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Norm Cates'

# THE Club Insider

## NEWS

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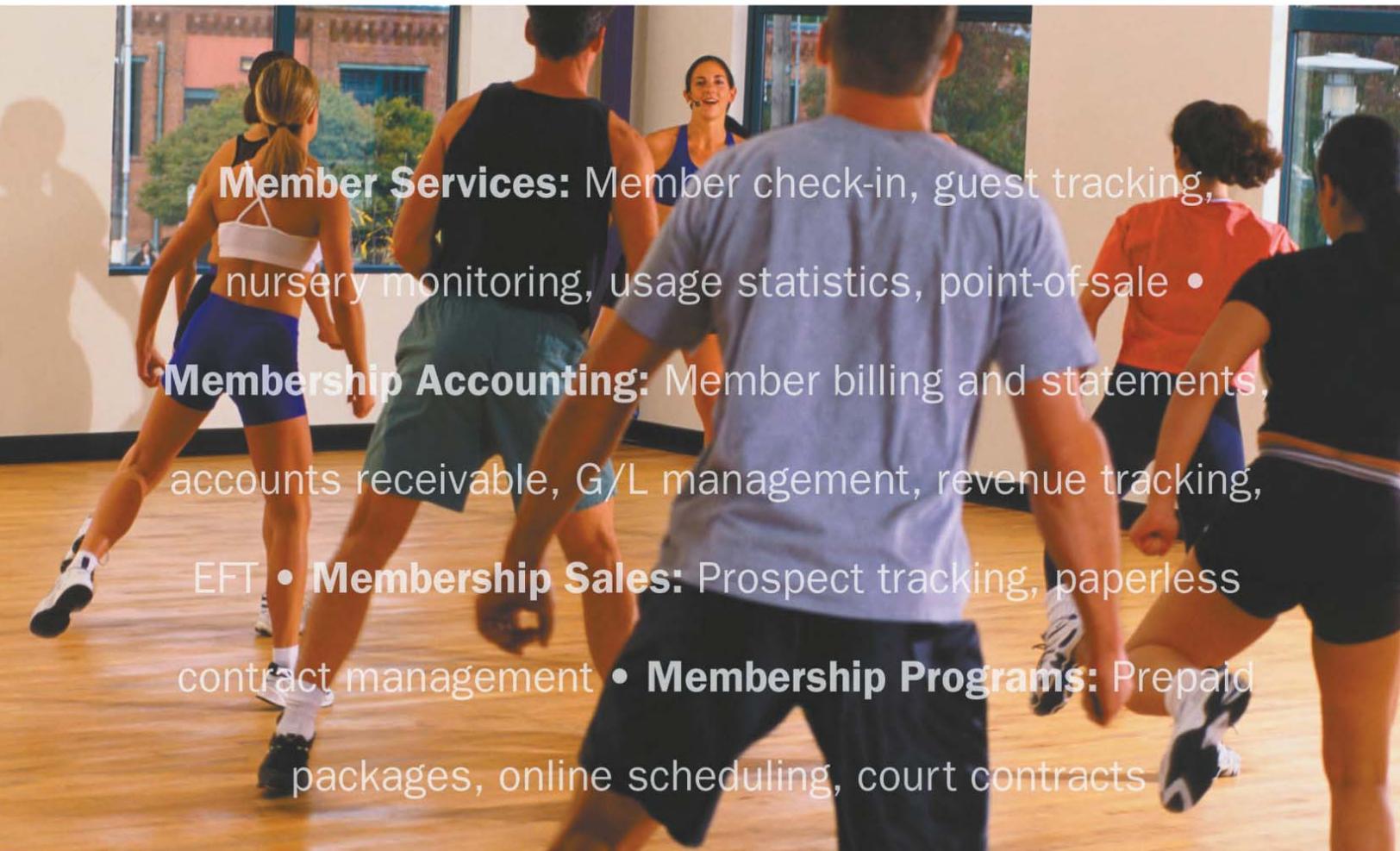
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## Red Lerille

2005 Club Insider "Health Club Pioneer of the Year"

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

## Red Lerille

### 2005 Club Insider "Health Club Pioneer of the Year"

By: Norm Cates, Jr.

**San Francisco, CA.- March 18, 2005-** The *CLUB INSIDER* News is proud to have honored today, Red Lerille, as one of our two, 2005 "Health Club Pioneers of the Year" Award winners. The "Pioneer" award presentation was made to Red Lerille at the Body Masters Exhibit area at the IHRSA Trade Show.

The immortal Joe Gold was also honored, and that "Pioneer" presentation was made to Joe Gold posthumously in Columbus, Ohio on March 4th. Mike Urtez, World Gym International Co-founder and CEO, accepted the honor on Joe's behalf at the World Gym Awards Banquet. (See page #8)

Red Lerille's Health and Racquet Club in Lafayette, Louisiana opened originally as Red Lerille's Health Club in a 4,000 square-foot rented space that previously had been a western wear and cowboy boot shop. Today, "Red's", as it is commonly known in the beautiful city of Lafayette, Louisiana, is an amazing, Disney-like, 185,000 square-foot mega-club located on 20 acres. There is *only one* Red Lerille and *only one* "Red's". Red Lerille, who will turn 69 on June 9th, has become, over those 42+ years, a legendary icon of the health club business. For 42+ years now, Red has worked hard on his club, invested, improved, equipped, expanded, expanded

and expanded his club to the point that this author truly rates Red's as the #1 independent health club in America and arguably the world. This #1 ranking comes from yours truly after having personally visited thousands of clubs over the past 32 years, including many other great, world-class mega-clubs, such as Cedardale Athletic Club in Haverhill, MA., the East Bank Club in Chicago, and the Atlantic Club in New Jersey

#### That "Red's Feelin' "

My ranking of Red Lerille's 42+ year old club as the #1 independent health club in America is not just about the size or revenues of what I think is the greatest club in America. It is about much, much more. Red's is far more than just acreage, buildings, pools, tennis courts, gyms, workout rooms, group exercise rooms, memberships and revenues. Red's is all about *very happy members* and *very happy employees* that truly give Red's its legendary "spiritual" environment. It is about penetrating over 12% of the overall Lafayette population at one club. Quite simply, unless you have physically visited, used and experienced what I have described for years as "*that Red's feelin'*". You simply cannot imagine what a truly amazing place Red Lerille's Health and Racquet Club really is. In



Red Lerille with one of his vintage aircraft

fact, over 10 years ago, this author spent three days with Red and Emma Lerille, his wonderful and loving wife of 42 years. Importantly, extensive time was spent with several of Red's key, long-time employees, such as Garland Barras, who now has been with Red's for 42 years! The average tenure of Red's key leaders and staff is *an amazing 32 years!* The *CLUB INSIDER* News published an in-depth, three-part case-study on Red Lerille's Health and Racquet Club and its amazing team of leaders. That 3-part *CLUB INSIDER* case-study was described by health club industry visionary and leader Roger Ralph as, "the single greatest article in the club industry I have ever read." I could write 19,000 more words as I did in 1994 and still not adequately illustrate what you would see if you actually visited Red's. Instead, I invite you to

visit Red's website and to see the many photos for yourself, excellently chronicling the history of Red's way back to the beginning in 1963. The website address appears at the end of this article. Don't miss a visit and by all means, *do not ever miss an opportunity* to visit Red's if you are in New Orleans or Baton Rouge, Louisiana, as both cities are just a short interstate highway drive to Red's in Lafayette.

*"Well, it all started with Uncle Harold... and the rest is HISTORY!"*

Red Lerille started his lifetime of weight training and fitness because, as a young boy, he admired his Uncle Harold's muscles. At age 9, Red was a skinny, red-haired kid, but the inspiration drawn from his Uncle Harold's muscular physique caused the youthful Lerille to

dream of really big things. His first dream was to someday be Mr. America. His second dream was to have his own health club. He accomplished both dreams, and *then some*. After winning the Mr. New Orleans, Mr. Audubon Park, Mr. Navy and several other body-building titles, Red's dream of winning the Mr. America title was realized in 1960. He then embarked on his second dream, owning his own health club. On January 13th, 1963, Chapter 2 of his dream became a reality when he opened Red Lerille's Health Club in the Southwest Louisiana city of 125,000 people (The population of Lafayette was 60,000 when Red's first opened).

Armed with \$250 borrowed from his dad to pay his first month's rent and a room full of hand-made equipment he had built in his garage, Red Lerille (See *Red Lerille* Page 6)

#### Inside The Insider

- **The EAST BANK CLUB** Receives The **DALE S. DIBBLE Distinguished Service Award**
- **JOE GOLD - 2005 Club Insider "Health Club Pioneer of the Year"**
- **Health Club Industry Standards For Closing A Club**
- **Here Come The Low Price Clubs!**
- **How To Inspire and Motivate Your Sales Team**

# •Norm's Notes•

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

•I wish to extend my sad condolences to **PHYLLIS LANDIS** and "Brother" **MICHAEL SCOTT SCUDDER**. Phyllis is, the **Mother of SUSAN SMOLINSKY** and the wife of Michael. Phyllis' daughter, Susan, ago 40, had suffered a bad stroke in mid-February. 25-days later she suffered a massive hemorrhage on the right side of her brain. She passed away on Saturday afternoon March 12, 2005. Phyllis and her brother, father and aunt were with Susan during her peaceful final hours on this planet. Funeral services were held in Philadelphia on March 15th. **MAY SUSAN SMOLINSKY Rest In Peace.**

•**IHRSA 2005 in San Francisco, March 16-19th was a smashing success!** I have had the pleasure of attending every IHRSA Convention and Trade Show for 24 years and I rate this event as the **best ever** for a lot of reasons! The show brought thousands and thousands of IHRSA member health, racquet and sportsclubs owners, managers and operators from 60 countries around the world to the historic and beautiful City by the Bay, San Francisco. Right out of the gate, **history was made when highly esteemed Big John McCarthy, "The Alliance Master", shocked the Opening General Session standing room**

**only crowd of over 4,000, by announcing that he was going to retire** after IHRSA's 25th Anniversary Convention and Trade Show next March, 2006! Replacing John McCarthy after 25 years will be tantamount to replacing legendary Green Bay Packers Coach, **VINCE LOMBARDI** or UCLA Basketball Coach, **JOHN WOODEN!** To compound matters for the Association, 23+ year veteran, **RICK DEVEREUX**, IHRSA'S excellent **Director of Operations** and right hand man for John, had already announced his planned retirement in 2006. While the Association and the industry steps back to reflect upon the many, many success stories with respect to the John McCarthy and Rick Devereux era at IHRSA, I think one single word explains the reason for that success: **"TEAM."** For over 24 years now, Big John and Rick D. have assembled, along with 24-year IHRSA veteran and **Promotions Director, CHUCK LEVE**, an **"IHRSA Team"** that has moved the Association forward in all directions. The IHRSA Team of Staffmembers are as good as you can get and they work hard, really hard for the IHRSA Membership. Big John's Team IHRSA has carried out many of the strategic plans, programs and activities that have been created

by IHRSA visionaries and dedicated people that sacrificed their personal and business time to **serve as members of IHRSA's Board of Directors** over the first 24 years. The Association has been blessed with great leaders as exemplified by the terrific leadership of **JULIE MAIN**, outgoing **IHRSA President**. Julie followed previous IHRSA President and health club industry leader and Alaskan Club pioneer, **TOM BEHAN**, who served this past year as **Ex-Officio President**. Thanks Tom for your service. Here is some great IHRSA news to offset the news of John and Rick's 2006 departures. The IHRSA Board of Directors has elected **JOE "The GLADIATOR" Moore** as its new President! Julie Main will pass the President's gavel on to Joe this summer. I call Joe Moore "The Gladiator" because he is the reigning champion of this industry nationwide when it comes to fighting and defeating those huge tax-funded, non-profit Parks and Recreation mega-fitness facilities that had frequently popped up in Joe's Midwest Region. Joe stepped up and created aggressive PR campaigns to educate citizens and convince voters to defeat the tax-funded facilities and has continued to do so for over 10 years! Joe Moore will make a **great IHRSA President** and I wish Julie Main and Joe well as they transition the IHRSA President's gavel to Joe this summer.

•**"Who will replace John McCarthy?"** is the one question that has been in the minds of everyone I talked to about Big John's surprise retirement announcement in San Francisco. But, here is the **"Insider Scoop": NO ONE will ever "replace" Big John "The Alliance Master" McCarthy!** However, IHRSA Board Member and GREAT IHRSA leader, **GREGG LAPPIN**, has been chosen to **Chair the Search Committee for the new IHRSA Executive Director**. The Association has 18 months before Big John will officially retire and Greg personally informed me in San Francisco that 18 months will give the Search Committee "plenty of time to look both "inside and outside" our



(L to R) Norm Cates, Jr., Justin Cates, and Rick Caro

industry for IHRSA's new Executive Director." John McCarthy is **"one-of-a-kind"** and by definition, is irreplaceable, but the "selection process" for a new E.D. has begun. When the time comes we should all thank Big John and Rick Devereux as they retire. Please plan now to be in Las Vegas next March, 2006, for the **25th Anniversary Celebration of IHRSA**. I suggest a world-class retirement party for John and Rick to go along with the IHRSA 25th Anniversary Celebration. **We love JOHN MCCARTHY, RICK DEVEREUX and CHUCK LEVE and WE LOVE YOU ALL.** And we hope the **LOVE** of all of you wonderful people in the health, racquet and sportsclub industry is reflected in our monthly work here for you. We look forward to the future as **"We are all in this together"** as we pursue the goal of changing the world through helping people get fit and change their lifestyles for the better!"

•Let me say this to the **new IHRSA Executive Director way in advance of when "he or she" may be selected:** "Congratulations! I encourage you to rise to the challenge of filling the shoes of Big John McCarthy, but **be your own person.** Seek guidance and advice from John McCarthy, Rick Devereux and Chuck Leve. Get to know as many of the IHRSA leaders, past and present, as you can be in touch with and hear what they think about IHRSA's past and its future. You will inherit a World Class Trade Association. IHRSA is world class because of the dedicated, hard work of John, Rick and Chuck and their IHRSA Team. Importantly and never to

(See Norm's Notes Page 26)

## Thank You

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Norm Cates'  
**THE Club Insider**  
 NEWS

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**Established 1993**

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## ...Red Lerille

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launched and opened Red Lerille's Health Club on January 13th, 1963. From day one, Red made a vow to himself and to his members. The promise was that *every month* of his club's life, he would make *at least one club change* for his members. Do the math. That amounts to *at least 516 changes* over 42+ years, and that does not even include equipment. Red's promise resulted in major multi-million dollar construction projects growing the club from 4,000 sq.ft. to its now sprawling 185,000 square-feet.

In 1965, Red Lerille's Health club moved to its present 301 Doucet Boulevard location. In 1968, Red's added a health food store that was operated by Boyer Coe. Other early year improvements include the installation of a swimming pool and more weights. In 1973, two racquetball courts and 3 indoor-tennis courts and a pro shop were added. By 1978, Red's had 10 outdoor tennis courts, 8 racquetball courts and 3 indoor tennis courts to serve his members. The early '80's brought much more major construction at Red's with the installation of a new junior Olympic pool, an indoor-basketball court, indoor and outdoor jogging tracks, 6 additional outdoor tennis courts and 4 additional racquetball courts, aerobic room, nursery, children's pool area and lots of workout equipment. The late '80's saw the conversion of some of the racquetball courts, built earlier in the decade, to co-ed and women's-only workout areas, a cardio-area and expanded aerobic room. The '90's was the equipment addition age and many treadmills, other computerized cardio equipment, step aerobics, spinning bikes, new selectorized machines and tons of free weights were added to the ever growing club (Red's now has 125 cardio machines, 600 selectorized weight machines and 30,000 square-feet of workout areas with free weights and selectorized machines!). In the '90's, Red's received a major cosmetic facelift giving the club a new look with new colors and graphics. Additionally, lots of refurbishing was done to the pool deck, outdoor track, parking lot (800 spaces), landscaping, pool cabanas, nursery, office and bar. By early 2000, the new group exercise rooms, spinning rooms,

new men's and women's locker rooms, additional exercise area and a new lounge were completed. Now, Red's is just finishing up with *another* construction project. This time the kid's pool was replaced with a mini children's water-park, including a zero-entry pool, lazy river and water slide. Plus, a pool-side snack bar and a new party room have been added. Ground has also been broken for the construction of 2 new indoor pools, and new group exercise rooms in a new building with lots of room to add new activities, such as Pilates equipment and boxing.

### RED's Provides A Tremendous Membership Value!

Red Lerille's Health and Racquet Club provides a tremendous value to its 14,000 members. The FULL PLAY Registration Fee is \$250 and includes all facilities, including indoor tennis without fees for the low price of \$60/month for singles, \$90/mo. for a family of two, \$110/mo. for a family of three and \$120 for a family of 4 or more. "REGULAR-PLAY" Registration Fee is \$200, with tennis court fees charged and monthly rates of \$50, \$80, \$100 and \$120, respectively. Red's also has a very fair "MEMBERSHIP FREEZE" policy for a minimum of 3 months and a maximum of 6 months with the "Freeze" based upon the following reasons: 1) Temporarily moving outside of 30 miles from Lafayette 2) Medical Reasons; and 3) Pregnancy. Upon reinstatement, the monthly club fees are restarted after a small reinstatement fee is assessed.

### The "Inside" Story On Red Lerille

A congratulatory cover story on Red Lerille would not be complete without sharing some of the "inside" story about this great health club industry icon and legend. For nearly 43 years now, Red Lerille has opened his club Monday through Friday at 4:00 a.m. Upon opening the club, he joins the daily crowd of *over 200 members* that workout from 4 am to 6 am. Red then goes to his home to shower and get ready for work. But often, before he goes to work, he will go to the Lafayette Airport where he will fly one of his six early-1900's, vintage bi-planes. For years now, Red has been buying old bi-planes and restoring them. He

is now on his 16th vintage airplane restoration. During a restoration, he takes his aircraft acquisitions completely apart and *totally restores* these vintage collector's aircraft by hand in the garage at his home. By the time he is finished with each plane, he will have stretched yards and yards of new fabric onto the wings and fuselage. He then applies multiple layers of a lacquer type product to harden and completely weatherize the fabric of the aircraft. The aircraft's engines are also replaced with brand new engines and the entire interiors are totally refurbished. An example of the appreciation on Red's "hobby" of aircraft restorations is the early 1900's era Waco bi-plane which Red acquired for \$5,000 years ago. After his total refurbishment, inside and out, the new, but old aircraft was appraised at 1/2 million dollars! What a hobby!

Once Red has finished his frequent vintage aircraft flights, he will always be back at the club for work by 9 a.m.

Red and wife Emma also have 3 Harley Davidson motorcycles, and they both just love to ride! A few years back, Red and Emma rode two of their Harley's from Lafayette, LA. up to New London, Connecticut. They visited the submarine base where he had attended submarine school while serving in the U.S. Navy. Red and Emma then rode their Harley's as they criss-crossed across America on old Highway 20 on a 30-day, nearly 12,000 mile journey! As part of their trip they went to Ames, Iowa to live another dream of his. He worked on a big locomotive all day. He shoveled coal in the big engine, blew the whistle and made three trips on it. They made it to Seaside, Oregon and then made their way back toward Lafayette. Additionally, at one point in time, Red had two Lamborghini's that he enjoyed driving around town when he got a chance. Last year, he traded those two sports cars for a new brand new black Lamborghini.

Red's great family, his great club, his antique airplane collection, his Harley Davidson's and his Lamborghini are all the result of Red's extremely positive thinking mindset. He believes and teaches the importance of visualization and goal setting to his family, club members, staff, and to his friends. Red spends a lot of his time at the club working in his "Pro Shop" area where he talks to and assists members with



### Red's Children's Waterpark

any of their needs every day from 9 am until 1 p.m., then from 4 p.m. to 8 p.m. Red has no office. He mostly works in his club's Pro Shop area. There is a small office/storage area where Red always has a photograph of his next "goal" or "vision" that he wishes to achieve attached to his bulletin board. He has done this for years, following the guidance of the book, "Think and Grow Rich" by Napoleon Hill, a book that Red lives by and one that he has encouraged people (including yours truly) for years to read and apply to their business. At 1 p.m., Red leaves the club for his afternoon break. During this break, that lasts until 4 p.m., Red will have lunch and usually works on one of his ongoing vintage aircraft restoration projects. Returning to the club at 4 p.m., it is business as usual each evening until 8 p.m. He has followed this 4 am arrival and split day work schedule for over 42 years now. Red is truly an amazing human being and one who has been a world class role model influencing our industry enormously with his great club, his persona and his *dedication to everything he does*.

### An Interview With Legend & 1960 Mr. America Red Lerille

**Club Insider** - "Red, please reflect back to your early days with Red Lerille's Health Club. When you opened on January 13, 1963, did you, in your *wildest imagination*, think your club would become what it is today?"  
**Red Lerille** - Well Norm, in 1963 there was *no way you could even dream of a club this size!* Not in a town that was just a population of 60,000 at the time. So, gradual growth is what I thought I would have to do. Number one, I had no money. I borrowed \$250 to pay my first month's rent and

started off slowly.

**Club Insider** - Red, that story is wonderfully summarized in your club's great website.

**Red Lerille** - They have that little story on the website, but not all of the story is there. For example, I have a story about Joe Gold. I am excited to be honored at the same time Joe is with your "Health Club Pioneer of the Year" Award. As you know, I shared some of those comments when you presented the Award at IHRSA San Francisco.

**Club Insider** - Your staff's tenure of service at Red's is most remarkable... clearly the longest running team in any club anywhere that I have ever seen or heard of. I know that many things have influenced the continued long-term tenure of your team. What would you list as the Top 3 reasons for this remarkable aspect of your club?  
**Red Lerille** - First off, I think they like their jobs. I think they like what they do here. Second, I feel that I do treat them well. And third, maybe our profit sharing plan helps keep them with us. We have a bunch of them that now have two or three hundred thousand in their profit sharing plan. It is all money I contributed. It's not a 401K investment, but some of them have a 401K plan too.

**Club Insider** - Last year, we honored our industry friends Ray Wilson and Dale Dibble with the 2004 Club Insider "Health Club Pioneer of the Year Awards." This year, we honor you and the immortal Joe Gold. Would you like to comment?

**Red Lerille** - I think you selected two of the best people in the industry when Ray and Dale were honored. I've always admired Ray Wilson. He is one of our true  
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## ...Red Lerille

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pioneers. Ray has done a lot for this business over the years. Your other Pioneer Award winner, Dale Dibble, is another one of our true pioneers. Dale Dibble is the *highest energy, most enthusiastic individual I've ever met, at any age!*

**Club Insider-** Red, earlier in this interview you mentioned that you had a story about Joe Gold. Share that with us please.

**Red Lerille-** Back in 1953, when I was just 17 years old, I was a member of one of the old time clubs, The New Orleans Athletic Club (NOAC) and it had minimum workout facilities that I was excited to use. One day I saw an ad in the newspaper where they had opened a health club in New Orleans called the Ajax Gym and they had a picture of Joe Gold and Chuck Krauser in the ad. Man, I mean I was there the first day they opened! I had never seen so many barbells, dumbbells, squat racks, etc. The NOAC had just one Olympic set of weights! Joe's place had equipment all over the place. Joe Gold was actually working out the first time I ever walked in there. *That Day* is when I said, 'Man, this is what I want to do with my life! I started working out there. For some reason, Joe and Chuck Krauser 'took to me' a little bit, even though I was a kid. We'd work out every Saturday morning and then we'd go eat lunch at Morrison's Cafeteria. They just treated me like an adult. One day we were looking at a magazine with Bill Pearl on the cover. I can remember Joe Gold telling me, 'Man, you know, you could win this.' I will never forget that. Joe said, 'I could never win this... I've got a shoulder problem. But Red, you could win the Mr. America title.' Oh man, I walked on air for about ten years. Joe Gold is my real mentor. It is because of Joe that I am in the gym business! I am really honored to have received the "Pioneer of the Year" Award at the same time as Joe Gold, because he was my mentor. A big thing I noticed about Joe Gold's gym was that they continuously made improvements to the gym. A little something here and a little something there. Later on, they sold the club, told us all goodbye and moved on. My suspicion was that they didn't like the climate. Joe was from Santa Monica, California and once you've spent a Summer in Louisiana, you're not coming back! The guys that took over the club didn't continue making those improvements like Joe Gold did. He was always doing something to improve the gym. Over the years, when I'd travel to California, I'd go visit Joe. I went to his first Gold's Gym. Then he built a really nice World Gym. Every time I'd go visit he was always nice to me and he was always building some new piece of equipment. He would say, 'Come look at this!' In fact, when I went to my friend, John Gourgott's Memorial Service a couple of years ago, Joe, then at 80 years old and in a wheelchair, was still working on something

new. When I would go to Joe's World Gym Headquarters facility, Joe Gold ran that gym just like you would run a gym in the 1950's. No different. He had a little office off to the side. No big closing rooms and all that stuff... it was just a gym, much like I try to run mine. My place is giant-sized, but I still like to have that 'old time' atmosphere where we treat people like people.

**Club Insider-** Well Red, I have described your 'old-time atmosphere' in Red's for years as that 'Red's feelin', and you just summarized it all in one statement here.

**Club Insider-** For over 42 years, you've created an amazing and remarkable place at Red's. If you could reflect back on those years for a moment, what would you say are the most memorable times?

**Red Lerille-** That's a hell of a tough question, but I think my enthusiasm for this business is probably higher now than it was the day I opened. I feel just as excited about going to work now as I did then. I mean, I work. I don't have an office. No place to hide. I have no place to talk on the telephone. I am at the front desk right now talking to you (Author's note: about 20 minutes before this interview I called Red's main club reception desk phone number. It was 9:10 a.m., and guess who answered the front desk phone? That's right... Red Lerille). Red continues: I scrub toilets. I pick up towels. I work the club. I like operating that way. When you start hiding in 'your place', you're in trouble! One of my big rules is every month I make a change to this facility. I have never missed in almost 43 years now. I think that keeps the enthusiasm pretty high, and I try to be sure all changes are positive ones. The most memorable times for us were when we made our big club additions. Man when we added racquetball, no question about it... that was a big deal. When I put in indoor tennis and racquetball courts, that made things fly; prior to that we had just a little health club. We had the first indoor tennis courts in Louisiana. The addition of our building for our big basketball gym and jogging track up above, that was a big deal. Now, we're all pumped up. We're putting in a couple of indoor swimming pools, something I had said I would never do. Last year, we put in a water slide and a kiddie pool. All those things have made things exciting for our members and for me and our staff.

**Club Insider-** How long have you and Emma been married?

**Red Lerille-** Same amount of time. Emma and I got married on February 23rd, 1963. We had our first baby, our son Mark, on December 14th, that same year. Big year Norm!

**Club Insider-** That's great Red. That means in a little over 7 years you and Emma will celebrate your 50th Wedding Anniversary and the 50th Anniversary of

(See *Red Lerille* Page 18)



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# Joe Gold

## 2005 *Club Insider* "Pioneer of the Year"

By: Norm Cates, Jr.

The following is the transcript of my presentation of The CLUB INSIDER News' 2005- "Health Club Pioneer of the Year" Award, posthumously, to Joe Gold. Mike Uretz, Joe Gold's friend and partner in World Gym International received the Award on behalf of Joe Gold at the World Gym Hall of Fame Awards Banquet held March 4, 2005 in Columbus, Ohio. The comments:

"Joe Gold was many things to many people, but most importantly, he was a man that was true to himself.

As a young man, Joe's idea of a "good time" was 'Pumping Iron' and flexing with his buddies on Muscle Beach in California.

As a gym man, Joe's idea of a "good time" was helping people. People like the young bodybuilder from Austria whom Joe befriended the first time he came to Joe Gold's gym, the "Mecca of Bodybuilding" in Venice Beach, California. That young man was the same fellow that parlayed world class bodybuilding and acting careers into a world class job as Governor of the Great State of California. You all know his name. I call him a "future President of the United States." The world knows him as the "Governator" - Arnold Schwarzenegger.

A few years after Arnold came to Joe's gym, Joe sold the "Mecca of Bodybuilding" and returned to the Merchant Marines. Six years later, at

Arnold's request, Joe opened a new gym they called "World Gym". Joe, Arnold, Mike Uretz and all of you World Gym owners here tonight have now grown that one gym to be known as World Gym International with over 300 locations.

Joe Gold's health club career spanned six decades, but the mark Joe made on the health club business will last forever.

The CLUB INSIDER "Health Club Pioneer of the Year" Awards are given to two health club legends each year. The CLUB INSIDER launched the Pioneer of the Year Awards in 2004 when Ray Wilson and Dale Dibble were the recipients. This year, these "Pioneer" designations go to two other great men, Joe Gold and Red Lerille of

Lafayette, Louisiana. These pioneers forged the way for the 21<sup>st</sup> century health club owners and operators who are so well represented here in this room, this evening, by this terrific World Gym group.

Joe Gold, Ray Wilson, Dale Dibble and Red Lerille are all great men who have left their very special footprints in the sands of time. These are footprints that will never wash away.

To assure another lasting monument and testimony to the immortal Joe Gold, I am highly honored to present the 2005 CLUB INSIDER "Health Club Pioneer of the Year" Award to Joe Gold. Joe's long-time friend and partner in World Gym



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 Joe Gold Seated

International, Mike Uretz, will receive the pioneer award on Joe's behalf. May Joe Gold Rest In Peace. Thank you."



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# “Here Come The Low Priced Clubs!”

By: Michael Scott Scudder

**(EDITOR'S NOTE: This very special column is only for the The Club Insider News by Michael Scott Scudder)**

Early last year, several old friends, good quality club operators all, who were long-term licensees of an international gym chain – full-service clubs ranging in size from 15,000 square feet to 25,000 square feet, monthly dues in the range of \$50 or more, and each of them in business more than 10 years suddenly switched to Planet Fitness, a low-price franchise operation offering \$19-a-month (or less) memberships.

At the time, many others

around the U. S. were doing the same, joining forces with mostly regionally-established franchise or license operations that offer extremely low pricing. Many “experts” in our industry condemned this move, stating that “they would soon fold up”, or that they were “tired gym owners who had given up and took the easy road.”

I decided to investigate for myself, rather than automatically join the chorus of many nay-sayers. Having been one of the industry’s stalwarts in recommending annual dues raises for clubs, to even look at this type of operation involved considerable soul-searching for me. What I found out from several months of personal

research not only opened my eyes, but occasioned this article. (Note: at time of writing, *The Club Insider News* editor Norm Cates suggested that this article may be the “point article” and that he will write a “counter-point article” in next month’s edition. It should be understood by the reader that I am not recommending that clubs pursue a low-price platform for operation...I am merely reporting what I found from my research.)

The most likely place to start is to describe two things:

1. What constitutes “low price” in the club industry?

2. What does the acronym “LPC” represent?

To establish a workable definition for “low price,” I looked at other retail/service industries. In most cases, I found that “bargain” or “low” pricing was established with a usual discount of 1/3 off the norm. Following statistics published by IHRSA, corroborated by articles in IDEA’s magazines, I determined that average pricing for health club membership in 2004 was just a little over \$500 annually across the nation...or roughly \$42 per month. Applying a 1/3 discount to that figure, I arrived at \$350 annually, or roughly \$29 per month, as “low priced.” So this article really addresses those players from \$29 per month down to \$9.95 in monthly dues.

In interviewing over a dozen owners of lower-priced clubs, as well as speaking with several executives of those operations, I learned that they did not like the terms “bargain clubs” or “economy clubs.” Because none would agree on a common term to describe this segment of our industry, Norm Cates came up with LPC (Low Priced Clubs) to describe this sector. But keep in mind, these clubs, though ranging in size from as small as 8,000 square feet to over 30,000 square feet, have several things in common. They are clean. They are well-equipped. They are better-than-average managed by resident hands-on owner/managers, and in general, they have great marketing vehicles that drive much-higher-than-average prospect flows through club doors every month.

There are, as of this writing, over three dozen different “chains”, “licensing organizations”, or “franchisors”

in the low-priced segment. It seems as though a couple new operations pop up every month. To eliminate confusion, and to try to keep this article less than encyclopedia length, I concentrated on the sub-sector of clubs that generally are in the \$19-a-month (or less) range, are in the ballpark of 20,000 square feet in size, and are owner-operated as a rule. Several names come to mind in this segment, notably *Fitness 19* (presently 39 clubs in 10 states), *Aspen Fitness* (undetermined number of clubs in several Midwestern states), *Cardinal Fitness* (18 clubs in the Midwest), *Best Fitness* (undetermined number of clubs mostly in Eastern states), and *Planet Fitness* (59 clubs in 10 states).

While most owners declined to comment beyond vague generalities, and many more did not return repeated telephone inquiries, I was able to establish, through skillful “phantom shopper” phone calls, the offerings of most clubs, relative pricing and some strategic differences. Mike Grondahl, CEO of the *Planet Fitness* franchise, was most gracious with his time and information (though obviously not disclosing pertinent franchise trade secrets), spending several hours in different phone interviews, and leading me to franchisees who offered some valuable commentary.

Below, I offer you, the reader, some of the questions I asked, which should help to establish the background for the article and will greatly aid in understanding the “LPC phenomenon.”

• *Why did this segment suddenly re-surface so strongly?*

○ It appears as though several factors combined to instigate the re-introduction of low-priced players in regional markets.

▪ The success of “Curves” in a niche-market enterprise.

▪ The glut of mid-sized, mid-priced facilities in almost all metropolitan, urban and suburban markets.

▪ Apparent growing dissatisfaction from customers of mid-priced clubs over lack of service, inattention to members, and low quality of overall operations.



*Michael Scott Scudder*

▪ Frustration for many seasoned club owners with “standard operations” and need for a new model which concentrates on core businesses.

▪ Growing concern over the club’s cost of group exercise, child care and membership sales.

▪ Recognition of the beginnings of commoditization of the fitness membership marketplace.

• *What is the difference between the LPC’s and the low-priced operators of the mid-80’s and mid-90’s?*

○ This time around, it is quality club operators who are leading the way.

○ The LPC clubs are larger in footprint, more specifically equipped, and usually well capitalized.

○ Management is stronger and more modern.

○ Membership dues bases are predominantly Electronic Funds Transfer.

○ Marketing is multifaceted and aimed at appropriate “target markets” with concentration on demographics and select sociographics.

○ Offerings are sometimes very distinct and franchising/licensing rules fairly strict, often creating substantial savings in service costs.

▪ A case in point is the *Planet Fitness* concept.

• No group exercise classes in any club.

• No child care in any club.

• No “sales personnel” in any club.

• No more than 80-pound dumbbells in any club.

• No squat racks or equivalent “hardcore body-building equipment” in any club.

• *What kind of clientele are turning up in LPC’s?*

○ Contrary to “public (See *LPC’s* Page 12)

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# Health Club Industry Standards For Closing A Club

*Produced and Published As An Industry Service By The CLUB INSIDER News*

The health, racquet and sportsclub industry has, for years, focused on new club development and, rightfully so, given the American obesity epidemic. The sharp focus and resulting efforts by many has resulted in there now being 26,830 health clubs in the U.S. Yellow-Pages!

The sad and unfortunate reality of it all is that our industry, like all industries, must face "closings of clubs" as part of the business. However, in contrast to many other industries that might have business closings, our industry has a high risk of business damaging bad publicity and rancor when someone closes his health club(s) the wrong way. Yes, there is a right way to close a club and a wrong way. To help protect you, your family, and the health club industry, this set of "Standards For Closing A Club" has been produced. Make no mistake about it, HOW you go about closing your health club, if you must, WILL effect the rest

of your life one way or the other. Moreover, closings done the wrong way could hurt your family and will definitely hurt the health club industry big time.

No one knows how many or what percentage of the 26,830 clubs in the U.S. will close this year, next year or the year after that, but for purposes of this writing, let's be extremely optimistic and use 1% for our example. If just 1% of the U.S.-listed health clubs close in one year, 268 club closings would have the potential to damage our wonderful industry's vastly forward-moving progress and ongoing efforts to professionalize the health club business. Think of it like this... Let's say that in my example of 1%, or 268 club closings, we get lucky and 200 of them are somehow 'done the right way'. That would still leave 68 opportunities for bad press/public relations club closings that will damage the reputation for the remaining clubs in those respective areas across America.

Imagine 68 markets in America where in one year bad press for our health club industry hits the TV stations, newspapers, talk radio and "word of mouth" circuit. Not good. Not good at all.

In this past year alone, I am aware of two really bad club closings of club groups in Dallas/Fort Worth, Texas and Niagara Falls, New York that have clearly damaged the reputation (by association) of the remaining health clubs in these communities. I know, without any further research on the subject, that last year there were many more than these two markets hurt. The number 268 used above simply as an example, in my view, is way too optimistic. The leaders and shakers of our industry wonder WHY our industry has only about 14% of the U.S. population as members (approximately 40 million). That is a low figure when you consider there are over 280 million Americans in the continental United States, and a war on obesity is raging.

The answer to the often pondered question, 'Why can't we get more members out of the U.S. population?', is staring you and me right in the face! Think about it. When is the last time you ever heard of a YMCA closing and getting bad local press? I think you probably see my point here.

We have an opportunity to move against this threat to our industry. The Standards shown on the next page will simply be a first step in what really should become an industry-wide effort to deal with an untouched industry problem. We, as an industry, must unite to educate all club owners on what to do and when to do it, if they must close their club. And, all health club competitors must realize the importance of putting aside all differences when a competitor must close their club. The importance of competitors cooperating and helping a local club owner/operator who must close his club cannot be over-emphasized. All club owners

should adopt a "We're all in this together" attitude and mindset when a competitor's club is going out of business. By your club or a local coalition of clubs absorbing all of the members from the closing club(s), monthly dues payers and prepaid members alike, many important and good things happen. For example, it will help keep those members in health clubs, not YMCA's or other places! This collective, cooperative, 'alliance' mindset will advance this industry more than any of us can realize right now.

How do we, as an industry, protect ourselves from bad club closings that result in negative TV, newspaper, talk radio and 'word of mouth' innuendo that hurts all the other health clubs in any market where it has happened? Do we keep our heads in the sand? Or, does our industry now begin to take note of this risk to all of our futures and take a proactive approach to education on how (See Norm's Notes page 13)

## ...LPC's

continued from page 10

opinion," the LPC's seem to enjoy a cross-section of members.

- All-age 'I'd like to try fitness but don't want to spend a fortune' persons of both sexes.

- Young, budget-conscious clients.

- Over-40's who have had it with low service at higher-priced clubs.

- Occasional users of every age grouping imaginable (but usually over 18).

- Are the rumors of high monthly "loss ratios" really substantiated?

o From what I can discern, absolutely not. Many would not give me concrete numbers, but from those who would, I was able to establish that monthly loss ratios are well below our national average (in all clubs of approximately 3%-3.5% per month).

- Mike Grondahl shared actual numbers from his personally-owned Planet Fitness franchise clubs, and his average loss ratio from those clubs combined was less than 2.5% per month or 29% for 2004.

(In other words, it appears that Planet Fitness operations are enjoying a healthier member retention ratio than our industry average as a whole!)

- What effect are the LPC's having on local marketplaces?

o While it is early yet to tell...and certainly Norm Cates will present the 'competitors' of these Low Price Clubs' side" next month...it seems as though these lower-priced players are having the following effects:

- They are driving a bigger share of market through their doors than traditional clubs...and they are probably creating a bigger "fitness marketplace."

- Mike Grondahl states unequivocally that he "...draws 23% of the available membership markets, versus 14% for a traditional club." In other words, these LPC's may well have an increased selection of prospects... as much as 9 more prospects per 100.

- They are leading commoditization of membership pricing in many sectors. Surrounding club owners have often dropped prices in a hurried attempt to compete.

- In the case of Planet

Fitness, the LPC's are doing a very effective job of mass marketing in piggy-backed fashion...something which traditional clubs have not enjoyed much success in recent years.

- Locally, membership prospects are seeing clubs that are modern, well-equipped, brightly-decorated and frequently well-managed by resident owners. Planet Fitness actually effectively markets the "Judgment Free Zone" theory of operation, in which "ordinary people" of every type are not only welcomed at the club, but will be comfortable in it.

- What are some of the downsides, as reported by LPC operators?

o Amazingly, there are relatively few.

- By far the biggest problem for most is the ability to enter as many as 500 or more new membership contracts every month!

- Parking at peak times...the LPC's generally need about double the parking capacity of regular clubs.

- Crowding of facilities during a few peak hours of each week.

- Initial conversion from higher-priced operation to lower-priced operation...as one Planet Fitness franchisee said "It was hell the first month, then it was just fine."

- Occasional disgruntled customers (or potential customers) who expect "full service for a low price."

- What is likely the longer-term effect on the health club industry as a whole?

o This is an area where "the jury is still out." However, no one can argue with the success-to-date of the LPC's.

- Most converted clubs have better than doubled their monthly membership dues in a year or less. New clubs find that they have 5,000 to 6,000 members within the first year.

- Depending on their type of operation (less or no classes, no child care, no sales personnel), most have reduced monthly club payroll expenses by as much as 35%.

- Acceptance by the public. People of all types, demographic sets, ages and sex have thronged to these clubs in record numbers.

Norm Cates asked me to "sum up" my impression of the

LPC's in my closing paragraph. That's a real challenge because my crystal ball is a little hazy right now. I do think that there is definite quality in many of the current low-priced chain operations, and I believe that they may be the forerunner to the consolidation of the "center of the fitness facility marketplace" around the country...those independent clubs that are 10 years old or older, 10,000 to 30,000 square feet in size, undercapitalized, under-served, aging rapidly and dues-priced in the mid-\$30s to the mid-\$50s per month. This sector seems perfectly placed for a huge decline...and I think in many markets the Low Priced Clubs will facilitate and escalate that very thing happening.

(Michael Scott Scudder, a Contributing Author for The Club Insider News, is a PERSONAL BUSINESS TRAINER operating FITNESS FOCUS, a consulting company offering private workshops on pertinent fitness business matters. Michael can be reached at 505-690-5974, by email at mss@michaelscottscudder.com or at his web site, www.michaelscottscudder.com.)

## ...Standards

continued from page 12

to professionally close a club? The **CLUB INSIDER** News has elected to be proactive and provide herein, for the 'protection of your family and our industry', Standards for Closing A Club (the right way).

### Closing Your Club(s) The Right Way

Closing your club the right way will help a lot of people, and achieving the tough club closing task the right way will:

1. Give YOU and YOUR FAMILY very valuable and 'priceless' peace of mind.

2. It will help 'protect' an industry that surely you love or at least have loved in the beginning.

3. Doing it the right way will protect your community reputation and 'standing' as you move on to other ways to make a living in your hometown or community.

4. It will protect your personal credit.

5. The door to your future may well open because of the 'professional' manner in which you have carefully planned and executed your club's closing.

6. Health clubs that become part of a community coalition of clubs will improve the reputation of our industry as opposed to damaging it. Closing your club(s) the wrong way could easily result in shame, ridicule and disrepute for you and your family in your hometown or community. Your family, your members and your community deserve the best you can give as you exit the health club industry.

Always keep in mind that, right now, if your club is still open for business, even though things look really, really bleak, you still have choices! These Standards, if studied and followed very carefully in planning and execution, could mean an awful lot to you for the rest of your life!

#### Credit to Julia Wheatley

I would like to give credit to former 9-year women's-only health club owner, Julia Wheatley, of Harrisburg, Virginia, for a job extremely well done. About three years ago, Julia came to the reality that she simply had to close her club. However, the steps she took after that tough

decision were extraordinary, professionally planned and very well executed. In fact, we published an article that openly shared the "good, the bad and the ugly" in Julia's own words. She opened her heart to our readers, and Julia's effort planted the seed in my mind about 2 1/2 years ago that this article and the Standards stated below should be produced and put into use throughout our entire industry. This task is simply too important to all of you, your families and our industry, to ignore any longer.

### A Comment On These Club Closing Standards

The following Standards, if carefully studied, planned and executed, can mean a lot to you and your family for the rest of your lives. While reading, I also want all of you to realize that these published Standards may not be perfect! But, they are a hell of a lot better than anything else I am aware of that has been produced in this industry, which is **NONE**. I welcome and encourage any and all of your comments,

suggestions, criticisms, concerns or yes, even praise with respect to this effort. I will consider each item of feedback on its independent merits and will, should I conclude that such items belong, include it with acknowledgment in a Norm's Note of your contribution and will publish said item in a revised set of Standards to be published in the future. Do ALL OF US HAVE A STAKE IN THIS? You bet. Can WE ALL BENEFIT from the reduction of bad publicity and public relations from INCORRECT CLUB CLOSINGS?

I sure think so. For now, the new Standards for Closing a Club are shown below.

(Norm Cates, Jr. is a 32-year club veteran of the health, racquet and sportsclub industry and the Publisher and Founder of **THE CLUB INSIDER** News. Cates was the 1st President of IHRSA and a Co-founder of the Association in 1980/81. In March, 2001, Cates was honored by IHRSA with its DALE DIBBLE Distinguished Service Award. Cates may be reached at: 770.850.8506 or email at: clubinsidernews@mindspring.com)

## Health Club Industry Standards for Closing a Club

1. **Remember ... Your family, your members, your staff, your investors, your community and the health club industry all deserve a professionally planned and executed closing of your club.**

2. **Remember... "Time Is Of The Essence!"**

3. **Remember... To "sell" your club or "merge" your club with one of your competitor's clubs is far better than having to outright close it. On this item, please note that Dean Kachel, our October, 2004 cover story subject, who celebrated his Quadrangle Athletic Club- 25th Anniversary in October, is an expert in this area. Kachel has, for over 25 years, "merged" or "acquired" closing club memberships from 12 different clubs in his Coral Springs, Florida area. I have arranged an interview with Dean on this subject, and I will at a later date publish an article covering this item #3. In the mean time, if you have to move on, contact me immediately and we will get help from Dean for you.**

4. **Remember... Real estate tenant laws with respect to eviction and/or State laws governing property and building foreclosures could very well play into what you may be able to do and certainly, at some point in time, could impact exactly when you must close your club. Seek legal counsel early on from an Attorney whose specialty is real estate law. Additionally, seek similar counseling from a specialty lawyer in the Bankruptcy field as there very well could be a chance where you could 'work your way' out of the 'fix' you're in.**

5. **Remember... You must follow these Standards closely and execute them carefully, step by step. Your plan should target one goal: fair treatment for everyone and the delivery of a closing that, in the end, is free of negative TV, newspaper, talk radio and adverse "community word-of-mouth" communication.**

6. **Remember... Many "parties" must, in a timely manner, be contacted to effect a professional closing.**

7. **Remember... If and when you've exhausted all efforts to save, sell or merge your club, and once you have made a DEFINITE DECISION that you must CLOSE YOUR CLUB, the real work begins. Your first step after your final decision is made should be to write a letter of notification on your club letterhead, and send it to the Attorney General's Office and your state's Office of Consumer Affairs. I will be working with Julia Wheatley to adapt the letters she used to create a "Standard" template for this purpose. In the mean time, if you must move on, write a 3-paragraph letter stating who you are, when you must close your club and that you will be in CLOSE TOUCH with them. Also, stay IN TOUCH with these folks because they can make your life miserable if you get on their wrong side. On the other hand, don't forget that your State's Office of the Attorney General, Office of Consumer Affairs and your vendors all can be allies in a professional club closing.**

8. **Remember... If your club is bonded, write a letter to your bonding company weeks in advance stating that you must close on a date to be determined. Ask for their policies and instructions on when and how to go about applying for the Bond release to provide whatever your bond is for renewals. Importantly, if you have been selling prepaid memberships, you must carefully plan your bond-funded refunds, and plan to distribute those funds on a prorated basis to the members that still have prepaid time. STOP SELLING ANY PREPAID MEMBERSHIPS. This is a real toughie because if you are not bonded or if you don't have funds for refunds, or both, you will be in a tight spot. This area is an area that gives emphasis to the importance of trying to "sell" or "merge" your club membership with a local club or even a consortium of local clubs. This is delicate, but doable and very important.**

9. **Remember... Once you've determined all of your rights by law, exhausted your efforts to "sell" or "merge" your club and your remaining resources have been carefully studied, then you MUST MAKE THE TOUGH DECISION ABOUT WHEN YOU PLAN TO CLOSE YOUR CLUB. I would highly recommend if your resources and your club rent or property ownership circumstances will allow, that you make your announcement at least TWO MONTHS in advance. In Julia Wheatley's case, she sent her letter to her members seven weeks before her closing date.**

10. **Remember... Once you've picked your PLANNED CLOSING DATE, you should not and you CANNOT keep it a secret. You should first inform your family. If they work in the business with you and they do not already know, inform them CONFIDENTIALLY, and explain the importance of their silence while you complete and execute your plan. You should draft a brief letter to your staff and call a mandatory meeting of all staff. Hold the meeting and disclose the news to them all at one time. (A few days before your announcement meeting is held, create a list of projected "Frequent questions and your answers.") Give out your letter and Q & A's at the beginning of the staff meeting. Let your staff read it. Then, immediately open the meeting for their questions and be patient and caring while dealing with those. Do not let anyone leave the room until all Q. and A. is complete. You should then walk out of the meeting, before any of your staff, place a stack of the brief announcement letters and Q. & A.'s on the front desk and post it on all of your bulletin boards and other areas where the letter will be seen. Then leave the club briefly and go to your closest U.S. Post Office and PERSONALLY mail the same letter and Q. & A. list to EVERYBODY that is on your membership roster. You should also write a letter of notification to all vendors.**

During the days after your club closing staff meeting and announcement to your members, you should go to your club everyday, remain visible, upbeat, maintain a smile on your face and be as friendly as you can with any and all of your members and staff with whom you have contact. Your strength and leadership during this period will assist your staff with their tough day-in-day-out dealings with your members and others before the club closing date.

I wish any of you that must make this very tough decision to close your club the best of luck and a great future. But, be prepared. It can be TOUGH as hell, but if you use these Standards as a guide, keep your head up and maintain a smile on your face (even though your heart is breaking inside), you and your family, staff and members WILL ALL GET THROUGH IT! You will have also taken a HUGE step toward protecting your family and the important goal and objective of helping 'protect' our great industry that is surging rapidly toward 21st century professionalism. STAY TUNED!

# HOW TO INSPIRE AND MOTIVATE YOUR SALES TEAM

By: *Shawn Codd*

Once you have a good sales team in place, how do you go about training them on the intangibles? How do you inspire and motivate them to make the sales they need to make for their success as well as your clubs?

First, you must hire people with the *desire* to succeed. If you hire someone who lacks desire, no matter what you do with them, they will not succeed in sales because you cannot inject desire into someone. Assuming you have a team full of people with a strong desire to succeed, there are specific things you can do to inspire and motivate them on a regular basis.

**Lead by example** - Whatever you want your sales team to be doing, you'd better be doing it first. Your excitement about your personal fitness, your club, your members and your staff needs to be evident to everyone who comes into contact with you. Guard against isolating yourself in an ivory tower. Take a walk through your club a couple of times daily to say hello to members and staff.

Smile and sincerely inquire how people are doing. Remember, your staff is watching you and will emulate what you do. Provide them with a positive, motivated and inspired person to follow. Enthusiasm is contagious, spread it around liberally and ask yourself regularly, "Would I be inspired and motivated by myself?" If the answer is no, make the necessary changes immediately, as it will make a difference in your life and in your bottom line.

**Be a coach and a cheerleader** - Your job as Sales Manager, General Manager and/or Owner is to help your sales team become better salespeople. Be an inspired coach and their biggest cheerleader! As the leader of your sales team, celebrate with them each "victory" - when they sign someone up, get an appointment and a phone number from a telephone inquiry, a referral at point of sale, or any other activity they perform that will result in another new member for the club. Encouragement and celebration of their efforts will surely spur them on to achieve even more success. When they are

experiencing a difficult day where everything they do seems an exercise in futility, be there to pick them up and encourage them to begin anew. Remind them of their abilities as well as past successes. The stronger your belief in them is, the stronger the belief they will have in themselves.

**Listen, Listen, Listen**

A good Sales Manager listens to his sales team. A great Sales Manager *really listens* to his sales team. As you encourage each team member to ask questions and listen to his prospective member's responses, your ability to "get inside your salespeople's heads" will build the type of bond and loyalty you will need if you want your team to be successful. The only way to accomplish this is by asking open-ended questions and really listening to the answers. "People don't care how much you know until they know how much you care" is as true today as it was long ago. Let your team know *you care* about each of them, as well as their success in sales, and that you are there to help them. Then, be available to them when they need your help. Make sure they feel comfortable sharing their challenges with you in an open and honest forum so you are able to help them improve their skills.

**Bring out their very best** - As one of the greatest coaches of our time, Vince Lombardi said, "If you'll not settle for anything less than your best, you will be amazed at what you can accomplish in your lives." We all possess tremendous potential to be successful in our lives. Trouble is, many people lack a high level of self-esteem and find fault in themselves rather than concentrating on their abilities. Articulate to each member of your team specific words of praise and regularly "catch them doing something right". Set high expectations for them to aspire to and exceed. If you truly believe in their ability to exceed, they will do everything they can to prove you right. Help them to believe in their ability to settle for nothing less than their very best and watch your club sales soar!

**Believe in and cultivate each salesperson's unique abilities** - Identify each team member's unique abilities. They each possess innate and unique abilities for success in life as well

as in sales. It is your responsibility, as their team leader, to identify and cultivate those abilities. Tour with each of them, listen to them on the phone, making a presentation, getting referrals and dealing with the occasional complaint. This will help you not only identify strengths to build upon, but areas of improvement as well. Be positive, clear, and specific when helping to build and enhance strengths in selling. Tell them, for example, you have observed them dealing with a prospective member and you admire the way they handled a specific situation. Also, at this time, give them feedback on how to improve on that specific strength.

**Foster a team environment** - The only way to have true success in sales in your club is by creating and fostering a team environment. This can be a bit of a challenge when you figure in each team member's ego and level of competitiveness. Express to them your expectations that they operate at all times as a team. Allow them the opportunity to work out differences between each other on their own before you get involved. If you identify any dissension within the group, address it in your weekly team meeting without naming the team members involved. Address the challenge in a global sense, so that those that are involved will recognize themselves (without feeling blame is being placed) and make the necessary adjustments to their behavior. This technique will also help those who are not involved as they will now be aware of it as a potential pitfall to the team's success. If your team members need to split sales commissions with one another, urge each to err on the side of splitting the sale, whether or not they believe it to be completely fair. They need to understand and believe that this practice will benefit everyone on the team and the club in general. On the flip side, it is your responsibility as their leader to also identify any team member who may be taking advantage of this type of teamwork and speak with that person privately.

**Resist the urge to micromanage** - Nobody enjoys being micromanaged, and this especially is true for your sales team. Salespeople, by nature, tend to be an independent lot. The last thing they need is for their Sales Manager to be



*Shawn Codd*

hovering over them every step of the way. Inform them you are not a micromanager, but that doesn't mean you won't (as we advocate with the Sales Makers system), "inspect what you expect". Trust each to perform all of their duties as salespeople while, at the same time, utilize a system of checks and balances to ensure these duties are, in fact, being performed on a regular basis. Your belief in their abilities and trust that each team member will regularly perform consistently in their sales efforts will create loyalty that will translate into an increase in sales.

**Learn from each other**

Your team needs to know that you are not "the end all and be all" of the sales profession. Tell them you regularly learn from each of them as much as they learn from you. Thank them for teaching you! Recognize, in your team meetings with the group, something different or special that one of them has put into practice that has achieved success. Promote an open and creative environment for them so they will feel comfortable sharing their ideas. Your recognition of their abilities will not only raise their self esteem, it will help other team members to put the achievement into practice in their own set of skills.

Inspiring and motivating your sales team begins with you. Accept the responsibility daily and work on your own sales and management skills regularly, as the learning and improvement process is ongoing. This practice will come back to you and your club tenfold in a tangible way, a dramatic increase in your membership base!

*(Shawn joined the SalesMakers team with 15 years of experience in sales and sales management. 800.428.3334)*

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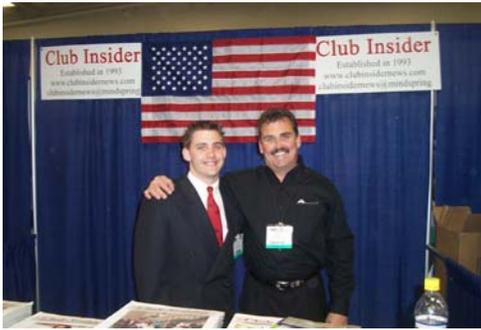
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*David Patchell-Evans, President and Founder GoodLife Fitness Clubs, Canada*

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# IHRSA 2005 Moments



# Of Magic in San Fran



## ...Red Lerille

continued from page 7

Red's within about six weeks of each other. Awesome!

### Red Lerille's Five Hints For Success

**Club Insider-** Red, you've developed a really valuable presentation for groups of all kinds, but of particularly good use for club operators, that outlines "Red's 5 Tips For Success." Could you please share that with our readers?

**Red Lerille- #1- Show up on time, ready to work.** Basically, that means you've got to be enthusiastic about your job, no matter what you're doing.

**#2- Learn the two most important words in the English language: "Hello" and "Good-bye".** Bob Delmonteque wrote an

article one time about the health club business. At the end, he wrote: "It all boils down to saying "Hello" and "Goodbye". Those are the two most important and most forgotten words in the English language. People aren't nice to each other anymore. They just look at you, 'Where is your card?', you know. We try to teach everybody to say "Hello" and "Goodbye" and that is not easy.

**#3- Make a change every month.** I always tell the story about Joe Gold when I talk about change. I decided long ago, that just like Joe Gold, I was going to make a change every month. To start my small operation, I borrowed \$250 from my Dad for my first month's rent and every month, I made a little addition to the club. Now, we have one of the largest health clubs in the world.

**#4-You've got to continue to learn as much as you can.** In this part of my speech I talk about our Faust Roundtable and visiting clubs across the world.

**#5- My last little hint : you've got to stay in shape!** If I had to pick one thing out of all of them, there is no question, it would be that you've got to stay in shape is the most important thing! There are so few people in this industry that are in great shape. If you want to sell something, you've got to believe in it and practice it.

**Club Insider-** Please put in perspective, being named as The *Club Insider's* "Health Club Pioneer of the Year" Award along with your mentor, Joe Gold?

**Red Lerille-** Norm, I feel it is quite an honor and you are honoring me with some people that were and are some big-movers and shakers in our industry. People who have had millions and millions of dollars worth of clubs (and more than one club) throughout their careers. I'm excited because you're honoring me and here I am with one 'little 'ol health club in Lafayette, Louisiana'. That makes it a *super honor* for me. Because there are a lot of names that you could pull out of the hat. I mean, there are clubs that gross ten times more than mine. I'll tell you one thing. There is nobody that loves his job any more than I do, or really feels like this is what they were put on earth to do. *There is no question in my mind. I was put here to do this and nothing else. I could not find a better job, no matter what I did. This is the best job I could ever have. In fact, my Mom always asked 'when are you going to get a damn job?' She always thought I was just playing, you see. That's how I feel about it. I am honored because I am 'one of the little guys in the group' who has received this honor. Years ago, I was one of the big guys. I realize that. When everybody else just had indoor tennis courts, etc., I was grossing more than those guys with big, monstrous buildings. I am really honored to receive this "Pioneer of the Year" Award because I know you, Norm, and because, I am just a small time operator based upon today's standards. Like I said, my enthusiasm is as high now as it ever was.*

**All Honors For Red Lerille Are Attributable To His Hard Work and His Complete Dedication To God, His Family, His Staff and His Members!**

Red and Emma Lerille have four grown children, Mark, Kackie, Tina and Stanley, who are now all finished with college and are employed in various realms (Mark and Kackie work full-time in the club). Red and Emma now have four grandchildren. Red Lerille's management team is truly dedicated and his excellence over many years in his role at Red's is a thing to behold. Perhaps, the most remarkable aspect of Red's world-class club is the tenure of Red's key staff people. Those individuals, in the order of their seniority, are Garland Barras, 42 years; Buddy Lebas, 35+ years; Connie Tomino, 30+ years; Myrna Ayo, 28 years; Carla Andrus, 28 years; and of course, Red's son, Mark Lerille, age 42 and Kackie Lerille, age 40, who were literally, as Red says, "born, raised and grew up here in the business and have been involved all of their lives." Garland Barras is head of total maintenance, Mark and Buddy manage the health club areas, Kackie manages the bar, Carla manages the front desk and Myrna manages the pro shop. Red's team of leaders and staff have set and main-tained a standard of excellence and membership satisfaction in this industry that is nothing short of amazing. We tip our hat to this great group of club industry professionals for their long tenure and always great service to their members.

Since his reign as "Mr. America" in 1960, Red Lerille has been honored many times. He has received numerous local honors in Lafayette, Louisiana, including: "Businessman of the Year and his Alma Mater, Southwest University's Alumnus of the Year. He once was honored by delivering the Commencement Address at S.W. Louisiana. In addition to Mr. America in 1960, years ago, Red was honored by IHRSA with its prestigious "Person of the Year" Award.

The *CLUB INSIDER* "Health Club Pioneer of the Year" Awards were created to honor extraordinary people in our industry. People like Ray Wilson, Dale Dibble (2004 "Pioneer" Award winners) and Joe Gold. To now have Red Lerille amongst this select group along with Joe

Gold, Ray Wilson and Dale Dibble is a perfect fit. Congratulations Red on being one of this industry's greatest role models and for being a shining example of what one may do with vision, goal setting, dogged determination, dedication and hard work. We wish Red and Emma Lerille "all the best" in the coming years as they approach the 50th Anniversary of both their wonderful marriage and their wonderful club! STAY TUNED because we will definitely have an update on Red's before then!

Red Lerille's Health and Racquet Club website chronicles the 42+ year history of Red's great club. His comment on the "history" page of the website: [www.redlerilles.com](http://www.redlerilles.com) sets the stage for a walk through time, chronicled with hundreds of photos dating back to the beginning right up until now. The comment by Red on the home page of his website, "Well, it all started with my Uncle Harold... and the rest is HISTORY!" is the beginning of the Red Lerille story... and that story continues on. As we all move on in our respective roles and efforts in this industry, there is one thing for sure. There never has been and there never will be another Red Lerille and we again congratulate Red for being, along with Joe Gold, CLUB INSIDER's 2005- "Health Club Pioneer of the Year!"

*(Norm Cates, Jr. is a 31+ year veteran of the health, racquet and sportsclub industry. Cates is the Founder, Publisher and owner of The CLUB INSIDER News, now in its 12th year of publication. Cates was the 1st President of IHRSA and a Co-founder of the Association in 1980/81. In March, 2001, Cates was honored by IHRSA with its DALE DIBBLE Distinguished Service Award. Cates may be reached at: 770.850.8506 or by email at: clubinsidernews@mindspring.com)*

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

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

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

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

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

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

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

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# THE EAST BANK CLUB RECEIVES THE DALE S. DIBBLE DISTINGUISHED SERVICE AWARD

**BOSTON** – On Friday, March 18, 2005, the International Health, Racquet & Sportsclub Association (IHRSA) presented the Association's *Dale S. Dibble Distinguished Service Award* to the **East Bank Club** of Chicago, Illinois. The award presentation took place during IHRSA's 24th Annual International Convention & Trade Show, held March 16-19, 2005 in San Francisco, California.

"The East Bank Club is widely recognized as one of the

most successful clubs in the world," said John McCarthy, IHRSA's Executive Director. "For years, East Bank has been a premier club in a premier club market, setting an example for the industry in terms of the management's commitment to superior member service, efficient operations, and reinvestment in the business. IHRSA is truly honored to count the East Bank Club among its membership," continued McCarthy.

A veritable Chicago in-

stitution, East Bank Club is recognized as one of the country's most gracious and dynamic fitness, sports and dining facilities. The Club has been serving the fitness needs of Chicagoans for 25 years. Developed by Founder and Chairman of The Habitat Company, Daniel Levin, and James P. McHugh, CEO of James McHugh Construction Co., East Bank Club opened in 1980. Unparalleled in size, scope and range of services, the 450,000 s.q

ft. East Bank Club has set the standard for first-class hospitality and excellence in the fitness club industry. The Club is constantly reviewing and enhancing its facilities. With its state-of-the-art equipment, astounding range of amenities and superior member relations, East Bank Club serves as a prototype for the creation and continuation of health clubs worldwide.

Additional information regarding the 24th Annual

Convention & Trade Show can be found online at [www.ihrsa.org/meetings/convention](http://www.ihrsa.org/meetings/convention) [www.ihrsa.org/meetings/convention](http://www.ihrsa.org/meetings/convention). The International Health, Racquet & Sportsclub Association (IHRSA) is a nonprofit association dedicated to the growth, protection, and promotion of the health club industry, and represents more than 6,500 clubs worldwide. IHRSA is an international leader in health club industry education and research.



*The East Bank Club - Chicago Illinois*

## JOE CIRULLI SELECTED INDUSTRY VISIONARY OF THE YEAR

IHRSA Recognizes Founder of Gainesville Health & Fitness Centers at Its International Convention & Trade Show in San Francisco, CA.

**Boston, MA** – The International Health, Racquet & Sports Club Association (IHRSA) presented industry veteran and 20th IHRSA President, **Joe Cirulli**, with the **2005 Industry Visionary of the Year Award** at IHRSA's International Convention & Trade Show on March 17, 2005 in San Francisco, CA.

"In 1976, Joe had a simple vision for a club that would develop long-term, satisfied members by striving to exceed customer expectations every day. His efforts have resulted in one of our industry's most admired businesses," commented John

McCarthy, IHRSA's Executive Director. "Through community-based health promotion programs, Joe has improved the quality of life for literally tens-of-thousands of citizens in Northern Florida. It is for these efforts, and for his many contributions to our industry, that IHRSA is recognizing Joe Cirulli with this prestigious award."

Among his many accomplishments and awards, Cirulli and the Gainesville Health & Fitness Centers have most recently received the:

- **2004 Business of the Year** from the Gainesville Chamber of Commerce,

- **2004 Distinguished Entrepreneur for Lifetime Achievement** from the Center for Entrepreneurship and Innovation at the University of Florida

Warrington College of Business.

In early 2000, Gainesville Health & Fitness Centers partnered with the local Chamber of Commerce and Shands HealthCare to launch the "Well City" program, which has successfully engaged almost 60 percent of the employees in local businesses in worksite wellness and health promotion programs. As a result, Gainesville, FL, received the first and only **Gold Well City, USA Award from the Wellness Councils of America** in April 2003.

Since Cirulli started the Gainesville Health & Fitness Center in 1976 in Gainesville, FL, the facility has grown from 2,500 to 62,000 square feet. In 1984, Cirulli launched the Gainesville Health & Fitness Center for



*Julie Main and Joe Cirulli*

Women. Today, the two facilities serve over 23,000 members and include two successful physical therapy

centers; a third satellite physical therapy center is located in neighboring Alachua, FL.

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# Effective Lead Follow Up to Shorten Your Sales Cycle

By: **Karen D. Woodard**

The purpose of this article is to give you some tools to minimize your follow-up time and shorten your sales cycle for Prospective Members (PM) who do not join your club on the first visit to the club. The benefit from these tools is that you will also minimize the amount of time you spend on the phone trying to get in touch with people, increase your income and increase your referral leads – more income.

My experience in working with club staff, certainly not all but quite often, is that the sales and service job is not done completely. A typical scenario might be that a PM comes into the club, you give him a tour, and he hesitates to join today, so we kindly give him a guest pass and then begin what can be a lengthy and often ineffective cycle of follow-up. The mistakes made in this scenario that show the process is not complete include:

1. Not knowing why the PM hesitated.
2. Giving a guest pass.
3. Making phone call after phone call without an actual strong benefit for the caller to speak with you.

Instead, consider implementing the following tools into your sales tool bag to make the selling process more complete and professional:

1. **Before the tour**, know with certainty by asking, **not assuming**, what the reasons are that will cause the PM to join today or not join today. Additionally, know by asking, “what is your timeframe for wanting to get started with your membership?” Clearly, you will be asking a myriad of other questions but these are critical.

2. Adopt the perspective of **ask, ask, ask**, which means that you will spend more time **asking questions** than you will giving information. It means that you will **ask/invite** every person whom you give a tour to join today. It means if the PM says no or hesitates to join, you will utilize the following tools to discuss and handle their concerns which, as you will see, at the end gives you another opportunity to **ask/invite** them to join again:

**A. Listen** – listen to the concern with no interruptions.

**B. Paraphrase** – paraphrase the concern so you know

you understand what was said and the PM knows you understand. The verbiage would be: “Susan, it sounds like your main concern is \_\_\_\_\_.”

**C. Isolate** – isolating the concern means you are going to determine what was expressed is the **only** concern or that there may be more. The verbiage would be: “Other than your concern about \_\_\_\_\_, is

there anything else that makes you hesitate?”

**D. Question the concern** – questioning the concern simply means that you will ask if it is appropriate to find a solution. The verbiage would be: “Susan, would it be OK if we took a few minutes to find a solution for you?”

**E. Provide a solution** – here is where you will continue

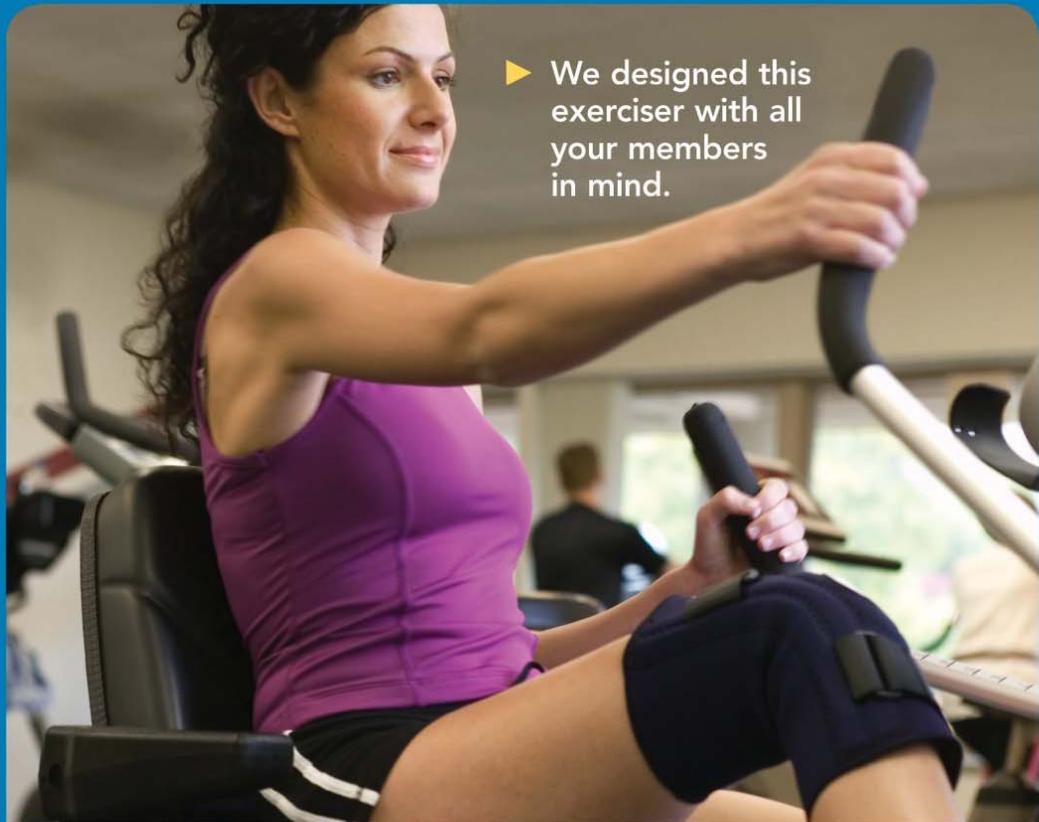
to probe, and you will ultimately come to a solution that works for both the PM and the club. The solution may be right on the tip of your tongue, or you may need to be a little more creative. Take your time here – it is not a race to see who can speak first or fastest.

**F. Confirm the solution** – you will simply confirm with the PM that the solution you offered works for them. The

verbiage would be: “Susan, how does that work for you?”

**G. Ask/invite the PM to join again** – once the solution has been confirmed, you ask him or her **to join again**: “Susan, it looks like this could be a good match for you – I would like to invite you to join today.”

3. If the PM does not join today, **DO NOT** give them a (See **Woodard Page 26**)



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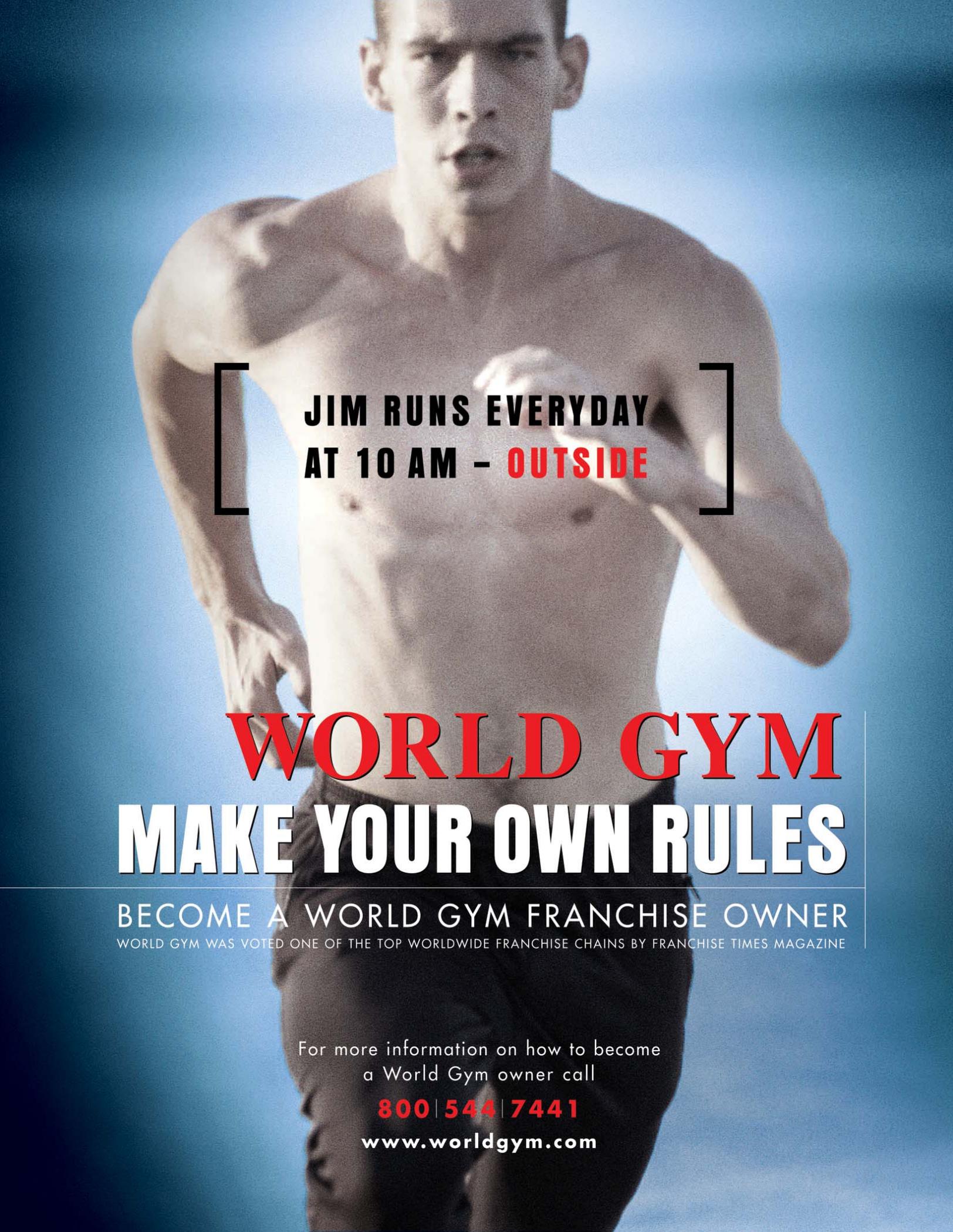


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# “small is GREAT!”

An exclusive column featured only in Norm Cates' *The Club Insider News*

By: Michael Scott Scudder

“2005: GET RID OF  
“SAME OLD, SAME OLD”

## Part II

Last month, in Part I, we looked at an emerging pattern in the health club industry – the repetitiveness of offerings, equipment and services in the “traditional-model fitness facility.” We discussed various aspects of three of six “same old, same old” tenets which I think are hurting operators around the country. They were:

1. My club has good equipment and classes... decent locker rooms...and a reasonable price. I've been around for

10 years...have paid my bills...and have fed my family. That's enough.

2. The core of my business is memberships... always has been, always will be.

3. I pay attention to retention...but it isn't that important...so far, I've sold enough new memberships every year to cover the ones that leave.

Now, let's address the other three “same old, same olds”

1. I wish my staff were better...but it's hard to get good help these days. Besides, this is really a part-time job for most people.

a. The old saying, “If wishes were horses, beggars would ride” certainly applies here. If I never hear another club owner complain about staff, it

won't be soon enough!

b. You won't find good staff... what you can do is search for good people with sincere liking for others...and train them to be “good staff.”

c. It is time that you invested money and time into your staff. There are plenty of venues...IHRSA, Club Industry, National Fitness Trade Show, regional seminars from Regional Associations, regional workshops offered by Plummer, Woodard, Chaet and others. You're willing to pay \$3500 - \$4000 – or more for a treadmill...why not that same amount for something that will pay off much more handsomely...staff education and training?

d. Stop disempowering

your staff by calling them dunces, low-lives, lazy good-for-nothings. You're just talking about your own inabilities when you do that. Start pumping up your staff!

e. Yes, it is a part-time employee business. Certainly small clubs must deal with mostly part-time help, but like McDonald's, Wal-Mart, Costco and other quality international companies, you can generate a great deal of production from part-timers. You just have to be willing. Enough of hiring warm bodies and throwing them into jobs with little or no training! You'll get what you deliver...no better, no worse.

f. Part-timers can often be a club's biggest asset! You know why? Because they don't get bogged down in day-to-day...they come in each time with potential fresh enthusiasm... they want to make a difference if you'll just let them!

2. As long as I have something for everybody, I'll be okay...even though competition is getting tougher.

a. Oh, boy. Except for the very large big-boxers who can deliver “something for everyone,” that philosophy of operation usually leads to nothing for no one.

b. As Seth Godin says in his brilliant little book *Purple Cow*, “...don't try to make a product for everybody, because that'll be a product for nobody.” You must create your markets based around the best one or two demographic groups available in your physical location-area...and build your offerings and services to match their needs.

c. “Something for everybody” usually indicates that you are offering your fitness to people...not their fitness. The biggest mistake most entrepreneurs in this industry make is assuming they know what people want. (If you don't know the difference, I can't help you.)

d. Competition is getting tougher because they are already doing what I am telling you to do...and they're doing it better than you. Again, to quote Seth Godin: “Mass marketers hate to measure. Measurement means admitting what's broken so you can fix it.” ‘Nuff said.

e. Most people would rather be right than be successful. If your notion of doing business isn't working the



Michael Scott Scudder

way it used to, change your notion of doing business!

3. Everybody knows I have the best gym in town.

a. Yeah, right.

b. Do yourself a favor... tomorrow morning, when you enter your club, check your ego at the door.

c. Nobody cares even if you do have the best gym in town. Your customers only care about what they get, what they achieve, the results of exercise for themselves. “Your gym” is way down the list of priorities of most members.

I hope this short series has helped you to get a hold of some of the things you need to look at and improve upon to stay competitive in your marketplace...and hopefully, grow your business.

In this issue and the April edition of *The Club Insider News*, Norm Cates and I will investigate the phenomenon of the Low Price Club (LPC) players...looking in-depth at the low-priced clubs emerging all over the U. S. and what their impact is likely to be...what it means for the future...and how you can compete. Don't miss it!

(Michael Scott Scudder, a Contributing Author for *The Club Insider News*, is a PERSONAL BUSINESS TRAINER operating FITNESS FOCUS, a consulting company offering private workshops and tele-fitness conferencing on pertinent fitness business matters. Michael can be reached at 505-690-5974, by email at mss@michaelscottscudder.com or at his web site, www.michaelscottscudder.com.)

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### ...Norm's Notes

continued from page 4

be forgotten, IHRSA is world class because of the hard work and efforts of many volunteer and uncompensated IHRSA leaders over the first 24 years. IHRSA has many dedicated members who, as former IHRSA Board of Directors Members or long-time supporting members, continue to be vastly experienced and very talented, continue to really care about our great industry and who understand the importance of the role IHRSA plays globally in this industry. You should view those IHRSA leaders as a huge resource and you should tap into their wisdom and experience and take their guidance! As IHRSA's new Executive Director, you should be given adequate time, every tool available and every opportunity to adjust to your new job. Remember we will all realize that you will be stepping into the shoes of, but you will not be replacing our own icon, Big John McCarthy. We will all be there for you and we will look to you to "adapt" and "grow" in your new job at a pace and in a style that is comfortable and appropriate for you. We all wish you well and great success as you carry the IHRSA torch, handed over by Big John.

• **To be honest** and you all know I will "Tell-It-Like-It-Is", the list of activities and happenings at The IHRSA Convention in San Francisco is far too extensive to adequately cover everything in this writing. Let me say however, that the "FUN" started with a captivating and enjoyable presentation by

Retired Four Star U.S. Army **General TOMMY FRANKS**, who served under **PRESIDENTS WILLIAM J. CLINTON and GEORGE W. BUSH.** General Tommy Franks is a great American and he served our country extremely well for almost 40 years. But, now that he is in retirement, he travels the country sharing his wisdom, wit and experiences with groups like IHRSA. General Franks entertained and motivated this huge IHRSA crowd. He left us all feeling great and ready for a terrific convention. And, I just thank God for preparing him during his career and allowing him to serve this great country for all those years, including during our conflicts in Afghanistan and Iraq.

• Contained in this IHRSA San Francisco "Wrap-Up" **Special Edition** is an article about **JOE CIRULLI** receiving IHRSA's 2nd Annual Visionary of the Year Award and one on the **East Bank Club** receiving **IHRSA DALE DIBBLE Distinguished Service Award.** **SIMON MEREDITH** 25-year veteran East Bank Club General Manager received the honor on behalf of the East Bank Club Founders and owners, **DANIEL LEVIN** and **JAMES P. McHUGH.** Our Cover Story on **RED LERILLE, CLUB INSIDER'S 2005 "Health Club Pioneer of the Year Award"** winner is a terrific read and includes an amazing recollection by Red of his nearly 43-years of operation of Red Lerille's Health and Racquet Club in Lafayette, Louisiana. Also in this edition is the report on our presentation of the other "Pioneer of the Year Award" to **JOE GOLD**

posthumously. Not covered by articles in this edition due to space constraints, but noteworthy, none the less, were the presentations of **IHRSA's Person of the Year Award to CHRISTOPHER REEVE**, the

**IHRSA Associate Member of the Year Award to ASF International**, the **NOVA 7 Awards by Fitness Management Magazine** and the **ACE Achievement Awards.** Congratulations to *all of those honored at IHRSA San*

**Francisco.** Other Keynote speakers at IHRSA 2005 were **PHIL JACKSON, DEAN ORNISH and JOE THEISMAN.**  
 • On a **PERSONAL and CLUB INSIDER "Family"** note, (See Norm's Notes Page 28)

## The 1<sup>st</sup> Annual IHRSA Technology Summit... "Generating Profits Through Technology" Produced By CheckFree Health and Fitness

By: Norm Cates, Jr.

**San Francisco, CA.- March 16, 2005-** Peter J. Kight founded CheckFree in Columbus, Ohio in 1981. CheckFree now has 3,000 associates and the world leader is headquartered in Atlanta, Georgia. Comprised of three divisions, Electronic Commerce, Investment Services and Software, CheckFree produced \$606.5 million in revenues in the fiscal year ending on June 30, 2004. CheckFree's range of services and products are focused on enabling customers to make electronic payments and collections, automate paper-based recurring financial transactions and conduct secure Internet transactions. The Company's vision is to make complex financial activities easier for businesses and consumers. CheckFree has been publicly traded since 1995 and is traded under the NASDAQ symbol CKFR.

CheckFree Health and Fitness continued its long-standing leadership role in providing electronic technology solutions for health, racquet and sportsclubs by hosting the 1st Annual IHRSA Technology Summit entitled: "Generating Profits Through Technology" at IHRSA's 24th Annual Convention held March 16-19th.

This event came on the heels of two recent CheckFree new technology solution launches: 1) CheckFree Contract Manager launched on October 14, 2004 and 2) CheckFree Contract Manager, launched today. These two new solution launches continued a long-run of innovation focused on serving health, racquet and sportsclub operations across the world. The CheckFree Health and Fitness client list reads as a "Who's Who" of the club world and includes such organizations as Plus One, Fitness Formula, Salutory Sports Clubs, Inc. and



**The CheckFree Team**

the East Bank Club, to name a few.

These two new club solutions integrate into CheckFree's Club Manager and CheckFree EFT Processing and go to the heart of two of the greatest ongoing challenges faced by club owners: *contract management and scheduling and management of club activities of all kinds.* The new solutions by CheckFree continue a 20+ -year run of leadership in the electronic technology field that began when the world's largest processor of electronic financial transactions entered the club industry with the acquisition of the early RCM Systems. CheckFree Club Manager provides a myriad of tools that in essence provide any club organization, large or small, with "one-stop-shopping" to enhance their financial and business management operations in the following areas: Accounting, Financial Management, Front Desk Check-in, IT, Member Services, Point of Sale, Programming and Sales.

All of CheckFree's programs target one objective and that is to simplify and improve the "back-office" operations of all of their club clients. All successful club entrepreneurs know that the "back-office" must be professionally managed or the club operation will run the risk of failure due to cash flow problems, billing and collections inefficiency and poor customer

account management and documentation. All of these areas and more greatly influence the long-term success and viability of any club operation.

Microsoft's Tom Harshbarger shared an overview of how technology may improve the bottom line of clubs. He emphasized that small gains and improvements in virtually any area of financial management translate to significant increases in bottom-line club profits at relatively low costs to the club operation. After Harshbarger's presentation, the group was divided into 15 roundtable discussions led by CheckFree Associates, Matt McKernan, Ron Polisino, Scott Manion, Barry Bleuer and others. The closing comments for the day-long session were delivered by Matt Lewis, CheckFree Vice President of Client Development of the Electronic Commerce Division.

Plans are already in the works for the 2nd Annual IHRSA Technology Summit hosted by CheckFree to be held at IHRSA's 25th Annual Convention in Las Vegas next March, 2006.

The CheckFree Club Manager and a host of other services, including the new CheckFree Contract Manager and CheckFree Schedule Manager (Spring 2005) are available to clubs of all sizes. For more information on pricing and availability, call 800-242-9522 or by visiting the CheckFree website: [www.rcmsolutions.com](http://www.rcmsolutions.com)

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**...Woodard**

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guest pass. Instead, invite them to come back to the club so you can host them as your guest to do something they will enjoy. By simply giving them a guest pass, you lose your ability to influence, connect and manage your time well. When they have a guest pass – they can return (or not) at their will. By hosting them as your guest, you schedule a designated time when they will be coming to the club to enjoy an activity that you can arrange for them (or simply a work-out). You can be there to greet them, get them set up with whatever they need and have the opportunity to discuss membership with them at the end. Can you see how this allows you to maintain influence and shorten the time you spend with follow up?

4. If you find that you are spending a lot of phone followup time consider what you

are leaving in your messages. Often, we leave far too much information in our messages, and there is no reason for the PM to call us back. When leaving a message, remember to leave a message that is short, energetic and leaves a reason for the PM to call you back. It might sound something like this: "Susan, hello there – this is Karen Woodard from ABC Club, and I have some very interesting/exciting/good news for you – please call me as soon as you get this message, and it's best if you can call before 6pm tomorrow evening at 555-5555. I look forward to speaking with you. Ciao!" Remember, when you make this call, be energized, have some urgency in your voice AND have some very interesting/exciting/good news for them when they call back. What could the good news be? Let me give you some examples:

Body Events – a body event is a 20 – 30 minute highly focused program such as Super Serves for tennis PMs or

Awesome Abs, Luscious Legs, Bodacious Bottoms, etc for health and fitness PMs. You would coordinate with a tennis pro or trainer who is interested in building his business by teaching this class. You promise to get them 10 PMs who more than likely are going to become members. You invite your PMs to the event as your guest, and then, after the session, you have the opportunity to get them started on their membership. If you have a joining incentive during that time be sure to let them know at the event. The phone conversation (not a voice mail message) to get them there may sound something like this: "Hi Susan, thanks for calling me back. The reason for my call to you is that you mentioned during our time together on the tour that you are wanting to improve your tennis game and what easier way than to perfect your serve? Well we are hosting a Super Serves clinic at 7pm on Thursday evening at the club. It is limited to 10 people

and I would love to extend an invitation to you – would you like to attend? — Great, I will reserve a spot for you. I will plan on meeting you at the check-in desk at 6:45 and take you to the tennis complex. See you then." Remember, you are hosting this person as your guest so you will greet them and wrap up by either participating in the clinic and/or being there at the end of the program to invite your guest to join that night.

Assess what you are currently doing for lead followup and whether or not it is effective. If your assessment is positive – kudos to you. If not, review your sales process from beginning to end and see where you can make some changes that will save you time and increase your income. The previous tools when used consistently will do just that.

(Karen is President of Premium Performance Training in



**Karen Woodard**

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

**...Norm's Notes**

continued from page 26

let me extend my heartfelt thanks and appreciation to those of you that I had the distinct pleasure of visiting with in San Fran. Your nice comments and feedback about my son, **JUSTIN CATES** warmed the bottom of my heart. Justin, as a baby and little boy, had attended early IHRSA Conventions, but he had not been to one for 15 years. Last month, I had written a rather boastful, but true commentary, about Justin in my Norm's Notes February edition. In San Francisco many of you told me that meeting Justin in person and getting to know him a little bit gave you an understanding that I was not boasting without cause in my earlier writing! Many of you that had known Justin from 15 years ago marveled at what a fine young man, now age 20, Justin has grown up to be. Thank

you all for your kind comments! Justin and I really enjoyed meeting and greeting all of you!

•We are also grateful to those of you that invested in CLUB INSIDER SUBSCRIPTIONS while at the IHRSA trade show. If you have not yet paid for a subscription, I encourage you to go ahead and subscribe. By paying for a subscription you will receive CLUB INSIDER every month! Please support this 'cause' as a paid subscriber and by reading CLUB INSIDER every month! After this edition non-subscribers will not see another complimentary issue of CLUB INSIDER until next year when we may send out more sample complimentary issues. So, please go ahead and "chip in" a little bit of "moola" for a subscription. Many of you *think* you have subscribed because you received in the mail a complimentary issue or two with your name or club name printed on it via our inkjet

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•As you most likely noticed, our Annual IHRSA Convention and Trade Show photo collage we call year: "IHRSA MAGIC In San Francisco" appears on our center spread pages 16 and 17 of

this edition. If you were one of the many that we photographed whose photo did not appear in this IHRSA "Wrap-Up" edition, we apologize. But, many more photos appear on our website: www.clubinsidernews.com

•STEVE THARRETT,

my long time friend, former IHRSA President and a 20-year man at Club Corporation of America, has written a 500 page book on the health and fitness club industry. Steve shared some of the book content with me in (See Norm's Notes Page 30)



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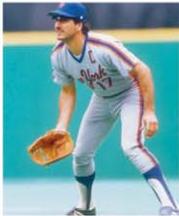
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**...Norm's Notes**

continued from page 28

San Francisco and I am looking forward to reading it. I also want you to know that Steve had the time to write that book over the past four months while he also worked on various projects while seeking a new industry leadership role. Steve departed Club Corporation of America last fall after 20 years and he can be an incredible leader and force for any club group or company or any manufacturer or vendor in our industry. Interested parties may reach Steve Tharrett at: 972.317.6703 or 972.746.7605.

• Congratulations to **MARIO BRAVAMALO**, Founder and **DARON "Rocket Man" ALLEN**, CEO, of **Visual Fitness Planner**, who announced before IHRSA San Fran that they had reached the **300 club Visual**

**Fitness Planner installation landmark** and that they were looking forward to the IHRSA San Fran. Daron told me at the end of the trade show that they had a GREAT SHOW, had talked to and demonstrated VFP to hundreds of club owners and that many more clubs were in the process of getting on board with Visual Fitness Planner. Check out the **Visual Fitness Planner ad on page #15** of this edition. Daron Allen's comments about their excellent results at the San Fran Trade Show were echoed with virtually all of the exhibitors I spoke to about how it went for them. I congratulate the IHRSA Team, but in particular, I congratulate 24-year IHRSA veteran, **CHUCK LEVE** and IHRSA'S **TOM HUNT** for another **JOB WELL DONE** on the Trade Show and many other vendor sponsored events!

• It was nice to see **DAVID PATCHELLE EVANS** in San Fran and I extend congratulations to "Patch" as his **"Good Life" Health Club** chain in Canada has now grown to **100 locations!** "Patch", as he is called, has an amazing success story that started in a hospital bed while he was recovering from an awful motorcycle accident that nearly took his life years ago when he was a young man.

• Good 'Ol **MIKE MINTON** is 'Cookin' in Texarkana, Texas and Arkansas, the "City in two states." It looks like Minton has hit a home-run as the long-time owner and operator of Minton's Sportsplex in Texarkana, Texas and the recent winner of the Governor's Award for Education for the State of Texas, has announced the beginning of a new partnership between the Texarkana Community, private investors and Minton's Sportsplex. Minton's Sportsplex is Texarkana's largest family-oriented health, fitness and sports complex. Mike Minton and **FAY J. DURRANT** of Fay J. Packaging of Texarkana, announced their partnership to develop a large, multi-functional, sports aquatic and civic center complex. Community institutions will participate in this joint venture. Additionally, the new Sportsplex will feature a 3500 seat multi-purpose arena for hockey, figure skating, basketball, indoor soccer, concerts, conventions, etc. The facility is expected to take 8 to 15 months to build and will create over 200 new jobs with an annual payroll of \$2 million and a projected increase in tax revenues of a minimum of \$1.3 million resulting from the development around the new complex. Minton and Durrant have retained **Clayco/Forum Studios** of St. Louis, MO. to help design and develop the plans for the complex. Congratulations Mike and Fay and good luck with this world-class and landmark project!

• **God Bless our Troops, Airmen and Seamen as they serve all of us in Iraq and around the world. And, God Bless their families and help them as they sacrifice more than any of us realize when their loved ones are "over there." GOD BLESS the Tsunami Victims as they continue to dig out. GOD BLESS ALL OF YOU. And, GOD BLESS AMERICA! STAY TUNED!**

Norm Cates  
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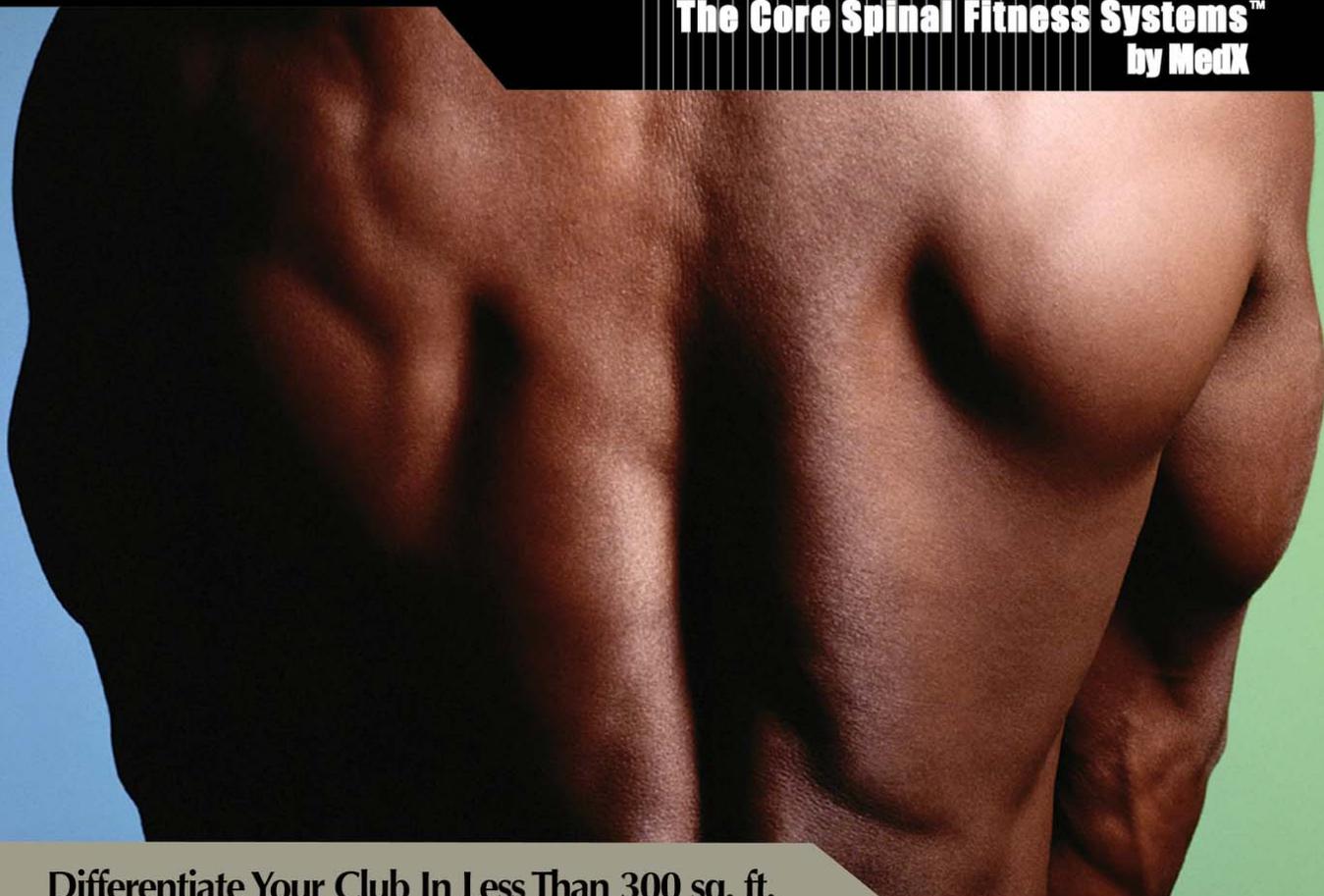
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