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Norm Cates'

# THE Club Insider

## NEWS

APRIL 2002  
VOLUME 9 NUMBER 4

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



HFC  
HEALTH  
FITNESS  
CORPORATION

(Left to Right) Jim Narum, Jeanne Crawford, Jerry Noyce, Geri Martin, Wes Winnekins & Dave Hurt

# Health Fitness Team Rolling With Jerry Noyce!

# Ivanko introduces the new colored E-Z Lift plates to rave reviews at IHRSA

At the recent IHRSA trade show in Phoenix, Arizona, Ivanko achieved another milestone in our 35 year history by introducing the industry's first colored Ivanko E Z Lift rubber plate.

This new product introduction has proven to be the most successful new product introduction in our 35 year history! We have heard nothing but compliments on the vibrant colors, the fresh look, and the classic design of these new colored plates.

One of the most amazing things that we heard was how positive the reaction was from people who saw the plates on display on machines in other booths...your members will have the same reaction.

Join the excitement...try the colors and see what happens....you'll be glad you did...see the difference 35 years of experience makes! For more information, call or e-mail your Ivanko rep today and "Color up your weight room" with Ivanko E Z Lift plates.

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# THE Club Insider

## NEWS

# Health Fitness Team Rolling With Jerry Noyce!

By: Norm Cates, Jr.

They call Jerry Noyce, the "The Real Mayor of the Twin Cities." "They" are Ed Williams and Art Curtis, Jerry's former employers when he worked for the Wellbridge Corporation as the Regional Manager for their Northwest Athletic Clubs. The reason Ed and Art called Jerry the "Real Mayor" was because of all of his connections in the "Twin Cities" of Minneapolis and St. Paul, Minnesota.

When you meet Jerry it is easy to see why he commands such respect. He is one heck of a nice guy and his dedication to his role as CEO and President of Minneapolis-

based Health Fitness Corporation is immediately apparent.

Jerry Noyce was hand-picked by the Board of Directors in November, 2000, to continue the work in progress on the turnaround of the ailing Health Fitness Corporation, a public company.

Jerry Noyce has been married to his wife, Jane for 35 years. They have two grown children, Jennifer, 30, and David, 26.

The health, racquet and sportsclub industry is fortunate to have a man of the quality, the integrity—and the high caliber of Jerry Noyce. Moreover, the Health Fitness Corporation is indeed fortunate to have Jerry Noyce at the helm. This 185-facility giant recently released its 2001

financial results showing that the Health Fitness Board of Directors have chosen a winner in Jerry Noyce. We congratulate them, Jerry Noyce and his excellent management team.

### *An Interview With Health Fitness Corporation's Jerry Noyce*

We recently had the opportunity to meet with Jerry Noyce in Phoenix at the IHRSA Convention and followed up with the following interview. It is great to see that Jerry Noyce and the Health Fitness Corporation have just released improved year-end financial results for 2001.

**Q.** "Jerry, where were you born, where did you grow up, attend high school and college? What sports did you participate in?"

**A.** I was born in Chicago and spent my early childhood there. We moved to Des Moines, Iowa, where I attended the 6<sup>th</sup> grade. Then I spent the 7<sup>th</sup> and 8<sup>th</sup> grade in Zonguldak, Turkey, where my father was a consulting engineer to the Turkish government in their coal mining operations.

I attended High School in Evanston, Illinois and played soccer (which I had learned in Turkey), basketball and tennis. I graduated from the University of Minnesota with a Bachelor's of Business Administration in 1967. I

chose Minnesota because I had the #1 aeronautical engineering school in the world at the time and my dream was to become an astronaut. I played basketball at the University of Minnesota for a short stint as a freshman and then concentrated on tennis. I gave up engineering for business school and tennis.

**Q.** How did you get interested in the club business?"

**A.** I worked during summers in college at Chicago area tennis clubs and loved it. I thought I would like to make it my career, but Minnesota did  
*(See Jerry Noyce Page 20)*

## LeisureNet Executives Arrested

Two chief executives from LeisureNet, the holding company of the former Health and Racquet Club gym group, were arrested by the elite crime busting unit, the Scorpions, in Cape Town, South Africa, on March 30, 2002.

Scorpions spokesman Siphon Ngwema said that joint Chief Executives Peter Gardener and Rod Mitchell were granted \$1-million bail each in

the Wynberg Magistrates Court on Saturday evening.

"Gardener handed himself over to the Scorpions and Mitchell was arrested at Cape Town International Airport," Ngwema said.

The two men will appear in the Wynberg Magistrates Court on Wednesday. Ngwema could not confirm whether Mitchell was trying to skip the country. The two men face charges of fraud, and

income tax evasion.

In October last year LeisureNet's former International Treasurer Wendy Addison told a Commission of Inquiry investigating the company's multi-million rand collapse in October 2000 that Gardener and Mitchell had used the company as a personal bank, eventually leading to its collapse.

At the time of its collapse, LeisureNet operated 85 Health and Racquet Club gyms with more than 900,000 members and 5,400 full- and part-time employees.

Many people who had entered into 10, 20 and even 40-year contracts were left with worthless pieces of paper.

The gyms have since been sold to Richard Branson's Virgin Group and rebranded Virgin Active gyms.

According to an article in the Cape Times newspaper Addison testified that Mitchell and Gardener had charged

personal expenses, including home renovations, house purchases and travel and foreign exchange expenses for their children to LeisureNet.

Addison gave evidence that Gardener was also the chief architect of a scheme that would garner LeisureNet about \$30-million from running a double debit for gym membership fees every December since 1996 in order to pay its company tax on stated profit.

Despite declaring a \$177-million profit in 1999, the company had only \$3.4 million in cash, Addison said.

The inquiry also heard evidence that two companies controlled by Mitchell and Gardener were recipients of the deal.

Counsel for the liquidators of LeisureNet, Gavin Woodland, told the commission in June that, contrary to a "solemn promise" made by LeisureNet founding fathers

Gardener and Mitchell that LeisureNet would only expand overseas via the franchise route, they bought a 57.8 percent stake in Healthland International, registered in Malta.

This company had 17 subsidiaries that owned 22 operating health clubs in the United Kingdom, Spain, Germany, Austria, Sweden, Switzerland and Australia, as well as a further 17 clubs under development.

With that acquisition by LeisureNet the group expanded rapidly with financial commitments of more than £82-million (\$1.3 billion) and an increase in interest-bearing debt.

This is an operation that grew uncontrollably and consumed cash and had to be fed at an alarming rate. This was eventually one of the principal causes of the collapse of LeisureNet.

### Inside The Insider

- *Charisma: Sending Your Best Silent Message*
- *The "Insider Speaks"*
- *When Will The Health Club Industry Fully Emerge From The Dark Ages?*
- *Selling the Old Fashioned Way*
- *A Tale Of Two Health Clubs*
- *"Architect's Corner"*
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# The "Insider" Speaks

## When Will The Health Club Industry Fully Emerge From The Dark Ages?

By Norm Cates, Jr.

Last month I read Michael Scott Scudder's Fit-Focus email newsletter in which he sent a report entitled: "A Tale Of Two Health Clubs". (See page # 16 of this issue) In his article Michael has shared with us a recent experience with two health clubs that caused him serious concern. That concern relates to the level of professionalism in the health club industry and where it will go from here. Michael's report gets right down to the single biggest challenge the health, racquet and sportsclub industry has faced and continues to face. That challenge boils down to the following question: "When Will The Health Club Industry Fully Emerge From The Dark Ages?"

### Open A Gym - Become A "Pro?" I Don't Think So!

So, you've gotten into the health club business? Do you think that just because you have loved to work out and exercise for years and have opened a gym or health club or fitness center somewhere that you all-of-a-sudden have become qualified as a "PRO" in the health club industry?

If your answer is "Yes", you are sorely mistaken. There is a lot more to it than that.

You don't get to the status of being a "PRO" in this business unless you earn it. Period. You must develop the attitude that you are running a business and you and your employees must behave and perform your roles as well as you possibly can and in a businesslike manner. To achieve the best possible performance you must be on a constant search for knowledge about the health, racquet and sportsclub industry. You must seek training for yourself and your staff on all aspects of the business. Everything must be part of your focus including appropriate and professional reception desk procedures,

guest check-in procedures, sales tours and presentations, first aid emergency procedures, fitness training, group exercise training and the list goes on. Specific policies and procedures should be developed and put into writing for everything that does and could happen in your club. And, training and retraining should be provided initially and regularly for those that serve your members in all areas of your club.

If you operate your health club business "by-the-seat-of-your-pants" you are just sitting still. You need to get moving on becoming a real pro! If you are not motivated to get moving and aren't taking action in the direction of becoming a "PRO" in this business, you should seriously consider doing so. Or, you might reconsider the business you have gotten into and leave the health club industry to others. Maybe, this business is just not for you. The truth is if you are not turning "PRO" through training for yourself and your staff, then it is just a matter of time before you will be out of the business! But, not because you want to leave. It will be because the market will put you out of the business by going to your more professionally operated competitor's business.

### "SPA Wars Mentality" vs "21st Century" Mentality

15 or 20 years ago I was invited by a Professor at Georgia State University in Atlanta to be a guest lecturer. I thought long and hard about what I would present to these students because the professor had requested that I come prepared to: (a) teach a 1.5-hour class and (b) give the class a project and written work assignment related to my class that we would later grade and include in the overall class grade.

I decided to teach the students about the differences between what I called then and still call today, the "SPA Wars Mentality" club owners and

operators and what I now call "21st Century" club owners and operators. In reading this, please realize two things: 1) don't read the term "SPA Wars Mentality" and relate it to today's use of the word SPA where people go for massage and facials. I am referring to the use of the term "SPA" as in the name often attached in the 1950's and '60's when referring to a health club or fitness center.

I taught the class the differences between the two mentalities (see defining factors next column) and then I gave the class an assignment. I sent them out on a health club shopping tour around the Metro Atlanta area. The assignment was for them to go out and shop a minimum of 5 health clubs in their area of town. And, since we had students from all over the Metro Atlanta Area in the class, we pretty much blanketed the market with this shop. Once the shopping was done they were to write up a summary report of each club. The report was to state whether the club was a "SPA Wars Mentality" club or a "21st Century Mentality" club. The results of this shop was, to say the least, very interesting. Almost to a person, these college students were able to pinpoint exactly which clubs were in the dark ages "SPA Wars Mentality" and which had the "21st Century Mentality." As a part of this report, they were also to rate the clubs on a scale of 1 to 10 with a 1 being the worst. And, not surprisingly to me, the ratings came out with "21st Century" Mentality clubs scoring much higher than the "SPA Wars Mentality" clubs in terms of club staff appearance and behavior, club appearance, cleanliness, maintenance, environment/sound (music, lighting, colors, etc.), membership sales presentations, membership options and overall rating.

Here are the defining factors of the two mentalities that I shared with the students:

### "SPA Wars MENTALITY" OPERATORS:

- Use bait and switch advertising heavily;
- Use high pressure-heavy handed sales and closing methods, including "join today" sales techniques where the price is always "going up tomorrow";
- Have "wired" sales offices so the sales manager may listen in on sales presentations;
- Use a "turn-over" (T.O.) technique when a prospect won't sign. This typically does not happen until the sales manager has listened to the wire tapped sales office and is sure the member prospect is definitely going to walk. He then does what is called the T.O. in which he just casually sticks his head in the door and introduces himself and then meets the prospect, "taking over" the situation;
- Typically do *not* offer a one or two-week trial membership of any kind;
- Typically do *not* offer a month-to-month membership option;
- Generally sell membership contract paper to outside financial institutions for cash;
- Typically compensates sales staff on commission only;
- Usually employs far more sales people than service people;
- Is *not* typically a member of any professional club organization such as IHRSA.

### 21st CENTURY MENTALITY OPERATORS:

- Advertisements typically show 'average' people, not hard bodies;
- Advertisements usually provide a "trial-membership" or specific 6 or 8-week program offer, not 'join-free' or 3 years for \$69 per year paid in advance!
- Always offer at least one month-to-month membership option;
- Uses professional sales counselors whose objective it is to

match the member with the club's best membership option;

- Typically compensates sales staff with a salary and commission;
- Do not sell contract paper for cash. Usually collects club dues through a third-party service company like Affiliated Acceptance Corporation or CheckFree or collects monthly dues in-house via electronic funds transfer method.
- Actually provides regular training for sales staff, reception staff, fitness staff and group exercise staff members;
- Are almost always members of an industry professional Association (like IHRSA) and use certification organizations for staff such as the American Council On Exercise or the American College of Sports Medicine.
- Frequently employ talented and highly professional club industry consultants like Rick Caro, Dr. Gerry Faust, the Sales Makers, Sandy Coffman Casey Conrad, Thomas Plummer, Karen Woodard, Michael Scott Scudder and others, to help them improve their staff's performance.
- Always conduct business with a concept of the "common good" of the members and community.

### The Health Club Industry Is An "Infant Industry"

The health club industry is still very much an infant industry. The maturing of our industry should bring more and more club operators and their staff into the realm of becoming "PROS." But, we can't sit still. We must move forward in our search for knowledge and professionalism in this very young industry. We must make knowledge and professionalism of our people a passion not to be denied.

Every month The CLUB INSIDER News brings excellent articles to you that will help you in your quest to grow your knowledge base and improve professional performance. (See Insider Speaks Page 30)

# ●Norm's Notes●

• I want to thank you all for reading **The CLUB INSIDER News** and I want to remind you that we have **three primary objectives** with this publication. We make our best efforts every month to: (1) publish the latest news first, (2) publish educational articles that will help you improve the professionalism of your health, racquet or sportsclub, and (3) publish, when necessary, commentary about people or organizations that are detrimental to our industry. In short, **"To Tell It Like It Is"** and stop damage to our industry whenever we can. The dedication I bring to the table on all three of these thrusts is complete and unwavering. I imagine that many of you reading this have been in our industry a long time and have already crossed the threshold into being a **"PRO"** in our industry. But, I also imagine that a lot of you are new club owners and operators. Some of you have gotten into this business for the right reasons and some of you have gotten into this business for the wrong reasons. If your **initial motivation** for entering this business is wrong you need to do some serious thinking before it is too late. That is what the **"Insider Speaks"** Editorial on page #4 this month is all about. If you have been and are in this business for the 'long haul', then you can just say, **"AMEN"** when you finish reading the "Insider Speaks." If you are new to our industry, I urge you to read it and consider what **MICHAEL SCOTT SCUDDER** and I are saying in this issue. To come to understand that owning and operating a commercial health club in the 21<sup>st</sup> century is serious business is something you must do, if you have not already. It will determine your destiny and the destiny of your club.

• Last month I reported that I felt like **IHRSA's 21<sup>st</sup> Annual Convention and Trade Show** was the **best one ever**. Due to our March issue deadline I wrote that article without having had the benefit of several conversations I have had since then. And, I find that there are several people that own equipment companies

that feel the same way. For example, **TOM LINCIR**, the Founder and President of the **Ivanko Barbell Company**, tells me that the Phoenix Show was his **best show ever!** And, Tom has been at it for over 35 years. He notes that 90% of the people that stopped by the Ivanko display, whether competitors or gym owners, said his new **IVANKO Color Barbell Plates** were the **"Hit of the IHRSA 2002 Show."** Tom also told me they had written the largest order in the 35-year history of his company for Ivanko color E-Z-Lift plates just prior to the show. Go back to page #2 and checkout Ivanko's ad if you didn't already.

• Congratulations to **TOM BEHAN**, who has been elected by **IHRSA** as its upcoming **President** and will be **IHRSA's 22<sup>nd</sup> President** following **GEOFFREY DYER**. Tom is the co-founder and co-owner of the **Alaska Club Network** in Anchorage, Alaska. Also, congratulations to **GREG LAPPIN** of Rochester Athletic Club, Rochester, MN. And **JOE MOORE**, President of Moore's Fitness, Centerville, OH as they have been elected to serve on the **IHRSA Board** beginning this Summer. And, congratulations to **DAVID GIAMPAOLO**, Fitness Holdings Europe, who had served as an International Ambassador on the **IHRSA Board**, as he has also been elected to the **IHRSA Board of Directors** beginning with the 2002/2003 term. I wish all of the **IHRSA Board Members** the best as they embark on another year of serving the Association and the industry. And, I have one and one message only to them all at this time. That is:

**"It is now time for IHRSA's leadership to go back to a renewed focus on U.S. club membership growth. IHRSA was founded and has been grown over the years with a strong U.S. membership. Now that there are 17,807 U.S. commercial health clubs we need to be sure that we are increasing the U.S. club member numbers accordingly to keep pace with the wonderful International club membership growth we have experienced."**

• Let's now talk about education and club professional growth. This should be a *focus* item for all club owners and operators. There is a wealth of opportunity coming up and I want to give you a quick rundown: **June 26-29<sup>th</sup>, CLUB INDUSTRY East** will be held at the Washington Convention Center in Washington, D.C. (Check out the Club Industry ad in this issue on page #27). **August 23<sup>rd</sup> and 24<sup>th</sup>, DAVID PATCHELL EVANS' CAN-FIT-PRO 2002 Convention and Trade Show** will be held at the Toronto, Canada Convention Centre. This fall make plans to be in Chicago for the big monster **Club Industry Conference and Trade Show, October 10-12<sup>th</sup>**. More on that event later, but suffice it to say, it is a **DON'T MISS** event! And, to wrap up 2002, it is great to see that the **Athletic Business/IHRSA Conference and Trade Show** in Orlando has been moved out of the Christmas Holidays and will be held **November 6-9 2002**. For information on Club Industry East call: (800) 927-5007, for **CAN-FIT-PRO 2002**, call: (800) 360-9787 and for **Athletic Business/IHRSA Orlando**, call: (800) 228-4772

• Great to hear from **MIKE MOTTA**, the **Founder and CEO of Plus One Fitness**. **New York City's top operator of corporate and hotel fitness facilities** and learn that Mike's Plus One has moved back into lower Manhattan after their offices were destroyed during the **911 attacks!** Here is a guy that is a real credit to our industry and I am so glad to see Mike and his team growing new business and surviving this disaster. **God Bless you and your team Mike!**

• Congratulations to **BRIAN EVANS**, owner and **Shawn Vaden**, General Manager at the **American Family Fitness Centers** as their **Colonial Heights facility** was named by the local **Chamber of Commerce** as its **2002 Business of the Year!** It is really cool to see this happen because Brian is truly a **"PRO"** in our industry and dedicated to excellence in his business. The **Colonial Heights location** is one of 5

**American Family fitness centers.** Brian's clubs serve 40,000 members throughout the **Richmond, VA. Metro area.**

• Just a quick note to correct a typo from last month. In the Norm's Notes about **JENNIFER HARDING** and **TERRI GILREATH's** battle and victory in Oregon against a local Parks and Rec Bond issue, I stated that it was a \$100 million bond issue. That was a typo folks and should have read: **\$10 million** bond issue that was defeated. Sorry about that.

• Congratulations to **LYNNE** and **VICTOR BRICK (Mr. Lynne Brick)** on the opening of their new **Brick Bodies Perry Hall facility!**

• Check out this **legislative proposal** for a new tax to fight obesity in California. The **Bloomberg News** reports that under a proposed tax in California, **Coca Cola, Pepsi** and other soft-drink bottlers would pay \$342 million a year in taxes. Half the money would go to the California school districts that stop selling soft drinks on campus and half would fund programs designed to prevent and treat obesity. Interesting, but stupid. Why don't they just re-install physical education classes in all schools nationwide for starters?

• Says here that the **IRS** is now going to give taxpayers that spend significant amounts of money to lose weight a tax break for doing so. But, early indications it will be tough to qualify for said tax break. In short, whenever such a program is undertaken as a treatment to alleviate a medical condition, such as hypertension or obesity, the costs related to the program would be deductible for the taxpayer to the extent that they are not reimbursed by insurance.

• Speaking of obesity, **24 Hour Fitness**, the company that a few years back ran billboards in the San Francisco area depicting Aliens and the following message: **"When they come they will eat the Fat Ones First!"**, has announced that it has allocated **\$25 million** to a new integrated ad campaign that will continue to

feature **MAGIC JOHNSON** and **CINDY CRAWFORD** and will use the tagline, **"It's the way we make you feel."**

• Congratulations to **DR. RICHARD CARMONA**, who has been selected by **PRESIDENT GEORGE W. BUSH** as the next **Surgeon General** of the United States. Carmona is described as a **"physical fitness fanatic"** and that's good. What we should all do is write a letter to Dr. Carmona urging him to try to get the IRS to give all commercial health clubs the same **tax breaks** that the **YMCAs of the USA** receive!

• **STEVE ROMA's WOW! Work Out World** is now up to 18 sites which includes 7 company owned facilities and 11 licensed operations.

• **MembersFirst**, a Web-based Member Relationship Manager (MRM)<sup>™</sup> has named **NANCY J. CLOPPER** as the new Director of Sales for the Sudbury, MA, company. Congratulations Nancy.

• **American Sports Data**, in a report developed for **IHRSA**, announced that in 2001 health club membership rose 3% from 32.8 million to 33.8 million. In my view, that is darn good given the fact that our country was attacked in September and had gone to war. I think a lot of people went to bars instead of health clubs during September and October. But, we need to pick up the pace to hit **50 million by 2010!**

• Congratulations to **PHIL WENDEL**, the owner of the **Atlantic Coast Athletic Club** in Charlottesville, VA. As he has won the **American Heart Association's** highest award for promoting the role of exercise in preventing heart disease in his community. He will be honored at a dinner on May 4<sup>th</sup>. Special congratulations to Phil as he is the **first non-medical person** to win this award.

• **LOU GAUDIO**, the owner of **Lou Gaudio's Health Club and Day Spa** in Dana Point, CA., has become the first club in the world to install a full line of **Hammer Strength's Motion Technology Selectorized (MTS)**

(See Norm's Notes Pages 29)

# Charisma: Sending Out Your Best Silent Message

By: Tony Alessandra, Ph.D.

"First impressions are lasting impressions."

"The first impression is the only impression that counts and the only one that lasts."

"You only have one chance to make a first impression."

Such sayings hint at the importance of your image or your "silent message." In short, how you carry yourself—physically, emotionally and intellectually—is a key to charisma because it profoundly affects how people react to you.

Image, of course, isn't everything—but it is important, especially if backed up by strong performance. And a negative first impression—saying the wrong thing, wearing the wrong clothes, coming across as uncaring or inept—can cut off relationships before they get started.

You might think of your silent message as an invisible rainbow which surrounds you. Its five hues each emit different kinds of energy and, of course, to differing degrees in each person. These hues are the emotional, psychological, intellectual, spiritual, and physical selves.

## Emotional

The big components here are a positive attitude, enthusiasm, and self-control. Outlook, of course, governs outcomes, and optimists are more likely to be successful as well as inspiring.

This positiveness is generally "inside" you, while enthusiasm, on the other hand, is how you show it to others. The response you receive from the world mirrors, in large measure, your attitude.

For example, a friend of mine toured a client's office and noticed negative, "cute" signs plastered everywhere: "It's hard to soar like an eagle when you're surrounded by turkeys," "Even a bad day on vacation is better than a good day at work," and the like. Every message that every employee saw every day was negative. No wonder, my friend later concluded, morale there was so low.

While I'm not suggesting you put on a phony happy-face, I am saying that every word, gesture, expression, and impression is being watched—especially in initial encounters—and will either help or hinder you.

## Fostering "Pausitiveness"

For a sustained good image, you also must master what I call "pausitiveness." That means having the discipline to pause and put your personal feelings on hold even when tempted to blow your stack. Because even if you otherwise make a great first impression, if you allow yourself to be pushed over the edge, saying and doing things that you later regret, *that's* the "you" that will be remembered.

## Psychological

There's a big overlap between the emotional and the psychological aspects of image. But, for our purposes, emotional is how you FEEL about yourself and your goals, and psychological is how you THINK about them. Do you think of your goals as achievable? Do you think of yourself as a can-do person?

You've heard the old saying, "I'll believe it when I see it"? Well, the reverse is also true: "I'll see it when I believe it!" You're probably familiar with affirmations (positive statements you repeat to yourself) and visualizations (mentally pictures of favorable situations). Well, they may not seem true at first. They may not even be true! But they can become so.

Writing your affirmations down in some handy place—above your desk, on your bathroom mirror, on the dashboard of your car—will help keep them in mind as well as in sight. And visualize—in as much detail as possible—how you will feel as the boss singles you out for exceeding your quota...or how the audience will hang on every word during your speech...or how your confident presence will turn heads everywhere you go.

## Intellectual

The third aspect of your personal image comes

from how well you've developed what's inside your skull. I'm not talking about a high I.Q. or your skill at Trivial Pursuit. I'm referring to your mental fitness.

Can your mind lift abstract concepts from *The Wall Street Journal*, or from the professional journal in your field? Can you grasp the intricacies of a problem explained by an expert from another field? Can you hang in there when getting an issue settled is going to mean clearing seven committees and the CEO?

Ways to strengthen your mind might include:

- Take some classes in a subject you've always wondered about—say, art history, acting, or geology—but never studied.

- Commit to teaching yourself a new and difficult skill: celestial navigation perhaps or gourmet cooking, or origami or winemaking.

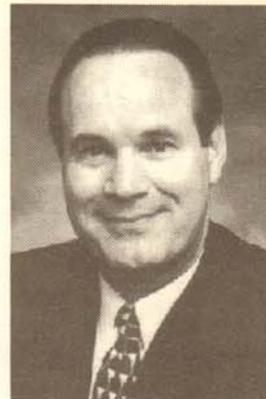
- Join a foreign affairs group or an investment club or a reading circle where new issues and speakers abound.

- Or, here's a real test of mental discipline: listen to a daytime TV talk-show without making judgments about the intelligence of the participants!

Apropos of the latter, try to get in the habit of not assigning labels to people. At work, for instance, don't dismiss the opinions of a mere "clerk" while perhaps over-valuing those of a "consultant." It takes intellectual strength to appreciate people's unique, human side and not judge them generically. But do so and you'll win their respect—and maybe learn something, too.

## Seek Depth, Breadth of Knowledge

Depth of knowledge means, in short, how well do you understand your area of expertise. The more you know about it, the more power and influence you'll have. Charismatic people often make good first impressions not because they're smarter than others but because they prepare better.



Dr. Tony Alessandra

But if depth of knowledge alone were enough to make a good impression, chemists would bond with other chemists, cops with other cops, and taxidermists with other taxidermists. But what about the rest of the world? Breadth of knowledge enables you to engage in meaningful small talk, and there's nothing small about small talk—it's a social lubricant that looms large in all human exchanges. Thus, by being informed on a wide range of topics, you'll be able to project a favorable image more easily with more people.

How do you increase breadth of knowledge? You're literally surrounded by opportunities! If there's one thing we don't lack in our culture, it's access to information. You can read books and magazines. Explore the Internet. Take classes. Go to plays and movies. Attend workshops. You name it!

## Spiritual

The fourth aspect of your charisma rainbow has nothing to do with how often you go to church. Instead, by "spiritual," I mean the level of caring you convey, the sense of higher purpose or greater good you communicate.

I was struck not long ago by the tributes which followed the death of industrialist David Packard. He was, (See Dr. Tony Page 28)

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**General Manager**

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# Selling the Old Fashioned Way

By: Casey Conrad

I remember the first professional sales training seminar I attended. It was back in 1986 and the keynote speaker was well known on the circuit. I will never forget the first sales principle he shared. "Ladies and gentleman I'm here to tell you that people buy from friends. And they buy from friends again and again and again." What a powerful concept, yet one that is very simple. Of course, what the speaker was trying to convey to the participants was the

notion that if you first befriend the customer, they will trust you, open up to you and, eventually buy from you—and keep coming back to you. Although this simple, common sense approach makes all the sense in the world, it seems to have been lost in today's sales environment. I'm sure anyone reading this article can come up with a whole host of examples but recently two back-to-back experiences I had really accentuate the demise of customer friendly sales skills.

My fiancée and I were driving home from a weekend ski trip. As luck would have it, we began to have car trouble

and had to keep getting off the highway to let the car cool down. To make matters more interesting our car phone battery was getting very low and the charger for the car wasn't working. After the third stop in less than an hour we decided to go for a walk in search of a place to sit and have a coffee. My eye caught a US Cellular store and we went in to find a new charger. A nice, young man immediately greeted us upon entering. "How are you folks doing today?" We told him of our situation and he cheerfully informed us that he sold that brand of accessories. After locating the item and running the charge through I told him we'd only be back if for some reason it didn't work. "No problem, he said, let me try it for you right here." He then proceeded to unpack the adapter, plug it in to a wall socket that was the equivalent of a car socket and take my phone to test it out. Just as that was being done the phone rang. As my fiancée made arrangements for help, the young man asked me if I would like a can of ginger ale, the only thing he had in his small refrigerator. In addition, he let me use the restroom, which was clearly posted for employees only. As we left he asked us where we were from, wished us good luck in getting home and said, "Well, if you ever need cellular service in this area, my name is Dave and I'll be glad to serve you." Rick and I both walked out the door with a smile on our face and felt as if we had a new friend.

With a cell phone charger that worked we felt better but still needed to kill some time. The car was in a parking lot that had a Chinese restaurant so we decided to go in for a bowl of hot soup to warm us up. The man at the door greeted us very nicely and brought us to our table. Of course, as one usually does in these types of circumstances, we told him about our plight. He asked a few polite questions and then told us to enjoy our meal. When the waiter came over and asked us if we were ready to order I said, "Yes, I feel kind of bad because we only want a couple

of bowls of soup. You see our car broke down and we're waiting for some people." I don't know if he heard everything I said but he responded so, "What kind of soup do you want?" We told him but then he proceeded to ask us, "What else do you want?" We again stated that the soup was all we were getting. You would have thought we had verbally insulted the guy. He looked at us with the most miserable expression and said, "So, that's it, all you're getting is soup?" By that time I was annoyed and simply said, "Yes." He walked away and when he got back into the wait staff area you could see that he made some nasty comment to the rest of his co-workers and they glanced over at our table. He brought back our soup without a smile or an "enjoy your meal," and he never once came back to inquire how everything was. He only returned with the bill and walked away; not a good night greeting or good luck with your car. Nothing. I turned to Rick and said, "Quite a contrast to our friend Dave at US Cellular!" We walked out of that restaurant feeling as though the waiter couldn't have cared less about our business. Albeit a small bill, had the waiter given us even a fair level of customer service he would have gotten a very nice tip because we felt bad about taking up a table for such a small order, even when it wasn't close to a peak eating time.

From a sales perspective there are many lessons from these two experiences. First of all, good customer service is imperative to any situation. Second, of course, is the principle that people buy from friends. Neither Dave nor the waiter (who never gave us his name) knew at first where we were from. For all they knew we could have been influential town members. With one situation we walked away with a positive experience. No doubt, if we had lived in the town we would have gone back and purchased other products and services from Dave at US Cellular. In fact, I would have wanted to give him my business. In addition



Casey Conrad

tion we would have referred other people to the store. In contrast, I would have never gone back to the Chinese restaurant, even though the food was good and the place was very clean.

In today's sales training terms we refer to developing friendships with customers as the process of gaining rapport. Rapport is the foundation for all good communication, both personal and professional. As it relates to sales, rapport is a must. In the fitness industry it is even more important because the shortness of the sales process. Let's face it, a fitness salesperson has between thirty and forty minutes to meet a total stranger, get them to like them, trust them, tell them why they want a health club membership and then get a \$500-800 commitment from them. That is not a long time and without rapport success is sure to be minimized.

In addition to gaining rapport by simply being friendly and outgoing with a customer, there are a variety of creative ways to establish a positive human connection. Below is a list of different techniques you can incorporate into your fitness sales presentation.

## Give the customer a compliment.

Let's face it, everyone likes to receive a compliment. Unfortunately, given the pace everyone seems to live at, very  
 (See Casey Conrad Page 26)



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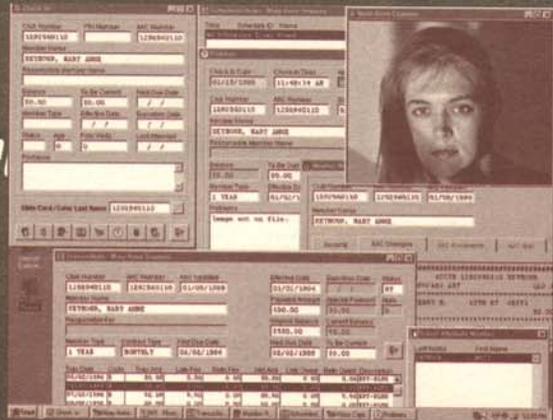
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# “Architects Corner”

## *Mission: Control*

### *Thoughts on Locating the Member Check-in Function*

By: *Hervey Lavoie*

If club design were ever taught as a college class, the first day's lesson plan for *Club Design 101* would start with a discussion about access control and how to locate the main reception desk (or front desk, control desk as it is sometimes called) for effective member check-in. The impor-

ance of member verification and guest registration as conditions for access to member-only club facilities will come as a surprise to no one who owns or operates an athletic club or fitness center.

One need only to look to movie theaters or professional sports to understand that the value of the ticket is maintained by a strict gatekeeper mentality in both entry policy and configuration of the

access path. Would anyone buy a ticket if there were a way to enter without one? The club industry is no different.

Effective access control is key to maintaining and enhancing membership value.

Given this basic principle of club design and today's heightened awareness of the importance of security, it is surprising how many clubs get built with multiple entries; wide, uncontrollable gateways; poorly positioned control desks; ineffective “pinch points” and obvious security bypass opportunities. At the same time, given the importance of access control, it is not surprising that many club owners/operators, in their zeal to protect member value, have instructed their designers to locate their reception control desk as close as possible to the club's main entry door. All of the LifeTime Fitness Center facilities, for example, feature prominent access control desks within a few feet of the front door.

For medium to large-sized clubs, a better plan will actually locate the front desk 100 feet or more from the front door. While it may be tempting to have the card swipe located three paces inside the front

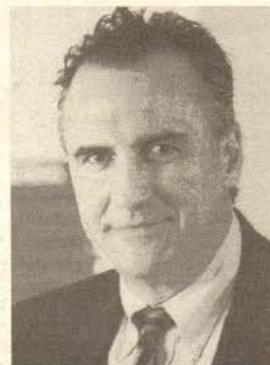
door, it is not necessarily the best approach, and here's why...

#### 1. First Impressions:

Every one of your members was a non-member when they ignored the “Members-Only” sign and first walked through your front door. As they say, this was your last chance to make a good first impression. Being confronted by an immediate need to produce proper credentials or explain yourself is not the welcoming experience that makes outsiders want to become insiders. The first impression, inside the front door, should be welcoming, non-confrontational, spacious, stylish, enriching, stimulating, transforming and suggestive of greater, more exciting things to come. It's hard to get this message across if your control desk is eight feet from your front door.

#### 2. Commercial Rewards:

This 100 feet long two-way flow of members/guests/visitors between your front door and front desk can generate serious commercial potential. A club with 4,000 memberships could have 1,000 visits a day. This volume translates to 2,000 opportunities to increase your non-dues revenue line. The public lobby can be con-



*Hervey Lavoie*

figured to create exposure and access to such potential member and non-member attractions as food/beverage, retail, spa, salon, travel services, conference facilities and medical providers.

#### 3. Non-Member Attractions:

A rich and inviting public lobby can also become a venue for your marketing strategy to build awareness of your club in the local non-member community. This awareness can be awakened in the minds of the non-member customers of your public lobby profit centers (spa, pro shop, salon, food/beverage, etc.). A

(See *Hervey Lavoie* Page 28)

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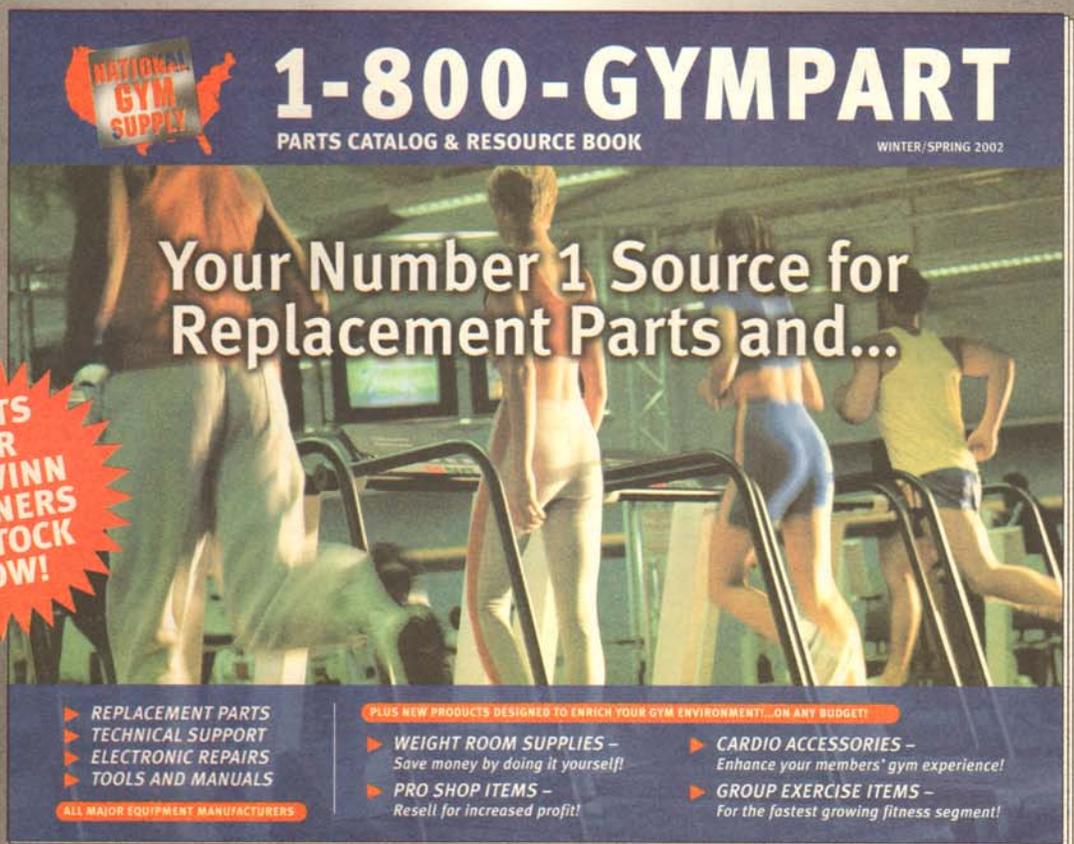
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# Demystifying Pilates

By: Joy Karley, M.A.

Is Pilates a passing trend or will it prove to have staying power as a fitness mainstay? To put it simply, Pilates-based exercise is not rocket science. A Pilates program can achieve longevity and profitability with the right mix of programming, marketing, and administration.

With regard to programming, the foundation of fitness begins at the hips and spine, and many traditional forms of exercise do not address the integrity of these joints. Conversely, most Pilates programs focus on trunk stability. This is the key element – and selling point – for any successful Pilates-based program.

While traditional resistance training certainly has benefits for single muscle hypertrophy, working muscle synergies, as is done in Pilates-

style exercise, is both an effective and efficient way to hypertrophy muscles – in a functional manner. In the weight-room, clients perform multiple sets of exercises on several different weight stations or machines. Free weights, plate-loaded and selectorized equipment may all be used in the course of one workout. Often, clients must share, “work in”, and/or wait for the desired equipment.

In a Pilates Reformer workout, one machine provides resistance for every exercise. Workouts can be designed to focus on one specific area (abs, lower body, etc.) or to cover a total body workout. Additionally, exercises in this type of program work muscle synergies, or groups of muscles – focusing not only on the prime mover, but on the stabilizing muscles as well. With respect to flexibility training, joints are worked through an active range of

motion (AROM) as opposed to using passive stretching. This provides functional flexibility to complement strength, all efficiently accomplished within the same timeframe. Clients make an appointment assuring their access to the machine and trainer, exclusively at their service for 30-60 minutes.

Other benefits of this type of training include joint stability, injury prevention, improved performance, and prevention/reversal of many age-related problems. Quite often, people are sidelined due to injuries as they age. Training for functional stability and flexibility will transfer to other forms of exercise and physical activity as well as activities of daily living. Keeping clients “in the game” – whether it be recreational (or professional) sports, regular cardio and strength workouts, or simply the everyday challenges of daily life – is the objective.

While many clients can use Pilates Reformer workouts as their primary mode of strength training, others use it to complement traditional weight-room workouts. And aggressive, athletic Pilates-based program can deliver outstanding results in a reasonably short period of time. Many women – and men – are content with the strength and definition achieved in an aggressive Pilates-based program. For those seeking further muscle hypertrophy, improved athletic performance and/or injury prevention, this type of workout will enhance other modes of training. Stability and active range of motion are an essential component of fitness, and a welcome addition to any client's program.

With the growing popularity of Pilates, programming and training options are on the rise. Some stick to the traditional exercises which

were developed by Joseph Pilates in the 1920's and 1930's primarily for ballet dancers. While there is certainly a market for this, much of the traditional programming can be taxing and intimidating to the average person, particularly if one is lacking in flexibility and/or has any lower back problems. Other programs have integrated modern training techniques and utilized current research to update the programs, making them more appealing and less daunting to the average person. These programs are better suited for the club environment, where members are accustomed to more aggressive, athletic programming.

Clients are always looking for the most effective and time efficient means of training. Pilates programs effectively work the entire

(See Joy Karley Page 26)



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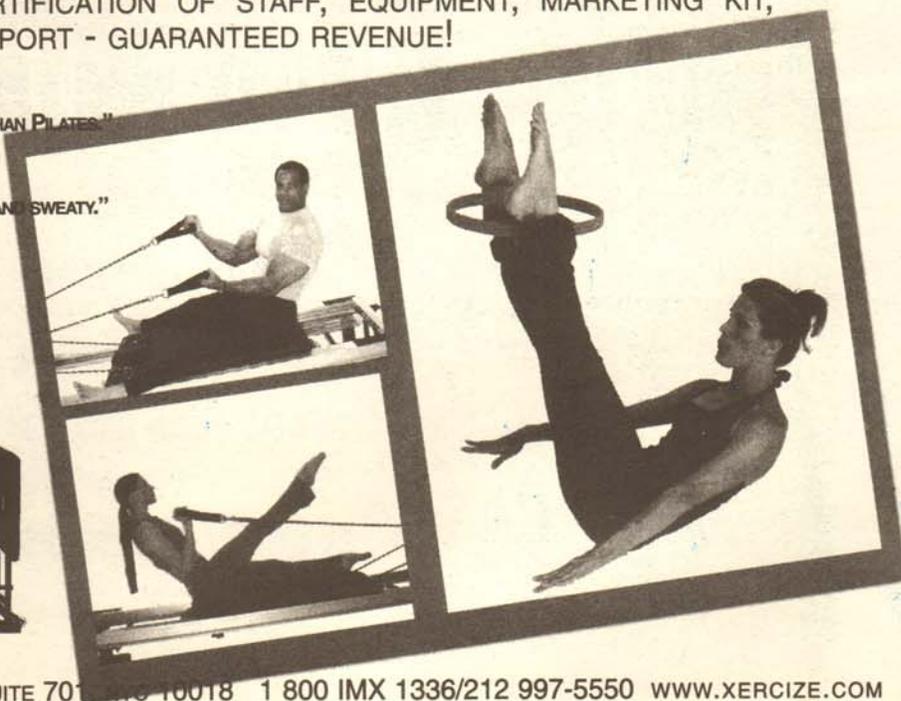
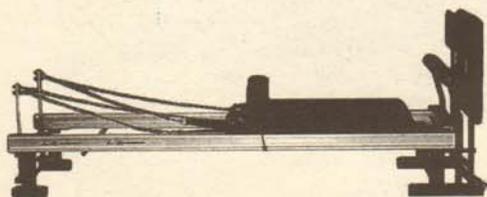
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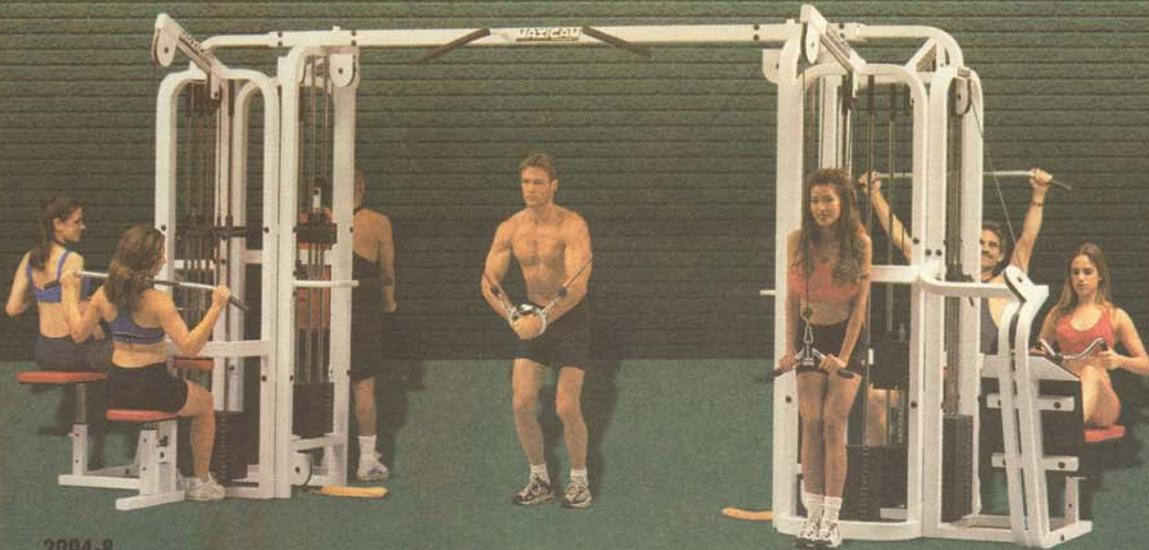
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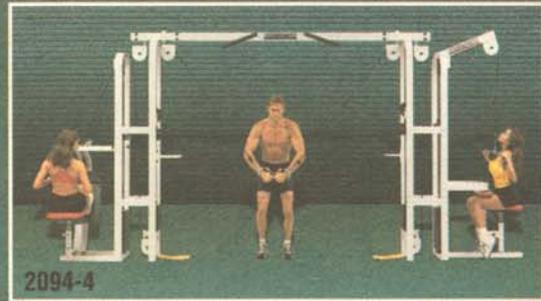
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# 6 KEYS TO CONVERT INACTIVE PEOPLE TO MEMBERS

By: David Chapman

*(Publisher's comment: This article was written by Fitness Express Founder and President, David Chapman, and was originally published in the Fit Express September, 1999 Newsletter. This month and in our next two issues this updated and revised article will cover 2 Keys per month To Convert Inactive People To Club Members. STAY TUNED)*

## Key #1- Understand Your Market

Steven Covey probably said it best in *The Seven Habits of Highly Effective People* when he made the statement that you must first understand and then be understood. I would add to that statement a comment from a sign seen in front of a church: "People don't care how much you know until they know how much you care." The idea of caring extends over to society. If we look around our clubs we rarely see overweight members. But, if we walk outside we will rarely see fit people. There should be a message to all of us there and to me that message would seem that we are not interested in the 'average' person, nor do we attract the 'average' person to our health clubs and fitness centers.

One of the problems we have as an industry is learning to change our perspective about who our market really is, what's important to them and getting past the misconceptions we have about them and they have about us. That's a big challenge, because our industry has unknowingly created an image that excludes the majority of the 'average' people. In order to better understand the problem, we must first get past the idea that these 'average' people are just plain lazy. Some are, but many other issues come into play, like work, family time pressures and misconceptions about exercise and health clubs. It isn't that people don't care about their health; it's that

they don't know how, where or what to do about changing the condition they are in. Our challenge is to view the problem objectively, uncover the real issues and seek viable solutions. We must convince these 'average' people that we believe they are special, that we want to meet their needs, and that we have a lot more to offer than it might seem.

On the other side of the coin, human nature dictates that it's easiest to follow the path of least resistance. 'Not doing' is a lot simpler and easier than 'doing', especially when they are unsure and have a lot of peer support to stay where they are and keep doing what they've been doing. The problem is they get the same results: none! It is baffling, but there are intelligent people that actually think that the diseases of our lifestyles will only happen to others. We know that's just denial.

### It Begins During Childhood

The perceptions non-exercisers have about exercise in general have quite often been shaped by childhood experiences. The majority of exercisers have never been properly introduced to exercise. In school they may not have had the skill level required to perform well in competitive sports. The whole locker room scene involving physical exposure during adolescent development was not the best way to start either. Self esteem had to do with body image, performance, and team selection. Emphasis was placed on competition and winning. Praise was heaped on top performers and the less capable were never given recognition. In many instances the "less capable" were often "punished" with more exercise because they were being measured against the best performers. In many cases young people were punished with push-ups and running because they were being measured against the best performers. The effect on some kids was devastating and very negative. And, for most, it gave the wrong impression of

exercise, its benefits and their self-efficacy.

Fast forward this thinking 20 or 30 years and imagine the perceptions. Sports events are played only by the best and some might say highly overpaid athletes who must win at any cost, even to the point of drug use. As a result you rarely see non-professional athletes that are average people playing sports. In the health club industry, some club companies utilize images of people in ads for health and fitness clubs that are unrealistic. The magazine and tv ads portray people much different than the 'average' man or woman on the street. The few 'average' people that gather the courage to come to most clubs will rarely see overweight people. The people they see are fit and most are in clothes the 'average' person could never wear. Many find the attire worn by the 'fit' offensive. If the 'average' person takes the risk and makes a one year or more commitment he will usually get minimal support from the club's fitness staff. And, without proper assistance in the beginning he will be unable to perform the workouts. For the most part, the entire 'concept' of how many health clubs operate will only reinforce the poor self-image of the 'average' person.

### We Are Missing The Mark In A Big Way

Many health club operators are missing the mark in a big way with respect to dealing with and converting the 'average' person to a health club member. We are sending the wrong message, giving the wrong impression and saying the wrong things. The attitudes of many sales people and fitness instructors does nothing to sway these 'average' people to adopt the fitness lifestyle. Too many health club sales people and fitness instructors look down on the unfit and see them as lazy and uncaring. In actuality, many 'average' people have a lot more dedication and commitment than we do. They have just

gotten on the wrong path and have been victimized by false hopes given to them by diet companies and health clubs only seeking the 'fast' buck. Sadly, they believe these were the *only* resources available. Is it their fault they have fallen victim to the vision of a thin body dressed in spandex? Perhaps it's our fault for not giving them a true vision to follow and enough information to get them there. Maybe we should be trying harder to understand their needs.

The big question is what can we do to reach this huge market that we have so much potential to impact in a positive and meaningful way?

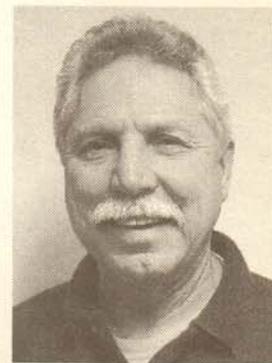
(Publisher note: In January, 2002, the Surgeon General of the United States, Dr. David Satcher, announced in his "Call To Action On Obesity" that 61% of the population in the U.S. is either clinically obese or significantly overweight. That represents approximately 170 million people! These are America's 'average' people referred to in David's writing.)

## Key #2- Send The Right Message

Obviously, the right message to right audience is crucial to the success of reaching your target markets. At present, we are only speaking to a small segment of the population, as 30% are exercising, but only about 12% belong to health and fitness centers while 90% acknowledge and believe exercise is important. If we are going to convert them into members we need to do and say things differently.

**Speak their language.** In other words, say it with words they are familiar with. Words that speak to GenX are quite different from words that speak to a 50 year old.

**Say what's important to them.**  
 A. Offer something new and different. Something they might enjoy doing and will view as specially for them.  
 B. Keep the message simple.  
 C. Make the message fun and entertaining.



David Chapman

D. Use terms like fun, new, different, safe, simple, activity, results.

E. Guarantee success. (i.e. they will be able to do it and get the desired and needed benefits).

**Offer a free trial.** Nothing works better than testing the waters, especially with folks who have misconceptions and need to explore the 'new' or the 'unknown.'

**Use appropriate photos.** Show people of various ages, sizes, shapes, sexes and fitness levels. Do not use 'beautiful - totally fit' people. Older, unfit people "expect" young people to do more and look different. These 'average' people only see it as not being their place. Show people in conservative, non-threatening for the unfit, clothing. Older people, especially women, are dealing with childbirth, aging, hormone changes, and most don't have the same girlish shapes they once had. Why would they want to be reminded of it? Loose clothing is more comfortable. It makes the person feel more 'at home.'

In the next two editions we will discuss Keys # 3, 4, 5 and 6. They are: #3- Building A Relationship, #4- Movement, #5- Motivation and #6 Maintenance.

*(David Chapman is a 30+ year health and fitness club veteran. He is the President and Founder of Fit Express, an equipment manufacturer located in Tupelo, Mississippi. David may be reached at: 1.800.934-0321.)*



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# A TALE OF TWO HEALTH CLUBS

By: Michael Scott Scudder

Recently, I had a "3-E's" (eye-opening, extremely enlightening) experience... actually, *two* experiences... that created such a dramatic impression on me that this month's eFocusNews is entirely based on those events and what I learned from them. I hope you will find this letter to be one of the most important teaching tools that I have ever offered.

All of us hear about the differences in markets these days, the different needs of the varying populations that come to fitness facilities, the wide range of standards of quality and services offered, and the options in pricing. What we do *not* hear about is what I'm going to call "the conscious ground of being" of organizations offering exercise services to their communities. This newsletter is about that.

I was in an Eastern metropolitan area to conduct one of my FITNESS FOCUS regional seminars and had the occasion to take two 35-minute-each tour/presentations of representative clubs of two extremely well-known organizations. I was looking forward to it, as I had heard good things about both companies, how well they were run, how profitable they operate. Both are multi-club operations. I will call one Franchise Gym (FG hereafter) and Health & Fitness (HF) to distinguish them.

I expected differences...after all, variety permeates our business...what I didn't anticipate was what I would learn about the current state of our industry...and the obvious perceptions that the public must have of health clubs.

A little background. FG has 11 clubs of varying sizes in this area. Most are what we would call "dry gyms"...good fitness floor, large group exercise room, tanning, small pro shop, adequate locker rooms, priced in the low \$40s per month with a low joining fee of one times dues. HF operates 25+ clubs in the same area, almost all upscale clubs, multi-services offered, most with pools,

standard fitness component and group exercise, nicely appointed locker rooms, priced in the mid \$50s-high \$60s per month with roughly a two-times-dues initiation fee. Both say they cater to a cross-section of types of users, and each purports to market services to ages 25-55.

I'm going to attempt to make comparisons, so please bear with my "back-and-forth" style of writing for the next few paragraphs.

I entered FG's parking lot, having easily seen the signage out front as I approached the facility. There was inadequate parking for the number of members the salesperson said they had. HF was a little harder to find, as I passed the facility before I realized that there had been a small, elegant sign at the driveway entrance. It also had inadequate parking for the number of members the salesperson said they had.

I entered FG through an ill-lit, all-white entranceway and was confronted by a high "front desk" three steps into the club. Greeting was from a 25ish male in a rumpled staff polo shirt and likewise rumpled jeans, no name badge, who did not identify himself but in a friendly manner yelled out "How ya doin'?" No guest sheet or form to sign. After an equally boisterous "What can I do for ya?" and being told I wanted to inquire about membership, he called over a loudspeaker "Sales to the front desk!" so that anyone in the club and within two blocks of the club could hear.

The HF entrance was a beautiful mauve-colored walls, carpeted short staircase entrance into an equally beautiful, subtly-lit "reception area" where I was greeted by a 30ish female in a neat logo cotton long-sleeve shirt and pressed Dockers, who identified herself and said: "Welcome to HF club. How may I help you today?" I told her I wanted to inquire about membership, and she skillfully asked me to sign their guest card as she called someone. She said: "If you will just enter a little information about yourself, about the time that you're finished Janice from our club membership team will join you."

At FG, I waited about four minutes, standing by the front desk, until an also-young man approached, also in a rumpled staff polo shirt, hanging outside his workout baggies. He said: "Hi, ya wanna see the club?" and without so much as an answer from me started to walk away, motioning me to follow.

At HF, Janice (who appeared to be mid-late 30's - also in a neatly-pressed uniform of cotton long-sleeve shirt with logo, pressed Dockers and shined loafers) approached me with a welcoming smile and a handshake (just as I finished the guest form, which she took from me with a "thank you for providing me with a little information about you"), and asked if we could sit down for a few minutes so she could learn why I was there, or would I prefer to see the club first? I opted to sit down with her, which we did in two comfortable chairs in a private spot in the lobby opposite the reception area.

As I followed what ever-his-name-was into the FG gym, here in substance is the conversation: "This here's our main cardio area, we got another one in another place in the gym. You use cardio?" (No wait for an answer.) Walk some more, me behind him. "We got a great gym here - everybody loves it. We got a couple thousand members. Growing like crazy. This is the circuit area. You do this stuff? This here's free weights. Our guys really like this." (Still no questions about me.) "Here's our tanning rooms. Popular. Along here's our sales offices. We'll come back here in a little bit. Let me show you the rest of the gym." More following him. "This is our other cardio area. We got this built-in-entertainment center on every piece. Neat, huh? What do you like to work out on?" I replied that I used ellipticals in my last club (no rise from him), and that I use an upper-body machine due to several separated shoulders. "Oh, yeah. We got personal trainers that can give you a good routine to take care of those shoulders. That's extra from your membership, but it's pretty cheap and people like it. Here's the men's locker room,

go ahead, take a look." (Small, cramped locker area, more white walls, not exactly clean but not too bad. Four single stall showers. Two commodes, two urinals. A nicely-lit sink-and-vanity area. Nothing to write home about, but acceptable. I come back out.) "Pretty good, huh? Oh yeah, over here's the aerobics studio, though you're probably not much interested in that, right? But we got nearly 18,000 square feet of fitness in here. Packed with good equipment. That's what people want. Well, c'mon, let's go back to my office and we'll talk about prices."

At HF, Janice appropriately asked me a few questions about what prompted me to come into HF today, what kind of work did I do, did I live nearby, was I exercising currently, if so what was I doing, was I getting the results I wanted, what did I want to accomplish with my exercise activities, did I have any medical situations she should know about, was I there for myself or did I have family that would be under consideration, what did I want to know about her club? After making several notes on her clipboard, she politely asked if I would like to tour the facility. We walked along side by side, she providing small talk but making sure that she listened as much as talked. In each area of the club, she stopped for a minute or so, asking me if I could see myself being comfortable here or would I use this area of the club if I were to join? She made sure to introduce me to a couple of instructors on the fitness floor - one of them asked me if he could answer any questions I had - and introduced me to another member of staff who happened to be walking by in a hallway connecting areas of the club. She asked if I would like to see the locker room, as that was an important area to many members. It was impeccably clean, well-lit, multi-colored with eight individual shower-changing areas, ample number of private stalls and urinals, two elegantly-appointed vanity areas with hair dryers, body cream, aftershave and other amenities. When I re-joined her, she

simply asked: "Is there more that you need to know to help you with your choice?" I asked her about membership prices and she courteously asked if we could sit down in either her office or back in the lobby if I preferred.

We'll get to price presentations in a minute. First, a few other notes.

FG: large "open gym" type operation, cardio runs into circuit runs into free weights; high ceilings; lighting somewhat glaring fluorescent fixtures with covers; white walls all over the place; A/C and heat in forced air ducts from ceiling; evidence of fuzz balls on some machines; several pieces of equipment with ripped padding; some attempts at border splashes of color (teal, off-pink and purple); rubberized flooring throughout. Box-type offices on the side. Back-of-club area a low-ceilinged combination of cardio room (rubber flooring) and aerobics room (white walled, wood sprung floor) and boxed-in locker rooms (attractive tile floors, white walls throughout). Evidence of smudges, dirt balls, papers strewn on locker room floor. Taped-on paper signage throughout. What staff on duty mostly jeans and club logo short-sleeve polo shirts, no one appearing over 25 years of age. No manager on duty. Music a local radio station playing hard rock, volume appropriate. Clientele mostly under-40 and predominantly hard-body.

HF: multiplex club setting with several activity areas, small food and beverage area, two small cardio areas, one substantial-size combination circuit and free weights room; lighting mostly subdued though ample incandescent, some pink-light fluorescent fixtures with covers; multiple color accents in each area off the main theme of mauve; A/C and heat adequate and not evident where it was coming from; entire facility impeccably clean and a cleaning staff working as we toured; all equipment in good condition; mostly carpeted, with rubber flooring in free-weight area and in one cardio area. Offices scattered throughout building, appropriately decorated and  
(See Michael Scudder Page 29)

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# IHRSA's Capitol Report

## Capitol Report Reprinted Courtesy of IHRSA

### IRS ALLOWS DEDUCTION OF SOME WEIGHT-LOSS EXPENSES

Recognizing obesity as a disease, the IRS will allow taxpayers to claim doctor-recommended weight loss expenses as a medical deduction.

To take the deduction, a taxpayer will have to participate in a weight-loss program for medically valid reasons. Simply joining a health club or weight control program to "improve the taxpayer's appearance, general health and sense of well-being" and not under a physician's guidance will not qualify. Also not deductible are diet foods.

The deduction comes in the area of medical expenses, which must in total exceed 7.5% of adjusted gross income and can only be taken by taxpayers who itemize their deductions.

Revenue Ruling 2002-19 applies not only to 2001 income tax returns - which became due April 15 in most of the country - but as far back as 1998. Taxpayers who want to take a deduction for past expenses need only file an amended return for the tax year in question.

Yesterday's ruling gives examples of two taxpayers participating in weight-loss programs. They paid fees to join the programs and to attend periodic meetings and purchased diet plans and booklets. One was diagnosed by a doctor as obese, the other as suffering from hypertension. Both participated in the programs as a treatment for their diseases. The costs related to their weight-loss programs would be deductible for these taxpayers, to the extent not reimbursed by insurance or otherwise.

### PEP GRANT UPDATE

The U.S. Department of Education is finalizing the details for the 2002 Physical Education for Progress (PEP)

grant application, which is now expected to be ready by April 15. IHRSA will keep you posted so you can help your local school district apply for some of the \$50 million in P.E. funding that is up for grabs this year. Visit <http://www.pepgrant.info> for more information.

### CALIFORNIA IHRSA MEMBER DROPS APPEAL OF HOSPITAL EXPANSION

In a pact reached with the city of Livermore, ValleyCare Health Systems And Callahan Property Co., Kim Fuller, Managing Partner of the Livermore Valley Tennis Club, agreed Thursday to end all legal appeals challenging the adequacy of environmental studies on ValleyCare's expansion plans.

Meanwhile, ValleyCare and the other parties agreed not to file a countersuit against Fuller seeking damages for past delays caused by his lawsuit or other actions, said David Mertes, chairman of ValleyCare's board.

In his suit, Fuller had maintained that an environmental impact report for the expansion project failed to adequately address parking, traffic and air pollution issues. In December, a judge found that Fuller did not have a sufficient interest to challenge the project's environmental report.

The expansion project includes a new, 65,726-square-foot building for doctors' offices and a fitness center. ValleyCare received approval for a \$20 million bond issue last year to fund the project.

### QUICK IHRSA SURVEY: CHEMICAL SENSITIVITY IN CLUBS

Thanks to everyone who answered IHRSA's survey about cell phones in clubs.

Look for the resulting article in the May issue of CBI.

The next topic of discussion is chemical sensitivity in clubs. Some members love those personal care products -- perfume, scented lotion, aerosol hairspray, etc. -- while the use of those items in locker rooms makes life miserable for (and can even be dangerous to) others.

Has this problem arisen in your club? If so, how have you handled it? Please e-mail your comments to [gr@ihrsa.org](mailto:gr@ihrsa.org) for possible inclusion in CBI. Anyone who responds will receive an advance copy of the resulting article.

### TEXAN WINS IHRSA PAC PRIZE DRAWING

Congratulations to John Rohm, President of Women's Super Fitness in San Antonio, Texas, and the winner of a Canon digital camera! Everyone who completed an IHRSA PAC solicitation authorization form before March 31 was entered into the drawing.

### BUSH NAMES SURGEON GENERAL PICK, EMPHASIZES EXERCISE

President Bush announced his nomination of Arizona trauma surgeon Dr. Richard H. Carmona to be surgeon general. Dr. Carmona, a self-described "high school dropout and poor Hispanic kid," runs emergency rooms in Tucson, where he is also a Deputy Sheriff.

The nomination came as a surprise. A White House official said Dr. Carmona had sent his résumé to a friend, who passed it on to someone who worked at the White House. "It was fate, if you will," the official said.

The appointment requires confirmation by the Senate.

President Bush, a fitness buff, made clear that he had several undertakings in mind for his appointee, including the promotion of exercise.

"I really like to run," Bush said. "It makes me feel better. The doc and I are going to encourage all our country to either run or walk or swim or bicycle, for the good of their families, for the good of their own health and for the good of the health of the nation."

### NEBRASKA WELLNESS CENTER'S TAX BREAK UPHELD

Alegent Health will keep a property-tax exemption for its Lakeside Wellness Center, at least for now, the Omaha World-Herald reports.

The Douglas County Board of Equalization on Tuesday voted against adopting a county attorney's recommendation that the county tax the wellness center.

The facility is part of an Alegent complex that also includes the attached Lakeside HealthPark. The County Attorney had recommended continuing exemptions for only three parts of the facility.

However, the Board left open the possibility of further discussions, asking for more information from Alegent and further recommendation from the county attorney within a month.

IHRSA member Prairie Life Center recently asked the Board to reconsider the Alegent center's tax exemption, saying the facility unfairly competes with taxpaying clubs.

### ACT NOW TO RESERVE YOUR FREE "PROFILES OF SUCCESS"

Every year, "Profiles of Success" presents vital industry information on club pricing, membership growth, club profitability, and more. Reserve your FREE copy of

the 2002 report (a \$195 value) by responding to this year's annual Industry Data Survey. The IDS has been condensed and is 50% shorter.

North American clubs should receive the IDS via postal mail early next week. Call (800) 228-4772 ext. 146 with any questions.

### STATE LEGISLATIVE UPDATE

**ALASKA:** HB 303 would impose a sales tax on health club memberships, among many other goods and services. The House of Representatives is expected to vote on this measure very soon. Alaska club operators, please call your state representative today and urge him or her to vote against House Bill 303. To find out the name and phone number of your state representative, call (907) 465-4648.

**ALASKA:** The vote that was expected on HB 303, which would impose a sales tax on health club memberships, has not yet happened. The measure has been sent back to the Rules Committee.

**CONNECTICUT:** The Joint Finance, Revenue and Bonding Committee is reviewing HB 5736, which would tax health club memberships. A vote will occur on Monday. All Connecticut club operators should contact both chairs of this committee immediately: Representative Anne McDonald (860-240-0460 or [Anne.B.McDonald@po.state.ct.us](mailto:Anne.B.McDonald@po.state.ct.us)) and Senator Martin M. Looney (860-240-0462 or [Looney@senatedems.state.ct.us](mailto:Looney@senatedems.state.ct.us)). In addition, it is of the utmost importance that you contact your state legislators and ask them to ensure a "no" vote on this measure.

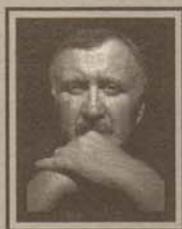
**NEW JERSEY:** AB 820/SB 1017 would provide tax incentives for New Jersey businesses who provide fitness benefits to employees. This important legislation needs (See *Capitol Report* Page 30)

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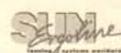
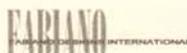
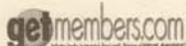
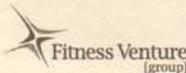


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## ...Jerry Noyce

continued from page 3

not have year round opportunities in tennis clubs when I graduated from college. So, I went into business, working first at Honeywell, where I learned the computer business, and then the Service Bureau Corporation, a subsidiary of IBM. For four years I designed and sold custom and packaged computer software services.

In the early 70's indoor tennis centers were in their infancy in Minneapolis. In 1971 I was asked by the owner of a new center, the Oakdale Racquet Club, to become their GM and Director of Tennis. The club was under construction. I left a successful sales career at IBM to get into the club business at the Oakdale Racquet Club.

I joined the Northwest Racquet, Swim & Health Clubs in 1973 as their Director of Tennis. Soon after I became Men's Tennis Head Coach at the University of Minnesota along with my duties at Northwest. A year later I became Head of Club Operations at Northwest. I worked simultaneously for both Northwest Athletic Clubs and the University of Minnesota for 15 years.

Q. What was it like coaching a collegiate tennis team against the warm-weather schools from Florida, Texas and California in collegiate tennis?

A. It was a great challenge competing against the great warm weather schools. When I began coaching tennis the team I inherited had finished last in the Big Ten. Within two years that team finished in the Top 20 in the U.S. and 3rd in the conference.

Q. What were your greatest successes and thrills in tennis coaching?

A. I had a number of great thrills. Our team winning the first Big Ten title in school history and then winning three Big Ten titles after that, having one of our players, Fredrik Pahlett, reach the finals of the NCAA singles, and having teams in the Top Ten in the country coming all the way from last in the Big Ten, were all exciting times!

Having several players earn All American honors at Minnesota was thrilling. And, as a team, having the highest

single quarter team grade point average, of any intercollegiate team in the history of the University was very special. I was proud of what our many players have accomplished since graduation. One of that group, Gene Sperling, went on to become the head of the National Economic Council under President Clinton. And, I was extremely proud of having all but three of our players in 15 years of coaching tennis graduate from college!

### High Powered Mentors!

Q. Jerry, who were your mentors?

A. My mentors were Marv Wolfenson and Harvey Ratner in the club business and Paul Giel (our Athletic Director at Minnesota) in athletics. Marv, Harvey and Paul gave me a great amount of responsibility early in my career, with great freedom to do my job. They gave me great guidance and advice and were always supportive of my efforts and plans.

Q. What made the Northwest Racquet, Swim & Health Clubs (later The Northwest Athletic Clubs) so unique?

A. The Northwest Racquet, Swim & Health Clubs were the predecessors of the Northwest Athletic Clubs and were unique and very successful in many ways. Our clubs were among the first in the country to build indoor pools along with tennis courts. We had some of the first exercise rooms in the racquet club business. Daycare was an early offering at Northwest. During the racquetball era, we had a wonderful racquetball program with many courts (more than 100) and a great staff. Our tennis program was one of, if not the largest, in any market in the country. And, our pro shops were large, well stocked and quite successful for years.

Q. How did you and the owners of the Northwest Athletic Clubs respond to the fitness movement?

A. At Northwest, like most racquet clubs, we began diversifying into fitness in the early 80s. But, our approach to fitness was to watch the trends develop, not to be the first to market with new trends, but to be absolutely the best, most comprehensive in staffing, equipment and facilities that fit

these trends. When fitness became important, we installed large fitness centers heavily equipped and with typically at least two group exercise rooms in each club.

Northwest was one of the first truly multipurpose club systems in the country. Reasonable prices, great facilities, large clubs, great programs and dedicated staff made Northwest the leader in the market by far.

### "The Real Mayor of the Twin Cities" What A Community Leader!

Q. Jerry, I led off this article with a comment about your nickname, "The Real Mayor of the Twin Cities," given to you by Ed Williams and Art Curtis. Tell me about that.

A. Ed and Art were surprised that I knew as many people as I do in our area. That just came from having a lot of club members, giving years of tennis lessons, coaching, fundraising, and supporting community events. It was part of what made Northwest special.

**CLUB INSIDER** - Jerry Noyce's list of community and industry service is nothing short of remarkable and truly commendable. He reminds me of my good friend, Rick Caro, (IHRSA Co-founder and former President) when it comes to service to others and that is the highest compliment I could pay him. Consider the following:

- Currently Vice-President of the USTA/Northern Section;
- Serves on several USTA committees;
- Serves on the National Board of Directors of the University of Minnesota Alumni Association;
- Elected to be Minnesota Alumni Association President for 2002-2004, the Centennial Anniversary year;
- Served as Vice President of Intercollegiate Tennis Association for years;
- NCAA Tennis Committee Regional Representative for his region;
- Two-time President of the Big Ten Tennis Coaches Association;
- Served as Commodore of the Minneapolis Aquatennial Festival in 2000;
- Involved in many charities in the Twin Cities;
- Served on his church's Coun-

cil for six years.

It is an understatement when Jerry Noyce says, "I have always believed in being involved in our community."

Q. Jerry, why did Marv Wolfenson and Harvey Ratner sell the Northwest Athletic Clubs?

A. Marv and Harvey had reached their seventies. To expand the club's system would require substantial additional investment. That level of commitment and effort did not fit well with where they were at that stage of their business lives. So, they decided to sell their businesses.

When they sold, the buyers, Wellbridge's Tom Lyneis and Ed Williams, asked me to stay on as their Regional Manager for the Northwest Athletic Clubs and Flagship. In that role I reported to Art Curtis, COO of the company. My role was to transition these clubs, their employees and members to new ownership. It was important to have continuity in this transition. I was responsible for the operation of these clubs for CSI and remained with the company through October, 1999.

I ran the Northwest Athletic Clubs for Marvin Wolfenson and Harvey Ratner until February, 1997. Along with our 13 clubs, 100,000 + membership, and over 1.5 million square feet of facilities, they had purchased an NBA franchise, the Minnesota Timberwolves and built the Target Center where the team plays. Those entities were subsidiaries of the Northwest Clubs and were all sold at one time or the other. The clubs were sold in March, 1997, to Wellbridge. I remained with Wellbridge as Regional Manager for the Northwest Clubs and Flagship (which they bought in May, 1997). I left Northwest when the transition was completed (Fall 1999).

### Experiencing Success At The Helm Of Health Fitness Corporation

Q. Jerry, when did you join the Health Fitness Corporation and in what capacity?

A. I joined Health Fitness Corporation as President and CEO on November 30, 2000. Loren Brink, the Founder, had left HFC in July, 2000.

The HFC Board of Directors had brought in a financial turnaround company in 1999, The Manchester Companies. (a Twin Cities based company). Manchester was responsible for engineering the financial turnaround of HFC. Once the company had started to turn, the Board decided to bring in a new permanent Senior Management Team.

The company had a solid foundation for a successful business- management, occupational health and consulting services for the corporate, hospital-based health and fitness markets.

Q. What is the Mission Statement of the Health Fitness Corporation?

A. Our company's mission statement is: "Dedicated to improving the health of the people we serve." Everything we do revolves around that mission.

Q. What is your job description?

A. I am responsible for the successful operation of the company.

Q. I understand that since you took over the numbers have continued the improvement that had begun when the Manchester Companies started the turnaround. Tell me about that?

A. "In 2000, we reported our first profitable year since the mid '90s. And, 2001 has built on that profitability with increased earnings over 2000. Revenues have remained flat during this time as physical therapy clinics, fitness equipment wholesaling and the IFCN divisions were sold. All of this was done to position the company to focus on our core business of providing management and consulting services to corporations, medical operations and communities. We have increased our management contracts from 140 to 185 sites during this time."

The just released 2001 Health Fitness Corporation's financials show marked improvement with net income increased by 94% to \$1,806,001 from revenues of \$25,909,978. Jerry Noyce commented on the 2001 financial performance of the HFC as follows, "2001 marks our second straight year of profitability. With stronger earnings, a balance sheet strengthened by a substantial

(See Jerry Noyce Page 22)

## Premium Performance Training Announces Partnership with Nautilus

Karen Woodard, President of Premium Performance Training (PPT), announces a marketing partnership with Nautilus for the PPT Regional Roundtable Program, a program offering business development seminars for health club owners, managers and staff.

"Nautilus realized that a club's success is essentially measured on its profitability," says Jim Teatum, President of Nautilus HPS, Inc. Teatum

continues, "To this end, Nautilus is making available a wide range of membership generating programs to impact your bottom line."

The Regional Roundtable Program consists of 6-12 Member Clubs that meet four times a year for two consecutive days. Karen Woodard, President of Premium Performance Training, and a well-known trainer says, "The Regional Roundtable Programs offers consistent, customized

training and consulting, as well as the latest training tools and real-time staff development."

During the two-day events, Woodard will lead seminars and roundtable discussion forums in the areas of Sales, Marketing, Service, Operations and Management. "Member clubs are welcome to bring up to four staff members to each event," Woodard continues, "and take advantage of the opportunity to exchange ideas, best practices and

experiences with their peers of the participating Member Clubs."

The success of PPT's Regional Roundtable program is recognized by club owners worldwide. Jamie Hollinshead of Lean and Fit Westpoint in Sydney Australia says, "I have had the best three weeks of the year in sales since attending (Karen's) seminar three weeks ago."

Lisa Daniels of Miramont Sport Center says, "The

staff has greatly improved their closing ratio from 50% to 80%, we were able to make up the cost of training in one day."

The PPT Regional Roundtable Program will be held in June in Chicago and Colorado, and run quarterly at locations across the country. To register or request additional information call (303)417-0653 or go to [www.karenwoodard.com](http://www.karenwoodard.com).

## FreeMotion Fitness Named to YMCA Preferred Vendor Program

Colorado Springs, CO. FreeMotion Fitness, Inc. formerly Ground Zero Design, a leading provider of cutting-edge commercial fitness equipment, announced on April 1, 2002, it had signed an agreement with YMCA of the USA to be part of its National Preferred Vendor Program.

"We are proud to provide the only full circuit of FreeMotion strength machines

to meet the broad range of YMCA needs," said John Urmston, Vice President of Sales for FreeMotion Fitness, Inc. "The YMCA caters to a very diverse membership, making this relationship a natural fit as FreeMotion Fitness equipment is appropriate for all populations."

With this agreement, YMCA of the USA will include FreeMotion Fitness,

Inc. as a vendor recommended to more than 1600 facilities nationwide. The partnership with YMCA of the USA continues to validate the FreeMotion(tm) training philosophy, and is another indication of FreeMotion Fitness's position as a leading provider of innovative, high quality commercial strength and cardio products.

"We are excited about

our partnership with FreeMotion Fitness and look forward to a long and mutually beneficial relationship," said Craig Walter, Director of Purchasing Service, YMCA of the USA.

"FreeMotion Fitness has revolutionized strength training equipment," said Roy Simonson, CEO of FreeMotion Fitness, Inc. "The launch of the FreeMotion circuit was a

major breakthrough, promoting three dimensional training that incorporates all aspects of fitness. With our NordicTrack cardio offering, we are in a position to equip YMCAs with everything they need for a successful facility."

## Add this Weight Loss Program to Your Club . . . Add Profits to Your Bottom Line!

Casey Conrad, long-time industry consultant, has developed a complete turnkey weight loss program that's designed to be installed within health clubs that combines proven weight loss programming with sales, service and marketing systems. It's easy to fit into almost any layout. It can add a valuable service to your existing members and help you attract an additional target group within your local area. Most importantly, it is proving to be a huge profit center. It's called HEALTHY INSPIRATIONS and to date there are 26 licensed locations in 10 states & 5 countries.

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

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## ...Jerry Noyce

continued from page 20

reduction in debt, an improved working capital position and a significant increase in shareholder's equity, we are truly positioned to be successful in years to come. The \$777,300 benefit we realized from a decision in our deferred tax asset valuation allowance represents the first time we have recognized our deferred tax assets, and affirms our current financial stability. With an additional \$2.5 million of deferred tax assets yet to be recognized, our bottom line for the future looks very healthy."

Noyce continues, "During 2001, our associates worked very hard to build on the company's previous turnaround success. We filled key management positions and reorganized responsibilities to be more proactive to sales and market opportunities. We developed new health and fitness service offerings that will be marketed to our existing customers. We also developed a five-year strategic plan to chart the company's future growth. I'm happy to report that these changes have begun to bear fruit. During the fourth quarter of 2001, we won the national management contracts for three Fortune 200 companies, representing 30 new fitness center sites and approximately \$2,300,000 in annual revenues beginning in 2002."

Noyce adds, "After one year, I am very pleased with the progress our new management team has made in many areas. I am particularly pleased with the results we have achieved since we implemented our new sales and marketing strategies. Looking forward, I believe the Company is well positioned to improve on these results and solidify its position as the leading provider of results-oriented health and fitness solutions."

**Q.** Jerry, can you tell me about your Board of Directors?

**A.** Our Board consists the following outside Directors: James Bernards, Chairman. Dr. Jim Ehlen, John Penn, Mark Sheffert, Linda Hall Whitman, and Rodney Young. John Satorius is our legal counsel. I am also a member of the Board.

**Q.** Describe a typical HFC facility?

**A.** The typical HFC managed corporate health & fitness centers range in size from 5,000 square feet to full multi-purpose facilities such as the Texas Instruments facility at 90,000+ sq.ft.. The typical corporate facility would be approximately 10,000-20,000 sq ft. with cardio, weight training, group exercise rooms, fitness testing room, locker-rooms with sauna, perhaps a running, walking track and some have a massage therapy room.

HFC managed hospital-owned and community-owned facilities include all the above plus athletic facilities such as a gym, track, swimming pools, racquet sports and nursery/childcare areas. Size ranges from 40,000-120,000 sq ft.

**Q.** How many members do you estimate you serve in all 185 HFC facilities?

**A.** 115,000 in total.

**Q.** When did HFC go public?

**A.** HFC went public in 1994. (See HFIT on the National Over the Counter Bulletin Board stock exchange.)

**Q.** What is your vision for the future of HFC? What is the timeframe for that vision?

**A.** We have shared a plan with our shareholders for the next 4-5 years. Our goal is to reach \$100 million in revenues by 2005. This is important to gain a level of coverage from the financial marketplace in order to increase liquidity in the trading of our stock. To reach this goal, we will:

- Be proactive in renewing and extending management agreements with our clients. We will introduce new value-added programs to our clients that fit their needs.

- We will grow our management business. First, by concentrating on growing in the markets that we have concentration of current contracts and management. Second, by offering a full service solution to our multi-site clients. And third by aggressively developing new markets for our services.

- Additional growth through acquisition opportunities that may exist in our lines of business.

**Q.** Tell me about your key management team members?

**A.** Jeanne Crawford is our Vice President of Human Resources and Administration. Jeanne's background includes substantial human resources management experience in medical and physical therapy in addition to the health & fitness management arena.

Dave Hurt is our Senior Vice President of Operations and Account Services. Dave's background includes management of hospital based health and wellness centers. Dave has a strong background in club operations.

Geri Martin is the Vice President of Marketing for HFC. Geri is responsible for all marketing functions including oversight of programs and occupational health services development. Geri's background includes senior marketing management posi-

tions with a large Minnesota based hospital system, and most recently as Senior Director of Marketing for the large employer division of Express Scripts, a pharmacy benefits management company.

Jim Narum is the Senior Vice President of Corporate New Business Development. In this role, Jim is responsible for all corporate based health and fitness management and consulting services sales. Jim has over 19 years of experience in the corporate fitness business with the company, and is one of the experts in this market.

Wes Winnekins is our Chief Financial Officer. Wes joined HFC in February, 2001. He has a background in public accounting with Arthur Andersen, club financial and operations background, and public startup and small cap company experience in the dot com world.

In addition, there are several key managers responsible for the success in their areas of responsibility: National Programs Development Director- Sarah Nichols

Occupational Health Services Director- David Thoreson

Vice Presidents of Business Development- Richard DeRossett and Arch Hasler

Vice President of Hospital/Community Operations and Consulting- Dr. Jeff Newkirk

Regional Vice Presidents of Corporate Health and Fitness: James Aranowski, Sue Hussey, Barbara Kapell, Bill McMahon and Ann Wyatt

Controller: Candy Decker

Director of Human Resources: Tina Oskey

**Q.** How many total employees does HFC employ full-time? How about part-time?

**A.** We have 450 full time and 1100 part-time associates across 31 states and Canada.

**Q.** Tell me about your feelings about IHRSA?

**A.** IHRSA provides a great many services to the health and fitness industry. It is the glue for the for-profit portion of our industry. It has the opportunity to grow to be even stronger voice for the entire industry.

This is both a challenge and an opportunity.

**Q.** As an IHRSA member coming right off the Phoenix Convention, what are the biggest challenges you see facing our industry today? How about facing IHRSA in particular?

**A.** For the growth of the entire industry, we need a voice that speaks to the importance of health and fitness to the country. IHRSA will have a difficult time in this regard as an association that represents the for-profit operators only.

From a financial perspective, in order to attract significant investment in our industry will require substantial top line and bottom line growth. This means both consolidation and increasing the market. Both are necessary on a macro level.

**Q.** Jerry, looking forward 5 years, what would you personally like to accomplish?

**A.** I would like to play a part in making the Health Fitness Corporation a great company in our industry.

**Q.** What do you like most about our industry?

**A.** The best thing about our industry is that we make it possible for people to enjoy a healthier, happier life through their use of our facilities, programs and services.

**Q.** Who do you admire most in our industry?

**A.** There are many I admire in our industry. Marv Wolfenson and Harvey Ratner, the pioneers of the club business in Minnesota. John McCarthy, who has done so much to advance the image and professionalism of our industry.

The guys at the former Club Sports International (now Wellbridge), Tom Lyneis, Ed Williams and Art Curtis, for the way in which they handled the transition of ownership in our clubs. Alan Schwartz, a great leader in our industry, and a person who helped me personally, and our clubs professionally, throughout the years. And, lots of others as well. Norm, through your work, you have had a great impact on this industry, along with many others. I feel proud to be in a position to help us all move forward successfully."

Thank you Jerry.

(See Jerry Noyce Page 26)

#### Health Fitness Corporation Board of Directors

- **James Bernard**, Chairman of the Board and President of Brightstone Capital, L.L.C., a venture capital firm, and President of Facilitation Incorporated, a strategic planning firm he founded in 1993. Also on the board of FSI International, Inc., August Technology Corporation and Entegris, Inc.

- **K. James Ehlen, M.D.**, Chief of Clinical Leadership for Humana Inc., previously Executive Leader of Health Care Practice for Halleland Health Consulting, and previously CEO of Allina Health System, a four state integrated health care organization. Also on the board of Augustine Medical, Inc.

- **John Penn**, Vice Chairman and CEO of Satellite Companies, a family-owned group of three companies engaged in the manufacture and international sales of portable restroom equipment, distribution and rental of transportable buildings, and sales and maintenance of private aircraft.

- **Mark Sheffert**, Chairman and CEO of Manchester Companies, Inc., a financial and business advisory firm. Also on the board of Fourth Shift Corporation, LifeRate Systems, Inc. and Angeion Corporation.

- **Linda Hall Whitman**, past President of Ceridian Performance Partners, Ceridian Corporation, and past Vice President of Business Integration at Ceridian. Served in various management positions with Honeywell, Inc., and also on the board of MTS Systems Corporation and the Ninth District Federal Reserve Bank Board.

- **Rodney Young**, CEO, President and a director of LecTec Corporation. Previously held various management positions with Baxter International Inc. Also serves on the board of Possip Medical, Inc., Delta Dental Plan of Minnesota, and on the University of Minnesota Science Undergraduate Advisory Board.

- **Jerry Noyce**, Health Fitness Corporation CEO and President

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# "SPA INSIDER"

## Attracting Hotel Business to your Club and/or Spa

By: Lynn Curry

Hotel business, it may seem, is easy to understand. Hotels attract groups and individuals, and those hotels may send their groups to your club for workouts or spa services. It is possible to capture this business effectively, as long as it is sought after in the right way.

The services we, in the fitness and spa industries, offer (full service fitness centers which include massages, facials and body treatments) are becoming more and more important to hotels and resorts. Many hotels offer their own services of this kind and are expanding their existing offerings by building fitness and spa facilities to better serve their guests. There are also many hotels which don't offer our industry's services, and we must target these properties to provide them with services for their guests. Hotels and resorts need our services to remain competitive, so why not help them do that and at the same time increase our revenues?

As mentioned, Spas are becoming more important to the success of a hotel. There is added value for a hotel to have a spa, spa services, or access to a facility to meet this demand. As meeting planners search for hotel properties where they can hold meetings of varying types, spa and fitness activities are always a consideration. These planners need a variety of leisure options, while hotels seek ways to provide better services than their competition. Meeting planners want a better meeting, and a weatherproof activity option as well!

Hotel customers (group and individual travelers) are varied. Some will make a visit to your facility as a major part of their group program (meeting planners will book activities ahead of time), while others will need the time in their hotel for meetings only.

In the 1999 study done by Yesawich, Pepperdine and Brown for the Inter-

national Spa Association, it was found that 20% of the surveyed population would use a spa while traveling on business, and that the most important consideration of the spa-goer is a convenient location.

The information listed here will help you navigate the hotel guest markets and help you gain a better understanding so you can go after this business.

Hotel guests who have the potential to use your club and spa facility are:

a) Individual Travelers, also known as FIT guests - Individual travelers who pay rack rates (hotel term for full published room rates). These guests are on their own time and most often desire spa and/or fitness services. This group of travelers should be sought after by providing the hotel concierge, front desk and bell departments with information about your facility and services offered along with transportation services.

b) Corporate Groups - Business travelers who come to a hotel in groups, for the specific purpose of holding meetings. These meetings may be for educational or training purposes. Attendees are usually committed during business hours for the meetings their company is holding, however, usually seek out fitness services prior to and after these meetings. Attendees usually pay for all services on their own.

c) Corporate Individual Travelers - Business travelers who come to a hotel on their own, and have free time in the mornings and evenings between business commitments. Statistics show that more than half of all business travelers are women with income levels that match that of a traditional spa goer demographic (\$40,000 - \$100,000 annually). These travelers seek spa services. The hotel concierge department is a good way to go after this business.

d) Incentive Groups - This segment represents an

important one for spa and fitness facilities. Special services, classes and events that can be purchased in advance by a meeting planner are desirable. Incentive attendees visit a destination as a prize (incentive) for a job well done. Meeting planners who create special incentive group trips look for anything that will make the attendees feel rewarded. Often, companies spend big money to accomplish this. There are usually no meetings planned on these trips, and attendees are treated to sight seeing, spa services, fancy meals, big parties, etc. This business can be sought after through meeting planners. Meeting planners can be met via the hotel's sales and catering departments.

e) Continuing Education Groups - This group of doctors, attorneys, architects, or accountants, etc. will come to a hotel to continue their education for professional purposes and to keep up with their licenses. This group, as the corporate market, will be busy during business hours attending meetings, but will desire fitness and spa services in the early morning and early evening hours. Often, these professionals have the discretionary income to partake in spa services.

f) Association Group Business - The Association market is mainly a group of people who come together to share the same industry or job. The IHRSA and ISPA conventions are good examples, to which we can all relate. Attendees in the hotels are often consumed with the association's activities (trade show, classes, demonstrations, salespeople inviting potential clients for meals, and socializing, etc.). This is not necessarily a market that will use your facility's services since they are so busy with their own activities.

g) Social groups - May be local, or guests who use hotels from out of town, or a combination thereof. They fit in with the FIT market, but can also have preplanned

events like the incentive market. Weddings are a good example of a social group.

There are three key contacts within a hotel for introducing your facility and the services you can offer as an extension to the hotel.

The hotel's Sales Director is responsible for selling blocks of rooms to group business. Sales Director's provide tours to the meeting planners and group coordinators to introduce groups to their hotel or resort property. They may need to talk about your club's services to help close the sale on a contract (rooms can be blocked a year or more in advance).

Hotel Public Relations Directors want to promote their hotel as the best in the area, and will add your club's services to their marketing if it is in their best interest.

The Catering Director will want to become familiar with your services, as they can help promote your club as an activity for an incoming group. The Catering department gets involved as soon as the group signs a contract with the hotel, and will want to begin planning not only group meal functions, but also all activities the group will partake in during their stay, including exercise classes, spa services, outdoor adventures (which your club can provide), etc.

Front line employees (bellmen, front desk receptionists, concierge and PBX operators) are people that can also help you sell your services. Treat them to complimentary or discounted services to encourage them to talk about you to their guests.

The bottom line is to pursue hotel business in your neighborhood. It will increase your revenues by providing off peak business, helping you with advance bookings (spa services and fitness classes that you can preblock), and providing opportunities for future business from repeat visitors.

(Lynn Curry has been an *Natral Resources Spa Consul-*



Lynn Curry

ting, Inc. associate since 1997. Prior to her spa management experience, she served as a Group Sales Manager for Hyatt Resorts Hawaii. She also was Manager of Tourism Promotions for the Anaheim Visitor and Convention Bureau. She can be contacted in Sonoma, California at 707-933-0408 or [lynncurry@interx.net](mailto:lynncurry@interx.net).)

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*Hello,*

In our 100<sup>th</sup> Issue Special Edition, our February, 2002 issue, I published the Introduction and Dedication to my new book entitled: ***"Leaving Fat City!"***. The book will share the experiences I have had in my lifetime battle with my weight and will give vital tips from my recent weight loss of over 100 pounds that could help many people in their own battle.

As you know, obesity has reached epidemic proportions in America with 61% of the U.S. population now obese or overweight. Obesity is a life threatening disease and I believe this book will help save lives.

Today I am reaching out to you to request your consideration of the idea of becoming a distributor of my book, ***"Leaving Fat City!"***, from your club or business front desk, pro-shop, fitness areas or other areas. If you provide me with your O.K. and contact info below I will forward the club distribution information to you. But, you will not be obligated in any way.

The new book, ***"Leaving Fat City!"***, is scheduled for publication in late Summer, 2002, and will be arriving in health clubs and book stores across North America in October, 2002, just in time for the Holiday gift season.

To receive information that will enable you to consider becoming part of our distribution network for this very important book please provide the information below by email, fax or U.S Mail. Again, you are in ***no way*** obligated by requesting the club distribution information.

*Thank you,* Norm Cates *Publisher The CLUB INSIDER*

Yes, I will review and consider the club distribution information for the new book ***"Leaving Fat City!"***

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### ...Casey Conrad

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often little things like compliments get forgotten. However, a small compliment can go a long way to gaining rapport with a customer. The important thing, though, is to make sure the compliment is sincere and not simply fabricated in an attempt to create rapport. For example, if a woman is wearing an unusual pin or piece of jewelry, tell her, "I love that necklace, I've never seen that design before." It may be appropriate to ask a follow up question like, "Did you get it overseas?" The goal is to spark conversation that the customer feels good about, resulting in a more positive and trusting feeling towards you. Of course, there is always a small risk that the comment might spark a negative feeling like, "My ex-husband bought it for me before he left me for his secretary." When this happens one must be quick to either come back with a response that can get a laugh or simply move forward. The pros in giving compliments certainly outweigh the potential cons.

### Bring up a mutual interest

It is often said that rapport is nothing but a feeling of commonality. Therefore, people who have more things in common naturally will feel more comfortable towards one

another at the onset of a relationship. Think about it; you go to a party and there seems to be two distinct groups of people there. One group is a punk rocker type and the other are clean cut professional types. Whom do you gravitate towards? Studies have proven that you will gravitate towards the group you feel you have more in common with. This is not to say that you wouldn't eventually befriend the others; it just would take more time to break down the external, first impression judgements.

In sales this means that the sooner you can establish commonality with a prospect, the quicker they will feel more comfortable with you. Therefore, if the prospect walked in with a Labrador Retriever T-shirt, you could ask them, "Are you a lover of labs?" (Assuming you too like that breed of dog.) When they say, "Yes, I have a Yellow Lab," the conversation can logically and comfortably begin with a discussion about dogs. Eventually the business at hand will be discussed but now there is a stronger bond and feeling of rapport.

### Give them a gift

Yes, as strange as it may seem, you can give a prospect a gift as a way to quickly develop rapport. Think about a time when an unexpected visitor dropped by around the holiday season and brought you a gift when you had nothing

under the tree for them. Remember how you felt? On one hand you felt guilty that you didn't have anything for them. On the other hand you were touched that they would bring you a gift. No doubt the next year you were prepared in the event of their arrival—even if it meant leaving a gift under the tree with no name on it, just in case! The bottom line is receiving a gift induces the law of reciprocity. Reciprocity means that when someone gives you something you feel a certain amount of indebtedness to that individual.

As a salesperson you can induce that same feeling of indebtedness by giving the prospect a gift. No, the gift doesn't have to be anything expensive or outrageous, it could be something as simple as a sample guest pass or a water bottle or a free booklet on selecting a health club or on starting an exercise program. Perhaps a specific example would be better.

A client of ours was participating in a Birthday Card promotion being run through my company. With this promotion hundreds of local residents received Birthday Cards from the club along with a 30-day trial membership. For the prospects' arrival at the club a number of things were done. First of all, at the front desk was a tabletop display that said "Happy Birthday to" and then had the name of the prospect on the sheet. This was the first thing that the prospect would see,

which was a nice gesture. Next, upon greeting the salesperson the prospect was then given a gift-wrapped package and greeted with a "Happy Birthday!" Think about how powerful that greeting was to the prospect! Aside from making them feel really good, giving the gift did induce a certain feeling of reciprocity in the prospect. And, it worked, with that club enjoying the highest conversion ratio for that promotion.

### Be a good listener

A fourth, yet basic way to help establish rapport with a customer is by simply being a good listener. Often I ask seminar participants over the age of 35, "When you grew up, how well did you know your neighbours?" A majority of people will say "Very well. We played together, had sleepovers at one another's house and our mothers did things together." Then I ask the same people, "How well do you know your neighbours today?" The answer is usually a resounding, "I don't. I wave when driving by or taking out the trash."

The truth is that because of our busy lifestyles, people today have less and less time to interact on a casual social level. The result is that many people walking into a health club are just looking for a place to connect with others. People today are starving for attention. By being a good

listener, a salesperson can provide prospects with the social outlet that they need. When people feel as though another person has their best interests in mind, they begin to open up and trust that other person. Trust results in rapport.

Gaining rapport is certainly nothing new to sales. Getting a prospect to like you and trust you is as fundamental to successfully closing the sale as exercise is to maintaining one's health. While some businesses and industries might not take the time to focus on ways of quickly gaining rapport with prospects, those that do will reap the benefits more sales from both, the current prospect as well as future referrals. Take time today to meet with your sales staff. Work on basic rapport skills and brainstorm new and creative ways to make friends with all prospects.

*(Casey Conrad has been an industry consultant for 14 years. She has authored over 20 books, tapes and videos for the health and fitness industry. In addition to being President of Communication Consultants, she is founder and President of HEALTHY INSPIRATIONS, a rapidly growing chain of weight loss centers that operate, both, inside of health clubs and as stand-alone facilities. She can be reached at 401-792-7009 or caseyconrad@cs.com.)*

### ...Joy Karley

continued from page 12

body in one hour, at one workout station. This, along with the fact that spine stabilization and injury prevention will never go out of "vogue" will continue to fuel the popularity and salability of Pilates-based exercise programs.

For tips on marketing and promoting this type of pro-

gramming, see previous Club Insider articles:

"Keys to Long-Term Success with Pilates-Based Programming" (December 2001)

"Promoting and Selling Programs at a Premium" (January 2002)

"Creating Profitable Sports-Specific Specialty Programs" (February 2002)

"Back Care Programs - a Formula for Success" (March 2002)

*IM=X<sup>o</sup> (Integrated Movement eXercise) is a scientific approach to fitness that advances the teachings of J.H. Pilates by integrating principles of exercise physiology, traditional strength training, motor learning, and physical therapy not inherent in traditional programs. Designed to evoke a higher level of fitness in a shorter period of time than other similar programs, IM=X<sup>o</sup> takes a*

*more muscle-building approach to Pilates-based exercise with programming that is challenging yet accessible to the mainstream. Aimed at athletes and club members rather than dancers, IM=X<sup>o</sup> programs are beneficial for all body types and fitness levels.*

*(Joy Karley is Executive Vice President of The Xercise Corporation - creators of IM=X<sup>o</sup> (Integrated Movement*

*eXercise) innovative, new Pilates-based programming and equipment that capitalizes on the demand for the Pilates exercise system, enhances its benefits, and introduces a lucrative new source of revenue for club owners. Joy can be reached at 212.997.5550 (800.IMX.1336 outside New York) or joy@xercise.com.)*

### ...Jerry Noyce

continued from page 22

It is clear to see one major reason why the Health Fitness Corporation is moving forward in such a strong way. His name is Jerry Noyce and

he is one of our industry's top leaders and executives. He has taken the role of CEO and President of HFC and is aggressively pursuing the improvements and profits.

*(Norm Cates, Jr. is the Publisher and Editor of The CLUB INSIDER News. Cates*

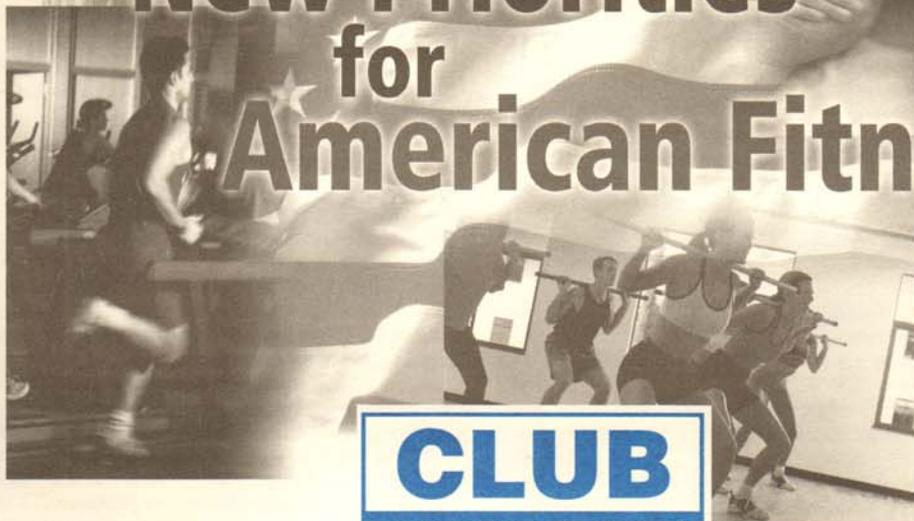
*is a 28-year veteran of the health, racquet and sports club industry, and the 1<sup>st</sup> President and a Co-founder of IHRSA in 1981. In March, 2001, Cates was honored by IHRSA with the Association's first ever DALE DIBBLE Distinguished Service Award. Cates may be reached at: clubinsidernews@*

*mindspring.com or by calling: 770.850.8506).*

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### ...Dr. Tony

continued from page 6

of course, eulogized as a can-do genius who, starting with \$538 in cash and an empty Palo Alto garage, built corporate giant Hewlett-Packard.

But amid the stories of his savvy management and progressive thinking, were many, many anecdotes about David Packard, the *man*. An enemy of pomposity and immodesty, he was remembered for his generosity, his friendliness, his attentiveness to and trust in his employees. He was as strongly devoted to people, many said, as he was to technology and sound business practices.

In short, Packard never forgot that character and kindness never go out of style.

His charisma, enormous by any calculation, was made greater still by his humanity. In short, he *cared*, and that's the essence of this spiritual dimension.

### Physical

I saved this piece of the rainbow puzzle for last because I didn't want to imply that all you need to succeed is to be a sharp-looking, smooth talker. That's like saying the applicant with the best-looking rÉsumÉ—professionally typeset on the fanciest paper—should always get the job. Obviously, it's the person behind the rÉsumÉ who counts.

But what if the resume is soup-stained, contains obvious misspellings, or

presents the job-seeker's credentials in a confusing, illogical way? That applicant, no matter how qualified, probably would lose out if he or she couldn't produce a resume that didn't meet at least minimal standards.

So it is with physical image. Few are going to be fooled over the long-run by someone who merely looks good on the surface. But failure to do so could easily undercut all your other skills and virtues.

A purchasing agent once told me how he was approached by a salesman who, at first glance, appeared impeccable: nicely styled hair, well-tailored suit, stylish shoes, leather briefcase, expensive pen, the works. Then the salesman crossed his legs,

revealing white socks. The purchasing agent was so astonished at this incongruity that he totally lost track of anything the salesman said. And, of course, no sale was made.

You make a statement by not only what you wear but by how fit and healthy you look, your posture, and what and how you eat—even how you shake hands. A more subtle element is eye contact. So, if you're shy, or if you process information more through sound and touch rather than through sight, you may forget that direct eye contact is vital—and not just when you say hello, but all through the conversation.

A final element of a good physical first-impression is a smile. Like eye contact, a

smile is a small gesture with a powerful impact. Pianist/comedian Victor Borge put it wonderfully when he described a smile as "the shortest distance between two people."

Shortening that distance by attending to your smile is yet another way to sharpen your silent image...and thus, improve your charisma.

*(Dr. Tony Alessandra has authored 13 books, recorded over 50 audio and video programs, and delivered over 2,000 keynote speeches since 1976. This article has been adapted from Dr. Alessandra's book, Charisma (Warner books, 1998). For more information, call his office at 1-800-222-4383 or visit his website at <http://www.alessandra.com>*

### ...Hervey Lavoie

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conference room/class room could be positioned off the public lobby and provide a venue for community meetings, birthday parties, health education and non-member, pay-as-you-go programming for dance, martial arts or corporate team-building.

During the design process on Phil Wendell's new club in Charlottesville, Virginia, there was extensive discussion about the control desk location. The final solution, to locate the desk nearly 85 feet from the front door, has proven to be a very satisfactory

arrangement for this club.

4. **Child Channeling:** Managing the impact of children on the adult sectors of your club can be greatly eased by the opportunity, early in your public lobby experience, to divert children into their own dedicated program area. This is also a benefit to parents arriving with kids in tow and burdened with the usual load of childhood paraphernalia.

5. **Sales:** A spacious, friendly, comfortable public lobby is the perfect venue for the initial contact between your membership salesperson and an interested prospect. Together, they pass through the access control point to begin

the facility tour – a subtle reminder, early in their introduction to your club, that membership value is taken seriously.

6. **Multi-Purpose Staffing:** As the control desk moves deeper into the club plan, opportunities will emerge for creating multi-purpose staff positions. Many clubs enjoy the staff efficiency afforded by having access control personnel also handle the juice bar and/or pro shop points of sale.

Of course, it is not practical for clubs of every size and type to have their reception desk 100 feet back from the front door. However, 50 feet is better than 30 feet, and

30 feet is better than 20 feet. Whether intentional or not, every club lobby design sends a message to the arriving member/guest/visitor. What is your message?

A good parallel for illustrating this point is the hotel industry and the variety of public lobby environments one finds between the front door and registration desk in different hotels. Is your club a Ritz Carlton, a Hilton, a Days Inn or a Motel 6? Brand identity is something that can be reinforced by what the client sees (or doesn't see) when he walks in your front door. Not having the front desk access control point immediately inside your

front door will open a world of possibilities to build your brand image and enhance your bottom line.

*(Hervey Lavoie is President of Ohlson Lavoie Corporation, an architectural firm specializing in club design, aquatics and interiors. In completing more than 400 club design assignments over the past 20 years, he has worked in 44 states and 6 countries. Inquiries are welcomed. He can be reached at: (303) 294-9244/ [hlavoie@olcarchitects.com](mailto:hlavoie@olcarchitects.com) Website: [www.olcarchitects.com](http://www.olcarchitects.com)*

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### ...Michael Scudder

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neat. All signage enclosed in plastic holders with frames. Evidence of staff-on-duty in every room, in long-sleeved cotton logo shirts and Dockers – fitness staff wearing clean sneakers, other staff in loafers or shoes. Staff a variety of ages from late-20s to early-50s. Manager and assistant manager on duty. No music in most of club – low-volume middle-of-road 70s music in lobby and food and beverage area. Clientele from teenaged to over 70.

The price presentation at FG from Daryl (he finally blurted out his name as we entered his office): "So, ya think ya wanna join today? We got a special – if you join today, I can getcha in with no initiation fee. Dues are \$42 a month for 12 months, then you go on month-to-month after that until you decide to quit. Course, if you want, you can pay for it all at once and we give you 20% off – or \$399. Which one do ya want?"

Janice at HF: "Michael, you asked about prices. We actually have two programs from which you can choose. But first, may I ask you one more question? Do you see yourself enjoying this club as the place for your physical activity?" (I answer yes, I think so, but can you detail the programs and prices for me.) "Of course. Well, our standard membership is \$55 per month with a 12-month agreement,

and your membership fee to start is \$100. You can also join in our VIP program, which includes complimentary towel service every time in and a once-a-month upgrade program with a certified trainer. That has a \$125 membership fee and is \$69 per month. And, if you prefer, we make an annualized pre-payment plan available for either membership with a 6% discount."

I really could go on and on about the experiences that I had in each facility, but by this time I think you get the gist of "A Tale of Two Health Clubs." But, lest I am not making my point, let me do a "breakout of experiences" for you.

TOUR: FG had no relationship-building; HF was all about relationship and comfortability.

ENVIRONMENT: FG was noisy, not very friendly, almost intimidating; HF was professional-all-the-way. FG was a gym-with-some-equipment and a name logo, no more; HF wanted my business and wanted me to be comfortable in their space.

SALES: Daryl was "selling a membership" – he didn't care much about me; he made a tour-based presentation; he presented "fitness his way" without regard to my age or needs. Janice was interested in me and what I wanted; she involved me in the entire process of making a decision about my activity needs.

PRESENTATION: Interestingly, the difference in

the two clubs' prices was \$13 a month (\$156) and the initiation fee. The difference in the clubs was IMMENSE.

CLIENTELE: My observation of the members exercising at each club said a lot about the clubs. FG was filled with younger, probably budget-conscious, active personalities. It felt like a bit of a rough environment to get used to. HF presented such variety in ages and body types, that I was much more comfortable at once. Clearly HF was more upscale in its' clientele.

TRAINING: What impressed me most was the variance in obvious training between the two facilities' staffs. FG had put people in positions, probably given them cursory training on what to do and left them to do it. HF had trained everyone in their jobs, and had clearly taught them how to integrate their activities with members' and guests' experiences.

I have attempted to cast no aspersions on either facility, though it is hard not to. I have merely tried to point out some *real differences* to you, the reader...in hopes that you will see what our prospects see – that you will feel what your guests feel – that you will get the message that quality is what will drive your facility to profitability and that experiences are what the member is after, not quantity.

I have thought for some years now that we must begin to take seriously the

obligation of training our staff...that we must be ever-aware of how our facilities present themselves to people...that the success of the health and fitness industry is dependent on what we do every day, every time, with every member and every guest...and that we must begin to be CONSCIOUS about who we are in the matter.

FG, in my opinion, is an unconscious facility, with few systems, little or inappropriate training, and no cognizance of a bigger picture for its organization. It wants to sell the facility and sell memberships, and that's it. I say good luck to them. They will have a limited market and are not likely to capitalize on the variety of possible members out there. It is even predictable that they will not be able to sustain profitability over the long run, as they will probably suffer a higher-than-average attrition rate and will always be dependent on new sales to keep the boat afloat.

HF, on the other hand, is a conscious club, with systems in place and staff training to implement those systems. They are in the business of providing quality experiences for people who choose to exercise in their club. They have already seen the opportunity inherent in providing services to varied markets, and are busy seizing those opportunities. They will enjoy not only higher-than-average retention, but they will also garner ancillary dollars

from members who will be happy. I think HF will be around for a long time.

I ask you, dear reader, to do ONE thing...and to take it seriously, because the future of your business may depend on it. Go back through this newsletter, and identify how many of each things that your sales staff does in presenting your club. Then...YOU decide where you stack up on the scale of quality.

*(If you would like to see how your facility stacks up, I offer a two-day on-site Comprehensive Health Club Review encompassing 10 categories of findings and suggestions. I also offer the "LifeStyle-Matched Demographics" report for your facility, a system that tells you what buyer categories are around you and how to get them by Modern Marketing Techniques. My new Training for Sales Success program is a monthly system-in-a-box complete training program for membership sales at all levels, including video, audio and workbooks for all sales personnel. Information about each of the above, and my FITNESS FOCUS regional seminar tour, are available by either calling me at 505-751-4236 or emailing me at jififocus@aol.com.)*

I hope this edition of eFocusNews really lights a fire under you and begins to get you moving towards an even higher-quality business operation!

### ...Norm's Notes

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strength training equipment. (See March issue of The CLUB INSIDER News). Lou is a progressive operator and also an inventor of the leg machine he calls the "Pole Dancer". If you want to ask Lou about his member's reaction to the MTS Line or his "Pole Dancer" machine call: (949) 661-9448.

• Great to see Parks and Recreation Center Fitness facilities defeated in Bloomington, IL., where a proposed \$14.75 million, 65,000 square-foot facility was defeated by the voters. Also, across the country in the beautiful city of Sedona, Arizona, an \$8 million Rec Center was defeated by voters by a 3 to 1 margin.

• My friend TOM

FICORELLI works in the New York State penitentiary system and had set his sights years ago on a career in the health, racquet and sportsclub industry after he gets his years required for retirement logged in. At his own expense, he has been attending virtually every IHRSA Convention and Trade Show and Club Industry Conference and Trade Show for the last 6 to 8 years to prepare himself for his career when he retires. In Phoenix at IHRSA Fic told me he was close to retirement and ready to go. Now here is a guy that our industry needs and will definitely benefit from having involved somewhere. He has a PASSION for this business and somebody, somewhere will be making a terrific move when they bring him into their club or company. FIC it was

great, as always, seeing you in Phoenix!

• The BAD NEWS is the U.S. National Center for Health Statistics reported on a recent survey that 38% of adult Americans are sedentary in their leisure time. The GOOD NEWS is that 31% of Americans get regular exercise and 31% get occasional exercise. But, more BAD NEWS is that in January, 2002, DR. DAVID SATCHER, the U.S. Surgeon General at that time, announced in his "Call To Action On Obesity" that now 61% of the U.S. population is either obese or significantly overweight! The report also highlighted the relationship between education and regular exercise, noting that only 18% of those who don't finish high school exercise regularly and 45% of

men and women with degrees were regular exercisers. And, the report states that 23% of Americans are now involved in strength training. The survey involved 68,556 Americans and has a margin of error of less than 1%.

• In New England, a 55-year old man has sued a health club chain for failure to have an Automatic External De-fibrillator (AED) on hand when he suffered a heart attack in 1999. HERBERT FRUH of Newburyport said in a lawsuit filed April 14, 2002, that health club management of the club knew that an AED can minimize brain damage caused by heart attacks. He suffered his heart attack in the morning and was unconscious for 9 minutes. IHRSA has arranged a special offer for member clubs on the Philips Medical

Systems AED so if you would like to save around \$1,000 or 33% on one of these now becoming very important devices, call IHRSA at: (800) 228-4772.

• Just a quick update on "LEAVING FAT CITY!" The book is a work in progress. So is the weight loss. I have been a "bad boy" lately. While I've continued my regular exercise, I have also decided to take the last 10 pounds toward my goal of 120 pounds off a little slower. So, at 110 pounds off I am tinkering with my food intake and have no weight loss to report this month. I promise I will do better. Enjoy the Spring! And, STAY TUNED!

...Capitol Report

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help to make it out of committee and to the governor's desk this year. New Jersey IHRSA members, if you haven't already, please contact your Assembly members and your state Senators and urge them to support AB 820 and SB 1017, respectively. Call (609) 292-4840 to find out the names and phone numbers of your state legislators.

JAZZERCISE SUED FOR WEIGHT DISCRIMINATION

A San Francisco woman is suing Jazzercise for rejecting her application to teach dance-style exercise classes. Jennifer Portnick believes it's because of her size: 5'8", and 240 pounds.

Portnick filed a complaint with San Francisco's Human Rights Commission alleging weight discrimination, which is illegal in the city. She and Jazzercise representatives have entered mediation to resolve the issue.

In a letter to Portnick in June, Jazzercise wrote that, "A fitness level encompasses more than weight. Jazzercise sells fitness. Consequently, a Jazzercise applicant must have a higher muscle-fat ratio and look leaner than the public."

Portnick had applied to teach Jazzercise Lite, a low-impact workout class designed for people who need less-strenuous activity. "I feel so strongly that fitness truly is for everyone and I would really like Jazzercise to reconsider their fit appearance policy to fit all women, not just the ones that are a smaller shape and size," she said.

This is the seventh

case of alleged discrimination to come before the Human Rights Commission since city officials passed a height and weight ordinance in May 2000. Only Santa Cruz, Seattle, Washington, D.C., and the state of Michigan have similar laws.

NEW, VOLUNTARY ERGONOMICS STANDARDS ON THE WAY

The government's long-awaited unveiling of a plan to reduce ergonomic (or "repetitive stress") injuries is expected to have little short-term effect on businesses, USA Today reports.

Business leaders who had opposed any regulations voiced cautious praise of Friday's announcement, while labor leaders are berating the strategy as ineffective.

Under the plan, the Occupational Safety and Health Administration (OSHA) will develop voluntary guidelines for specific industries and tasks, which should be released this year. The plan will include assistance and outreach to small businesses.

"This is the absolute

best approach," says John Henshaw, assistant secretary of labor for OSHA. "We are committed to reducing the pain and suffering that occurs."

The plan caps more than a decade of research and pitched battles about how best to avoid ergonomics-related ailments on the job. Rules that were supposed to have gone into effect last year were scuttled by Congress, which voted to repeal the standards issued under then-president Clinton amid widespread business opposition.

INDUSTRY LEADERSHIP COUNCIL: LOOKING BACK, AND AHEAD

In 1999, the Industry Leadership Council (ILC) was created by a dedicated group of industry leaders whose goal was to ensure that the industry had the power and resources to defend against threats while strengthening its economic value. In the first three years of operation, the 26 original members pledged nearly \$1,000,000 and teamed with IHRSA to take on the fight for

fair competition. The successes were outstanding.

In March of this year, the ILC commenced its second term with a broader mandate to fight for tax equity. Within one month of launching the new term, ILC members -- old and new -- have pledged \$280,000 for next year.

We would like to recognize and thank those industry leaders who have pledged between \$5,000 and \$25,000. It is with their guidance, insight and financial backing that success can be achieved.

Fitness Formula, 224 Hour Fitness, Life Time Fitness, TSI, Sport & Health Club One, Gainesville Health and Fitness, Lifestyle Family Fitness, CourtSouth Total Conditioning, Wisconsin Athletic Clubs, Dedham Health & Athletic Complex Tennis Corporation of America, Healthtrax, The Alaska Clubs, The Houstonian Club Sports Club Company, Super Fitness, L.A. Fitness Sports Club, Healthworks, East Bank Club, WOW! Workout World and Spectrum Clubs International.

Norm Cates' Club Insider NEWS

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...Insider Speaks

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mance of those in your organization. This month is no exception with terrific articles from Casey Conrad, Dr. Tony Alessandra, Joy Karley, David Chapman, Hervey Lavoie and Michael Scott

Scudder presenting new and illuminating articles and information. ENJOY, LEARN, BECOME A PRO and STAY TUNED!

(Norm Cates, Jr. is the Publisher and Editor of The CLUB INSIDER News. Cates, a 28-year veteran of the health, racquet and sportsclub

industry, was the 1st President of IHRSA and a Co-founder of the Association in 1981. In March, 2002, IHRSA honored Cates with its first ever DALE DIBBLE Distinguished Service Award. Norm Cates may be reached at: (770) 850-8506 or email: clubinsidernews@mindspring.com)

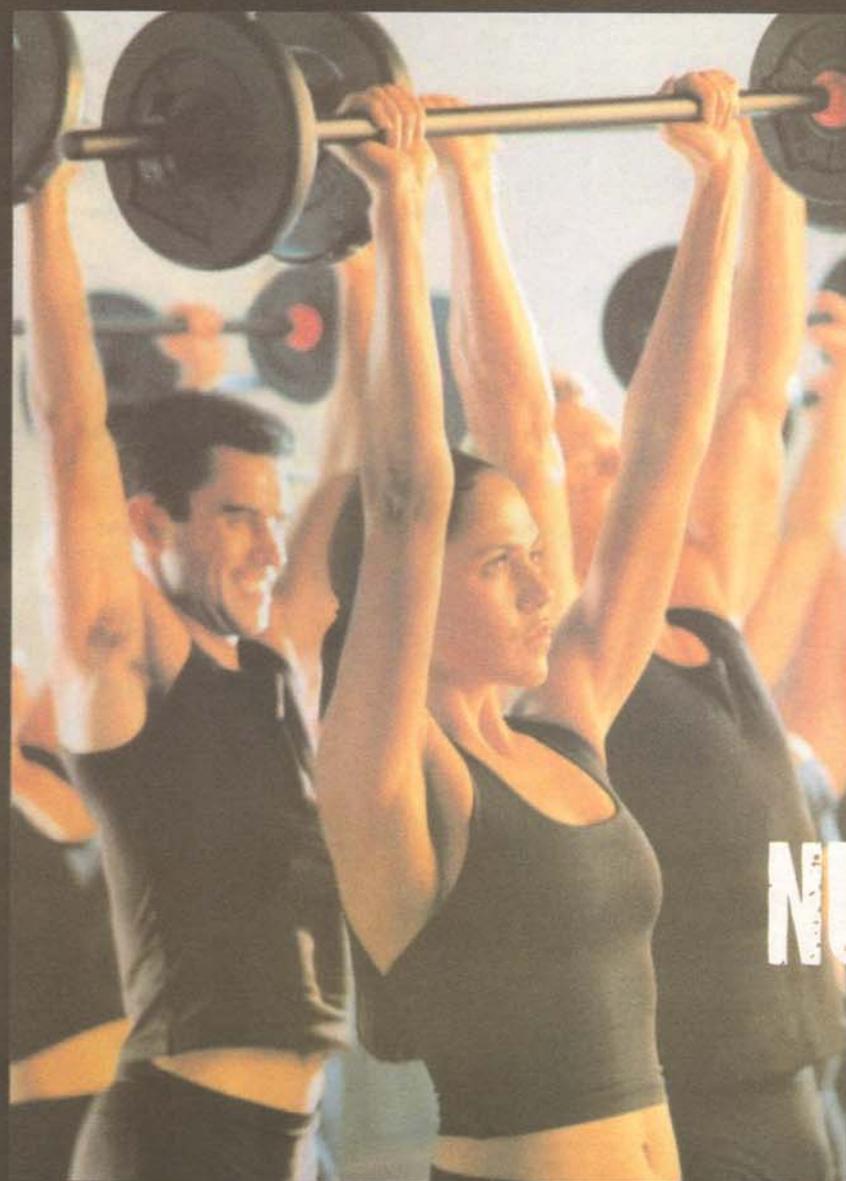
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"Leaving Fat City"

the new book written by Norm Cates, Publisher of The CLUB INSIDER News, will arrive in health clubs and bookstores in the Fall of 2002. We are seeking distributors to place the books in clubs in the U.S. and Canada in time for the Holiday Gift Season. You may save a life. For details send email to: clubinsidernews@mindspring.com



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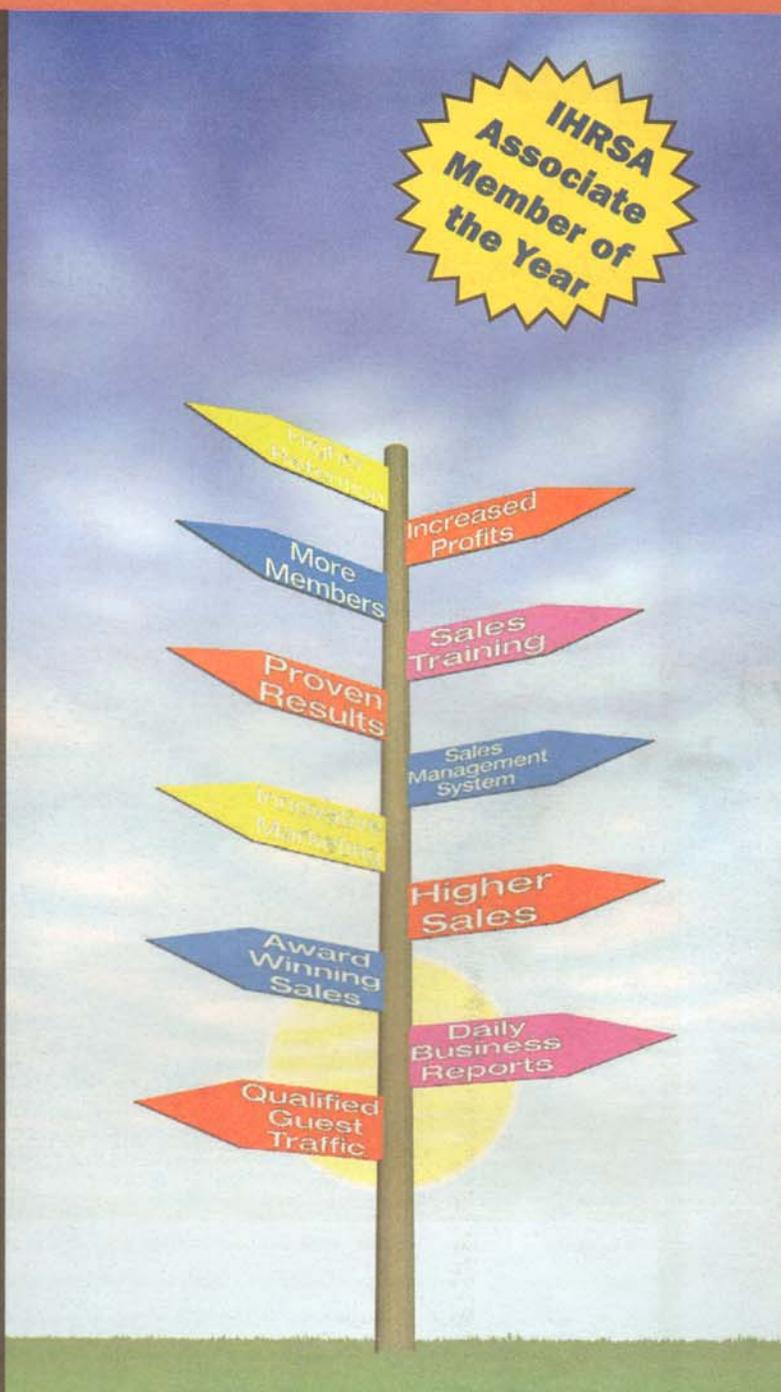
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