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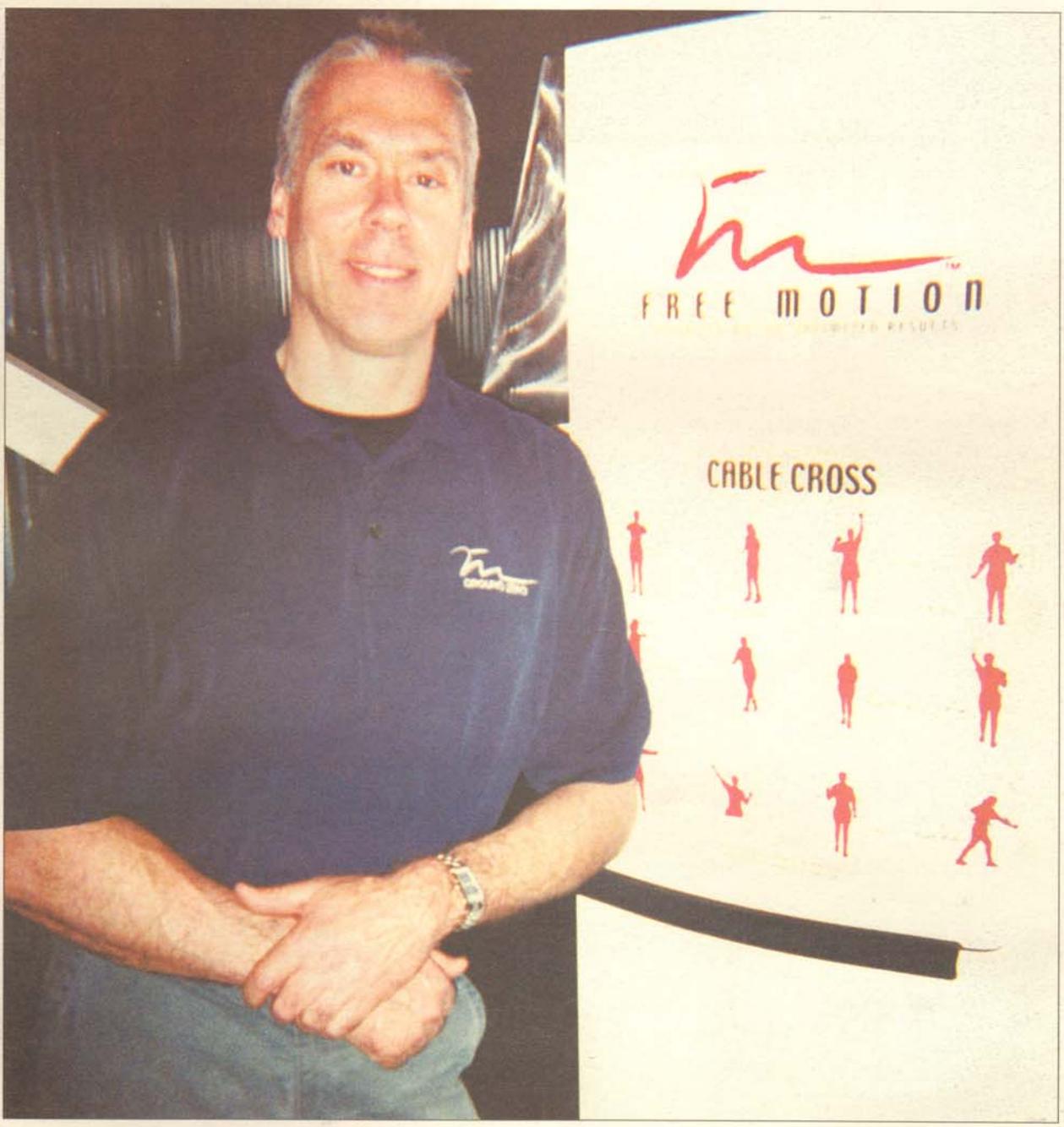
MAY 2001  
VOLUME VIII NUMBER 5

Norm Cates'

# THE Club Insider<sup>®</sup>

NEWS

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



## Ground Zero's Roy Simonson A Prolific Fitness Entrepreneur

# The Talk of IHRSA (Again.)

**See It for Yourself by Calling 1.877.363.8449.**

## When It Comes to Stealing the Show, Once Is Never Enough.

At the 2000 show, Ground Zero started a **revolution** with the **Free Motion System**, an engineering marvel that makes true functional training possible, practical and simple. This year at IHRSA, the industry witnessed The Evolution of the Revolution—the next wave of big things from the rock solid industry innovator, including:

**Group Free Motion**—A trend-setting group workout that takes **FUN**ctional training to the next dimension.

**NordicTrack Cardiovascular**—Rugged, reliable cardio products that take your breath away with innovative design and technology, including interchangeable consoles with cable TV and **iFit.com** (the patented, interactive Internet system you've got to see to believe).

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**zero**™

GROUND  
**zero**™

# The Evolution of The Revolution



# THE Club Insider<sup>®</sup>

## NEWS

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

# Ground Zero's Roy Simonson A Prolific Fitness Entrepreneur

By Norm Cates, Jr.

In the history of the health club business there have been three inventions that have shaped the industry more than any other. The first was when the first barbell was invented. Then, in the 1970s, Arthur Jones brought us Nautilus. Not long after that, Ray Wilson and Augie Nieto brought

us the LifeCycle and the world of health and fitness has not been the same since. Those three innovations caused the development of a major worldwide industry, the fitness equipment industry. Since the LifeCycle arrived, Nick Orlando brought us the StairMaster, Rich Boggs and Ray Irwin brought us The STEP and then came the elliptical machines. All of these innovations have been followed by a wave of new prod-

ucts and companies. But, there has not been a new, earth-shaking, truly innovative strength machine product to come along since Nautilus, until Ground Zero Free Motion™ arrived.

It is the opinion of this writer that Ground Zero Free Motion™ equipment will one day hold a place in health and fitness industry history as a product that triggered a whole new wave. That wave is Free Motion.

Free Motion is a fun workout. And, as Ground Zero Founder and Free Motion inventor, Roy Simonson said in this interview, "Life is too short not to enjoy yourself. Make your gym a positive, fun experience. Your members will get results. They will come back."

If you are in the health, racquet and sportsclub business you very likely have heard about Ground Zero Design Free Motion equipment. What you may not

know is that Ground Zero was created by Roy Simonson, one of the most prolific fitness business entrepreneurs in history.

### Ground Zero Mission Statement

Roy Simonson shared the Mission of Ground Zero when he said, "We're leading with innovation! Everything we do is just (See Simonson page 8)

# ClubCom and Cardio Theater Purchase E-Zone Assets & Installation Base

**PITTSBURGH & ATLANTA** - On May 7, 2001, ClubCom and Cardio Theater successfully completed the acquisition of all the assets of the bankruptcy estate of E-Zone Networks,

Inc. The purchase includes the installation base of nearly 400 health clubs together with all inventories, intellectual properties and programming content needed to service and operate the E-Zone installed facilities.

ClubCom is a leading provider of private television networks for place-based communities with an emphasis on commercial health clubs. Its networks include some of the nation's largest private television

networks including the Gold's Gym Broadcasting Network. It is financially backed by some of the world's leading institutional funds, including Draper Triangle, an affiliate of Draper Fisher Jurvetson, and Residentie Investments BV, part of

the Achmea Group of the Netherlands.

"The integration of the E-Zone installation base further facilitates our quest for a standardized broadcasting platform for the (See E Zone page 22)

# Ed Williams Named President And CEO Of Wellbridge

Founder and 20 Year Fitness Industry Veteran Brings Experience and Expertise to National Athletic Club Operator

**DENVER, Colo.** - Starmark Holdings, Inc. has announced the appointment of Ed Williams to the position of President and Chief Executive Officer of Denver-based Wellbridge, the nation's 4th largest athletic club company.

Williams co-founded the company originally named Club Sports International, in 1982. In January, 2000, the company was renamed Wellbridge to reflect its commitment to lifelong fitness and

wellness. Williams' most recently served as Senior Vice President of Mergers and Acquisitions, where he focused on the successful growth of the company.

"I, along with the members of the Wellbridge Executive Team, look forward to helping Wellbridge continue the growth we have achieved during the past five years," says Williams. Members of the Executive Team include Chief Operating Officer Art Curtis, Vice President of Sales and Marketing Matthew Stevens, and

Chief Financial Officer Tracey Dunlap.

"Our company is in a growth mode," says Williams. "We recently broke ground on a \$10 million, 40,000 square foot club in the Denver Technology Center and recently embarked on a \$3 million expansion at our Colorado Athletic Club in Inverness, Colorado." Other developments include two new corporate fitness centers for the internationally acclaimed investment banking firm, Deutsche

Bank, in New York City; management of a new spa property in Hawaii in May; and a five-star Peninsula Spa in Chicago this summer.

"This opportunity will allow me to help Wellbridge achieve its overall objectives," says Williams, "including shifting focus from a centralized business model to a regional approach that provides our key properties and club chains the support they need to tailor their offerings to the specific needs of their members. We believe this approach strengthens our position in each sub-

market and allows us to be incredibly responsive to what our members want throughout the country."

Wellbridge, with more than 45 upscale athletic clubs, flagship clubs and spas across the country, is a fitness industry leader known for its innovative programming and proprietary products. Formerly Club Sports International, Wellbridge is headquartered in Denver, Colorado. For more information, visit [www.wellbridge.com](http://www.wellbridge.com) or call 303-866-0800.

## Inside The Insider

- The Best Just Got Better!
- Larry Krieger Promoted to Executive V.P. Of Operations By Club One, Inc.
- 10 Commandments Of Recreation Marketing
- The Silent Epidemic
- Personal Trainer Liability Issues

# Busy Body Bankrupt!

By Norm Cates, Jr.

Just a few months

ago, Busy Body Fitness President, James A. Miller, announced that the company was eliminating its Commercial Products Division. On May 2, 2001, Busy Body filed Chapter

11 Bankruptcy in the United States Bankruptcy Court of the Southern District of Texas, in Houston. An examination of the list of the Top (See Busy Body page 9)

# • NORM'S NOTES •

**HAPPY SPRING to you all!** This May edition will reach you in the middle of Spring, the most enjoyable time of the year in my book. But, in the club business, Spring means only one thing to some of you! Time to batten down the hatches and get ready for the Summer! Well, I disagree if that is your approach to the business and included in this edition, I've brought you a number of great articles that will boost your business. In fact, lets just throw a "Little REVIVAL" right here and now. We have "BROTHER" CURT BEUSMAN's 10 Commandments Of Recreation Marketing for you. Brother Beusman is absolutely one of the brightest minds in the history of the club industry and he shared once again with us at the IHRSA Founder's Dinner, his 10 Commandments. Plus, he added two more. Check out page #16. Also, on page #23 we offer PAUL GOLDNER'S Ten Commandments of Prospecting. To round those two great educational pieces out, we have more from RAY GORDON, the President of SALES MAKERS and (IHRSA's Associate Member of the Year for 2001) and SANDY COFFMAN, programming guru. These two industry veterans will give you more ammo for the Summer. Plus, we have an awful lot of industry news as well as some excellent education content on this issue from COLIN MILNER, President of IDEA Health and Fitness, MIKE CONNOR, President of Optimal Fitness and CARRIE MORROW. So, STAY TUNED and READ ON! And, enjoy your Spring!

•SCOTT WATTERSON and GARY STEVENSON, the Founders of the giant ICON Health and Fitness, Inc., have made one very smart acquisition. By acquiring ROY SIMONSON's and JEFF LEESON's Ground Zero Design Company, ICON Health and Fitness has, in one fell swoop, positioned itself for years to come to compete quickly and aggressively in the commercial sec-

tor of the fitness equipment industry. I hope you enjoy reading our Cover Story about Ground Zero and Roy Simonson!

•It is great to see that Club.Com's TOM LAPCEVIC and Cardio-Theater's TONY deLEEDE have teamed their two companies up to save the E-Zone Network from ruin. This is one of the most important situations to come down the pike for some time and it is encouraging to see these guys step up to the plate like this. I urge everybody in the industry to support their efforts by checking out their new program and giving it consideration. Tom has promised an interview with details of what is going on for our upcoming June edition. DeLeede, the "Father of Exercise Entertainment", has done a wonderful job for the industry with his Cardio-Theater that is now in over 6,000 worldwide locations and combined, I believe these two will make it work. And, it certainly won't hurt to have one of the brightest club operators in the world as their biggest customer and a close ally, MARK SMITH, CEO of New York-based, Town Sports International! Good luck to you all guys. We're pulling for you!

•Speaking of leaders, AUGIE NIETO, fitness industry legend and the Founder of Life Fitness, has announced that he has joined the Stamford, Connecticut-based North Castle Partners as a member of their Operating Advisory Board. Augie has joined some serious high-rollers. North Castle Partners is the same company that just a few months ago acquired 10 New York area Equinox clubs for a figure reported to be in excess of \$175 million!

•Life Fitness has recently received kudos from Brunswick Chairman and CEO, GEORGE BUCKLEY,

who commented, "Life Fitness sales rose in the 1st Quarter of 2001 with significant contributions from our international division and consumer products." Life Fitness also announced that its parent company had acquired the 60-location Omni Fitness, a retail fitness equipment chain of stores located throughout the company.

•In Seattle, KEVIN L. LAWRENCE and Health Maintenance Centers, Inc. have received a SUMMARY ORDER TO CEASE AND DESIST because of their violations of the Securities Act of Washington. Kevin Lawrence is the President of Znetix and according to a recent report on MSNBC, recently raised \$9 million from 1,100 investors in 25 states. More on this story next month.

•Speaking of retail fitness equipment chains, how about Busy Body Fitness filing for Bankruptcy? As far as I am concerned, we are hearing the BR word way to much and I am not excited about that in the least. But, I've seen the old economic axiom at work in America all my life and I'll bet that axiom is in play in the Busy Body case. The Economic Axiom? "Excess profits breeds ruinous competition!" Speaking of which, check out The CLUB INSIDER News WorldView this month on page #26. We have a very interesting interview from FRED TUROK, the Founder and Chairman of LA Fitness in the United Kingdom. I've made some comments in that article that relate to this Economic Axiom.

•ANDREW SCHALLER is the President and owner of Palm Beach Financial Exchange, Inc. and a veteran in the world of EFT (Electronic Funds Collections). Schaller has sent me a letter responding to last's month's interviews with BRIAN HOMAN of Tools Management, Inc. and FRANK ANDERSON, President of Computer Outfitters. His letter appears on page #5 and objects to several points made in the quotes I published. Also, check out Schaller's Palm Beach Financial ad on page #25 for details of how his company does business. There are a lot of excellent companies in this area of our industry such as: CheckFree Health and Fitness Division of the giant CheckFree Corporation (email dmitchell@checkfree.com), Affiliated Acceptance Corporation, (See ad on page #25) and Alphelion Software, Inc., and it is a shame that Homan got himself and his customers in such a mess.

•Terrific IHRSA President, JOE CIRULLI, never rests! About five years ago, he opened a new building in Gainesville, Florida to move his 22+ year old club (at that

## Let Us Hear About Your NEWS!

E Mail - clubinsidernews@mindspring.com

time) to. He had been in business in the land of the Florida Gators in a shopping center and his new facility was absolutely awesome. I'll never forget his Grand Opening Night. It was raining cats and dogs as I arrived for the event and there were cars lined up for a mile in both direction entering the parking lot of the club. When I went in, I was excited to see one of the nicest places you could ever imagine. And, the paint had hardly dried on his new club when Joe announced that he was going to expand! His GHFC is now 60,000+ square-feet and hardly 5-years old, but I just received a memo from Joe that he "will begin a renovation to the club. The existing open courtyard area will be enclosed and the lobby will be expanded, adding a juice bar, lounge area, televisions and Internet kiosks!" Joe says, "We strive to improve the clubs by reinvesting in them and adding new features. Members will now have more room and more opportunities for networking." The renovation will be completed by the end of the year.

•And, speaking of renovations, my sources tell me that the already fabulous HOUSTONIAN, Club, Hotel and Spa is getting a, and get this, \$70 million renovation! That is amazing and terrific testimony to the management skill and leadership of HERB LIPSMAN, the GM there and former IHRSA Board Member.

•I am mad as hell and I'm not going to take it anymore! The truth is, if I were a club owner/operator in the United States today, I would be absolutely LIVID with the news from an article published in Athletic Business Magazine (page 55) this month! (May 2001 edition) Thanks to RAYMOND LONG, the 33-year veteran of the Florida health club scene and owner of Personal Best Fitness, in Deland, Florida, for contacting me about this. I received my issue of Athletic Business in the mail the day after Raymond called. He called me to tell me about this article entitled: DOWNSIZE THIS! In this article, the author, GEORGE BABISH, the Vice President of strategic development and 'imagineering', at the YMCA of Metro Chicago, tells readers about how the YMCA of the USA is now building small shopping center satellite YMCAs of 10-12,000 square-feet in size. He says they are costing just "\$800 to \$900,000" including renovation costs of "\$40,000 to \$50,000 per square foot" per location. (I am sure that was a typo and he meant \$40 to \$50 per square foot!), equipment of \$300,000 and 'soft-costs' of up to \$150,000 per loca-

tion. Enough is a damn nuff! If this is not stopped, there are many of you out there that may just have to go out and get a new job and forget about your club. This is the most outrageous development in the history of our industry. Bar none. For the YMCA of the USA to continue to fool the American public by continuing to claim that they are a "Charitable Organization" and are NOT IN THE HEALTH CLUB BUSINESS, is an affront and insult to the intelligence of everybody in our commercial club industry and especially to every citizen in America! Here is what I propose. I want to call a meeting right here in Atlanta, Georgia, where we that are concerned about this Tax-Free bull that is happening will map out a battle plan to accelerate this slow moving war against the YMCA. If you are with me on this, just send an e-mail to "clubinsidernews@mindspring.com". I will also create a YMCA file for this article and I will email it to anyone that responds to me. Or, you can contact Athletic Business Magazine and request a copy of the May edition. Single copy cost is \$8 and may be obtained by calling ABM at: (920) 563-1761. We need to go PUBLIC by creating a serious battle plan to STOP THE YMCA OF THE USA FROM THE CONTINUATION of their tax-free invasion on the commercial health club industry. We need to mount old fashioned street protests that involve club owners and operators marching and holding signs on sticks and raising all grades of hell until the local TV News, CNN and every damn body else with a camera, a reporter's badge or anyone else that can tell the truth about this story gives this FRAUD appropriate coverage. If you are concerned after getting a copy of this article and reading it, then DO SOMETHING! If you make your living in the health club business and you don't take action now, there is no telling where this YMCA invasion is going to hit again and again. YOUR club could be the next one impacted by the tax free YMCA of the USA! Please be in touch with me about this very important issue!

•Once again, the New York Post has lit into Bally Total Fitness with a negative article entitled: "COMPLAINTS vs. BALLY ARE PILING UP" in their April 23, 2001 edition. My assessment of the Post's series of 5 articles attacking Bally right after the New Year, Jan. 2,3,4 and 5th, was that they were principally rehashing old news that generally had happened before LEE HILLMAN had taken over the leadership in the company in October, 1996. So, I decided to do a little investigation on my own when I learned of this latest attack. I contacted the New York Attorney Gen- (See Norm's Notes page 5)

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## Norm's Notes

continued from page 4

eral **ELIOT SPITZER's** office to learn the truth. And, the TRUTH is very revealing. According to N.Y. Attorney General Spokesman, **BRAD MAIONE**, the N.Y. Attorney General had received 81 complaints on Bally in 1998, 49 complaints in 1999 and 32 complaints in 2000! I mean, we are talking about the entire State of New York that has 39 Bally Total Fitness clubs! How can the New York Post justify describing 32 complaints in 39 locations as NUMEROUS? This article was an amazing abuse of the truth and nothing more than a continuation of the BS the New York Post published in early January. There is something else going on here with this vendetta and I want to get to the bottom of it. Just in case you wonder, bad press like this hurts ALL OF US in the industry, no matter whether it is true or not. So, if it is being done due to a grudge someone at the New York Post has against former Bally Chairman, the late **ARTHUR GOLDBERG**, then that story really needs to be told. STAY TUNED.

•**BRANDON IVEY** is a Senior student/athlete at **Klein High School** in Houston, Texas. He is also the son of **Alphelion's Software's**, **RANDY IVEY**, who told me about his son in a recent phone conversation. Brandon is an amazing young man who has the disease, **Spina Bifida**, a terrible crippling disease that debilitates the spine and forces him to use a walker to get around. But, Brandon has not let this awful disease stop him! 3 years ago, Brandon walked on his walker into Wrestling

Coach **MATT STOEBERL'S** office and told him he wanted to go out for wrestling. He has done amazing things just to be involved in that sport. He does his required running using his walker loaded with extra weight. He lifts weights. He runs the stands, just like his teammates. In one of his matches, he pinned his opponent in just 58 seconds! Brandon was on Houston TV ABC Channel 13, in a heart rendering report done by newsmen, **BOB ALLEN**, not long ago. In that interview, Brandon was quoted as saying, "Anyone can do whatever they want if they want it bad enough!" His Coach, who Brandon says is one of his best friends, says, "He was very confident. He said I am going to do this. Sometimes when you are a Coach, you learn from your kids. I'm a better person now." Next Fall, Brandon is going to **Abilene Christian College** to study the Ministry. Here is what I want to ask all of you to do. Take a moment to mail your business card with a NOTE written on the back to Brandon saying, **BRANDON KEEP UP THE GOOD WORK!** Send it care of his Dad, **Randy Ivey**, at **Alphelion, Inc.** 100 Nasa Rd. #1, # 606, Houston, Texas, 77058. I am sure Brandon will appreciate hearing from all of us.

•The folks down in Texas at **THRSA** are working hard to get the **State Sales Tax** on health club memberships repealed and recently succeeded in reaching one of their goals: to have a hearing with the State Legislatures in Austin. **THRSA** Board Members and leaders, **MIKE MINTON**, **LORI HORVATH** and **DAVE CARDONE**, recently testified to the Texas Ways and Means Committee to argue why the tax is unfair and should be appealed. While

they do not expect to get results this legislative year, they are on their way. Good luck folks.

•**BONNIE PATRICK MATTALIAN**, was honored by **Club Industry Magazine** a few years back and is a really special person. She sent me great news about a new club she is the **Project Manager for The new Fitness Company** facility is 38,000 sq.ft. and is called: **FitCare LifeCenter** and will be the centerpiece of the **Health and Wellness Center** of the **Doylestown, PA. Hospital**. Bonnie says the pre-opening membership sale is going great! Good luck Bonnie. The Fitness Company is really lucky to have a person of your caliber running that show!

•Speaking of Club Industry, don't forget to go to the **Club Industry East Show** at the **Jacob K. Javits Center** in New York, June 18, 19 and 20. For information call: (800) 927-5000.

•**BRIAN COOK**, the CEO of **Direct Focus, Inc.**, the owners of **Nautilus** and

**BowFlex**, continues to kick butt with sales up 58% in the 1st quarter and net income up 65% from \$8.9 million to \$14.7.

•**FitnessMX.com**, the company that industry leader and champion, **MITCH WALD**, has hung his hat with, just announced an alliance with **Staples Business Advantage, Inc.** This is a continuation of one of the few companies in the **DOT.COM World** that has prospered in the club industry.

•Recently released information confirmed that products containing the drug **EPHEDRA** can kill. The supplement that the woman at the **Crunch Club** was allegedly taking when she died unexpectedly in New York City contained **EPHEDRA**, according to sources.

•Why don't we all write a letter to President **GEORGE W. BUSH** to urge the selection of **DR. KENNETH COOPER** of the **Cooper Clinic** in Dallas, Texas, as our next Surgeon General? **DR. SATCHER** leaves the position next February, 2002.

•I've learned that the **FIBO Trade Show** this year in Germany was again, a monster. Over 50 metal companies and 50 cardio companies showed their wares. Talk about competition!

•**JOHN AGLIALORO**, **Cybox** Chairman and acting CEO, has reported net income of \$329,000 on sales of \$23.4 million. This is good because John inherited a can of worms and has stepped in to tighten credit terms, reduce administrative costs and streamline operations. I wish John and his Cybox folks the best as they work things out.

•**Gold's Gym International**, working with the **Fitness Venture Group** and **Bob O'Leary Sports Science (BOSS)** will launch a website **Pro Shop** with more than 700 products from leading brands such as **Met-Rx**, **Twin Labs**, **AST Sports Science**, **Labrada** and **Clif Bar**. The new pro-shop can be reached through the company's official website; [www.GoldsGym.com](http://www.GoldsGym.com)

•See World View on page 24. And, STAY TUNED!

### Palm Beach Financial Exchange

Electronic Funds Transfer



May 8, 2001

Mr. Norm Cates, Jr., Publisher  
The Club Insider News  
Post Office Box 681241  
Marietta, GA 30068-0021

Dear Mr. Cates,

As I read the Tools Management, Inc. article in the April issue of *The Club Insider News*, I felt compelled to respond to a few major points contained in the quotes you published.

Palm Beach Financial Exchange, Inc. (PBFE) provides Electronic Funds Transfer services to the health club industry, and has been doing so for nearly ten years. Our customers use Club Runner Management Software or any other management software program they prefer.

I cannot imagine a situation where PBFE would ever test a software program using real account information belonging to a club. There is absolutely no way tests would be performed with information belonging to a club for whom we do not provide billing services.

PBFE does not use IC Verify software. All software used for billing is produced in-house and is time tested and results proven. Whenever tests for software modifications are required, PBFE uses "test card" numbers with "test merchant" numbers. Processing one company's credit card transactions under another company's merchant number would be a direct violation of credit card processing rules. This type of offense could be grounds for being "black listed" and denied the privilege of credit card processing for life.

The most troubling quote in the article, in my opinion is, "We could have done that. It is just one of those things that on a computer test, you could do that. It could happen." I don't feel that using club members real banking information for a test and jeopardizing the club owner's livelihood is "...just one of those things."

Mistakes can and will happen. When a test is being performed, there is a responsibility to limit, if not eliminate, the risk of injury to innocent parties. What standards do other businesses seem to find acceptable? That is one question I would ask of anyone handling my financial future.

Sincerely,

Andrew F. Schaller  
President

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# THE BEST JUST GOT BETTER!

## SAN DIEGO, CALIF.

—Faust Management Corporation, Club Performance Network, and MentorU.com has announced the formation of a new joint venture company designed to offer clubs a comprehensive training system and new set of tools for improving the performance of their people and their businesses. "We've just combined the two best club training programs available," announced Dr. Gerry Faust, the new company's chairman.

"There is no more advanced, more practical, nor more value-added training system available in any industry" according to Faust. The program is available now from the new Club Performance Network. Bob Chaiken, a

co-founder of Club Performance Network adds, "Both of our original programs [the original Club Performance Network and the Club Excellence Program from MentorU and Faust Management Corp.] had a great deal to offer to any club, but the new combined organization capitalizes on the strengths of both programs and three strong teams to offer one tremendous resource to the club owner who wants to really raise the bar."

The new "Club Performance Program" product offers over 75 courses organized into learning tracks for Club Owners, Club Managers, Department Heads/Supervisors, Sales and Front Line personnel. The blue ribbon faculty includes Brian

Tracy, Tony Alessandra, Rick Barrera, Patricia Fripp as well as industry notables Brenda Abdilla, Sandy Coffman, Rick Caro, and company co-founders Bob and Mary Jo Chaiken, Janet Lossick, Kelly Herrin and Gerry and Steve Faust. The company has an ambitious production schedule and plans to double its course offering over the next 12 months.

The Club Performance Program makes the best ideas and the best trainers available to your team 24 hours a day, seven days a week, at home or in the club. Now club owners can truly make their clubs learning organizations while reducing training costs. New employees can be trained in their first hours on the job or even before they report for work.

The Club Performance Program can be accessed via a stand-alone or Internet-connected kiosk in the club or from any internet connected computer. Learning is fast and fun with streaming video and other multimedia presentations. Managers can set deadlines for completing

courses and the standards for online testing. Real-time reporting lets managers know who is on track and who is performing well. They can compare results from different departments and/or clubs within the same organization. Soon managers will be able to compare their results with national norms and get just-in-time "mentoring advice" to help them follow through on the training and best ensure application.

Participants get feedback on how they are doing and how to apply what they have learned. They can take practice quizzes before completing a test and review just the content they need when they miss a test item or need a refresher. Managers and participants are provided with lesson specific outlines and activities that can be used individually or as part of a team learning experience (such as a staff training/meeting) to add internal content and/or to help support application of what has been learned.

Subscribers can access the program as is off the shelf. Or

they can design their own private label Learning Center that includes the ability to add internally developed courses, or work with Club Performance Network experts to produce custom courses, or design an entire Team Development System. Club operators can train their entire team for the whole year for a low monthly membership fee.

The Club Performance Program also includes a complete online service that brings you the latest and best marketing and promotion ideas and a ready source of royalty free photos, templates and other resources that will make it easy for you to create fresh new sales support and marketing materials that are proven results producers.

For more information the Club Performance Network office can be reached toll free at 866-850-2582 or on the web at [www.clubperformance.net](http://www.clubperformance.net)

Contacts: Stephen Faust - (858) 536-7976, Janet Lossick - (866) 850-2582

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## TRUST



You should trust anyone with your club's money, right? Wrong!

Price is always an issue. So is security and financial stability. When it comes right down to it, Who are you trusting with your money? The new guy on the block? A friend of a friend? Someone who doesn't deserve your trust?

Palm Beach Financial Exchange, Inc. has been serving the Electronic Funds Transfer (EFT) and Credit Card needs of the health club industry for nearly 10 years. Our goal is to provide the best possible service at the fairest rate.

Here are a few reasons why our excellent reputation is well deserved:

- Our \$0.20 EFT debit price has never changed. Ever!
- We use only our time tested and results proven in-house software.
- EFT Funds are deposited in two business days.
- Credit Card funds are never held by us.
- No Contracts. As long as we provide you with the service and price you expect, you will be a valued customer. No company should ever lock you into a contract that is not in your best interest. Their lack of performance should not be your club's demise.

Our customers use the club management software program of their choice. This combination of flexibility, low rates and great reputation gives you the piece of mind that lets you sleep well at night. You too can enjoy the same stability and reliability that has become the standard for EFT comparison. Call us for the stability and financial security you need in handling your money.

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Electronic Funds Transfer



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Gerry Faust



Brian Tracy

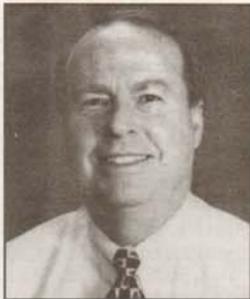


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## ...Simonson

continued from page 3

all about innovation. Our Goal is to advance the industry. We want to help clubs grow their business and become more profitable. You can't keep doing the same thing year after year. The clientele is changing. Their needs and their goals are changing. We feel we have a product and a company that helps address the changing marketplace. The Free Motion products are the safest, the easiest to use and are the most intuitive. You don't have to make any adjustments. You just get on it, and go. The body won't do what it wasn't designed for. The body will do what comes naturally. The body knows movement patterns. The body doesn't know muscle isolation. That is counter intuitive to how the body works. The Cooper Clinic, for example, has

a complete circuit of Free Motion. Half of the people in there are over age 60. Users just get on them and go! They are having a ball. They don't have aches or pains because the machine isn't forcing them where they don't want to go. They are moving where their body tells them to go."

### A Young Businessman

Simonson's business career began when he was a high school athlete. A goalie in ice hockey in the cold northland of Minnesota, Simonson was one of the first generation of goalies to use face masks. Simonson recalls, "I needed a face mask and didn't know where to go to get one, so I started making my own. By the time I was 17 years old, I was making face masks for high schools, colleges and professionals. I made faces masks for the National Hockey League and the Winter Olympics. Also at age 17, I had my first knee operation for an injury from ice hockey. The Minnesota

Viking's doctor did the surgery. The team's trainer did the therapy. They asked about what I was doing and they said, 'Well, maybe you can make some stuff for us.' Pretty soon I started making protective equipment for the National Football League. Stuff like thigh pads, shoulder pads, lots of other items like that. My company was called Zephyr Custom Products. I named my company after my high school mascot. I had another knee surgery a couple of years later and I wasn't recovering very well from the physical therapy I was given, so I made up my own program. Part of that program was lots of cycling. Soon I started racing. I've raced competitively on the Velodrome (banked oval track) for 27 years now, and hold several National and World records for my age category. Pretty soon I started making bikes. That was just kind of a natural extension. I've made bikes for the French Olympic Team and Jeannie Longo, a woman who has set more world records than everybody else combined, and she always rode my bikes. I called my bike company, Rainbow Cycles."

### Weight Equipment Manufacturing Began With Eagle Fitness Systems

In 1979, Roy Simonson and his brother, Mark, were talking about what they were going to do when they graduated from college. Although Mark is 4 years younger than his brother Roy, they were scheduled to graduate from college at about the same time. Simonson remarks, "That shows you how well I did in school!" They were considering starting a business. One business they considered was a tree trimming service. The other was a weight lifting equipment company. Because they lived in Minnesota, they decided to try the weight lifting company because it was a year-round business. They started a business called Eagle Fitness Systems in 1979. In 1983, they were contacted by Cybex, who was looking at acquiring a strength training company. In short order, Cybex purchased Eagle Fitness Systems, the Simonson's 4 year old business. "We traded Lumex stock worth a couple of million for Eagle Fitness Systems stock," recalls Simonson. Roy was in his late 20s and his brother was in his mid 20's. They both went to work for Eagle/Cybex for a few years. In 1984, Roy Simonson and his wife of 15 years now, Cindy, moved out to Jackson Hole, Wyoming and as he describes it, "We just played

for about 5 years. We did a lot of skiing and just had fun. When we sold the company, we had a five-year non-compete agreement, so we used that time in Jackson Hole." Roy and Cindy Simonson have 3 children: Michelle, 14, Eric, 12, and Kelly, 10.

In 1989 the non-compete with Cybex expired. Simonson had an idea on a product and Cybex wasn't interested. But, the Loredan Biomedical Company was. Simonson went to work for Loredan, a competitor of Cybex. Loredan wanted to develop a strength equipment line and Simonson designed a product line for them called Lido. Loredan was a company owned by a venture capital group. Simonson recalls, "In real short order, they thought they knew more about the business than the founder. They put themselves into the equation and about a year and a half later, we were out of business." In 1992, Simonson was contacted by Cybex VP of Marketing, Steve Williams, who asked him if he was interested in doing equipment design for Cybex again and Simonson accepted the offer, going back to work for Cybex in 1992. In 1993, he and his family relocated to Colorado Springs, Colorado, and set up a research and development facility. From 1993 to 1997, Simonson and four others did the majority of the product development for Cybex. They designed the VR line, The VR2 line, the plate-loaded machines and a few other projects. Simonson recalls, "That was a real fun time. Cybex was going real strong. We had a great team. It was really a great time for Cybex. When Trotter and Cybex merged, Trotter gave me a 'take-it-or-leave-it' offer and I decided to leave it. They basically fired me in September, 1997. When they fired me I had an 18-month non-compete agreement as part of my severance package. That non-compete expired in March, 1999 and the day after my non-compete ran out in March of '99, I started up this Ground Zero business. So, that's how we got to this point."

### How Ground Zero Was Born

During the period after Roy Simonson departed Cybex he had plenty of time to think about his future. An avid skier, he started snow boarding that winter and doing a lot of mountain climbing in the Spring and Summer. These two new activities got him to thinking. Simonson recalls, "During the term of my non-compete, I had a lot of time to think and prepare. That winter I started snow boarding. Then I started doing a lot of climbing in the mountains as well. I have been a life-long par-

ticipant in sport and athletics, but when I started doing these two new activities, it became very apparent that my gym training had little or no carry-over to these new sports. The problem is that everything I was doing in the gym was this fixed, one-dimensional training and snow boarding and rock climbing is a three dimensional thing where no two movement patterns are ever the same. It became pretty apparent that the gym wasn't preparing me for real life encounters. So, that kind of triggered the whole thought process. The more I'd go into the gym and try and come up with stuff, grabbing cables and tubing and doing a lot more of functional training, it became apparent that the standard machine training was making me good at standard machine training, but it wasn't making me good at anything I did in real life. There is a huge amount of difference in being able to bench press or squat or push a standard chest press machine and being able to function in sport or in real life. They are just totally different things. The football lineman who can bench press 500 pounds might be a great bench presser, but unless they can transfer that strength through multiple planes while moving against an opponent who is also moving, that bench press training isn't getting the job done. The thought process is: what kind of tools can we create to prepare you for real life activity? That winter and spring I was experimenting with different modalities and trying different things. The first machine I made was the 'Free Motion Chest Machine.' As soon as I made that first one, I knew we were on to something. We developed the full Free Motion line very quickly. By the Summer of 1999 we pretty much had the full-line prototyped out and we were on the right path. It was just like a light bulb had gone on."

We asked Roy how he came about the name of 'Ground Zero Design' and this is what he said: "We were starting from ground zero, throwing out the old, outdated rules. We thought let's start with a clean sheet of paper, think unconventionally, and see if there is a whole new way to help people reach their goals. We are challenging how you train. We are starting from ground zero and we encourage you to do the same."

### Happy and Satisfied Customers

We contacted some of the Ground Zero Design customers to hear their comments about their decision to buy Ground Zero Free Motion equipment and how their members liked it. Here are some of their comments:

**ART CURTIS- Chief Operating Officer, Wellbridge- (47 clubs)-** "We think very highly of it and like Ground Zero a lot. We feel like it helps us with at least a couple of things. Number one, it provides a great set of tools for our personal (See Simonson page 10)



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# Club One, Inc. Announces Promotion of Larry Krieger to EVP of Operations

On May 11th, Jill and John Kinney, founders of Club One, Inc. announced that Larry Krieger has been promoted to the position of Executive Vice President of Operations. Mr. Krieger joined Club One in June 2000 as the President of the Northern California commercial club division overseeing nine high quality fitness and sports clubs in San Francisco, Oakland and San Jose. In his new capacity, he will assume the duties of Richard Meyer, former President of the Southern California commercial club division, who is leaving the industry to become the CEO

of an international company later this summer. The Southern California commercial club operations include seven Frog's Club One sites in San Diego and Long Beach and The Sporting Club One in La Jolla, California.

"Over the last few years, our company has grown from 2 sites to 68 sites through acquisitions and new development and despite the economic slowdown, we are seeing continued growth in both our membership and our professional services." said Jill Kinney. "This increasing demand requires that we have a strong team in place, and we're thrilled to have

Larry lead this team. His track record of building and operating successful, service-oriented clubs is ideally suited to continue our enhancements of our Southern California operations."

Prior to joining Club One, Mr. Krieger was the President of WellBridge, a cutting-edge health club network developed by Monsanto to serve the aging baby boomer market. He also served as the General Manager of one of the most prestigious multi-sport clubs in the U.S., The SawMill River Club in Mount Kisco, New York.

Larry has been an active fitness enthusiast throughout his life and is a nationally ranked masters tennis professional. His contributions to the industry personally and professionally have been substantial. He served as the President of the Board of Directors of IHRSA, the International Health, Racquet and Sportsclub Association, the industry's largest trade association and the Advisory Board of the Tennis Hall of Fame. Currently, he is a member of the Board of Directors of the International Lawn Tennis Club.

Club One, Inc. is one of the country's leading fitness club

companies with significant operations in Northern and Southern California. The Company is also one of the country's leading contract operators of managed corporate fitness facilities for America's Fortune 1000 companies. Through its subsidiary, Club One ProServices, Club One manages 48 corporate sites in 6 states from Massachusetts to California. Club One was founded in 1990 by Jill and John Kinney, COO and CEO, respectively, and is privately owned.

(For additional information, contact: [Jill.Kinney@ClubOne.com](mailto:Jill.Kinney@ClubOne.com) or visit the Club One website at: [www.ClubOne.com](http://www.ClubOne.com))

## ...Busy Body

continued from page 3

20 largest unsecured creditors revealed some prominent names in the commercial fitness industry. The largest unsecured creditor listed was Precor, Inc. with \$8,240,729.96 shown. The second

largest creditor was another prominent commercial fitness supplier, Cybex, with \$1,907,843.24 shown. The third largest amount was yet another big commercial supplier, Schwinn, with \$1,057,486.26 on the form. These huge, unsecured claims were contained in a pleading filed by Busy Body that is 79 pages long. Ernest Cutter, Chief Financial Officer for Busy Body, in

a letter dated May 7, 2001 and obtained by The **CLUB INSIDER** News from one of our sources, commented, "For the foreseeable future we will be pre-paying all product purchases." The Chapter 11 filing should afford Busy Body with the time necessary to emerge from the situation and to, according to Cutter, completely

implement a plan that began with the "elimination of the Commercial Division, outsourcing of service and delivery, and consolidation of our logistics infrastructure." This event could not come at a worse time for Cybex or Schwinn. Cybex is in effect, reorganizing without a Court, which is tough, I am sure. But, it appears to be a challenge that John

Agialoro, Cybex Chairman and CEO, seems up to. And, Schwinn is for sale. Precor is strong, but the number one spot on this Form #4 from the U.S. District Court filing is certainly going to make things more interesting for that giant company. We wish all of the parties the best of luck in all of this. **STAY TUNED.**

## New, In-Club Weight Loss Program Projects 200+K Annual Profit With Using Just 750 Sq. Ft. of Space in Your Club

Casey Conrad, long-time industry consultant, has developed a complete turnkey weight loss business that's designed to be installed within health clubs that combines proven weight loss programming with sales, service and marketing systems. It's easy to fit into almost any layout. It can add a valuable service to your existing members and help you attract an additional target group within your local area. Most importantly, it is proving to be a huge profit center. It's called HEALTHY INSPIRATIONS and here are the results from three of the nine existing centers:

|  |                 |          |
|--|-----------------|----------|
| HEALTHY INSPIRATIONS at Westerly, RI (Stand-alone facility):       | \$110,000 gross | 43% cash |
| HEALTHY INSPIRATIONS at Contours Express for Women, Warrenton, VA: | \$42,000 gross  | 40% cash |
| HEALTHY INSPIRATIONS at Bodez by Tasso, Ormond Beach, FL:          | \$92,000 gross  | 51% cash |

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

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## ...Simonson

continued from page 8

trainers to use that allows them to really and truly do a lot more customization for individuals they train. One of the exciting things to me about Ground Zero and the whole idea of functional training is essentially that it recognizes the needs of the individual and allows us to do things that make sense. It also allows us to train people in a very practical fashion. There are very few things that we do as human beings that somehow don't involve the stabilization of the core. Yet, for years, there has been very little done in training to focus on it. So, with Ground Zero equipment, along with a lot of other things that we are now doing in core training, we are really able to train the whole person and train him in a way that is going to help better prepare him for everyday life. We've purchased entire lines of Ground Zero Free Motion equipment for most of our clubs.

**MIKE McNEESE, Managing Partner, World Gym, Colorado Springs, Co.**- 5 locations ranging in size from 10,000 sq.ft. to 25,000 sq.ft. "We've installed Ground Zero in all 5 of our locations. There are a number of things that attracted us to this product. I am an independent operator offering service in a community that is used to typical low service gyms with low membership dues. I have sought a niche in the marketplace where we offer more and charge more. I would rather have 3,000 members paying \$50 per month than have 6,000 members paying \$25 per month. Everybody has treadmills, aerobics, selectorized equipment and free weights, etc. So, I want to differentiate our clubs from others by offering a better product that is cleaner, less crowded, more adult-oriented and much more service-oriented. Everybody says 'Service', but what does that mean? Everybody says it, but what are they going to do about it? What I am in the process of doing is to offer the members something that will help them achieve their goals more efficiently, more safely and a big word for me, in a FUN environment. When I was introduced to Ground Zero, a lot of bells rang for me, being an ex-athlete, understanding stability and safety. Also being a student of gerontology, the aging of America, knowing the demographics, etc. that is the market that I want to attract. Most of those more mature people could care less about building big pecks. What they care about is losing some weight, losing some body fat and improving overall fitness. Most of them are just normal people who want to look and feel better and want to accomplish that in a fun, safe and efficient environment. That's where Ground Zero comes in. When I saw Ground Zero and had the opportunity to train and workout on it and get some other trainers on it, I came up with a way to differentiate our club from the

others. I bought a full line of Ground Zero and installed it in a circle in a prime area of the club. Inside the circle we have medicine balls, stretching mats, step-ups, etc. The layout takes only about 500 sq.ft. We've created an environment that is fun and in the center of the club where it is seen when prospects walk in and is also seen from the cardio area. It creates an excitement in the club and makes people feel better when they come in. It is really a culture change."

**LORI HORVATH, General Manager, Signature Athletic Club, Dallas, Texas** - Our club was among the 1st 5 clubs in Texas to get Ground Zero and among the first 25 in the nation. I believed in Ground Zero the minute I saw it for many reasons:

1. Our industry was starved for new innovation in strength equipment!
2. "It's like someone finally looked at the human body and realized how it really moved!"
3. Members and staff alike will say that, "Ground Zero allows you to strengthen your body in the patterns we move in every day life"
4. Finally something to compliment fixed equipment.
5. A real plus to personal training dollars!

**JOHN TUREK, Head Coach Cross Country, Track and Field, St. Mark's High School, Dallas, Texas**- "St. Mark's is a private, all boys prep school and we've had 15 Ground Zero pieces installed since last August. There are two primary reasons I selected Ground Zero. I have a Master's Degree in Biomechanics. When I look at equipment, I look for applicability to all different body types and also, the ability to do specificity of training. Ground Zero allowed me both. I allow 5th and 6th graders to go in there and work out. I only have to instruct them once. This allows me to have the freedom that most machines don't. It can take on a football player as well as a 5th or 6th grader. I like the ability to do that. The other thing with the specificity, I do a lot of cross coaching of other sports. The ability to adapt the machines for a variety of range of motions was very appealing to me. It takes you from a baseball swing to a football kick or punt, a golf swing, to throwing the javelin, to throwing the shot put, discus, etc. I am also very much in tune with this line of thinking about core stability. I think a lot of times the machinery of old did all that for you. It put you through a specific range of motion, did all the balancing for you and the counter balancing. So, it limited what you could do a great deal. A lot of times those limitations were never applicable to a range of motion that would actually be done in a sport. So, this Ground

Zero came out and I immediately gravitated to it, because I can do so many things with each machine. I could do them independently, right leg from left leg, right arm from left arm or do them together. It also allowed me to just use more than that muscle group. So, for all of those reasons, Ground Zero is very appealing for me."

**APRIL MORGAN, Vice President for Sports and Fitness for the Sports Club Company**- "Our members and trainers just LOVE the Ground Zero equipment. It is the best new equipment to come along in years. It is a great concept. Very innovative. Very unique and built very well. It's built like a tank! It is also extremely member-friendly because of minimal adjustments on the machines. The machines are very easy to use. Each one of the machines provides variety. Ground Zero is the favorite of our personal trainers. They can be very creative with their exercise programming with Ground Zero equipment, and the equipment focuses on muscle stabilization for strength. We acquired a full line of Ground Zero for each of our clubs and everyone is extremely pleased with it."

### Training Machines For Specific Sports and Activities

We asked Simonson if there was a machine-by-machine explanation of the Ground Zero line in terms of what each machine will specifically do for the user. Simonson said, "Absolutely. We're putting that out right now. For each of the 15 machines we have developed instructional placards. And, for each machine we have a 9-step progression from its most basic movement pattern to the most advanced pattern. Plus, we have several sample programs. For example, we have one for golf, one for high-calorie expenditure and one for general body conditioning. We have a whole series of those. You can use these to customize your own program. This real programming is another way we are helping people reach their goals. There is tremendous value in providing a tool for people to design a program that meets their needs."

I asked Simonson, "Do your machines offer specific training functions for a sprinter and running back, for example?" Simonson replied, "Absolutely. Here is an analogy that will clarify why Ground Zero can help athletes in all sports. Two of the best conditioned and longest longevity athletes in the history of the football were Walter Payton and Jerry Rice. Both of these guys were not guys that spent hours in the weight room. These were guys that spent hours running up and down hills and through challenging conditions. They both set records that may never be ap-

proached. They weren't spending hours in the weight room or grabbing machines. They were doing things that challenged their bodies far beyond so called 'traditional gym training.' They did a lot of things that were non-traditional then, but today are very well accepted by the cutting-edge trainers as ways to really prepare people. As an athlete, you may be able to squat 600 pounds, but unless you can move three dimensionally, you have speed, quickness and balance and coordination, none of that strength is useful. Specifically, the two machines I would recommend for running backs and sprinters are the Ground Zero Free Motion Cable/Cross Machine and the Squat Machine."

### Simonson and Leeson - Partners With Balance

We asked Simonson how he and his partner, Jeff Leeson, had gotten together. He recalls, "Jeff and I worked together at Cybex. Jeff was hired at Cybex in 1995. He was the operations guy. He made sure all the product got built and shipped on time. Jeff is a bit like my brother. We are totally opposite in personality and skill sets, but we work really well together. Jeff does nine out of ten things it takes to run the company. I've said before, I'm the perfect guy to start a company, but I'm the wrong guy to run the company. Jeff is a great guy to run the company now, after the ICON Health and Fitness acquisition, as they were before. Roy designs product with his team and Jeff makes sure things run as smoothly as possible. Approximately one-third of the current Ground Zero Team consists of former Cybex people. Simonson comments, "They have terrific experience and do a great job."

### The Right Place At The Right Time

We asked Simonson to share with us how the acquisition by ICON Health and Fitness happened. He said, "Sure. I'll kind of use the old Eagle/Cybex analogy. When my brother and I were running Eagle, we were in the right place at the right time. But, to really get some traction, to really get the company to grow, we needed more resources. Not just money, but expertise in manufacturing and marketing and so on. When Cybex acquired Eagle it was a 'win-win' for everybody. This is a similar situation. We really feel that with the 'Free Motion' products and other things we are doing, we are on the cutting edge, really leading with technology, leading with cutting edge product. We're growing and we are growing rapidly. And, to grow rapidly, it takes money, manufacturing, time and space, expertise, research and development. The whole thing. When Jeff and I were

doing it on our own, we had very little advertising. We had absolutely no PR support. We had very limited resources to grow. It was obvious that we were on the right track. But, to allow us to grow and really serve our customers and the industry and to take this thing to the next level, partnering up with someone would be the best thing. We were approached by the majority of the leading players in the commercial industry, but we were just looking for the right kind of partner to team up with. There is just lots of good chemistry required. The old Eagle/Cybex chemistry was just awesome! It is more than just a matter of dollars and cents and all that other business stuff. It's whether you felt like you are all on the same page. Before and since the acquisition on December 20th, the ICON people have just been terrific. They said, 'We want to be in the commercial industry. We've looked at it for years. We've just never felt that we could partner up with someone where we could take advantage of both of our strengths. Their strength is not only manufacturing, but they are tremendous with product innovation. They are totally vertically integrated. Our strength is product design and being creative in taking things to the marketplace. The ICON people have really been fantastic to work with, and they have been totally supportive. So, I have been thrilled working with them. We're just five months into it, but they have been outstanding to work with.'

### The ICON Giant Moves Into Commercial

ICON Health and Fitness was recently named by retailing giant, Sears and Roebuck, as their "Vendor of the Year." ICON was founded in 1977 by two Utah State University business majors, Scott Watterson and Gary Stevenson. The original company was a small importing business and has grown into a company with \$800 million in annual sales and 4,800 employees! Weslo was the name of ICON in the beginning. In 1985 part of the original company was sold to Weider Health and Fitness and again in 1985, Weider purchased a greater stake. Through each sale, Watterson and Stevenson maintained management control and ownership in the company. In 1994, Watterson and Stevenson and other executives teamed with Bain Capital of Boston to form ICON Health and Fitness, Inc., the world's largest manufacturer and marketer of home fitness equipment. ICON brand names include: ProForm®, HealthRider®, Weslo®, Weider®, IMAGE®, JumpKing®, Reebok® and NordicTrack®.

ICON Health and Fitness Founder and Chairman, Scott Watterson commented, "The acquisition of Ground Zero has enabled us to leverage our focus on innovation to create a full line of commercial fitness equipment." (See Simonson page 12)

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# TIME FOR A CHANGE?

By Mike Connor

When club owners start thinking about making a change, there are usually a few very good reasons: 1) In some instances, the club is running smoothly, systems are in place, profitability is strong and predictable, but they want to do more. The better clubs in the industry usually hold that attitude. 2) Other club owners have an attitude that they want to be the leader in the market and will do whatever is necessary to get to, or maintain, the leadership role. 3) Some clubs thinking a change is in order have had better success in the past or haven't achieved what they feel are maximum results. 4) The last group of club owners contemplating a change would be those that feel vulnerable to a newer or bigger club in the market. What

## ...Simonson

continued from page 10

cial equipment that will propel the industry into a new era of fitness."

We asked Simonson, "On one hand you have this giant ICON Health and Fitness Company that does over \$800 million per year and on the other hand, you have Ground Zero from the commercial sector. Is there going to be a development of a residential Ground Zero product to go under the ICON residential marketing banner? Or, is Ground Zero going to continue only as a commercial product?" Simonson replied, "Ground Zero is commercial. ICON is consumer. What they would like to use is some of our design expertise to bring some product to the consumer marketplace."

We will see some of the first consumer product that Ground Zero Design has created for ICON in the near future. ICON acquired Ground Zero and partnered with us, because we have the ability to innovate and create unique products." We asked, "Will the name Ground Zero be on the consumer products you design, or will Ground Zero remain an exclusive name for the commercial side of the industry only?" Simonson replied, "Ground Zero will remain exclusively commercial, but there may be some sharing of some product names. We're still working on that."

## ICON Backed Ground Zero Warranty

We asked Simonson, "As you know Roy, without pointing at the giant ICON in any way, commercial club owners and operators generally view consumer equipment as product intended for

all these clubs have in common is a desire to make changes to put themselves into a stronger and more profitable position.

## Types of change

There are 4 major options for these forward thinkers. The specific situation that the club is in will dictate which is the best choice for that particular club.

**Renovation** - 'A club should do at least a minimal renovation every three to five years', says Bruce Carter of Optimal Design Systems International, one of the world's leading club designer/decorators in the industry. This minimum renovation should include new paint colors to create new energy and a new environment, new upholstery to match the color schemes, changes to lighting and

low volume use. One question that surely has or will arise is; will the Warranty offered on Ground Zero change in any way?" Simonson replied, "No. And, we offer as good or better Warranty as any commercial equipment company out there. None of that has changed. Except that now, the Ground Zero Warranty is backed by an \$800 million company, ICON! It is true that ICON has made a living in the consumer marketplace. What we should not lose sight of is that ICON has thrived and prospered even though we've seen the demise of companies like Marcy and Diversified Products. Right now, ICON makes 6 times more treadmills in one year than the entire commercial side of the industry combined. ICON makes over 1.2 million treadmills a year! You can't make over a million treadmills a year and have service and warranty issues and expect to survive. They do it right. They are an unbelievably efficient and high quality manufacturer. They are ISO 9001 Certified. If you ever took a tour of their facility, it would just blow your socks off. They are completely vertically integrated. They even do all of the injection molding. They do everything from A to Z. They design their own motors. They spec out every single component that goes into that machine. They test them extensively."

The Ground Zero Warranty Plans include:

Free Motion Strength Line: 10 years on structural frame, 3 years on bearings, guide rods, pulleys, cams and weight stacks, 120 days on handles and upholstery and 1 year on cables.

NordicTrack Incline Trainer and Treadmill standard warranty is: Lifetime warranty

maybe some mirrors and plants. You also need to take a look at your equipment offering. When is the last time you added new equipment? How old is the equipment you have? Do you have the latest pieces on the market or does your competition? Many times, adding some new equipment and making these minimal renovation changes can be done fairly inexpensively. When looking at the upside, the wise club operator sees the improvements as money well spent. The result: The energy and atmosphere of a new club that helps increase sales and improves retention and helps keep the club ahead of the competition and new clubs out of the market. What is all that worth?

**Expansion** - Whether you own the building or lease space, you may be able to add to your club to make it bigger. In on the drive motor and frame, 4-year warranty on the rollers, 2-year warranty on parts and 1 year on labor.

NordicTrack Recumbent Bike and Elliptical standard warranty is: Lifetime warranty on the frame, 2-year warranty on parts and 1-year on labor.

## IHRSA New Product Rollout Very Impressive

Roy, your Wall-to-Wall" product rollout at IHRSA was very impressive. Give me a rundown on two of the new products I noticed at IHRSA San Francisco for the first time: the Incline Trainer and the Group Free Motion Program.

## INCLINE TRAINER

The new Incline Trainer is a fantastic product. Everybody that gets on the incline

conjunction with the above renovation, an expansion can have a bigger and even better effect to your club. You need to have adjacent space and the proper design of your existing club or it may not be cost effective. Another alternative may be a mezzanine if you have the proper ceiling height.

**Relocation** - In some instances, for clubs in a lease situation, it may be a wise decision to move the club to a new and better location. There are many good reasons to do this that will be addressed later in this article.

**Additional Club** - Many club owners realize that their success is due to strong systems and a good location. When a club becomes systematic in every aspect and leads in the market, owners become less involved in the day-to-day operation of the business and start to work on a new business. Duplicating success in another

trainer absolutely loves it! I'm not an indoor cardiovascular guy, but I love that machine. The Incline Trainer goes from a minus 5 degree decline to a 50 degree incline. It goes up to 8 miles an hour. You can walk or run on it. It has a bunch of preprogrammed modes in it so that you can go for a mountain hike where the machine will automatically adjust the incline grade, the speed and the intensity. There are a whole series of preprogrammed workouts, or you can customize your own."

## GROUP FREE MOTION

Group Free Motion was a huge hit as well. For years, group classes have been focused on cardiovascular training. With Group Free Motion it is the first time that cardiovascular conditioning, core training, flexibility, balance, muscular endurance and

market can help both clubs in the long run, as long as it's done properly!

## Reasons to change

There are many reasons to make some of the above changes. Many changes are feasible, while some are not. Whenever contemplating a change, have good reasons to do so. Don't waste the effects of change without proper analysis.

**Rejuvenate the club's environment** - One of the most difficult challenges for the club industry is to continually find ways to motivate members. According to Carter, not only does a renovation renew the member motivation and energy level, it revitalizes the staff and owners. 'It helps to alleviate the boredom', says Carter, which is a major reason for in-

(See Connor page 23)

muscular strength are all combined into one program. At the show we just unveiled one program that contained a high energy, high cardiovascular content. We have a variety of classes that will appeal to various groups, such as our Seniors Program, with emphasis on functional movements and balance. We can now combine all of the elements of fitness into one class. The Group Free Motion trainer has four wheels, is more easily moved than an exercise bike, and they don't take anymore space than an exercise bike.

We also provide a training course with materials for the trainers. This Group Free Motion Program is really fun too! We begin shipping our first Group Free Motion product next week."

Clearly, the Ground Zero equipment is making a big difference in the club industry and it looks very much like they are just getting up a good head of steam. Roy Simonson told me that they had Ground Zero equipment installed in over 900 clubs so far. With over 16,800 commercial clubs in the United States, distribution in over 15 countries, and tens of thousands of others around the globe, it looks like the sky is the limit for Ground Zero Design and Roy Simonson's team. For more on Ground Zero or ICON Health and Fitness, go to: [www.gzdesign.com](http://www.gzdesign.com) or [www.iconfitness.com](http://www.iconfitness.com)

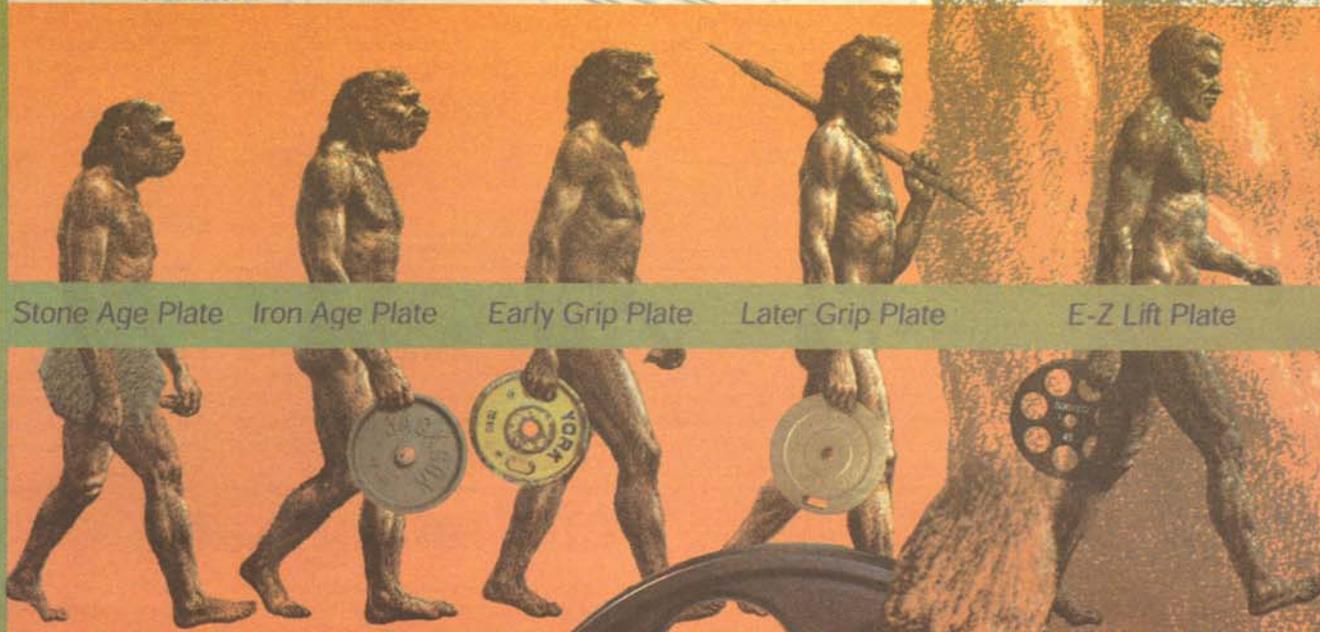
(Norm Cates, Jr. is the Publisher and Editor of The CLUB INSIDER News. Cates, a 27-year club industry veteran, was the 1st President and a Co-founder of IHRSA in 1981. In March, 2001, Cates was honored by IHRSA as he received IHRSA's first ever Dale Dibble Distinguished Service Award.)



Incline Trainer

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Coming up with better ideas is not just a process, it's an attitude—one of never being satisfied with the way things are, of always striving to give the marketplace something better.

To be continued.



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# SALES • RETENTION • REFERRALS

## "CIRCLE OF MEMBERSHIP SUCCESS"

By Ray Gordon

Just like the planets rotate around the sun, the "Circle of Membership Success" has a concept that it is built on.

No, it is not:

- The membership sales person
- The club's location
- The club's programs
- The club's price.

While all of the above are very influential in the decision to become a member, the most important factor is the prospective member's NEEDS. Perceived and Real. New members in the 21st Century are probably going to have more than one need for them to justify changing their lifestyle at your club.

Over 98% of all non-regular exercisers are failures. I don't mean failures as Mom's or Dad's, business people, or community leaders. But the majority of them have failed at least once in an attempt to make exercise a part of their healthy lifestyle.

It takes courage and the de-

sire to improve their lifestyle for them to even visit your club. Your club is just one of many options that they have to become regular exercisers. They could buy home equipment (home equipment sales are up) or they could join another club (health club sales are up).

To become truly successful in membership sales we have to become completely FOCUSED on the members needs.

In the last issue of Club Insider, we discussed the importance of the first meeting, greeting and introduction; Important because it increases the effectiveness of the main goal of the tour, which is: identifying needs.

### IDENTIFYING THEIR NEEDS

The best way of identifying needs is to ask open-ended questions.

There are six wise men. They taught me all I know. Their names are Who, What, Where, When, Why and How.

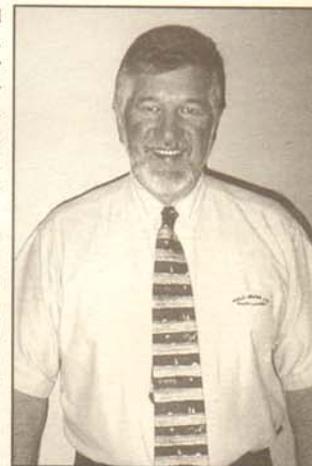
Rudyard Kipling

Identifying their needs. This may sound easy and many membership sales people will say that they are doing this. Sales Makers believes that identifying needs is so important that we require our membership staff to have 20 open-ended questions memorized. These questions should fit the personality of the membership sales person so that they are comfortable asking and building dialogue. Every membership sales staff member should be able to write their 20 questions by memory at anytime they are asked. A great training tool is to read their questions everyday at the start of their shift. This prepares their mind for anything that may happen on the tour.

Why do we require that the questions are memorized? If you are thinking about the proper question to ask next, then you are probably diminishing your listening potential. Remember that if you are only asking questions to make the sale today, you are not being a total circle sales person. Now is the time to gather some of the necessary in-

formation to insure that they succeed this time when they join your club. Remember that selling the member is easy; getting them to change their lifestyle and become a regular exerciser is the difficult part. The "Circle of Membership Success" is part sales, part retention and part referral.

Recent information from IHRSA (International Health Racquet and Sportsclub Association) that a minor increase in retention can result in a 10% to 15% increase in your club's bottom line is significant. This is why the needs portion of the success circle is so important. It effects not only today's sales, but more importantly, it effects future profits and sales to the American public everyday. These non-exercisers are coming to our club wanting us to help them. They can exercise anywhere in a variety of different ways. What they want is to be successful on their new exercise program. When you identify all their needs you have a better chance of helping them. Remember, today you CAN make a difference.



Ray Gordon

Ray Gordon is the Founder and President of Sales Makers, a sales management training firm. Sales Makers was named by IHRSA as the 2001 Associate Member of the Year. Gordon Founded Sales Makers in 1981. To contact Ray call: (800) 428-3334.

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# IHRSA's Capitol Report

## Capitol Report Reprinted Courtesy Of IHRSA

### STATE LEGISLATIVE UPDATES

For more information on these and other bills, visit <http://www.ihrsa.org/publicpolicy/state/index.html>.

FLORIDA: House Bill 547 and Senate Bill 802, which would have repealed the sales tax on health club memberships, had won initial approval by committees in both branches. However, due to fiscal un-

certainty in the State, the measure failed to win final committee approval. Legislators bracing for higher expenditures and lower than expected revenue felt they could not approve this tax-cutting measure.

LOUISIANA: On May 7, the legislature proclaimed that day to be 2001 Louisiana Legislative Fitness Day through Senate Resolution 18 and House Resolution 61.

TEXAS: THRSA Executive Director, Cid Galindo, reports

that the hearing on House Bill 2627, which would repeal the sales tax on health club memberships, went extremely well. Testifying along with Galindo were Lori Horvath (Signature Athletic Club), Dave Cardone (Memorial Athletic Club), and Mike Minton (Minton's Sportsplex). After a series of questions from Committee members, the bill was left pending, which means that no vote was taken. Due to the number of bills on the calendar ahead of this one, and the fact that HB 2627 has a fiscal note (es-

timate of tax revenues lost by the State over the next 2 years) of \$18 million, it will probably not be voted on before the end of the session on May 28.

"Our realistic goal for this session was to get our bill heard by the House Ways and Means Committee," said Galindo. "We achieved that and much more. THRSA now has a core team of over a dozen individuals that have made a commitment to our legislative efforts by getting educated on the issues, participating directly in our lobbying ac-

tivities, and making financial contributions to our government relations fund."

Looking forward, Galindo said that the Committee seemed more interested in leveling the playing field by imposing the sales tax on memberships to tax-exempt fitness centers, rather than eliminating the current tax. "Apparent in their questioning was the desire to position such a tax as a tax on the consumer, not a tax on the tax-exempt," he said. "Given the budget challenges the

(See Capitol Report page 16)

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# Ten Commandments Of Recreation Marketing

By "Brother" Curt Beusman

**"B**rother" Curt Beusman was one of the original IHRSA (The International Health, Racquet and Sportsclub Association) Founding 7. Curt has a Ph.D. in chemistry and built and sold a

company, Curtis Instruments, before he entered the club business about 30 years ago. "Brother Beusman", as we affectionately call him, has electrified the members of the club industry on many occasions when he would deliver his Ten Commandment Speech. In March, 2001, "Brother Beusman" mes-

merized and cracked up the crowd when he dressed in his "Preacher's Robe" and came marching down the aisle to music from Rocky, with dumbbells in hand. He exhorted the crowd and stunned us all when he added two more Commandments to the original 10. Those two new and very special com-

mandments are: #1- The customer will only pay what you ask. #2- Raise your dues every year for everybody. Praise The Date You Raise Your Rate! Remember the 11th and 12th Commandments, friends: Eleven; They will only pay what you ask. Twelve: Praise The Date You Raise Your Rate!



"Brother" Beusman

**T**hou shalt know all thy customers and their total spendings at thy club, yea, even better than thou knowest thine own wife's charge accounts.

**T**ake not the false teachings of thy most vocal members as the true gospel of thy flock.

**T**hou shalt follow thine own true council on marketing and pricing, unfettered by thy naysayers of lesser vision at thy competitor's club.

**I** say to you, worship not solely the ancient god of tennis, nor the flashy idol of racquetball, for there are other fitness activities for the greater multitude that surely will benefit thy overall gross income, and insure thine own retirement plans.

**G**ather thy disciples and employees unto your conference room and teach them thine own marketing plans, that they might spread the gospel of monthly billing.

First revealed in 1981 by "Brother" Curtis Beusman at the first IHRSA Convention.

**E**ven though thine neighbor's wife shall seeketh a special deal, and entreat thee with pleas and promises, deny her from the Rule of Equity, for what so ever a discount shall go to one, so shall they soon all know of it, and seeketh it even for themselves.

**D**iscounteth not thy membership fees, nor thy court fees for thy local corporations, for they shall forever more demand concessions.

**T**hou shalt avoid optional pricing choices like the plague, for they truly accounteth only to the benefit of the customer, and destroyeth thine own bottom line.

**T**hou shalt stagger thy price increases throughout the whole year, increasing first one, then the other to dazzle thy members with footwork.

**Y**ea, though thy profits be zero, and thine neighboring clubs be multiplied, despair not, for thy real estate value shall multiply all the days of the year in spite of thine own stupidity.

## Capitol Report

continued from page 14

State will be facing, this may be the direction we go next session."

### HOSPITAL DROPS PLANNED FITNESS CENTER

**T**hanks in part to an IHRSA member's well-organized educational campaign, Oklahoma's Norman Regional Hospital has dropped plans for a 40,000 square-

foot tax-exempt health club.

When Jay Williams, owner of Sooner Health & Fitness, learned last year about the proposed facility — to be built across the street from his club — he knew just what to do: he joined IHRSA.

After speaking with IHRSA's Public Policy team, Williams and club manager Shandi Jarman met with hospital CEO David Whitaker. Later, Williams spoke before the hospital's Board of Directors. "I have spent the last 13 years building a business with a very solid reputation," he told them, "only to see my possible

demise come from unfair competition." The Board members appeared to be "caught off-guard" by the presentation, according to Williams, and had no idea that hospitals compete so unfairly with health clubs.

The issue generated press coverage in both of Norman's major newspapers. Concerned citizens and business owners sympathized with Williams in subsequent letters to the editor.

Recently, Whitaker contacted Williams with the news that hospital officials had abandoned the plan for an East Side health

club. "Frankly, an East Side health club is not a high enough priority," Whitaker told the press.

The fair competition packet provided by IHRSA "seemed to make quite an impact on the public, hospital Board Members, and some of the City Council," said Williams. "The information sent by IHRSA was the only ammunition we had to fight the hospital's proposed fitness facility. Sooner Fitness never could have competed with Norman Regional Hospital legally or financially."

Congratulations to Jay Williams and Shandi Jarman on a job

well done!

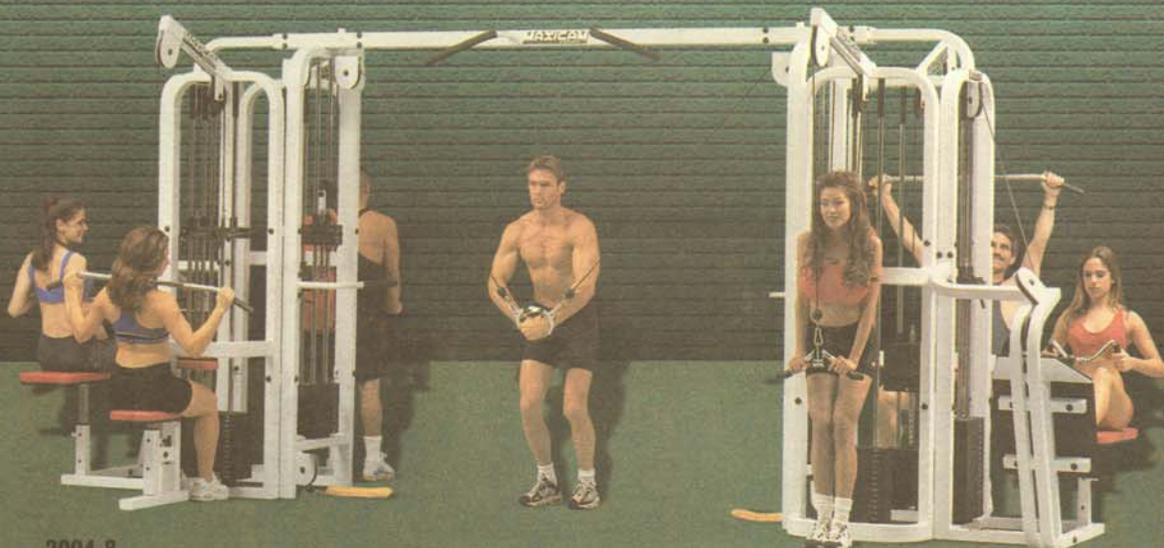
### PEP FUNDS UP FOR GRABS

**L**ast year, IHRSA members were instrumental in the passage of the Physical Education for Progress (PEP) Act, which authorizes up to \$400 million over the next 5 years to improve physical education programs. The omnibus fiscal year 2001 spending bill provided a \$5 million appropriation for this year.

This week, the U.S. Department of Education released the (See *Capitol Report* page 18)

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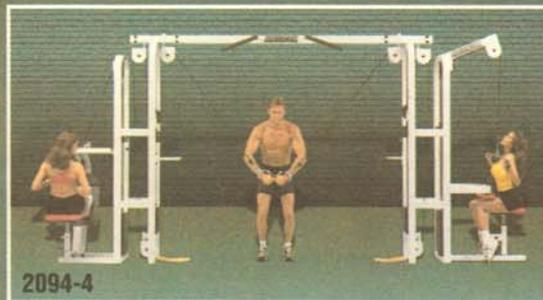
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## ...Capitol Report

continued from page 14

guidelines for this year's program. School districts can apply for grants — expected to average \$300,000 each — to initiate, expand or improve physical education programs in kindergarten through 12th grade. Applicants are required to perform needs assessments of their current P.E. programs and, based on the assessment, describe how they will use Federal funds to help meet state standards for physical education. Funds can be used to buy equipment, hire and/or train PE staff, as well as support other initiatives designed to enable students to participate in P.E. activities. Grants will be distributed equally between local educational agencies serving urban and rural areas, and those serving large and small numbers of students.

Encourage your local schools to get involved! The deadline to ap-

ply for PEP funds is June 18. Applications will soon be available online at <http://www.ed.gov/GrantApps/#84.215F>.

### AUDIT RATE DROPS SHARPLY FOR NON-PROFIT GROUPS

**E**nforcement efforts by the IRS against tax-exempt organizations have slowed considerably in the past decade, according to new data published in *The Chronicle of Philanthropy*.

IRS agents reviewed just 1.3% of tax-exempt returns in 1999 for errors, fraud, and other problems. The chances of a tax-exempt organization's being audited in 1990 were greater, but still slim: 3.3% of tax-exempt returns filed were audited.

Those figures trouble both current and former IRS officials. The relatively small number of audits means that unscrupulous indi-

viduals can "use a tax-exempt organization in ways that aren't charitable," said Marc Owens, a former director of the IRS' Exempt Organizations Division who is now a Washington lawyer.

IRS Commissioner Charles O. Rossotti expressed similar concern about the decline in audits to the Senate Finance Committee, which held a hearing last month to investigate the activities of tax scofflaws, particularly those using the Internet.

"Clearly, the declines we've seen in the past few years need to stop or the fairness and effectiveness of our tax system will be undermined," Rossotti said.

Rossotti blamed the declines on a lack of manpower, saying the agency's work force fell by 17% in eight fiscal years from 1992 to 2000 while the number of tax returns filed increased 13% to 230 million.

### TIME IS RUNNING OUT TO "PAC" YOUR BAGS FOR A FREE TRIP!

**I**n an effort to spread the word about IHRSAPAC, the fitness industry's only political action committee, IHRSA is giving you a chance to win plane tickets to anywhere in the world! For an entry form and official rules, visit <http://www.ihrsa.org/publicpolicy/win.html>. Entries must be received by May 31.

### STATE LEGISLATIVE UPDATES

**NEW YORK:** Several measures are before the State legislature that could dramatically affect the operation and profitability of your business. The time has come to hire a professional lobbyist so that anti-business bills are not quietly rushed through the legislative process.

AB 5272/SB 2677 would prohibit a health club membership contract from being renewed or extended except upon the written consent of the member. Currently, many New York health club contracts have clauses that continue memberships on a month-to-month basis after the initial term of the contract has expired. This bill would eliminate this common, cost-effective practice. Other measures being proposed would extend the cooling-off period from 3 to 14 days (SB 635) and increase the dollar amount of bonds required for health clubs (AB 4665/SB 2486).

IHRSA has interviewed lobbyists and has found one that is ready and able to fight for our industry. New York club operators, call (800) 228-4772 ext.159 or e-mail [gr@ihrsa.org](mailto:gr@ihrsa.org) to find out how

you can help with our lobbying efforts.

**PENNSYLVANIA:** HR 193 would proclaim May 1 through 7, 2001, to be "National Physical Education and Sports Week" and the month of May 2001 to be "National Physical Fitness and Sports Month."

### ASK YOUR SENATORS TO REPEAL THE DEATH TAX

**S**enator John Kyl (R-AZ) has introduced S. 275, the Estate Tax Elimination Act. The bill would repeal the estate tax immediately, so that inherited assets would not be taxed until they are sold. At the time of sale, a capital gains tax would apply. The Estate Tax Elimination Act has already passed the House of Representatives and must now pass the Senate.

IHRSA has made it easy for you to ask your U.S. Senators to support this bill. Just visit <http://209.207.161.197/entry.cfm?orgcode=IHRSA> and follow the instructions, and click on "repeal the death tax" when prompted. You will be able to send pre-written, personalized letters to both of your U.S. Senators about S. 275. Call (800) 228-4772 ext. 117 with any questions.

### FITNESS FACTS ABOUT WORLD LEADERS (by The Associated Press)

**S**ome fitness and lifestyle facts on a sampling of national leaders:

**EGYPT:** A knee problem overcome, President Hosni Mubarak, 72, is said to be back playing 40 minutes of squash a day. His love of squash has helped make it the second most popular sport in his country, behind soccer.

**UNITED STATES:** President Bush, 54, tries to run four times a week, often on a treadmill but outside when he can. He covered three miles on a recent weekend run outdoors and can do a mile in a brisk 7 minutes, 30 seconds. His gym-workout regimen: three sets of 10 curls with free weights, progressing from 25 pounds to 30 pounds and 35 pounds; 100 pounds to 120 pounds on the bench incline; 20 pounds to 25 pounds per arm on the fly machine, lateral pulldowns at weights of 135-155 pounds; about 155 pounds on the bench press. He also tries to use an elliptical machine, a cross between a stationary bicycle and ski machine, twice a week.

**SAUDI ARABIA:** Crown Prince Abdullah, 80, walks for at least an hour a day before his breakfast of dates, camel's milk and bitter Arabic coffee. He swims about twice a week, drinks no alcohol and is said to smoke, but rarely.

**FINLAND:** President Tarja Halonen, 57, a swimmer, served vegetarian food and light refreshments when she invited Cabinet members to the presidential sauna, once known for high-powered gatherings fueled by alcohol.

**LEBANON:** President Emile Lahoud, 64, maintains a chalet at the Military Club in Beirut where he swims early mornings. He is often called the First Sportsman and was seen among spectators at a stadium, cheering and jumping in support of a Lebanese basketball team.

**BRITAIN:** Prime Minister Tony Blair, 47, swims, works out at the gym and plays tennis regularly.

**CHINA:** President Jiang Zemin, 74, spends a few weeks each summer at a seaside haven where he and other officials swim in the polluted, green-blue Bohai Sea.

**CANADA:** Prime Minister Jean Chretien, 67, who skis and golfs, took a snowboarding lesson on his 65th birthday and sprinted up two flights of stairs at the House of Commons.

### STATE LEGISLATIVE UPDATES

**ARKANSAS:** House Bill 2514, which requires every kindergarten through grade 12 school to require at least 20 minutes of physical education training and instruction at least 3 times per week, has been signed into law.

**MARYLAND:** House Bill 289, which repeals the exemption from certification or registration for individuals who practice massage in specified health clubs and beauty salons, has been signed into law.

**MONTANA:** Senate Bill 151 prohibits university fitness centers from selling services to the general public when there is a for-profit fitness center operating in the community. The measure excludes universities that have less than 3,500 students and still allows memberships to be sold to alumni, students, employees, and their immediate families. The bill which originally included community fitness centers, has passed both the House and Senate and is now on the Governor's desk awaiting his approval.

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## Iowa Wrestler Turns Two State Titles into a Successful Career Selling Fitness Equipment to Gyms

Zach Light is the National Senior Sales Representative at Worldwide Fitness, Inc.

Zach explains, "My two state titles taught me that hard work and smart decisions create success. I carry that knowledge to my clients. I tell them, 'If I can save you \$30,000 on your next fitness equipment purchase, then you take that \$30,000 and invest it into a marketing and sales plan which brings in \$60,000 in profit in six months, what would that be worth to you?' They usually get the point."

Zach continues, "Buying fitness equipment is a business expense. The more you spend on your equipment acquisitions, the less you will have to spend in your marketing budget."

Zach Light covers all health club sales in the USA for Worldwide Fitness.



Zach Light

Zach has over 500 customers. Many of his customers claim a large part of their business success is due to the money Zach saved them when buying their gym equipment. Since Worldwide Fitness specializes in gym repossessions, Zach sees a lot of gym owners go out of business.

Zach continues, "I see too many gym owners close their doors while having hundreds of happy members. The sales were being made, but the profits just weren't there. The cash flow was going out faster than it was coming in."

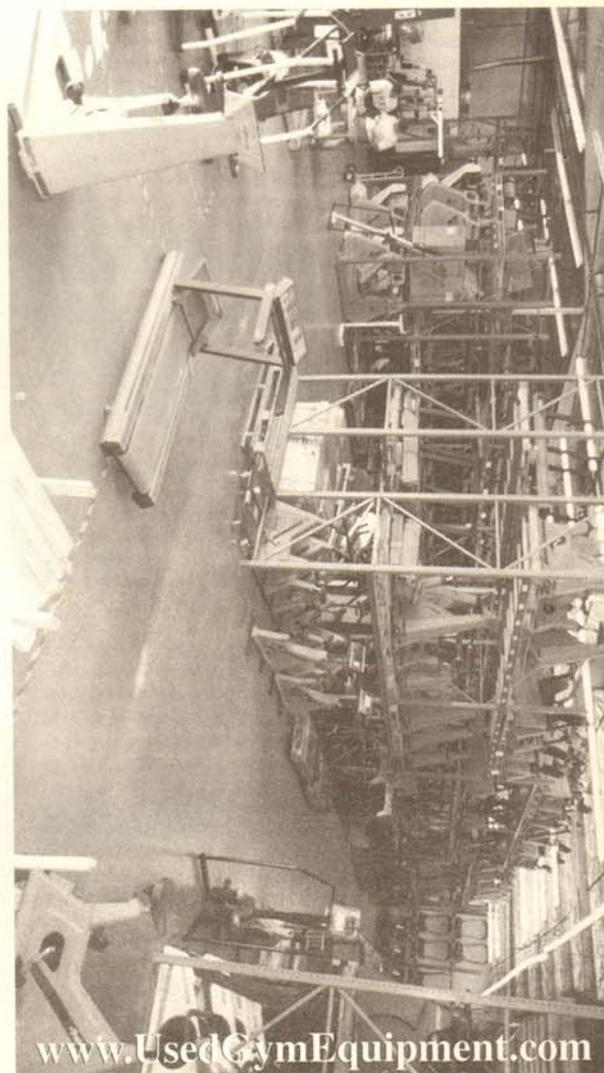
"I have seen the fitness equipment invoices from the banks when these gyms go out of business and it's appalling. The equipment investment is so big that the monthly lease payments kill the business."

In closing, Zach explains, "Now you can buy refurbished gym equipment that is only a few years old and all of your members will think it is brand new."

Zach also has a brand new line of strength equipment that rivals Life, Cybex or Icarian, but costs only a little more than used equipment. This line of **Worldwide Strength** can be seen online at the Worldwide Web site.

Contact Zach Light and get a video tour of the Worldwide facility. Let Zach know what you need. Get placed on his list and be contacted every time another gym goes out of business.

Call (714)283-0355, x16  
 Email ZachL@WorldwideFitness.com  
 Web site: [www.UsedGymEquipment.com](http://www.UsedGymEquipment.com)



[www.UsedGymEquipment.com](http://www.UsedGymEquipment.com)

# THE SILENT EPIDEMIC

By Colin Milner

The United States is in the midst of a demographic revolution. Each day, 11,000 Americans turn 50 with another 6,000+ celebrating their 65th birthday. This new found longevity is due in great part to medical and public health advances, which have reduced dramatically the incidence of acute illness in early life. Antibiotics, vaccines and other advances in research have helped to eliminate many killer diseases of past centuries, including infectious illnesses that once claimed millions of young lives. Consequently, both the total number and proportion of older Americans is the largest it has ever been.

However, while scientific and medical research advances have helped limit mortality from acute illness. "It is now chronic disease that poses a threat to our nation's health and economic well-being," reports a study by the Alliance for Aging Research.

More than 100 million Americans are afflicted by chronic illnesses and conditions for which we currently lack the ability to effectively treat, prevent or cure. Conditions such as arthritis, osteoporosis, age-related muscular degeneration and urinary incontinence, while seldom a cause of death, are the cause of much dependent care and a greatly diminished quality of life for millions of aging Americans.

One of these diseases, osteoporosis, currently impacts 10 million Americans and another 18 million who have low bone mass, a condition that increases their exposure to the disease. It is also one of the leading causes for loss of independence, due to mobility impairment, and is responsible for more deaths in women every year than breast and

ovarian cancer combined. For the average woman, bone loss accelerates shortly after menopause, continues at a steady pace throughout midlife, and accelerates once again with increasing age.

Approximately 40% of women will experience a bone fracture resulting from osteoporosis after age 50, with the majority of fractures occurring after age 65. Hip fractures cause the greatest health problems and the greatest number of deaths. Half of all elderly adults hospitalized for hip fractures cannot return home or live independently after the fracture. Approximately 240,000 hip fractures occur each year among people older than 50 years, with people age 85 years or older being 10 to 15 times more likely to experience a hip fracture than people age 60 to 65 years. The number of hip fractures is expected to rise to 300,000.

There have been advances in the treatment of this disease. Using diagnostic tools called bone density tests, physicians today can identify people who already have osteoporosis, or are at risk for it, before fractures occur.

This one preventive measure could reduce the yearly 14 billion-price tag, associated with osteoporosis, and the 1.5 million fractures injuries, which can lead to permanent disability, loss of independence, even death.

The National Osteoporosis Foundation has not only recommended these tests, they have also recommended the incorporation of an exercise program to assist in the fight against the disease. The American College of Sports Medicine has also added weight lifting, also called strength training and resistance training, to its recommendations for bone-preserving exercise.

The next preventive step then MUST be the creation of an

exercise prescription to stress the bones and muscles, increasing bone density and turning back the hands of time. "Physical activity may not be a fountain of youth, but it is the closest thing we have," says Dr. Thomas L. Schwenk of the University of Michigan Medical Center.

What to do? How to do it?

These are excellent questions; the program guidelines below will assist you in discovering the answers to these and many others. They will help you assess exactly how you need to shift your programming to address the specific needs of those with osteoporosis.

## Program Guidelines Osteoporosis

Osteoporosis is identified as the loss of bone mineral density to such a degree that fractures result after minimal trauma. Factors contributing to osteoporosis include the decline of bone mass associated with aging, the elevated decline of bone tissue due to the onset of menopause (loss of estrogen) in women, heredity, and preventable lifestyle factors such as smoking, alcohol, poor nutrition and lack of physical activity.

Those with osteoporosis contend with fractures, which cause deformity and disability. They also suffer from stress (fear of fractures, loss of function, pain) related to the disease. The three major sites for fractures are the hip, the spine and the wrist.

The most common avenues of osteoporosis prevention and management are hormone replacement therapy and/or drug interventions such as alendronate (fosamax) and raloxifen (evista)

for post-menopausal women, nutritional supplementation, and weight-bearing exercise. Studies indicate that estrogen plays a critical role in preventing the loss of bone mineral density, with calcium and weight-bearing exercise being very important supporting components.

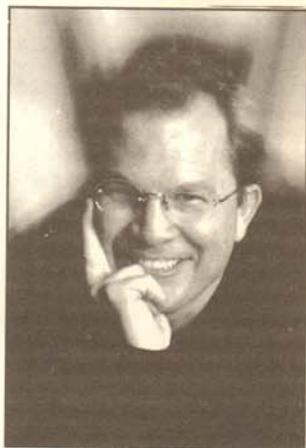
## Types of Exercise:

**Strength training** (joint reaction forces being applied to the bone): Studies prove bone mass and bone mineral density are maintained or improved through resistance exercise. It is important to note that changes in bone mass and density are very specific to the bones that are bearing the weight (resistance) during training.

**Weight-bearing aerobic training** (ground reaction forces being applied to bone): Studies indicate that some bone density improvement can be gained through aerobic training when compared with inactive controls. The gains are specific to the bones receiving the load and muscular force during the exercise. Aerobic training also improves cardiovascular fitness and contributes to overall wellness.

**Range of Motion exercise:** Maintaining and increases flexibility improves overall mobility and contributes to proper gait and alignment. Stretching should be slow and controlled, avoiding unsupported forward flexion of the spine.

**Fall prevention:** When programming for individuals with osteoporosis, care should be taken to weigh the benefits against the potential risks of all activities. Fall prevention is always a high priority. For individuals with balance abnormalities, compromised vision, and coordination or strength deficits which place them at a high



Colin Milner

risk for falling, appropriate forms of weight bearing exercise include walking, standing and supervised strength training. Appropriate aerobic exercise includes water aerobics, water walking, swimming, recumbent stepping, stationary bicycling (preferable recumbent), and chair aerobics.

**Gait training:** Help participants understand the components of a normal gait, i.e. stride length & width, ankle flexion and heel strike, speed and cadence, and upright posture. Normalizing gait can help reduce falls.

**Balance training:** In combination with strength training, balance training has been proven to reduce falls. Incorporate balance activities in classes but be sure to provide wall, chair, or partner support when challenging and practicing balance.

## Exercise Modification Checklist

Have participants:

Strength train both the upper and lower body for maximum benefit

(See Colin Milner page 26)

# TOM PROULX BRINGS NEW LIFE AND A TRADITIONAL BUSINESS MODEL TO NETPULSE

**SAN FRANCISCO, CA** - Thomas Proulx, retired CEO of Netpulse Media Networks, Inc. and co-founder of Intuit, has announced that he has purchased the operating assets of Netpulse and started a new company, Netpulse, LLC. Netpulse, LLC will focus on selling and servicing the popular Netpulse Station(tm) to fitness facilities throughout the U.S.

The Netpulse Station [TP1] lets gym-goers surf the Web, watch TV, listen to music, shop and email—all while they work out. The company received recognition as one of Business Week's "Best

Products of the Year" in 1999 and is a favorite of fitness center exercisers who utilize the product's entertainment and productivity features.

"Netpulse Stations are in hundreds of fitness centers across the country and are enjoyed by exercisers every single day," explains Tom Proulx, "I purchased the old Netpulse's assets and have started a new Netpulse so fitness centers and their members can continue to benefit from the experience. There are few products in the fitness industry that users get as passionate about as Netpulse. I couldn't just stand back and let it die."

John McCarthy, Executive

Director, at the International Health Racquet and Sportsclub Association (IHRSA), states, "We are extremely pleased that Tom has come out of retirement to save the Netpulse product and network. Netpulse made an immediate impact when it debuted in 1997, and it was instrumental in bringing the Internet and advanced technology to the fitness industry. We wish Netpulse, LLC a successful future."

The new company's first order of business is to restore service to existing Netpulse customers, who have been without service since Feb-

ruary. In the coming months, Netpulse, LLC will begin selling the Netpulse Station to new fitness center customers. In addition to purchasing the Netpulse Station, customers will be responsible for paying a monthly service fee to cover the cost of their Internet connections, technical support, network monitoring, and software license fees and upgrades that are necessary to run the equipment and the network.

Tom Proulx adds, "I'm pleased to find that there continues to be tremendous demand for Netpulse. Our business model going forward is based on the

principal that everyone pays his own way. While I still plan to sell advertising on the Netpulse Network, we will not be relying on advertising revenues in order to subsidize or give away products and services that have real value to fitness centers. With each fitness center customer covering its own true costs of running the Netpulse Network(tm), Netpulse, LLC will have a viable business from day one. From my discussions with our fitness center customers over the past few weeks, I know that is important to them that Netpulse, LLC isn't going to just be a repeat performance of the old Netpulse."

# CITIZENS OF AMERICA!

## DID YOU KNOW THAT THE YMCA'S OF AMERICA ARE NOT PAYING THEIR FAIR SHARE?

- (1) Did you know that the YMCA's of America have \$3.1 billion in annual revenue?
- (2) Did you know that even though the YMCA's of America want you to believe that they are a charitable organization, they provide financial assistance to less than 10% of their membership?
- (3) Did you know that YMCA's do not pay ANY real estate taxes, personal property taxes, State Income Taxes or Federal Income Taxes?
- (4) Did you know that a Tax-Exempt \$5-million YMCA enjoys a \$600,000 annual cost advantage over a taxpaying commercial health club that provides the same services?
- (5) Don't you think it is about time that all YMCAs in the U.S. start sharing YOUR TAX BURDEN by paying their fair share of all of the above taxes?

### REBEL TODAY!

Contact your local YMCA Board Members and inform them of this Travesty of tax justice! Contact your County and City commissioners and councilmen/women and tell them the TRUTH about this YMCA NO-TAX SHAM! Contact your State Legislators and demand that YMCA's be required by State Law to pay THEIR FAIR SHARE of State Taxes. And, finally, tell your Congressmen/women that YMCAs across America should begin to pay THEIR FAIR SHARE of income taxes just like all other commercial businesses in America must do!



#### Harford County Coalition for Fair Competition

*Tax Paying Businesses Working with Tax Exempt Organizations  
To Build a Better Harford County*

#### FAIR COMPETITION CHART AN UNLEVEL PLAYING FIELD - WHY YMCA'S COMPETE UNFAIRLY WITH TAX PAYING HEALTH CLUBS\*

|   | ANNUAL<br>COST TO<br>THE YMCA | ANNUAL<br>COST TO<br>HEALTH<br>CLUBS | DIFFERENCE       |
|---|-------------------------------|--------------------------------------|------------------|
| <b>LAND CARRYING COSTS</b><br>Land valued at \$200,000 per acre; 5 acres<br>(\$1,000,000, 15 yr. loan at 8% interest)                           | 0                             | \$114,678                            | \$114,678        |
| <b>BUILDING MORTGAGE</b><br>\$4,000,000 borrowed at 8% interest,<br>15 yrs. (Y receives 50% in contributions)                                   | \$229,356                     | \$458,712                            | \$229,356        |
| <b>FURNISHINGS &amp; EQUIPMENT</b><br>\$400,000 borrowed at 9% interest, 5 yrs.   | 0                             | \$99,640                             | \$99,640         |
| <b>POSTAGE</b><br>Non-profit sector receives a 33% discount and<br>free distribution via schools and govt. agencies                             | \$6,600                       | \$10,000                             | \$3,400          |
| <b>PERSONAL PROPERTY TAXES</b><br>(tax rate of \$3.65 per \$100 on \$400,000/<br>40% assessed value)  | 0                             | \$12,000                             | \$12,000         |
| <b>REAL ESTATE TAXES</b><br>(tax rate of \$3.65 per \$100 on \$5,000,000/<br>40% assessed value)  | 0                             | \$73,000                             | \$73,000         |
| <b>STATE INCOME TAXES</b><br>State tax rate of 7% on a profit of \$280,000  | 0                             | \$19,600                             | \$19,600         |
| <b>FEDERAL INCOME TAXES</b><br>Federal tax rate of 22.25% on first \$100,000<br>and 39% on next \$100,000 - assumes \$280,000<br>annual profit. | 0                             | \$92,250                             | \$92,250         |
| <b>TOTAL ANNUAL COMPARATIVE<br/>OPERATING COSTS</b>   | <b>\$235,956</b>              | <b>\$869,880</b>                     | <b>\$633,924</b> |

\* Assumptions based on a \$5,000,000 health club project on five acres.

As a result of its tax exempt status a non-profit organization like the YMCA can charge 25-50% less to its members than a tax paying health club. In the example above, a tax paying health club with a membership of 2000 would have to charge \$26.00 more per membership per month than the Y simply to cover tax and debt service costs that Y's do not have.

# MAKE IT FUN!

By Sandy Coffman

Welcome to Summer everyone! What a glorious season! Shorts and sandals, flowers, birds singing, picnics, parties, and vacations. Your club can actually promote the "up" mood of FUN and holidays through special programming efforts that will keep your members involved in the club, rather than dropping out and waiting for September.

All you really have to do is think "FUN," then offer a program that incorporates summer attire, summer attitudes, holidays, vacations and sociability. The program must include:

1. YOU must have a FUN attitude
2. Give it a great FUN title
3. Make sure it is FUN for every member.... older, younger, inexperienced, shy, intimidated, new members.
4. Get every department involved.
5. "Dress your club" in summer attire.
6. The program must be an easy entry
7. The member must be able to begin participating immediately.
8. Every participant must be able to win a prize
9. Every participant must be personally invited to be active in the program and experience a FUN recognition for doing so
10. Every staff member has to be the key to the success of the program... the energy, enthusiasm, and encouragement of your leaders will MAKE IT FUN!

If your members think of your club as simply a place they go to work out, summer can be a real drag... for you, your member, and your business. You will get and retain more members if you make your club just that - a club - where people feel they belong, share experiences with others, and have a great time...and tell others about it! Why is it important to tell others about it? Because 80% of

your new business comes from word of mouth or referrals, and that word of mouth is made up of discussing experiences that were special and FUN.

## HERE'S AN EXAMPLE

I'd like to introduce you to the programming staff at the Center Court Fitness Club in Grand Forks, North Dakota. This club and its 2500 members enjoy FUN programming all year round, which is why they grew from less than 500 to 2500 members in three years. In addition to that, the programmers' biggest challenge is in finding room and times for added classes and programs because the retention rate grew as well.

The programs are terrific. The staff is terrific. But the real reason for their success is that all employees in every department make sure that they exercise their knowledge and expertise in coaching, teaching, or serving the members every day. But their first priority is to MAKE IT FUN!

## A SUMMER PROGRAM

The summer program that the programming staff of Center Court has run for three years is called the CRUISIN' CAMPAIGN. It runs for nine weeks, but it includes a FUN, recognition program and a "re-commitment" party every three weeks along the way.

## IT'S A TEAM EFFORT

Every programming person on staff - that means everyone on staff - is involved with recruiting their own team of members to participate. It's a natural to recruit members from their own departments. Why the team? Because a team is a club, and being a member of a club is social, and being sociable is a good excuse for a party, and a

Cardio Theater is the fitness industry's leading provider of interactive entertainment systems with more than 6,000 health club installations. It pioneered the development of the industry's entertainment sector and continues to set technological standards with digital product offerings renowned for providing health club members the highest quality entertainment experience possible.

"We felt that participating in the purchase of E-Zone

party is FUN, especially if you are part of a smaller group of people at a large gathering. Simple as that.

## AND THE WINNER IS...

The winner of a 4-Day Cruise, for Two, to the Bahamas is finally chosen by chance, at a party, and the number of "chances" awarded to the winner is based on participation, not particularly performance. They believe that participation is performance!

## IT'S PICTURE PERFECT

Creative, FUN, exciting, visible, memorable, and exaggerated promotions get the program underway. During the week of the promotion, the staff is dressed "island attire." The main bulletin board space is bigger than life with the Cruisin' Campaign promotion, pictures, rules, and participation opportunities. Pictures! They say a picture is worth a thousand words, but I say a picture is worth a thousand members! Present pictures of the cruise ship, pictures of the island, and pictures of participating members - new and past.

Remember, however, FUN pictures are most productive when displayed professionally too. Yes, we are in the "business" of FUN. MAKE YOUR BUSINESS FUN.

## ANYONE AND EVERYONE CAN ENTER

A key to get participation is to make sure your program has easy entry and the ability to get started immediately. This will also help the sales team to get people started right at point of sale. The Cruisin' Campaign includes about ten to fifteen activities to choose from in each activity department.

was important to the exercise entertainment industry," says Tony de Leede, President of Cardio Theater. "Entertainment continues to be such a crucial component to the growth and continued success of the fitness industry. It was imperative that we work with ClubCom to provide a standardized solution that upholds the integrity and quality of the industry's entertainment sector."

The primary objective of the joint effort between

## MAKE IT FUN!

For example, in the fitness center, one activity would be to use a piece of cardio equipment for 20 minutes or to complete a circuit training class. Although those activities are good exercises, they may not deliver that special FUN experience that makes a program worthwhile. Some points rack up on the Activity Log in the fitness center may also be won by:

- a. Getting your picture taken while striking your best body-building pose.
- b. Walking backwards or sideways on the exercise track for 2 laps

## MAKE IT FUN!

The Group Exercise department may require attendance in a certain class, but a few other activities that would be available would be:

- a. Wearing sunglasses during the class
- b. Shouting, "I'm a Bahama Mama" one time during class

## MAKE IT FUN!

Attending a racquetball tournament or taking an introductory racquetball lesson would qualify chances from this department, but you could also:

- a. Win a point by watching an entire lesson or league match
- b. Wear an island shirt during an entire match, or, for first timers, for a quick 20-minute lesson.

## MAKE IT FUN!

Participating in a tennis clinic or drill session is obvious, but you may be required to:

- a. To juggle three tennis balls (You need to try for 3 minutes.)
- b. Write a humorous note or give a cartoon to one of the tennis pros.

## MAKE IT FUN!

We want everyone to

ClubCom and Cardio Theater is to preserve the industry's media opportunities while providing the E-Zone installed health clubs with an equitable solution that alleviates the challenges and uncertainties associated with the bankruptcy of E-Zone.

"The integration of ClubCom's network programming and Cardio Theater's hardware installation services provides the E-Zone facilities a very positive solution," states Mark Smith, CEO of Town Sports International, "I am very optimistic about the future of



Sandy Coffman

experience all the opportunities at the club, so the Court Sports category may involve playing Wallyball for 30 minutes, attending a volleyball mixer, or shooting five free throws on the basketball court. It may also involve:

- a. Bringing your court sports director a cup of sand to add to the sand volleyball court
- b. Bringing a bag of pretzels to share with the wallyball team

## MAKE IT FUN!

Don't forget the front desk heroes, maintenance department, child care attendants, and the manager. Members should get a chance at the big prize - the Cruise to the Bahamas:

- a. For bringing a Pina Colada popsicle or yogurt to a sales person, a maintenance engineer, or front desk service hero.
- b. For finding out a staff member's birthday, and awarding him/her with cupcake and candle. (Of course they will have to sing.)

Programming! Programming! Programming! Opportunities for us all to MAKE IT FUN! Bon Voyage!

(Sandy Coffman is the President of Programming For Profit, a Florida-based club consulting firm. Coffman is the top club programming person in the world and may be reached at: (941) 795-7887.)

## ...E Zone

continued from page 3

fitness industry," states Thomas G. Lapcevic, the Chairman and CEO of ClubCom. "It was truly an unfortunate event for the industry that the downturn of the capital markets prevented E-Zone from completing its mission. Fortunately, ClubCom is well positioned to integrate the E-Zone installations into our firmly established network operations and advertiser base."

our network. Overall, it is imperative that we all work together to preserve and promote the industry's enormous media opportunities."

TSI was E-Zone's largest customer and is already in the process of reactivating its network. ClubCom and Cardio Theater will be in direct contact with each of the E-Zone installed facilities over the next several weeks. Each company believes that the entire E-Zone network will be fully integrated and operational within the next eight to ten weeks.

# The Ten Commandments Of Prospecting

By Paul Goldner

**P**rospecting can be much like going to the health club. Its something that you know is good for you and will produce excellent and predictable results, yet is something that most sales people always seem to avoid. The Ten Commandments of Prospecting is a proven success formula for prospecting and selling success. The Ten Commandments of Prospecting are:

**Commandment I: Make an appointment with yourself for one hour each day to prospect.**

Prospecting, like anything else, requires discipline. Prospecting can always be put off until a later day when the circumstances will be better. I can assure you that the time to prospect will never be exactly right. Make an appointment with yourself each day to prospect.

**Commandment II: Make as many calls as possible.**

Before prospecting, you should always take the time to properly define your target market. If you do this, you will only call the best prospects in the market. If you only call the best prospects in the market, every call will be a quality call since we will only call those prospects who are most likely to buy large quantities of our product or service. Make as many calls as possible during the hour. Since every call is a quality

call, more is always preferred to less.

**Commandment III: Make your calls brief.**

The objective of the prospecting call is to get the appointment. You cannot sell a complex product or service over the phone and you certainly don't want to get into a debate of some sort. Your prospecting call should last approximately two to three minutes and should be focused on introducing yourself, your product, briefly understanding the prospects needs so that you can provide them with a very good reason to spend some of their valuable time with you, and most importantly, getting the appointment.

**Commandment IV: Be prepared with a list of names before you call.**

Not being prepared with a list of names will force you to devote much, if not all of your prospecting hour, to finding the names you need. You will have been busy, you will feel as though you worked hard, but you will have made no calls. I recommend having at least a one month supply of names on hand at all times.

**Commandment V: Work without interruption.**

I recommend that you not take calls and not entertain meetings during your prospecting time. Take full advantage of the prospecting learning curve. As

with any repetitive task, the more often you repeat the task during a contiguous block of time, the better you become. Prospecting is no exception to the rule. Your second call will be better than your first, your third better than your second, and so on. In sports, they call this getting in the groove. You will find that your prospecting technique actually improves over the course of your prospecting hour.

**Commandment VI: Consider prospecting during off peak hours when conventional prospecting times don't work.**

Conventional cold calling hours are between 9:00 AM and 5:00 PM. Set aside one hour each day during this period to prospect. When conventional cold calling hours are not working for you, consider switching or supplementing your prospecting time by prospecting during off peak hours. Some of your best work will be done between 8:00 AM and 9:00 AM, between 12:00 PM and 1:00 PM, and between 5:00 PM and 6:30 PM.

**Commandment VII: Vary your call times.**

We are all creatures of habit. So are your prospects. In all likelihood, they are attending the same meeting each Monday at 10:00 AM. If you cannot get through at this time, learn from your lack of success and call this

particular prospect at other times during the day or, on other days. You'll be amazed at the results. If you are wondering just how you might track your calls, let alone your call times, look towards our next commandment, Commandment VIII.

**Commandment VIII: Be organized.**

I use a computerized contact management system. I strongly suggest that you use a computerized system as well. The contact management system you choose should allow you to record a follow up call three years from tomorrow with no more difficulty than it would be to record one for tomorrow.

**Commandment IX: See the end before you begin.**

Steven Covey, in his book, "The Seven Habits of Highly Successful People" tells us to see the end before you begin. Dr. Covey is, in effect, telling us to establish a goal and then develop a plan to work towards that goal. This sage advice works well in prospecting and business development. Your goal is to get the appointment and your plan, your cold call script, should be designed to achieve your goal.

**Commandment X: Don't stop.**

Persistence is one of the key virtues in selling success. I have often read that most sales are made after the fifth call and most sales people quit after the first.



Paul Goldner

May 2001 be a RED HOT year for you!

(Paul S. Goldner is both a noted author and an accomplished speaker. He is the author of *Red Hot Cold Call Selling, Prospecting Techniques That Pay Off!* (AMACOM, 1995). *Red Hot Cold Call Selling* was selected by *Executive Book Summaries* as one of the best business publications of 1995. Paul's second book is *Red Hot Customers, How to Get Them and Keep Them For Life!* (Chandler House Press) Paul can be reached at (914) 232-4682, (914) 232-4845, and Paul@REDHOTSALES.COM. Also, you can visit Paul's web site at WWW.REDHOTSALES.COM.)

## ...Connor

continued from page 12

creases in attrition. A renovation changes the atmosphere of the club and affects every member using the club. The higher energy levels and excitement make the same club seem like a new one. With the new club feeling there is less risk for attrition as well as a stronger likelihood that a potential new club operator would stay away from your market since you are spending the money to keep the club exciting and new.

**Enlarge to strengthen position** - Many smaller clubs are finding the need to expand their space or move to new locations because of the demand in the market. This demand may mean that the club is becoming overcrowded or that there could be room in the market for a new and bigger club that could have adverse effects on the existing club. In either case, these clubs need to get bigger in order to keep up with the pace of the growing industry. If expansion is not contemplated, the club could easily be surpassed by a competitor.

**Secure better location** - If you are in a situation where your lease may be coming up for renewal, it may be a good idea to re-

search your market again to see if there is a better location available. You may find that even if you don't get any bigger, a new space may have a better location and more favorable rent making the move a very real possibility.

**Make more money** - This may seem obvious, but cannot easily be achieved. Everybody wants to make more money, but it takes money and a wise owner to be able to execute this difficult task. Whether it is in renovation, expansion, moving or opening a new club, the task at hand must be handled correctly or the outcome will not provide a higher level of profitability.

### Before you do anything

**Analyze your situation** - What is the demand? Who are my members? What is my specialty in the market? What do my sales numbers look like? (traffic, sales) How has my member retention been? Why am I doing this?

**Re-analyze your market** - Get a current demographic report and compare to past reports. What is your current location like in comparison to when you first opened? What material changes in the market have taken place? What has changed in your

competition?

**Conduct thorough feasibility** - What will it cost to make the changes? Be realistic. Do I have the space to move to or make the changes? How will this effect the current operation from a management and financial standpoint? What will my new expenses be? How much income should I realistically expect from the new changes? Am I going to be able to increase my rates?

**Decide on funding options** - If you are adding new equipment, is leasing the best option? Profitable clubs that have a good track record can usually get leases from equipment companies rather easily. Going to the bank for financing may require a business plan depending on the changes. With strong financial information from your current club, it can make financing easier and quicker. In situations where a major renovation or second club is in the works, a new investor(s) may be the best option. With a new investor, it may also aid in bringing in strong management to the new facility. Finally, funds can be obtained by running a membership drive. Early renewals and 'pre-selling' the expansion can help finance some of the capital

needed for the new move.

**If you need help** - Network with others that have made the same type of change successfully or hire a consultant/designer that can give you the assistance you need to maximize success. The benefits should far outweigh the costs.

### Mistakes to avoid

**#1** - Underestimating the cost is number one. Without the proper funding, the impact that the changes should hold may not be enough to offset the money spent to make the changes. Don't skimp if you are going to make changes and make sure you include every cost that will be necessary, particularly in marketing to both your existing members and the rest of the market.

**#2** - Another mistake to avoid is to overestimate the impact of the changes. Be realistic with the revenues that you may expect. If it works conservatively, then you should feel better about making the changes. In addition, don't underestimate the new expenses. If you are making the club bigger, you will have more rent, (unless you build up!) higher utility costs and maybe more payroll. Make sure you analyze your numbers thoroughly.

Make sure that your changes are going to make an impact. Don't make plans that won't change the club. Know what you want to do and what you want the impact to be. Then ask yourself, will this accomplish my goals?

**#3** - Finally, manage your time properly. You should be running a profitable club that you can not take for granted. Plan your time so that management of the existing business runs efficiently and predictably. It is tough to do everything by yourself. In the case of a new location, make sure you can manage both businesses. Delegate responsibilities and prepare your staff for what lies ahead. Proper planning and time management is essential in the success of change.

In summary, making changes to your club can be a wonderfully fun and worthwhile project. It can bring about positive results you don't even expect. The changes may come out of necessity or desire to grow your business. In either case, if you are going to do it, do it right or don't do it at all!

(Mike Connor is President of Optimal Fitness, a Massachusetts-based club management consulting firm. Mike may be reached at: (413) 567-7300.)

# Personal Trainer Liability Issues

By Carrie Morrow

Recently there has been a substantial amount of concern regarding the proper education, certification and accreditation of professional fitness trainers. This concern, I believe, is legitimate and long overdue. I, as well, am a proponent of raising the bar and expecting a higher standard, or any standard, for professional trainers. There is, however, a distinction that I think should be made between a personal trainer who is working with the 'healthy' populations, those presenting without apparent injury, whose goals are mostly general overall fitness; and populations with post-rehabilitative concerns, specific health factors, risks and sport specific needs. This population I choose to place in the "medical-fitness" regard. There is, or should be, a distinct difference between the medical-fitness trainer and the personal fitness trainer.

In the evolution of the fitness industry, more and more efforts are being made to complement the medical community with supplemental and preventative healthcare

through the use of fitness and wellness centers. In order for the fitness community to cast strong ties to the medical community, and vice versa, the credentials of the medical fitness trainer must be very defined. A strict and definite standard of care must be established and legal liability must be easily transferable from the physician, physical therapist and the medical fitness trainer.

Based on current cases, physicians are faced with the balancing act of prescribing 'general exercise' to their patients and prescribing exercise at a specific location with a specific trainer to their patients. I think you can ask any physician and they will tell you that most patients are inclined to follow exact directions rather than vague or general directions. The ability to recommend a specific fitness facility or a specific medical-fitness trainer would increase the patients' chances of actually beginning the exercise program. However, when it comes to exercise prescription, physicians are faced with a lack of information on an accredited, safe and effective facility in which to recommend to their patients. Why?

Because the legal liability generally does not transfer from the physician to the fitness center based on the recommendation. A specific recommendation can be considered part of the prescription and therefore any injury incurred by the patient during the exercise in the recommended facility, transfers liability back to the physician.

So, you say have the physician sign a release of liability, right? The problem with the release is that it generally states that the patient is free to perform general exercise at the facility. Well, many patients have restrictions on the activities that they can perform. Who is going to monitor this person? The physician can't do it, is he or she going to trust just anyone at the center? The medical-fitness trainer must possess a great deal of education and experience in order to become responsible for this patient.

What is the difference between that person and the person who just walks into a facility off the street and begins his or her exercise program? So far the courts have held that a general release signed by the member is enough to protect the fitness facility from neg-

ligence, even of a personal trainer. But, what about the medical-fitness trainer? Should the negligence issues be different? Absolutely. The general release is not meant to include patients referred to a specific program or trainer by their physician. Medical-fitness trainers should be held to a higher standards of care.

Due to the convoluted nature of this issue, the National Fitness Therapy Association has developed standards and accreditation that addresses the liability issues faced by personal trainers and medical-fitness trainers. A higher standard of care is used for the medical-fitness trainer based on their advanced education and experience. Liability should pass to that trainer upon recommendation from a physician. The physician and trainer can maintain a very close working relationship regarding the patient including regular reports provided by the trainer to the physician on an ongoing basis. The physician provides feedback to the trainer whenever a potential problem arises, and vice versa.

The evolution is long overdue. However, the process is



**Carrie Morrow**

here and more trainers every day are taking part in the NFTA accreditation process. To find out more, check the website at <http://www.nfta.org>. Carrie Morrow, MBA, JD Legal/Fitness Consultant National Fitness Therapy Association

(Carrie Morrow is a Legal/Fitness Consultant and the Fitness Director at the YWCA of Greater Pittsburgh. She is currently conducting research on liability issues surrounding medical-fitness trainers and risk management for fitness centers. She can be reached at [Carriemorrow@aol.com](mailto:Carriemorrow@aol.com).)

## The CLUB INSIDER News Worldview

Each month as part of the NORM's NOTES section of The CLUB INSIDER News we have a section entitled: *The CLUB INSIDER News Worldview*. WorldView contains news from around the globe. This month we are happy to publish for your enjoyment, a 20-question interview with U.K. LA FITNESS chain club Chief Executive, FRED TUROK. The interview was conducted by CLANCY GEBLER DAVIES for the Independent, a London-based newspaper. The health club industry in Europe is described in the interview by Turok as immature. So, I thought it might be instructive to provide commentary on a few of Turok's comments, based on my 27 years in the business. My comments are all preceded by the initials 'CIN', short for CLUB INSIDER News. Enjoy.

### TWENTY QUESTIONS: FRED TUROK, CHIEF EXECUTIVE OF LA FITNESS - 'I'M NOT THE LITHE, LYCRA-CLAD PERSON I ONCE WAS'

Interview By Clancy Gebler Davies

South African-born Fred Turok, 46, and a qualified fitness professional, bought his first fitness club in London's Victoria in 1990. He is now Chief Executive of LA Fitness, which has 36

clubs, and he plans 50 more.

1) Is your share price a true reflection of the value of your business?

Turok- "No, the share price has been depressed by several things. We did a rights issue last October and that always makes the market a little cynical. But with that equity, the debt facility I now have available and the cashflow from the business, I am sitting on pounds 70m with which to open 50 more clubs. That hasn't been factored into the share price yet. Several operators have been up for sale for some time - such as Cannons - and I think the City is looking for them to move out of the way to ensure the valuations of health and fitness stocks are recognised by investors. Also, our share price is standing at a 40 per cent discount to Fitness First, our main competitor, so you will find our share price will probably have an upward movement in the short- to medium-term."

2) What are your expansion plans in the UK?

T- "The company has mushroomed from London. We established our model as being a 15 - 20,000 sq. ft. site with a swimming pool, great facilities and equipment, a convenient location and with an adult population of 25,000 people within five to seven minutes of the front door. After London we chose to go to the other major

conurbations: Leeds, Manchester and Birmingham. Having opened there successfully, our strategy is to create a centre and open satellites around it so a regional manager can take responsibility for up to seven or eight clubs."

CIN- "Fred, my advice is be careful about those conurbations you select. Because, if you happen to pick one at the same time somebody else picks the same one and neither of you are aware of the other's action, you both will end up with inadequate markets to support both units. Such events can offset two of your profitable clubs!"

3) Why choose Spain for your first European venture?

T- "The disposable income of the Spanish is excellent, there is a good mixture of corporate and residential because the Spanish live on top of where they work and Spain is totally under provided for - the biggest operator has seven clubs which are in poor condition. Finally, I have found a very strong Spanish team."

4) Do you have any plans to expand into America?

T- "No. A good many English public companies have been caught with their trousers down in America. Why should we go into a market which is semi-mature when you can select from 100 markets around the world that are totally immature?"

CIN- "Fred. You are a

smart man! Boy, I can remember when I first started in Atlanta in 1974, there were just 4 clubs in the entire city! Now, 27 years later, there are about 200! Don't forget Fred. Excess profits breeds ruinous competition!"

5) How are you going to cope with increased competition in your market?

T- "The market is so immature we don't really have any competition at present. Our Finchley club was full when it opened, although there's David Lloyd and Holmes Place two miles away, and another LA Fitness Club three miles away. But, we have to make sure we build the best facilities and charge the most affordable prices we can. That way anybody wanting to come and open against us is going to have to deliver a cracking story at either the price we are charging or less to take our members away. We also need to create sufficient loyalty among members and be aware that people will always shop around."

CIN- "Fred. Please realize that is just a TEMPORARY CONDITION that can and will change rapidly. Don't forget. Excess profits breeds ruinous competition!"

6) You hope to achieve 50 per cent of your turnover through areas of revenue other than subscription fees. How will you do that?

T- "Today we're achiev-

ing 12 per cent of our turnover from additional revenue, which is at the top end of the industry. But some of the better American operators are achieving 50 per cent and I've just sent a team of people to the States to look into that. We've opened three Internet cafes within clubs, we have our Wellness Centres in conjunction with Bupa and we've opened a fourth Wellness Centre which we own. There are also the obvious things such as clothing, food and beverages and private training and there is Synergise, an exercise video and system developed and trademarked by us.

CIN- "Fred. You are an innovative and smart man."

7) What's the thinking behind selling the freeholds of the sites and leasing them back?

T- "It's about creating surplus cash. We are not property developers, we open fitness clubs. But we found we were going to a developer to have a club built and the moment it was finished they would sell that property on at an outrageous profit on the strength of our company's covenant. We decided to cut out the middle-man: we find a site, we buy the freehold and, when the club is up and running, we sell that property on, making between pounds 500,000 to pounds 1m cash profit. This cash surplus is treated as a reduction of the carrying asset in the balance sheet."

CIN- "Fred. You're not just smart. You may be a genius!"

(See Worldview page 26)



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## ...Worldview

continued from page 24

8) How will you build the LA Fitness brand?

T-"LA Fitness was the club that Princess Diana was secretly photographed in. When we bought that club I recognised the opportunity to acquire a brand that already had a household name, albeit for the wrong reasons. From that point, we have spent a lot of time and effort working on that brand. Our company is creating alliances and strategic partnerships with the healthcare industry and with other appropriate brands. We have two business joint ventures with Bupa, including an interactive television health and fitness channel called Club Zebra, and we have a very good relationship with British Airways. Lucozade sponsors our membership retention scheme, LA Passport, and our brand will be appearing on Findus Lean Cuisine meals. We are also working hard on the brand to develop external products such as Synergise."

CIN- "Fred. Awesome branding ideas. You should have tea with our friends here in the colonies, Crunch Fitness Founder and owner, DOUG LEVINE and Gold's Gym branding guru, Derek Barton. I am sure sparks of innovation will fly when you three gather!"

9) When the industry consolidates, will LA Fitness be one of the predators or will you be snapped up?

T- "We look at all potential acquisition opportunities but we don't need to buy anybody - we can open between 15 and 30 clubs a year ourselves. The market will consolidate but we're not concerned about predators because the management still owns 34 per cent of the share holding and we've hit or beaten every target we've set ourselves. As long as we continue to do that, the City and our investors will be keen to continue their support."

CIN-"Fred. I think you must have some smart investors. But, never forget Fred, investors can get really mean when things change. Especially, when you sit with 34%!"

10) Are you concerned by plans for major brands such as Boots to move into your market?

T-"No. Anybody wanting to move into the health and fitness market has missed the boat and by the time a new player develops our expertise they will have fallen further behind. They could make an acquisition but many companies want to jump on the bandwagon and it's easier to talk the talk than to walk the walk. But competition is healthy and having a brand such as Boots in the market could have a positive impact on the industry, as it did when Virgin came in."

CIN- "Fred. You may be right. You may be wrong. Do you know the history of the mess U.S. Industries made over here in the colonies when they bought European Health Spas from RAY WILSON back in the 1970s? If not, ring me up and I will share that infor-

mation with you. (770) 850-8506 USA."

11) How did you end up becoming an aerobics teacher?

T- "By necessity rather than by design. I had been a PE teacher but when I bought my first club in Victoria in 1990, I hadn't realised the owner had been teaching 10 to 15 aerobics classes a week himself. I pitched up and he told me I'd better learn to teach aerobics unless I wanted to incur extra staff costs. It was a baptism of fire but I picked it up quickly. I've always loved disco dancing and an aerobics teacher really is a glorified disco dancer."

CIN- "Fred, you Devil you! You know Tony deLeede of CardioTheater, don't you? He has been one of the best aerobics (now BODYPump) teachers around for years! But Fred, you should be careful when referring to 'Group Fitness Instructors' as 'Disco Dancers!' Some of them might just beat you about the head and shoulders!"

12) How often do you go to the gym?

T- "I train three times a week and I teach aerobics on Tuesday and Thursday mornings at 6am. I've done that for 15 years. I'm not as consistent as I'd like to be because business does drag me away, but I would like to boast that my classes at 6am are still the busiest even though I am not the young, lithe Lycra-clad individual that I once was."

CIN- "Fred. Come on. I am sure you're just being modest."

13) What would most improve your business?

T- "As Chief Executive, I would have to say that probably every area of the business has the opportunity to improve, but I don't see any one area as particularly weak."

CIN-"Fred, that is a

great position to be in. Now, you can focus on area-by-area without alarm as you move your business forward. Have you ever heard of Dr. Gerry Faust and his "Executive Insight" business diagnosis program? Working with Gerry on that might just provide you with millions and millions of pounds more profit per year! His number is: (858) 536-7976."

14) What would most improve your industry?

T- "People feel they should lose weight and get fit before joining a gym. They are "Lycraphobic" and we need to change that - it's like tidying the house up before the cleaner comes. We need to break with the Jane Fonda/Arnold Schwarzenegger vision and be seen much more as a "wellness insurance policy".

CIN- "Fred. You are SO RIGHT ON TARGET! In fact, an IHRSA study about 5-years ago states exactly that!"

15) What trends do you see coming in the industry?

T-"I see there being a far greater link between the health and fitness industries. We glibly called ourselves health and fitness clubs but we're not. We are fitness clubs but the link between preventive wellness and fitness is crucial. I'm not being an evangelical messiah: this is a cracking business opportunity. There isn't the sort of exponential growth in the medical insurance industry there once was and we can get together and work proactively on people's wellness, which will help the insurers' margins and increase our profits."

CIN-"Fred. Once again, you are on target! I am going to put a copy of my March and April editions in the Post for you. They contain a magnificent case study of Tim and Liz Rhode's Baltimore Athletic Club and Wellness Center."

16) What's the secret of running a successful health club?

T- "Prepare. Make sure you open with sufficient members

to already have a buzz. You will always have times when you are falling down and that is when you should listen to your members. I love a complainer. Look after the club and, most importantly, make sure you have a strong and well-motivated staff team."

CIN-"Fred. Preparation is certainly key. And, complainers are your informal Board of Directors! If you can satisfy a complainer, you become a hero amongst the other members because you will have 'shut-the-bloke-up' for awhile! Those other members don't want to hear it and they will love you for saving their ears, not to mention their club environment that they all love until the chronic complainer arrives!"

17) Who do you most admire among competitors?

T-"Alan Fisher of Holmes Place and Mike Balfour of Fitness First. Both have a very clear vision where their business is going."

18) What's your business philosophy?

T-"Ensure that your team is strong and you will deliver your vision on the basis of the strength of your team."

19) If you didn't run LA Fitness, what would you like to do?

T-"I would like to be a politician in South Africa helping the black community or running the Olympic bid for South Africa. I'd like to do something where I could add positively to the community using the skills I have developed in public company life."

20) What was the first lesson you learnt in business?

T-"Don't over-promise and under-deliver. Whether it is your bank manager or your staff, don't lie. Tell the truth and be straight. You can sell, but make sure you deliver on the back of those promises."

CIN- "You are a 'man-from-my-own-heart! You are a 'Master.' You would be amazed at how many liars there are in our industry here in the colonies. They are easy to spot. They do not look you in the eye when they speak to you! Amen, Fred!"

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## ...Milner

continued from page 20

Strength train the trunk (without excessive flexion or extension), especially the back extensor muscles

Avoid excessive forward flexion of the spine which can contribute to spinal fractures and place internal organs in a vulnerable position for injury

Avoid hyperextension of the spine which can contribute to spinal fractures

Use proper body mechanics for all exercises

Avoid ballistic or jarring movements

Practice balance activities only with balance support available

Avoid standing on one

leg for extended periods which may place vulnerable bones in the hips at risk (for example if performing 16 standing leg lifts alternate 8 right leg, 8 left, 8 right, 8 left)

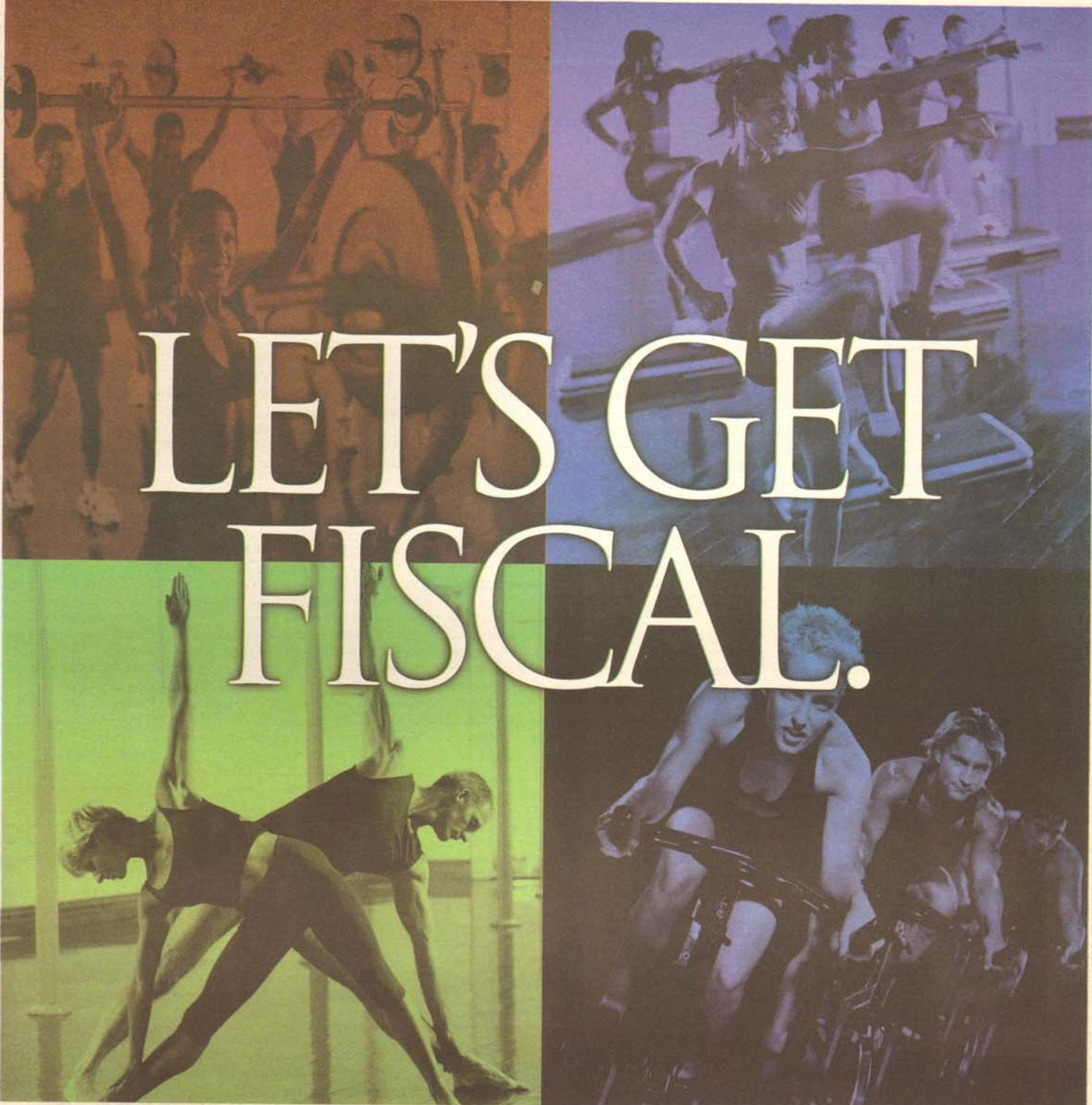
Avoid activities exhibiting a moderate to high risk for falling

What we have is a disease that is not discriminating, no matter what your age or sex. As our children are finding solace in front of a computer, cola in hand, they are exercising and drinking milk less, these two indicators, plus others, have researchers predicting a major osteoporosis epidemic in the not too distant future. Our lesson must be, it's never too late to turn back the hands of time and there's no time like the present.

If we look into our crystal ball, fifteen years from now, will you see a nation riddled with finan-

cial woes due to a debilitated population or will we see a population that is made up of vibrant, functional people of all ages who are redefining the way we age? Only time will tell.

*(Colin Milner is the President of IDEA Health and Fitness Association and the former Vice President of Sales and Marketing for Keiser Corporation. Milner was also the Chief Operating Officer of the Keiser Institute on Aging and sits on the advisory board of the American Senior Fitness Association, Assisted Living Success magazine and Canadian Association of Fitness Professionals. He has authored over 60 industry articles and has been interviewed extensively in leading publications such as The New York and Los Angeles Times and The Wall Street Journal and Business Week. He also presents throughout North America on the topic of aging.)*



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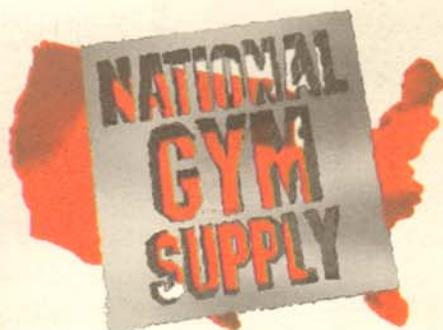
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