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# THE Club Insider

NEWS

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

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Courtesy of the International Health, Racquet & Sportsclub Association  
Illustration by Circa Creative

**50 Million Members By 2010**  
**Special HRSA San Diego**  
**Convention & Trade Show Edition**

# **THE Club Insider**

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**NEWS**

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# THE Club Insider<sup>®</sup>

## NEWS

The Pulse of the Health, Racquet & Sports Club Business

## 50 MILLION MEMBERS BY 2010

A SPECIAL REPORT  
By Norm Cates, Jr.

San Diego, CA.- In 1981, IHRSA, The International Health, Racquet and Sportsclub Association was founded after the closing of the National Tennis Association and the National Court Club

Association. Since that time IHRSA has done more to foster the professionalization and growth of the club industry than any organization in the history of the business.

IHRSA has no peer. But now it has a partner. That partner is the Fitness Products Council, an arm of SGMA, the Sporting Goods Manufacturers Association.

This partnership was recently created to pursue a newly established goal for the industry. The goal is to grow the industry to 50 Million Members in the U.S. and 100 Million worldwide by the year 2010.

The idea of 50 million U.S. members by 2010 came at a meeting attended by IHRSA Executive Director, John

McCarthy, Chuck Leve, IHRSA's Director of Sales and Promotions and Greg Shapiro, IHRSA's Director of Associate Membership.

IHRSA and the FPC have published a book recently released at the IHRSA Convention in San Diego entitled: "50 Million Members By 2010." The book was written by John

McCarthy and begins with the following statements in the Forward section:

"America is the fattest nation on the face of the earth."

"And in the last 20 years, America has become the fattest nation in civilized history. What does this mean? To begin with, it means that 97 million Americans - 55% of (See 50 MILLION page 10)

## JILL STEVENS KINNEY RECEIVES INDUSTRY SERVICE AWARD CLUB ONE PRESIDENT APPLAUDED FOR INDUSTRY EDUCATION CONTRIBUTIONS

San Diego, CA.- Jill Stevens Kinney, a 20-year veteran of the health club industry, received the IHRSA Industry Service Award at the IHRSA 18th Annual Convention in San Diego, March 24-27th.

Ms. Kinney is President of Club One, a \$25 million San Francisco-based company serving 11 clubs and 30 corporate fitness centers. Club One has been recognized as an INC. 500 company for the past five years. The Business Times ranks it as the second largest club company in the Bay Area and one of the Top 50 Women-Owned Businesses in the Bay Area.

A former member of the IHRSA Board of Directors, Ms. Kinney has played a major role as an industry educator as well as in developing professional development opportunities for the Association's members. In the mid-1980s,

when the Association was in its infancy, Ms. Kinney assisted in the development of the IHRSA Institute for Professional Club Management and in forming the agenda for the Association's annual Spring Convention. Ms. Kinney also served as a faculty member of the Institute and has been a popular speaker at many IHRSA Conventions and meetings. She currently is a member of the IHRSA Advisory Council.

"Jill has been one of the driving forces behind the professionalization of the industry," said John McCarthy, Executive Director of IHRSA. "She has given the industry a great deal of her time and expertise."

Ms. Kinney's contributions to the industry extend beyond her work with IHRSA. She is the Chairman of the Board of the American Council on Exercise

(ACE) and currently sits on the Executive Committee and Board for that organization. She is working with the cities of San Francisco, Oakland and San Jose to develop fitness facilities for inner city children.

"Our goal is to bring fitness and quality training to inner city kids to build self-esteem and personal health," Ms. Kinney said.

A former lecturer at the University of San Francisco's McLarent School of Business, Ms. Kinney has served on the Board of Directors for both the Breast Cancer Fund and the Bay Area March of Dimes. She was the first recipient of the Club Industry Businesswoman of the Year Award in 1997.

Ms. Kinney lives in San Francisco with her husband and business partner, John, and their three children.



(L) Jill Stevens Kinney & IHRSA President Annbeth Eschbach

## IHRSA STATE OF INDUSTRY REPORT

A SUMMARY

San Diego, CA.- Paul Leroue, President and CEO of Reebok/CCS Fitness, the sponsor of IHRSA's Annual State of the Industry Report, opened the IHRSA State

of the Industry Report with, "Like previous years we hope to provide you with a quick glimpse of the industry and what's going on. There will be a more thorough analysis available in the State of the Industry Report available in the hall today. The purpose of the Report is really two-fold:

First, we want to help you make decisions about your business. Second, we want to identify opportunities to help you expand your business. Tonight, we present the Report on the eve of another fantastic year. I can only give accolades to everybody out there because we have done

a great job! We have grown membership, total number of facilities and health club revenues in the U.S. illustrating an increasing appetite of the American consumer to get fit and more importantly to stay fit. This year's Report also continues to indicate an overwhelm-

ing percentage of our membership being in the 18 to 54 year category. 79% of our members are in this category. With all this good news in this report there are a lot of reasons to be optimistic. All of you in this room who either own your business or are employed should feel proud (See IHRSA REPORT page 12)

### Inside The Insider

- Tom Morris Provides Formula For Success
- Defining And Delivering Service Experience
- An Open Letter To John McCarthy
- IHRSA Awards

## CLUB SPORTS INTERNATIONAL ANNOUNCES MANAGEMENT RESTRUCTURING

Denver, CO.- Club Sports International (CSI) announced on April 14, 1999 that Tom Lyneis, CSI Founder, has resigned as President of CSI and has assumed the role of Chairman of the Executive Committee of the Board. His new role will focus on the long-term strategy of

the company. Burnie Donoho will have the titles of President and CEO.

Tom Lyneis commented, "We have grown CSI to the point where it demands professional and experienced management in running an organization of 5,000 associates. We have created a great platform for the fu-

ture growth of CSI and the opportunity for CSI to be a significant player in our developing industry. Over the last fifteen years we have come a long way from a desk and an answering machine to the company we have today. Along the way we have assembled a top notch team of people throughout the organiza-

tion to complement the quality properties. There are many directions and opportunities CSI could go from here. The question now is to sort out which ones have the most promise."

Lyneis will continue to consult with Club Sports International and other companies.

# THE INSIDER SPEAKS

*(Publishers Note: IHRSA Executive Director, John McCarthy was quoted recently on the 24 Hour Fitness website as being supportive of the now famous 'Alien Billboard' displayed by 24 Hour Fitness on Highway 101 outside of San Francisco. While we agree with John McCarthy's comments, we also see a certain contribution by Laury Hamel in respect to his letter to John. The letter below is more like an in-depth educational piece on obesity and for that reason we are publishing it for your review and possible use in training your staff members about obesity issues. John McCarthy and Laury Hamel are dedicated club industry professionals and we respect both of their points of view on this subject.)*

## **An Open Letter to John McCarthy, Executive Director of IHRSA**

April 11, 1999

Dear John,

Congratulations on another fantastic national convention and for the great work you and IHRSA have done to get the '50 Million By 2010' initiative up and running. This is important work. You and I have been industry colleagues and good friends now for over twenty-five years. However, I respectfully must share my deep feelings regarding your response to the billboard ad in San Francisco placed by an IHRSA member club. This particular ad stated "When they come they'll eat the fat ones first" and generated substantial press, most of it negative. Your photo and the following quote were listed on the '24 Hour Fitness' web site under the heading of 'Industry Response.'

"From a health club industry perspective, I congratulate 24-Hour Fitness for raising national awareness on this important issue. As the recent NIH statistics show, America is now the fattest nation on the face of the earth. 55% of adults now carry so much extra poundage that their weight makes them substantially more vulnerable to many serious health problems. Over 59-million Americans have now been classified as

"clinically obese." Almost 20% of America's children are obese. As Dr. Koop and others have clearly stated, the obesity of Americans is now a national health crisis.

24-Hour Fitness' billboard campaign may not have been 'politically correct', but neither are some of the ads that discourage smoking. I congratulate them for their courage in raising this vital issue."

As you know, I'm the owner of The Longfellow Clubs, a health promotion organization with six businesses and 10,000 members and serving thousands of others in programs. One reason your response to the controversy was such a concern to the Longfellow management and staff is that IHRSA has been a leader in promoting positive attitudes toward health and fitness. IHRSA has worked hard to be a thought-leader in our culture. We strongly object to IHRSA's primary spokesperson being included on the '24 Hour Fitness' web site congratulating them for an ad that does not represent the perspective of the majority of IHRSA clubs. Placing IHRSA in a position of justifying this embarrassing marketing strategy is not appropriate. Please remember that when you speak publicly as an IHRSA representative you are speaking for our industry and our organization and our business. The attitude expressed in this offensive ad needs to be addressed by IHRSA strongly and specifically. This ad and your response is a setback in our fight to encourage healthy life-styles. Please consider the following response to this dangerous and harmful marketing strategy:

1. Obesity is a serious national epidemic directly responsible for chronic disease and millions of premature deaths. Most studies available clearly state that no matter how positive certain health indicators are, if you are obese you are putting yourself at great health risk. For example, the number one cause of Type II diabetes is obesity (good nutrition, exercise and weight loss being the most effective cure). America is one of the most obese nations on earth, 45% of the adult population suffers

from obesity. There are over 100 million obese people in the USA—1/3 of the world's obese population. What is of even greater concern is the rapid increase of obesity in our adult population which is approaching the previously unthinkable number of 50%. If the current rates of increase were to continue, all of the adult population will be obese in thirty years. IHRSA has a moral and business imperative to fight this serious health problem.

2. The sources of this nationwide epidemic of obesity are primarily lifestyle-related. Our culture is currently designed to encourage high caloric and non-nutritional eating as well as fostering a sedentary lifestyle dominated by computer terminals and television screens. Add to this equation, the increasing pressures on our time and the emotional and cultural dynamics associated with food and we've got ourselves a devastating national health crisis.

3. IHRSA clubs have an extraordinary opportunity to serve an expanding market by meeting the need of preventing or eliminating obesity. This market now numbers in the millions, and obese and overweight individuals desperately need the expertise and services our clubs have to offer. Because obesity is 70-95% related to lifestyle choices, IHRSA clubs are uniquely positioned to positively influence the lives of obese people. The quick-fix programs available are not the answer—at best, they don't work and create demoralization and at worst, they can cause long-term physiological damage. Specially designed programs offering a long-term approach toward lifestyle behavior changes are capable of transforming a person's life forever.

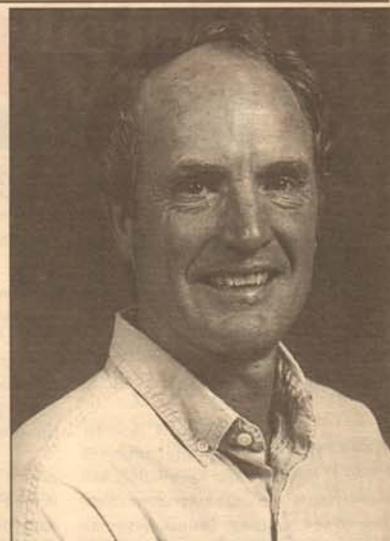
4. IHRSA has spent years looking for strategies and programs to bring the 'deconditioned market' into IHRSA clubs. If you listen to the vast majority of presenters at the IHRSA convention, you will hear the plea for IHRSA clubs to create a welcoming and non-toxic environment in our clubs for people who may not look like the people who grace magazine covers. Practically speaking, this means that IHRSA clubs are

charged with developing a club culture that understands the seriousness of this national health problem, but does not degrade or make fun of people who already feel badly enough about their bodies.

5. If IHRSA aims to grow to 50 million members by 2010, then IHRSA clubs need to create a welcoming and inviting environment for obese and overweight people. IHRSA

clubs need to create a wide variety of dynamic programs addressing the particular issues overweight people deal with. We need to create a club culture and atmosphere that is inviting, accepting and understanding. We should loudly raise the health risks of obesity, but love and care for people who suffer from this health problem. One IHRSA Vanguard Study stated clearly and concisely that many potential club members felt intimidated by the atmosphere of our clubs. They found our clubs uncomfortable and felt that they had to 'get fit' to even walk into our clubs. Making overweight people the brunt of a joke and establishing a marketing strategy based on ridiculing people suffering from obesity is counter-productive. As leaders in the health field we need to be honest with ourselves and acknowledge the harsh reality that being a member of an IHRSA club is no guarantee (in fact it is highly unlikely) that most of our members will ever have bodies that even closely resemble the so-called ideal appearance promoted by our culture. If 24 Hour Fitness placed this ad as a way of attracting overweight people to their clubs, they took the wrong strategy and they failed miserably. This ad continues to present the case to the world that health clubs are not for deconditioned and overweight people and adds more fuel to the intimidation fire.

6. It is not courageous to ridicule a population that needs to have their self-esteem uplifted and who have suffered through years of abuse by poor and tasteless jokes. Just as it is not courageous to use a racial epithet, it is not courageous to mock overweight people who



**Laury Hamel**

have it tough enough.

7. Bragging that this ad stirred up dialogue on obesity is like saying that burning a cross on a lawn was cool because it stimulated media coverage on racism. Craig Pepin-Donat, President of 24-Hour Fitness, was quoted as saying, "We had over 300 TV spots covering the billboard story. We also received coverage in London, Paris and other countries. We delivered our message..." Ridiculing and holding up a particular population for abuse and then justifying it by saying "See we raised the issue and got a ton of press" is disingenuous at best, and hypocritical at worst. We need to look for dramatic ways to bring up this problem that are not mean and cruel, but are powerful and meaningful.

8. This ad is not like the anti-smoking campaign ads. Smokers differ from obese people in several ways. Smokers are still portrayed in the media as being cool. Obese people in movies are the butt of jokes, pranks and ridicule. Smokers in general don't suffer the same degree of lack of self-esteem as obese people experience. Smoking is a single behavior. Obesity is the result of a complex variety of behaviors. Making fun of a particular behavior, although fraught with risks, may sometimes be effective. Singling out couch potato living (obese or not), making fun of overeating or excessive junk food consumption (by someone obese or not), making fun of poor nutritious habits (by someone obese or not) would be a tactic comparable to the anti-smoking campaign ads. But singling out and taunting a particu-

(See Hamel page 5)

## ...Hamel

*continued from page 4*

lar group of people (rather than behavior) should not be acceptable behavior in our country, let alone in health club marketing campaigns.

9. It is those who degrade over-weight people who are the ones creating a 'politically correct' culture and making overweight people feel belittled. The conventional definition of being 'politically correct' is when a culture narrows the accepted area for dialogue and public discourse to such a level that people are not free to share their feelings openly and honestly. It is a question of balance. Honest dialogue, study and conversation is qualitatively different than shaming a group of people publicly. We need to be able to discuss these issues frankly and without fear of retribution. Let us establish cultural norms that strongly encourage people to take care of themselves, but we do not want to harass and persecute those who choose not to care for themselves.

10. Even if some people become motivated through humiliation, the overall effect is a loser. Our culture thankfully has long ago tossed the humiliation strategy for motivating children or employees into its rightful place-in the trash can of history. Most people respond negatively to humiliation. Those who are motivated to make changes by embarrassment generally do not buy into the behavior change and the change does not stick. In addition, these people experience deep internal fear, distress and shame. Either way the strategy is counter productive and doesn't produce the results we are looking for.

11. Just because some overweight people think the ad is funny is no justification for accepting this disgraceful marketing technique. It is a common defense mechanism for people suffering from a particular problem to laugh at themselves and joke about the issue. Obese people often join in the self-scorn as a way of making light of the situation and denying the seriousness of the problem. But just as diabetes is not funny, neither is obesity a laughing matter—it's not funny to die early, not funny to have heart disease and not funny to feel ugly and embarrassed. Obese people have a long history of joking about the problem, even though

at one level it may be tearing them up inside.

12. It is sad to see industry leaders sponsor and support a culture of indifference and ridicule toward obese people and over-concern with image and appearance. Although obesity definitely impacts millions of men, obesity is clearly a gender issue. Women in particular suffer at a very early age from unhealthy attitudes about their bodies ranging from self-hatred to a preoccupation with their physical beauty. This cultural issue has resulted in millions of American women suffering from such eating disorders as bulimia and anorexia and millions more tormented by low self-esteem and a negative self-image. There are specific reasons why the vast majority of people participating in weight-loss programs are women. In general, women gain weight easier than men, women lose weight slower than men and men's metabolism is faster. Being an over-weight man in our society is much more acceptable in our society than being an over-weight woman. This fact has created one of the greatest emotional and psychological challenges of growing up and living as a woman in our world.

13. People suffering from obesity may or may not be lazy, gluttonous couch potatoes. Although the common notion that overweight people are fully responsible for their physical condition has certain merit to it, it is a gross oversimplification. The source of obesity in our society is a complex and multi-dimensional dynamic and is not simply a question of will-power. Obesity is a chronic disease and needs to be treated as such. It has as its cause, a world that constantly searches for ways to decrease energy expenditure and to make things easier by eliminating any physical activity. We live in a world that consciously pushes and markets a high caloric and non-nutritional diet. It also has a basis in the psychology of how our society treats bodies and builds our self-image. Consider the following:

a. We all know slim and unfit people in our lives who get away with their unhealthy lifestyle psychologically and socially unscathed. They are members of the 'unfit in disguise'.

b. We all know people who exercise a ton (professional athletes or models for example), who look 'good', and whose diets are dangerous and unhealthy. These people may die early, but they never receive the ridicule overweight people do. Unfortunately many unhealthy but proficient athletes or models are undeservedly viewed as role models for health and vigor.

c. Most research now indicates that there are definite genetic factors that make losing weight more challenging for some people. We all know people who eat better than we do, exercise every day and are still obese. It is easier for some than for others.

d. The idea that all people would look like a cover girl or boy if they just joined our clubs and did what we asked is simply not true. A tiny minority will ever look like this relatively new ideal standard promoted through the media (a very questionable ideal). Many of us who are only slightly overweight (but not obese) and have more fat in us than we would like are still very healthy and fit.

e. Overcoming obesity is one of the most difficult tasks an individual can endeavor to accomplish. Most of us know about this problem from the personal experience of struggling to shed a few pounds. Imagine that you have been obese for many years and that you feel embarrassed or ashamed or are in denial. Imagine how difficult it is to overcome obesity when the regimen required is a severe behavior and lifestyle change. Overcoming obesity is a battle that few people in our culture ever win. Why is the country that spends billions a year on weight-loss programs one of the most overweight countries in the world and getting worse?

f. There are millions of women and men (more women than men) who have eating disorders that have as their origin a variety of physical and psychological traumas such as physical, emotional or sexual abuse.

g. Finally there is a very small number of people who have biological, chemical and glandular issues that are often beyond their control and only partially related to lifestyle. All of these people can of course benefit from a improved

nutrition and exercise, but joining a club will not make them look buff.

14. There are degrees of obesity and degrees of fitness. There are good reasons for drawing a line in the sand and classifying a certain Body Mass Index (BMI) as being obese. This line enables health professionals to clearly and sharply state to a person that their long-term health risks are life-threatening. However, there are people who are overweight, but not obese, who are at great risk for early death. And there are people who are obese who are in an exercise program and have much lower health risks than other obese people who do no exercise. IHRSA clubs want to have as members millions of obese people who are working on improving their health, some of whom will never completely overcome their obesity.

Similarly, there are degrees of fitness. Our clubs will always be filled with people who are overweight but not obese and working to optimize their personal living experience and increase their chance of living long happy lives. We need to tread that fine line of encouraging optimum health without making people feel ashamed if they don't achieve this goal.

I make the following recommendations:

1. IHRSA should issue a press release condemning this ad, apologizing for previous comments and offer a perspective that counters this damaging attitude. IHRSA clubs, their members and the world of health need to know that IHRSA is committed to walking the challenging balance of working to establish acceptance and inner appreciation for all of our bodies while at the same time aggressively pointing out the immense dangers of obesity.

2. IHRSA should publish articles in CBI about the issues surrounding this national epidemic.

3. Let's make IHRSA Clubs into community centers that deal with the whole person—mind, body and spirit. We are more than just our bodies. We have emotional, spiritual, intellectual and social lives. Our clubs are excellent venues to encour-

age an integration of our minds, our bodies and our spirits. We should create an atmosphere in our clubs that honors our differences just as we revel in our common commitment to health and an active lifestyle. We want to open up our hearts with compassion and encouragement and hope for the future. We must be strong, aggressive and passionate in promoting health, and simultaneously balance this with love and care for every individual.

4. Anyone who reads this letter and still thinks this 'alien ad' is courageous and helpful in fighting the obesity epidemic should be required to:

a. Listen to the Gilmore and Prochaska tapes and every tape of the weight-loss/obesity track at the 1999 IHRSA Convention by May 1, 1999.

b. Have an open and honest conversation with an obese person who has tried to lose weight. Walk in this person's shoes for two hours.

c. Read the recent People magazine article about the growing epidemic of young college women suffering from the tragic eating disorders of anorexia, bulimia and binge eating. These eating disorders are the direct result of our culture's obsession with appearance and the abuse overweight people (especially women) are subjected to in our society.

This 'alien ad' is obviously not an isolated case. Unfortunately, the American Council on Exercise (ACE) had a brochure distributed with the convention materials that also ridiculed the looks of two overweight people.

My hope is that you, IHRSA and other people who share our compassionate and understanding perspective on how to deal with this challenge will join in a benevolent and massive campaign to wipe out obesity and all health risks in our society. I also welcome responses from people who disagree with the ideas I have presented. Through open and honest dialogue with people of goodwill we can work together to bring about a peaceful, healthy and happy world.

Yours in health,  
 Laury Hamel

*(A nationally ranked tennis player and 6-1' 10" pounds overweight)*

# THE INSIDER SPEAKS

• EDITORIALS • "INSIDER MAIL" • COMMENTS •

Norm Cates, Publisher  
The Club Insider  
March 30, 1999

Dear Friend,

I looked for you at the Trade Show in San Diego. Didn't make the meetings as I only had a quick day out there.

I'm sending you this (enclosed) deck of cards as a symbol of what Las Vegas does when someone 'shills' for them.

Please know I love you, brother, and enjoy your newspaper and its content.

However, I really feel that I was receiving quite an advertisement for the past issue, which was covered with Bally's - from start to finish. Seriously, I hope you weren't taken advantage of, but a group of us here in the Chicago suburbs feel you sent us a Bally's propaganda issue! Yes - you covered their early weaknesses and their recent public relations helps - but to wrap the entire issue in their logo and Front Page? 50% plus took up the issue. My staff almost threw it away, thinking it was an Advertisement-Commercial.

I personally don't see any of these major changes occurring around this market. We continue to prosper when their members realize there is something nicer, cleaner and less intimidating, and professional.

However, I'm getting too old to fight issues and 'shoveling sand against the tide' is too strenuous battling all the Y's, hospitals and Park Districts. I now feel IHRSA should just be "The" Association to represent the industry and do away with all the hypocrisy that exists among its members and leaders (So called).

I remember well, the opening gettogether of an IRSA Board Meeting in Vail, Colorado many years ago when the 'heavy hitters' from Ballys and Alan Schwartz tried to intimidate us. Several of us did give our emotional response that evening which then grew to the Association coming of age and speaking up - in New Orleans.

I felt, at minimum, a bit intimidated by your issue and their cover advertisement - the timing of it - coincidence or not - so I'm just showing my personal opinion.

So what, where does Bally stand with the general membership? You're one of the Advisory Board Members. What is the consensus?

Norm - keep the content thought-provoking as that is what separates your paper from those I do not purchase. "But, don't be like my wife and sit and enjoy free play at the gambling table and then get all the \$\$ back for bringing in a crowd." (Of course, her looks had something to do with it, I hope).

Your friend,

Gary Taylor  
Continental Athletic club  
Rolling Meadow, IL

April 19, 1999

Mr. Gary Taylor  
Continental Athletic Club  
Continental Towers  
1701 Golf Road  
Rolling Meadows, IL 60008

Dear Gary,

Thanks for the deck of cards and interesting and 'thought provoking' commentary on our February edition of The CLUB INSIDER News.

I read with great interest your letter to me dated March 30th. Your input is important, so I've taken the liberty of transcribing your hand-written letter into easily readable type. I've also responded to your comments with the sincere hope that maybe, just maybe, your mind is not so closed that you won't give the article a fair and honest review with the concept of UNDERSTANDING what I was really saying. So, with that in mind, here are my responses to your words:

(1) I used the Bally Total Fitness logo on our February cover because Lee Hillman declined the opportunity to have his photo appear there. Gary, did you even notice the title of the article? Bally Total Fitness Then and Now?

(2) The February edition was not intended to be as you have characterized it, "A Bally's Propaganda Issue." To the contrary, my work was intended, not as an outright endorsement of Bally's admission into IHRSA, but instead, a serious chronicling of the history of Bally Total Fitness and a suggestion to IHRSA members that 13 years have passed since that meeting in New Orleans and both Bally and IHRSA have changed. If you will just take the time to objectively re-read the article, I think you will realize that is just what I did. I reviewed the history of the BTF organization, including a brief summary of Bally's legal problems. And yes, I covered new information about the path that Bally Total Fitness is now on.

(3) You indicated that "I don't personally see any of these major changes occurring around this market." Well Gary, tell me honestly. How many Bally Total Fitness clubs have you visited lately? Have you been to any of the clubs Bally is remodeling and re-equipping, such as the one in Deerfield, IL? Have you visited the Bally Total Fitness club on 87th St. in Chicago, a very nice facility built in an entirely black neighborhood? Are you aware of the scholarship programs that Bally Total Fitness is sponsoring? What about the equipment donations that Bally has been making to schools and recreation centers nationwide?

(4) You state: "I felt at minimum, a bit intimidated by your issue and their cover advertisement - the timing of it - coincidence or not - so just sharing my personal opinion." I can only ask you Gary, "why would you feel intimidated about learning something new, even if it might be in opposition to something that you have become so comfortable believing and remained so closed minded about?" My feeling is that you feel that way because your mind is so tightly closed to any viewpoint that might differ from your own. If everybody in our industry had such closed minds as you do, it would have been very detrimental to our success because change has been a real key to our now booming industry. Change can only happen when those involved have open minds and are willing to listen to new ideas and look at the POTENTIAL for events that might be in opposition to their current beliefs. For example, where do you think the industry would be today had club owners not been willing to consider switching their clubs from just racquet facilities selling hourly court time to multi-purpose sports clubs selling monthly dues memberships? Instead of 14,100 clubs nationwide we would probably have 4,100 like we did 20 years ago.

(5) You ask, "What, where does Bally stand with the general membership? You're one of the Advisory Members..what is the consensus? Funny you should ask. At the IHRSA San Diego Convention we had a meeting of the Advisory Board and the IHRSA Board of Directors to discuss the possible admission of Bally into IHRSA. Because I attended that meeting as a member of the Advisory Board and not as a member of the press, I can't disclose what was discussed that day. In fact, if I do, I fully expect to be hung from the highest tree by our beautiful IHRSA President, Annbeth Eschbach! However, my personal opinion and answer to your question is that I don't think there is any consensus amongst the IHRSA membership because they have not thought much about the idea for 13 years until I brought it up during 1998 and in my February edition. However, I have spoken to a lot of non Board/Advisory Board IHRSA members who are now O.K. with the idea. In fact, that is exactly why I have brought the subject to the attention of the Association and the industry in general. Which leads to my final item;

(6) You remind me, "Norm, keep the content thought-provoking as that is what separates your paper from those I do not purchase. But, don't be like my wife and sit and enjoy free play at the table and then get all the \$\$ back for bringing in a crowd."

Gary, I looked up the word 'shill' that you used in the beginning of your letter to me. Webster's defines 'shill' as: "One who works as a decoy, as in a confidence game, by posing as a customer or an innocent bystander."

You have taken the time to write a letter to me questioning my personal and business integrity, criticizing my work and accusing me of acting as a 'shill' for Bally Total Fitness. I suppose I could become inflamed by such a communication, but I won't. I just realize that insulting comments such as yours will happen and I must accept that reality. I hope that wasn't your intent.

However, let me just say that since you have known me for 20 years to be a straight shooter who has always spoken candidly to members of the Association since day #1, I can only wonder how and why you could reach a conclusion that I would now begin to purposely do anything that could

(See RESPONSE page 7)

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# NORM'S NOTES

**Y**es, a GREAT time was had by all! **The 18th Annual IHRSA Convention and Trade Show** is now history. And, what a show it was! 3,700+ club professionals attended the educational seminars presented by over 125 speakers. And a record number of over 10,000 attended the Trade Show! All the vendors seemed happy with the Trade Show and the prospects for new business generated there. And, as you will read in this edition, the IHRSA leadership announced a number of new initiatives targeted to advance the industry for the next 10-12 years. Make plans now to attend the 19th Annual Convention and Trade Show in San Francisco next March. For IHRSA membership and convention information contact IHRSA at (800) 228-4772 ask for Meredith Ext.129 or Jill at Ext. 109. You'll be glad you did! Oops, almost forgot! If you missed the convention or were there and couldn't hit all the sessions you hoped for, you can order tapes of most of the presentations by contacting InfoMedix at (714) 530-3454. Be sure to tell them Norm sent you!

\*My old friend, **BOB PROVOST**, owner of the **Greenville Racquet and Fitness Club** in Greenville, S.C. tells me the \$1.5 million investment he made in expanding and totally remodeling his club to look like

new is really paying off. Assisted by the **Sales Makers, RAY GORDON** and **EDDIE TOCK**, Bob's club is increasing membership at the rate of 100 per month net after all cancellations! It won't take long at that pace for Bob to reach the promised land he has wished for over the past 20 years. Congratulations Bob and team!

\***MARK SMITH**, the CEO and President of **Town Sports International**, owners and operators of the **New York Sports Clubs**, gave me a videotape while we were in San Diego which had six of their 30 second TV spots on it. Very creative. Very humorous. And, I'll bet very productive. One of the ads was particularly humorous and was entitled "**Viagra**". The scene was a shot of an elderly couple in bed and showed the man taking a Viagra tablet. The next shot after he swallowed the pill showed him glancing down under the covers and immediately flashing a huge smile. Then he turned to his wife with a smile and lifted the covers for her to check it out. She smiled and the scene ends with the couple happily disappearing under the covers while a caption stating: "Too bad there isn't a pill to take to make the rest of your body hard," appears on the screen. Some might take offense at the ad, but personally I thought it was terrific and of great humor. Now, since I'm writing about advertising, this leads me to my next note.

\*Last month I published an article entitled: "**Here Come The** change vote by the Board was rescinded and not long after, the Board voted to add the word **HEALTH** to the **IRSA**, making a name that will last forever, **The INTERNATIONAL HEALTH, RACQUET AND SPORTSCLUB ASSOCIATION**.

Now I think it is very important for **YOU** and **INTERESTED IHRSA MEMBERS**, to **REREAD** entirely my Bally article in our February, '99 edition. You will note that I stated and I QUOTE from our February edition: "Well, I'm on my soapbox again. This time it is not to unequivocally endorse the admission of Bally Total Fitness into IHRSA. Instead, I am simply saying that I think now is the time for the Association to get to know the Bally Total Fitness organization better and to **CONSIDER** admission of BTF into IHRSA." Please NOTE. I did not suggest any timetable, but suggested simply that I think the process should be started. That happened at the meeting in San Diego, so my request has been granted as far as I am concerned. Please understand that such a significant step

**Aliens!**" It was a commentary on the now famous **24 Hour Fitness** billboard erected in San Francisco. I quoted IHRSA Executive Director, **JOHN MCCARTHY** from the **24 Hour Fitness** website. One IHRSA member and **CLUB INSIDER** News subscriber, **LAURY HAMEL**, took extreme exception to John's quote and to my attitude on the billboard as well. This edition carries a reprint of a letter written by Laury Hamel to John. The letter criticized John's support of the **Alien Billboard**. Let me say that I agree with both John and Laury in respect to their positions. I agree with John because he honestly expressed his opinion. I agree with Laury because I think he has written a terrific piece on the subject of obesity and I think that will help educate others on the topic. I disagree with Laury's criticism of John on the grounds that in my opinion, if that billboard out there in California and all of the press it got, saves just ONE life of an obese person that is influenced to think of their condition and does something about it, it will well be worth it. And **24 Hour Fitness** will continue to do just fine.

\***ISSA, The International Sports Science Association**, based in Santa Monica, CA. Has produced a terrific new '**BASIC TRAINING MANUAL**'. It is a basic fitness training manual for all health club employees. We will have a review of the manual in our upcoming edition in May. Or, if you would like

for the IHRSA Association must be carefully considered and that process could easily resemble a marathon instead of a sprint. But, in the end, I believe that the bright and open minds of IHRSA will prevail and that the best thing for the Association will ultimately happen, regardless of what the end result is. I have no ax to grind on behalf of BTF. It is just that I have learned enough about BTF's Lee Hillman and his Executive Management Team to believe in the changes they are making and the results those changes will produce.

In closing, old friend, I forgive you for questioning my motivations and integrity relative to the February edition of **The CLUB INSIDER** News. I forgive you because I recall from years of our friendship and knowing you that you are an honest and straight forward fellow who has expressed his feelings consistently. And you haven't changed. Gary, please just keep one thing in mind. I have NEVER said or done anything in my 18 year relationship with IHRSA that has not been, in my mind, in the best interest of the

information on the Manual and associated training now, contact ISSA at: (800) 892-ISSA.

\*Speaking to **TERRY ROGAN** after the IHRSA Convention about the new **IHRSA 50 Million Members By 2010** book, I learned a fact that is stunning and summarized by this quote from Terry: "It is absolutely disgusting that there is only one state in the union, Illinois, that **REQUIRES** physical education in schools." Now there, is an excellent target for IHRSA's governmental efforts to target. Getting physical education installed back in schools as required curriculum.

\***RAY WILSON** gave a speech at the **IHRSA Global Summit** in which he encouraged club owners to move their clubs to monthly dues if they have not already. He was very candid in his presentation, in essence stating that during his 50+ year club industry career he had tried everything and had made every mistake possible, including sales of "**Lifetime Memberships**." He told the audience that they should learn from his mistakes and make every effort to move to monthly dues. Ray also announced that now that he has sold his interests in Asia to 24 Hour Fitness (Fitness Holdings, Inc.), he plans to start a chain of health clubs in South America and is looking for four partners to cover the several countries there that he is targeting. If you would like to become

one of those that has benefited greatly financially by becoming one of Ray's partners (and there are a lot of people that have become millionaires as Ray Wilson's partners), give me a call and I'll pass your name and phone number on to Ray. Ray will continue his involvement with his sons **PERRY** and **PACKY** in Tampa, Florida and Columbus, Ohio.

\*Best of luck to young, **GREG SHAPIRO**, the **Director of Associate Membership for IHRSA**. Greg is leaving the Association after 10 years to become involved in the life insurance industry in Portland, Maine. Greg has done a terrific job at IHRSA, working his way up the ladder to one of the top positions in the organization.

\***JUDI SHEPPARD MISSETT**, the **Founder of Jazzercise** is celebrating the 30th Anniversary of Jazzercise with **JAZZERJAM '99** in San Diego, August 5-8th. Congratulations to Judi who was recently honored by **Working Woman** magazine as a regional finalist in the "Socially Responsible" category.

Congratulations to **SportsNation**, Portland, OR., **Lake Shore Athletic Club**, Chicago, IL., **Australian Body Works**, Atlanta, GA., **Club One**, San Francisco, CA. and **The Sports Center at Chelsea Piers**, New York, N.Y., as they were named **Shape Magazine's** Top 5 health clubs in the U.S.!

## Response...

continued from page 6

possibly be detrimental to my good friends who are members of IHRSA worldwide! For example, when IHRSA's leadership attempted to change the Association name to **Exercera** in 1993, I wrote then in our December, 1993 edition of **The CLUB INSIDER** News: "IF THE MEMBERS APPROVED OF IT AND WANTED IT TO WORK, it would work." Well, they DIDN'T LIKE THE NAME, nor did they want the name of the Association to be changed to **Exercera**. I proceeded to publish the messages from the 'opposition to **Exercera**' and through those efforts and the dedication of those IHRSA members that cared, we convinced the IHRSA Board of Directors to have an 'Open Forum' Membership Meeting at the 1994 IHRSA Convention in Reno, Nevada. 41 people stood to speak at that meeting in opposition to the name change. One (1) stood and spoke in favor of it. The name

Association and its entire membership. And, I don't plan to start.  
Very sincerely yours,

Norm Cates, Jr.  
Publisher and Editor  
The **CLUB INSIDER** News  
1st IHRSA President - 1980/81

Norm Cates' **THE Club Insider** NEWS

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# TOM MORRIS PROVIDES IHRSA CONVENTION ATTENDEES WITH A FORMULA FOR TRUE SUCCESS!

**San Diego, CA.** - As if the folks attending to IHRSA Convention and Trade Show had not received enough motivation when John McCarthy of IHRSA announced the IHRSA/FPC initiative to increase U.S. membership to 50 million and worldwide membership to 100 million, along came Tom Morris. Morris is the Founder and Chairman of the Morris Institute of Human Values. He provided a presentation at the 18th Annual IHRSA Convention that will rank as one of the top ever. His topic, entitled: "The Seven Cs of Success" is summarized here.

## TRUE SUCCESS New Philosophy of Excellence

By Tom Morris

From Plato and Aristotle to the present day, the wisest people who have ever thought about personal achievement and excellence have left us bits and pieces of powerful advice for attaining true success in our lives. I have put them all together as a framework of seven universal conditions which I call "The Seven Cs of Success". To build a business, grow a family or change a life, these are the things you always need. Teach them to your associates, pass them on to family members and

put them into the hands of your clients for their personal success.

For the most satisfying and sustainable forms of success in our lives, we need:

- (1) A clear **CONCEPTION** of what we want, a vivid vision, a goal clearly imagined.
- (2) A strong **CONFIDENCE** that we can attain that goal.
- (3) A focused **CONCENTRATION** on what it takes to reach the goal.
- (4) A stubborn **CONSISTENCY** in pursuing our vision.
- (5) An emotional **COMMITMENT** to the importance of what we're doing.
- (6) A good **CHARACTER** to guide us and keep us on a proper course.
- (7) A **CAPACITY TO ENJOY** the process along the way.

Ethos (ethics) - Character Rules

**C7 Advice for experiencing True Success:**  
Enjoy Thyself!

The Periodic Personal **7C Check-Up**  
Check-Up Date: \_\_\_\_\_

It's a good idea on a regular basis to test yourself on your ongoing 7Cs performance. Many of us who are successful usually satisfy at least five or six of these conditions relatively well, but we often come to realize when we really think about it that we are slacking off on one or two of these crucial facilitators of success. Rank yourself for each of these conditions with respect to any enterprise, endeavor or relationship, with whatever frequency is most appropriate for you - weekly, every other week, monthly or quarterly. Less frequent monitoring is much less helpful.

Before you date and use this form, you may want to make two copies of it to use at future dates. Then go ahead and commit to the next date for your next checkup and write it in on the first copy of the form. Then, when you are ready for your third checkup, copy the third form, and you will be able to continue to repeat this process.

Circle the number that applies to you, "0" representing the lowest possible self score and "10" the highest.

**(C1) CONCEPTION**  
I have a clear conception of what I am pursuing in my activities. 0 \_\_\_ 1 \_\_\_ 2 \_\_\_ 3 \_\_\_ 4 \_\_\_ 5 \_\_\_ 6 \_\_\_ 7 \_\_\_ 8 \_\_\_ 9 \_\_\_ 10 \_\_\_

I have a vivid vision for what I am doing which appeals to my imagination. 0 \_\_\_ 1 \_\_\_ 2 \_\_\_ 3 \_\_\_ 4 \_\_\_ 5 \_\_\_ 6 \_\_\_ 7 \_\_\_ 8 \_\_\_ 9 \_\_\_ 10 \_\_\_

**(C2) CONFIDENCE**  
I am confident in my ability to attain my current goals successfully. 0 \_\_\_ 1 \_\_\_ 2 \_\_\_ 3 \_\_\_ 4 \_\_\_ 5 \_\_\_ 6 \_\_\_ 7 \_\_\_ 8 \_\_\_ 9 \_\_\_ 10 \_\_\_

I display a confident at-



**Tom Morris**

titude in an appropriate way and help to bolster the confidence of the people I'm working with. 0 \_\_\_ 1 \_\_\_ 2 \_\_\_ 3 \_\_\_ 4 \_\_\_ 5 \_\_\_ 6 \_\_\_ 7 \_\_\_ 8 \_\_\_ 9 \_\_\_ 10 \_\_\_

**(C3) CONCENTRATION**  
I am focused on the next steps I need to take to reach my goals. 0 \_\_\_ 1 \_\_\_ 2 \_\_\_ 3 \_\_\_ 4 \_\_\_ 5 \_\_\_ 6 \_\_\_ 7 \_\_\_ 8 \_\_\_ 9 \_\_\_ 10 \_\_\_

I am regularly taking action to implement my plan. 0 \_\_\_ 1 \_\_\_ 2 \_\_\_ 3 \_\_\_ 4 \_\_\_ 5 \_\_\_ 6 \_\_\_ 7 \_\_\_ 8 \_\_\_ 9 \_\_\_ 10 \_\_\_

**(C4) CONSISTENCY**  
I am regularly monitoring my behavior for consistency with my goals and deepest values. 0 \_\_\_ 1 \_\_\_ 2 \_\_\_ 3 \_\_\_ 4 \_\_\_ 5 \_\_\_ 6 \_\_\_ 7 \_\_\_ 8 \_\_\_ 9 \_\_\_ 10 \_\_\_

I am seeking to help make sure that everyone whose actions are involved in the process of attaining this goal is as consistent as possible in their work toward this end. 0 \_\_\_ 1 \_\_\_ 2 \_\_\_ 3 \_\_\_ 4 \_\_\_ 5 \_\_\_ 6 \_\_\_ 7 \_\_\_ 8 \_\_\_ 9 \_\_\_ 10 \_\_\_

**(C5) COMMITMENT**  
I am emotionally committed to the importance of the goals I'm pursuing. I think about and feel their importance. 0 \_\_\_ 1 \_\_\_ 2 \_\_\_ 3 \_\_\_ 4 \_\_\_ 5 \_\_\_ 6 \_\_\_ 7 \_\_\_ 8 \_\_\_ 9 \_\_\_ 10 \_\_\_

I am emotionally committed to the importance of the other (See Morris page 28)

### NOTES ON THE 7Cs

**C1 Advice for Powerful Goal Setting:**

Know thyself!  
Do not allow what is good to be the enemy of what is best.

#### The Anatomy of Goals

Fantasy  
Desire  
Goal

**C2 William James on Confidence**

Precurse Faith- Faith running ahead of the evidence.

**C3 Zeno on Focus: Divide and Conquer**

Start — Halfway Point — Goal

**C4 The Etymology of "consistency": To stand together**

The 3-Fold Diagnosis of Persistent Inconsistency:  
Ignorance  
Indifference  
Inertia

**C5 The Dual Significance Principle**

Every job productive of any good can be given a trivial description or a noble description. The only source of ultimate motivation is a noble conception of what we are doing.

**C6 Aristotle on Masterful Salesmanship - Master 3 Things:**  
Logos (logic) - Know your stuff

Pathos (passion) - Exercise Emotional Intelligence



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A F F I L I A T E D   A C C E P T A N C E   C O R P O R A T I O N

## ...50 Million

continued from page 3

American adults - have been classified by the National Institute on Health as carrying so much extra poundage that their weight constitutes a serious threat to their health. It means that 148 million American adults have now been classified as "clinically obese." As such, they are substantially more vulnerable to almost every conceivable health problem. And it means, says Dr. Gordon Jensen, Director of Clinical Nutrition at Vanderbilt University School of Medicine, that obesity, which is now killing over 300,000 Americans every year, is a "crisis of epidemic proportions."

Forces of Inactivity were also cited in the Forward Section of the book as key causes of America's fat problem. Forces such as the American educational system that has progressively abandoned its commitment to daily exercise for children age six to 18, America's food industry and its relentless spending of billions of dollars ev-

ery year urging Americans to eat and drink more and to snack every chance they get, America's television industry, the American auto-dependent culture and the American computer dependent work force were all cited as contributing factors to our fat problem.

The Forward Section of the 50 Million Members By 2010 book ends with: "And so here lies the great challenge facing America's health club industry: To prepare itself to resist immense cultural forces which, left to their own inexorable ways, would drag the country down into a collective lifestyle consisting of two primary activities: sitting and eating. It is in the context of this immense challenge that IHRSA and SGMA launch their 50 Million Member Plan."

The 50 Million Plan was preceded by two events that changed the way the fitness industry perceived itself and its potential. On July 11, 1996, the Surgeon General of the United States released a first-ever report

on the benefits of physical activity and health dangers of sedentary living. Second, in early 1998, IHRSA's annual membership number report showed that U.S. health club membership was approaching 25 million members! Encouraged by these numbers McCarthy and his team began to assess the future growth potential of the industry. It was at that time that the goal of doubling the size of the industry by 2010 arose and the goal of 50 Million Members By 2010 was established. The subsequent alliance between IHRSA and SGMA brought fitness club owners and fitness equipment suppliers together to achieve the specific objective of 50 Million by 2010.

The 50 Million Members By 2010 Report, a collaboration of IHRSA and the FPC has four purposes:

- 1) To set forth the common objective of the two organizations.
- 2) To define ten major growth opportunities which are currently available to the fitness/wellness industry.
- 3) To prioritize these opportunities in terms importance and the industry's ability to grasp them.
- 4) To identify specific initiatives aimed at providing the industry with the tools and resources it needs to generate health club membership growth.

### CLARIFYING THE OBJECTIVE

The Report contains information set forth in Chapter 1 which is vital to the cooperative spirit between IHRSA and SGMA. Pages 8 and 9 contain an

explanation of the relationship between IHRSA, SGMA and the INDUSTRY. We quote those pages verbatim here:

### IHRSA, SGMA and the INDUSTRY

The health club industry is larger than IHRSA and larger than the Fitness Products Council of SGMA. Both of these organizations are only parts of a fast-growing, multi-faceted industry. Nonetheless, these two groups have come together to post and pursue and industry objective. The number 50 million, around which this campaign is launched, refers not only to commercial club membership, but to membership in all types of fitness venues. These include membership in corporate fitness centers, YMCAs, Jewish Community Centers (JCC), college and university facilities, public recreations centers, etc...

The commitments to such inclusiveness, itself, raises two immediate questions. First: Why are IHRSA and the SGMA interested in industry growth? Wouldn't it be better, and more appropriate for trade associations, to focus only on the growth of their own specific industry segments? For example, shouldn't IHRSA focus only on the growth in commercial club membership, revenues, and profitability and forget about overall industry growth? And shouldn't SGMA focus solely on growth in institutional fitness and home fitness sales? Why bother about the growth of the industry as a whole? Why bother about health clubs?

The answer to both of these questions is a matter of BE-

LIEF. IHRSA and SGMA believe that INDUSTRY growth is a fundamental and essential condition underlying the long-term growth opportunities of the specific industry segments they serve. IHRSA and SGMA believe that unless the industry as a whole is growing it is unlikely that their specific segments of the industry will continue to grow for long. IHRSA and SGMA also believe that if the industry as a whole is growing, the specific segments that they serve will get more than their full and fair share of this growth. To give one example: between 1987 and 1997, U.S. health club membership grew from 13.7 million members to 20.8 million members. (F1.2). At the same time, the tax-paying facility share of that market grew from 60% to 66% (Figure 1.2).

Figure 1.2- Total U.S. membership growth 1987-1997  
 1987 - 13.7 million members  
 1997 - 22.5 million

Figure 1.3- Tax-Paying Market Share  
 1987- Tax exempt -40%  
 Tax paying -60%  
 1997- Tax exempt -34%  
 Tax paying -66%

In short, during that 1987-1997 period not only did the industry grow, but the tax-paying segment of that industry prospered substantially more than any other segment.

The second question raised by this initiative is this: Who gave IHRSA or SGMA the right, or the authority, to articulate and spearhead an industry-wide initiative? Wouldn't it have been far better if the development of this initiative had involved all industry segments, and not just IHRSA and the SGMA. Clearly, this might have been preferable. On the other hand, at this stage of the industry's development, the process would have been much more cumbersome, and the result might have been much less focused. To wit: IHRSA and SGMA are both trade associations. Their focus has always been on the business of fitness. Their goals have always been to grow this business. For this reason, IHRSA and SGMA can easily and naturally embark on a growth initiative that would prove far more circuitous, complex and time-consuming to other organizations.

The growth opportunities delineated in this preliminary report, as well as specific initiatives designed to leverage them to the fullest, are stated here openly and without reservation. We believe that in reading this Report it will become clear that everybody stands to gain when all existing segments of the industry pursue the growth opportunities that are accessible to them. Indeed, today's corporate fitness center member

(See 50 MILLION page 14)

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# IHRSA Report

continued from page 12

Vice President of SGMA and the Executive Director of the Fitness Products Council."

## GREG HARTLEY, VICE PRESIDENT OF SGMA ADDS

"It's a pleasure to be here this evening on behalf of the Sporting Goods Manufacturing Association and our 2,000 member companies. And specifically our Fitness Products Council and our 180 companies that are fitness equipment manufacturers. About 8 years ago SGMA and IHRSA started partnering on projects because we thought that would be a good way to go. I remember specifically in the first year of the Clinton Administration that we

worked closely with Helen Durkin and Tom Scanlon and John McCarthy and we had language put into the ill-fated health care bill that Hillary Clinton pushed so hard to pass. If that bill had been passed, it would have assured us of a prominent place in the health care industry in the future. We then went on and worked on the Surgeon General's Report and kept pressure on Health, Education and Welfare to produce the Report. Then, we produced materials and disseminated them to help people interpret and use it. Then early in 1997 the Board of Directors of IHRSA and the Board of Trustees jointly committed \$1 million to fund an Ad Council program. The Ad Council program was designed to get young people involved in fitness. Out from in front of the computer and out of the malls and out doing things that are more active. Now we are moving into the

50 Million By 2010 program. People ask me why we did this partnership. My initial reaction reminded me of a conversation that happened last year in New York at a financial analysts meeting that SGMA sponsored. Eli Callaway the Founder and President of Callaway Golf Equipment was up in front of 150 financial analysts in New York City. Financial analysts are the people in New York who say whether your company is going to perform or not perform. They basically set the stock prices of your company. They can make or break you. After about an hour of Eli convincing this room of financial analysts they should recommend Callaway as a wonderful buy, Eli took questions from the analysts. A rather precocious young analyst stood up and asked, 'Mr. Callaway if your company is such a good buy, why did you sell 700,000 shares yesterday? Eli took a second and looked at the young man and said, 'because I wanted the money.' We don't do this because we want the money. We do this because we have an altruistic bent and we want people to get involved in fitness and exercise. I think that the ads that the Ad Council created in 1997 is a good example of that. (Two minutes were used to show the four public service advertisements created with the \$1 million investment). The reason I wanted to show you these ad spots is because this is what a good partnership can do. As I mentioned earlier, the two organizations invested \$1 million in this program. Seventeen months ago the first ad ran October, 1997 and through the end of February, 1999, those four ads have accumulated advertising value of over \$38 million worth of air time! A \$38 return for every \$1 we spent. What our two Associations have created is a \$2.4 million advertising network and cable television budget for our industry every month since we

put the program in motion! I think that is indicative of the kind of success we can have working with good partners and that's the reason why we are so excited about working with IHRSA and going forward with the 50 Million By 2010 program."

## JOHN MCCARTHY CLOSED WITH THE FOLLOWING

"I think you can see why Greg is such a good partner to work with.

Once again our objectives in this launch are 50 Million U.S. and 100 Million Worldwide by 2010. Our secondary objective is to increase our share of the market, our tax-paying share of the market from 66% to 80%. When you read this book, it's an easy read, I think you'll see the ten opportunities we have for growth are absolutely humongous. We have five immense markets all of which are ripe for us to go after and we are developing five strategies and new programs to address each of these major initiatives. The challenge is for us to increase the compound growth rate of the industry. Over the last 10 years it was 4.77%. In the next ten years we want to take it up to 7.11%. The reason why we are so confident we can do that is that in 1996, 1997 and '98 we've averaged better than 8%. As Greg said, 'This is an everybody wins goal. If we do this, club owners win, club managers win, club suppliers win, the economy wins, the country wins and indeed, the world wins. It is a privilege and a pleasure to be part of this.'

## STATE OF THE INDUSTRY FACTS AND FIGURES

(Reprinted Courtesy of IHRSA)

The Scope of the U.S. Health Club Industry  
 Number of Clubs - 14,100  
 Number of Health Club Members - 29.5 Million (Revised pursuant to new information received

from American Sports Data immediately before IHRSA San Diego Convention, March 24-27, 1999).

- Number of U.S. IHRSA Member Clubs - 2,872
- Number of Members in IHRSA Clubs - 6.7 million
- Total Industry Revenue - \$9.6 billion
- Number of Full-time Employees - 141,000
- Number of Part-time Employees - 564,000

U.S. Health Club Industry Revenue Growth (Industry estimates at the beginning of each calendar year.

- 1994 - \$7.3 billion
- 1995 - \$7.75 billion
- 1996 - \$8.25 billion
- 1997 - \$9.0 billion
- 1998 - \$9.6 billion

Who Is The Health Club Member of 1999?

- An Older Health Club Membership:
  - 41% - 18-34 years of age
  - 38% - 35-54 " " "
  - 12% - 55+ " " "
  - 9% - 6-18 " " "

Health Club Membership By Gender:

- Men - 47%
- Women - 53%

Health Club Membership Participation By Geographic Division

- New England - 9.2%
- Middle Atlantic - 8%
- East North Central - 7.6%
- West North Central - 7.8%
- South Atlantic - 8.8%
- East South Central - 6.3%
- West South Central - 8.5%
- Mountain - 9.5%
- Pacific - 11.5%

Reason People Left Their Club:

- 29% - Situational (i.e. moved, injured, etc.)
- 25% - Club-related (i.e. overcrowded, poor management, etc.)
- 24% - Personal (i.e. lost motivation, etc.)
- 22% - Money-related (i.e. not a good value, etc.)

of its own members.

## THE REPORT CONTINUES

The information above was excerpted from the Report Part I - Establishing the Objective Forward Section and Chapter One. The Report totals 90 pages and includes the chapters and content shown below. To obtain a copy of 50 Million Members By 2010 and we urge you to do so, contact IHRSA at (800) 228-4772.

(See 50 MILLION page 18)

## ...50 Million

continued from page 10

may well be the commercial club member of tomorrow, and vice versa. And those who frequent recreation centers today may well become the corporate fitness center devotee of tomorrow. In some respects, every part of the industry wins whenever anyone joins any type of club.

Still, in this business, as in every service business, execution is everything. Going for-

**If You Are Going To Buy Fitness Equipment And Spend \$40,000, Give Us Only \$25,000 To Complete The Same Order. Even If You Only Need One More Treadmill And Expect To Pay \$4,500, Give Us Only \$2,500 For The Same Kind Of Treadmill !**

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### Worldwide Fitness Will Help Your Business Cut Overhead Expenses.

Based on the premise that buying fitness equipment is a business expense. Based on the fact that reducing the COST of doing business directly improves bottom line profits. We look at you as a business operator, not as a place to showcase our fitness products.

Worldwide Fitness offers fitness center products that have already depreciated in value. We provide you a consistent supply of 'Bank Repossessed', 'Refurbished', 'Brand New', 'Factoryblemished', 'Discontinued Closeout', and 'Surplus' gym fitness equipment.

### We Know Business owners Wanted To Save Money On Operating expenses To Free Up More Capital For Advertising.

If you can save \$30,000 when buying fitness equipment and add this new found capital to your advertising and marketing budget, you will see exponential growth in cash flow and profits. A health club can turn a \$30,000 savings into 200 new members. If you make \$350 per new member in the first year, that's \$70,000 added to gross profits. This is new found money over and above what you are currently doing. Could your business use an extra \$70,000?

### We Invest Over \$250,000 Every Month To Assure You Save Money.

The whole operation is a huge undertaking. With over 20 employees and a monthly payroll of \$50,000. More than \$30,000 in building leases. Over \$20,000 a month is spent on replacement parts to refurbish the equipment. The cost to buy this depreciated equipment is over \$150,000. The point is we have made the necessary investments to insure a consistent and reliable product for you.

We've put ourselves in a position that forces us to perform for you or we don't make a profit. I'm not trying to impress you but I want you to see our commitment. We must satisfy you so you will buy from us on your next fitness room project and refer more customers to us. We can't service this huge overhead without repeat business.

### Guaranteed To Look Like New, Work Like New, Last Like New, And Make Everybody Think You Paid Full Price.

When our client's come see our National headquarters in Orange, California, they're amazed. They enter our gigantic warehouse with over 1,000 machines on racks 3 stories high. It looks like 50 health clubs went out of business and we bought all their inventory. When we tour them through our state-of-the-art remanufacturing facility, they say they've never seen anything like it. When they see our finished product they think it's their brand new, and after we convince them that it is not, they say they will never buy brand new fitness

equipment again.

We warranty this equipment, give you a National service technician network, and give you 24 hour technical information on our award winning website. You see, the only equipment we sell is the top brands: LifeFitness, Cybex, Stairmaster, Trotter, Precor, Star Track, Paramount, Teatrix, Quinton and others. These manufacturers have built a national service network that we have access to when our customers need service. It's as easy for us to repair a treadmill in New York as it is in California. We take care of your business.

**We Have Over 1,000 Happy Customers That You Can Speak With To Give You Buying Confidence**  
 In today's business climate you have to protect yourself from mis-information. You can't take advertising statements as fact. We understand this, and make accessible to you our past customers so you can make your own judgements, we don't want you to make a mistake. We want to make sure this is the right buy for your business.

**"Worldwide Fitness Saved Me Over \$150,000 And My Maintenance Staff Still Thinks The equipment Was Brand New, I Don't feel I Sacrificed Anything. I Will Do All My Future Purchases With Worldwide.**

**Call Me If You Have Questions"**  
 (Mike Boccein is the CEO of 5YMCA's in Alabama)

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Sincerely Steve Paterson  
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## IHRSA Report

continued from page 3

unparalleled numbers in the history of our industry.

My second point tonight is the emerging consumer out there. Despite the fact that we've grown at a rapid pace we must recognize that only 8.5% of the population belong to health clubs. As we all learned from the Surgeon General's Report of 1996, there are 148 million that are considered categorically inactive. 25% or 68 million people are sedentary. Our greatest challenge in the next few years is getting this population into health clubs. Its great to cater to the people that are in shape, but our industry mission must simply be to get people active or not. If we tap the inactive market, Katie bar the doors by 2010. We'll bust 100 million easy. You'll have a whole group of consumers above and beyond your current membership that want to use your facility. And just to support this, I'd like to show you the Yankelovich Monitor that was released in 1998. Yankelovich performs in-house interviews with customers around the world to try to identify trends and attitudes that are happening. Look at what the priority concerns are for our potential members. The highest priority in their life is #1 their FAMILY, #2 their current health, #3 their future health, #4 their spiritual well being and #5 their physical appearance.

I would venture to say that based on our industry, with these lifestyle trends in place, who should be bringing more people to health clubs? I think your aggressiveness at getting these individuals into your facility is the key over the next several years. What they want is relatively simple. They want a safe, comfortable, encouraging environment to work out in that helps them transition to this new lifestyle. This new healthy lifestyle. I see this and I'm sure that each of you see this as an opportunity that can't miss. Never before in our industry has the iron been so hot with individuals seeking and wanting our service.

Third, and probably most important, is we need to continue to have a consistent message in your local community. The health club of yesterday was a stagnant free standing structure where we expected people to come to us. Today, health clubs more than ever need to be a vital part of the community. Many of you have done a fantastic job becoming a community fixture. However, we have not as an industry adopted a synergistic mes-

sage or approach to the consumer that they recognize on a market by market or national basis. Too often we are out there fighting a war with a series of message that can be seen as confusing to future members. I would challenge you all to find the emotional 'hot buttons' together that we could build this industry on both a local basis and a national basis. By doing so the local health club will be regarded as essential to the community as the local gas station or grocery store, a library or even a church or synagogue. It will be something that needs to be in every town in the United States. When we build our industry to that point we'll have 100 million members. By becoming the health advocates in your community you will see the fruits of your labor by more members simply walking in the door. So be active in your community. Be consistent and continuous with your message and your approach. You know, we've heard it from a lot of speakers tonight that we are all really blessed. Very rarely in history has an industry had a chance to make a significant impact on so many people. We, by improving the lives of the people of coming into our facilities are making them healthier, happier and we're improving their lifestyle. I like to say that the best gift I give my family every day is the one hour investment in a health club. By staying fit I'm a better husband, a better father, a better worker and am a more active contributor to my community. Each of you, I am sure can tell the same story. What being fit means to you and what it means to your life.

We have a wonderful and appealing message to tell all these people out there seeking exercise. Take advantage of the opportunities that you will see in this year's report. Its up to you to make it work. And, I hope by the Year 2010 we're laughing about the 100 million member mark. Without further ado, Now, I'd like to bring up John McCarthy who will present this year's State of the Industry presentation."

### JOHN MCCARTHY

Before publishing the State of the Industry comments by IHRSA Executive Director, John McCarthy, I would like to make some comments about this highly esteemed leader of IHRSA.

John McCarthy has been the IHRSA Executive Director for 18 years. By any measure he has done an absolutely fabulous job in that capacity. John has grown

in his job over the years and has, to me, become a visionary leader in the assault on the deconditioned non-exerciser segment of the world population. Not only has John worked extremely well with the hundreds of IHRSA Board Members over the years, he has developed a world class staff that continues to deliver IHRSA member clubs and Associate Members the highest level of service and excellence. Credit for a significant portion of the progressive improvement of IHRSA and the ongoing huge impact the Association has had on the industry over the past 18 years can, and rightfully should be, given to John McCarthy. It is likely that the Association would never have prospered to the extent it has without his leadership, determination, vision and yes, guts. I, for one, would like to acknowledge and thank John McCarthy for what he has done and continues to do for all of us.

### THE STATE OF THE INDUSTRY AS PRESENTED BY JOHN MCCARTHY

"Ladies and gentlemen I had a fabulous day today and I think you did too. My day started in a particularly wonderful way as I left the hotel early this morning walking over to the San Diego Convention Center and an IHRSA member from Australia came up to me on this glorious morning with the sun shining and the wind blowing and said to me: 'It's a great day to be on this side of the grass.'

Ladies and gentleman, it is a great day to be on this side of the grass! It's a great day to be here. A great day to be in San Diego.

My brief report this evening is about five initiatives-five breakthroughs-five launches that IHRSA is involved in. A lot of people know about them already.

For the first time in the history of the industry, and this I regard as major, the entire group of fitness suppliers that rides under the eggs of the Fitness Products Council of the Sporting Goods Manufacturing Association, has joined with IHRSA in a partnership to accelerate the growth of the health club industry. That partnership has the code name of 50 Million By 2010 - 100 million worldwide by 2010. That means that the these two groups, IHRSA and the Fitness Products Council are committed for the foreseeable future to do everything in our power to grow this indus-

try.

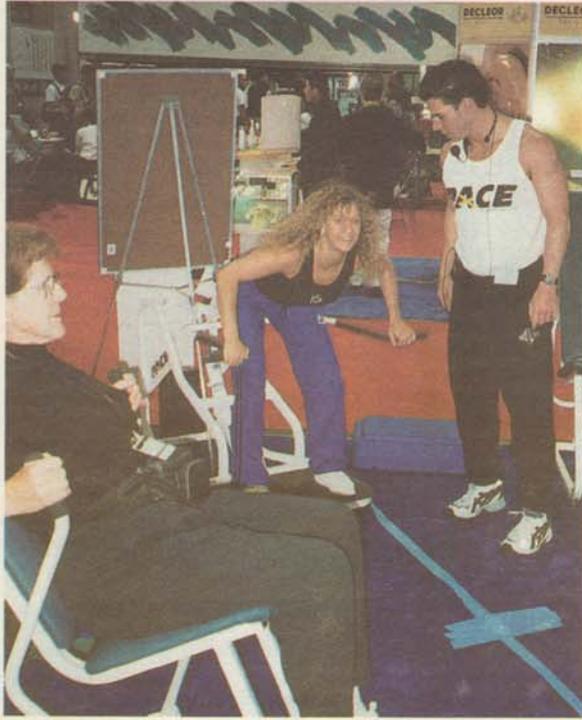
The second thing that has happened for the first time in this industry, and this too I think is revolutionary, an industry group has come together on their own to raise \$1 million to fight the war - to win the war for fair competition. This group of industry leaders was defined as people with 10 or more clubs or \$20 million in revenue. We went to every one of these people and every one of them said, "I'm in." These industry leaders have seen enough and heard enough of tax exempt hospitals clubs. Tax exempt YMCAs. And tax exempt parks and recreation facilities serving upscale populations on a tax free basis. So these people have come together to win the war. I think the operative word is win as we began this campaign for fair competition. In 1987 the tax exempts had 54% of the industry and the tax-paying clubs had 46%. By 1998 we had gone from 46% of the industry to 66% of the industry and our goal for 2010 is to take the 66% and drive it up to 80%.

The third thing that has happened for the first time in the industry, when we began thinking about this campaign our hope was to get to 25 million members by the year 2000. I am pleased to tell you this evening that this year we shattered the 25 million mark! We just got the report from American Sports Data and on January 1, 1999 there were 29.5 million health club members! In other words, we are off to a flying start to 50 Million and 100 Million By 2010.

The first product that the partnership between SGMA and IHRSA produced is this book, 50 Million U.S. By 2010 and 100 Million Worldwide. And, I think you will agree with me after you read this book that the question about these opportunities is not whether the opportunities are large enough. The opportunities that Paul reviewed so eloquently are immense. The real challenge is whether we are going to be large enough to capture those opportunities.

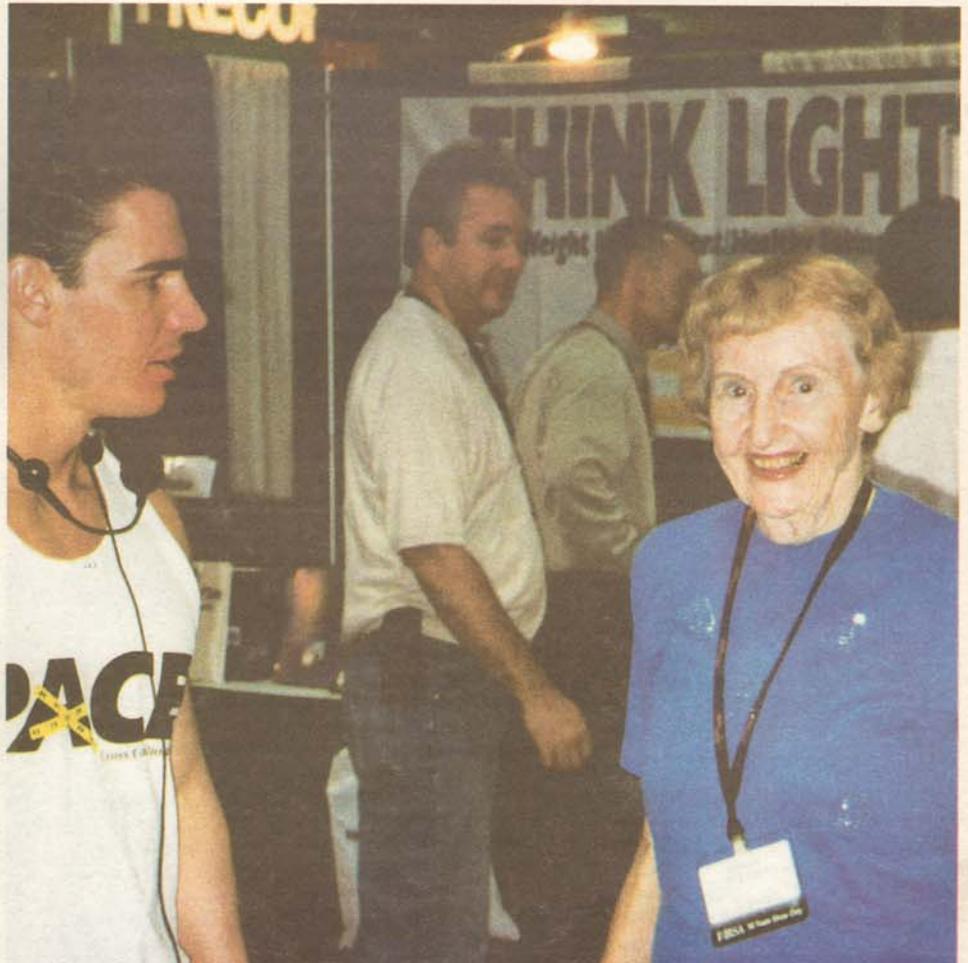
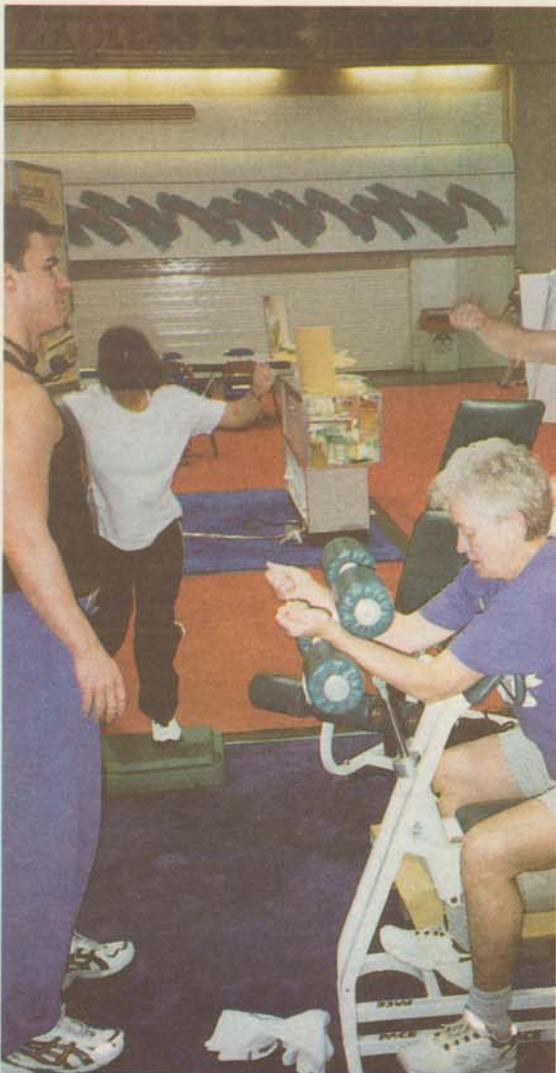
I want to tell you that I am privileged and very fortunate in a lot of different ways. But one of those ways is that I am privileged to work for a Board of Directors and President of IHRSA that have an absolutely riveting and clear vision as to where they want to take this Association. They have tied IHRSA to three absolutely clear objectives: #1 to grow the industry. #2 to protect the industry. #3 to promote the industry. It is a privilege to work with great organization.

It is also a privilege to work with Greg Hartley who is the (See IHRSA REPORT page 14)



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# IHRSA AWARDS PRESENTED AT SAN DIEGO CONVENTION

## IHRSA/Life Fitness Club Managers of the Year Chosen

### Gainesville's Lee and Cooper Center's Darden Earn Top Honors

**D**ebra D. Lee, MS, of the Fitness Connection for Women by Gainesville Health & Fitness Center in Gainesville, FL, and Brent Darden, MS, of the Cooper Fitness Center in Dallas, TX, were named the winners of the First Annual IHRSA/Life Fitness Club Manager of the Year Awards and were honored at the IHRSA Convention.

Ms. Lee won the award in the multi-club operations category; Mr. Darden won in the single club category.

A 14-year veteran of the health club industry and of the Fitness Connection for Women, Ms. Lee has a BS Degree in Health Education and an MS Degree in Health Science from the University of Florida. She supervises 75 employees at the 14,000 square-foot club, which boasts 5376 active members.

A strong believer in the importance of continuing education for staff, she established the Gainesville club's "Fitness University". Incentives and rewards are given to staff members for completing continuing education units. "The most significant contribution I make to the development of staff is fostering the intense learning environment that is part of our culture," Ms. Lee commented in her application.

Since taking over the role of General Manager for the club three years ago, Ms. Lee counts among her accomplishments:

\*increasing membership by 19%;

\*increasing annual member traffic by 26%;

\*increasing member retention;

\*increasing employee morale and retention;

\*creating family programming to involve women and their families together.

Mr. Darden holds a BS Degree in Health and Recreation and an MS Degree in Exercise Education from Baylor University. Vice President and General Manager of the Cooper Fitness Center



(Left) Debbie Lee & Joe Cirulli

for the past 5 years, he worked for several health clubs over the previous 13 years. The 41,000 square-foot facility has 118 employees and 4,200 members.

With a goal of making the club "a leader in the industry, with or without Dr. Cooper's name on the building", Mr. Darden has led his staff to receive numerous industry awards. His first step in increasing professionalization was to meet privately with the 50 employees who worked 17 hours or more per week. Each employee was asked what they would change if they were the new general manager. He then asked each to sign a commitment card that "pledged their willingness to work together toward a center of excellence."



Amy Simpson

### **Texan Named IHRSA/Cyber Fitness Director of the Year Honor Goes to Health & Fitness Connection's Amy Simpson**

**A**my Simpson of the Health & Fitness Connection (HFC) in Fort Worth, Texas, won the 1999 IHRSA/Cyber Fitness Director of the Year Award. The club is an Affiliate of the Osteopathic Health System of Texas (OHST).

Runners-up for the award included: Lara Abernathy of the Oxford Athletic Club in Monroe, Pennsylvania; Kathleen Lenzeimer of the White Bear Racquet & Swim Club in White Bear Lake, Minnesota; and Lina Lubbat of Lake Forest Health and Fitness Institute in Lake Forest, Illinois.

Serving 4,507 members, Ms. Simpson oversees a staff of seven fitness instructors. All are required to have CPR certification and a bachelor's degree in an exercise-related field or a nationally recognized fitness certification. Ms. Simpson notes that displayed concern for members is equally important as educational qualifications.

"People don't care how much you know until they know how much you care" is the motto of the HFC fitness department,"

In his application, Mr. Darden notes, "The information gained in these meetings was the foundation for a culture of change that included termination of several staff members; staffing reorganization; creation of a mission statement and core values; new standards of professionalism; implementation of customer service training and strategies; utilization tracking; philosophy of shared leadership and bench-marking."

she said.

Ms. Simpson's team works closely with the sales department in helping to close the sale. She notes that if a prospect wants to "try before they buy", the sales team will arrange an appointment with a fitness instructor to insure that the individual uses the equipment properly and feels comfortable with the exercise experience.

"The sales process does not end when the new member pays the first month's dues," Ms. Simpson said. "On the contrary, this process continues with each and every visit the member makes to treat our members with as much enthusiasm and respect as the day we encouraged them to join. Otherwise, they will take their business elsewhere."

Among the club's most successful programs is the OHST Healthy Lifestyle Incentive program. The Healthy Lifestyle Incentive program is aimed at encouraging employees of the Osteopathic Health System to adopt healthier lifestyle habits and provide an avenue for additional compensation to increase employee morale and reduce turnover. Employees have the opportunity to earn \$500 for working out at least three times per week for 16 weeks, and accomplishing two of the following:

- 1) reduce body fat by 4%;
- 2) decrease resting heart rate by 7%;
- 3) increase max VO<sub>2</sub> by 5 ml/kg/min;
- 4) decrease blood pressure to 124/82;
- 5) decrease blood cholesterol levels below 190;
- 6) lose 10% body weight;
- 7) refer 5 new members to join HFC.

"As a Fitness Director, my goal is to educate people that good health is a continuous process, not an endpoint. The journey is the goal," Ms. Simpson said.

### **Pennsylvania Club Honored for Racquetball Programming; Nautilus Fitness and Racquet Club Wins IHRSA Award**

**S**an Diego, CA.- Nautilus Fitness and Racquet Club in Erie, PA, received the 1999 IHRSA Racquetball Program-

ming Award.

With three part-time pros, including program director Julee Nicolio, the 45,000 square-foot club has upwards of 20 percent of its 4,300 members participating in racquetball two or three times a week. Ms. Nicolio noted that the club's racquetball members have a 90 percent retention rate as compared to 69 percent for non-racquetball members.

"Members should leave anxiously awaiting the next event," commented Ms. Nicolio while explaining what it takes to have a successful racquetball program. She offered the following tips:

1) Telephone and personal contact from the racquetball director, racquetball pro staff and the front desk personnel are essential.

2) Always meet the needs and interests of each member.

3) Always make it fun.

4) Occasionally include guests who are potential members and who provide "New Blood".

5) Food, beverages, awards and racquetballs should be provided at a minimal fee.

6) The format should always be round robin and handicapped when needed to ensure a fun and competitive atmosphere.

7) If successful, the program should run without interruption.

8) A marginally successful program should never be canceled, but it should be revamped and reintroduced at a later date.

### **IHRSA/Keiser 50 Plus Award Winner Cascade Athletic Clubs Honored for Mature Market Programming**

**C**ascade Athletic Clubs in Gresham, OR, received the 1999 IHRSA/Keiser 50 Plus Award, which recognizes outstanding mature adult programming by a fitness facility.

Runners-up for the award included The Clubhouse at Town Center Village in Portland, OR, and the Baylor Fitness Center in Dallas, TX. Cascade, which includes four facilities ranging in size from 17,000 to 120,000 square feet, is being honored for its Silver Power program. Thirty-five percent of the clubs' 15,900 members are age 50 or over, for a total of 6,624; 20% (3,713) are age 60 or over.

Anthony Slayen, Director (See IHRSA Awards page 17)

## ...IHRSA Awards

continued from page 16

of the Silver Power program, spent several years working with the senior population—as the manager of a Health Maintenance Organization fitness and wellness program with over 6,000 seniors—before joining the Cascade staff two years ago.

In his application for the award, Mr. Slayen noted that in order to successfully attract and serve the mature market, he and his staff had to first examine their own attitudes toward aging confront their fears about their own aging, and understand the special needs of this population.

"I update the fitness team on the latest trends and research, and review protocols for training and evaluating seniors. I also consult the sales staff on techniques to communicate and promote our Silver Power program," Mr. Slayen said.

Among the programs that Mr. Slayen has introduced at the Cascade clubs is "Follow Forest Gump", a cross-generation, inter-club challenge program in which five teams engage in a "race across America" from New York to Los Angeles. The race takes place in the club, with each participant being awarded 5 miles every time they exercise. The members log their miles on a chart; the miles are then transferred to a large map of the United States.

In addition to fitness programs, the clubs offer many social events for their 50+ members, such as picnics, potlucks, movies, arts and crafts, pinochle, bingo, travel and others.

### Joe Gold Named IHRSA's Person of the Year

Joe Gold, the Founder of both the Gold's and World Gym club groups, received the 1999 Person of the Year Award from IHRSA.

Previous recipients of the award have included former U.S. President George Bush, Arthur Ashe, Dr. Steven Blair, Dr. Ken Cooper, Chris Evert, Arnold Schwarzenegger and Oprah Winfrey.

Born in 1924 in Southern California, Mr. Gold began working in an East L.A. gym called "The Dugout" when he was 12 years old. Wounded in battle in the Phillipines during World War II, he subsequently became a Hollywood stuntman, professional wrestler and merchant seaman.

Mr. Gold entered the club business in 1951 when he opened his first gym—the Ajax Gym—in New Orleans. He started the first Gold's Gym in Venice, California—now called "The Mecca of Fitness"—in 1964. Over the past 35 years, many Hollywood stars and champion body-builders have trained at Gold's. "Pumping Iron," the movie that made Mr. Gold's protege Arnold Schwarzenegger famous, was filmed at the "Mecca."

"The original Gold's Gym has been the most influential model for gym development in the history of the industry," said John McCarthy, Executive Director of IHRSA. "It has been the originating concept for the development of at least 10,000

gyms worldwide."

Mr. Gold sold Gold's in the early 1970s. At the urging of Mr. Schwarzenegger, Mr. Gold started the World Gym Group in 1977. Today, there are 275 World Gyms in 25 countries. There are more than 500 Gold's Gyms in 40 countries.

"The two organizations that Joe Gold founded have triggered the worldwide movement toward strength training that has become one of the strategic cornerstones on which the future development of the industry is based," said Mr. McCarthy.

Today, at the age of 75, Mr. Gold is active advising World Gym licensees around the world. He still works out daily in the flagship World Gym facility in Santa Monica—just four blocks from the original "Mecca."

### California Club Wins First Wellness Best Practices Award Santa Barbara Athletic Club Takes Top Honor for Cancer Program

The IHRSA Institute on Exercise and Health (IEEH), supported by Technogym, presented its first annual "Wellness Best Practices Award" to the Santa Barbara Athletic Club (SBAC) of Santa Barbara, California. The presentation took place at the IIEH Wellness Banquet.

The award was established both to recognize wellness best practices, and to encourage more clubs to develop exercise programs with measurable outcomes for special populations. Clubs that submit best practices have their programs publicized through the IIEH so that other clubs can adapt them for use in their own facilities.

"When we began this project, our goal was to support the growth of the wellness industry worldwide by making the growing body of scientific evidence on the benefits of physical activity accessible to the fitness industry," said Nerio Alessandri, President of Technogym. "This goal would, in turn, enable us to realize our mission of making a positive impact on the health, fitness and quality of life of literally millions of people. With IIEH information distribution here in the USA and our ongoing plans for expansion of the IIEH on an international level, I feel satisfied that we are reaching this goal."

The SBAC is being recognized for its Cancer WellFit Program, which was started by Julie Main, General Manager, in 1994. Since its inception, the program has helped more than 500 persons who are living with, or recovering from, cancer. Supported financially by the Cancer Foundation of Santa Barbara, the ten-week program introduces participants to a variety of fitness concepts and disciplines, such as relaxation, flexibility and stretching, aerobic conditioning and strength training.

On average, the Cancer WellFit program has been able to increase participants' upper-body strength by 35%, and their lower-body strength by 57%. Aerobic capacity also improved. Related to these improvements, and perhaps most significant, is the improved quality of life reported by participants.

Participants are encouraged to work independently in order to emphasize the fact (See IHRSA Awards page 29)

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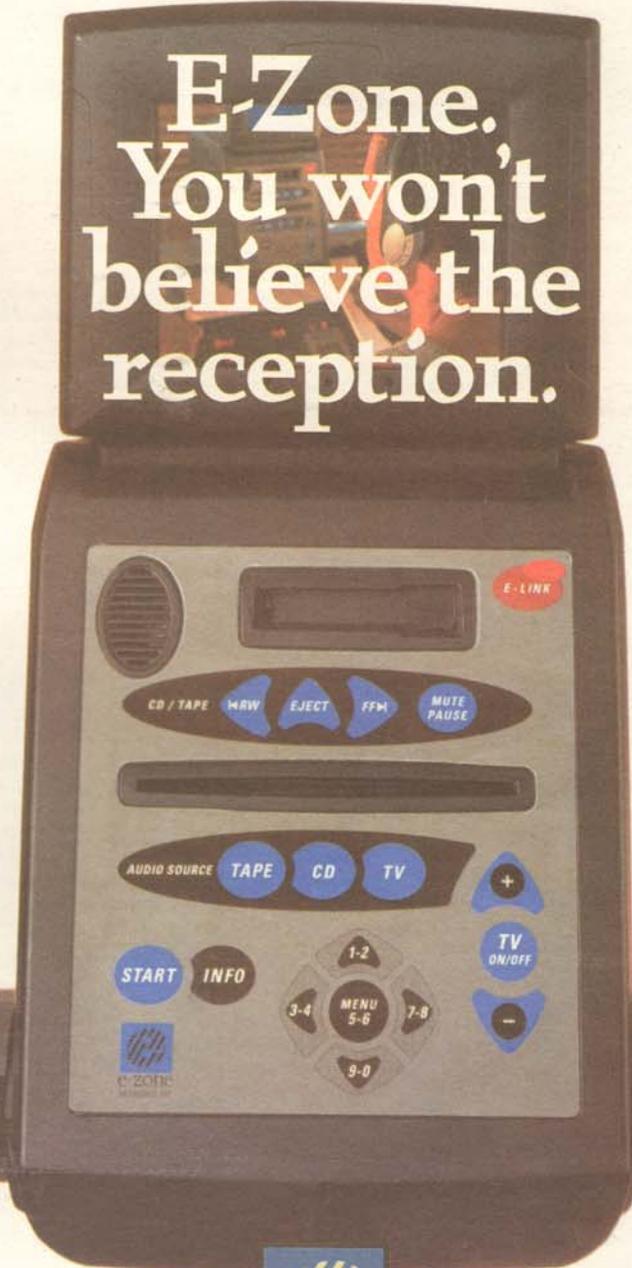
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# Defining and Delivering "Service Experience"

By Karen D. Woodard, President  
Premium Performance Training

Have you ever found yourself frustrated with the level of service that your Staff does or does not deliver to your Members? This complaint has been consistently howled from the lips of club owners and managers for the past four years. Some of them have recognized how to remedy this ailment that they (and their Members) have suffered from and some... well let's just say ... they're slower learners. If you have suffered from this frustration (and inflicted the suffering upon your Members), this article will provide you with a template to correct the problem by defining what the problem is and giving you tools to get what you expect.

What's wrong with this picture?: A large number of clubs explain to their newly hired staff during initial training that they pride themselves in providing "impeccable" or "excellent" service to their Members. The club will then train the staff person to do their duty, wear a uniform, name tag, smile and greet Members before the Member greets them. If they do what has been explained, no problem. If they don't, then the manager gets frustrated and believes the staff person won't do what they're supposed to do. Is there anything wrong with this "scenario"? Yes — we have a few big problems here:

1. We are implying that we expect impeccable/excellent service delivery, but we're not defining what that is for the staff person.

2. The remaining part of the paragraph contradicts our desires to deliver impeccable/excellent service because all we have trained for is "basic" service delivery.

3. This club provided weak initial training and needs to provide consistent on-going training.

When I travel to clubs to do on-site training, this scenario occurs far too often. Below are some tools to correct the problem and achieve the service delivery that you expect and your Members deserve.

## Define Service Experience

It's not enough for us to say that we expect impeccable/excellent service — we need to explicitly define what that is to our staff. When we say it without defining it — it leaves the door wide open for interpretation, and interpretation is typically based on our experiences which can vary greatly. Think about it this way, if you have just hired a late teen/early twenty-something person to work at the Member Service desk, chances are their impeccable service experiences over their brief lifetime have been fairly limited and may not match the level of service or experiences you want delivered. In fact, they may have never experienced the kind of service which you expect them to be able to give.

Case in point: One of my clients is a very exclusive club and spa in an up-scale resort. They hire younger staff who generally come to town to ski and need to work to pay for their ski passes. These staff people certainly cannot afford to be Members of this club nor have they ever belonged to a club like this before to have experienced what the Member is expecting. The club was having difficulty getting the staff to provide the kind of experience they envisioned until they defined the service experience.

Defining the service experience includes a detailed verbal description, written descriptions, discussions of relevant experience, skills practice, experiential learning and most importantly, follow-up observation, comments and training.

When you define your service experience, include what it is and what it is not. For example when you define how you want the staff to interact with the Members it might sound something like this:

"We will show our attentiveness to the Members and earn their trust by consistently being pro-active in exceeding their expectations. We will do this by being the first one to initiate contact whenever we come into contact with Members. Examples include greeting them upon arrival to the club, making eye contact with Members throughout the club and approaching them while in the club to introduce ourselves and inquire how their time in the club is and how we can enhance their visit. We will bid every Member a goodbye upon their departure and thank them for coming in again. Our delivery with all encounters will be one of warmth and sincerity characterized by soft, direct eye contact, approachable posture, attention focused on the Member and engaged listening to their requests or conversation."

Versus defining service this way: "always smile, be bubbly with the Members and talk to them first."

The difference is that the first definition goes into detail on how to deliver the experience we intend and also the outcome we desire—attentiveness, trust and warmth. This definition would be in all written training materials that the new staff person would be expected to have read prior to coming to on-site training. At the on-site training, you would discuss the definition to make sure they understood it. The discussion might go something like this:

"Katy, describe to me

what our definition of service is to the Members." You would listen to her interpretation and make any necessary corrections to insure Katy is on the same page. You would then ask her to describe another experience she has had to doubly insure she understands. At this point, you would go into skills practice with her to see how she delivers the service you have defined and give her feedback on her delivery. When you are assured that she explicitly understands the type of service you expect, that's when you can turn her loose to serve the Members impeccably.

At this point you have a new staff person providing impeccable service to the Members. Remember though, it doesn't stop here. As a club owner, manager or department head, it takes consistent observation and follow-up to ensure that these newly learned skills become a permanent characteristic of this new staff person. That means that you will need to reinforce good habits by commending their behavior or conversely, correcting their behavior. You, as their manager, are ultimately responsible for their success in your organization which requires a consistent perspective on your part of defining, practicing and cultivating the behavior you expect. If the staff person is not delivering what is expected, it requires a process of reviewing and re-training. Certainly, there are times when we have made the wrong decision in the selection process and don't realize it until later. If that is indeed the case and the staff person is not the right match for your organization, then you will have to make the timely



**Karen Woodard**

decision for them to seek their success elsewhere.

The tools to relieve the frustration and achieve the service delivery you and your Members expect are accessible to us all. Does it seem too obvious or perhaps even cumbersome to spend the time to define service experience, have detailed verbal and written descriptions, discuss them, practice them, observe, correct and consistently follow through? What is obvious to one is not to another. Additionally, if you invest the time initially in these tools, you will minimize the amount of time you spend later and the frustration you, your staff and Members experience due to awkward and inconsistent service delivery. Remember, what gets done right the first time rarely needs to be done over again.

(Karen D. Woodard is the Founder and President of Premium Performance Training, a Boulder, Colorado-based club sales and management consulting firm. Karen may be reached at: (303) 417-0653.)

## ...50 Million

continued from page 14

### Part I Establishing The Objective

Chapter Two- The Purpose of this Report-Setting the Course for Industry Growth.

Chapter Three- From 50 Million to 100 Million-Creating a Global Context

Chapter Four- 50 Million by 2010-An Everybody Wins Objective

Chapter Five-Supplier Implications-An American and Global Perspective

Chapter Six- Reaching 50 Million U.S. Members-How We Get There

### Part II Defining The Opportunities

Chapter Seven-Getting to 100 Million-The Industry's Ten Mega-Opportunities

Chapter Eight-The Age Wave Opportunity-Centerpiece of The 50 Million Member Plan

Chapter Nine-The Benefits of Exercise Opportunity-Marketing The Industry's Intellectual Capital

Chapter Ten-The Special Populations Opportunity-Helping Those Who Need It Most

Chapter Eleven-The Program Membership Opportunity-Widening the Door To Club Membership

Chapter Twelve-The New Member Integration Opportunity-Gaining More By Losing Less

Chapter Thirteen-The Gen

X Opportunity-The Forgotten Piece of The 50 Million Puzzle

Chapter Fourteen-The All of America Opportunity-Building On The Industry's Proudest Tradition

Chapter Fifteen-The Family Athletic Club Opportunity-The Ultimate Power of Programming

Chapter Sixteen-The Sales and Service Opportunity-The Foundation of All Future Growth

Chapter Seventeen-The Health Care Integration Opportunity-Redefining The Mission Of the Industry

### Part III Setting The Course for Industry Growth

Chapter Eighteen-

The Industry Ranks Its Growth Opportunities

Chapter Nineteen-Integrating The Opportunities-Putting the Pieces Together

Chapter Twenty-On The Way To 50 Million-Taking the First Steps

Chapter Twenty-One-Moving Forward: What Comes Next-We Have A Dream

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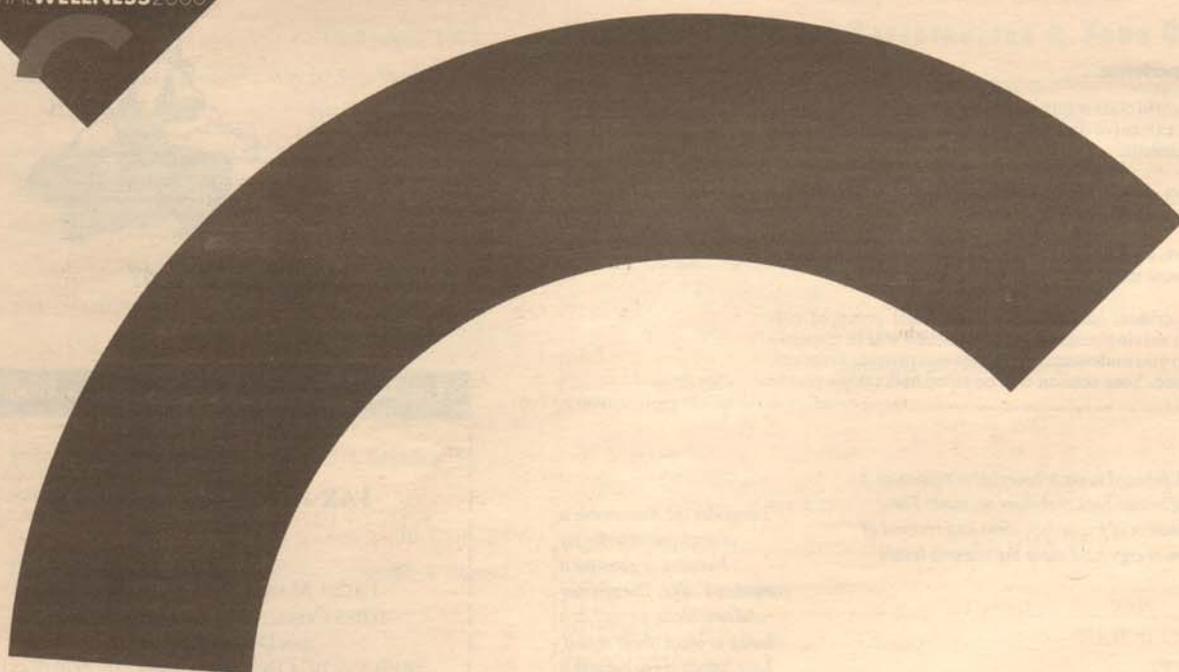
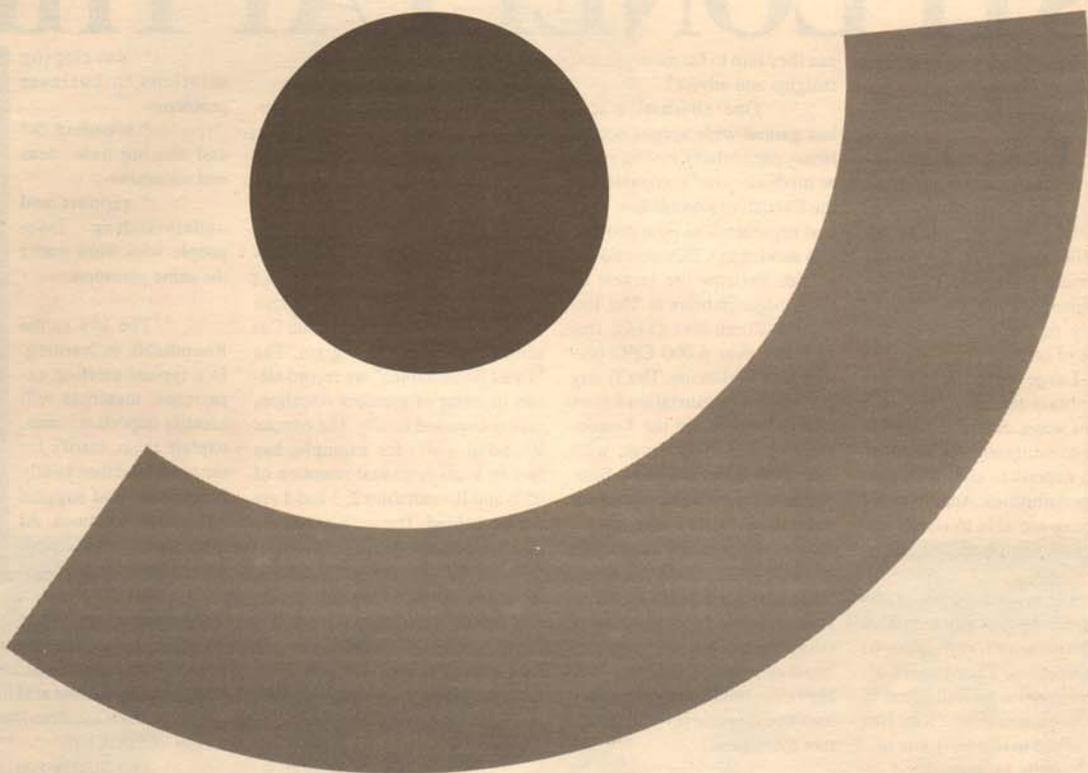
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# IS IT LONELY AT THE TOP?

By Dr. Gerry Faust

Today it is nearly impossible for the head of any business, large or small, to succeed without the benefit of outside advice. While coping with day-to-day management and operations, any owner/manager must, from time to time, rely on the experience and expertise of others.

Large corporations are able to obtain this guidance in a myriad of ways. Some engage expensive consultants. Others hire full-time experts to deal with specific responsibilities. And, in many cases, many are able to obtain expert counsel from a Board of Directors.

These kinds of resources, however, are not usually available to the owners and managers of small companies. They cannot afford consultants who will come in and handle each new problem. Nor can they afford to regularly hire recognized experts in specialized areas. Where, then, can the owner/manager of these smaller companies find affordable counsel? Who

can they turn to for management insights and advice?

One alternative that has gained wide spread acceptance, particularly among small to medium-sized companies, is the Executive Roundtable. Several organizations now provide this service to CEOs around the world. Perhaps the largest of these organizations is The Executive Committee (TEC) that now has over 6,000 CEO participants worldwide. The Young President's Organization has its Forum groups and the Renaissance Executive Forum, with over 500 members, now franchises its roundtable approach throughout North America.

Some roundtables meet monthly, others less often. Some provide face-to-face sessions with the consultant/facilitator/chairperson of the group between sessions. Others do not. However, there are commonly four key ingredients to an effective roundtable:

1. Working together on issues presented by individual members.
2. An executive educa-

tion component.

3. A structured format.
4. A group leader/facilitator.

Probably the most successful examples of this executive roundtable concept is in the club industry. Over 14 years ago Faust Management Corporation, an international consulting firm based out of San Diego, California, began what's known today as the Club Executive Roundtable program. The "Faust Roundtables" are record setters in terms of member retention, rave notices and results. The famous Roundtable #1, for example, has had an average annual retention of 95% and Roundtables 2, 3 and 4 are not far behind. The enthusiasm for and value placed on the club executive roundtable experience matches the record setting levels of retention rates of the roundtables.

What is a Club Executive Roundtable? It is 12-15 Club Owners and General Managers who meet three times a year for 1 1/2 - 2 days.

The group serves as an informal board of directors or advisors to one another and becomes a resource for:

\* developing solutions to business problems

\* sounding out and sharing new ideas and successes

\* support and understanding from people who work under the same pressures.

The key to the Roundtable is learning. In a typical meeting experience, members will identify important issues, explain them, clarify for the group and then jointly brainstorm and suggest alternative solutions. At other times a major topic will be jointly requested and discussed - often from many different

viewpoints - with several members offering new ideas, alternative ways of looking at things or simply a new way of dealing with an age-old problem.

The chairperson, a professional business consultant and facilitator, provides a structure for the sessions, teaches problem



Dr. Gerry Faust

solving skills and presents insights and "mini seminars" at just the right moments during the sessions. The session is intense but rewarding. On some occasions guest speakers are used as resources, but in the Faust Roundtables regular executive education seminars are provided by the (See Faust page 22)

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*"I look forward to each Roundtable session as a chance to step back and clear my mind. The combination of friendship, ideas and renewal of my own energy have made the sessions invaluable."*

*"I consider the Roundtable a critical resource for my business, it gives me a competitive edge. The seminar and new ideas, as well as a chance to learn about myself, have helped me to become a better manager."*



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# Women-Only Clubs: To Franchise or Not to Franchise?

By *Rande LaDue*

As discussed in this column before, once a new, innovative piece of exercise equipment or program comes along, there are bound to be copy-cat companies that spring up with their version of the original. They usually sell on price and say that "it's a better value", meaning it's almost as good and cheaper! This has happened to elliptical trainers to group cycling to Rich Boggs' Body Pump\* and also to The PACE Group Exercise Program™.

There have arisen a few copy-cat companies that work on a similar principal as PACE, but are down-scaled, less expensive versions of the original HydraFitness (now PACE) equipment that has been around over 20 years. As we have said before, we will be happy to let the club owners compare the differences and make their decisions; come on in, the water's warm. However, their main sales pitch is that they offer a "turn-key" program. They are marketing to smaller, rural areas, usually to

people with no experience in the fitness industry, selling the equipment (about \$20K), then getting the lion's share of their income from monthly franchise fees (we have seen fees ranging from \$395 for ten years to \$495 for the first five years, then dropping down to 11 only" \$300). This is about \$48,000 in both cases!

What they offer are standard business forms, start up assistance, and in some cases, some follow-up down the road. I have heard some very negative things about the long-term follow up with one company; another company is too new to tell.

We asked a few recent PACE women-only club owners why they chose not to go with a franchise. Kathleen E. Lyon, of Ladies Fitness Express in Waterlou, IA, admits that she knew nothing about the fitness industry before opening shop, but she did have business experience in other areas. She said, "I was a member of (a copy-cat company) and I said to myself, I can do this, but I want better equipment and I want to run it my own way. Why should I pay someone \$400 a month to have them tell me what

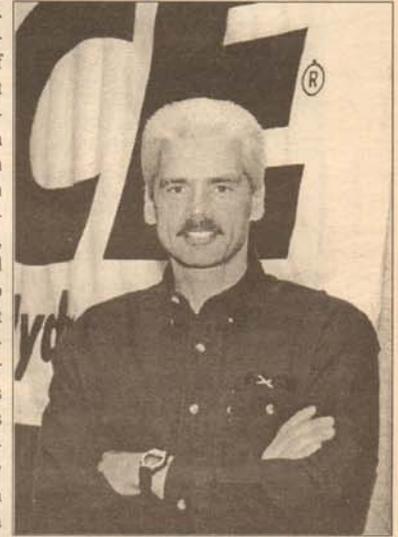
I can and can't do? Besides, the PACE Marketing Manual and Training Workshop taught me everything I needed to know."

Keith Vazquez and his wife/partner, Rene Christou, owners of ten Dynamic Women clubs in the Baltimore area with PACE in 3 (and counting), have earned themselves an exclusive on PACE in womens-only clubs in that Market. Keith said "I've been in the women-only fitness business a long time, I know how to run a club. What I wanted was the best equipment at the best price, not to pay a franchise fee for ten years for an inferior product. Pro\*Fit came through for me with PACE. And Rande even showed us a few new things that other PACE clubs were doing successfully and some pitfalls to avoid".

We at Pro\*Fit Enterprises recognize that there may be thousands of potential women-only clubs out there that need more hand holding than our standard PACE Marketing & Training Package, but we can not bring ourselves to copy our own knock-off companies and charge a set monthly fee no matter if

business is good or bad. That is why we have decided to modify some of our PACE equipment and offer a PACE Licensing Program under a different name than PACE. This program will have all of the in-house financing, presell, Grand Opening and scheduled follow up support necessary, but it will be based upon a licensing program rather than a franchise. In this way, our monthly fees will be based on a percentage of your monthly dues base rather than a set fee - if you have a good month, we have a good month. If you have a poor month, we don't expect you to pay us a huge fee written in stone. Instead, we will work with you as a team to get you back on track.

Stay tuned for more details on our new Licensing Program. For more information and a free video on The PACE Group Exercise Program, call 888-604-2244 or visit our website at



*Rande LaDue*

www.pacepro-fit.com. Unlike our competitors, you will see our prices listed. Pro\*Fit Enterprises has been recognized by the American Council on Exercise (ACE) as a Continuing Education Specialist.

\* Body Pump is a trademark of The Step Company (and a great workout).

## CLUB INSIDER News 1999 CONTRIBUTING AUTHOR TEAM

Here are the members of The **CLUB INSIDER** News Contributing Author Team for our first four editions of 1999. There are many more new Contributing Authors scheduled to join the team during the year.

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• **DR. GERRY FAUST** - Founder and President, Faust Management Corp. - (619) 536-7970.

### ...Faust

*continued from page 20*

extremely experienced consultant/leaders.

Some other benefits of being a member of an Executive Roundtable are:

Trust - a trust is developed among members. Most of the groups have now been meeting together at

least 3 times a year for more than a decade. Between times many talk frequently by telephone or via email. By doing this they have developed a sense of complete confidence in the group's collective integrity.

Understanding - each club owner/general manager is engaged in the same operation. As a result, when a question is raised about member service, attrition,

sales compensation, there is an immediate understanding of the nature of the subject. When experiences are swapped members are usually able to compare apples to apples and oranges to oranges and to easily implement the best ideas within their own organization.

Continuity - it's rare when members of the group do not find themselves in contact with one another to discuss busi-

ness. Being a part of a Roundtable is like having a knowledgeable, dependable panel of consultants at their beck and call.

Dr. Gerry Faust, who personally leads 2 of the roundtables, says the industry focus of the Club Executive Roundtable adds considerable "extra power" to the process.

Regardless of the size of the club, chances are there are

times when the "it's lonely at the top" feeling is experienced. That's why an informal advisory board, structured along the lines of the Club Executive Roundtable can be so valuable. Membership in such a group can provide the opportunity to confer in confidence with noncompeting peers - peers who possess the same understanding of the day-to-day business of club operations.

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# THERE'S NO STOMPING IT! STAIRMASTER LAUNCHES STOMP™

## REVOLUTIONARY NEW STAIRCLIMBER GROUP EXERCISE PROGRAM FOR CLUBS AND FITNESS FACILITIES

**SAN DIEGO, CA**  
 (March 25)—First there was spinning. Now there is STOMP™.

StairMaster is launching the next great craze in group exercise with the advent of STOMP™, a dynamic new program to be offered in fitness centers worldwide, featuring instructor-led group sessions on the company's renowned steppers/stairclimbers.

Announced and previewed at the International Health Racquet & Sports Club Association (HIRSA) trade show in San Diego Thursday, STOMP™ allows individuals of all fitness levels to participate in a fun, music-driven workout with others in a motivating environment on equipment considered by researchers to be the safest and most conducive for weight loss and toning.

StairMaster revolutionized aerobic exercise with its introduction of the stepper/stairclimber in 1985. Stepper/stairclimbers have since become one of the most popular pieces of equipment in fitness centers around the globe. STOMP™ revitalizes the exercise environment for people seeking a group experience to help rid the boredom from working out. The STOMP™ classes may be conducted on existing stepper/stairclimbers in the club, or on the StairMaster FreeClimber Model, which is ideally suited to the program.

STOMP™ is a high-energy, but comfortable workout on the stepper/stairclimber," said StairMaster Senior Vice President of Marketing and Sales Michael S. Stein, in introducing the new program. "We beta tested it in South-

ern California with great success. People found it easy to follow, not overly stressful and fun to do. Most importantly, they perceived it as a rewarding exercise experience which gave them positive results."

The STOMP™ workout is designed to tone and shape muscles in the lower body, with special focus on the gluteal and hamstring muscles. By building lean muscle mass, stepping is also one of the most effective ways to lose weight for people maintaining good eating habits and exercising regularly. Stairclimbers with independent stepping action, like those made by StairMaster, are medically proven to be among the safest workout on knees. STOMP™ is also physically less stressful for many participants than cycling because the upright posture places less strain on the back and neck.

Generally taking 20 to 30 minutes, depending on the level of the participants, the STOMP™ program can be tailored to mild, general fitness, competitive and senior classes. It features a warm-up period, building into an intensive workout stage, then dropping back before revving up again—essentially an interval training-type workout. The STOMPers change speed and stride length, incorporate different step movement patterns and involve many parts of the body. The back and upper arms are also targeted for strengthening during the session.

Unlike cycling classes, where all participants are exerting the same performance level,

the STOMPers may be conducting the same action, but the resistance level can be set individually. As one increases in strength and endurance, he or she can increase the resistance without having to graduate to another class. Feedback from the console on "calories burned," "floors climbed" and "distance traveled" provides further incentive, while participants focus on the music and steps rather than on the drudgery of exercise.

STOMP™ is very easy to incorporate in any club. If the club does not have a group workout room, the steppers on the floor can be used, provided the students can see the instructor during the class. The music is broadcast over a transmitter to the student's headphones. The program lets the club have maximum flexibility over the number of classes per day without interrupting the regular use of steppers/stairclimbers.

If the club does have a group exercise room, classes can be conducted with an instructor at specified times. However, during off-hours, the equipment can be used for regular exercising or for STOMP™ classes without an instructor, using the video and a big-screen television.

Participating clubs will use the STOMP™ kit, a stand-alone instructional program written by fitness experts, along with all other information needed to implement and market the program. Included are an instructional video, counter-top display and a creative banner which proclaims, "Once You Start, You Have to Stomp!" The kit is



furnished free with the purchase of a product promotion involving StairMaster's FreeClimber model, or provided for a nominal fee to clubs that will utilize their existing equipment.

"Branded exercise programs are not only critical to a club's current success, but also to its future prospects," said Stein. "They play a crucial role in attracting new members, establishing a rewarding exercise habit and improving member retention. This initiative from StairMaster has all the markings of an innovative breakthrough program that will drive members to clubs for a renewed love affair with exercise."

A survey of fitness club managers, owners and personal trainers at a trade show in October

demonstrated widespread enthusiasm for the STOMP™ concept. More than 84% said they would like to implement the concept at their clubs and 83% gave it an overall rating of "great."

"StairMaster's goal is to have STOMP™ incorporated into 1,000 U.S. clubs and facilities by the start of the new millennium," affirmed Stein.

Clubs wishing to step into the STOMP™ mode, may sign up through the StairMaster website, [www.stairmaster.com/stomp](http://www.stairmaster.com/stomp), or call toll free (877) 279-1537. Sign ups are being taken in the U.S. immediately and will be accepted in Europe in April, after the international launch at the FIBO show.

### Morris...

continued from page 8

people I work with and depend on in pursuit of my goals. 0 \_\_\_ 1 \_\_\_ 2 \_\_\_ 3 \_\_\_ 4 \_\_\_ 5 \_\_\_ 6 \_\_\_ 7 \_\_\_ 8 \_\_\_ 9 \_\_\_ 10 \_\_\_

#### (C6) CHARACTER

I am sure that my recent behavior in pursuit of my goals satisfies high standards of moral character. 0 \_\_\_ 1 \_\_\_ 2 \_\_\_ 3 \_\_\_ 4 \_\_\_ 5 \_\_\_ 6 \_\_\_ 7 \_\_\_ 8 \_\_\_ 9 \_\_\_ 10 \_\_\_

I am avoiding partnership

with morally dubious individuals in my work toward my goals.

0 \_\_\_ 1 \_\_\_ 2 \_\_\_ 3 \_\_\_ 4 \_\_\_ 5 \_\_\_ 6 \_\_\_ 7 \_\_\_ 8 \_\_\_ 9 \_\_\_ 10 \_\_\_

#### (C7) CAPACITY TO ENJOY

I have been enjoying pursuit of my goals lately. 0 \_\_\_ 1 \_\_\_ 2 \_\_\_ 3 \_\_\_ 4 \_\_\_ 5 \_\_\_ 6 \_\_\_ 7 \_\_\_ 8 \_\_\_ 9 \_\_\_ 10 \_\_\_

My goals have been allowing me to enjoy life lately.

0 \_\_\_ 1 \_\_\_ 2 \_\_\_ 3 \_\_\_ 4 \_\_\_ 5 \_\_\_ 6 \_\_\_ 7 \_\_\_ 8 \_\_\_ 9 \_\_\_ 10 \_\_\_

### GRADING YOURSELF

Add up all of your self-scores on this checklist and write down your current total. If it is over "120", then you're in pretty good shape in the recent stages of your journey of success. Keep up the good work and build on your accomplishments.

If your score is under "120", you should very seriously rethink the goals you are pursuing and how you are working toward them.

If your total is over "120" but under "140", pay at-

tention to what could use a little work. You are fine tuning an already viable enterprise, for greater levels of satisfying accomplishment.

### A SECOND OPINION

You might want another person's feedback in this process too. Give a copy of the unmarked questions to a co-worker, spouse, friend or child and ask them to mark the questions independently in the way that they think you should. Comparing their assessments with your own can be interesting on many levels, advancing your quest for self-understand-

ing and providing new and useful information concerning the relationship the two of you have.

Life should always involve a process of self-evaluation and self-correction, self-knowledge and self-mastery. Repeat this check-up at regular intervals, act on the information you generate and you will move progressively more in the direction of achieving all that you are here on this earth to do!

The Morris Institute of Continuing Education and Motivational Materials order phone # is: (888) 562-0052. Available materials include: Video Tapes, Audio Tapes, Trade Paperback Books, and Cards and Posters.

# Life Fitness Expands Strength Offerings With Introduction of Hammer Strength Benches and Racks

*Move Into Free Weight Equipment Category Completes Strength Line*

**SAN DIEGO** - March 25, 1999 - Life Fitness introduced a line of free weight benches and racks bearing the Hammer Strength brand at the International Health, Racquet and Sportclub Association (IHRSA) convention in San Diego. The line will initially consist of 17 premium, heavy-duty benches and racks designed to meet the needs of health clubs, gyms, YMCAS, athletic programs, the military and other commercial fitness facilities.

"The introduction of Hammer Strength benches and racks represents both the end and the beginning of a journey," explained Augie Nieto, president of Life Fitness. "It's the end in the sense that free weight equipment completes our strength line, so we now can offer customers the best products in every strength category: selectorized, computerized, plate-loaded and free weights. But it's also a beginning, because

we've really only scratched the surface of our potential in the strength market."

"People think of Life Fitness as primarily a cardio company, but with dedicated facilities and development groups for each product category, we're just as focused on creating superior strength products," said Greg Highsmith, Life Fitness Director of Product Management, Strength. "Hammer Strength has long been the leader in plate-loaded equipment, and free weight benches and racks are a natural extension of the brand."

Hammer Strength Founder Gary Jones designed the benches and racks line, which will be manufactured at the Hammer Strength factory in Falmouth, Ky. The products feature a sturdy, bolt-together design and are constructed of the same durable components as Hammer Strength plate-loaded equipment.

The products in the Hammer Strength benches and racks line can be categorized into

three groups: Olympic, Free Weight and Body Weight.

## Olympic Family Improves Upon Standard

The Olympic family consists of three products that are staples in any free weight program: the Olympic Flat Bench, Olympic Incline Bench and Olympic Decline Bench. All of the Olympic pieces share several common features, including a three-position racking system that provides greater safety during lift-off and re-racking. The curved notches guide the barbell upward and toward the bench press starting position during lift-off and then safely into the resting position during re-racking.

The frames of the Olympic benches are designed to allow the spotter to be positioned closer to the exerciser and to the path of motion of the barbell, providing superior leverage dur-

ing spotting. This feature is best illustrated in the spotter's platform on the Olympic Incline Bench, which minimizes the degree the spotter needs to lean over to assist the lifter.

Optional weight storage, up to eight positions, can also be added to the Olympic benches to make changing plates more convenient.

## Free Weight Benches and Storage

Nine products comprise the Free Weight family, including four fixed benches: the 30-degree Incline Bench, 55-degree Incline Bench, Seated Utility Bench and Flat Bench. These free weight benches are designed at fixed angles to provide optimal stability and positioning when training at high resistance levels. They also utilize angled dual back pads to provide maximum lumbar support. The other members of the Free Weight family are the Seated Arm Curl,

Standing Arm Curl, Weight Tree, Single-Tier Dumbbell Rack and Double-Tier Dumbbell Rack.

## Body Weight Products Round Out Initial Offering

The Body Weight family rounds out the initial offering of Hammer Strength benches and racks. The five products in this group, the Abdominal Board, Leg Raise, Abdominal Workstation, Chin/Dip and Chin/Dip/Leg Raise, all utilize the exerciser's weight as the form of resistance.

## Pricing and Availability

The new Hammer Strength benches and racks have list prices ranging from \$199 to \$949 and come in a variety of frame and upholstery colors. They will be available through Life Fitness sales representatives and Life Fitness authorized dealers in early May. For more information, contact the Life Fitness commercial sales department at 800-634-8637.

## ...IHRSA Awards

*continued from page 17*

that they have control over their own bodies. "Knowing they have this control is important to cancer patients," said Ms. Main, who created the program a year after she was diagnosed with breast cancer. "Often, they feel that they have lost that control to disease, doctors, and treatment."

Participants receive a complimentary club membership. Though classes are held twice a week, students are encouraged to use the facility as often as they like. SBAC offers 10 to 12 sessions per year, for 10 to 15 people each, and there are virtually no restrictions on participation. Patients have ranged in age from 23 to 72, and suffered from a variety of cancers, including breast cancer, prostate cancer and leukemia.

"About 50 percent are referred by their doctor or other medical professional," noted Ms. Main, "and the remaining 50 percent come to us through word of mouth."

"The Santa Barbara Athletic Club has provided a valuable service to area cancer patients," said John McCarthy, Executive

Director of IHRSA. "The model that Julie Main has developed can be adapted by other clubs, extending the opportunity to regain control of their lives to thousands of cancer patients."

## IHRSA Honors Clubs For Legislative Advocacy Four Club Owners To Receive President's Award

IHRSA honored four of its members for the leadership role they played in lobbying for state legislation that is favorable to the health club industry. Annabeth Eschbach of Club Sports International and IHRSA's current President, presented the IHRSA President's Awards at the Association's 18th Annual Convention. The following were the recipients:

\*Mark Harrington of the Healthworks Fitness Centers for Women in Massachusetts;

\*John Gebhard of Lake Country Racquet Club in Hartland, Wisconsin;

\*Ray O'Connor of the Wisconsin Athletic Club in Waukesha, Wisconsin;

\*David Cohan of the Sport Club in Woodlyn, Pennsylvania.

Mr. Harrington led the

charge to have legislation passed in Massachusetts that guarantees the right of women-only health clubs to exist in the state. Gov. Paul Cellucci signed the bill into law in February, 1998. The issue was brought to the forefront when James Foster, a Boston attorney, successfully sued Healthworks for refusing to admit him. A Massachusetts Superior Court ruled that the club violated the State's public accommodations law and ordered the club to make renovations within three months to accommodate men. Mr. Foster's lawsuit prompted Mr. Harrington to gather support from IHRSA, other club owners and sympathetic lawmakers to draft the legislation and push for passage.

"This victory was important not only to Massachusetts women-only clubs and their 40,000 members, but to women-only health clubs throughout the nation," said Jay Ablondi, Assistant Director of Government Relations for IHRSA. "This is a precedent for other states that might consider such legislation."

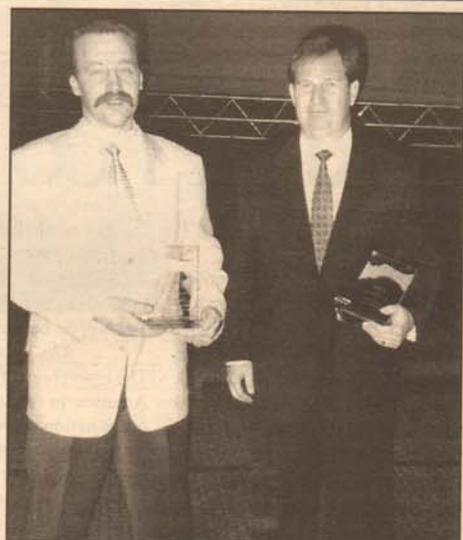
Mr. Gebhard and Mr. O'Connor rallied local clubs around a bill that would eliminate Wisconsin's state property tax exemption for hospital-based fitness facilities. Support for the bill was overwhelming. The

measure passed by a vote of 32-0 in the Senate and 92-2 in the House of Representatives. Last April, Gov. Tommy Thompson signed the bill into law.

"Wisconsin lawmakers recognized that the services offered at hospital-based fitness centers are the same as those offered at many commercial health clubs. This law is an important

step towards leveling the playing field for taxpaying clubs which have to compete with tax-exempt hospital-based fitness centers," Mr. Ablondi said.

Mr. Cohan, who is Chairman of the Public Policy Committee of IHRSA's Board of Directors, led Pennsylvania clubs to victory in getting unfair competition legislation passed. Last November, Gov. Tom Ridge signed into law a bill that defines a "purely public charity" for the purpose of granting tax exemption. The law is significant be-



(Left) John Gebhard & Ray O'Connor

cause it contains a provision stating that a purely public charity should not use its tax-exempt status to compete unfairly with small businesses, and it gives business owners a cause of action to address a tax-exempt competitor, according to Mr. Ablondi.

"Passage of this bill has spurred clubs in other states to lobby for similar legislation," - Mr. Ablondi said, noting that the Texas and Montana legislatures are now considering unfair competition bills.

# SPENCER SEMINAR HELPS CLUBS MAXIMIZE GROUP FITNESS SUCCESS

*Cathy Spencer and Casey Conrad Teach Clubs How To Keep Group Fitness Classes Full, Entertain Members and Maximize Sales. Seminars Are Slated for 7 Metro Cities*

**A**tanta, GA.- April 16, 1999- Health clubs around the country can easily learn how to turn lackluster, often declining group exercise programs into hot ticket, growing profit centers. All it takes is learning how to make the group fitness experience exciting and a focal destination point, says Cathy Spencer in her new must-attend seminar "5 Steps to Take Control of Your Group Fitness Program" scheduled for cities across the nation beginning this month.

## The Trackable Life Span of Aerobics

Spencer is a noted Australian fitness expert, aerobics specialist and one of only five International Master Trainers for Les Mills International in New Zealand. She warns that group aerobics programs have trackable life spans that cycle into 'death knells' and lost dollars if not managed professionally.

She cites a 25% decline in group exercise programs across the board when club management doesn't get involved in effective programs and solid marketing packages. Group programs can die when members 'check-out' because they lose interest in programs that are too complex or too demanding.

## Fun, Simple, Challenging and Results Oriented

"Group programs must be fun, simple to do, and still be challenging and results-oriented," says Spencer.

"There's substantial capital invested in a club's group fitness area, but management must figure out how to keep classes full. They let the area become dead floor space that doesn't pay for itself. Either a club owner/manager learns to utilize this vital area and make it a profit center, or purchase additional cardio equipment to occupy the floor space and satisfy member demand," she claims.

## Conrad Joins Seminar

Spencer is joined in the

seminar series by Casey Conrad, health and fitness strategist known for her "Sales Talk" series of programs and tapes on fitness center marketing techniques. Spencer and Conrad are taking the seminar series on the road to seven metropolitan cities beginning May 20-21 in Miami. The "Five Steps to Controlling Your Group Fitness Program" seminar first previewed at the Dedham Racquet club in Dedham, MA. Last December, where 34 attendees hailed it as an 'essential for optimizing club group fitness operations. Additional dates include: LA-, July 8/9/10; Seattle, July 16/17 and Dallas, September 16/17. Detroit and Philadelphia remain to be scheduled.

## Five Proven Suggestions for Group Fitness Success

The two-hour seminar covers five major areas and offers proven suggestions for 1) improved attendance, 2) more effective use of group facilities, 3) new programs designed to keep the group area full around the clock and 4) programs designed to encourage group participants to take advantage of other

programs available at most quality fitness centers. Conrad will provide the fifth component - how to increase sales skills and techniques.

## Spencer Tape Interview Available

People unable to attend the seminars but eager to find out what Spencer has to share can get the information on audio tape. Conrad has prepared a probing and informative audio interview with Spencer describing her secrets for exceptional group exercise programming. The cassette is available for \$9.95 with a money back guarantee.

"The tape is a logical expansion of my Sales Talk series," Conrad explains. "Cathy has valuable information to share about the dynamics of group exercise programs, how to sell them and make them work, the reality of the group floor space in a club and the ways to maximize the profitability of that space. People who hear the tape may attend the seminar when it reaches their area, or they may give us a call to find out more

about the series," Conrad adds.

## Spencer and BodyPUMP

Spencer is a staunch advocate of systematic programming and is the National Training Director for The STEP Company's BodyPUMP group fitness program. Originated in 1990 in New Zealand by Les Mills International, BodyPUMP includes all of the 5 steps in the audio tape so clubs may experience the impact of profitable group fitness programming in a turn-key package. BodyPUMP is a progressively designed and choreographed routine that combines motivating music with strength training in a fun class that delivers results. The good news is that BodyPUMP provides an exercise regime for both the conditioned athlete and the new exerciser in a friendly, enjoyable, non-competitive group setting that makes men and women equally comfortable.

To find out more about the Cathy Spencer "5 Steps to Take Control of Your Group Fitness Program" seminar, call 1-800-729-7837 (SAY-STEP) today, or visit [www.bodypump.com](http://www.bodypump.com) and check out the 'seminars' page.

# 100 WAYS TO BEAT TAX-EXEMPT COMPETITORS

## IHRSA's CAPITOL REPORT

IHRSA's newest publication, "Winning the War: 100 Ways To Beat Tax-Exempt Competitors," written by John McCarthy, is an inspirational look at how (and why) commercial health clubs will eventually prevail over their tax-exempt competitors.

This 25-page document is one of several products IHRSA will develop this year to help taxpaying facilities increase their market share from the current 66% of all health club consumers to 80% by the year 2010. "100 Ways" is available to IHRSA members at no charge through the government relations section of [www.ihrsa.org](http://www.ihrsa.org) or by calling (800) 228-4772.

Here are four of McCarthy's "100 Ways To Beat Tax-Exempt Competitors."

#1. Never Say Never: The Story of Federal Express. Fred Smith took on the Post Office — and won. Smith is the founder and chairman of Federal Express, a \$9 billion business. The feds did everything they could — legal and illegal — to knock him off. To this day, they still won't let him use the

mailboxes that we, the public, pay for. But he totaled them — by being faster, smarter, and more service-oriented. No matter what their advantages, tax-exempts can and will be beaten.

#28. Occupying Space: The Entrepreneurial Imperative. In America, in the 19th century, part of the national strategy for expansion was to "occupy every inch of available territory." So, also, in the war between taxpaying and tax-exempt fitness facilities. In the mid-60's, the Y probably "owned" 70% to 80% of the fitness market. Today, they're down to about 20%. Maybe lower. And every year, we'll chip away another percentage or two. Not because the Y's are not doing well — they're as avaricious as ever. But because we're occupying more territory than they are.

Twenty-five years ago, there might have been 1,000 health clubs in the U.S. Today, there are 14,000. Ten years ago, there were 2,200 Y's. Today, there are 2,200 Y's. It's a question of who's occupying the territory. Don't leave markets open for tax-exempts to develop. Get there first. Preempt their growth opportunities.

#51. The Fast Eat the Slow. In New York City, the Y was once a power; the entire fitness story. Today, though, the Y is marginal. Why? Because the big eat the small and the fast eat the slow. Once, the Y was big, but slow. The Y, today, in New York City, has begun a death spiral. It has less and less market share; their facilities are aging; they are tired and beginning to crumble. They still have a pulse, but with the exception of one or two locations, it grows fainter every year. Meanwhile, as the Y continues its descent, the private sector — exemplified by Mark Smith's New York Sports Clubs — is thriving as never before.

#74. Fitness For All: The Debased Logic of Tax-Exemption. Healthy adults are not permitted to deduct fitness club dues as qualifying health expenses for tax purposes. Yet tax-exempt fitness facilities serving those same healthy adults want to be exempt from taxes because they are contributing to health promotion and disease prevention. Taxpaying clubs are contributing to health promotion and disease prevention as well.

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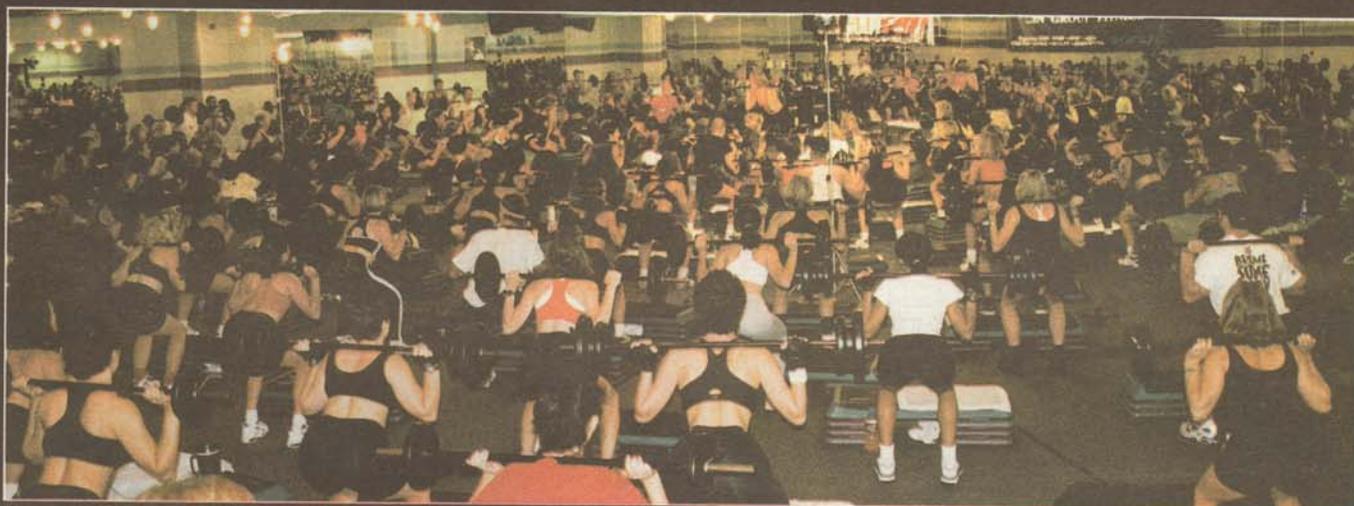
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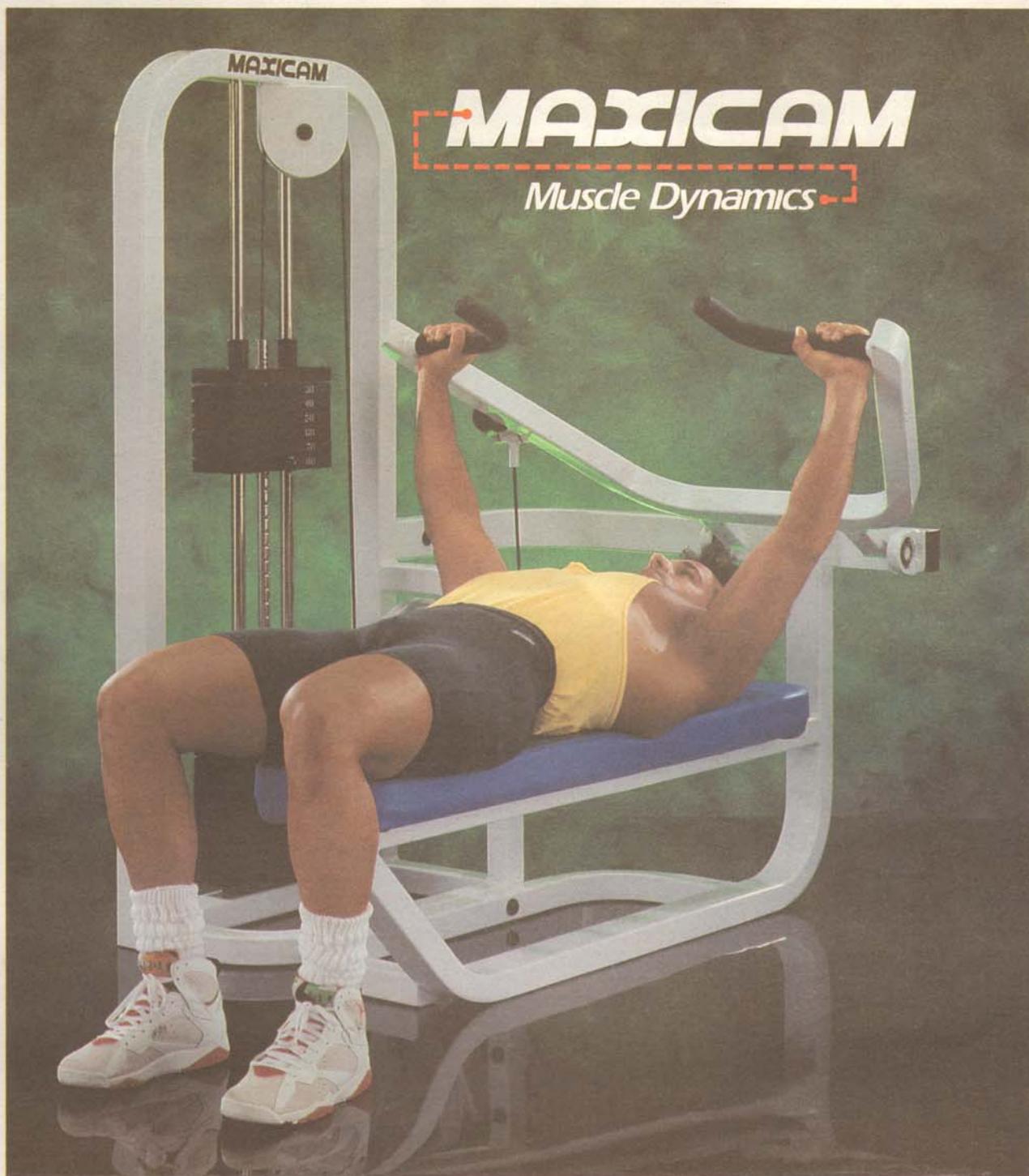
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