fitness Celebrates 20 Years of Industry Leadership

IHRSA is not the only health and fitness industry leader celebrating its 20th anniversary this year.

CheckFree Health & Fitness, part of the Electronic Commerce division of CheckFree Corporation (NASDAQ: CKFR), also marks its 20th year as a lead-

ing supplier of health club management solutions. CheckFree will commemorate the milestone with the launch of its newly redesigned flagship product, RCM Solutions, at IHRSA 2001.

First announced last December, the RCM Solutions software is being enhanced dramatically to offer additional scalability, performance, load balancing and flexibility. Based on N-Tier computing models, the redesigned club management solution will take full advantage of Internet-standards-based or browser-based thin client devices. Examples of these devices include web browsers, smart phones, Personal Digital Assistants (PDA's), and network appliances.

"The N-Tier foundation is truly the only way to build a next-generation product that will tie together clubs' heterogeneous computing environments of today while leveraging the capabilities of Internet-based applications of the future," said Mark S. Johnson, CheckFree Health & Fitness senior vice president and general manager. "RCM Solutions is enabling our customers to focus less on software and IT management and more on the management of their facilities."

RCM Professional Services to Debut

The introduction of the enhanced RCM Solutions is just the first of CheckFree's new offerings this spring. The company has also announced the formation of its RCM Professional Services to provide consulting to clients in the health club industry. RCM Professional Services will specialize in club management and operations consulting, technology solutions, and business growth development.

The RCM Professional Services offering will include operations analysis, multi-site and multi-systems analysis, wide area network (WAN) design, software deployment strategies, application integration, contingency planning, security risk analysis, and customized systems administration training.

First User Conference Scheduled

CheckFree's existing clients will be able to see the new RCM Solutions product and hear firsthand about RCM Professional (See IHRSA page 20)

TRADE SHOW ASSOCIATES

The CLUB INSIDER News seeks Associates to work at our Booth # 216 at the IHRSA Trade Show in San Francisco, March 22, 23 & 24.

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* Show floor is open for early morning workout from 6:30 am to 8:30 am

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* Please note all sessions have limited seating. Sign up ASAP to get into your session of choice at www.ihrsa.org/meetings.

OFFER TWO

Register on our website at www.ihrsa.org/meetings or call 1-800-228-4772 if you register before March 9th, you will pay only **\$150 for an Education DAY PASS**.

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*www.ihrsa.org/meetings

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IHRSA
International Health, Racquet & Sportsclub Association

...IHRSA

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Services at the company's first user conference next month.

Scheduled just before the IHRSA 2001 exhibit floor opening, CheckFree's RCM Solutions User Conference will be held Tuesday, March 20, 3-6 p.m. at Moscone Center.

"In addition to learning about new RCM product features and enhancements, the conference will provide our clients a forum to offer their insights and suggestions for future product directions," said Melissa Carter, director of sales and technical services. "As host for the meeting, we promise to make it as productive, interactive, and fun as possible."

The evening will conclude with a cocktail reception.

There is no registration or attendance fee for the User Conference. To register, clients can go to www.pware.com/1950 and click RCM Solutions User Conference. Questions can be directed to the CheckFree Meetings Department at 678-375-3396.

CheckFree RCM Solutions is a family of products and services designed for the Health & Fitness industry. It includes elec-

tronic funds transfer (EFT) services, club management software and hardware, support options, and now Professional Services.

For more information about CheckFree Health & Fitness product solutions, call 800-242-9522 or stop by booth 401 at IHRSA 2001.

Club Performance Network - Booth # 2533 - CLUB PERFORMANCE NETWORK WELCOMES BRENDA ABDILLA

Club Performance Network is proud to announce that Brenda Abdilla, top club industry presenter at national conventions, and owner of Club Profit Systems, has video taped ten sessions to be included within the CPN e-learning centers. Brenda offers very specific skills and knowledge for Sales Representatives and Sales Managers. Some of her topics include "15 Ways to Motivate Your Sales Team," "25 Ways to Make Your Sales Meeting Soar," "What Top Reps Have in Common," and "Handling the Info Call." As with all Club Performance Network e-learning presentations, very specific information, tools, and suggestions are presented within her sessions to assist your club in achieving your primary goal of membership sales and membership retention.

Brenda will also be providing a wealth of marketing ideas and resources that will be made available to Club Performance Network subscribers.

Based in Colorado, Club Performance Network offers sales and marketing tools, staff and management training, and an interactive bulletin board via the Internet and iMac computers. Sales and marketing tools include unlimited access to a constantly updated database of promotional ideas, marketing tools, and an extensive stock photo library. Staff and management training is provided utilizing multi-media training sessions with audio, video, and PowerPoint. Presentations cover a large selection of subjects targeted to frontline staff, supervisors, sales representatives, sales managers, and management. All topics are directly related to making your club more profitable. The Website Bulletin Board offers a way for staff to develop a network of relationships between employees of subscriber clubs across the country.

Club Performance President Bob Chaiken says, "Our initial subscribers have been overwhelming positive and have found many ways to use the services offered. One club immediately upgraded their marketing pieces by utilizing the photo stock library. Another club is now offering e-learning training sessions during their weekly sales meeting. It's exciting to hear of clubs that now have all new employees watch the e-learning presentation called "How to Deliver Five Star Service" on their first or second day of employment. And, finally, it has been rewarding for general managers and owners to personally thank me for bringing new tools and insights into their work environment."

Club Performance Network provides something for everyone - from front line employees within all departments, to supervisors, to managers and owners. Janet Lossick, VP - Sales and Marketing, encourages you to stop by to watch a demonstration of the e-learning center at IHRSA 2001 in San Francisco (Booth #2533). For more information contact Club Performance at 800-850-2582 or bob@clubperformance.net.

Ground Zero - Booth # - 2223

Healthy Inspirations - Booth # - 2411 - Healthy Inspirations is a new weight loss company founded in late 2000 by club industry consultant, Casey Conrad. Casey Conrad is also founder

of Communications Consultants, a Rhode Island-based club management consulting firm. In August, 2000, Conrad announced the creation and opening of a national chain of centers called "Healthy Inspirations, Weight Loss and Lifestyle Centers." Since that time, Conrad has opened 9 centers, 2 company owned and 7 licensed centers. The Healthy Inspirations program consists of 4 major components: nutritional counseling services, exercise, Tranquility treatments and Synergie. Existing club owners may install a Healthy Inspirations business within their club through franchising. For information on Healthy Inspirations or Communications Consultants, call: (800) 725-6147.

Ivanko Barbell Company - Booth # - 401 - Ivanko Barbell Company was founded over 31 years ago by Tom Ivanko Lincir. Ivanko Barbell Company is the leading barbell manufacturer and supplier of weight lifting equipment in the industry.

At Ivanko, we feel very strongly that a barbell manufacturer's experience and reputation are important factors when selecting barbell equipment. After over 31 years in the industry, Ivanko has a proven record of performance, quality and integrity. (800) 247-9044. www.ivanko.com

Life Fitness - Exhibit Area - 1301 - Life Fitness, a Brunswick Company, is a global leader in designing and manufacturing a full line of reliable, high-quality fitness for commercial and consumer use. Its cardiovascular and strength-training products, including the renowned Lifecycle exercise bike, are used in health, fitness and wellness facilities as well as in homes worldwide. The company is headquartered near Chicago, Illinois and distributes equipment to 80 countries. Phone #: (800) 634-8637.

Sales Makers - Exhibit #2425 - Sales Makers 20th Anniversary Celebration

For 20 years Sales Makers has had the pleasure of serving some of the top clubs in the fitness industry. As the times have changed and we crossed over into the 21st century Sales Makers' philosophy has stayed the same - to provide solutions, not just advice. Sales Makers strives to educate their customers in all facets of the club industry so that club operators, gain the knowledge to achieve the best possible continued results. Here are just a few of Sales Makers' club results:

Aspen Hill Club-20% increase
Atlantic Club-31% increase
Bel Air Athletic Club-20% increase
Club at Woodbridge-32% increase
Club Fit -69% increase
Court Sports-30% increase
Golds Gym (NY)-38% increase
Greenville Racquet -40% increase
Sports Clubs (Sweden)-44% in-

crease
Westlake Sport House-30% increase
Viva! (England)-Pre-Sale Sold Out

Ray Gordon, Ed Tock, and Lyle Schuler have 60 years of collective experience in the health and fitness industry and are committed to increasing membership sales and club owner profitability. Sales Makers prides itself by developing the highest quality of staff training, proven sales systems, and innovative marketing programs.

Over the past year, Sales Makers launched a Monthly Maintenance Program. Club owners and managers have remarked that this service has given them a valuable outside sales perspective. Sales Makers will analyze and interpret your data, via fax, phone and internet, then give you suggestions on ways to increase sales thus increasing your profits.

Sales Makers also recognizes that every club has different needs and creates individual training programs for clubs that will ultimately result in higher profits without discounting dues or compromising club value and integrity. Here are a few of our credentials:

* Sales Makers has worked with 600 clubs in 41 states and 7 countries since 1981.

* Sales Makers are on the faculty of The Club Insider News contributing Author Team.

* Sales Makers are faculty members of The Club Industry Magazine and featured speakers at each of their 2 yearly conventions since 1986 and have authored numerous articles for their magazine.

* Sales Makers is one of only 14 faculty for the IHRSA Professional Club Management Course.

* Sales Makers clients have averaged 25-30% increase in sales!!!!

* Sales Makers recently sponsored and authored the latest IHRSA video on Sales.

* Sales Makers are on the judging committee (1 of only 6 judges) for IHRSA's Sales Team of the Year Award.

* Sales Makers has 15 years club ownership experience with top 100 national gross revenue rankings

John McCarthy, Executive Director of IHRSA, comments about Sales Makers, "Over the past 20 years, I have had the privilege of knowing and working with Ed Tock, Ray Gordon and Lyle Schuler. Each of them, in my judgment, is an extraordinarily gifted, insightful and motivating consultant."

Sales Makers may be reached at 800-428-3334, on the web at www.sales-makers.com, by email info@sales-makers.com.

JOIN us at the 20th ANNIVERSARY IHRSA CONVENTION and TRADE SHOW and learn, meet, greet and enjoy a great time while expanding your horizons. Please be sure to visit and do business with our advertisers!

Club Insider

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HEALTHY INSPIRATIONS CENTERS GROW TO 9 - JANUARY SALES EXCEED EXPECTATIONS

Wakefield, RI-February 6, 2001-As of February 1, 2001, the new chain of HEALTHY INSPIRATIONS Weight loss and Lifestyle Centers has quickly grown to 9 since the opening of its first center in July, 2000. Fully operational centers are now located in El Paso, TX, Manassas, VA, Warrenton, VA, Ormond Beach, FL, and Westerly, RI. New centers are also located in Burlington, ONT, Canada, Ancaster, ONT, Canada and Germantown, MD, with another center scheduled to open in March in Timonium, MD.

All fully operational centers are producing impressive monthly results (\$40,000 per month or more in gross contract sales), with January far exceeding expectations. One such instance is the Ormond Beach center, located in Bodez by Tasso. This center opened on December 3rd of last year and did \$62,000 in gross contract sales between December 3rd and the end of the year. Sales for

January were \$92,000. Even more impressive is the cash the club is generating, averaging over the two months a better than 50% cash collections at the point of sale. Says Michelle Paoli, Manager of the Center, "This is the most successful in-club weight loss system we have seen. The overwhelming success of the business is amazing. Given the number of square feet the center uses, the sales numbers far exceed what we could do in regular fitness sales, because it attracts a wider market and commands a much higher per client price. Even more important is the success of the program to the clients. We have clients who have been members of the gym for years that are now taking control of their weight and loving the results of 2-3 pounds of weight loss per week."

Another center that far exceeded proforma expectations was the HEALTHY INSPIRATIONS corporate-owned facility, which officially opened in West-

erly, R.I., January 2nd. This stand alone facility, that is not affiliated with any health club, did \$110,000 in gross contracts between January 2nd and the 31st, representing about 95 members. Says Casey Conrad, who oversees the facility from the corporate offices in Wakefield, "I am ecstatic about the results. Never did we imagine that we would get \$110,000 worth of sales from \$3,000 worth of advertising."

Three additional clubs are lined up to attend the March licensing training, which will bring the total to 12 centers, one of which will be located in London, England, placing HEALTHY INSPIRATIONS on the international scene.

HEALTHY INSPIRATIONS is a new corporation founded by industry consultant, Casey Conrad. Conrad is President of Communication Consultants, a company that provides the fitness industry's with comprehensive systems of live training seminars, tapes, workbooks, text-

books, on-site club consulting and trade show lecturing, with more than 20 products in use in over 1,600 clubs worldwide. She is the creator of Health Club University, a training center in RI that offers monthly sales, marketing and

management programs year round. She is now President of HEALTHY INSPIRATIONS, LLC. In addition, Conrad is an attorney, licensed in the State of Rhode Island.

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HEALTHY INSPIRATIONS at Westerly, RI (Stand-alone facility):	\$110,000 gross	43% cash
HEALTHY INSPIRATIONS at Contours Express for Women, Warrenton, VA:	\$42,000 gross	40% cash
HEALTHY INSPIRATIONS at Bodez by Tasso, Ormond Beach, FL:	\$92,000 gross	51% cash

Call today to receive a FREE 12-page info-pack that gives you an executive summary of how HEALTHY INSPIRATIONS can give you extra profits and a valuable service to your club.

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...Bally

continued from page 3

pany. They have planned and executed a major facility and equipment overhaul involving remodeling of club facilities and installation of nearly 20,000 pieces of new equipment at a cost of almost \$200 million. Hillman has taken a very strong stand in his leadership of the company toward ethical and straightforward business practices and has ordered the termination of employment of a significant number of individuals that have failed to follow company directives.

In 1996, Lee Hillman was appointed by then Bally Entertainment Chairman, the late Arthur Goldberg, to replace long-time Bally man, Mike Lucci, as the CEO of the company. Lucci and Hillman had previously worked side-by-side to revamp the company's accounting and business management operations and Lucci had served the company loyally and with great effort. But, the company was languishing in the stock market and performing poorly with respect to the bottom line. And, Bally Total Fitness continued, under Lucci, to end up involved in legal problem after legal problem due to misdeeds committed by Bally employees. Goldberg decided major changes were needed to be made and he named Lee Hillman to make and implement those changes.

During Hillman's tenure as CEO and now, Chairman and CEO of the Board of BTF, the Bally Total Fitness stock has risen from 6 to a high of 35 and now is steady at about 30. Also, and maybe more importantly to the communities Bally Total Fitness serves, Bally Total Fitness has become an outstanding corporate citizen with efforts to assist the Boys and Girls Clubs of America and millions of dollars of donated equipment as two examples of their community outreach programs.

Lots of Improvement More To Be Done

Although lots and lots of things have been changed and corrected in Bally Total Fitness, there remains work to be done. The reality is however, with 20,000 employees, over 3,000 sales staff members and nearly 400 locations, absolute perfection will probably never be attained. But, Hillman and his team are dedicated to the goal of operating an ethical and straight forward business across the board. The company has endured some recent negative press in New York and Texas where some ongoing problems have been alleged by the media. In the March edition of *The CLUB INSIDER* News, we will have comments from Lee Hillman, Bally Chairman and CEO, Bill Fanelli, Senior Vice President of Operations, and Harold Morgan, V.P. of Human

Resources, on those allegations and their response to them. Further, in that edition, we will report on the positive improvements in Bally's systems, consumer practices and human resources efforts that interestingly, were never mentioned in the New York Post, Smart Money Magazine or Good Morning America reports. The truth is, these recent reports focused on nothing but negative information, while totally ignoring all of the good aspects of the 'new' Bally Total Fitness organization. We will share the other side of the story next month. We will also have a report next month on Bally Total Fitness' end of year financials.

As promised in our January Norm's Notes section, we have contacted Bally's Chairman and CEO, Lee Hillman, IHRSA President, Joe Cirulli, IHRSA Founder and IHRSA Executive Director, John McCarthy, and IHRSA Founder, Past President and Advisory Board Member for their comments on Bally Total Fitness joining IHRSA. Read on.

Lee Hillman comments on IHRSA Membership for his company, "We are very happy to be joining IHRSA at this time. We have made tremendous changes within our company and will continue to do so. Over the past several years we have come to value the relationships we have developed with John McCarthy and Joe Cirulli, and other leaders of IHRSA and we look forward to working together to realize the tremendous opportunities for growth now presented to the entire industry."

Joe Cirulli, IHRSA President, comments on Bally Total Fit-

ness membership in IHRSA, "I am glad to have Bally Total Fitness as an IHRSA Member. However, do I think that everything is perfect with the Bally operation? Absolutely not. Do I think that the leadership of Lee and his corporate staff are working to try and make it become the best organization they can make it? Yes, I do. I think that they are an excellent group of people and that is why I want them to be part of IHRSA. We can all work together. This will give us an opportunity to sit down and talk about the issues in the industry, such as the recent round of press and allegations of problems. We are all part of the same industry and we all need to work together and figure out solutions to problems and challenges. We can become a better industry and I think that is the goal of everyone involved."

John McCarthy, IHRSA Executive Director, comments on Bally membership in IHRSA, "I believe that Bally should belong to IHRSA. I have believed that for a long time. But, the time is right, now. Our goal is to be an 'industry Association.' Our goal is to get everyone working together for the betterment of the industry. That's why we want all the "major players" involved."

Rick Caro, IHRSA Founder, Past President and Advisory Council Member comments on Bally's admission into IHRSA: "Bally Total Fitness has

finally been invited into IHRSA and accepted its invitation. With about 400 clubs and about 4 million members, Bally is the largest U.S. fitness club provider. It is clearly the largest public company in the club industry.

After years of acrimony between IHRSA (its member clubs and owners) and the Bally organization, the Board of IHRSA made the invitation to Bally to join.

This is a strong testament to Lee Hillman (CEO) who has tried to rectify Bally's past practices that impacted consumers so negatively. The assumption is that Bally is meeting IHRSA's standards today.

We should all accept Bally for what it stands for today and not chastise them for the past. Like all large organizations, it still needs to continue to police itself, set standards and enforce them and try to be a proper role model given its size and scope in the industry.

IHRSA might actually have an upside from this relationship and surprise all of the naysayers. The intention of both organizations is pure: a simple win-win result."

(Norm Cates, Jr. is the Publisher of *The CLUB INSIDER* News. Cates is a 27+ year veteran of the club business and served as the 1st IHRSA President and a Co-founder of the Association in 1981 and serves now on the IHRSA Advisory Council.)

CLUB INSIDER News Contributing Author Team

The 2000 *CLUB INSIDER* News 2000 Contributing Author Team is listed below. Our thanks to all of our authors for sharing their expertise and taking the time to write for *The CLUB INSIDER* News.

•MICHAEL HOFFMAN - President-Heart Communications (949) 489-0301

•KAREN D. WOODARD - President-Premium Performance

Training- (303) 417-0653

•DR. GERRY FAUST- Founder and President-Faust Management Corp.-(858) 536-7970

•RAY GORDON- President-Sales Makers- (800) 428-3334

•EDDIE TOCK- Vice President- Sales Makers - (800) 428-3334

•MICHAEL SCOTT SCUDDER- President- FITNESS FOCUS- (505) 751-4236

•CASEY CONRAD - Com-

munications Consultants - (800) 725-6147

•RICK CARO - Chairman, Spectrum Clubs Inc. and President, Management Vision, Inc. - (212) 987-4300

•BONNIE PATRICK MATTALIAN - Fitness Company - (732) 548-0970, Ext. 111

•JIMEVANS - President & General Manager - Peninsula Athletic Club - (619) 224-4644

•MIKE CHAET - Ph. D. President - Club Marketing & Management

Systems - (406) 449-5559

•SANDY COFFMAN - President - Programming For Profit - (941) 795-7887

•NANCY FRIEDMAN - President - Telephone Doctor - (314) 291-1012

•JOE MOORE - President - Moore's Fitness Centers - (937) 435-0022.

•KIM DONOVAN - Brick Bodies Director of Marketing and Advertising - (410) 252-8058

•COLIN MILNER - VP Sales/Marketing - Idea Health & Fitness Association - (800) 999-4332.

•PAT NECERATO - President - www.success-ercise.com

•CINDY SCIBETTA - Associate - JLR Associates - (401) 245-0077.

•ROBERT MACPHEE - President, Heart Set, Inc. (800) 528-0991.

•PAUL GOLDNER - Sales & Performance Group (914) 232-4184.

...Woodard

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sage to new employees from the company is that the company takes training very seriously, so the new employees should as well.

4. Probation periods were also a common element in

the training and usually lasted from thirty to ninety days. During this time, the employee was often compensated differently. Once the probation was successfully completed, the compensation would increase.

5. On-going, regular training was consistent with every company interviewed and typically occurred on a monthly basis.

How does your staff training program compare?

This article has reviewed a microcosm of common elements amongst all businesses. There are so many elements of businesses, regardless of what business is examined, that can be successfully transferred to other business. Frankly, one does not have to be flying around the world to see this. Take some time to

look at the businesses in your community and study their proficiencies. Additionally, study the areas that your club might be having some difficulty with and see how you can adapt some practices from other businesses. My recommendation is to meet with other business owners and discuss business issues with them. By doing so you will profit from the lessons you can learn from other industries.

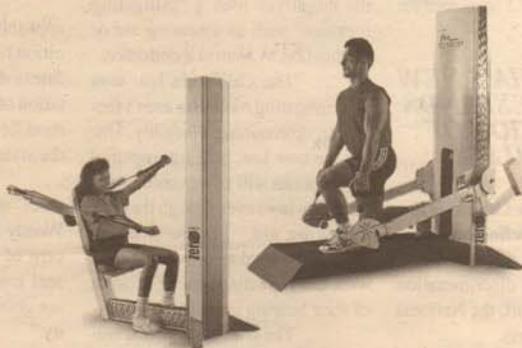
Karen Woodard is President of Karen Woodard Consulting Services (formerly Premium Performance Training). A former club owner since 1985, Karen is now an international speaker, consultant and author on the topics of marketing, sales, service and management training in the health and fitness industry. She offers on-site training, books, training manuals and audiotapes and can be contacted at 303.417.0653.)

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Clubdoc's Corner

By Mike Chaet, Ph.D.

The following questions, issues and situations are commonly brought up during my visits with clients and clubs around the globe. The Clubdoc's Corner is designed to share my solutions with you as well as to challenge you to come up with solutions of your own.

Q: What would you consider to be the foundation of a good membership referral program?

A: The basis of an excellent referral program should be built out of what I call "The Three 'R's'"—Relationships, Recognition and Reward.

RELATIONSHIPS start with the product. You know what a good club is like. It smells good. The bulletin boards are attractive and interesting. People are dressed appropriately. It delivers on its fitness promises and treats you well. You like being there. Consider what happens when you go to a good restaurant. What do you do? You tell your friends. And, when you go to a bad restaurant. What do you do? You tell your friends. They're going to carry the message, one way or another. I want that thought to be your foundation, all with the understand-

ing that your product, your club, has to be of good quality. You can't have a good referral program with a bad club or poor programs... that just produces bad relationships.

I know guys that run their clubs in a manner that I would describe as 'penny-wise and pound foolish'. They don't spend a lot of marketing money or money keeping the clubs up. When the club starts to deteriorate, what do they do? They start to lean on their staff. "Go tell the members you need more friends to join! We need referrals!" Straining relationships translate negatively to everybody involved.

RECOGNITION is doing something for someone when they have done something for you. You teach your children common courtesy. This involves the common courtesy of reciprocation. If a member does you a favor, such as providing you with a referral, you should respond with a thanks that goes something like this: "We thank you and recognize you for helping in the growth and development of the club. So, here is a gift from us to say thanks." Also, always remember that if you DON'T recognize and thank people, they'll have little motivation to refer their friends. They may still be a mem-

ber, they still may come every day, but they won't have that bonding, that feeling, that emotional tie to you or your club. So recognition is critical. Say "Thank You" in any way possible.

That also works with your staff. Recognition is the number one motivating factor in getting employees to work harder, not money. Recognition for a job well done is what makes workers work harder and want to move up. Money just causes them to show up. Once again, say "thank you" in any way possible.

REWARDS complete the recognition step. Make it a rule that every member that brings in another member gets a gift. You don't just give one t-shirt if they bring in one friend, and then they bring in another friend and don't get anything else; they get a t-shirt for every single friend they bring in. Or they get a free month's dues. Or they get a great mug, or whatever your prize is... they get one for every single member they bring in. That's very, very important and represents an important cardinal rule of the referral business.

Q: What's the greatest challenge in the club industry in terms of sales?

A: The greatest challenge in terms of sales is getting prospective members to come in the front door. You get the prospect in the front door, you're halfway there.

There's probably not a person in this industry that can't sell 50% of the people who walk in the front door, just by being there. Even if you didn't do anything but smile and hand out a contract, you'll still manage to sell one-third of the people that come in. So the greatest challenge is getting people through the front door.

We've identified two types of prospects: they are the "high-profile" prospect and the "low-profile" prospect. A high-profile prospect comes from your existing membership base. They have common interests, they're already somewhat pre-sold; they're predisposed to joining.

An example of a low-profile prospect is the 18 year-old kid who throws his name in a lead box at the local McDonald's, thinking he's going to win a membership or other prize. You call 'em up and say, "Well, you didn't win the one-year membership, but we have a 1-week pass for you." They're not excited. They might come in, use their free pass and they're gone forever. That's a low-profile prospect.

What kind of show-up rates can you expect between these two groups? Of the low-profiles, you'd be lucky in most cases to get 20 out of a hundred people in for an appointment. Out of those 20, you can consider yourself fortunate to close 2 or 3.

Conversely, with a high-profile prospect, such as referral, you should get 80 or 90 appointments out of a hundred calls. Out of those, you could expect to close 70%. With high-profile referrals, your salespeople should experience the highest closing rate that they're capable of. So your goal should be to gather those high-profile prospects. Those are the people who are the most inclined and most likely to join.

(Mike Chaet is president and CEO of Club Marketing International, Inc., a club consulting company located in Helena, Montana. Mike is one of the leading consultants in the industry and has received many awards for his work. To contact Mike, you may call him at (406) 449-5559, fax at (406) 449-0110, or visit his website at cms-clubweb.com. To receive Clubdoc's free monthly newsletter, simply send your e-mail address to clubdoc@cms-clubweb.com)

...Netpulse

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continue supporting our customers. It is going to be real bad if I just bail on this and am unable to put it together. I am not sure exactly what would happen. There are groups that can do the support because we largely outsourced it in the past. I am very hopeful that there is not a scenario where the clubs will be left completely high and dry. That is unlikely. The best alternative is if we can pull it together and pull it together quickly enough to be able to keep the key employees. All the employees have been laid off

and they are all rooting for me as well. They are the guys that are out talking to the customers. They know that we are on to something. It is very analogous to what happened with Intuit, my first company. We ran out of money in 1985, but we didn't have to go through a Chapter 7. We came within inches of doing so. But, what kept us going then is the same thing that is keeping me going right now. We knew we were on to something. We had a product that people were passionate about. It is the same thing here. What attracted me to Netpulse in the first place is what gives me the optimism, the ability to persevere

and to come back out of retirement and to try to rescue this again."

Proulx commented on the markets right now. "It is a tough time right now. The markets, as irrationally exuberant as they were a year ago, are equally irrationally pessimistic now. That makes it very difficult for all companies. There are a lot of good companies that are going out of business in Silicon Valley because their investors are just running for the hills. Everybody is scared. It is really amazing."

We asked Proulx how much money he is trying to raise? He responded, "\$6 mil-

lion. That is not a magic number \$5 or \$6 million will give us the ability to do what we need to do with some margin for security. I want to be able to take a fresh start company from here to profitability and not ever have to go out and raise money again. Once you get to profitability, you've got options. You can then look at other methods of financing. Constantly having to worry about the whims of the financial market is something I do not want to do again. The really good thing about the market is that it is now back to reality and has returned to a world where profits actually matter. We actually have a business model

that is profitable. It will get us to profitability within a year, assuming we raise the money and get going. So, the good news is the markets are back to rewarding companies that make a profit."

Certainly, this situation is one of the most significant club business challenges to come along in a while. Thanks to Tom Proulx for his candid comments for this article. STAY TUNED for updates as this important story develops!

(Norm Cates, Jr. is the Publisher of THE CLUB INSIDER News. Cates is a 27+ year club industry veteran and was the 1st President and a Co-founder of IHRSA in 1981.)

...Capitol Report

continued from page 10

defibrillators (AEDs).

NEW YORK: Assembly Bill 1722 would require that health clubs and other businesses have resuscitation equipment readily accessible for use during medical emergencies.

Senate Bill 465 would require that at least one AED be made available for emergency use to resuscitate attendees at each facility having a capacity for occupancy by

1,000 or more people.

OREGON: House Bill 2302 would require any public facility, including a health club, that opens on or after June 8, 2001, to have at least one AED on the premises.

WASHINGTON: Would you like to see the sales tax on fitness repealed? The Washington Health and Fitness Club Association (WHFCA) presented "Olympia Day" on Thursday, February 8. Club owners met with legislators to discuss important issues. WHFCA provided briefing packets and talking points in advance. Contact Cathy Buckley at (360) 676-1800

or e-mail cabuck52@aol.com for the details.

CALIFORNIA'S NEW ADA LAW EXPANDS DEFINITION OF DISABILITY

A new California law that expands the definition of disability will make it easier for workers to have their discrimination cases heard in court, the National Law Journal reports.

In their interpretation of the federal Americans with Disabilities Act, courts have not considered a worker to be disabled if

the employee uses a "mitigating measure" such as a hearing aid or medication to control a condition.

The California law says that mitigating measures aren't factors in determining disability. Under the new law, hearing-impaired workers can still be covered under disability laws even though they use a hearing aid. [Those workers would still need to prove that they were discriminated against because of their hearing impairment.]

The law also says that employers must discuss with disabled workers what can reasonably be done to accommodate their needs, or face a suit.

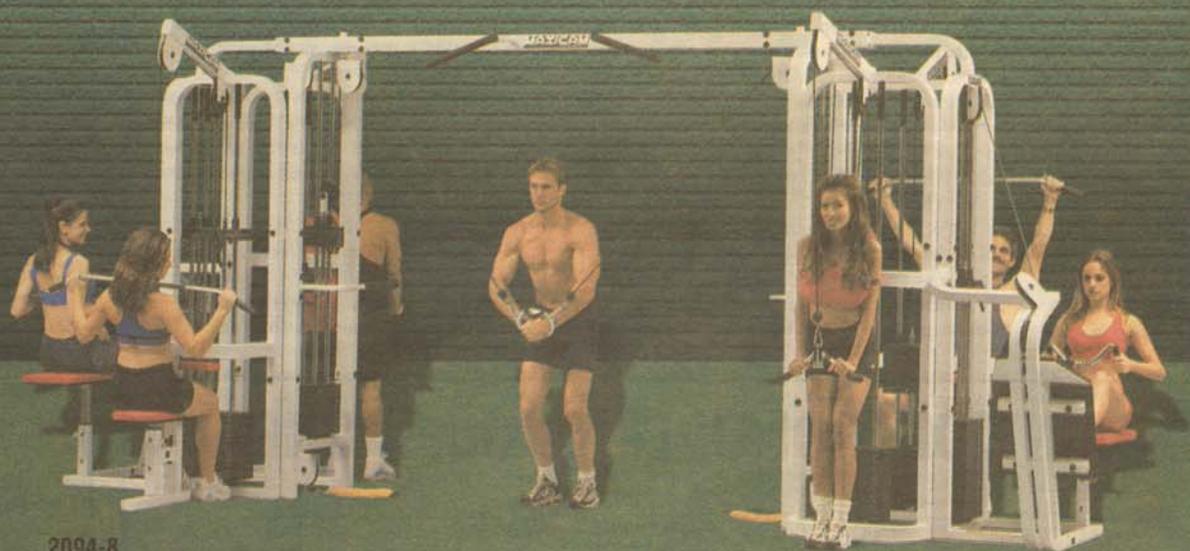
Another aspect of the law appears to broaden California's definition of disability. Federal law defines a disability as a substantial limitation of a major life activity, but the modifier "substantial" isn't used in the state law.

"This is such a broad standard," says San Francisco attorney Wendy Lazerson, echoing the concern of other attorneys who represent employers. "I wonder what is not going to be considered a disability."

E-mail gr@ihrsa.org for your free copy IHRSA's "Americans with Disabilities Act" briefing paper.

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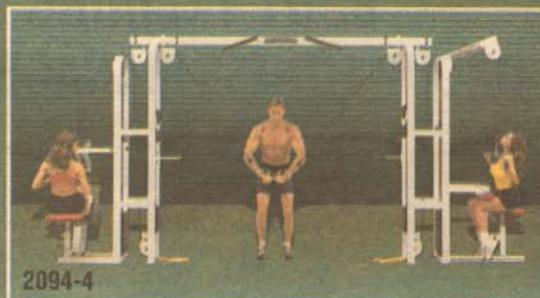
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Putting Callers ON HOLD: America's Number One Frustration

By Nancy Friedman,
The Telephone Doctor

Do you know what the number one frustration of the American public was 10 years ago? It was being put on hold. Do you know what the number one frustration is 10 years later? Nope - not voice mail, it's STILL being put on HOLD.

So why is everyone so upset about being put on hold when it's part of doing business on the phone? Because it's the WAY you're put on hold that frustrates customers. A common phrase people use is, "Hang on a second, I'll be right back." Nothing takes a second. So what are we to do?

We tell the truth.

There are two kinds of

holds: one for a person and one for information. Telephone Doctor does not believe in putting callers on hold for a person if they're on another call. We believe in servicing the call immediately. Telling someone, "Mr. Jones is on the phone, would you like to hold?" is asking the impossible because the next question from the caller is often: HOW LONG WILL HE BE? Of course we aren't able to know that information. Either service the phone call yourself or give it to someone who can. If voice mail is available, ask the caller if they would like to leave a message on voice mail. If at that point, the caller WANTS to hold, then that is their choice.

For whatever reason, being put on hold for INFORMATION is perfectly acceptable. Most callers realize that when you come back to the phone you'll have the

information they need so they'll wait for it. Simple?

Well, not so simple. When you leave the line for information, give the caller a visual. Tell them where you're going, what you'll be doing and about how long it should take. Like this: Mr. Jones, the information you need is in another area. If you're able to hold, I'll call that department and get it for you. It'll take me about three or four minutes. Are you able to hold? (Then wait for a response!!) Or: Mrs. Smith, the information you want is on another computer. If you're able to hold I'll get it for you. It will take me about a minute or two. With the Telephone Doctor(r) method, you've given the caller a visual and you've shared some of the places you'll go. They can visualize you going to the computer, getting

their information and bringing it back. They know it's not going to take JUST A SECOND.

Many companies ask me what I think of music on hold. My answer is, it's not what I think, it's what the caller thinks. If you're getting complaints, then change the music. An alternative is to put valuable information for the caller to listen to while holding, such as information about your company or industry that they may not be aware of.

(Nancy Friedman is a KEYNOTE speaker at conferences and corporate gatherings and will speak March 21, 2001 at the IHRSA Convention in San Francisco. She is President of Telephone Doctor(r) Inc., an international customer service training company with its headquarters located in St. Louis, Mis-



Nancy Friedman

souri. Call 314.291.1012 for more information or visit the Telephone Doctor(r) web site at www.telephonedoctor.com.)

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- Implementing comprehensive and continuing instructor training
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- Setting targets and measurements
- Preparing budgets and quarterly reports on achievement of key performance indicators
- Creating successful promotions and maximizing studio presentation

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THE Club Insider
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Les Mills Body Training Systems deliver group fitness results to your club members, your instructors and your bottom line. You get fantastic pre-choreographed classes, developed by world leaders in group fitness and finely tuned in clubs all around the globe. Your instructors are expertly trained and inspired to achieve at the highest level. And our Group Fitness Management Training will add to the profitability of your group fitness department.

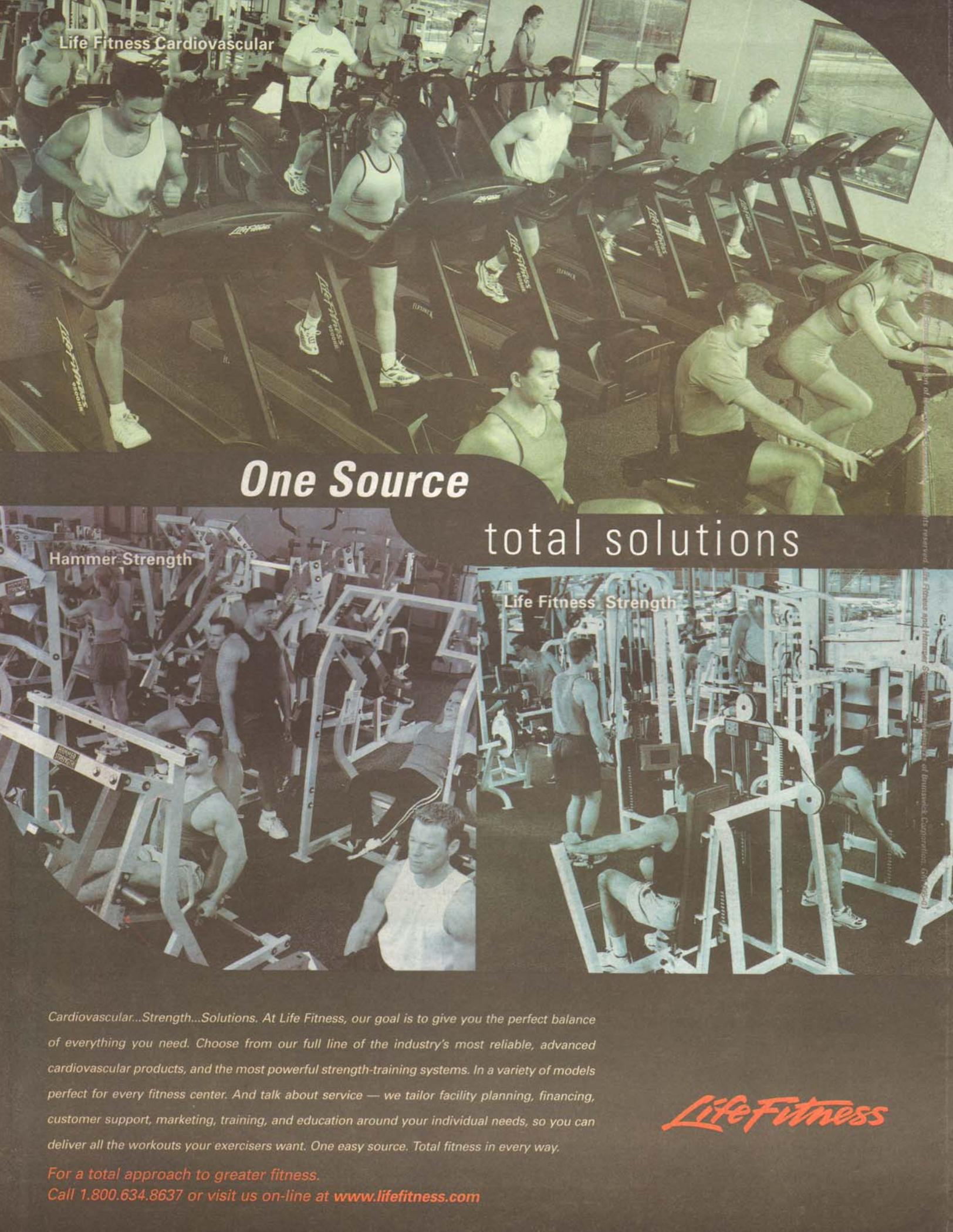
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