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THE Club Insider

NEWS

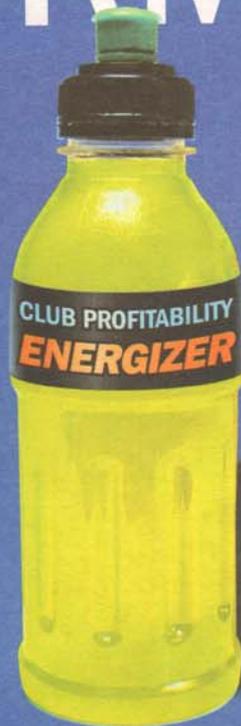
APRIL 2006



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Norm Cates'

THE Club Insider

NEWS

IHRSA25 Special Edition

Saint John McCarthy

By Norm Cates, Jr.

A number of friends and the IHRSA Staff wrapped up the world class IHRSA25 event by attending a special surprise retirement reception for the great man I call: **Big John "The Alliance Master" McCarthy**. The surprise party was held at the Las Vegas Country Club on March 23rd.

This surprise (for John) event was put together months ago by John's long time friend and 23-year IHRSA #2 man, **Rick Devereux** and **Stephen**

Tharrett, former IHRSA President and 25+ year club industry expert and veteran. We sincerely acknowledge and thank Rick and Steve for all their time and hard work.

Rick Devereux and Stephen Tharrett contacted me and many other former IHRSA Co-founders, past IHRSA Presidents and Board Members four months ago, asking each of us to compose a letter for inclusion in a very special "Memory Book" for Big John. (See photoon page 7 where John and IHRSA Founder, Rick Caro

are shown with John's beautiful book.)

Years ago in a CLUB INSIDER writing...I referred to John in my writing that he should be a true candidate for Sainthood in the Catholic Church.

In John's Memory Book writing I went back to my original suggestion and I wrote to Big John the words that follow:

November 30, 2005

Dear Big John "The Alliance Master" McCarthy,

What does one write to honor a man that has literally

changed the world?

Big John, I have had the honor of knowing you for 25 amazing years. During that time, I have observed, admired and respected you for many, many reasons. But, three reasons truly stand out in my mind:

1. Your dedicated focus on teaching and educating people around the world about the "value of regular exercise".
2. Your absolute mastery of alliance building in our industry worldwide.
3. Your guts and determination



John McCarthy

(See John McCarthy page 7)

Rick Caro...IHRSA Founder...Weighs In

By Norm Cates, Jr.

14,000+ - IHRSA members from 72 countries gathered in Las Vegas, March 20th to 24th to celebrate IHRSA's 25th Anniversary with a world class event: IHRSA25.

There were many proud IHRSA member club owners from across North America and around the world in attendance at the first IHRSA keynote presentation on Monday evening, March 20th.

The first keynote was a FUN, amazing, inspiring and very moving presentation by **Steven Lundin**, the author of the

book entitled: "The FISH Philosophy".

Immediately before Steven Lundin's presentation, 25-year IHRSA Member, **Mike Chaet**, Founder of **Club Marketing and Management Global Systems** and sponsor of the keynote address, introduced yours truly, Norm Cates to the large crowd. I was very honored at that time to do two things:

#1) When I reached the speaker podium I removed **my always present black hat**, held it across my heart and announced to the audience that "**Although I may delay things a bit for the IHRSA folks, I feel obligated**

to sing America's National Anthem, the Star Spangled Banner". Before I began to sing I welcomed all of our delegates from across America and our guests from around the world, the international attendees from 72 countries. I then asked all present to rise and join me in singing our National Anthem. The gigantic ballroom had several thousand in attendance and the huge crowd, rising in unison helped me a LOT by singing along.

I want to thank all of you that were in attendance that evening. And, I want to sincerely thank all of you that

throughout the convention and trade show specifically came up to me and thanked me for singing our National Anthem. As I told each of you then...it was my great honor and I appreciated your support and kind words. I also now want to remember **My Dear Aunt Mary**, who, as a professional singer in Washington, D.C. in January of 1953 sang for **President Dwight D. Eisenhower's Inauguration**.

My Dear Aunt Mary ended her public singing career four years ago at the IHRSA Convention in Phoenix when she, per arrangements made with John McCarthy,



Rick Caro

sang our National Anthem for the IHRSA Convention Open-

(See Rick Caro page 12)

• Inside The Insider •

- An Open Letter from Visual Fitness Planner CEO, Daron Allen
- Trust - the Primary Fuel Rod
- CheckFree Technology Summit Packed With Information!

The Behavioral Barriers that Inhibit Health Club Membership

Conducted by: IHRSA and George Washington University Medical Center

Sponsored by: American Specialty Health Networks, CheckFree, Cybex, Life Fitness, Nautilus, Technogym

Why don't more people join health clubs?

During the fall of 2005, IHRSA and a team of researchers at George Washington University Medical Center surveyed a representative sample of the online U.S. population. The objective of this study was to determine what behavioral bar-

riers prevent Americans from exercising at a health club. One theory used to determine the behavioral barriers was the Theory of Planned Behavior (TPB)¹. The TPB states that a person's behavior is based on his intention to perform the behavior and that his intention is dependent on

(See Barriers... page 25)

Norm's NOTES

Hello everybody...this is your friendly CLUB INSIDER Publisher Since 1993 checking in! Hold onto your hats once again, as we bring on our second-ever 40-page blockbuster! This is our IHRSA25 Special Edition - Part - II. So...let's get to it!

First...let me say CONGRATULATIONS to BIG JOHN McCARTHY and his entire "Team IHRSA... Winners All!". They are our appreciated, talented and honored cover subjects. Sincere THANKS to Big John and all of "TEAM IHRSA" in Las Vegas and back in Boston, for your world class production of IHRSA25 in Las Vegas. You folks at the "IHRSA Fortress for Health Club Good" in Boston, have been brilliantly helping club owners improve their club businesses for 25 years. And, I know you will continue to help hugely over the next 25 years.

It "doesn't get any better than IHRSA25!" But, knowing this great crew, just wait until next year in San Francisco!

"TEAM IHRSA", what an amazingly dedicated, hard working, really energetic and excellent group of winners and "Chosen Ones" you ALL are!

Also, THANKS and Congratulations to ALL of you that have made IHRSA happen for the last 25 years: All the IHRSA Board Members, IHRSA Member Club owners, Associate Members and non-associate members, that have exhibited at IHRSA's first 25 Trade Shows!

And...sincere thanks to all of you on "TEAM IHRSA" that have assisted me in my work on CLUB INSIDER by providing articles, photos, data, you name it, for the past 13 years. This is our 150th month for CLUB INSIDER! You helped make it happen. I appreciate and thank you for your help.

You All Are
"THE Chosen Ones!"

There are 7 billion humans on this great, green "Mother Earth." Of that huge number, just a few of YOU in our wonderful industry have "chosen" to serve humanity for

your occupation. What a glorious choice for your lives and the lives of others! I wish to signal here my deep admiration and respect for you all, send my thanks and CONGRATULATE you on your choice of occupation and your daily work helping people of all ages, shapes, sizes and descriptions. YOU all are truly doing GOD's work! .

I have nicknamed you all in our great industry, "THE Chosen Ones" in tribute to what you have "chosen to do" with everyday of your wonderful lives: to serve and help humanity across the world. Therefore, this month's Norm's Notes will be special, just for you, as YOU are very SPECIAL.

If you were not at IHRSA25...I wish you were! Today, in this 150th month of Norm's NOTES, I shall write YOUR NAMES, the names of just a small fraction of "THE Chosen Ones" that were in Vegas and work in our industry globally. The names below come from my memory of those four IHRSA25 days, March 20-24th, and from two categories, "THE Chosen Ones" with whom, luckily, I had a chance to see and/or personally meet and greet at IHRSA 25 and those whom I WISH I had seen at IHRSA25.

This "SALUTE and TRIBUTE" from your "Spy On Obesity", Norm Cates, Jr., (a man who will help contribute to humanity himself, beyond CLUB INSIDER, on May 15, 2006, with the FREE Worldwide Web launch of my book, "Leaving FAT City!") is from MYHEART. My book was written with LOVE for you all (and a desire to help you grow your business truly significantly) and with "Tough Love" for the now estimated 170+ million obese or over fat American population, for whom I have produced my book. I hope my painful personal experiences with obesity and my recovery set forth in my book will help millions and help IHRSA lead America in a big U turn, in the world's losing battle with obesity and over fat.

SINCERE THANKS, a "TRIBUTE and a SALUTE" to all of the "Chosen Ones!" and the "WHO'S WHO's" who've made IHRSA Happen Over the Past 25 Years.

The following people have changed the WORLD!

RICK CARO, JOHN "The Alliance Master" McCARTHY, DICK TRANT, LLOYD GAINSBORO, RICK DEVEREUX, CHUCK, BARBIE and JOSH LEVE, TODD PULIS, RICH BOGGS, MIKE ARTEAGA, JIM GERBER, JACK DENISON, ROGER RALPH, ANITA LAWLOR, PAM O'DONNELL, MEREDITH POPPLER, CRAIG WATERS, JAYABLONDI, BILL DUSOR, TOM HUNT, TODD PULIS, RAY WILSON, BILL PEARL, JOHN & JAN DOYLE, JOE "The Gladiator" MOORE & DARLENE, JULIE MAIN, JOE CIRULLI, MICHAEL LEVY, GREGLAPPIN, CYRUS OSOUKI, ED WILLIAMS, DAVID GIAMPAOLO, DEBRA SIENA, MIKE MOTTA, HAROLD MORGAN, PHIL WENDEL, GENE LaMOTT, TOM LYNEIS, RAYBOB and SANDI "SAM" GORDON, ED-DIE TOCK, JEFF MASTEN, BRUCE BUCKBEE, SID NELSON, SANDY COFFMAN, CECIL, JEAN, STEVE, SCOTT & JEFF SPEARMAN, JIM BOTTIN, PAUL SCHALLER, MICHAEL SCOTT & PHYLLIS SCUDDER, AUGIE and LYNNE NIETO, STEPHEN THARRETT, RICHIE WAGNER, PETE KIGHT, MATT McKERNAN, RON POLISENO, BARRY BLEUR, JOHN and Mrs. CARDILLO, BILL HUBNER, LARRY GURNEY, DICK MITCHELL, RON HEMELGARN, GORDON JOHNSON, SKIP JOHNSON, MIKE CHAET, STEVE LUNDIN, HENRY POLESSKI, FRANK ANDERSON, DEAN & LINDA WALLACE, DARON "Rocketman" ALLEN, MARIO BRAVOMALO, ROBERT HATCH, ANN CAVE, THOMAS PLUMMER, NIKKI LAYKE, DR. ART CURTIS, BRUCE & JOANNA CARTER, ED TRAINOR, RICK BENNETT, ROBB DORF, DONNA KRECH, MARCIA BIGLER, KENT LEHNHOFF, HERB LIPSMAN, KAREN WOODARD-CHAVEZ, TERRY DEZZUTTI, BONNIE PATRICK MATTALLAN, ROBERT FERGUSON, ALEX & NORMA JONES, BRIAN TENNIER, RANDY IVEY, BRANDON IVEY, LYLE SCHULLER (and wife to be, I hope!), HOLLY SNOW, JERRY and Mrs. NOYCE, KEN

KACHTIK, ANDY RICHTERS, JAY KELL, PAT KELL, JOHN BROWN, TASSO KIRIAKES, SHAWN VINT and LYNETTE FLYNN, KEN REINIG, LLOYD COLLINS & TEAM, JOE & HEATHER GRAVES, CASEY CONRAD, DANIEL MORISSEY, GARY POLIC, JOHN Q., STEVE STRICKLAND, HERB LIPSMAN, SARA KOOPERMAN, RICH EKSTROM, DAVE "Big Kahuna" PICKERING, CRAIG FINE, NICK & JEANNIE COTSIDAS, TIM & LIZ RHODE, RON BUDDO & SHERRY ROBB, DEREK "Midnight" JEFFUS, STEVEN SCHWARTZ, GALE LANDERS, NESTOR FERNANDEZ, CATHY McNEIL, DONAHUE WILDMAN, MITCH WALD, PETER BROWN, LAURY HAMEL, WALLY & MESHELLE BOYKO, JOE & HEATHER GRAVES, VICTOR & LYNNE BRICK, JIM DOODY, DOUG MILLER, DENNIS HOLCOM, JIM THOMAS, LIZ BIANCHI, WILL PHILLIPS, MIKE MINTON, GRANT GAMBLE, HERVEYLAVOIE, VICTOR & LYNNE BRICK, RICK BEUSMAN, DAVID PATCHEL-EVANS, GAIL DeLEEDE, DONNA RILEY, TONY DeLEEDE, CATHERINE BAGLIN, RAY BOUDREAUX, RICK WHITTINGTON, DON L. JONES, ROY SIMONSON, PETER KROON, HELEN DURKIN, HANNAH KARASS, KEITH NYGREN, RAY O'CONNOR, KEN GERMANO, ROB RIDEOUT, PAUL BROWN, TOM LINCIR, RUDY & VIRGINIA SMITH, BRETT FITZGERALD, FAUSTO DiGULIO & Italian Friends, STEPHEN ROMA, SR., PAT LAUS, HENRY LODGE, M.D., CHRIS CROWLEY, SAM POSA, FRANK O'ROURKE, SUZANNE CYPERT, HERMAN RUTGERS, PETER DAVIS, ROYLE BERRY, MARK MAS-



Norm Cates, Jr.

TROY, TERRY BROWNING, JASON CONVISER, Ph.D., BRENDA ABDILLA, BILL & Mrs. McBRIDE, RUDY FABIANO, MARIA PARELLA-TURCO and LANCE ARMSTRONG.

"THE Chosen Ones" I SURE WISH I Had Seen at IHRSA25!

First of ALL: our good friend, TOM "FIC" FICORELLI, who passed away suddenly last year. May "FIC" Rest In PEACE. My good friend since 1974, LYLE RAY IRWIN. DALE "Mr. Enthusiasm" DIBBLE, IHRSA co-founder whom IHRSA named the DISTINGUISHED SERVICE AWARD for in 2001, the year I was highly honored to receive it. OLIVE MAE DIBBLE, Dale's loving wife. JACK & ELAINE LaLANNE...amazing human beings and inspirations worldwide. ALAN SCHWARTZ, outgoing Chairman of the USTA. BOB and MADELINE DELMONTEQUE, great inspirations for us all. PETER DONAHUE and JENNIFER SASLAW, long-time, friends and IHRSA Co-founders. BOB "Tony Flopochocho" PE-ROYLE BERRY, MARK MAS-

(See Norm's Notes page 8)

CLUB INSIDER Congratulations to IHRSA's 2006 Award Winners!

IHRSA's Person of the Year - Augie Nieto

DALE DIBBLE Distinguished Service Award - Julie Main
John McCarthy Entrepreneur of the Year Award - Pete Kight

IHRSA Associate Member of the Year - SCIFIT

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- In-Club Conversion of space
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Save Someone's Life!

An open letter to the health club industry

Dear Health, Wellness and Fitness Professionals,

The NUMBERS (data) related to the obesity epidemic are in.*

The NUMBERS (data) defining the tremendous negative impact that obesity and the other primary health risks have on a person's health and quality of life are in.*

According to the Centers for Disease Control (CDC), the latest statistics show that 64% of Americans are overweight or obese...that is over 128 million people! 30% of Americans are obese...that is over 60 million people!

According to the CDC, along with research study after research study after research study, being overweight or obese increases the risk of many diseases and health conditions, including the following:

- Type 2 diabetes
- Coronary heart disease
- Stroke
- Hypertension
- Some cancers (endometrial, breast, and colon)
- Gallbladder disease
- Osteoarthritis
- Sleep apnea and respiratory problems
- Dyslipidemia (for example, high total cholesterol or high levels of triglycerides)

John McCarthy and IHRSA send out a new research study documenting the impact of obesity and the related health risks almost on a daily basis. And, the list goes on. The evidence is very clear. The economic impact to America is overwhelming. The numbers *are in*.

How does our industry utilize these numbers to attract, educate, motivate and retain more regular exercisers (members) than ever before? I offer you HEALTH AGE as developed by Visual Fitness Planner. We are committed to bringing tools to this industry that dramatically impact the emotional readiness of consumers to take

action on their health and fitness. Our mission is to inspire, educate and elevate health and wellness professionals to deliver positive, life-changing benefits. As part of our commitment and mission, we are introducing our latest tool to achieve these goals...HEALTH AGE. Based on similar research as our visually impacting Health Risk Assessment, Health Age is defined by the example below:

A PICTURE OF HEALTH AGE

This person is actually 38 years old. Their current Health Age is 53.

This means that the 38 year-old American example has a comparable likelihood of contracting diseases such as diabetes, heart disease, cancer or having a stroke to that of a 53 year-old person!

While most Americans have heard the numbers and are aware that they should improve their health, the majority of these people have not reached the emotional conclusion that they MUST improve their health. The majority of these people do not understand how this body of evidence specifically relates to them. They continue to move forward with the mentality that

somehow they are different. Somehow the numbers do not apply to them personally.

This must change. And I believe that HEALTH AGE is a tool that emotionally connects with consumers and combined with the HEALTH RISK ASSESSMENT, dramatically illustrates how all of the numbers PERSONALLY APPLY to them...and most importantly, provides a call to action or solution which absolutely every AMERICAN both needs and wants. What an awesome opportunity this presents to every health & fitness facility in the world. Our industry is selling something that every person both needs and wants.

Are you ready to dramatically impact the over 178 million Americans who both need and want what you are selling? While I know that I am somewhat biased, I do not believe that there is any other tool on the market today that can have such a profound effect on so many people as HEALTH AGE within the Visual Fitness Planner.

When you are ready to attract, educate, motivate and retain more members than ever before, PLEASE CALL or EMAIL me and I would love to have you join me in my passion of posi-

tively impacting the health of our nation.

Sincerely,
Daron Allen
President / CEO
Visual Fitness Planner

• According to a study of national costs attributed to both overweight (BMI 25-29.9) and obesity (BMI greater than 30), medical expenses accounted for 9.1 percent of total U.S. medical expenditures in 1998 and may have reached as high as \$78.5 billion (\$92.6 billion in 2002 dollars) (Finkelstein, Fiebelkorn, and Wang, 2003).

• Obesity costs employers thousands each year: study Story posted September 12, 2005 4:04 PM ET

• Employees who are 30 pounds or more overweight cost an additional \$462 to \$2,485 on average each year in medical expenditures and work absences, according to a study in the September-October issue of the *American Journal of Health Promotion*.

• Medical expenditures average an additional \$392 to \$1,591 in annual spending per employee. The cost of obesity at a 1,000-employee company could total \$285,000 annually, with missed workdays accounting for about 30% of the costs,



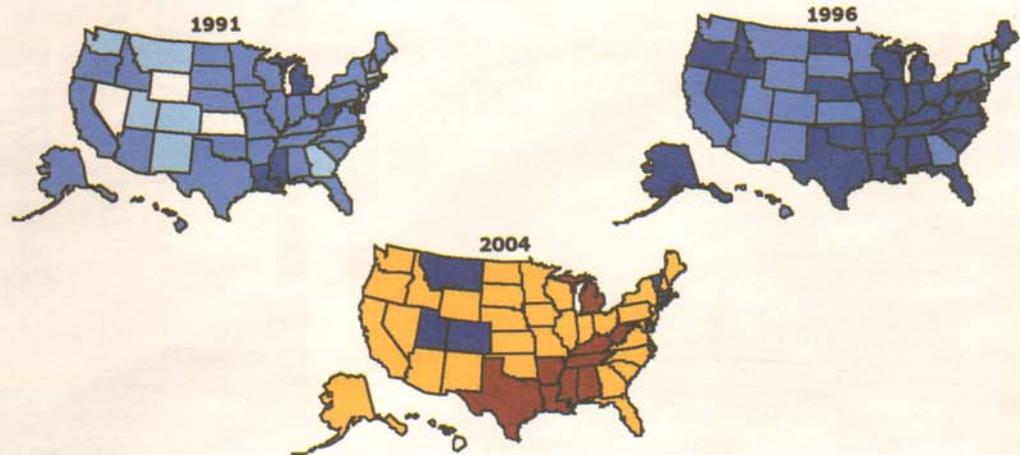
Daron Allen

researchers said. The study examined data of full-time employees ages 18 to 64 from the 2001 and 2002 National Health Interview Survey (conducted by the Centers for Disease Control and Prevention and the National Center for Health Statistics) and the 2000 and 2001 Medical Expenditure Panel Survey (administered by the Agency for Healthcare Research and Quality). -- by *Joseph Mantone*

For additional information on VFP Health Age, See pages 24 & 26.

Obesity Trends* Among U.S. Adults BRFSS, 1991, 1996, 2004

(*BMI ≥30, or about 30 lbs overweight for 5'4" person)



Legend: No Data, <10%, 10% - 14%, 15% - 19%, 20% - 24%, ≥25%



Source: Behavioral Risk Factor Surveillance System, CDC.



...John McCarthy

continued from page 7

as you've shepherded IHRSA through its first 25 years of existence.

Thankfully, I have been one of the benefactors of your teachings at IHRSA with respect to educating the world of the "value of regular exercise". So have millions and millions of other people. I, for one, want to thank you for that, because it has been simply "priceless" for me personally. Your teachings have not only helped me shape my goals since November 26, 2000, but to reach and maintain them.

As I have written before, John, years and years from now, when you are called to the hereafter, I think you should be honored by the Roman Catholic Church as a Saint. In Webster's Dictionary, "Saint" is defined as: "A highly virtuous person. One officially recognized, especially by canonization, as being entitled to public veneration and capable of interceding for people on earth." Big John,

if that does not describe you, I don't know what does! That is because through your dedicated empowerment, your leadership and your example for our "Team IHRSA" at that "IHRSA Fortress for Health Club Good" that you've built at 263 Summer Street in Boston, you have contributed enormously to the lives of millions and millions of people on this good earth. Through your stewardship, we've seen the health, racquet and sportsclub industry grow exponentially over the last 25 years. You've grown the IHRSA membership to 7,000+ clubs in over 72 countries. Those clubs now literally serve and help hundreds of millions of people live healthier and more happy, productive lives. What an accomplishment!

What more could a man do to deserve Sainthood than to teach, lead and motivate millions and millions of people about the "value of regular exercise" in caring for that God given "vessel for their soul" while they are on earth: their human body?

"Saint John McCarthy"...
Now that has a really nice ring to it doesn't it?!

Folks in closing this short commentary about Big John let me mention two things:
1) Our June, 2006 edition is going to be a John McCarthy Retirement Special CLUB INSIDER Edition. That is because currently on this earth... I believe there is *no one* who has done more for humanity than John McCarthy. So, be sure to read our CLUB INSIDER, June, 2006, John McCarthy Special Retirement Edition!
2) I am not versed in or familiar with the workings of the Vatican when bestowing Sainthood honors to people. I do not know if it possible to get this done now or if it must be later. To get this in motion, my submittal to Pope Benedict and the Vatican in Rome, Italy will include, but not be limited to the following documents:

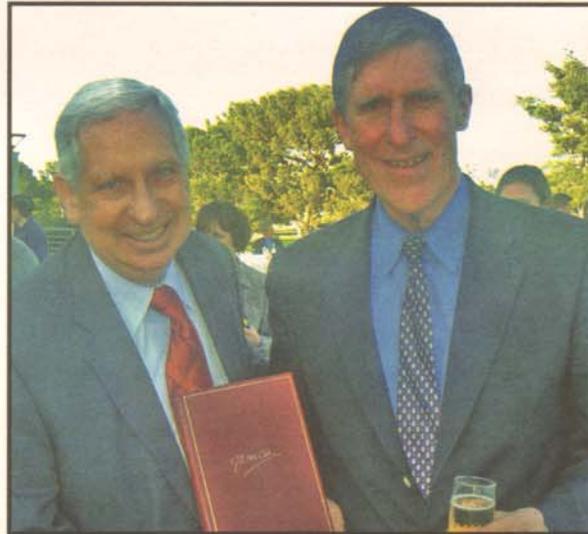
1) a letter crafted by yours truly, formally requesting that Big John be granted Sainthood as soon as it could possibly be done

- 2) My writing to John contained in his Memory Book;
- 3) the John McCarthy Retirement Club Insider Special Edition .

Now folks...I am very serious about this application and request to the Roman Catholic Church for Sainthood status someday for Big John McCarthy.

So, I want to have a **STAY TUNED!**

package to submit later this summer that is powerful. For publication in our retirement special edition for John, I invite each of you to submit to me via: clubinsidernews@mindspring.com your comments about Big John McCarthy to be published in the June, 2006, John McCarthy Retirement Special Edition of Club Insider.



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"I firmly believe the consultants that we have used over the years have given us quite an edge. For example, in my opinion, two of the sharpest guys in the consulting business are Ray Gordon and Eddie Tock at Sales Makers. As our company has become increasingly systematized, Sales Makers has been an integral part of that process by helping us implement sales systems which are practical, effective and based on years of experience. Fundamentally, the training boils down to our core belief in continuous education for our staff, which in turn leads to a better experience for our members and guests. It's simply something that we believe in, and gratefully we have found outstanding consultants in Sales Makers to partner with us."

- Skip Johnson
Owner - 3 Clubs



Ed Tock



Ray Gordon

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~ MEMBERSHIP SPECIALISTS ~

...Norm's Notes

continued from page 4

TERSEN, early Board Member. JOHN WILDMAN, the great man I first called on the phone in 1974 when I was first entering this industry. TIM RICHARDS, Founding IHRSA

Member, and lovely wife SHEILA. Former IHRSA President, BOB FITZGERALD, that is still recovering from a terrible auto accident. My good friend, JEFFREY RANDALL, who suffered major damage to one eye while playing ice hockey last fall...but informs me last week that his eye is now at 50% and getting better. My good friend "SCOTTIE BOY" MANION of CheckFree. My good friend, RANDE LADUE of Pace Fitness, was ill with the flu at home. My good friend, MIKE DUPUIS. Wonderful friends, GREG and JILL ROWE recent sellers of CalFit with their partner, the legend and icon, RAY WILSON. Long-time friends, ART and LINDA CHAPPEL. A really good man, PLEASANT LEWIS. The lovely DEBORAH "Coach DD" DENNISON, the wonderful person in Canada that truly 'saved my life' and helped me "Make the Break!" to my own personal fitness again.

The following folks

most likely were at IHRSA25, but our paths did not cross and I am sorry I missed each of you: TED TORCIVIA, BOB McLENNAN, KEN MELBY, JERRY HAHN, SIMON MEREDITH, ROB GOLDMAN, CAROL NALEVANKO, JAY MEGNA, JIM TRISLER, ZOE and ED VEASEY, STEVE RHODES, MARK SMITH, JOHN AGLIALORO, STEVE ROMA, STAN BENNETT, MICHAEL HOFFMAN, BRIAN EVANS, MARC ONIGMAN, TERRY VAN DER MARK, MARC GONZALEZ, MARY SUHR, JON WEBSTER, FRANK ANCHARSKI, PAGERBERNO, JAY DELVECHIO, DOUG CASH, HOWARD RAVIS, RED LERILLE, MIKE BALFOUR, MATT MESSINGER, HARVEY SPIVAK, RICK ZIMMERMAN, RANDY McCOLLUM, SKIP HARTMAN, GRANT GAMBLE, PHILLIP MILLS, JIM SMITH, JULIE SHEPPARD-MISSETT, GARY & Mrs. YURICH, LYNN HOGGAN, PAUL TOBACK,

BOB CARPENTER, PAM KURFAHL, SCOTT GARRETT, SPENCER GARRETT, CHRIS BALLARD, NANCY FRIEDMAN, WARREN WERTHEIMER, TODD LIPTON, KEN WHEELER, BENSON FINE, BARBIE GUMIN, DAN BLOCK, JIM SPRAGUE, ANDREA OH, KLAUS HILGERS, SCOTT FRASCO, MIKE ROJAS, DONNA McCALLUM, TERRY ROGAN, LEE HILLMAN, BILL FANELLI, JOHN WILDMAN, TONY GARCIA, BILL NICHTBERGER, REGGIE BERKA, COLIN MILNER, STEVE SARNS, CHRIS WERTE, MIKE URETZ, BRIAN McBAIN and DALE KREIDEL.

Special "THANKS" and "APPRECIATION" to RICHIE WAGNER for providing many of the photos for our collage pages 19, 20, 21 & 22 in this edition!

If I did see you and speak with you and I have NOT remembered and recorded your name here...trust me...it was not deliberate. My mind may have let me down. And, I hereby, seek your forgiveness. And, IF I misspelled your name...I seek also equal forgiveness.

This was a special one time only IHRSA25 Norm's Notes! I won't try this again until the year 2031, when I predict, my memory then at age 90, (where I am headed) will make the lists above much shorter! Those listed above represent just a tiny fraction of the 14,000 "Chosen Ones" in attendance at

IHRSA25 in Las Vegas, March 20-24, 2006 and around the world. But, those that for 25 years now have supported IHRSA...have made the greatest difference in our industry. GOOD on you all!

Thanks to all of you for reading CLUB INSIDER. This is TRULY a LABOR of LOVE!

Thanks to you who are paid subscribers. Special thanks to our advertisers in this issue and in past editions, because without them...CLUB INSIDER would not be published. I would love to have more and more paid subscribers and more advertisers because, I would really like to hire just ONE FULL TIME employee, after producing CLUB INSIDER without any employees for 13 years, except for contracted layout technicians: MS. CATHY BROWN for 8 years, my wonderful son, JUSTIN CATES, for 4.5 years and my now new and terrific associate and layout tech man, BEN PEARSON.

So...I want to ask you to please chip in and buy a paid subscription please! Just go to: www.clubinsidernews.com. For advertising, please give me a call personally at: 770.850.8506, so we may discuss your needs. I will take care of your company and I will give you the best value in the business for your ad dollars.

I look forward to being in touch with you all and seeing you around the country in your clubs, at conferences and trade (See Norm's Notes page 10)

Thank You

To The Club Insider News 2006 Contributing Author Team Listed Below:

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...Norm's Notes
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shows and at IHRSA in San Francisco in 2007 and for at least 24 more years after that!

In the meantime, *STAY TUNED*, and all of you...please do be in touch or e-mail with your latest news and activities. And, your industry issues or problems too, *I CAN*, and *WILL HELP YOU!*

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to read my new book "Leaving FAT City!", when it hits on May 15th, 2006. My book is going to change this world.

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(Norm Cates, Jr. is a 32-year veteran of the health, racquet and sports club industry. Cates was

the Founder and the 13+ year Publisher of CLUB INSIDER. He was IHRSA's 1st President and a Co-founder of the Association in 1981. In March, 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of IHRSA's highest honors. Cates may be reached at: 770.850.8506 or email: www.clubinsidernews.com)



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...Rick Caro

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piece where she had been admitted for Alzheimer's care. May MY DEAR AUNT MARY Rest In Peace.

#2) My primary mission that March 20th evening, was to honor Rick Caro, IHRSA Founder, and Big John, the "Alliance Master" McCarthy, IHRSA's highly esteemed 25-year Executive Director, with CLUB INSIDER's 3rd Annual "Health Club Pioneer of the Year Awards".

Here are my comments about Rick Caro and John McCarthy made to this big IHRSA audience:

"Previous recipients of CLUB INSIDER's Health Club Pioneer of the Year Awards were: DALE DIBBLE, RAY WILSON, RED LERILLE and the late, JOE GOLD.

Rick Caro and John McCarthy, two of the greatest men I have ever had the honor

and pleasure of knowing, have taught our club industry and me to think globally. They are CLUB INSIDER's 3rd annual "Health Club Pioneer of the Year" honorees.

Rick Caro, through creatively combining two trade associations 25 years ago, to form a new Association, now known as IHRSA, changed the club industry landscape forever. Over the 25-years since then, Rick has helped develop and guide many successful IHRSA initiatives.

John McCarthy, by becoming the world's leading teacher of the value of regular exercise over the past 25 years, has also shaped many successful and productive IHRSA alliances. John's IHRSA alliance building has grown the club world globally.

Through his dedication and leadership over these past 25 years as IHRSA's highly esteemed Executive Director, John, who will retire in June,

2006, has led IHRSA to become the premier health, racquet and sportsclub Association in the world.

Rick Caro and John McCarthy have, in my view, changed the health club industry more than anyone else in history...and on behalf of all of us, I thank them.

Ladies and gentlemen, it is an honor and my distinct pleasure to present Rick Caro and John McCarthy with CLUB INSIDER's - "2006 Health Club Pioneer of the Year Awards!"

Rick Caro Interview Part II

Last month, in our March, 2006 IHRSA25 Special Edition - Part I - we featured a Part I cover story and interview with Rick Caro headlined: "IHRSA Celebrates 25 Years! Founder, Rick Caro and John McCarthy, 25-Year Executive Director to Headline gathering of 10,000 or more in Las Vegas!"

Rick Caro's interview from our March edition continues.

Q.- Please "grade" IHRSA on its first 25 years.

Rick Caro - Because I chose not to grade each of the elements in the list you provided Norm, I think overall that IHRSA gets somewhere around an A- or B+, because I think there is always room for improvement.

No one gets straight A's in any of these. But, I think compared to where it was and compared to the reality of its resources to pursue some of the areas that we are going to talk about, I think A- or B+ is a fair grade and numerically, I would put it at somewhere from an 88% to 92% grade. Again, we have to be realistic about the limited resources an association has and how they deploy them.

Caro comments on the Achievement of IHRSA's Mission Statement: "To Grow, Protect and Promote the health and fitness industry, and to provide its members with benefits that will help them be more successful.

• Caro- on Growing the Industry: I think this is one where if IHRSA had more resources and had more strategic alliances, then maybe connections would have been made with food companies and supermarket chains, school systems, the media, foundations and

government agencies. And, all of that would have been more organized, more streamlined and more effective. Again, this is a function of resources, rather than just ideas.

I find it interesting that recently the Robert Wood Johnson Foundation has made a commitment for \$8 million dollars to fight childhood obesity. Why isn't IHRSA part of that, as it should have been part of the proposal? Why can't it still be? To be involved in both the research and pilot programs and to connect with perhaps, schools, food companies, exercise elements in the community, including recreation departments, could be highly productive.

They could really work together to make a difference with youths, who theoretically could become adult members of our industry, even if they don't start out as youth members of our industry. So, this would be the seeding of future membership growth.

But, one of the things that we need to do is figure out how to take our limited resources and deploy them. One of the ways to do that obviously is to again, figure out the priorities and then within those priorities, figure out how to leverage what we have and see how to be successful with what we do have as resources.

• Caro- On Protection of the Industry: I think IHRSA has taken on some real challenges in trying to advance the case against certain unfair competition, especially among non-profits. And, it has had some success. And, it has had even more success against unwanted state legislation in recent years. Much of this really reflects on the amount of resources. If the organization were twice the size, more dollars by a substantial margin, would have been relegated to this area and maybe there would have been more successes.

• Caro- On Promoting the Industry: In terms of the results for the industry IHRSA has had, I think we've had a limited impact. But, I think our efforts have been exemplary. I think when we go way back to the original IHRSA outreach program called "Commit to Get Fit!" we've made progress. We're now up to 14% of the U.S. population and that's the highest number of health club members there have ever been.

But, we really haven't

penetrated the overweight and the obese. We still have very few children who are members because most of our clubs are adult-oriented.

So, our challenges are great in terms of what we can still accomplish as obviously, 86% of the population of the U.S. are not health club members. It gives us a terrific 'upside' to work toward.

But, I think there is no question that we have our sights set on trying to make the industry a much bigger story and therefore everyone benefits.

I just think we're not growing as fast as we would like, even though it is a far cry from the 7 or 8% we had a few years back. The fact that we are now up to 14% is commendable, but not great when you look at the fact that 86% are not members.

Success of IHRSA Public Policy

The IHRSA Public Policy story...again one of those things where we've had good successes, but we still need more effort and more resources at both the state and federal level.

IHRSA Club Member Satisfaction

In terms of Member Satisfaction...I think what we always want to have is in effect. We do have more services and thrills for members than ever before. We have more meetings than we've ever had before. We have more magazines, we more publications and more tools. So, to some extent, this is a direction that IHRSA has really done a great job with, but it's not finished by any means. Some of the tools are going to dig even deeper and they are going to be more valuable to IHRSA members in the future.

Value of IHRSA Publications

In terms of Value...of some of the publications you asked about, I think there is high value, but it depends upon how clubs use them. Frankly, we could have a lot more participation in the IHRSA Industry Data Survey. If we had more participation, we obviously would have more breakouts, more detail, more things that would be specifically more beneficial to

(See Rick Caro page 14)



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...Rick Caro

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haven't had a huge success rate in getting people to provide their information. I don't know how many people actually buy the Industry Data publication who do not participate, but I believe a lot more people could buy it and benefit accordingly. So, I think this is one of those stories where IHRSA has done a commendable job of trying to lead the industry and needs to get more volunteer individual participation to be more effective.

This is a case where I think that clubs are missing the opportunity and it's up to clubs to hopefully get selfish, and participate more in the future and get more benefit as a result.

In terms of the library of educational materials, I think we always need more 'how-to' materials and more 'best-practices' materials. The membership retention booklet that came out last year is an example of that.

But, I think one of the things we need, as an industry, is more specific research data to be more effective. So, if we had more data on metrics like joining data, details with trends broken out...are we penetrating more minorities, are we penetrating more college graduates who had some experience on the college campus with fitness, are we penetrating more teenagers? And why? Are we getting to people who were exercisers and club members who are now coming back after a considerable amount of time and why? Are we getting more doctor referrals than ever before and specifically, what types of doctors? There are all kinds of joining data we need more research on and we're not collecting it as an industry.

Secondly, we need more data on what is working for new member program launches in terms of data including people who have different backgrounds and what clubs are doing to get people in those backgrounds to get started on programs, not just

take a fitness orientation or have a fitness assessment, but of those people that go through a 1-2-3 step process...what is their history? How do they get launched if someone is interested only in group exercise classes? What is the proper launch to get people into those classes and how do they stay committed? If they didn't participate in a membership start-up launch, how do you get them into a launch after they've been there for a period of time, so they are not, in effect, in a declining mode and soon to be thinking about resigning.

The third one obviously is what kind of real retention data do we have? The IHRSA booklet on retention was based largely on anecdotal information, not hard data. Even the study that was done in the U.K. by the Fitness Industry Association (FIA), was not actually based on good data and a lot of data. The data didn't pick out a proper sample of clubs, so they were biased. In addition, it wasn't very detailed and substantial in terms of the depth of the data. This industry needs to get much better data if it's going to produce the kind of educational materials that will allow people to run with the information.

IHRSA Board Structure

Caro comments on the IHRSA Board structure in place today: In terms of the IHRSA Board structure I've had a lot of experience with non-profit boards. My first comment is I always favor, and have been taught to favor, boards that have odd numbers of participants so there is never a tie, never an issue that something could be deadlocked and therefore, no decision or no action takes place. So, if there were 16 people, 15 would be better than 16 or 17. Rather than 16, but some number other than 16, is a better number in my view.

Secondly, 16 is generally too large a number unless it's a fund raising board where some non-profits are willing to give a board seat to someone who helps bring in money, but does not want to go to meetings, does not want to participate in the governance of the board and still, wants to have a meaningful role. So, I've seen non-profit boards that could be as large as 16, but its not successful unless a lot of those people are inactive and everyone agrees that their

role as an inactive board member is O.K. because they're doing something such as bringing in money or helping raise money for that organization. But 16, I believe, is too cumbersome.

What it does instead is it puts great pressure on committees to do a lot of work, but committees are often assigned very specific tasks and limited scope and what the board does not benefit from is to have the real emphasis and the interplay on big picture and strategic issues. That is because unfortunately the size and scope are just too grand to allow that and therefore it becomes dysfunctional if everyone really were to participate on the big picture stuff. So, in my view, it has real limitations when it gets to that size.

Joe "The Gladiator" Moore To Assume John McCarthy's role in July, 2006 CEO/President New Title for IHRSA Executive Director position

Big breaking news announced first in CLUB INSIDER's March edition in Las Vegas was that the candidate selected from 280 applicants for Big John McCarthy's job had been dropped by the Board for further consideration after an extended and unproductive 2-month contract negotiation.

The new IHRSA title for its next Executive Director will be: *CEO/President* and the Board of Directors has wisely and thoughtfully selected outgoing *IHRSA President and dedicated four-year IHRSA Board Member, Joe "The Gladiator" Moore... as IHRSA's first ever Interim CEO/President.*

Joe Moore is, in the opinion of yours truly, *the single most well-prepared and available person on earth to fill this vital role at this crucial time for IHRSA.* Per confirmed reports from IHRSA Board Members in Las Vegas, Joe Moore will step in for John in July, 2006 for what currently is planned by the IHRSA Board as an *interim term.* Meanwhile, the IHRSA Search Committee has already gone back to work and seeks to complete its now year-long search for John McCarthy's permanent replacement.

In my view, should Joe Moore and his lovely wife, Darlene, agree, Joe Moore should also be a *leading candidate* in the IHRSA Search Committee's restarted search efforts. IHRSA

is extremely fortunate to have a man from "inside" this industry of the caliber of Joe Moore. He is a tireless, 35-year veteran of the health club industry from Dayton, Ohio. He has performed admirably and has displayed an extremely dedicated work ethic for this Association while serving on the IHRSA Board for four years. Combined with Joe Moore's deep, deep PASSION for our industry and all of the above, Joe Moore should be, should he and Darlene choose for him to be, clearly the *front runner* for the *permanent position.*

Joe Moore will be succeeded by Michael Levy in the newly named Board leaders role, formerly called President of the Board of Directors, and hereafter to be referred to as Chairman of the Board. Michael is a bright, energetic 30+ year club business veteran and is extremely well prepared and will do well in this important IHRSA Board leadership role. We wish Michael and his Board well.

The selection of Joe Moore as IHRSA's interim CEO/President was spearheaded by the IHRSA Selection Committee after a suggestion and support, in particular from Cyrus Skouki of the Columbia Athletic Clubs in Kirkland, Washington.

Big John, the "Alliance Master" McCarthy will be the *only IHRSA Executive Director ever and rightfully so. John McCarthy has more than earned that wonderful distinction in the view of this 25-year IHRSA supporter and 1st IHRSA President.*

This strange turn of events, whereby from a huge field of 280 candidates, a single, extremely well qualified candidate emerged victorious and then 'negotiated his way out of the job' in a protracted and reportedly, contentious negotiation...is TRULY a blessing in disguise for IHRSA. In my view: PROVIDENCE RULED in favor of IHRSA..

Rick Caro...the "Father of IHRSA" weighs in on the Joe Moore selection

Although the entire text of this interview was recorded with Rick Caro via a phone interview about two weeks before our March deadline, we went back to Rick Caro on April 5th to ask him to reply to the following question:

Q. - What suggestions for success would you give Joe

(See Rick Caro page 16)

(In your day-to-day club operations battleground)

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Rick Caro

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Moore who is stepping in as IHRSA's interim person when John McCarthy retires in June, 2006?

Rick Caro, the "Father of IHRSA", responded: Joe Moore should realize that he cannot step into another person's shoes, especially John McCarthy's. If the search process has not identified a new IHRSA CEO/President, then Joe Moore should feel confident that the IHRSA Board really believes he could be an ideal interim leader. He should then *simply step into his own shoes*. Hopefully, the Board, staff and all of the IHRSA constituency will appreciate the role Joe will play. Joe will need to spend time getting out in the field to visit IHRSA club leaders in various regions as well as internationally. Joe will probably need to develop more regular working relationships with the IHRSA staff and spend time at IHRSA headquarters in Boston. Finally, he will need to provide communication with the IHRSA Board as John did previously. It will be a learning curve for Joe, but one that I believe he will embrace willingly and with great passion.

Q. - As the "Father of IHRSA" you've stayed close to the Association for 25 years, often working behind the scenes to help. What do you now envision for IHRSA for the next 25 years?

Caro - I hope IHRSA becomes a leader in developing the following:

- 1) that somehow it sets some huge goals such as establishing the goal of making health clubs exercisers out of at least 25% of the U.S. residents and at least 15% of the European residents, which are clearly much higher than the current status in North America and Europe. I think it needs to work with all related parties to systematically achieve industry participation. It can't do this by itself. It can't just *will* the industry to go from 14% to 25% over a certain number of years. It has got to have a lot of resources that are going to make that happen and it needs to make those *connections* to do that.
- 2) It needs to create better education and teaching methods, including online, so

that clubs can use these for both staff and management to improve themselves, to be educated and to move forward in a cost efficient manner.

- 3) It needs to really create better PR and education and maybe some direct alliances of key publics in the following arenas: the financial banking communities; the educational communities...elementary, middle schools, high schools, recreation departments, food manufacturing companies, among government agencies, amongst a widespread set of publics so that people understand what's going on, where they can fit in and how IHRSA might be a perceived leader in organizing some of these alliances. But, they are not IHRSA-only experiences, they are alliances with others.
- 4) Eventually I'd love to see IHRSA be viewed as the 'source of fitness know how' so that people will come to it to learn what they should know about the industry and start with IHRSA, rather than perhaps some other organizations that might have better connections right now with some of the media and elements that would call them first, instead of IHRSA.
- 5) Finally, at some point, IHRSA needs to create a *real public consumer relationship*, using perhaps a hot line and being known for research for consumer issues. Educational materials could be provided to the consumer. Magazines could be provided to the consumer. All kinds of information that would now go, not just into the clubs, but now be tailored and available to the consumer. Again, this might not be achieved by IHRSA itself, it might be achieved through connections with various kinds of links through its website to various other resources, going back to some of the examples I gave before. So maybe the American Medical Association and IHRSA create a joint linkage that allows someone to get current information on various key research in the medical field on a systematic basis., but someone could

start with IHRSA and get that information by a quick link.

Q. Last summer Rick, when I published my writing in our June, 2005 cover report entitled: "The FUTURE of IHRSA" you indicated to me that you might be supportive of a two-part division of IHRSA to provide independents with a more focused Independent Club/IHRSA relationship. What is your view on that idea Today and why?

Caro - Let me go back to what I recall from that conversation last summer. I was talking about the leadership of IHRSA and that I thought that there ought to be a two-person situation with a CEO and a COO as a structure for leadership. Then, I said it would be up to that leadership group to figure out how to organize some of its resources like the member services department. It could be done by 'product line' so you could have large clubs, small clubs, international clubs, and they could have divisions within member services, but it wouldn't be, in effect, three silos within IHRSA. It would just be a way in which member services would decide to provide the member services. But, in my view, that's up to the leadership how it wants to run IHRSA. I am more interested in being sure that it achieves what it should achieve in a big picture sense and leave it up to the inner workings for them to do their own thing.

Q. - *IHRSA has had over 100 Board Members since the beginning. Now, as the Association moves forward for the next 25 years, what advice would you give any IHRSA member who might be interested in serving as a volunteer, uncompensated IHRSA Board Member?*

Caro - Anyone who is interested in an IHRSA Board experience should know that it is a great, worthwhile experience, no different than any committed volunteer experience that one could have over a four year period. Like the old cliché, "The experience depends on what you put into it." *The rewards are always greater than what you contribute.* So, if you contribute more, your rewards, both psycholically and terms of perhaps, operational success, would be that much greater. The key is that they must be very comfortable working in a consensus-building environment and respectful of others, including

peers' points of view and each other's ideas in an open discussion format, but they need to be patient and understand that there is a process in which volunteerism works best and need to be respectful and patient with that. The process really defines the validity of the conclusion. That is, if each board member has an opportunity to participate and does so, the result is fairer and more powerful than anyone can imagine.

Q. - *What do you think was the impact in 1994 when IRSA changed its name by installing the word "Health" into its name then, IRSA, making the acronym "IHRSA"?*

Caro - Separate from what I think was a somewhat flawed process, the "H" for HEALTH clubs signified what always was contemplated at the outset...an inclusive membership embracing all types of clubs. The process to get there and to get that name change was difficult and probably not as well formulated as it might have been. But, the end result was that everyone should feel that this is a proper name that really represented the industry, and it's been accepted now for almost 12 years and should not be a problem going forward.

Q. - Rick, this is my next to last question and before posing it, I want to thank you for your great idea 25+ years ago, the manner in which you pursued that idea, for including me as one of the first 5 to meet together in Chicago to discuss your idea and agree to it, for your hard work, for your strong support of me as our 1st I(H)RSA President and for your ongoing, behind the scenes hard work to help IHRSA reach greater and greater results for its membership over the years.

So...with that said, my question: *"Are you a proud PaPa of IHRSA?"*

Rick Caro - IHRSA Founder replied: Very much so. I think one of the great achievements we've had in this industry is we've allowed an organization to be formed with lots of follow-on-leaders at the Board level. And, we've had one key Senior Executive, John McCarthy, and one very committed team at the management and execution level; the entire industry has benefited directly from this. I think if we were to sample the member clubs, as IHRSA does on a systematic schedule and asked

them specifically what they think IHRSA means to them, I think they would have a validation that this is an organization that has meaning, that does provide service and is committed to the needs of the industry and its greatest challenge is finding the resources to continue to be even more helpful and more significant in its role going forward.

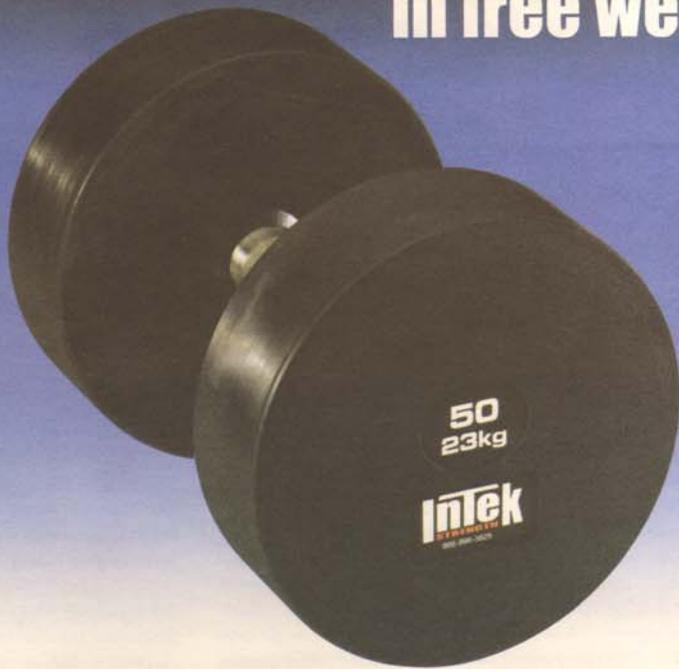
Q. - Rick, we've all just returned from IHRSA25 in Las Vegas. Would you please comment on your impressions of the entire event?

Rick Caro replied: The 25th IHRSA Convention hit a new plateau for this organization. It had the best keynoters ever (Clinton, Chopra, Collins, Lundin, Blanchard and Blair), some excellent major featured sessions (Global Summit, Financial, International) and many of the best industry topics presented by proven speakers. The trade show was enormous with an exhibit hall that was hard to cover in 3 days. The social component worked again. And the attendance was huge. IHRSA really exceeded everyone's expectations with the 25th.

(Norm Cates, Jr. is a 32-year veteran of the health, racquet and sports club industry. Cates was the Founder and the 13+ year Publisher of CLUB INSIDER. He was IHRSA's 1st President and a Co-founder of the Association in 1981. In March, 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of IHRSA's highest honors. Cates may be reached at: 770.850.8506 or email: www.clubinsidernews.com)

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CheckFree Technology Summit Packed with Information!

By: Norm Cates, Jr.

IHRSA25 featured a number of important keynote presentations, all of whom were excellent. There were over a hundred seminars and educational thrusts. And, there were learning opportunities at every turn as club pros networked.

However, the 2nd annual CheckFree Technology Summit was literally packed with new edge information presented by Pete Kight, Founder, Chairman and CEO of the CheckFree Corporation. (NASDAQ 100)

Matt Lewis, Executive Vice President and GM of CheckFree's Electronic Commerce Division, introduced Rick Caro to the audience of nearly 200 people.

Rick Caro, Founder of IHRSA, gave a wonderful historical perspective on the health, racquet and sportsclub industry before EFT (Electronic Funds Transfers). Because of the excellence of that perspective, I intend, at a later date, to publish Rick Caro's comments at the Summit. I think they will provide wonderful reading and an excellent perspective for younger club professionals to learn about the history of the health, racquet and sportsclub industry.

Rick introduced John McCarthy. Then, John McCarthy, IHRSA's retiring, 25-year Executive Director, spoke with words echoing Caro's comments with respect to the huge value of EFT to the entire health club industry. In particular, John McCarthy said this about Pete Kight, "Pete Kight may be the greatest, (but relatively unknown), benefactor in the history of this industry." John McCarthy then introduced Pete Kight to the CheckFree Technology Summit gathering of about 200.

Pete Kight, CLUB INSIDER's January, 2006 cover subject in an in-depth report and interview, presented his IHRSA25 audience with a summary of his early days when he was establishing the now giant CheckFree Corporation in his Grandmother's basement. Kight's comments throughout

his presentation represented a lot of things:

1) A simply great and very inspiring American entrepreneurship success story; shared by Kight with a flash back in time to Las Vegas at I(H)RSA's (then without the "H" for health) 1st ever convention and trade show. He recounted that he got his first true business changing launch after attending the first IRSA Convention in 1981, when 38% of those IRSA attendees to whom he mailed a letter promoting EFT processing, responded! Pete Kight fully credits IHRSA for CheckFree's early and ongoing success. Moreover, because of CheckFree's many faceted business relationships with many industries and many trade associations, Kight flatly declared that **IHRSA, under John McCarthy's excellent leadership for 25 years, was and continues to be simply the best trade association CheckFree does business with.**

2) The story of a very determined young man that simply would NOT quit. Perhaps he gets that trait from his days as a Decathlon athlete in college. Pete Kight would not quit his efforts, even when rejected by countless bankers, when he first approached them with his new EFT business idea for health clubs. In fact, he said that one time, when he presented his plan of launching EFT in the health and fitness club industry to a banker, the banker responded, "You're crazy...it won't work. It's too complicated and complex!" But, Pete Kight would not be denied! He had discovered something, EFT, that over the past 25 years, has truly changed the health, racquet and sports club industry more than anything in its history. As John McCarthy said in Kight's introductory comments.

3) Innovation...not only did Pete Kight use an innovation, EFT, that changed the health club industry hugely, he followed that with a series of innovations that have revolutionized the worldwide financial services business for all industries. Kight literally grew his success

in the health club industry to build the now giant CheckFree Corporation to be a worldwide financial services and products leader.

4) Kight continued his presentation by addressing the opportunity the health club industry has to increase competitive advantage through an Electronic Relationship Platform, the 'personalization' of services through cyberspace. He outlined an opportunity for the health and fitness industry to be more integrated with the insurance and healthcare industries as the focus on "preventative healthcare" grows. For example, he mentioned the possibility that membership dues could be funded from tax-advantaged consumer accounts, such as health savings accounts and flexible spending accounts. This would be a win-win for consumers and clubs.

Pete Kight was one busy man at IHRSA25 in Las Vegas. Two days after he made his presentation to the group at the CheckFree Summit, he was honored by IHRSA with its 1st Annual Entrepreneur of the Year Award, now appropriately called the **JOHN MCCARTHY Entrepreneur of the Year Award**. Congratulations to Pete Kight on that high honor. There could not have been a better IHRSA choice for the honor at IHRSA25. **And, congratulations to John McCarthy as this high IHRSA honor, its Entrepreneur of the Year Award, now bears his name for perpetuity.**

CheckFree Technology Summit Panel of Case Studies:

How Technology is Driving Member Loyalty and Competitiveness for Your Peers

Panel participants: Troy Freet, Gold's Gym - Fitness Alliance Information Technology Manager, Lemont Platt; Plus One Fitness Vice President of Operations and Technology; Constance Salisbury, Salutory SportsClubs, Inc., Vice President and CTO Moderator: Matt McKernan, CheckFree Senior Vice President

Roundtable Topics Discussed at CheckFree Technology Summit

Seating at the CheckFree Technology Summit was based on 10 different roundtable discussion topics. Brief Below descriptions of each topic are:

- **Using Technology to Identify and Prevent Fraud - Determine how to uncover, prevent and minimize fraud in your club.**

- **Effective Use of Access Control Technology - Identify and discuss methods for controlling access to your club overall or to special areas within the club. Consider effects on personal touch and member service.**

- **Maximizing Technology Use to Achieve Greater ROI - Consider opportunities for increased adoption and usage of technology systems by club staff and members.**

- **Considerations for Choosing a Software Solution - Explore budgetary, best practice, priority and other considerations necessary for choosing the right software solution for your club.**

- **Using Technology to Increase Sales and Member Retention - Investigate opportunities for using member data to customize programming, improve member communications and marketing to big spenders.**

- **Outsourced vs. In-House Billing Services - Explore the factors for choosing and the values attained from internal and external billing management services.**

- **Moving to the Internet to Improve Sales, Service and Retention - Discuss current and potential services being offered on the Internet and the impacts on operations, programs and customer satisfaction.**

- **Key Metrics for Effective Reporting - Consider the decision-impacting metrics required to evaluate club operations and discuss concepts for automating processes and obtaining more value from the report data.**

- **Using Technology to Increase Productivity - Identify methods for simplifying and au-**



Pete Kight Receives John McCarthy Entrepreneur Of The Year Award From IHRSA Chairman Joe Moore, Witnessed By 4,000 At IHRSA25

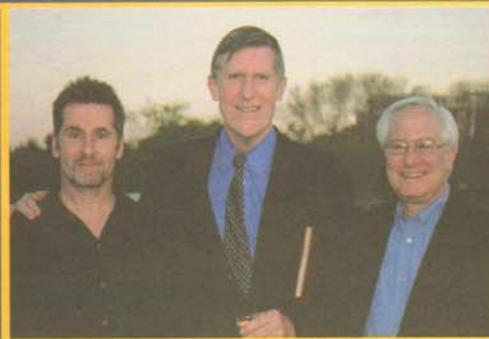
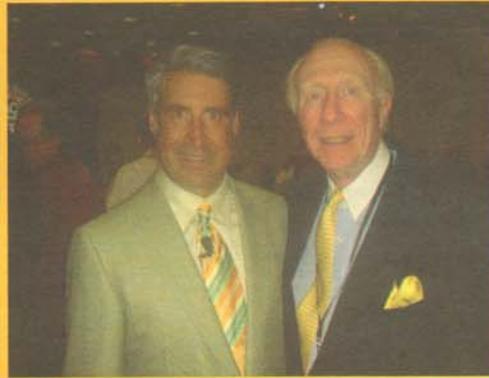
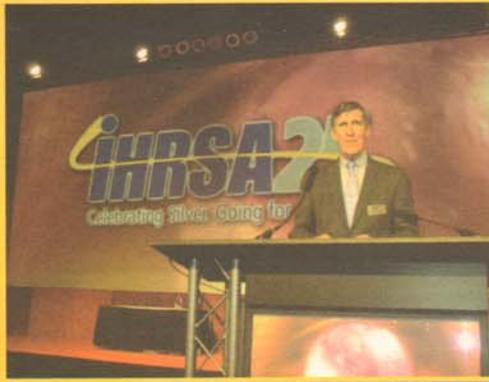
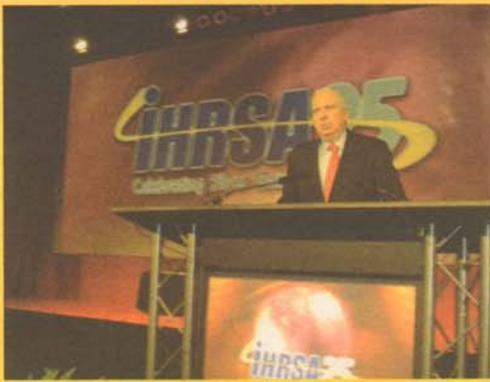
tomating manual processes so that staff can focus on increasing time spent with members and revenue-generating activities.

- **Integration - Achieving Harmony Among Disparate Systems - Discuss internal and external solutions for current challenges and consider alternative solutions.**

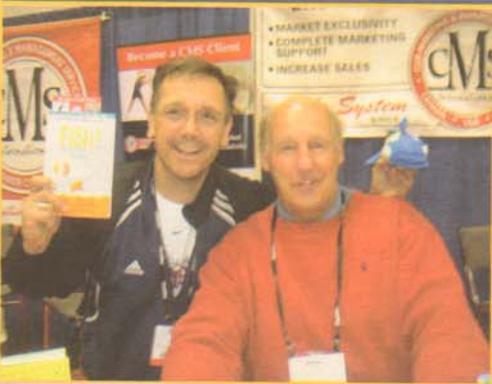
Pete Kight...One of a Kind!

Pete Kight is one of a kind. A great and inspiring American entrepreneur, who started the huge CheckFree Corporation 25 years ago on a shoestring, with just \$777 in his bank account. Congrats to Pete on his John McCarthy Entrepreneur of the Year Award! Pete no longer must sacrifice so greatly as he had to 25 years ago, as his company now is the leading financial services and products corporation on earth and serves many industries worldwide. Think forward with Pete Kight. Look for CheckFree and their acquisition of Aphelion (last Fall, 2005) and for more and more big things. (Norm Cates, Jr. is a 32-year veteran of the health, racquet and sports club industry. Cates was the Founder and the 13th year Publisher of CLUB INSIDER. He was IHRSA's 1st President and a Co-founder of the Association in 1981. In March, 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of IHRSA's highest honors. Cates may be reached at: 770.850.8506 or email: www.clubinsidernews.com)

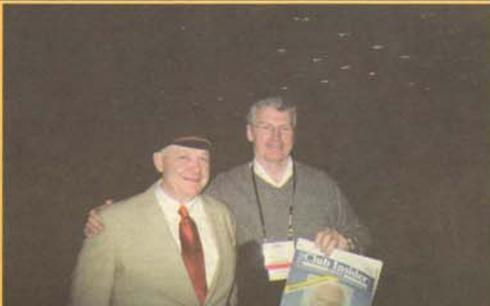
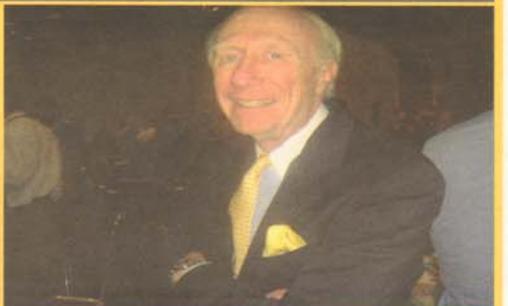
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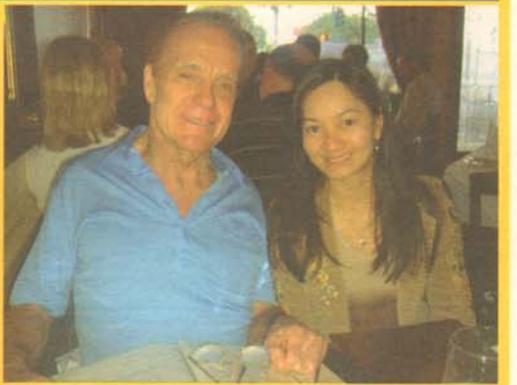
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OUR GAME IS CHANGING... ARE YOU?

(an exclusive column featured only in "Norm Cates' Club Insider News")

By: Michael Scott Scudder

I am delighted to report to you that Consumer Confidence, as measured by the Conference Board, is currently at a 4-year high. New Membership sales, as reported to me by over 100 private club clients, were up substantially in the first quarter of 2006. But I write this column with a bit of sustained skepticism, fresh off my experiences of two once-again-eye-opening events.

The first was the recent *IHRSA 2006 Las Vegas Conference*, where I saw more clearly than ever that clubs in our industry are quickly dividing themselves between the *we-are-shifting-with-the-trends* and the *we're-entrenched-in-our-old-ways*...even among some of the stately long-time "quality clubs" that have been the backbone of this venerable association. The second was the dominance of upsets in the recent *NCAA men's basketball* tourney, proving that there is much more parity among programs than ever before, no matter what the size school participating.

Several club experts, including Norm Cates, Publisher of *Club Insider*, have been saying for quite awhile that the health and fitness business is undergoing an immense transition. You don't have to be a genius to spot several of those swings:

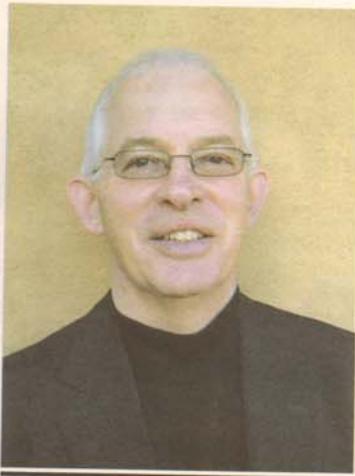
- **An implosion at the center of the club marketplace** – the mid-sizers and the mid-pricers. They are under attack by everyone from *24 Hour Fitness* to *LA Fitness* to *Gold's Gym International* to *Life-Time Fitness*. It will be hard for many of these under-siege clubs to stay afloat, particularly in high-population, club-dense areas.

- **A plethora of quality, value-priced clubs coming into many regions**, led by *Planet Fitness*. These fitness-only, highly-marketed companies threaten to take over a huge faction of the fitness marketplace within just a couple of years.

- **Continued growth, renovation and development of new facilities in the expanding not-for-profit sector**. Many of these folks have finally learned how to deliver fitness, and are now substantial players to be reckoned with.

- **Outside money** like never before coming into our industry, as evidenced by several recent buyouts and private placements. It will be harder and harder for the one-club independent to compete.

- **Continued interest** in the once suffering *Bally Total Fitness* company, the most recent coming reportedly, but not confirmed, from Sir Richard Branson of *Virgin Active*, the British behemoth. Our business is rapidly becoming global, and that means that the money is going both ways: out of the country to other nations and into the country from cash-rich countries that want to expand their fitness operations into the United States.



Michael Scott Scudder

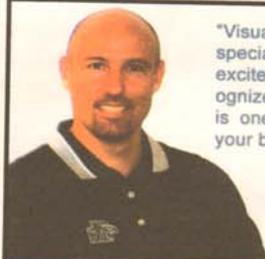
- **Fascinating growth in "key" clubs**, "express" clubs, *women's-only*, *men's only* and *seniors-only* small facilities, the re-emergence of *group exercise studios*, and *personal training studios*. Much of this is fueled by a renewed love affair with franchising.

- **The upbeat use of technology** by the smarter, mostly-chain players...while independent one-offs are still primarily using their club management software for check-ins. Clubs that know how to glean important demographic, sociographic and buyer-set information from their computer databases will leap over their less-techno-savvy competitors in the fight for not only membership dollars, but more importantly, *higher revenue-per-user* than standard clubs enjoy.

I was particularly impressed by Pete Kight's presentation at the second *Technology Summit*, attended by over 80 club organizations. Pete created and nearly single-handedly drove *CheckFree*, the founder of *Electronic Funds Transfer*... and he continues to be a technology innovator to this day. Pete stated unequivocally in his speech that we would soon be witness to the *Electronic Relationship Platform*, which will totally transform the way we do business. He went on to speak such gems as: "Health care is overlapping fitness. Software will become a revenue-driver in smart clubs. Technology will enable a seamless credit process..." (and thus a better-quality member and more revenue per member).

While at the conference, I was also involved in many conversations about "membership alternatives." Most operators are seeing a definite slowdown in net memberships as well as in prospects-per-marketing-vehicle. Many are asking if there are other possibilities...and what are they?

Outgoing *IHRSA* Executive Director John McCarthy explained several years ago in his monthly column that he thought that "...clubs have to get out of the members-only paradigm of doing
(See Michael Scudder page 25)



Daron Allen
CEO
Visual Fitness Planner

"Visual Fitness Planner wants to extend a special thanks to our customers. We are excited to be working with many of the recognized industry leaders. GoodLife Fitness is one of those customers and we value your business. Thank you!"



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

"I've always known that personal training sales holds the greatest potential for increasing ancillary revenue in my existing clubs. We already do pretty well at it. However, there is always the constant challenge of helping personal trainers sell themselves and their services. The Visual Fitness Planner was the breakthrough we needed. It combines fitness assessment with a proven sales platform. It puts the personal trainer at ease to ask for the sale. Having the technology to demonstrate to the individual how they can benefit from personal training makes it easy asking for the sale. We have seen a tremendous increase in our personal training sales. It also helps us retain personal trainers... a double win. Members love it, a triple win. Everyone profits more all around. It's a must use tool in any club!"

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

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Michael Scudder

continued from page 24

business." I borrowed from him at my special IHRSA 2006 presentation, "Learning and Profiting from the Top 10 Errors Club Owners Make." In that seminar, I strove to make the points that:

- 1) fitness is now consumer-driven, not club-driven;
- 2) our traditional fitness delivery (membership) is not necessarily

Barriers...

continued from page 3

his attitudes and social pressures about the behavior. By using the TPB, a survey was created to determine what behavioral barriers prevent people from exercising at a health club. The results from this survey are summarized in this report.

Top Reasons why People Don't Join

- Lack of time
- It Costs too much
- Intimidated

Common Beliefs and Attitudes about Exercise

The Intimidator: exercising at

Respondent Profile		Believe that if they exercise at a club 2 times a week for a month, they will...					
		have fun	be bored	be intimidated	Meet new people	Exercise around opposite sex; which is bad	Interfere with other priorities
Gender	Male	X			X		X
	Female	X		X	X	X	X
Age	Trend Setters (21-34)	X			X		
	Established Responsibilities (31-54)	X	X		X		X
	Actively Aging (55+)	X	X		X		
BMI¹	Normal Weight	X			X		X
	Overweight	X		X	X	X	X
	Obese	X		X	X	X	X

(Footnotes)
¹ Body mass index (BMI) is the number, derived by dividing body weight by height squared; used to determine health risk created by excess body weight.

a health club

Make no mistake about it exercising at a health club is intimidating. A third of participants indicated who were intimidated by exercising at a health club. The majority of people that are intimidated by exercising at a health club are female and overweight. Even though a minority of men are intimidated, 70% of these intimidated men are overweight. Intimidation is linked

what today's consumer wants;

3) we have to offer **programs-for-sale** to members and non-members alike...in order to increase our prospect pools, strengthen our revenue streams, and provide a more-encompassing "outreach" system in our marketplaces.

It is predictable that, as our fitness marketplaces expand, so too do our *user marketplaces* need to expand. That is not happening currently. *Net member-*

to negative attitudes about certain actions and the majority of people indicated that they are not worried about buying trendy clothes, using high tech equipment or working out with people who are more fit or a different age with them, but more overweight and obese females expressed a negative attitude towards exercising with the opposite sex.

Who just wants to have fun?

In general people want and expect to have fun in a health club, but those who have never used or don't go to a health club are less likely to think it is fun to exercise. A third of people think that exercise will be boring and this perception increases with age. Creating a club culture that encourages fun will lead partici-

ship is lagging way behind net club growth...a huge warning sign for our industry. We have got to *re-think* not only *how* we do business...and we must include in the latter corporations, medical affiliations, insurers and special interest groups.

Reaching out is the key to the "new health club game." Operators cannot sit in their ivory-tower facilities and wait for things to return to how

55% did not care. The majority of males consider exercising with the opposite sex a good thing, while the majority of females are indifferent. When the female responses are further segmented by BMI, one in four overweight women and almost a third of obese women thought exercising with the opposite sex was bad. A barrier for some women exercising at a health club is exercising with men.

Let's get physical...who wants to socialize at the health club?

The majority of respondents indicated that they would meet new people if they exercised at a health club and the majority of people said that this was a good thing. Clubs might consider creating opportunities for more people to socialize at the health

they were...they will not...that is over...that is history...learn what you can from it and kiss it goodbye. Just as those teams in the NCAA tournament separated themselves between those *hoping not to lose* and those *daring to win* (witness *George Mason, Florida and LSU*) – so too will our club industry partition into those willing to step out on the skinny branches and **succeed wildly** and those who will continue to **hang on**

that they were somewhat sure they could stick to their exercise program. In general, people do not think that they could put exercise as a top priority, but when they are asked specifically about these priorities they feel somewhat confident they could stick to their exercise program.

A sit-up a day, keeps the doctor away...but does the family care?

The majority of people want to do what their doctor suggests and 40% of people indicate that their doctor thinks they should exercise. This positive attitude about the behavior of exercise helps people intend to exercise. However, due to the low number of times people actually visit a doctor, 53% of Americans see a doctor four or less times per year², this positive attitude is not frequently reinforced. Behavior change is a long-term process that needs constant positive support and motivation. Most people turn to their family for this positive support. However, the majority of families do not think their family members should exercise and almost 4 out of 10 people want to do what their family members want them to do. This lack of family support results in a negative attitude concerning the behavior of exercise and prevents people from exercising.

Current Health Club Members

- Top reasons people join:**
- To lose weight
 - To get in shape
 - Convenient club location

Top 5 Activities of Current members

1. Cardio
2. Weight Training
3. Alternative Therapy (yoga, massage, etc.)
4. Group Exercise
5. Weight Management Counseling

desperately.
Which one will your club be?

'Til next time - MICHAEL

(Michael Scott Scudder, a contributing author for "Club Insider News," owns and operates "MSS FitBiz Connection" – an online-based club consulting and training service. Michael can be contacted at 505-751-4248 or by email at michaelscottscudder@yahoo.com.)

Common Barriers

Lack of time to exercise at a health club due to other priorities

Solution- Clubs should ask prospective members to identifying their individual priorities. Once these priorities are defined, prospective member can find the right place for exercise, which will lead to a positive attitude about exercising, eventually leading to the behavior of exercising at the health club.

Exercising at a health club is intimidating

Solution-A club should recognize that overweight females and males will be more intimidated exercising in a health club (see chart inside). To remedy this barrier, a club can create a comfortable, nurturing club culture by having staff address members by name, creating opportunities for members to meet, creating single gender sections, and projecting this culture to the community through advertisements that portray 'real' people trying to get in shape.

Lack of social support to exercise at a health club

Solution-Most people do not have the family support they need to exercise at a health club. However, young and middle-aged males and females have family who want them to exercise and people over 51 years of age have children that want them to exercise (see chart inside). To reach these segments, a club could try to not only offer family memberships, but also promote more family programming within the club. Once family members are convinced that exercise is fun and beneficial, the individuals within a family are more likely to keep exercising.

Membership Costs too much
Solution-To combat this barrier, clubs can offer a variety of options such as a month-to-month (See Barriers page 28)

pants to have a more positive attitude about exercising and this is likely to lead to a behavior of exercising at a health club.

Your exercising neighbor.... does sex matter?

When asked if people thought they would exercise around people of the opposite sex, at a health club, 56% believed that they would and 32% thought that this was a good thing, while

club.

Does exercise cramp your style...how do you prioritize?

While more than 40% of respondents believe that exercising will interfere with their priorities, when they were asked if they could stick to their exercise program when their family, household chores and work were making demands of their time, the majority of people said

Fitness software reveals true Health Age

FORT WORTH, Texas---Fort Worth-based Inter-Images, which operates under the name Visual Fitness Planner, recently launched an updated version of its patented software known for allowing fitness customers an early glimpse of where their fitness regimens could take them.

The new version, Visual Fitness Planner 6.0, includes Health Age, a program that calculates a person's chronological age against seven health risk factors to determine his or her true body age and the person's increased likelihood of contracting heart disease, strokes, diabetes or cancer. The risk factors include age, body mass index, family history, exercise level, high blood pressure, high cholesterol and smoking.

"Visual Fitness Planner is committed to bringing tools to this industry that dramatically impact the *emotional readiness of consumers* to take action on their health and fitness. As part of our commitment we are excited to introduce **"Health Age,"** said Daron E. Allen, Inter-Images/Visual Fitness Planner's Chief Executive Officer. "This new technology is designed to attract, educate, motivate and retain more members than ever before."

Each of the seven health risks was given an appropriate weight and value, positive or negative, as determined by commonly accepted medical research from sources such as the **American Cancer Society, the U.S. Department of Health and Human Services and the Harvard School of Public Health.**

"A person could be 40 years old today but, when factoring whether he smokes, doesn't exercise and doesn't eat nutritious foods, the man could be at risk of having a heart attack, a stroke or diabetes like that of a 54-year-old man," said Mario Bravomalo, Founder of Inter-Images/Visual Fitness Planner. "**"Health Age"** gives a *goal age*, which is what *someone could be* if he stopped smoking, lost weight and started exercising."

A person could even be younger than his or her chronological age if the suggested health changes are made, said Bravomalo, a licensed physical therapist.

Visual Fitness Planner 6.0, which is being marketed to fitness centers worldwide as an effective marketing tool to attract new customers and keep the existing clientele motivated to keep working toward their fitness goals, also includes a customizable platform that allows clubs to utilize and computerize their own sales systems and collect client data. Visual Fitness Planner 6.0 software allows a club's staff to immediately track how many prospective clients came into the center, what they were looking for and whether the club's clients were ultimately successful in their fitness goals.

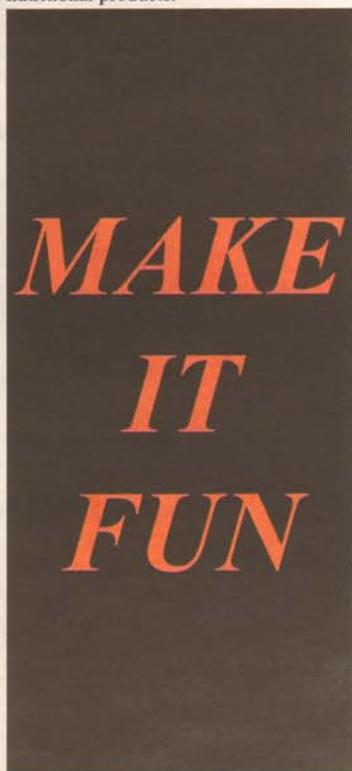
"What typically ends up happening in most clubs is that the original data sheets that prospective clients fill out when they came into a club for the first time only end up in a drawer somewhere and they are never looked at again," said Mario Bravomalo, Inter-Images/Visual Fitness Planner's founder. "There are no needs assessments or analysis done.

"With Visual Fitness Planner's new software, we help each center's staff know immediately how many people came in looking to *lose weight* versus the people who came in for *health or social reasons.*"

Visual Fitness Planner 6.0 was unveiled March 21 at the International Health, Racquet & Sportsclub Association in Las Vegas. The new software includes the **health imaging** and **health risk** assessments, which were both part of the original Visual Fitness Planner software introduced in 1999. The original Visual Fitness Planner software is used in more than 350 clubs worldwide.

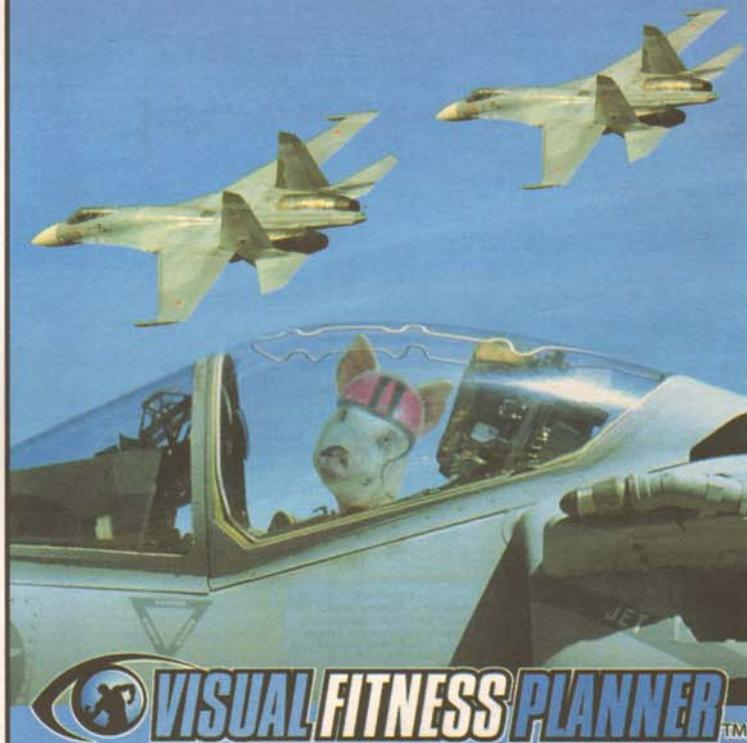
The new software will be distributed within the next few months and retails for \$349 a month for a single-location club.

Visual Fitness Planner and the new Visual Fitness Planner 6.0 are imaging technologies that *help club attract more, sell more and retain more members.* Visual Fitness Planner and Visual Fitness Planner 6.0 show prospects and members exactly what results may be achieved if they utilize nutritional plans, cardiovascular and resistance training and clubs' nutritional products.



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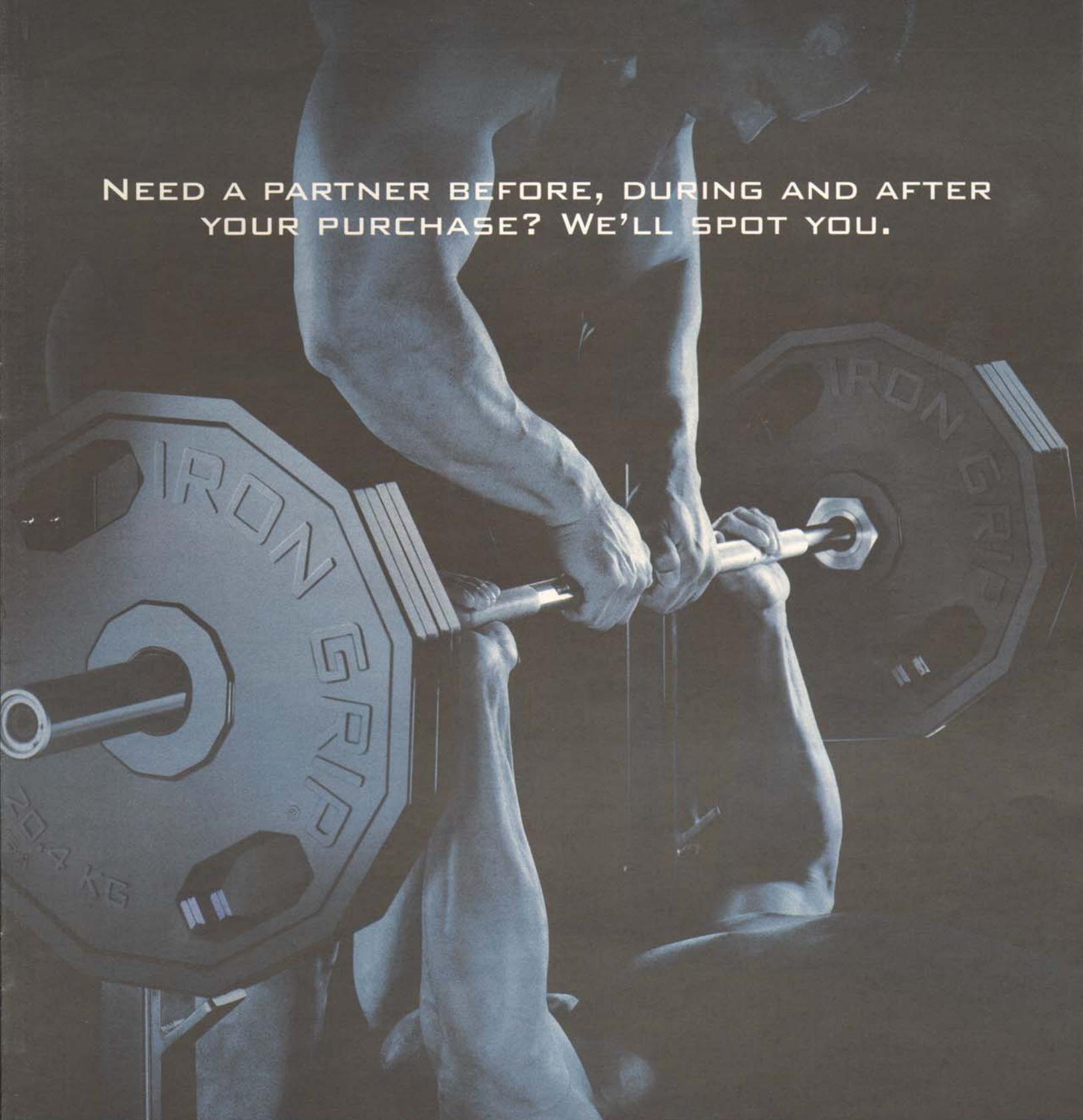
"Yeah right, when pigs fly."



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IRON GRIP
BARBELL COMPANY

Thomas Plummer Seminar In Birmingham, Alabama

By: Norm Cates, Jr.

"Rode-hard-and-put-up-wet" I arrived back home from IHRSA25 at 2:30 am after a post-Las Vegas, 3 day trip to Southern California. After one day of unpacking and then repacking, I was off on March 29th to Birmingham, Alabama to attend, for my second time in four years, a **Thomas Plummer Seminar**.

This report, albeit brief, could not contain any more complimentary words about the Thomas Plummer Seminar Series than I am about to write here.

I think that Thomas Plummer, a 25+ year veteran and health club industry scholar and teacher and trainer is one of this industry's all time greats. **"In my opinion, and I take my mind back now 32 years in this industry... And, I believe YOU, as a club owner, will not find any non-trade association health club industry training anywhere that will pack more punch than Thomas Plummer's Seminars.**

In fact, even though I am one of our industry's true "old-timers", I can tell you this. I have attended every IHRSA Convention and Trade Show for 25 years. I have attended countless Club Industry's Shows. And, I even attended IHRSA's first ever "Institute" at Babson College in Massachusetts over 20 years ago. I would guess I have attended at least 500 health, racquet and sportsclub education seminars in my lifetime of focused effort to truly learn this industry. **And, I continue to attend and learn more.**

But, there is nobody in our industry you will learn more from in just two days than Thomas Plummer.

Spending the time (and a reasonable fee to TPC) to attend a **Thomas Plummer Seminar**, realistically **could change your club business forever.** If you have not attended one you really should make plans to do so.

Everybody... and this includes my good 30+ year veteran health, racquet and sportsclub owner/operator friends, the "kings" of all kinds of clubs everywhere, will learn more than they could ever imagine. Plummer's Seminars are THAT GOOD...no...THAT GREAT!

Education of a World Class Kind and "One On One"
Thomas Plummer
Alliance Companies

Since my rode hard 'vessel for my soul', my body, now 110 pound slimmer for four years now, had just gotten off a plane after being away for 8 days after attending IHRSA25 and visiting a great industry friend in Southern California... I noticed some distinct similarities to the giant 14,000 gathering compared to the Thomas Plummer Seminar gathering of a 100 or so in Birmingham.

The similarity was that this meeting gave those wise enough to attend, some of the **best of both worlds.**

Some of the best of the education world was provided by Thomas Plummer.

First, of course, Thomas Plummer's expertise was shared for **two full days.** Throughout those days, even though I only attended part of it due to my need to get back home and get to work on this edition, Plummer repeatedly charged his students with these words: **"Write this down!"** Throughout his seminars he reminds his students over and over to "write this down". He **TRULY** delivers the **learning goods.** At the two full day seminar of Plummer's in Atlanta four years ago, I personally **"wrote down"** items **filling 1/2 half of a full new yellow pad.** One item those smart folks in Birmingham wrote down could result in a change or improvement or new idea for their clubs that **might produce \$50 thousand or more a year** in profits for their clubs.

Thomas Plummer
Alliance Members

Second, some of the best of the suppliers in the health club world were exhibiting there.

The companies listed below each had small exhibits set up on tables around the seminar room. I really like the format for participation of some of the world's best manufacturers, service providers and innovative industry businesses because of such convenience and access. The company and association representatives are right in the room with the group attending the TPC seminar. **The key, in my view, is that throughout the two**

full days, club owner/operator seminar attendees have the both the time and the ample opportunity to network and meet "one-on-one" with these leading companies.

The names of the Thomas Plummer Alliance vendor companies appear to the right and, I want to thank these companies for their sponsorship of the Thomas Plummer Seminar Series, as they are helping the TPC provide a great education program. The Thomas Plummer Seminar series serves and teaches over 4,000 club owner/manager/operators per year, by far the largest commercial, non-association seminar attendance of educational services in the industry. (This statement refers only to commercial training seminars regularly provided nationwide and is not intended to slight the great educational work IHRSA

and CLUB INDUSTRY provide to the entire industry worldwide.)

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Of the companies and associations listed above, four are advertisers in this IHRSA25 Special Edition. We welcome and encourage **all** Thomas Plummer Alliance Members to consider advertising in CLUB INSIDER. We offer the best advertising rate value and support in the business.

(Norm Cates, Jr. is a 32-year veteran of the health, racquet and sports club industry. Cates was the Founder and the 13+



Thomas Plummer

year Publisher of CLUB INSIDER. He was IHRSA's 1st President and a Co-founder of the Association in 1981. In March, 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of IHRSA's highest honors. Cates may be reached at: 770.850.8506 or email: www.clubinsidernews.com)

...Barriers

continued from page 25

agreement and program memberships. These membership options are typically at a lower cost and are a low-risk option for all those who, for one reason or another, are not ready for a longer commitment. It is a 'program membership,' which involves the hesitant buyer in a 4-week, 8-week, or 12-week program for a

set fee. Such a 'program membership' can be considered another 'point of entry' into a health club membership.

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WHO IS THE NEXT HEALTH CLUB MEMBER?

People believe they can exercise, but only one in five people intend to start exercising in a health club. Below are what prospects considering joining a health club look like...

New Member Characteristics

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Age:	36+, 75.87%
Weight:	Overweight+, 64.83%
Income :	\$25,000-\$74,999, 61.65%
Education:	Some college+, 71.51%

What these new members want to do at the club:

Cardio, 68%
Alternative Therapy (yoga, massage, etc.), 38.4%
Weight Training, 36%
Weight Management, 29%
Group Exercise, 26.4%

CLUB INSIDER Seeks Contributing Authors

Contact Norm Cates

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Trust-The Primary Fuel Rod

By: Will Phillips

Now we get to the underlying root cause of why conflict does not occur in most organizations – it ain't safe enough. Most people's understanding of interpersonal conflict is that it is uncomfortable, painful, and potentially dangerous. In fact, most of your staff has been trained by their parents, their schools or their sergeant that their job is not to question why, but just to do or die. And that actually, raising questions or presenting different opinions that don't agree with the leader's viewpoint can be dangerous in school as well as at work. Managers want to do a good job and part of that is defined as being a loyal employee. Now, loyalty is frequently interpreted as being supportive and not questioning. As soon as this happens, you've lost your management team!

Jim Collins, in his extraordinarily popular and significant book, "*Good To Great*", describes the qualities on management teams that enable businesses to go from fairly good to being outstandingly great. There are two major steps here. First, you must get the right people on the management team and get them in charge of the right areas. Collins calls this getting the right people on the bus and in the right seats. When this happens, the team must learn now to engage in a brutal search for the truth without being brutal with each other. The brutal

truth that Collins sees great organizations seeking is what he calls the *hedgehog principle*, or the core area where a club's passions, capabilities and the market's needs overlap in a way that can become a money making machine. This means continually fine-tuning what your focus is as well as continually shedding those aspects of your business which you should not be involved in due to a lack of competency or passion or customer need or profit making potential. Nurturing productive conflict and then continually refining your hedgehog principle takes care of two of the most powerful fuel rods on your management team.

Once again, back to the issue of trust. To truly engage in conflict, there must be a sense of safety. There must be a sense that you can disagree without becoming disagreeable yourself and without the other people becoming disagreeable with you. Overcoming the "*Five Dysfunctions Of A Team*" has several sections on steps that can be taken to build higher degrees of trust.

Trust is a willingness to be open and vulnerable. This enables you to learn and not blame.

Building trust has three steps:

1. It must be encouraged by the owner or CEO of the business on a regular and continuous basis.

2. When people do speak up and speak out, there can be no retribution in position, pay,

status, or even such minor, but significant types of retribution, such as humorous jokes that often carry the message that speaking up is not what we do around here.

3. Everyone on the team must learn a great deal about one another. This is the time for sharing information about yourself, which is kind of like putting money in the bank for a rainy day.

This analogy of banking goodwill is one I learned many years ago in my marriage. Anyone married knows there will be times when their marriage will be challenged because of various events that occur during your life. If you have nothing in the relationship bank account, you will have an overdraft and bankruptcy very quickly. Building the relationship bank account on your management team means truly knowing more and more about one another as individuals.

Sharing deeply about yourself with your management team makes you vulnerable. It is scary and uncomfortable largely because you are not sure how the others will respond. If I, Will Phillips, tell you I have been divorced twice and am now on my third marriage, will you think less of me? Once individuals become vulnerable by sharing what is inside and IF the team scrupulously follows #2 above, they make it safe! This grows trust. Only when people trust one another can they engage in productive conflict.

Marriage in Trust

Peter Drucker's commitment to conflict on a management team had an exact parallel in the last 15 years by the University of Denver and the University of Washington in Seattle, where significant research is going on into what contributes to lasting marriages. Both sets of research have come up with similar answers. Both of these centers of research believe that by finding out the answers to two questions from each person in a new marriage, they can predict the length the marriage will last. Since the research has been going on for about 15 years, they have been about 95%+ accurate. What are the two

questions?

1. When a difference or conflict shows up, do you get it on the table or do you keep it under the table?

2. If you raise conflicts or differences as they arise, do you put them on the table or do you throw them across the table?

The marriage which engages in constructive conflict, i.e., not throwing stuff across the table, but putting it on the table with respect, builds deeper commitment through respectful conflict and lasts.

What Is Trust?

Lencioni does a good job of defining trust. It is not the ability of team members to predict one another's behaviors or even rely on one another's behaviors. But rather, trust is all about being vulnerable to one another. People who aren't afraid to admit the truth about themselves are not going to engage in the kind of defensive and political behavior that wastes everyone's time and energy. People who are afraid to become vulnerable create an atmosphere in which others will hesitate to become vulnerable. When this happens, individuals create thick skins, which don't allow new information or perspectives to enter.

Deep trust is rare because we humans have this huge commitment to self-preservation. And the idea of putting oneself at risk for others or for the common good is not natural. Being afraid of saying, "I was wrong," or "I made a mistake," or "I need help," or "I'm not sure," or "I'm sorry" are not the foundation of



Will Phillips

vulnerability and trust. When we are vulnerable we get to know one another deeply. By not knowing a great deal about one another, we frequently commit what Lencioni calls the fundamental attribution error: "Human beings tend to falsely attribute the negative behavior of others to their character, while they attribute their own negative behaviors to the environment." In other words, we somehow believe that if we do something bad, there was a good reason for it. But, if someone else does something bad, that's in their fundamental nature. Because of this, we tend to blame others when things don't go well.

(Will Phillips, the author is the Founder and CEO of REX Roundtables for Executives which operates 24 industry roundtables including 10 for club owners and GMs in the US, Canada, Australia and New Zealand. A down loadable copy of this article will be on www.REXonline.org under Management Briefings).



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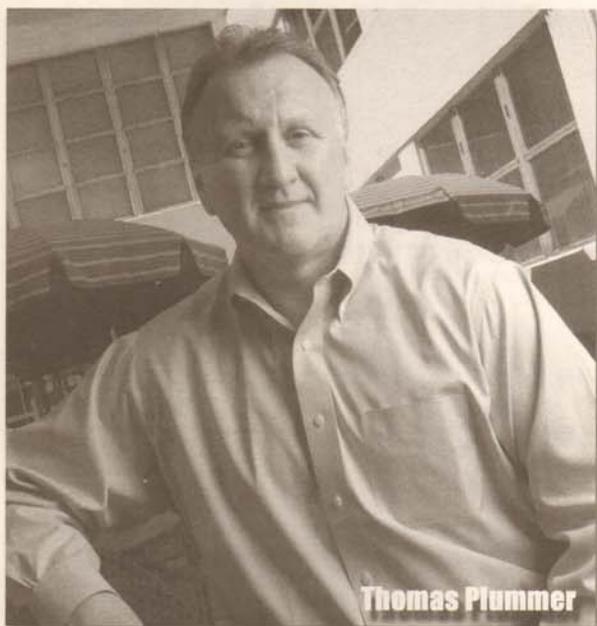
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In Their Own Words...

-Every club owner, no matter how long they have been in the industry, needs to attend a Thomas Plummer seminar.

Jason West
North Columbus Athletic Club

-Thomas Plummer is very fun and inspirational, the information is top notch, and I just enjoy being around other gym owners for 2 days.

Ken Laurie
World Gym Express

-I look forward to attending and sending my staff to a Plummer seminar every year. I take something back each time that will help take my business to the next level.

Mike Shirley
Double Diamond Athletic Club

Focus on Females and Follow the Money

By: Lance Arrance

The question isn't should you market to women, but rather how do you market to them effectively? It isn't as simple as some people would have you think and I don't think it is something you should attempt on your own. Marketing to women, also called Gender Marketing, isn't a one-size fit all endeavor.

What I encourage you to avoid is trying to fit women into a nice, neat little package. You hear the word demographic over and over in the marketing world. This is because of our need to put people into groups or categories. The problem with this is that it can dehumanize what you're trying to do. Authentic marketing, which should be at the core of everything you're trying to do, is based on providing services and products to real, living, breathing, thinking, feeling people. That being said, let's look at what we know about the woman of today.

"Women represent a huge untapped market for most business owners, big and small," explains Barbara G. Stanbridge, President of National Association of Women Business Owners (NAWBO). Her belief is that women, in particular, tend to make great customers for small businesses because they are very loyal and most likely to talk to their friends when they have found something worthwhile. This is the number one reason many experts think satisfied women customers can grow your small business and keep your accounts in the black. Some would even argue that women invented word of mouth marketing.

The statistics are overwhelming and provide clear evidence as to why women are considered a Power Market and why you'd better set your sights on attracting the attention of women.

- The numbers don't lie, not only are there more women than men with 51% of Americans being female but they also control the purse strings of the country.
- Women make or influence 81% of all purchasing decisions, and the reasons are quite clear; they're more involved with what will be used in the home on a daily basis.

- According to a Prudential survey, 90% of women have sole or joint responsibility for their household's finances.
- You should also know that single women head 27% of all households, but it doesn't mean they are living at the poverty level because there isn't a man in the house.
- Studies show that women make 75% of general household decisions.
- A survey by Lowe's found 80% of women are doing "everyday fix-it" projects on their own. It also showed that 80% of the home improvement projects were initiated by women.
- Ace Hardware's study found that women spend approximately 33% more than men on each visit to the store.
- Women purchase 74% of all NBA and NFL apparel and are contributing to a 10.3% increase in soccer equipment sales.
- Women are expected to acquire 94% of the growth in U.S. private wealth between now and 2010.

What does this have to do with your gym or club? Women are demonstrating that they are into improving the things they value and are willing to spend money.

Yes, men still earn more money than women, but the gap is closing for a number of reasons. As much of the boomer workforce is retiring, the majority of which are men, the positions they leave behind are being filled by women. Also, the number of women who own their own businesses is growing exponentially. This typically brings a substantial increase in income. The Center for Women's Business Research reported that women-owned firms grew twice as fast as all firms from 1997 - 2004. Its estimated the current number of female owned businesses is about 9 billion. They generate \$3.6 trillion in sales annually and are employing 27.5 million people. Now that we've established that women have the financial resources to become members of your facility, lets look at why they make better potential customers of your services and products than their male counterparts.

Women are much more attuned to health-care is-

sues and thus more inclined to spend the money to improve their health. Women make 69% of all household health decision They will see a physician twice as often as a man. The 8th annual AC Nielsen study of consumer health-related attitudes and behavior found that women are more likely than men to visit a doctor, consult with a pharmacist, and take vitamins and/or minerals. From a marketing perspective this makes women a smarter choice to target. Being proactive, they are more inclined to sign up for fitness memberships and purchase add-on products and user-pay programs like workout gear, supplements and specialty classes.

It is a rare business that can afford to ignore women as a market and even rarer to find someone foolish enough to admit to doing it. Recognizing women as customers isn't the same as attracting them, and attracting them is not the same as turning them into loyal, happy customers.

Yes, it makes financial sense to convert the majority of your marketing to attracting women, but what do they want to see as consumers?

Keep it real. You may have seen the Dove Campaign for Real Beauty. The concept uses images of interesting women in all their different shapes, sizes and ages instead of the narrow, stifling, stereotypical "10" that so many other brands promote. It has worked well for them. An on-line opinion poll about Dove's Campaign for Real Beauty found that 87% of respondents want other marketers to follow their lead.

My wife is one of the many that won't go to a gym because she is convinced that it is filled with petite young women with perfect bodies. Why would she have this impression? Could it be that anytime you see an infomercial, magazine or newspaper ad promoting a gym or exercise equipment the people demonstrating them don't have an ounce of excess weight. The Home Fitness Equipment industry rung up over 4 billion dollars in sales last year. How many of those sales could have been converted to gym memberships if the women had felt comfortable about the facility?

Why is it so important to give the impression that

your facility is right for average women? There's vastly more of them to begin with. Plus, women are communal by nature, with a strong need to belong to something that shares their values. A woman's sense of community is drastically different than a man's. For men, community means the place they work and live. Women on the other hand see it as a blending of family, friends, neighbors, co-workers, religious affiliations, schools and any organization that supports the people they love and their way of life.

A clear example of women choosing to go where other women go and do what other women do is seen in the amazing growth in an organization called the Red Hat Society. Sue Ellen Cooper, also known as Exalted Queen Mother said that the organization sprang from her and a few friends wanting to meet middle age with verve, humor and élan. They began wearing red hats and soon others wanted to take part. From there, different chapters sprang up in other cities. Today the Fullerton, Calif.-based Red Hat Society counts more than 800,000 members and 36,000 chapters in the United States. These women, who are mainly over 50, enjoy being together in a variety of social activities ranging from the theater, leisurely tea and coffee parties, games and sharing of



Lance Arrance

stories. Ms. Cooper refers the many members as a play-group for adults.

If you put the focus on your marketing to making your facility an integral part of their community where they can meet other Real Women, connect with friends, make new friends and be doing something positive for everyone involved, you'll build a financial foundation that will stand for generations to come.

In part two of Marketing to Women next month, we'll give you tips on how to transform them from prospects to happy, loyal, long-term members.

(Larry Arrance is the Director of Communications at MarketMyClub.com. See MarketMyClub.com's ad on page 37.)

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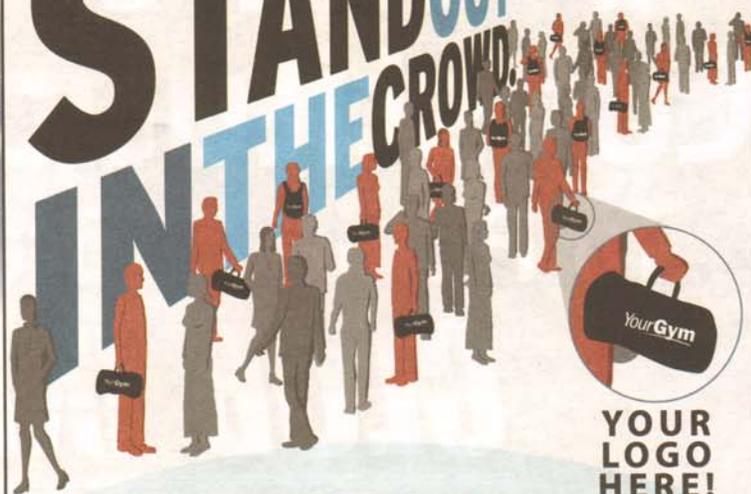
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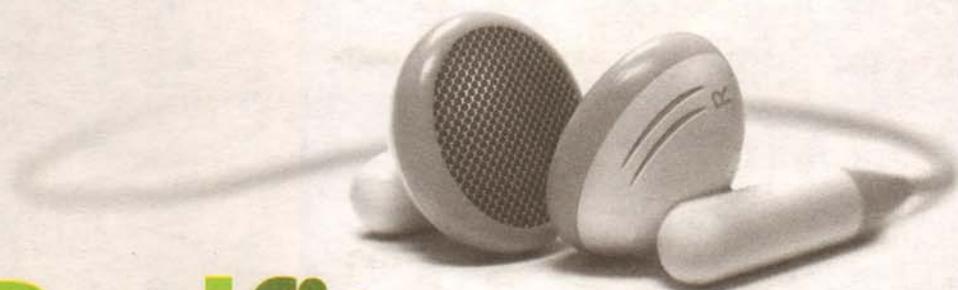
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