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Norm Cates'

# THE Club Insider

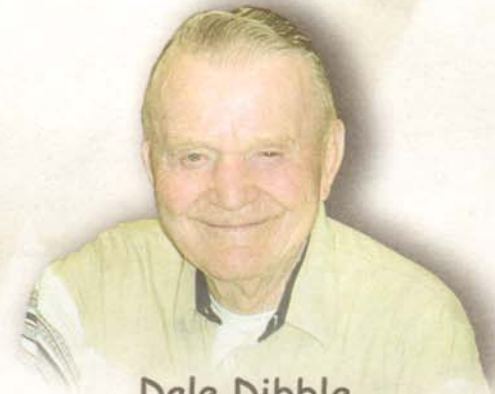
## NEWS

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

MARCH 2004  
VOLUME 11 NUMBER 3



Ray Wilson



Dale Dibble



Olive Mae & Dale Dibble

**Ray Wilson and Dale Dibble First Ever  
“Health Club Pioneer of the Year” Award Winners!**



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Norm Cates'

# THE Club Insider

## NEWS

### Ray Wilson and Dale Dibble First Ever "Health Club Pioneer of the Year Award Winners!"

By: Norm Cates, Jr.

Ray Wilson has been involved in the health club industry for 56 years. Wilson is not just a pioneer in the health club business; he is a legend and icon. Throughout his 56-year career he has experienced six "phases" of business. All of these phases have been achieved by Wilson through joint-venture partnerships with his key people. And, to a person, only praise is heard about Ray Wilson and those partnerships, a remarkable testimony, especially for a career of 56 years.

● In the 1950's as a young man coming from a pro-wrestling career (with over 600 matches in two years), he built a chain of 250 American Health Silhouette clubs. By the time Wilson was age 28, he was already a millionaire. Ray owned three banks in Texas and in August of 1958 was featured in Fortune Magazine as the "Entrepreneur of the Month". During this first phase of his career, Wilson was the first to install air conditioning and

attractive decors in health clubs. In the late 50's, Wilson involved his American Health/Silhouette chain in a "Spa War" with California-based Vic Tanny Health Clubs. Wilson admittedly overbuilt his American Silhouette chain during those "Spa Wars" and wound up selling his chain to his Regional Managers rather than bankrupting the organization. He moved to Mexico where he built four clubs, including two in Mexico City. His mission was to experiment with a new concept his friend, Bob DelMonteque, had seen in Palm Springs, California. That concept was the installation of full spa facilities, including Jacuzzi-driven hot baths, saunas, steam rooms and cold plunges in health clubs packed with the latest available equipment

Bob DelMonteque, long-time friend and partner had this to say about his friend, Ray Wilson: "Ray Wilson was my best friend and business partner for over 50 years. I don't believe I have ever seen anyone with such passion, energy, belief, blazing determination, burning desire and persistence. Ray never gave  
(See Ray Wilson Page 14)

By: Norm Cates, Jr.

Dale Dibble, age 83, the man I call "Mr. Enthusiasm", sat at the table in Chicago in 1980 along with Todd Pulis, representing the National Tennis Association (NTA) in the first meeting leading to the formation of the Association now known as IHRSA. Also at that table with Dale and Todd, were Peter Donahue and Jennifer Michell, and yours truly, representing the National Court Club Association (NCCA). The meeting took place because of a brilliant idea from a brilliant mind. The idea? The idea was to combine the forces of the NTA with those of the NCCA. NCCA was an association for the owners and operators of racquetball clubs. The brilliant mind that dreamed this up? Rick Caro, at that time, a member of the Board of Directors of both NTA and NCCA. Caro had an experience that planted this idea into his mind. During a period of about two weeks in 1980, he attended Board of Directors Meetings for both NTA and NCCA. Mistakenly at one

of those meetings, he found himself referring to the Board Meeting Agenda from the previous Board meeting he had attended for the other association. The idea came to him when he discovered that almost all of the Board meeting agenda items on one sheet matched items for discussion from the other Board meeting. Caro thought, "Why not combine both of these struggling racquet sports trade associations to form one, more successful, more impactful association and include pure health clubs? That was a good question. But, rather than make that decision himself, Caro asked Dale Dibble, myself, and the other three of us Board Members representing both associations, to conduct a meeting in which they would explore the common ground and compatibility between the two groups. The meeting lasted for close to 9 hours and when it was over, all five came to the conclusion that we should do it. That recommendation was made to Caro, a meeting was set by Caro and held at Caro's New York City offices. IRSA, the  
(See Dale Dibble Page 18)

## The Club Insider Chronicles 10+ Years of Health Club History

By: Norm Cates, Jr.

This article chronicles the first 10 1/3 years of publication of The **CLUB INSIDER** News. We have reviewed almost every one of our 123 monthly editions to attempt to say "THANK YOU" to all that have made this publication a reality and a force in our great industry. First, we want to thank all of our advertisers over the years for their crucial and wonderful support. There are two companies that I would like to specially thank first here and they are **Affiliated Acceptance Corporation** and the **Springfield Corporation**, because these two organizations have had their ads published in EVERY edition since we began to accept advertising in June, 1994. Of course, we want to thank all of

our **current advertisers**, many of whom have been with us through "thick and thin" over the years. Thanks to current advertisers, **CheckFree Corporation's Health and Fitness Division**, **Body Training Systems**, **Sales Makers**, **MedX Core Spinal Fitness Systems**, **National Gym Supply**, **Friday Reports**, **Fit To Go**, **Thomas Plummer Company**, **Ray Wilson Ventures**, **ABC Financial**, **Ivanko Barbell Company**, **Thin and Healthy Weight Management**, **JLR Associates**, **Iron Grip Barbell Company**, **Fair Financial**, **Gym Pro**, **Club Performance Network**, **Pro Club Management**, **Retention Management**, and **Impact Design Concepts**, **Paradigm Partners** and **Fitness Management Magazine**. Thanks to our advertisers, **not currently scheduled** for this edition, for

their past support including: **IHRSA**, **Healthy Inspirations**, **Fabiano Design International**, **Club Industry Convention and Trade Show**, **International Fitness Club Network**, **Hammer Strength**, **ICAA**, **Life Fitness**, **CardioTheater**, **ActivTrax**, **AvanTech**, **FitnessInsite**, **Gold's Gyms**, **Communications Consultants**, **Aphelion Software**, **Muscle Dynamics**, **Free Motion Fitness**, **HealthandWellness Jobs.com**, **NASM**, **Health Club Panel Network**, **ISSA**, **W.I.T.S.**, **Xercise**, **Club Runner**, **Premium Performance Training**, **P.T. On The Net** and others I may have missed here.

Also, I wish to express my very sincere appreciation for the companies that stepped up to Sponsor our 10th Anniversary Celebration, March 24th in Las Vegas. They are: **PLATINUM**

**SPONSOR- CheckFree Health and Fitness Division**, **GOLD SPONSORS: Body Training Systems-RICH BOGGS** and **RAY IRWIN**, **Health Club Panel Network-GENE LEDERER**, **Thin and Healthy Weight Management, Inc.-DONNA KRECH** and **SILVER SPONSORS - Sales Makers-RAY GORDON, EDDIE TOCK** and **LYLE SCHULER**, **JLR Associates-Jeffrey Randall** and **Retention Management-RICH ECKSTROM**. You folks have gone above and beyond the call of duty, and we sincerely

appreciate your sponsorship of this "PARTY TO REMEMBER!", another Production of Norm Cates' Special Events, Inc.

Very special thanks to The **CLUB INSIDER** News Cover Stars for sharing their terrific success stories and for your assistance with the interviews and review of the articles before publication. You Cover Stars set the tone, the pace and deliver the energy to our industry and our publication.

(See 10 Year History Page 10)

### Inside The Insider

- **Midwest Ethical Health Club Association - "MEHCA" Founded**
- **"Welcome to My House..." Retention Training For Your Team**
- **How To Attract The Overweight Population - Part III**
- **Anatomy of a Healthcare/Health Club Relationship**

# Announcing

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# THE Club Insider NEWS

## “CONSUMER EDITION”

● A NEW monthly publication produced and distributed by Norm Cates, Jr. - Publisher of The Club Insider News for over 10 years. Cates, IHRSA's 1st President and Co-founder, has selected “You Must Train Your Mind To Train Your Body” as the motto of the CIN “Consumer Edition”.

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## ●Norm's Notes●

●ANNOUNCING The **CLUB INSIDER** News "**CONSUMER EDITION**!" Ladies and Gentlemen, I have waited 8 years to make this announcement. 8-years ago, I brought an idea to my **Faust Executive Roundtable #1 Group**, the same group of people that 3 years before had helped me conceive, define the Mission and create The **CLUB INSIDER** News. The idea I shared with them 8 years ago is the idea and plan I am announcing here. However, their "Tell-It-Like-It-Is" response to me back then was, "Great idea Norm. But, you are not ready yet. Keep on plugging on The **CLUB INSIDER** News and maybe someday you will be ready to produce this new publication." Well, that was good advice. I heeded it. But now, I am ready and the world is ready. Here comes the CIN "**CONSUMER EDITION**"! The new "**CONSUMER EDITION**" will look like the "**CLUB INSIDER** News." However, The CIN "**CONSUMER EDITION**" will be published for your members and provided to them at no charge. The editorial content will focus on our new "**CONSUMER EDITION**" motto: "**You Must Train Your Mind To Train Your Body.**" The CIN "**CONSUMER EDITION**" Editorial content each month will feature: A special Cover Story on "unsung heroes" that have made their life much better through exercise and proper

nutrition in health, racquet and sports clubs across America. The monthly Cover-stories will be written by selected professional Authors and will be shorter and more concise than our CIN monthly in-depth case-study cover stories featuring industry leaders. The monthly "**CONSUMER EDITION**" publications will provide world-class educational articles for consumers intended to assist health, racquet and sports club members all across America in obtaining better results from their club memberships. The "**CONSUMER EDITION'S** Mission Statement is: "*To provide health members across America with a positive educational tool that will help them get better results from their club membership, thus bonding members to their club and increasing membership retention and new member referrals.*" The "**CONSUMER EDITION**" will be a membership benefit and retention tool for clubs through continuing education of their members on a myriad of topics on exercise, nutrition, exercise adherence, sports and the mind/body/spirit connection, to name a few." The "**CONSUMER EDITION**" will also be a new membership sales tool for club owners and operators as it will become a vital "hand-around" link between members and their non-member friends. The **CLUB INSIDER** News "**CONSUMER EDITION**" will be provided in mass quantities

to club members in selected clubs who provide distribution through at least one of the two methods: 1) In-club distribution in high volume areas in clubs from nicely presented distribution containers adorned with attractive signage; 2) Direct mail to club members through the U.S. pre-sorted mailing system. Clubs selecting this distribution option will bear only the monthly cost of the mailing to their members through our security guaranteed mailing list program. On the direct mail plan, it will be the option of the club to pay the roughly 30-35 cents per copy postage cost.

●COME TO OUR **BOOTH #1950** at the **IHRSA Las Vegas Trade Show** where we will be pre-enrolling member clubs for the "**CONSUMER EDITION**" monthly distribution. You will be able to pre-enroll your club, subject to your final approval at a later date, simply by providing your business card or the info on your business card. You will have **no obligation** except that you will agree to receive, review and authorize our **simple Club Distribution**

**Agreement if you wish to begin receiving the "CONSUMER EDITION"** for complimentary distribution to your members. Look at this offer as a no-cost to you, no-obligation, pre-sale. We must go through this phase to ascertain our initial circulation numbers that will be necessary to interest our targeted **FORTUNE 500** advertisers. If you read this edition after the **IHRSA** Convention and Trade Show, and would like to pre-enroll to be placed on our distributor list, just send an email to: clubinsidernews@mindspring.com. Indicate your name, your club name, U.S. Mail address, # of members, and phone and fax numbers. It has taken me 8 years but I want to cordially invite you to pre-enroll your clubs to participate in the new "**CONSUMER EDITION**", a Division of The **CLUB INSIDER** News.

●AMAZING! That is the only word I can come up with to describe the onslaught of the tv, radio, Internet and press on (See Norm's Notes Page 8)



**Norm Cates**

**The Club Insider News  
Contributing Author Team**

The 2004 **CLUB INSIDER** News 2004 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.

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**THE Club Insider**  
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# The "Insider Speaks"

## Midwest Ethical Health Club Association- "MEHCA" Founded

By: Norm Cates, Jr.

The owners and operators of over 40 Midwestern health, racquet and sports clubs have joined together to form a regional health club association named "The Midwest Ethical Health Club Association" "MEHCA". The Association will initially include the states of Ohio, Kentucky and Tennessee. Inclusion of the states of Illinois, Indiana and West Virginia is under consideration.

Joe Moore, the owner of 9- Moore's Fitness Centers; John Janszen, partner in 15-Fitworks clubs; Jeff Graue, partner in the Lexington, Louisville, Nashville and Franklin Athletic Clubs; Chris Derry, Mark Pike and Rob Beil of Better Bodies-based in Silver Lake, Kentucky and T.C. Sferra of Bodymasters, have led the development of the new Association as its Founders..

The formation of the Midwest Ethical Health Club Association is a direct result of what could easily be described as a "Gym War" between virtually all of the Lexington, Kentucky and Cincinnati, Ohio clubs versus the Gold's Gym organization in Ohio and Kentucky. That Gold's Gym group is owned by Royce Pulliam, recently described in an IHRSA Press Release as the "largest" Gold's Gym operator in the U.S.

In June, 2003, one of the MEHCA Founders, Joe Moore, brought suit against Royce Pulliam's Gold's Gyms organization in Ohio for the Gold's organization's failure to operate within the health club laws and statutes of Ohio. Moore's lawsuit was filed in early June, 2003, in the Warren County Ohio Court of Common Pleas. Judge James Flannery ruled on the case within days and ordered Pulliam's Gold's group to rewrite their membership contracts to comply with Ohio health club laws and to immediately begin to use those revised and new membership contracts. Pulliam's Gold's Gyms is reported to have complied immediately with that Court order. One of the primary issues of Moore's Fitness World, Inc., and admitted by Gold's through stipulations filed in Flannery's Court, was that the Gold's Gyms were operating illegally in respect to the member's right of cancellation language which had been omitted in thousands of membership contracts used by the Gold's Gym group during a pre-sale of over one year and used for post-opening operations for at least six months. Judge James Flannery heard arguments on the case from both the Plaintiff and the Defendant's (Gold's) in June and September, 2003. However, **after ruling on**

**this case for six months**, on Christmas Eve, December 24, 2003, Judge James Flannery ruled that Moore's Fitness World, Inc. "**did not have standing to bring the action against the Gold's Gyms in Ohio**" and dismissed the case. It is anyone's guess about why Judge Flannery made this peculiar ruling after actually hearing this case and ruling on it for six months. Moore and his lawyers considered appealing the ruling, but decided not to, because even if their appeal had been upheld, the case would just have been sent back to the same Judge Flannery and would have resulted in more wasted time and money.

Beyond the result of this mysterious ruling, it has been argued by one noted health club industry expert witness on health club legal matters that Joe Moore and the other Ohio clubs and the Kentucky clubs should have sought legal action by the State of Ohio and Kentucky Attorney General's Offices. That did not happen and has not happened to date. But, it is still not out of the realm of possibility.

Two of the Co-founders of MEHCA, John Janszen and Jeff Graue, have written and filed formal complaints to the International Health Racquet and Sportsclub Association (IHRSA) demanding that Pulliam's IHRSA Membership be terminated. At press time, IHRSA's Standards Committee, consisting of IHRSA Board Members, Sandy Franco (Chairman), John Brinson, Greg Lappin and Debra Siena, had not decided what, if any action IHRSA will take on the complaints and requests for action submitted by Janszen and Graue. One and a half years ago, Mark Eisenzimmer, family co-owner of several prestigious Cascade Athletic Clubs in the Portland, Oregon area, brought serious objections to IHRSA about 24 Hour Fitness invading their clubs with guest passes placed in members lockers and flyers placed on members cars in the CAC's privately owned club parking lots. While Eisenzimmer went to great lengths to express his organization's bad feelings about these matters in writing to IHRSA (including copies of 24 Hour Fitness' materials), the IHRSA leaders did nothing. The Eisenzimmer family terminated their Cascade A.C. Group IHRSA Membership because of this matter over a year ago. Moreover, prestigious members of IHRSA and members of the Northwest's "Fit For Life" trade association also resigned. Included were the six Courthouse Athletic Club group in Salem, Oregon.

The Founders of the Midwest Ethical Health Club Association are creating MEHCA,

with help and guidance from the "Fit-For-Life" health club trade association, representing clubs in the Northwest. "MEHCA" Membership, as is "Fit-For-Life" association membership, will be an "invitation-only for profit trade association", whose purpose shall be, but not limited to: 1) providing the owners and managers of the ethical clubs in the region with an united organization to expose and oppose illegal and unethical health club operations that hurt consumers and competitors, 2) provide a united stand against not-for-profit competition from Parks and Recreation Departments, not-for-profit hospitals and other government tax-funded competition, 3) provide an ongoing educational focus and vehicles for club operators to continue their career advancement, 4) provide an annual membership retreat where training for club operators will be provided by various industry experts and Associated vendors will be able to network with MEHCA's members and 5) to provide a cooperative buying group to negotiate better purchase options for MEHCA members. And, like "Fit-For-Life, MEHCA will be a "for profit trade association" with membership "by invitation only."

MEHCA, at least for the next 12 months, will be one of a number of U.S. Regional Club Associations that are affiliated with and members of the International Health, Racquet and Sportsclub Association (IHRSA). However, to describe this initial affiliation between the new MEHCA and IHRSA as "warm and fuzzy" would be inaccurate. The members of MEHCA are morally and spiritually aligned with their brethren at Fit For Life in the Northwest and frankly, IHRSA is, in fact, going to face continued challenges as these ethics issues continue to boil in at least two very important U.S. regions. It must be noted here that IHRSA's membership of U.S. clubs is approximately 3600. However, when you offset approximately 1200 IHRSA member clubs from Bally Total Fitness, 24 Hour Fitness, La Fitness, TSI and other big club chains, that leaves approximately 2400 independent U.S. IHRSA clubs. That means the U.S. IHRSA membership for independent clubs currently is down to 10% of the U.S. club total of 23, 467 clubs. If the erosion of U.S. IHRSA club membership continues - (it was approximately 30% ten years ago), it is very likely that IHRSA, for the first time ever, will face a new-rival health, racquet and sportsclub association for U.S. independent club owners only.

IHRSA will become

irrelevant (and many club owners now argue, has become irrelevant) in respect to serving the U.S. independent health club owner's needs and issues. The word "International" in the IHRSA name will then begin to mean much more should a rival trade association for U.S. independent clubs rises up. It is clear that there are independent club owners across America that are, in fact right now, clearly stating to the world that they will not be associated with operators such as the Ohio and Kentucky Gold's Gym operation owned by Royce Pulliam. But, they are being reasonable and are giving IHRSA leadership time to do the right thing. If these issues about the lack of enforcement of IHRSA's Standards of Conduct are not addressed, and are not resolved by the IHRSA Board to the U.S. Member clubs' satisfaction, IHRSA's U.S. contingent will very possibly continue to drop, and drop fast. This author would surely hate to see that happen, but frankly, I am "telling-it-like-it-is" about IHRSA one more time with very sincere and heartfelt hopes that the IHRSA Board and my good friend, John McCarthy, are heeding the concerns of both the club owners from the Northwest Region and now those from the newly formed MEHCA. I also wish to say to Tom Behan, IHRSA President, to the IHRSA Board and to John McCarthy: ladies and gentlemen, do not "shoot the messenger". The IHRSA Association has endured and grown strong over the past 23 years because our Board Members have listened and taken the appropriate measures to address the legitimate concerns of the membership. The almost complete failure of the Association for 23 years to enforce the IHRSA Standards and Code of Conduct has reached a final boiling point. The IHRSA independent club members must be heard and action must be taken on these association ethics issues or the association will undoubtedly face the challenge of a new club Association for independent clubs, which will go back to the concept on which we originally founded IHRSA 23 years ago. I predict an association of quality, ethically-based U.S. clubs will be formed. There are now at least 20,000 non-IHRSA member health clubs and from that base and those that leave IHRSA in protest, a strong new American Health Club Association will emerge. So, ladies and gentleman of the IHRSA Board, don't shoot the bearer of this bad news, because the truth does hurt. Read on and you will understand exactly why the MEHCA group feels so strongly about the situation. And, keep in mind, this messenger agrees with the message the Northwest and now the Midwest

club owners are wanting to convey to IHRSA leadership. That message? Clean up IHRSA by enforcing the Association's Standards and Code of Conduct or be prepared to watch IHRSA become an Association serving mostly International clubs and very few U.S. Independent Clubs.

The Founding Fathers of MEHCA expect appropriate sanction actions by IHRSA against Pulliam's Gold's Gym organization for violations of at least two of IHRSA's Standards, including #2 that all IHRSA Members must "respond within 60 days to complaints brought to the Better Business Bureau against any member club." And, #5 which requires that all IHRSA member clubs operate within State Laws. Specifically, the IHRSA Complaint filed by Jeff Graue argues that the Gold's Gym group does not comply with Kentucky health club statute KRS 367.915 and has submitted Notarized Testimony from a former prospective Gold's Gym member that the Gold's Gyms do not comply with the Kentucky statute which requires that (1) "Each health spa doing business in the Commonwealth shall prepare a comprehensive list of all membership plans offered for sale by the health spa and the respective price of each plan. The list shall be shown to each prospective purchaser of a membership plan." In a written response to Graue's IHRSA Complaint sent to IHRSA's John McCarthy and the IHRSA Standards Committee, Gold's attorney, Darby Turner, provides written proof evidence that the Gold's Gyms are in violation of Kentucky statute KRS 367.915. Turner writes, "The fact is that Gold's Gym does maintain a comprehensive list of its membership plans and has them available to prospective members." "Available", mind you, when the law states "shall be shown to each prospective purchaser".

Perhaps the most damaging evidence that the Royce Pulliam Gold's Gyms in Kentucky, Ohio and Tennessee should have their IHRSA Membership terminated appears in the two two-page letters from Better Business Bureau President and CEO, Neil Kingery and Jeff Graue to IHRSA Standards Committee Chair, Sandy Franco - also on page 7.

Whether your club is an IHRSA Member in the States of Ohio, Kentucky and Tennessee, or not, you are cordially invited by the Founders of MEHCA to join the industry movement in their regional effort toward lawful, ethical health club operations. For "MECHA" membership information contact: (859) 977-0372

February 19, 2004

"Kingery Letter" March 8, 2004

"Graue Letter"

Sandy Franco, Chairperson  
 IHRSA Membership Review Committee  
 263 Summer Street  
 Boston, MA 02210

Dear Ms. Franco,

This letter is written to support the IHRSA Membership Review Committee's fact-finding efforts as it reviews the IHRSA membership of Gold's Gyms, owned by Royce Pulliam. Better Business Bureau records can definitely support the fact that Gold's Gym is in violation of a portion of IHRSA Membership Eligibility Standard #2, "... responds to and endeavors to resolve, within 60 days, any consumer complaints made to the Better Business Bureau..."

The BBB of Central & Eastern Kentucky complaint file on Gold's Gym Lexington, Kentucky locations shows that although the company has responded to all complaints as of this writing, and has resolved complaints, at least one complaint remains unresolved because the customer was not satisfied with the response, and nearly two dozen complaints were answered outside the Bureau's time frame. The BBB's complaint file on Gold's Gym shows that 85 complaints have been processed in our 3-year reporting period. That number is significantly higher than the number of complaints on file for other gyms and health clubs in our files.

22 of those customer complaints filed against the company were closed with a BBB code of "delayed response" by the company. Although the BBB is happy to receive responses from companies with unanswered complaints, we noted that some of Gold's responses came as late as 8 months to nearly one year after the complaints were sent to the company. 'Keep in mind that until Gold's Gym responded to those 22 complaints, they were closed with a code of "unanswered." The BBB saw a sudden flurry of activity by Gold's Gym to respond to the unanswered complaints in the June and July of 2003. Around that time, Dispute Resolution Specialist Mike Kennedy responded to an email query from a Gold's Gym representative as to what the status was of unanswered complaints. Mr. Kennedy responded that Gold's Gym was doing a "good job" of responding to the unanswered complaints at that time, since previously the company had ignored some complaints. However, it is apparent that the underlying cause of the continuing pattern of complaints has not been eliminated. Most complaints we have on file concern contract disputes and billing/credit disputes.

Please be aware that BBB complaint processing timelines give companies plenty of time to issue a response. After the Bureau receives a complaint, it is sent to the company with a letter asking for a response explaining the company's side of the story. If a response is not received in two weeks, a second letter is sent by certified mail to make absolutely certain the company has been given an opportunity to respond before a complaint is closed as "unanswered." The Gold's Gym file contains signed, returned certified cards showing that the complaints were received and yet no response was provided on many of them until recently. Complaints where the company responded but the customer remain dissatisfied with the response are closed as "unresolved." These complaints are NOT listed in the "Business Alert!" article in the BBB newsletter. Only unanswered complaints are listed.

BBB membership is by invitation only. Gold's Gym is not and never has been a member of this BBB. Gold's Gym was notified in April of 2002 that the company was being given an "unsatisfactory rating" due to unanswered complaints. Although the company has responded to those complaints in the past few months, due to the slow response to a pattern of previously unanswered complaints, Gold's Gym did not qualify to receive an invitation to join the BBB in September of 2003, nor do they qualify to receive as of this writing.

Lexington Athletic Club has been a member of the Better Business Bureau of Central & Eastern Kentucky since June 2001. There is only one complaint in the company's file and it was closed as "resolved." If Lexington Athletic Club had any unanswered complaints, it would face losing its BBS membership.

I hope this information helps you as you make your decision about Gold Gym's membership status in the IHRSA. If you have any questions, please call me at the BBS at (859) 259-1230.

Sincerely,

Neil Kingery  
 President & CEO

Sandy Franco, Chairperson  
 IHRSA Membership Review Committee  
 263 Summer Street  
 Boston, Massachusetts 02210  
 Re: Response of Global Fitness Holdings, LLC to the membership complaint filed by Lexington Athletic Club, Inc.

Dear Chairperson and Membership Review Committee Members:

Thank you for allowing me to delay my response until after the meeting last Wednesday, March 3rd, between IHRSA's Executive Director, Mr. John McCarthy, myself, and Mr. Neil Kingery, President of the BBB of Central and Eastern Kentucky. For your information, Mr. Kingery is also the District Head of the Southeast Area of the BBB which represents one-fourth of the United States from Kentucky down through Florida. The BBB of Central Kentucky headquartered in Lexington is the number one rated BBB in the country under his leadership.

While this meeting could prove to be historical for our Association in marking the beginning of an ongoing, cooperative effort with the BBB on a national level (a proposal from Mr. Kingery is in the works), I will focus on the matter at hand in regard to this complaint.

In Global Fitness Holdings' response letter dated September 24, 2003, Mr. Turner states that 'The newest club in Lexington, now several years in operation, is within a mile or so of Mr. Graue's facility in Lexington which has apparently not been taken well by Lexington Athletic Club.' This is a false statement. Lexington Athletic Club has experienced tremendous membership growth and income gains since the location of their newest gym. We are financially sound with no debt and pay cash for renovations and equipment.

Mr. Turner also states that "Healthy competition, as we all know, strengthens both sides and makes the game better for the consumer." I believe this reference to our business... being "a game" summarizes the belief of Mr. Turner and the ownership of Global Fitness Holdings. The fitness business is not a game! Whether the "consumer" is a prospect or an existing member, there are rules that apply... legally, ethically, and morally.

Concerning the violation of IHRSA standard #2. The evidence is indisputable that Gold's Gym has not responded within 60 days to several complaints made to the BBB. Royce Pulliam's Gold's Gyms are not members of the BBB in Lexington, their headquarter city. During our meeting Mr. Kingery stated that they have a "despicable, unsatisfactory rating". The unanswered complaints posted in the BBB newsletter in November of 2002 and March of 2003 were not responded to within 60 days by Gold's Gym - that's why they appeared in the newsletter and were labeled "unanswered". (There is no such thing as a listing of "not satisfied" complaints in the BBB newsletter as Mr. Turner would have you believe.) In our meeting, John McCarthy made the comment that he had gotten copies of Gold's Gym's complaints to compare the number they used to get (I assume per month) "to the number of complaints they've gotten recently and noted that they've "cleaned up" and "shown improvement" since he called Royce Pulliam and told him he "needed to take care of the BBB complaints. Mr. Kingery responded by saying "I do not agree they have cleaned up the cause of the complaints".

Mr. Kingery also said that Gold's Gym tried to join the BBB of Central Kentucky by sending in a check for membership dues and he made sure it was promptly returned, noting that membership is by invitation only. This fact means that Gold's Gym currently does not qualify for an invitation to join the BBB of Central Kentucky. (A copy of Mr. Kingery's letter dated February 19th confirming this fact is attached.)

Concerning the violation of IHRSA standard #5. By Mr. Turner's own admission, Gold's Gym is breaking the law. Kentucky statute KRS 367.915 "Ust of Membership Plans" states "( 1) Each health spa doing business in the Commonwealth shall prepare a comprehensive list of all membership plans offered for sale by the health spa and the respective price of each plan. The list shall be shown to each prospective purchaser of a membership plan." Mr. Turner states, "The fact is that Gold's Gym does maintain a comprehensive list of its membership plans and has them available to prospective members." Having a list "available" is not the same as showing it to all prospective members. Again, this violation, by their own admission, is indisputable. Gold's Gym's nonnal business practice has been to show a sales sheet with only the highest prices printed and negotiate down in handwriting. Please find" attached two samples of these sales sheets and a notarized statement from a prospective member of Gold's Gym.

Finally, Mr. Turner states these are "vague and unsubstantiated accusations made by an organization whose own conduct is highly questionable". Quite frankly, I beg to differ. Our claims are clear and without question. I am proud of my organization, as we work hard to identify areas that need improvement and make changes that help to make us an ethical, quality health club. Regarding any claims by Mr. Turner of actions and conduct by Lexington Athletic Club, Gold's Gym has the same right to file a formal complaint with IHRSA. I am unaware of such a complaint.

Jeff Graue, President Lexington Athletic Club, Inc. IHRSA Member # 000540  
 CC: Mr. John McCarthy Mr. Tom Behan

### ...Norm's Notes

continued from page 5

the status of the obesity epidemic and 61% of the U.S. population's need for a 180-degree reversal of course and lifestyle change. This past week alone, I must have seen, heard or read at least 25 items on the obesity epidemic in America! Monday there was the **Center for Disease Control's (CDC)** announcement that American's are now dying from obesity and sedentary lifestyle issues at nearly the same rate as American's that die from smoking. The score now is 438,000 from smoking and 400,000 from obesity and sedentary lifestyle issues. The pace did not slacken as **TOMMY THOMPSON**, the U.S. **Secretary of Health and Human Services**, weighed in with more comments on Wednesday. Then **USA Today** focused more on the CDC Report later in the week. More and more news rolled in by the hour. I have never seen a media week like this since 9/11 and the War in Iraq. The media across America is spreading the word about America's NEED of our product... regular exercise

adherence. More and more people are being exposed over and over with the message that regular exercise combined with proper nutrition = weight loss, improved health and of great importance, a better overall lifestyle. But, here we are in the health, racquet and sports club industry still sitting at U.S. club membership of approximately 13% of the population! And, don't forget that 13% includes YMCA's etc. We must seize the moment in our industry. Now is the time. We WILL grow our U.S. penetration from 13% to 15%, 18%, 23%, 26% and more if our industry does the right things. But first, we must gain the U.S. consumer's trust that we lost long ago, and we must create places where the seriously obese and overweight don't feel embarrassed to go and be seen. We must reach out with a message that says to American consumers, "If you haven't looked at your neighborhood health clubs lately, look again." **STAY TUNED!**

● **SIBEC North America 2004**, an event produced by U.K.-based **McClean Events**, will be

held at the **Turnberry Isle Resort and Conference Center**, Miami, Florida, September 8-12, 2004. **SIBEC North America** is a **one-on-one meeting forum** between **Owners, CEOs, COOs and Operators** of health, spa, recreation, sports & fitness organizations and leading executives from national and international vendors. The event is being coordinated again in 2004 by **RICK CARO**, **President of New York City-based, Management Vision, Inc.** **Caro** and **DR. GERRY FAUST** will work closely with the event and will be putting together the educational seminar program. The 2003 **SIBEC North America** held last year in New Orleans, LA., was deemed a great success. At press time, **over 55 CEOs & COOs** have registered from the club industry. For information and registration, go to: [www.mccleanevents.com/sibecna](http://www.mccleanevents.com/sibecna) or call: **011 44 1932 267632**

● **WALLY BOYKO's National Fitness Trade Journal Conference and Trade Show** will be happening during the same dates as **SIBEC North America**. And, we have learned that **JOHN**

**McCARTHY**, **IHRSA's Executive Director** for the past 23 years, will be honored with the **NFTJ's "LIFETIME ACHIEVEMENT AWARD"** given annually to health club industry luminaries. Congratulations in advance on this honor **John**. **John McCarthy** has been this industry's "unsung hero" for 23 years. As **IHRSA's Executive Director**, he has worked tirelessly with **22 IHRSA Presidents** and approximately **90 IHRSA Board Members** as **IHRSA** grew from the **IRSA "The Association of Quality Clubs"** to something different now, an Association whose **Mission Statement** is: "To Grow, Promote and Protect The Fitness Industry."

● **SIR RICHARD BRANSON**, arguably the world's most creative and busy entrepreneur, has his hand in all kinds of industries including the recording industry, air travel and others. It speaks well for our health club industry when a dude like **Sir Richard** steps into our arena and step in he has! **Branson's Virgin Active 76-club chain** in South Africa is going

gangbusters with 100,000 members. And at **IHRSA Las Vegas**, **Sir Richard Branson** will be introducing to the world what he calls "The Virgin Solution." **Branson** touts his **Virgin Solution**, in his **Madison Avenue quality invitation** to club owners the **Virgin Solution** briefing at **IHRSA Las Vegas**. The event will be held on **Wednesday, March 24th from 11 am to 12:30 pm. At the Las Vegas Hilton, Ballroom "G"**. What is the **Virgin Solution**? It is a solution that brings together the health club industry with the insurance industry with the goal of lowering insurance claims through improvement of the health and fitness of club members worldwide. According to the slick **Virgin Solution** invitation, the solution brings together the above goals and positions the **Health Club** as an access channel for health transformation and generates value and benefits for each stakeholder: the Consumer, the Insurer and the Health Club. **Hey Sir Richard!** We hope to see you in Las Vegas and if you (See Norm's Notes Page 33)



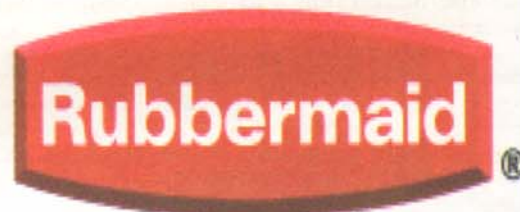
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## ...10 Year History

continued from page 3

### An Absolute Health Club Business "TREASURE" THE PAST 123 EDITIONS OF THE CLUB INSIDER News

If you are a health, racquet and sportsclub industry professional who prides himself on knowing what has happened in our industry and what the truly "Inside" story on this industry has been for the PAST 60 years, then the past 123 editions of The CLUB INSIDER News are surely a "Collection Treasure" you will want to own and keep forever! We have recently inventoried all of our issues since we began publication in December, 1993, and we have a limited stock of almost all of those 123 editions. I want to let you all know now that we are going to put all past

issues for the last 10 & 1/3 years, up for sale. I am currently examining our "archive inventory" of this limited supply "collection" and determining what my price for this "Treasure" will be. I can tell you this. It will not be cheap. And, if you have saved some of, but not all of The CLUB INSIDER News issues since we started, please contact me immediately, as I would like to buy selected issues back from you. If you want to reserve a set of our "Archive Editions, subject to final pricing and your approval just send me an email to: clubinsidemews@mindspring.com and I will get back to you immediately when I have determined our inventory and asking price. You may also visit our website, www.clubinsidernews.com for more information and a list of what issues will be included in our collector's set.

### A Historical Review

This summary is a historical review of the first 10+ years of publication of our cover stories. A few months are "missing-in-action" and if you were on one of those covers we would appreciate hearing from you.

**1993-** Our 1st Edition ever was dated December, 1993, and featured a headline: **The CLUB INSIDER News Blasts Off!** and an explanation of the focus of the publication editorial content and a cover story on industry legend, Red Lerille. And, it included a statement of "WHY YOU SHOULD READ The CLUB INSIDER News. "Everything I wrote about our Mission and what we would stick to doing now is "TRIED and TRUE." We have not wavered from our promise to "Tell-It-Like-It-Is." We have continued to share great success stories about club owner operators that have excelled. And, we have continued to present excellent educational articles from our leading-edge Contributing Authors Team. The December, 1993, first ever edition was a 12-page, two color edition, published without the benefit of advertising. We continued without advertising until June, 1994, when we began, as mentioned above, accepting advertising, and Affiliated Acceptance Corporation and Springfield Corporation led the way.

Our January, 1994 through January, 1996 editions, featured only head-line page #1 coverage without our now traditional cover photo subjects and headlines.

February, 1996 marked our first ever four-color Cover Story and what better person to have on that first-ever cover edition than Bob DelMonteque? At the time, Bob was a 75-year old marvel and testament to health, exercise and fitness. Bob is now a 83-year old marvel and Bob continues to amaze people everywhere he appears. In fact, Bob DelMonteque will be on hand at our IHRSA booth #1950 autographing his special Club Insider October 2002 Cover and now famous beach shot edition.

All of our Advertisers, Cover Stars and Contributing Authors and readers are invited to and encouraged to attend our 10th Anniversary Celebration March 24th at 7:30 pm at the Las Vegas Hilton, Ballroom "C".

### The CLUB INSIDER News Cover Stars 1996- 2004

**1996-** BOB DELMONTEQUE, JOE CIRULLI, MITCH WALD, EDDIE TOCK, SANDY COFFMAN, RAY and SANDY GORDON and the Sales Makers Class of 1996, U.S. Surgeon General's Color Poster, IVAL McMANS, MARK MASTROV & CRAIG PEPIN-DONAT, DOUGLEVINE, CHECKFREE'S TEAM INCLUDING DICK MITCHELL, SCOTT MANION and BARRY BLEURER.

**1997-** AUGIE NIETO, DAVID PICKERING, KAREN WOODARD, MIKE CHAET, JIM GERBER, LEE HILLMAN, SPIKE GONZALES, TIM MANSOUR, LARRY GURNEY, MARK SMITH and NACA's (now Fit For Life) BOARD OF DIRECTORS.

**1998-** DON KONZ and MITCH WALD, ROBERT DEDMAN, SR., RICK CARO, SANDY and RON FRANCO, GEOFFREY DYER, CARL PORTER, NORM CATES' SKIN CANCER SURVIVAL STORY, ELAINE and ROGER RALPH, JIM FLANAGAN, TODD and FAITH PULIS, BONNIE PATRICK, LIZ NEPARENT & HANNAH KARASS, BOB PROVOST and MARY BETH PROVOST.

**1999-** JUDI SHEPPARD MISSETT, BALLY TOTAL FITNESS- "Then and Now", IHRSA's 50 Million Members By 2010 Initiative, JILL STEVENS KINNEY, BAHRAM AKRADI, ATLANTA'S GOLD'S GYMS OWNERS, KIRK GALIANI, JOHN GALIANI, ED CONNORS & JEFF SKEEN, RICK CARO, TONY DeLEEDE, and our BYE BYE 1900's SPECIAL EDITION.

**2000-** FRANK NAPOLITANO, RICH BOGGS and RAY IRWIN, CECIL SPEARMAN, JACK LALANNE, RAY GORDON, EDDIE TOCK and LYLE SCHULER, The DOT.COM World Special Edition, GLENN COLAROSSO, CASEY CONRAD, DAVID PATCHEL-EVANS, DALE DIBBLE and SANDY COFFMAN.

**2001-** JOE "The GLADIATOR" MOORE, JOHN McCARTHY, TIM, T.J. & LIZ RHODE, JOE CIRULLI and GEOFFREY DYER, ROY SIMONSON, ART CURTIS and ED WILLIAMS, MIKE MINTON, MIKE MOTTA,

GOD BLESS AMERICA -9/11 Disaster Special Edition, MIKE ARTEAGA and TEAM-Special/11 Inside Front Page Cover, PAT LAUS, KENNY GERMANO and STEVENTHARRETT.

**2002-** RUDY SMITH, NORM & JUSTIN CATES, STEVEN and ALAN SCHWARTZ, JERRY NOYCE and Health Fitness Corporation Team, THOMAS PLUMMER, GALE LANDERS and HAZEL GITLITZ, CLIVE CALDWELL, BILL PEARL, DAVID LAHAIT and DALE DIBBLE, BOB DELMONTEQUE, The EAST BANK CLUB and 2002 IN REVIEW.

**2003-** ANDREW EKER and TOM BEHAN, RDV SPORTSPLEX TEAM -PETE OPRESKO, CHUCK OSTERNINK, MATT CARLEN, KARL DROPPERS & FRAN SILVERNELL, IHRSA'S CHUCK LEVE, JOHN McCARTHY & RICK DEVE-REUX, JUSTIN CATES, GYM WAR "RAGES!", BOB DELMONTEQUE, CAPTAIN JIM LOVELL, RAY WILSON & JACK LaLANNE- The History of the Health Club Industry-Part I, RAY WILSON & Healthy Exercise Team, MIKE URETZ, ARNOLD SCHWARZENEGGER & JOE GOLD, JIM SMITH and the December issue featured our 2003 In Review.

**2004-** MICHAEL SCOTT SCUDDER, Gold's Gym Stars -LESLIE AUSTIN, SKIP JOHNSON, GORDON JOHNSON and TOM BUTLER, and this March, 2004 Edition Cover featuring RAY WILSON and DALE DIBBLE, "Health Club Pioneers."

### The CLUB INSIDER News Contributing Author Team

The CLUB INSIDER News Contributing Authors have been the life blood of the publication since day one. We've had a wonderful support team of club professionals that dedicated their time and energy to write terrific articles intended to help our readers improve their club's bottom line and operations. As the publisher of The CLUB INSIDER News, it has been a pleasure to work with these great individuals and they have done wonderful work for the industry and The CLUB INSIDER News as unpaid volunteers. We are always seeking new Contributing (See 10 Year History Page 12)

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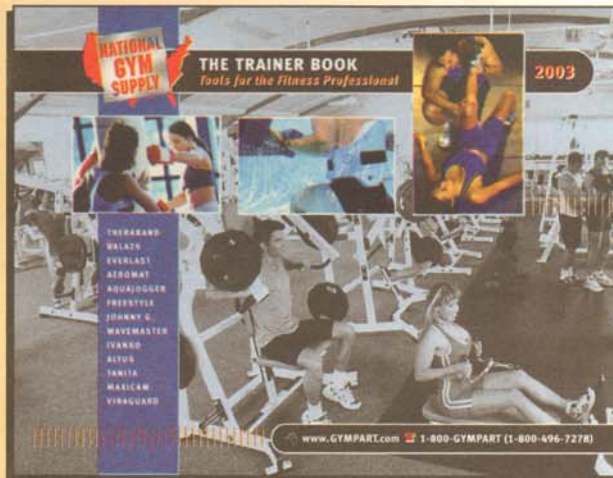
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## ...10 Year History

continued from page 10

Authors as those on the Team sometimes have scheduling conflicts that prevent them from time-consuming writing. Each month our Contributing Authors for the current year are acknowledged in our monthly Contributing Author listing. Additionally, each author is identified through his byline and his bio published at the end of his article. My Contributing Authors have told me that they do what they do for two primary reasons: 1) to contribute to the health, racquet and sportsclub industry through their published work and 2) to share their knowledge with people they serve as employees or consultants, the owners and operators of clubs across the land. We welcome new Contributing Authors and if you are interested please send an email to: clubinsidernews@mindspring.com or call: (770) 850.8506. We would like to extend a large THANK YOU to all our Contributing Authors over the first 10 years and 3 months of publication. Sincerely, Norm Cates, Jr. Publisher

**1993-** RICK CARO and STEPHEN FAUST (inaugural issue- December, 1993)

**1994-** RICK CARO, DAVID HALL, SCOTT STAPLES, NEIL SOL, Ph.D., JOANNE MANN, MIKE BURNETTE, BRENDA ABDILLA, WARREN WERTHEIMER, TONY DeLEEDE, KEN ESTRIDGE, TOM ANDERSON, MITCH SNEAD, BOB CHAIKEN, JOHN McCARTHY, CATHY McNEIL and IRSA Staff. (IRSA not a typo. That was name of IHRSA before the "H" for Health was added in 1994). CHARLEY SWAYNE, CASEY CONRAD, SANDY COFFMAN, DAVID PICKERING, MARIE O'FLAHERTY, STEVE WILD, JOE CIRULLI, The "MARSH" Staff, CURT BEUSMAN, Ph.D., ROGER RALPH, DIANE HESS, DARYL LYNNE YERKIEWITZ, RPh., LOREN BRINK, MIKE CHAET, WALT REICHERT, PATRICK O'FLAHERTY, TERRY DUSCHINSKI, JEFF STOKES, ERNEST E. ZAIK and WILLIAM C. LHOTKA.

**1995-** RICK CARO, CLAIRE ANDERSON, DIANE HESS-MARSHALL, NEIL SOL, Ph.D., SUE McGOUGH, TOM TODD, TERRY DUSCHINSKI, CECIL

SPEARMAN, D.J. BURROUGH, BILL NOEL & JONATHAN KRANZ, JEFF STOKES, BOB RIDEOUT, MARVIN QUERTERMOUS, BIZ STARK, JAMES ANNESI, Ph.D., GAVIN RUSSO, ANDY JACKSON, Ph.D., DR. WALTER BORTZ, JOHN RUDE, MS., CASEY CONRAD, ROYLE BERRY, SANDY COFFMAN, SHAWN TULLY, CHRIS LIPPA, MICHAEL HOFFMAN, The SALESMAKERS, DR. GERRY FAUST, CURT BEUSMAN, Ph.D., FERN PESSIN, JAMES EVANS, JEFF STOKES, WILL PHILLIPS, RACHEL WRAY, RICHARD LYLES, Ph.D., ALBERT MROZ, ED GAUT, JULIE MAIN, SPIKE GONZALES, JEFFREY DRAKE, BARRY PAILET, M.S., BEN MIDGLEY and LARRY CLINE.

**1996-** RICK CARO, NEIL SOL, Ph.D., DR. TONY ALESSANDRA, MICHAEL HOFFMAN, STEVE PATERSON, MIKE CHAET, Ph.D., JEFF STOKES, KEITH CAMHI, ROCKY MARCIANO, SPIKE GONZALES, JAMES EVANS, ED GAULT, RICHARD GERSON, Ph.D., LEON CRIMMINS, BEN MIDGLEY, KAREN WOODARD, MICHAEL SCOTT SCUDDER, JOHN PHILBIN, CRAIG PEPIN-DONAT, BOB DELMONTEQUE, ERIC DURAK, STEVE PATERSON and JACK TILLER.

**1997-** RICK CARO, JAMES EVANS, NEIL SOL, Ph.D., KAREN WOODARD, DR. GERRY FAUST, JACK TILLER, MICHAEL CHAET, Ph.D., THOMAS MULLANEY, SPIKE GONZALES, RACHEL NARSH, MICHAEL SCOTT SCUDDER, MICHAEL HOFFMAN, BEN MIDGLEY, STEPHEN "DOC" DOEREN, STEVE BARRY, SANDY COFFMAN, CURT BEUSMAN, Ph.D., BENSON V. LLOYD, WARD HAMILTON, DOYCE COTTEN, C. VICTOR BRICK, JACKEBLING, JASON CONVISER, Ph.D., PATTI JOYCE-FLECK, TONY FERRARO, CECIL SPEARMAN, JACK SCAMMAHORN, Ph.D., ARMAN ECKELBARGER, BRENDA ABDILLA, RANDY LADUE, JOE MOORE AND RICHARD GERSON, Ph.D.

**1998-** RICK CARO, SPIKE GONZALES, JACK SCAMMAHORN, Ph.D., ARMAN ECKELBARGER, DR. SAL ARRIA, RANDY LADUE, KIM

ECKELBARGER, JOE MOORE, PATRICK PINE, BEN MIDGLEY, DOYCE COTTEN, TOM COTNER, JASON CONVISER, Ph.D., KAREN WOODARD, AMY REDFEARN, SANDY COFFMAN, RICHARD YOCUM, DR. GERRY FAUST, BILL EVANS, ERIC DURAK, AMERICAN COUNCIL ON EXERCISE, FERN PESSIN, RAMIRO GALINDO, MIKE CAMPTETELLE, JOESENATE, KEN REINIG and PRESTON FIELDS.

**1999-** RICK CARO, FAUST MANAGEMENT CORPORATION, LAURY HAMMEL, KAREN WOODARD, DR. GERRY FAUST, The Sales Makers- RAY GORDON & EDDIE TOCK, ANDREW NERE, ART CHAPPELL, JR., PATRICK PINE, ROYLE BERRY, MICHAEL HOFFMAN, RICK BARRERA, BRENDA ABDILLA, CASEY CONRAD, PAUL BOSLEY, NANCY CLARK, MS.RD., BONNIE PATRICK, KLAUS HILGERS, STEVE PATERSON, RANDE LADUE, MICHAEL CHAET, Ph.D., and JERE MATLOCK.

**2000-** RICK CARO, BRIAN McBAIN, CASEY CONRAD, MIKE CONNORS, NANCY CLARK, MS.RD., MICHAEL CHAET, Ph.D., SANDY COFFMAN, KAREN WOODARD, PATRICK PINE, NANCY FRIEDMAN, CARY SPIVAK, DAN BICE, TED LAMBRINIDES, STEVE PATERSON, MICHAEL SCOTT SCUDDER, DAVID SIEGEL, DR. GERRY FAUST, KIM DONOVAN, GEOFF HAMPTON, NANCY FRIEDMAN, TANYA CROWLEY, ROBERT VOLPE, CRAIG WATERS, BONNIE PATRICK, RICH BARRERA, JIMMY MACK, JOHN McCARTHY, MIKKI WILLIAMS, CSP. and CARRIE MORROW.

**2001-** RICK CARO, COLIN MILNER, CINDY SCIBETTE, PAT NECERATO, ROBERT MacPHEE, PAUL GOLDNER, MICHAEL CHAET, Ph.D., NANCY FRIEDMAN, RICH BOGGS, CASEY CONRAD, RAY GORDON, MIKE CONNOR, CURT BEUSMAN, Ph.D., SANDY COFFMAN, CARRIE MORROW, TOM LINCIR, GEOFF HAMPTON, MICHAEL SCOTT SCUDDER, STELLA THEROT, KAREN WOODARD, JOHN N. BROWN, PAT NECERATO,

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Finally, my sincere thanks to all of our paid subscribers and readers. You drive this publication by placing The **CLUB INSIDER** News #1 on your "MUST-READ-LIST" EVERY MONTH! Over the past 10 years, literally hundreds of you have told me "I always read The **CLUB INSIDER** News first as soon as it comes in!" The others go into a pile until I have time to get to them." Thank You.

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## ...Ray Wilson

continued from page 3

up. There was nothing that was impossible for Ray. The end result was over 500 clubs built, owned and operated by Ray and his partners over his 56-year career. I would rate Ray #1 and the best in his field...ever. But, I would also rate Ray #2 and #3 because there is no second place. I don't believe there will ever be another Ray Wilson."

Charles Tartella, a long-time friend and associate of Ray recalls, "Ray Wilson had gotten out of Professional Wrestling and was managing Bert Goodrich's Gym in downtown Phoenix when I first met him in 1954. He had a burning desire to be in business on his own. Ray accomplished this by becoming a partner in a gym in Tucson, Arizona. Within a few years, he had a company of over 250 gyms across the U.S in which I had become a Vice President. Ray and I were associated in quite a few business ventures through the years until 1995 when I retired to Austin, Texas. The trait I saw in Ray that stands out in my mind above all others is his indomitable spirit and drive, which pushes him to constantly adjust business formulas until they are successful. Second to that would be his visionary mind, which has always kept him ahead of the main thrust of the industry. Let me end my comments by saying that I have many fond memories of our business days together."

• After two years of his spa operations in Mexico, Wilson returned to the U.S. to pick up his former Regional Managers to launch his new spa-concept health clubs. The result was Wilson's development in the sixties called European Health Spas. He successfully capitalized on his belief that a great way to attract both male and female members to health clubs was to provide elegant, air conditioned surroundings with the draw of spa-facilities in each location. During those years the clubs were not coed, but instead operated on rotating days for men and women. Wilson built European Health Spas into a chain of 160 clubs and in 1969 sold European to U.S. Industries for \$46 million. Wilson and his joint venture partners shared in the profits from that sale.

• In the 1970's Ray Wilson brought the Lifecycle concept, which had already failed

financially three times, to the world. He achieved success with Lifecycle by investing over \$1 million on research and development and finding a partner to successfully bring Lifecycle to the U.S. and world markets. That partner was Augie Nieto, a young man, age 19, who reminded Wilson a lot of himself. And, Nieto has become an industry leader and icon as well. Nieto initially sold Lifecycles to health clubs across the country from the back of a van, one club at a time. Wilson and Nieto then later sold Lifecycle to the Bally Entertainment Company who then invested millions more in research and development and grew Lifecycle into the company that is today known as Life Fitness, which is the worldwide leader with annual revenues in 2003 approaching half a billion dollars. Life Fitness emerged as the worldwide leader in cardiovascular equipment and was later acquired by the Brunswick Corporation.

Augie Nieto, Ray's partner in Lifecycle and protégé, comments on his friend: "Ray is a wonderful person who decided to make a 19 year old his partner in 1977. The ability to pursue one's dreams cannot be done alone! Success is the cooperative work of several people striving for a common goal. Ray is a Leader who shares his vision in order to help people realize their potential. Ray once told me "Success is not measured in how much money you have made. Success is not a place. Success is a process in which you have achieved your goals and value what they stand for. It is a journey of lifelong learning." What I admire about Ray is that he continues to learn. That is why he describes his life in six phases. Most successful people have one and maybe two phases. Ray has six phases of his life that each are filled with a normal person's lifetime accomplishments.

Each one of us will achieve points of success as we go through life, whether it is with money, family or friendships. But our successes, when they come, are never final. A leader must be willing to take risks. Ray is one of the best risk takers I know. Ray knows how to motivate people and has the ability to share his vision. Ray would rather fail at something new, than to succeed at something old. Ray believed there are always adversities that lay ahead. Each of us will fail at one point or another, but we must

put failure behind us and proceed to do our best with each opportunity at hand. He believed we must strive to make every decision with courage; courage to do what we think is right, just, and fair. Life is a series of processes, not a static goal. I define Ray as a leader who is able to take charge at both work and home striving to meet the needs of all who are involved. Ray once told me: "Success is never final and failure is never fatal. The only thing that matters is courage." Each of us will achieve some success as we go through life, but our successes, when they come, are never final... more challenges lie ahead. Each of us will also suffer some failures in life. We may fail to get a sale we thought we deserved or a promotion we wanted. These failures are not fatal. We must put them behind us and go on and do our best with each opportunity at hand. And always, with each decision, we are called upon to make in life, we must do it with courage. Courage to do what we think is right, just and fair. Ray lives life each day with the courage to inspire people to take risks. Ray has, and continues to be an important mentor in my life."

• Wilson's march through the pages of health club history continued at an amazing pace when in the early 80's he opened a health club in a San Diego suburb he called Ray Wilson's Family Fitness Center. Wilson specifically built his first Family Fitness Center to provide a Lifecycle test site and to perfect Lifecycle. With the power of Lifecycle, Wilson grew his San Diego-based chain of Family Fitness Centers to 72 amazing locations. This author can accurately describe these facilities as "amazing" because I personally visited and "shopped" 9 of his locations during a San Diego visit in the early 1990's. In growing Family Fitness Centers, Wilson used two "concepts" that served him well. He installed massive numbers of Life Fitness and strength equipment in the clubs, providing his members with access to 5 or 6 different lines of selectorized strength equipment, plus free weight areas, all combined with as many as 150 Life Fitness cardio pieces per location. But, maybe the most important concept that Wilson adopted in his Family Fitness Centers was to eliminate retail installment contracts as a

# Ray Wilson

IHRSA's 2003

Dale Dibble Distinguished Service

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and

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1<sup>st</sup> Annual

"Health Club Pioneer of the Year"

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requirement to join his clubs. Instead, Wilson enrolled hundreds of thousands of members on monthly dues membership plans that entitled the member to cancel at any time without penalty. It had become Wilson's conviction that prospective health club members, if given the option, would embrace in massive numbers, high quality, well equipped health clubs offering monthly dues with no contract requirement. And, it became his conviction that psychologically, people who were paying their dues willingly, not because of the threat of a retail installment contract, would tend to use the club more often and bring more of their friends. He was right on both counts. Wilson says it also eliminated 95% of all complaints. In 1995, Wilson sold his 72-location Family Fitness Centers chain to Mark Mastrov's 24 Hour Fitness in a transaction involving \$95 million. Wilson and his partners shared from the profits of that sale as well. This acquisition by Mastrov's 24 Hour Fitness, funded by investment bankers McCown-DeLeuw, boosted 24 Hour Fitness to world class status.

Ron Thompson, a young man, age 21, and college student when he met and was hired by Ray recalls, "I met Ray when I was 21 years old and still in college. I was one of his original founding regional partners and helped him grow the Family Fitness Centers chain to 72 locations. We ended up selling Family Fitness to 24 Hour Fitness, but Ray and I still have our

friendship. I can't say enough about Ray. Ray always fostered a pride of ownership mentality amongst his partners. Words can't express my gratitude to Ray for the time he invested in me as a young man in school. Ray has many unique qualities. He was notorious for always sharing his success with you, while at the same time, creating more success stories than anybody I've ever met in the industry. Everything I've learned in this industry that matters, I owe to him. He is truly an incredible and inspirational man. I would also add he is extremely authentic and genuine as a partner and he can always be trusted on a handshake. I am very grateful that I had the opportunity to share that business relationship with him during those years and I'll always welcome those relationships going forward.

Larry Gurney, another Ray Wilson, Family Fitness protégé shares a warm thought about Ray, "Ray has played a big role in my career and I have enormous respect for him. He was one of my original mentors for many years when we worked together at Family Fitness Centers in California. In fact, I used to awaken at 4:30 am once a week to drive down to Carlsbad from LA to work out and have lunch with Ray. We would spend 3 or 4 hours together each week during our workout and lunch discussing everything under the sun he had experienced during his life. It was during those meetings that I established many

(See Ray Wilson Page 16)

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## ...Ray Wilson

continued from page 14

of the philosophies that I now use to guide my decisions in life and in business. There has never been, nor will there ever be, another Ray Wilson! I'm happy to see you honor Ray with this Award, and I feel he is definitely a terrific choice for the first ever **CLUB INSIDER** News' "Pioneer of the Year Awards!"

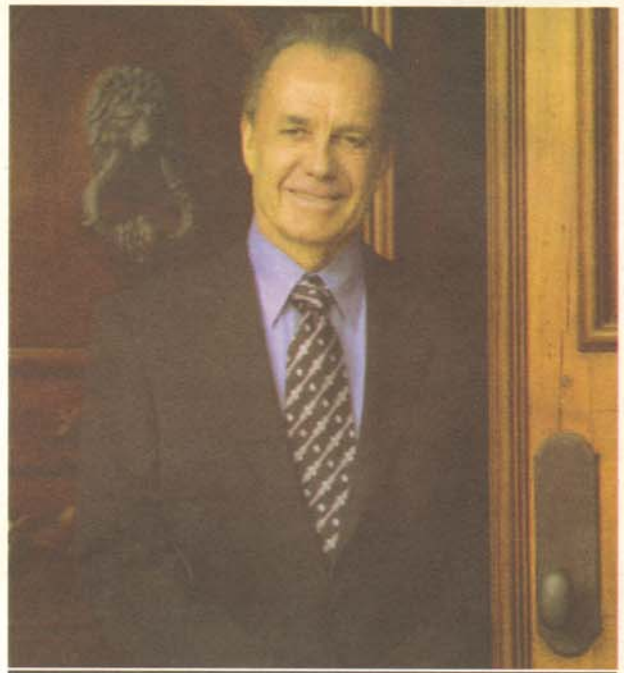
• Always looking for new opportunities, Wilson's next "phase" took him overseas where he invaded Asia with the installation of several large Ray Wilson's California Fitness Centers in partnership with Eric Levine and Ival McMain. After owning and operating the Hong Kong-based chain of clubs for just four years, Wilson and his partners sold the Asian California Fitness Centers for a \$25 million profit. In Asia, Ray Wilson turned the heads of many naysayers, who had predicted that health clubs would not work in Asia. Now, Asia is dotted with hundreds of health clubs in many countries in the Pacific Rim. Wilson has also opened several California Fitness Centers in Ohio with his partner, Greg Rowe. Rowe comments on his partner, Ray Wilson: "I have learned from and enjoyed an empowering 17 years of leadership from Ray and Ron Thompson during our years together in Family Fitness Centers. I knew Ray was only getting warmed up and Ron had a large dose of Ray's fire. To Ray, you are one of the 'Walking Dead' without 'Obsession' for what you are doing. "Blasting Off" California Fitness Asia and Ohio and moving on to the new Ray Wilson Healthy Exercise Centers, Ray's secret has been and will remain igniting that same 'Obsession' in others and then partnering with the most 'Bankable of the Obsessed'. That 'Bankable Partner', better know or soon will know, that yes, Ray truly wants to make all partners millionaires. But, Ray will be the most maniacally-hyped, positive blaster and world-class motivator there is. Once you have reached success, you will find Ray has new projects going on. After the challenge of the "Blastoff" has turned to success, extraordinary jumps in dues to EBITDA raises his interest, but success in itself doesn't light his passion. "Blastoffs" are where all the action is for Ray. Like a space launch, all the excitement and

wonderment is in the launch. But it's not for the faint of heart. And, you better have the best in the business 'Obsessed' in its success. In our Industry, there is only one person I would trust my career and family's livelihood to "Blasting Off" anything and that's my friend, mentor and partner Ray Wilson.

• Ray Wilson's "Healthy Exercise Centers" development is now his sixth phase and the center of his laser like focus of attention. Wilson has spent countless hours studying the current status of the health club industry and in particular, the psyche and currently deplorable physical condition the American population, which is now said by researchers to have over 61% of the population in the category of obese and/or seriously overweight. Wilson is one of the world's greatest students of the health club industry. He has analyzed the current status of the North American health club industry and he has drawn several conclusions: 1) He is convinced that the market that he describes as the "Non-intimidated" health club market, a.k.a the 18 to 34 age group, representing about 20% of the U.S. population, is a market that is shrinking rapidly and one that unless replaced, could lead to what he describes as "Fallout #4." He says that the last "Fallout" in our industry came in the early 1980's when many health clubs closed, causing the potential of industry damaging health club legislation in California and he says, legislation that would have rapidly overwhelmed the industry. Wilson states that were it not for the lobbying of the California Legislature by lobbyists retained by the Bally Corporation and his Family Fitness Centers, this proposed legislation could have been devastating to the health club industry in California and would have ensued quickly across America. Wilson spoke on behalf of fitness centers in California to the California Legislative Committees over a dozen times. He became so well known to the Legislators that they passed an unanimous resolution honoring Ray Wilson's 50-years of service to the fitness of California. (See **CLUB INSIDER** News article October, 1995). Wilson argues that of the roughly 20% of the U.S. population, health clubs have enrolled at least 40 million members that are no longer

members. Moreover, he says that this number will continue to shrink. Wilson has the same idea that many other leading health club owner/operators have. That idea is that the health club industry must begin to penetrate the vast market of over 170 million Americans who are now obese or seriously overweight. Moreover, he believes that the fact that currently only 13% of the U.S. population do business with the health club industry is an indictment of our industry, in that many consumers will not come to the current huge clubs designed and equipped for the "non-intimidated", hard-body "image" types because they are uncomfortable being in the same space with spandex clad beautiful women, young men with rippling muscles, etc. He believes that the solution to attracting the de-conditioned masses is to install independent, small, non-intimidating workout centers where the obese and de-conditioned may work out with people that are generally in the same shape they are. In essence Wilson, arguably the health club industry's greatest entrepreneur, is saying that to get the masses we must give them environments where they may, at their own pace, come in for short, 30-minute non-intimidating circuit workouts without the fear of embarrassment by the "beautiful people" that frequent today's mega box clubs.

Wilson has experimented with the installation of short circuit workouts for the de-conditioned, built and equipped them within the walls of big box clubs. But, he says that does not work because the de-conditioned are too embarrassed to come in the front door of the big box clubs in full view of the masses of "beautiful people" while they "waddle" to the "de-conditioned room." Also, Wilson says that those de-conditioned who are brave enough to come to the large clubs for the short circuit workout feel "cheated" or "wimpish" and then copy the other members. In doing that, they end up taking two workouts and they "burn-out" even faster. Wilson says the key is the separate location he calls small "sister" clubs to the big boxes allows the de-conditioned to come and go to the Healthy Exercise facility just like they might walk into and out of a grocery store. Wilson argues that by providing these small 1400 to 3000 sq.-ft. "sister" clubs



Ray Wilson - 2004 Health Club Pioneer of The Year

with small, attractive space and a simple, quick circuit workout, ultimately after six months to one year of regular exercise adherence in the Healthy Exercise Centers, people will begin to get in shape and will be prime prospects to "upgrade" their membership for a move to the "Anchor" or "Parent" club as he calls the big box clubs whose owners will also own and operate the Healthy Exercise facilities. To date, Wilson has had over 100 contacts in response to his advertisements in The **CLUB INSIDER** News and CBI Magazine. He is presently sitting on most of these leads. He has drawn the conclusion that he is not going to offer Healthy Exercise Franchises to everyone, but instead will opt only for big club owners of sister clubs or joint ventures only with experienced health club veterans. He says, "We have decided not to do franchising with amateurs because it is not our goal or purpose to sell lots of franchises and leave the novices who purchase them to their own fate. They have sold some franchise to large clubs and even to amateurs in geographic locations where Wilson's people can train and help them succeed. As an experiment they have sold a couple of franchises to amateurs who have agreed in writing to employ an experienced club operator to assist them. It is our

purpose to establish successful, profitable Healthy Exercise businesses, not sell franchises that will close or change hands frequently.

Ray Wilson's amazing life and health club pioneering career will someday be the subject of both a book, perhaps entitled the "Life and Times of Ray Wilson", and I predict, someday a movie of blockbuster proportions. After all, Ray Wilson has lived a life that books are written about and movies are made. But, underneath the famous Ray Wilson "image" lives a man dedicated to fitness and a man that is decent, fair to everyone he works with and a good man to the core. Ray Wilson, is a true pioneer in an industry that someday will emerge as the solution to many of the ills of mankind.

(Norm Cates, Jr. is the Publisher and owner of The **CLUB INSIDER** News. Cates, a 31-year club industry veteran was the 1<sup>st</sup> President of IHRSA and a Co-founder of the Association in 1980/81. In March 2001, Cates was honored with the first ever DALE DIBBLE Distinguished Service Award named after another industry pioneer and legend, Dale Dibble. Cates may be reached at: clubinsidernews@mindspring.com or by calling 770.850.8506.)

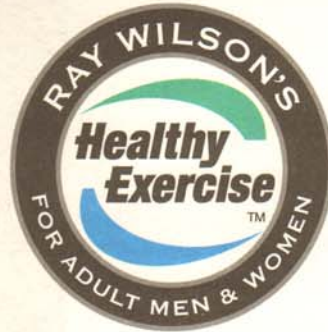
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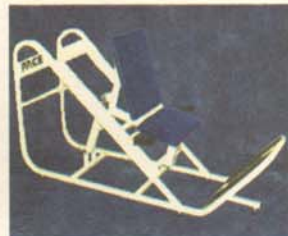
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## ...Dale Dibble

continued from page 3

International Racquet Sports Association was born. The Association is now known as IHRSA because in 1994, the Association's Board of Directors decided to insert the word "Health" into the name, thus opening the Association for more member clubs from the rapidly growing health club business segment. The Mission of IHRSA was to help health, racquet and sports clubs to professionalize their clubs and to ethically compete better in their respective marketplaces. IHRSA will conduct its 23rd Annual Convention and Trade Show in Las Vegas, Nevada, March 22nd -25th. And, to say that IHRSA, under the leadership of 23-year veteran Executive Director, John McCarthy, has become the strongest leading force in the club industry worldwide, is not an exaggeration.

Dale Dibble is a man whose enthusiasm and great sharing spirit has inspired hundreds of veteran club owners and up and comers' worldwide. Dale Dibble is one of the greatest club mentors that ever lived. His story should inspire all club professionals and club developers. That is why Dale Dibble has been named along with industry icon and legend, Ray Wilson, to receive The *CLUB INSIDER* News first ever "Health Club Pioneer of the Year Award" on Wednesday evening, March 24th. The Award presentations for both Wilson and Dibble will take place at the 10th Anniversary Celebration of The *CLUB INSIDER* News at the Las Vegas Hilton Ballroom "C" Wednesday evening, March 24th beginning at 7:30 p.m. At approximately 8 pm. I will be honored to present this well-earned honor to Ray Wilson. And, at approximately 9:15 pm. I will present the "Health Club Pioneer of the Year Award" to Dale Dibble. Rick Caro will accept the "Health Club Pioneer of the Year Award" on behalf of Dale Dibble, who will not be attending the IHRSA Con-vention.

Dale and his wonderful wife, Olive Mae, along with partners Ed and Zoe Veasey, developed the world-class Cedardale Athletic Club, a 175,000 square-foot multipurpose facility outside Boston. Cedardale began in 1972 with 200 members as a large indoor-tennis club. By 1989, Cedardale had

reached 8,000 members. Dale Dibble retired from the business in 1989 due to some serious issues with his heart that caused him to have open-heart surgery. But, Dibble had made a lasting impression on Cedardale and the club world with his creative innovations and boundless energy and enthusiasm. Beyond that, Dibble became known as a man who shared his visions and his enthusiasm, openly welcoming club owners and developers from around the world. Upon retirement, Dibble, now 83, and wife Olive Mae, moved to the Hyatt Classic Bentley Village in Naples, Florida. Dale is now actively involved in leadership and teaching at the Bentley Village Wellness Center. He continues his boundless enthusiasm, energy and action oriented life assisting David Lahait, the Director of the Wellness Center, in all kinds of initiatives, including conducting seminars for groups like the Faust Roundtable #1.

Dale Dibble, before and after retirement, continues to amaze people. In particular, he is amazing because he is still alive and doing his thing. I say that because on Thanksgiving in 2000, Dibble developed more heart problems causing him to travel to the Cleveland Heart Clinic in Ohio for help. This trip brought news for the Dibles that would have been devastating to the average person. But, Dibble is not an "average person." The Cleveland Clinic doctors told Dibble that he had only "two to four months to live!" And, they told him they could not perform anymore angioplasty procedures, nor could they install any more heart stents. Basically, they told him he was "on his own" and that his time on this earth was very short. But, not one to take this news "sitting down", Dale Dibble returned to Naples, Florida, and made sure his estate and all matters were in order. Then he went to work. He increased his cardiovascular exercise volume, frequency and intensity. Now, three and one-half years later, his doctors have told him that he has defied all odds. The doctors at the Cleveland Clinic told Dibble that he has, through vigorous regular exercise, actually caused a rebuilding and regeneration of the capillaries in his heart and that his prognosis was looking really good!

Rick Caro, the President of New York City-based

Management Vision commented, "I remember Dale Dibble back in the 1970s as the most inventive, innovative and infectious man in the club industry. He took chances — knew he had to make changes and did. But, he often went into uncharted territory. He took out tennis courts when the demand was no longer there. He always was telling the local marketplace of the new, better club story —before any other club locally (or, in some cases, nationally) was doing it. He led the market and brought the staff team along with two concepts: he literally was so enthusiastic that his cheerleading of a concept was infectious to all around him and he truly empowered the staff. He believed in sharing all the information with the staff. I was there on a Sunday, the first day of a new month, when department heads literally came into the club on their day off to see how their department and the overall club did! I remember Dale would innovate and then tell other club owners what he did —both his successes and failures. No one had a computer system until Dale led the way. No one understood Seniors' programming (not even the YMCA) until Dale led the way. No one understood how to change out aspects of the physical plant when the early signals and trends were there like Dale did. He was a futurist instinctively and he still is at Bentley Village. He can rally both members and staff with his vision. Then, they all executed superbly. He was a role model for all and continues to be at Bentley Village."

John McCarthy, the highly esteemed Executive Director of IHRSA says, "Like so many others, I learned more about the club business from Dale Dibble than from any other person. To me, he will always epitomize the ideal club owner/manager. I could fill a book with what I learned from him. It has always been an inspiration simply to observe him in action. Every time I met him I learned important things about life and about business."

Sandy Coffman, President of Florida-based Programming For Profit, comments on Dale Dibble, "I had the pleasure of spending a day with Dale Dibble, his wife Olive Mae and David Lahait at the Hyatt Classic Village. Just being around Dale is inspirational and educational. He has shaped, molded and influenced this



*Dale and Olive Mae Dibble*

industry from Day One. And now, even in retirement, he is still one of the most progressive innovators of programming, participation and retention in the industry. He is the true personification of mind, body and spirit! Dale is an icon in the industry and understands people and the word "wellness" better than anyone else that I know of. Dale has been my mentor for over 22 years. He is a master of giving encouragement and recognition and he knows how to create an environment that makes people want to challenge themselves and realize a potential they only dreamed of reaching. Dale Dibble is a leader, a teacher, a role model and a master who has planted more seeds to nurture my career and the careers of hundreds of others than anyone in the industry. The world and the health, racquet and sportsclub industry is a better place because of Dale Dibble."

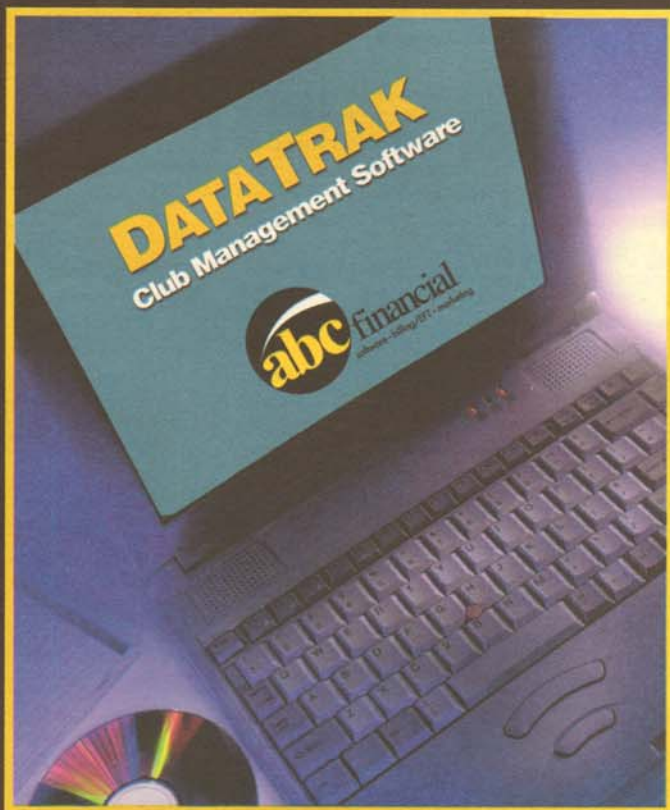
We contacted Dale Dibble in Naples, Florida to catch up with him and ask him for some comments. First, I asked Dale, "In your 25-years of experience in the business, what would you say is the single most important ingredient to be successful in the health, racquet and sports club business?" Dale replied, "I just believe with a passion that you have got to "make it fun" for your members where they really want to get involved. If you don't do that, you're results are going to be questionable." I said to my good friend Dale, "since our first edition ever I've been publishing the little ads in The *CLUB INSIDER* News that say to the industry, "MAKE IT FUN!" it does my heart good to hear you say that!"

I asked Dale, "since you and Ray Wilson are going to be honored in Las Vegas as The *CLUB INSIDER* News' first ever "Health Club Pioneer of the Year Award" winners, I would like for you to name other people that you think are great industry pioneers." Dale replied, "The one I will never forget when I was first getting going during those first few years was Red Lerille. I had never seen Red before and he was giving a talk to our New England Racquet Club Association (NERSA) up in the Boston area. We got to the question and answer session. I asked Red how many square feet his club was. Then I asked how much he was generating in annual revenues. I quickly did the math, and my God, his club in Lafayette, Louisiana, population under 90,000 back then, was generating three times as much per square foot as we were making. I never had met him before in my life and I went up to him after his speech and said, 'you know Red, I'd like to send my best person, Sandy Healy, down to see what you're doing that you can generate that kind of income. Red said, 'sure Dale, I go to work everyday at 4 am and I'd be glad to have her visit. In fact, she can stay with us.' So, she went down there and she came back and copied all the stuff Red was doing and boy, oh boy, we were off and running! And, to complete my answer to your question, there is another man you know real well, Rick Caro. We watched Rick over the years. My gosh that guy takes care of the little tiny details. He would follow-up on the little details and

(See *Dale Dibble* Page 23)

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# "WELCOME TO MY HOUSE ..."

## RETENTION TRAINING FOR YOUR TEAM

By: Richard Eckstrom

I like to believe that the majority of owners and managers have a good grasp on the importance of providing good service to their members, its impact on retention and, thus, their club's overall success. Great customer service definitely starts at the top but if it does not reach your members through your front line staff, quality service will never be attained. In light of this, I would like to share a different perspective with you regarding customer service and the impact it has on retention.

A business provides a

service or product that has value to its customers. There is an exchange taking place. On the surface, it can be a very simple exchange. But there are often a tremendous number of intangibles that are part of the exchange. These intangibles are very important factors in the customer's decision about whether to continue with the exchange in the future.

What are you exchanging with your members? State-of-the-art equipment, convenient hours and location, quality instruction, a clean facility... these are the basics of the exchange. However, if a club

opened up next door and offered the same for less, you would lose members. This is happening everywhere everyday.

Intangibles are the most valuable part of our business and more importantly, they keep your members from taking their business elsewhere. The old saying that people will easily walk away from a business but not a relationship is very true in the fitness industry.

The intangibles that tie a member to your club are very much relationship based. These include

- Friendships
- Socialization opportunities
- Personal interaction
- A feeling of belonging
- Being wanted and cared for
- Feeling good and secure when they are in the club.

I do not know of another industry in which these intangibles are more important and seemingly easy to deliver. However, without the day in and day out cooperation and support of your entire team, the successful delivery breaks down.

Obviously, some of your staff is more tuned in to good customer service than others, so to get everyone on board it takes consistent coaching and training. One coaching method I have seen used with great success is to get your team to think of your club as their home. How would they treat a guest in their home? It goes like this:

**If I were to come to your house...**

When I came to the door you would welcome me. If you knew me, you would use my name. If you did not know me, you would introduce yourself and ask what my name was. *Does this happen at your club?*

You would ask, "How are you doing?" If you knew something particular was going on in my life, or I had a certain area of interest, you would ask about it: How was your vacation? How are you feeling? How is your spouse feeling? How is the knee? How 'bout those Tar Heels/Yankee's/Patriots ... *Does this happen at your club?*

You would ask, "Is

there is anything I can get for you?" In a club setting, this translates into: "Is there anything I can do or show you?" "Are you sure?" "If you change your mind, be sure to let me know." *Does this happen at your club?*

**I am now in your house, your responsibility for me is not over:**

Let's say I am in the living room, do you stay in the kitchen (this is a club's back office or fitness desk) and leave me alone while I am visiting? Maybe for a little while; however, at least some of the time you will be with me, your guest.

You would talk to me during my visit: Maybe small talk: How's it going? Good job! Nice form! Cool outfit! New shoes? How do you like them? Is that a new haircut? I like to be noticed. Maybe something more serious: Have you seen it done this way? Is it time to get you in for a tune-up? Are you getting the results you are looking for? Need a spot? Or maybe just a nod and a smile. But, you would never fail to acknowledge me! *Does this happen at your club?*

**My visit is over and I am leaving your house ...**

You would say goodbye and thank me for coming. You would ask me to come back real soon so that we could do this again. *Does this happen at your club?*

**When I have left your house ...**

Do I feel as though you cared about whether or not I had a good time? How will I feel about



Richard Eckstrom

coming back for another visit? Did I feel welcome? Do I feel that you were a good host?

Make the "If I were to come to your house ..." concept a part of your next staff meeting. The most valuable part of your club is the relationships you, and your team, build with your members.

Bottom line: We are in the hospitality business. Training your team to think of themselves as hosts and treating your members as guests that are visiting your house will ensure that your members look forward to their visit year after year!

(Richard Eckstrom, President of Retention Management Company Mission: Create a positive impact on a club's bottom line by improving retention. He can be reached at 800-951-8048 ext.2 or [riche@retentionmanagement.com](mailto:riche@retentionmanagement.com). Comments and questions are welcome and appreciated.)

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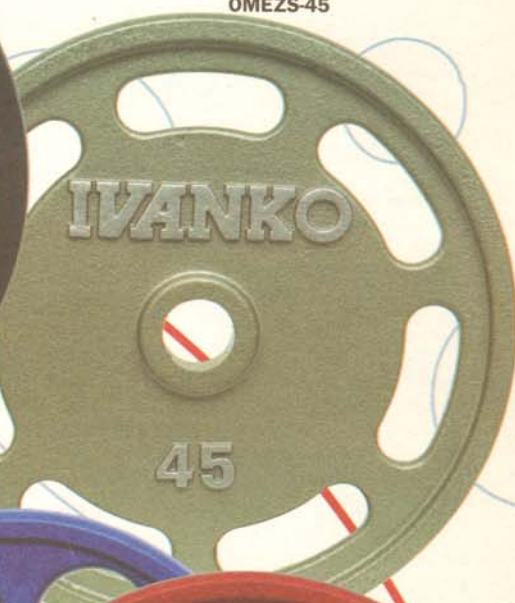
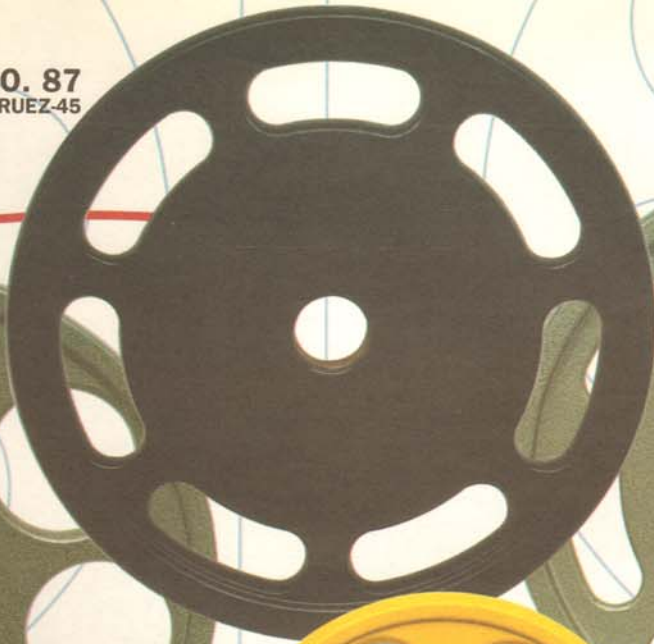
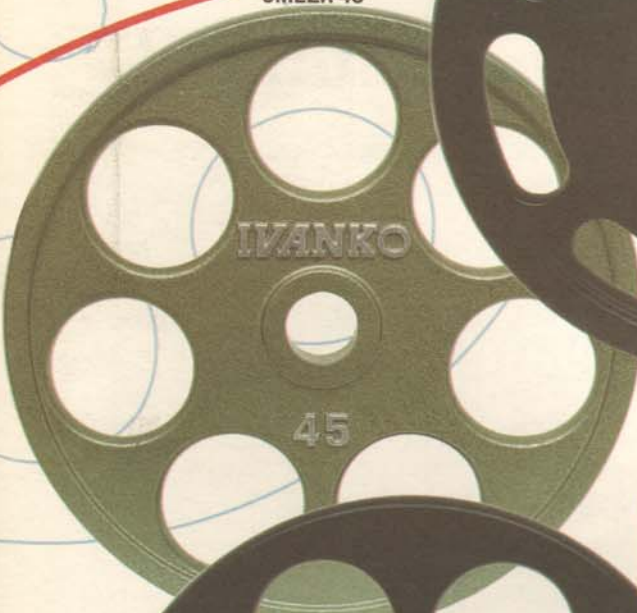
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**...Dale Dibble**

continued from page 18

help us make money."

My last question for Dale Dibble was "If there is anything else you would like to share with our readers about your experiences in this business?" Dale replied, "From my perspective, I've got one. You know, of all times of your life, and I am there now, you really need exercise and it pays off greatly when you get above 80 years of age. Boy, oh boy, the winners are the ones that really kept themselves fit. I see it here in the Care Center at Bentley Village and I see it wherever I turn around! The thing that separates those who really have a lot of fun during their later years and those who don't, is exercise." I replied, Well Dale, I guess you should know since you experienced that alarming visit to the Cleveland Heart Clinic on Thanksgiving Weekend in the year 2000." Dale said, "Yes, that's the year the doctors said I had two to four months to live." Ladies and gentlemen, this last comment by Dale Dibble puts it all into perspective and this is powerful stuff for your members

to read and understand.

I closed my conversation with "2004 Health Club Pioneer of the Year", Dale Dibble, by saying to him, "My Dad out in Louisiana is now 86 years of age and he walks a mile and a half everyday and he works like a horse in his garden and around his property. Even in the winter he is out there getting ready for the spring planting. I know he will be glad to read what you've said here about the huge value of regular exercise. And, you know what Dale? I am going strong on my own personal exercise program. I am in the best health I've been in all my life. Dale asked, "Are you sticking with it?" I replied, "you bet I am and I am keeping that weight I lost off! It has to be a hard workday here on my monthly deadlines before I will ever miss a day of exercise. In fact, I am proud to say that in 2002, I missed only 5 days of exercise. I slipped a little in 2003, missing 15 days total, but yes, I am sticking to my exercise and I have never, ever felt so good! Dale, you've been a huge personal inspiration to me!" Dale said, "Man, oh man, that's wonderful. But, I'll tell you

something, Norm. You've been a huge inspiration to all of us. You are getting some of the finest writers I have ever read! I read your **CLUB INSIDER** News inside and out and then we go back and make copies of those articles you are running. Your writers are just fabulous!" I replied, Dale thank you so much. I know we are very fortunate to have a terrific Contributing Author Team and I am grateful to each and every one of them. But Dale, I'd like you to always remember that I will always welcome anything you might be willing to write for us. For example, an article about how your strong belief that club owners must "MAKE IT FUN!" for their members and employees would be a terrific contribution. You have remained one of the true great resources over the years, but I must admit I have not asked you lately to write for us. But, I welcome any contribution to our publication you would like to send. Dale, I just want you to know how very, very much I and the many others that love and respect you do think about you and Olive Mae and care about you. On behalf of all of your friends in this wonderful club

industry Dale, I want you to know that we all love you, we appreciate you, and we appreciate what you have done to help all of us in this industry over the years. You have been a true inspiration to all of us through the most important years of our lives and we appreciate that. I often refer to "The Spirit of Dale Dibble" because there isn't but one "Mr. Enthusiasm" that tops them all in this industry and you're it, Dale Dibble. We thank you from the bottom of our hearts."

There you have it folks. Heartfelt comments to and from Dale Dibble, one of our two "2004 Health Club Pioneers of the Year" Award winners. But, realize this. You can speak with anyone that Dale Dibble has ever had contact with and you will hear the same comments, the same love and affection. We at The **CLUB INSIDER** News believe that were it not for our "Pioneers" like Dale Dibble and Ray Wilson, our industry surely would not be the great industry it is today. We therefore are honored to honor Dale Dibble and Ray Wilson in Las Vegas with The **CLUB INSIDER** News first-ever "Health

Club Pioneer of the Year Awards." We hope you will make plans to be with us for this celebration and the special moments when we present the honor officially to Dale (through Rick Caro) and Ray. STAY TUNED.

*(Norm Cates is the 10+ year publisher of The CLUB INSIDER News. Cates, a 31-year veteran of the health, racquet and sports club industry, was the 1st President of IHRSA and a Co-founder of the Association in 1980/81. Cates was honored by IHRSA in March, 2001 with its first ever DALE DIBBLE Distinguished Service Award, IHRSA's highest honor for club business people worldwide. Cates may be reached on email at: clubinsidernews@mind spring.com or by calling: 770.850.8506.)*

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# How to Attract the Overweight Population

## Part III of three

By: Donna Krech

In part one of this article we came to realize that we need to meet the overweight person, where he is in terms of what he wants and needs rather than think and plan on just what we want to give him. There are plenty of decent business models to use for weight loss, but only select ones will offer a plan that understands what the overweight member wants and will show you how to implement that understanding into your marketing, sales presentations and servicing, so to ultimately bridge that member into a full-fitness membership. Part Two of this article then gave us steps to follow to begin getting our businesses, minds and attitudes ready to bring the overweight market in. Assuming you've thought it through and have met with those who will be making this decision with you, the following are precise "how-to's" for setting up weight-loss programs successfully in your club. If you haven't seen the articles, no problem! Just contact us at 419-991-1223 or send a note to [donna@donnakrech.com](mailto:donna@donnakrech.com) and I'll be happy to email you a copy of both of them.

Any successful person understands the law of nature which says, "If we fail to plan, we plan to fail." In order for your weight loss plan to really bring people to you that aren't coming now, you need to stick to a plan that has that as its goal.

### HAVE A PLAN AND FOLLOW IT!

**1. Shop your competition- you have to have a USP to die for if you're going to be # 1!**

**A.** Know what the market wants. Do you think they want to eat high protein, low carb foods forever? No way!! They want to eat real foods, good foods and they want all the choices. They want their baked potato AND bread in one meal! They want their cake and want to eat it too. (Don't we all?) Offer what they want.

**B.** Buy from your competition. What's smooth, what's rough? How's their follow up? What could you learn from them? How do you compare? Check all the details, web sites, brochures, everything. What

details would cause them to win or lose prospects?

**C.** Have someone else shop your location and then theirs; your bias won't get in the way then.

**D.** Phone-shop them. How do they answer the phone, do they make you want to go in? How does your script compare? When preparing your script (Pleeeeeease don't even THINK about not having a script!!) be sure to give info on your benefits and not the details of the whole program. You'll end up doing a presentation over the phone and that's not what you want. I don't believe in giving prices over the phone. I believe in giving honest, up-front information about all the ranges of investment available. Hint- don't have one program with one price. People come in all colors, shapes, sizes and interests. Understand that when offering weight loss options.

**E.** Compare everything. Look through a prospective member's, as well as a member's eyes. How do you compare on service, results, attitude, atmosphere...? Would you want to keep going back to this place again and again?

**F.** Ask questions, request info. How is your request handled?

**G.** Get "insider" info. Ask other business colleagues what experiences have been had with this competitor. This will let you know what kind of business person you're dealing with, plus you may find your peers have actually been on their program and can give you some fantastic insight.

**2. Check applicable advertising rates- this is the order that typically pulls best**

- A. TV
- B. Radio
- C. Direct Mail
- D. Newspaper
- E. Billboards

Unfortunately, no marketing avenue is absolutely the best in all places, so cost is key here. A guideline of 10% of revenue is wise although in our company we've spent 20%. In the location where we spend 20% on marketing, we make a NET profit of \$100K!! There's nothing wrong with spending if you know what pulls best and what to run when.

**3. Decide the best location to put your weight loss area in.**

**A.** Putting it just anywhere in the club will allow only your members to enroll, as we've already decided the outside market isn't coming to the club. But this will allow the members to enroll. You simply need to know what your goal is.

**B.** A more secluded area of the club, ideally with a private entrance, will offer more comfort for someone who doesn't especially want to come to the club and also give her the privacy she is looking for when weighing in.

**C.** Off site is best for attracting the highest number of prospects.

**4. Decide which business model is the right choice for you, go with something proven (If you decide to create your own concept, be aware of the laws in your state that govern weight loss and work with behavioral psychologists, M.D.'s, dieticians, personal trainers and personal coaches to create a program that will bring about the best results. If you'd like Thin&Healthy's help, all you have to do is ask, we're only a phone call away.)**

**A.** Finalize your decision or agreement

**1.** Licensing- usually looser terms where you have more freedom and the investment is lower.

**2.** Franchising- usually you pay a royalty on what you gross and the franchisor calls most of the shots.

**3.** No arrangement equals no support, no proven techniques and higher risk because you have no network supporting you.

**5. Ideally, visit a location for practical study, observation and training**

**A.** A good concept will provide a "Crash course"; something designed to teach you in one day if necessary. This will give you a great overview of what the business is like.

**B.** Be sure to take practical training. You'll never get from a book what experience will teach you.

**C.** Check to be sure clinical training is also in place. You need a comprehensive understanding of what you're doing and why you're doing it. You want a certification when you're done.

**6. Arrange separate phone lines (the overweight**

**person has hung up when they called a club and thought they were calling for weight loss), any build out that needs to be done, and any signage that needs to be designed. Interview and hire people who've lost or who understand weight loss and give a proper orientation so they're aware of how to understand and help the overweight person accomplish her goals, CROSS TRAIN in nutrition, PT, marketing!**

**7. Join the Chamber of Commerce and send out press kits. Make your face known everywhere; you can, as the new expert in town on weight loss. Schedule speaking engagements, and set up media interviews, etc.**

**A. USE THE CHAMBER OF COMMERCE FOR MARKETING!!**

**8. Purchase the amount of furniture and office supplies needed**

**9. Arrange banking; this should be viewed as a separate business NOT just a profit center!**

**10. Place a G.O. ad (advertise this concept separately from the club).**

**11. Take and review clinical training to understand and be able to function in all capacities of position.**

**12. Be sure a full marketing plan is in place, internal as well as external**

- A. Advertising, direct response
- B. Speaking
- C. Charity Co-oping
- D. Business Co-oping
- E. Referral system ready
- F. In-house parties
- G. Wellness
- H. Your phone scripts and more

Don't think about it anymore! Don't hesitate, don't wait, don't procrastinate. Our industry is the one that can change this epidemic! Take one step, visit one location of a proven concept, make one phone call to investigate the options available, just do something! E.F. Gray, the author of *The Common Denominator of Success*, says those who succeed share one trait; they are willing to do the things that unsuccessful people are not willing to do. Sure, this



Donna Krech

will take work. It will take planning and even investment. It may take one or two more people on payroll and it will definitely mean being seen as an expert in weight management in your community! Those who don't succeed at it don't want to do any of these things. Well guess what? Neither did any of us who've succeeded so tremendously at it, BUT we were willing. We were willing to do what needed to be done to not just make an incredible living, but to make a miraculous difference! William Gray said the way to accomplish a task or change any behavior is to do something immediately upon desiring it. He said NOT to think about it, NOT to check into it next week and NOT to budget it for next year! He said to do something RIGHT AWAY. Are you willing to investigate? **ARE YOU WILLING TO START**

## NOW!!!

(Donna Krech is Co-Founder and CEO of Thin&Healthy Weight Management, author, speaker and Life Success Expert. Thin&Healthy, a company which owns and licenses its business concepts internationally, was founded in 1994 and has successfully combined fitness and weight loss since that time. Donna's industry career began in 1982 and has included all positions; from group fitness instructor to licensor.)

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**WHAT'S THE BUSINESS MODEL?** "There are 2 specific models, both are elementary. Thin&Healthy® has a comprehensive training program that teaches each one of the systems completely. With as little as 300 square feet and a person to oversee the concept, the business can function well. The marketing strategies get a direct response. We can't keep up with the number of leads we get sometimes! The sales presentation closes sales and the ancillary programs just keep adding to the bottom line!"

**WHAT KIND OF ROI HAVE YOU EXPERIENCED?** "Let's put it this way...we all had successful careers before doing this and we've experienced a **100 TO 400 PERCENT INCREASE** over what we made before. An additional 100K NET is realistic when you plug in the systems."

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# Anatomy of a Healthcare / Health Club Relationship

By: Jason Conviser, Ph.D.

Last month I described the crisis our nation's healthcare system is in. Simply put – 15 cents of every dollar spent in America goes toward healthcare with a deliverable product no one is happy with. As an individual I am concerned about healthcare costs and availability. As an American, I care about the financial implications this has for our country. As a part of the health club industry – my only question is - how can I leverage this situation to benefit my business and my members?

While there are no easy solutions, two industries have leveraged this situation to their advantage. For the past decade, the healthcare and health club

industries have begun establishing partnerships that benefit both from a financial as well as marketing perspective. Americans have demonstrated a desire to focus on prevention and selfhelp in an effort to stay healthy. This orientation toward prevention (one of the keys to growth in the health club sector) does not preclude the healthcare industry from focusing on sick care provision. What it does for healthcare is grow the continuum – allowing the health care industry to diversify its services to include wellness. To do this cost effectively, healthcare has opened to the idea of strategic alliances with health clubs.

Relationships between healthcare and clubs can take many forms. In my 24 years of consulting with clubs and health

care providers there is one thing for certain – if you have seen one deal – you have only seen one deal. I know of no two deals that are exactly alike. For example, there is the mutual admiration relationship where both parties agree to be friendly and supportive of the role each provides. Mutual admiration often leads to more formal relationships. This type of relationship occurs because one party takes it upon himself to call the other and invite him to lunch to talk about shared issues and concerns. It's quite possible that the President of your local hospital or Chair of one of the major healthcare divisions is already a member of your club. I can tell you they are looking for ways to deliver service in less expensive areas and in environments that promote the healthcare institution outside their main campus. This means YOUR club! Second, there is the respectful referral where the healthcare provider and club receive from the other - services consistent with the parties' expertise. An example might be the use of the pool for arthritis programming (club expertise) and flu shots or health care screenings (hospital or physician expertise). Such referrals could also include an injured member at a club to the hospital for physical therapy or a patient needing an exercise program with a personal trainer. The third type of relationship is a lessee/lessor relationship where space is leased to provide specific services in the club. The club has no formal operational involvement in the services except that the services should enhance the members' experience and the club collects a flat fee or a percentage of monthly receipts. Remember, even if it's not your business, the service is being offered in your space, so make sure you know what services are being offered and be specific as to which services cannot be offered. For example, even if a doctor has the ability to draw blood or take body fluid samples, I believe these services should not be conducted in a club. That's my opinion: you may decide that it is okay for your environment. You will need to speak with your legal representative to make sure you do not violate laws which restrict you from using your space to lease out to healthcare and to make sure you are not seen as being in

the practice of medicine. In the past 6 years, I have converted over 50 racquetball courts into stand alone healthcare clinics and have taken excess lobby space, floor space and closets in the farthest, dirtiest places of the club and made them into profit centers. You can too! The fourth type of relationship is a management contract where the hospital owns or builds a facility and doesn't have the slightest clue how to manage it as a consumer friendly, entrepreneurial enterprise – it happens all the time. Finally there are a variety of joint ventures where both parties are at risk and can leverage off of the other's strengths. The equity percentage can vary and ownership may be established by capital infusion of cash or in-kind trading of services. There is no single model that works for everyone or for every situation.

How does healthcare benefit? Once established, a relationship between a club and a healthcare institution is mutually beneficial allowing each party to extend his unique continuum of care. The healthcare group presents itself as a wellness institution – not just a place to go to when you are sick. This changes the image of the healthcare provider within the community. The healthcare group needs to remain competitive. With changes in health care requiring more individuals to assume responsibility for their own health; market interest is shifting to healthcare providers that can offer these services. Creating a club relationship and offering preventative services is extremely attractive. In addition, with capital demands at an all time high, creating a relationship with a club allows the healthcare provider to reserve resources from a standalone facility and leverage those resources by driving the relationship with the club.

What does the club get out of it? Clubs should be interested in a strategic alliance with healthcare for many reasons. Primarily, is the instantaneous credibility the healthcare institution offers a facility. In an environment where there is a relatively large percentage of people who need wellness services and exercise but are afraid to obtain these services from a commercial club, a hospital-club affiliation is a great asset. Clubs have access to



Jason Conviser, Ph.D.

patient referrals with asymptomatic disease and the health care institution is looking for individuals who someday may need services they offer. A club relationship with healthcare creates an awareness of the services offered among the members. Stop being a fitness center and mature to a health club.

Since the early 1980's when hospitals began their involvement in the fitness business in response to the paradigm shift occurring in health care, fitness was their wave of the future. Believing that they could "do it on their own", health care institutions built and managed fitness centers and wellness programs throughout the US. Because they had not been in this business before and thinking the health care and health club businesses were the same, they failed – failed big time. In the 1990's, hospitals and healthcare institutions realized more than ever they needed to be in the wellness business but did not need to own the bricks and mortar. They could create relationships with groups who understood the operations part of the business while happy to allow the professional offering to the health care groups. In these next 10 years, it's up to you to take advantage of the single largest financial concern facing our country – how to deliver healthcare to all in a cost effective manner. To me, this means fitness centers are now health clubs!

*(If you have questions about how your club can offer health care services and programs, call me at 847-242-0635 or e-mail at j.conviser@comcast.net.)*

## Professional Club Management

Presents

### The Sales Effectiveness Quiz

How many Times do you need to fail this quiz until you take action?

- Has your sales team been trained or retrained in the last 90 days?  
Yes \_\_\_ No \_\_\_
- Are you totally satisfied with your sales team work habits, efforts, production levels, attitude and motivation?  
Yes \_\_\_ No \_\_\_
- Do you have key result areas and accountability structures for all production staff? Do you use them?  
Yes \_\_\_ No \_\_\_
- Do you track and analyze all sales statistics and staff production daily?  
Yes \_\_\_ No \_\_\_
- Is your sales team trained and held accountable for time efficient prospecting (or just order takers)?  
Yes \_\_\_ No \_\_\_
- Do you have lead follow-up systems in place and do you regularly inspect them? Yes \_\_\_ No \_\_\_
- Does your sales team have clear, written job descriptions, expectations, goals and well defined time frames for completion?  
Yes \_\_\_ No \_\_\_
- Does your team close sales mainly on "benefits & value"? Or just price. (Tell The Truth)  
Yes \_\_\_ No \_\_\_
- Has your sales team consistently met their goal the last six months?  
Yes \_\_\_ No \_\_\_
- Does your sales team never complain, "I don't have any leads" or "there's not enough guest traffic"?  
Yes \_\_\_ No \_\_\_

Scoring: 1 Point for each "yes" answer  
 8-10 Highly Effective: You are doing well. Could you improve?  
 6-8 Moderately Effective: You are trying, but what would a 20% improvement do for you?  
 5-7 Kind of Effective: You need a sales focus and training  
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An exclusive column featured only in “Norm Cates’ Club Insider”

By: Michael Scott Scudder

### “PLANNING—OR REPLANNING—YOUR BUSINESS”

As I mentioned in the February column, in coming months I will work with you to help you overcome the core “Dinosaur Practices of Failing Businesses.” This month’s edition starts where it should: with planning your business.

Many of you have never done—or even had to do—a Business Plan. To some, it even sounds formal, foreign or like something to evade. Often, an entrepreneur may think that a lengthy, zillions-of-pages-of-numbers business plan is something to avoid at all costs. Certainly someone who is already in business doesn’t need to do a business plan! Not so.

#### A Basic Business Plan Consists Of The Following:

- A Title Page. (What is this document about?)
- A Table of Contents. (What’s contained in this document?)
- A Mission Statement. (What is the real purpose of this business? What is it going to do?)
- A summary of the Executive Management Team. (Who is going to run this business and how are they qualified?)
- A summary of the national Fitness Market to show the climate relating to health clubs. (Lets the reader know how fitness is doing across the country.)
- A summary of the local Fitness Market to show the climate for health clubs in your area. (What’s going on in local club markets? Why should this project go forward?)
- A Demographic Analysis of your Market Area. (Statistically supports why you are creating this business.)
- A statement of the Business Concept. (What are you going to do that’s different from other existing fitness businesses in the area?)
- A Competitive Analysis of your Fitness Marketplace. (Who’s doing or isn’t doing what? And why should you do well with your

project?)

- The Opportunity Analysis. (What is the opportunity that drives this project?)

- The Risk/Reward Scenario. (Informs the reader of what the inherent upsides and possible downsides of this business will be.)

- The Resource Requirements statement. (What and who will be required in terms of support systems and services?)

- The Business’ Goals and Objectives, in a Three-Year and Five-Year basic scenario. (What do you think the business is going to do in terms of successful practices that bring earnings to your business? This includes a basic Marketing Plan.)

- The Financing Requirements page. (How much, and what kind of financing will be required to start this business and get it running successfully?)

- The Basis of the Financial Plan with Assumptions and supporting Pro Forma Profit and Loss summaries. (How you figured your numbers...what supports your argument for this business’ existence?)

That’s it. It’s not the Constitution or the Sunday New York Times or even a Philip Roth book! It’s simple, to the point, and gets the message across to the people that need to know the message—your investors or bankers, your management team, and most of all, to you.

Recently, I re-did (actually, I completely threw out and started over) a business plan for an Eastern entrepreneur. It was 24 pages from Title to P & Ls (Pro Formas were 3 well-organized spreadsheets) Total. The bankers who looked at it approved the loan within 48 hours and remarked that they wished other businesses would present simple, easy-to-read, straightforward business plans like this one.

#### What the Business Plan does:

- Organizes your thoughts about your business.
- Creates a strategic operating plan that you can follow, and amend as necessary, for the first few years of the business’ operation.
- Explains, in simple

language, your strategies to your investors, and hopefully gets them to back your efforts.

- Gives you a “checkpoint Charlie” to refer to time after time...to keep you on track as time goes along.

- Generates a methodology for you to work ON your business...not just IN your business. (The difference here being that if you do the latter, your business is running you...that’s what most health club operators get caught up in.)

A business plan is essential to a start-up club. In most cases, in today’s modern era of finance, you won’t get money needed to get your club built without it. But what about those of you who have been in operation for several years? Do you really need a business plan?

For 99% of you, the answer is yes. For all of the same reasons above, and actually, for a couple more.

I estimate from experience of three decades that 30% of new clubs never get sustainably profitable...that another 30% barely break even year after year...and that only 40% of clubs make consistent net margins. Not a great track record.

Why? They don’t plan their businesses. They don’t strategically think about what they’re doing. They get a space, build it out, decorate it (frequently pretty pitifully), equip it, pre-sell some memberships, and open up with the “Field of Dreams Theory”. That one goes like this: “If you build it, they will come.” Only in the movies.

What business re-planning does for an existing business is give the owners and investors the opportunity of not only re-discovering their best markets, their most important strategies, but also having some “history” to work with. Since they have been around for awhile, there is the ability to look back at what did and didn’t work from actual experience, and to essentially re-create the business with a fresh look. (It is interesting to note that many clubs become successful with the second owner group. In other words, a business which was failing got sold, and a new operator came in, took an already-existing club, re-marketed it, and because of planning, made a success out of

the same entity that somebody else had failed in!)

I have often used the example of a business plan-less company being like a guy who gets in his car, puts the key in the ignition, turns it on, and says to the car: “Okay, take me there.” Nobody would be that foolish, right? A car can only take you where you direct it to go. Same thing with a business!

What’s the investment in a business plan? A simple plan like that suggested above is less than the price of a mid-line treadmill. More complex plans will obviously involve more time and thus higher fees. A business re-plan may be surprisingly low in cost.

What does it do for you? It gives you great direction for all your efforts and hard work, plus a blueprint for your own success.

My suggestion is to contact experienced industry professionals who understand numbers...like Thomas Plummer, Rick Caro or myself, for starters.

It may just be the best investment you make...and it should be the first one you make!

In April’s column, we will talk about the Local Fitness Market Summary, Demographic Analysis and the Competitive Analysis, key elements that help you to determine price, services, standards and how to find “holes in your marketplace”—elements



Michael Scott Scudder

of strategic thinking that are critical to your business’ ongoing success.

Until next month – MICHAEL SCOTT SCUDDER

(Michael Scott Scudder, a contributing author for “The Club Insider News,” and the subject of the January 2004 “Club Insider News Cover Interview,” is a three-decade veteran of the fitness industry. He heads a club management training company based in Taos, New Mexico and Fort Worth, Texas, offering regional-city one-day seminars and an intensive 2½ day workshop on personal and group training in home headquarters of the Fit For Life Centers in Texas, of which he is a partner. He can be reached at 505-690-5974, by email at scuddertour@directway.com or at his web site, www.michael.scottscudder.com.)

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# Carlos Dixon Energizes Clubs Through Impact Design Concepts

By: Norm Cates, Jr.

Carlos Dixon is an artist. He first discovered his talent at age 6 when he painted a mural on his bedroom wall. His Mom, Joan, heard about his creation when his older sister, Darleana, told on him. He was relieved and encouraged when his Mom reacted to his creation with a smile, instead of with anger.

Carlos played football and ran track at Headland High School in East Point (Atlanta), Georgia. While at Headland High, his art teacher entered his art and the artwork of two of his peers into a women's club art contest. He placed third in the competition and won a \$5,000 general scholarship. Using the scholarship, Carlos enrolled at Atlanta's Morehouse College to study medical illustration. Later, he focused on general design. Carlos did not graduate from Morehouse and left to take a job at Lockheed in Marietta Georgia.

Carlos Dixon, at 6'1" and weighing 263 pounds, looks more like an NFL linebacker than he does an artist, but don't be fooled. Carlos is easy going, very soft spoken and easy to work with. His word is his bond and I want to tell all of our readers that he is honest and dependable.

While in high school, Carlos Dixon became a body builder and in 1983 at age 19, won the Mr. Teenage Atlanta Contest and the Mr. Tall Teenager of Georgia Contest. He later placed fourth in the Teenage USA Contest. Dixon's role model and a major motivation for his success as a body builder was the one and only Lee Haney, who was an eight-time winner of the Mr. Olympia title. Dixon first met Lee Haney in 1982 when Haney won the Mr. Atlantic USA Contest. Dixon had become friends with Haney and his wife Shirley, and he began to workout in Haney's Gym, known as "Lee Haney's Animal Kingdom". Later on, he worked for Haney at the gym, performing many of the duties of the General Manager that had left the business. Another artist had painted a caricature of Lee Haney on the outside of his building on Courtland Street in Atlanta before Dixon met Haney. For more promotional exposure, Haney came up with the idea of painting Zebra stripes on the exterior of his entire "Animal

Kingdom" building causing, understandably, Lee Haney's "Animal Kingdom" became a famous Atlanta landmark. Haney's "Animal Kingdom" had some high profile Atlanta citizens as members, including Atlanta Mayor, former U.S. Congressman, and U.N. Ambassador, the Honorable Andrew Young.

Haney's "Animal Kingdom" was Carlos Dixon's first client as a commercial artist in 1987. Soon after, Dixon was contacted by a gym owner from Knoxville Tennessee, who hired him to do some work in his club. His company SOLRAC Design was formed. SOLRAC is Carlos spelled backward, and recently, many club clients later, Dixon changed his company's name from SOLRAC Design to Impact Design Concepts.

Also, in 1987, Dixon's work was discovered by a woman from Athens, Greece. She had selected some of his works to be shown in a Pre-Olympic Games Art Exhibit being shown at that time in Athens.

Over the years, Dixon performed work in Atlanta's high-rise condo-penthouses, owned by upscale clientele, and due to the great satisfaction of many of his clients, developed a strong following of residential clients.

In 1997, Dixon was hired to do interior design for a 33,000 Sq.Ft. World Gym in Duluth, Georgia and his nationwide client base has continued to grow.

We asked Carlos Dixon to fill us in on some answers to frequently asked questions:

**Club Insider:** What is Impact Design Concept's Mission Statement?

**Carlos Dixon:** "To create, for our clients, the most pleasing environment at the least possible cost."

**Club Insider:** What services does Impact Design Concepts provide?

**Carlos Dixon:** We provide complete interior design consulting, wall treating, and lighting. And, we do painting, artistic designs on interiors, and when desired, exteriors, as well as painting of client-selected murals and design consulting on interior and exterior lighting.

**Club Insider:** What is your job bid process?

**Carlos Dixon:** We have previous-

ly only provided bids through on-site visits paid for by the client. However, we are now offering no charge estimates through video tours provided by the prospective client. We can also prepare a bid for clients who may have a digital camera, thus allowing them to mail the digital video tour to me for reviews and bid preparation. Send standard video tapes or digital tour on CD along with a brief description of the size of your club and a rough measurement of the dimensions of the surfaces where you would like your art to appear to:

Carlos Dixon  
 Impact Design Concepts  
 3318 Hwy 5  
 #304  
 Douglasville, GA. 30135

**Club Insider:** Carlos, what images can you produce, or better said, can your client supply you with the image they want reproduced on their walls?

**Carlos Dixon:** I can reproduce virtually any image a client may want.

**Club Insider:** What are the direct benefits to the club owner that engages your services?

**Carlos Dixon:** There are many. Perhaps, the biggest benefit is increased new membership sales because the impact the cheery, energetic, vibrant, colorful club interior makes a new member prospect feel right at home and more eager to become involved in the club. Another big benefit is that the club members get a very positive sense of feeling that the club owner is giving them something back, beyond the club they have been walking into. That positive feeling gives club owners financial rewards from existing members in the form of more referrals of friends and higher membership renewal and continuation percentages for the club.

With more vibrant and energetic environments, members also work out more frequently, thus obtaining better results and will be more likely to renew or continue their memberships and bring in their friends, again improving the club's bottom-line. And, if you have a café, a bar, smoothie bar or any other lounge environment, your sales will go up if your members like your space more and want to socialize more with their friends because they feel comfortable.



Carlos Dixon - Impact Design Concepts

Last, but very importantly, we find that our Impact Design Concepts help clubs because from the owner to the staff to the members, there is more pride in the club. There is greater owner pride because the club has been improved dramatically without a budget busting investment. There is more staff pride in the improved environment where they spend many hours working. And, there is more pride amongst members, again improving renewals and new membership sales through referrals.

My work is all about making people feel good and I am pretty sure that's a big part of what the health club business is all about.

**Club Insider:** Do you offer financing?

**Carlos Dixon:** I am going to contact finance companies to discuss possible partial financing, as we are also investigating the possibility of acceptance of credit card payments. But, we provide extremely affordable rates, so many clubs can afford our services out right without any additional financing.

**Club Insider:** Carlos, thanks for sharing your "Inside Story". You are a terrific young entrepreneur and I am happy to share your "Inside Story" with our readers.

**Carlos Dixon:** Thank you Norm! (Carlos Dixon may be reached at: 770-621-7770 Ext: #1)

# Make It Fun!

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*[the effect of having power over a thing or a person, to exert influence over]*

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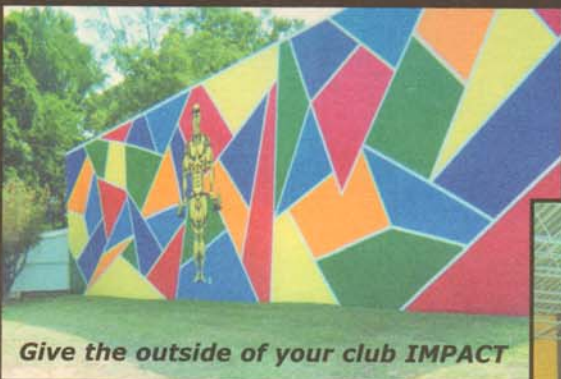
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Terry Brasseale,  
Iron Works Fitness,  
Huey Town, AL



*Give your child care area **IMPACT***



*Give the outside of your club **IMPACT***

*I've used IMPACT Painting in several of my clubs. I know the Design & Painting are good for business because my numbers increased each time I used them.*

**Al Phillips, Owner of 5 World Gyms, Chicago, IL**

*We've used Carlos Dixon and his people at IMPACT DESIGN, Twice...And each time they've come through with "Flying Colors"!*

**Wayne Kosbie, Owner of Towne Lake Fitness, Woodstock, GA**



*Give your cardio area **IMPACT***



*Give your cardio area **IMPACT***

*Our club was a year old and we had plain white walls. After IMPACT worked with us on our logos and some exciting colors in the daycare and aerobics rooms our new member numbers increased and our retention rate has been incredible. We should have done this sooner.*

**Velvet & Chris Eidson: Owners of World Gym, Jacksonville, FL**



*Give your free weight area **IMPACT***

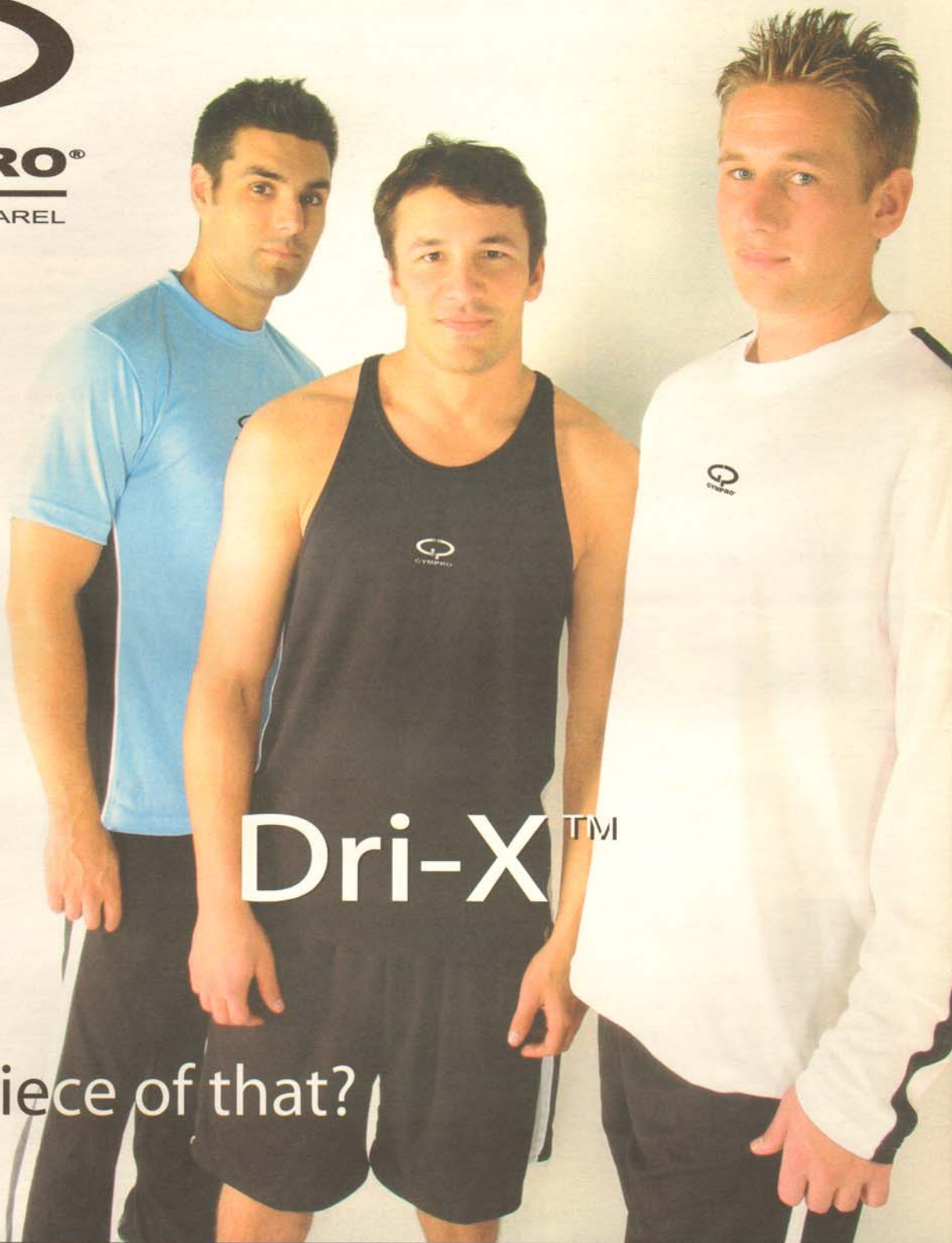


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# BTS Summit Atlanta Takes Group Fitness to New Heights

**Publisher's Note:** *The Body Training Systems Atlanta Summit 2004 was a World – Class event befitting the excellence and achievements of the Body Training Systems world-wide, but in particular the excellence produced by Rich Boggs, Ray Irwin and Terry Browning. BTS has raised the bar in group exercise in North America to new and exciting heights and club owners like Gordon Johnson of Gold's Gyms in Douglasville, GA, and John Bonica of Global Fitness in Leominster, MA, have hugely improved club profits to prove it.*

Held February 19-21, BTS Summit Atlanta offered advanced education to BTS health facility owners, managers and instructors on how to deliver World Class Group Fitness. Three more high-energy Summits will take place over the next twelve months in Chicago, Baltimore and Portland.

Attracting over 500 U.S. health facility owners, managers and instructors to Atlanta, BTS Summit Atlanta engaged, educated and entertained audiences. The conference offered attendees advanced education, team building experiences, and most importantly, ways to share their proficiency and enthusiasm with health facility members nationwide.

"During the BTS Summit Atlanta, I took the opportunity to work one-on-one

with Body Training Systems employees to improve my business and re-energize my staff," stated Leigh Pozas, owner of Total Woman Health and Fitness in Bakersfield, California. "I admire BTS' commitment to the industry, and I strive to provide the same level of commitment to my members."

Teams of instructors and managers traveled from 23 states, Canada, Sweden, Australia and New Zealand to participate. While instructors had the opportunity to polish their technique and teaching skills, health facility owners attended workshops focused on increasing profitability, referrals and retention.

Although Body Training Systems has hosted similar events in the past, BTS Summit Atlanta was the largest and most attended event to date. In addition, the BTS Summit Atlanta was the first Summit event to span three days. On the third day of the event, the BTS Super featured packed classes which radiated an immeasurable energy as 430 instructors experienced the

new quarterly classes for each BTS program.

BTS is a division of The STEP Company, creators of The Original STEP. In 1997, The STEP Company became Body Training Systems, the U.S. and Canadian distributor of licensed programs developed by Les Mills International. BTS branded programs include: BODYPUMP, BODYCOMBAT, RPM, BODYSTEP, BODYFLOW and BODYATTACK.

The success of BTS programming, training, management and marketing is apparent with more than 10 million health facility participants in U.S. and Canadian BTS classes each year. BTS programs are conducted in 12,000 classes per week with an average of 240,000 participants. Body Training Systems delivers new classes and marketing materials for each program quarterly and provides constant management and instructor training to its licensees.

BTS National Training and Program Director, Cathy Spencer-Browning, commented on the success of BTS Summits

by saying, "We created BTS Summit events to excite and educate our professionals about the delivery of World Class Group Fitness. During these three days, health facility owners and Group Fitness instructors are able to experience firsthand all that Body Training Systems offers."

## About Body Training Systems

With over 15 years of experience, BTS is recognized throughout the fitness industry as the leading provider of Group Fitness programs. Headquartered in Atlanta, GA, BTS is the U.S. and Canadian distributor of licensed Group Fitness programs developed by Les Mills International of Auckland, New Zealand. BTS is committed to delivering World Class Group Fitness management, programming, training and marketing systems to health facilities, instructors and participants. For more information, visit the BTS website at [www.bodytraining.com](http://www.bodytraining.com).

March 3, 2004 – ATLANTA, Ga. – Body Training Systems (BTS), the world's leading provider of Group Fitness programs, recently hosted BTS Summit Atlanta at the Georgia World Congress Center.

Norm Cates  
**THE Club Insider**  
NEWS

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___ Impact Design Concepts - Pg 31	Fax#:(770) 947-8004

## ...Norm's Notes

continued from page 8

read this in time, you're Cordially Invited to The **CLUB INSIDER** News, 10th Anniversary Celebration March 24th at the Las Vegas Hilton, Ballroom "C" from 7:30 to 10:30 pm. I'd like to meet you and introduce you to our friends at our 10th Anniversary Party! STAYTUNED.

●Speaking of IHRSA Las Vegas, the Team BIG JOHN McCARTHY has assembled are not only GREAT AT THE JOBS they perform back in Boston, they plan, produce and deliver simply the VERY BEST CONVENTION and TRADE SHOWS in the history of our industry. Simply none better. **DON'T MISS** these events: 1) **DON'T MISS** the Tuesday General Session where former New York City Mayor, RUDY GULIANI, will receive IHRSA's "PERSON OF THE YEAR AWARD" and will deliver a speech on LEADERSHIP, 2) **DON'T MISS** The **CLUB INSIDER** News 10th Anniversary Celebration featuring a "Tribute to RAY WILSON". The **CLUB INSIDER** News will honor RAY WILSON and DALE DIBBLE, with our 1st ever

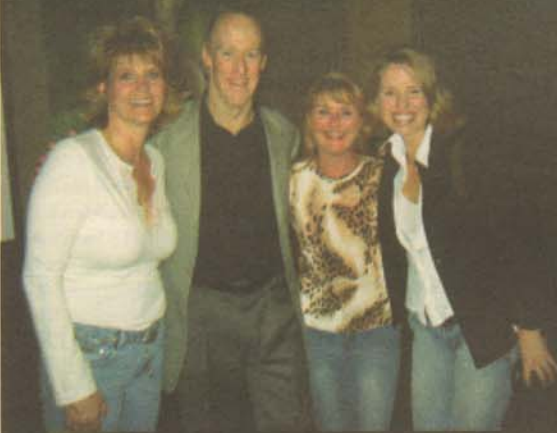
"Health Club Pioneer of the Year Awards!" during the Party and we need you there!, 3) **DON'T MISS** the IHRSA Member Networking Forum on Tuesday, March 23rd from 4:00 pm to 5:30 pm at the Las Vegas Conference Center Room # S229. This the ONE and ONLY chance you will have this year to meet with IHRSA's elected Board Members, and tell them what you think and ask the HARD QUESTIONS that need answers about where IHRSA is going and WHY it is going there!, 4) **DON'T MISS** the Wednesday morning General Session, where RAY WILSON will be honored by IHRSA with its DALE DIBBLE Distinguished Service Award. I am honored to introduce Ray and present him with IHRSA's top award for health club business people. 4) **DON'T MISS** the IHRSA Trade Show where our terrific **CLUB INSIDER** News Advertisers listed on page #5 of these Norm's Notes will be among over 350 exhibitors occupying a room of over 250,000 square-feet! PLEASE TAKE YOUR CHECKBOOK, use our IHRSA Booth Listing on pg #5, **BUY FROM OUR ADVERTISERS and LET THEM KNOW** The **CLUB INSIDER** News sent

you!

●BODY TRAINING SYSTEMS held its 2004 Summit Atlanta at the Georgia World Congress Center on March 19h-21st. Over 400 BTS Instructors came from around the world to update their teaching techniques, network and have some fun. I had lots of fun because I had a chance to hang-out with my two good friends and former Courtsouth Partners, RICH BOGGS and RAY IRWIN, and I took the Body Pump Class with over 400 people, in a 25,000 conference hall in the biggest group exercise class I have ever seen. Don't forget that BTS will conduct a Group Fitness Management Seminar in Las Vegas on March 21st from 11 am to 7 pm. The Atlanta event ended on a **very romantic** note when JEFF ST. LAURENT proposed to JENNIFER HOY in front of the huge crowd and she accepted her ring right on the spot! Congratulations JEFF and JENNIFER! Check out the Body Training Systems 2004 Summit article and photos on pages 33 and 34.

●God Bless our troops, God Bless you all, and God Bless America! Stay Tuned!

# BTS SUMMIT ATLANTA



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

- Gordon Johnson, Gold's Gym Owner

"In just three years with Body Training Systems, annual revenues increased by \$1.2 million and our earnings increased by \$400k."



- John Bonica, Global Fitness Owner



"In only 7 months, BTS has reinvented Group Fitness programming at WOW! We have experienced more than a 300% increase in class participation and more than a 25% increase in guest traffic across our seven clubs."

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

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