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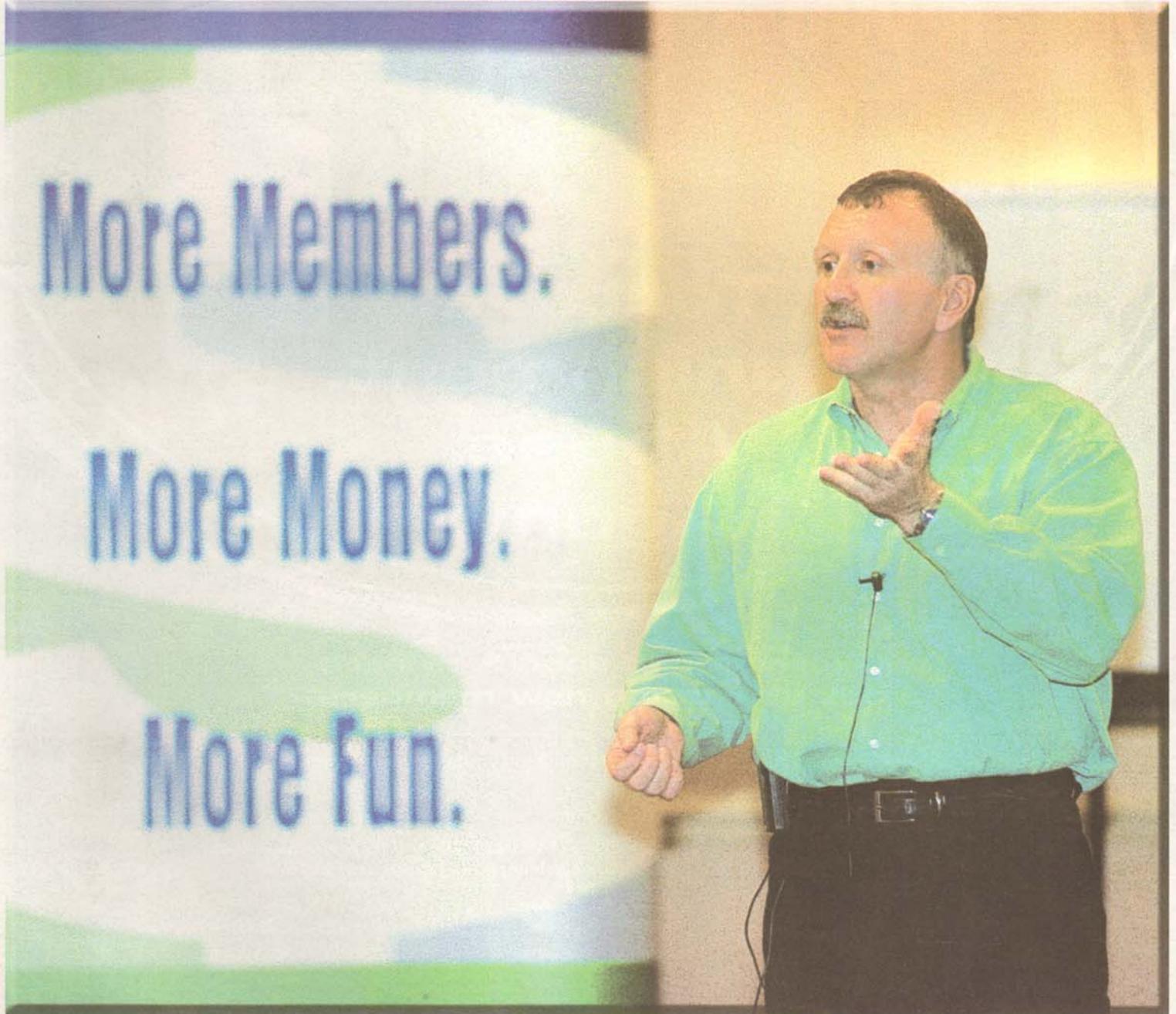
MAY 2002
VOLUME 9 NUMBER 5

Norm Cates'

THE Club Insider

NEWS

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



Thomas Plummer

The Man. The Mission. The Message.



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Norm Cates'

THE Club Insider

NEWS

Thomas Plummer

The Man. The Mission. The Message.

By: Norm Cates, Jr.

Thomas Plummer is one of the leading health club consultants in the business. His business, Thomas Plummer and Company, produces a complete menu of educational products and services and delivers some of the most information packed educational seminars in the industry.

"How has our health club industry gotten itself into such a market identity position that we have become the *last place* a de-conditioned person would turn once they have looked at their body and decided they want to change it."

**Thomas Plummer-
May 2002**

After attending one of Thomas Plummer's two-day seminars last fall in Atlanta, I came away very impressed with the vast content of his class. Throughout the seminar, Plummer emphasized important items by saying the words "write this down" to the room full of club owners and managers. And, by the end of the

course, I had "written down" enough notes to completely fill a yellow legal pad.

Thomas Plummer wrote an article for CBI Magazine (IHRSA's Club Business International Magazine) in which he stated "If the health club industry doesn't change its ways there is no way we will reach 100 million members by the year 2010." Plummer's message is a poignant one. It makes sense and is, in the view of this writer, a really honest "wake-up" call for the industry. I hope health club owners everywhere are listening well enough to understand exactly why this health club industry veteran is saying that.

Thomas Plummer is a "breath of fresh air" and gives real meaning to the term "out-spoken." He is fearless and he "Tells It Like It Is" on a number of subjects during the course of his seminars and this interview. Many people in the health club industry are worried about not offending anybody with a well conceived opinion that is based upon experience. Not Thomas Plummer. Plummer is a rare individual who is willing to say the important things that he believes. He is not afraid to say what many are thinking, but are afraid to say. Thomas Plummer is someone that I have a great deal of respect for. He is a kindred spirit and has a heart full of love and dedication for his clients. He is a man that will go down in health club history as someone that truly

mattered. One that sounded an alarm when many of his peers were just sitting there watching. His story is one for the books and we've brought an interview in this issue that is going to shake, rattle and roll the health club industry. And, yours truly is glad there is a Thomas Plummer out there slugging it out for the independent club owners and operators. Thomas Plummer is one of my heroes. If you now earn or someday plan to earn your living from the health, racquet and sports-club industry, you should pay close attention to what he is saying in the following interview.

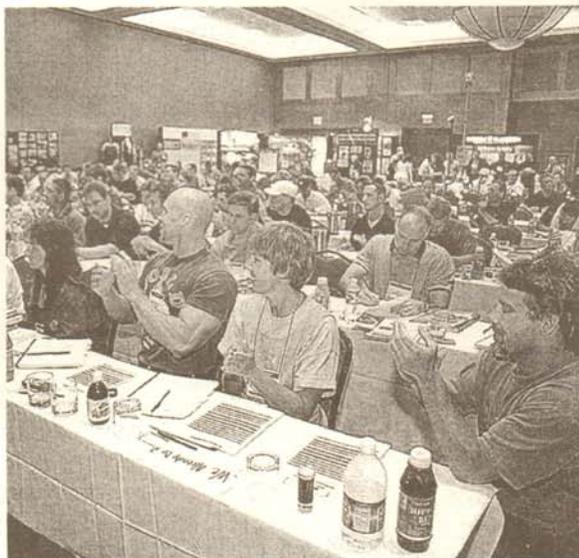
An In-Depth and Personal Interview With Thomas Plummer "The Man"

We caught up with Thom Plummer by telephone at his Melbourne, Florida home and the following comments come from that in-depth interview.

Q. "Thom, where did you grow up and go to school?"

A. I am originally from an old river town, Grafton, Illinois, and graduated from Western Illinois University with a double major in Psychology and Journalism. I then went to Graduate School at the University of Arkansas and studied higher education and management. But, I only attended graduate school for a year and a half.

Q. How did you get involved in the health club business?
A. When I was in graduate school one of my professors taught us about goal setting one



Thomas Plummer Chicago Seminar

day. So, on my way home I stopped off and joined a Martial Arts Studio because taking Martial Arts had been one of my goals. That was about 1975. The name of the place was the Leon Snearly's Power Company karate school. I began at Leon's School as a karate student and started working there while I attended graduate school and have been involved in the health club industry for over 25 years now. I started selling memberships and I liked that a lot because I was pretty good at it. It was lots of fun. I liked the energy and the people. It is just an exciting lifestyle. After graduate school I had decided to move to Seattle. I was driving through Arizona on my way to Seattle when I ran out of gas one day. I ended up there for six months teaching English in a private school and teaching karate part-time at a local karate school. From there I was hired to manage a karate school in San Diego. I went to work for a guy named Chuck

Hawkins. He was a great inspiration to me. He was a self-made man who owned a karate school and several other businesses. Chuck was very good with people and was one of the real mentors in my life. In 1980 I moved to San Francisco to work with ATA Fitness Centers national organization that had 60 or 70 health clubs and a couple of hundred commercial martial arts schools. I was Vice President of Operations for ATA working for a fellow named Barry Lehane, and he taught me a lot about the health club business in the 5 years I worked with him. From there, in 1985, I moved over to work for American Service Finance, owned by Dick Reed. I worked with ASF for five years and that was very exciting work. You get to see the financial end of the business up close. When you start looking at a couple of hundred financial statements per month, you start to see what works and (See Thomas Plummer Page 6)

Inside The Insider

- *Truth, Beauty, and the Waistline*
- *6 Keys To Convert Inactive People Into Members*
- *Can Pilates Be a Profit Center? Absolutely!*

•Norm's Notes•

•**LEE HILLMAN** the Chairman, CEO and President of Bally Total Fitness, took over the CEO role in October 1996 and since that time has done an amazing job of improving the 20,000+ employee Bally health club chain. During that time he has dramatically changed the corporate culture of the organization and assembled an **Executive Management Team** that is second to none. A few days ago Lee honored me with a personal invitation to attend the Bally Total Fitness Stockholders Meeting June 7th here in Atlanta, and I will share that experience with you all in our June, 2002 edition. Following continued improved financial performance through these tough times, Hillman has announced the acquisition of 8 'Planet Fitness' clubs in New England and has announced a major joint venture with **China Sports Industries** to build 50 to 100 Bally health clubs throughout Asia during the next five years. Also, I want to state for the record here that when I received Lee's letter invitation, I had already written my comments about Bally's "PINK" ad campaign in the **Thomas Plummer** cover story you see in this issue. So, I want it to be known that regardless of those comments specifically about the "PINK" ad campaign, I am very supportive of Lee Hillman's initiatives at Bally and my commentary in Plummer's

article about the Bally "PINK" campaign speak independently for themselves and are actually intended to help Bally Total Fitness and the health club industry in general. **STAY TUNED!**

•Don't miss the **Club Industry East Conference and Trade Show** in Washington, D.C. June 27-29th. Be sure to visit our advertisers at the following exhibition numbers: **Life Fitness # 101, Ivanko Barbell Company #610, Fabiano Design International #605.** My son **JUSTIN CATES** and I will be at **Booth #1014** so come on by for a visit. For information call (800) 927-5007 and check out the Club Industry ad on **page # 18** of this issue of **THE CLUB INSIDER** News. Oh, an update: **LISA E. OLIPHANT**, the **Executive Director of the President's Council On Physical Fitness and Sports** will give a Keynote Address entitled: **"Making A Difference: How Fitness Facilities Can Reach Out To Their Communities"** on Thursday, June 27th 11:00 a.m. to 12:30 a.m.

•My son, **JUSTIN** and I recently attended the **Grand Re-Opening of The Concourse Athletic Club** here in Atlanta. The outdoor party by the pool was cool. Catered by my pal **BILL HOUCK** and with live entertainment provided by some other pals, the terrific band, **BANKS and SHANE**, several hundred mem-

bers and guests enjoyed great food and adult beverages by the pool. We are members and we were excited to see the **\$1.5 million renovation** to this mega-club that I rate as one of the **TOP 5 Clubs in America.** The lovely **SUZANNE CYPERT**, General Manager, tells me that a new parking deck was added, the entire facility was updated, including every floor recovered with either a granite/tile surface or new carpet, all wall coverings were replaced, paint and stain throughout was redone, each locker room was gutted and totally renovated with Swanstone for the showers and new tile. In June, just in time for the **13th Anniversary** of the club, a new state-of-the-art **Pilates Studio** will open. This renovation is an extremely good investment made by the owners of the Concourse that will keep Concourse on the leading edge of the market. The Concourse Athletic Club is located in probably one of the best demographic locations in the entire Southeastern United States and is part of a huge and very successful office complex called Concourse. **The Well-Bridge Company**, operators of the club, and headed by friends, **ED WILLIAMS** and **ART CURTIS**, keep doing all the right things.

•**TOM LINCIR**, Founder and President of **Ivanko Barbell Company**, tells me that **Iron Grip Barbell's** latest lawsuit against Ivanko was thrown out of Court and that damages were awarded from Iron Grip to Ivanko. Get this. Iron Grip is the same company who a few years back wrote a letter to all of us industry publishers asking us not to publish Ivanko's advertisement of certain products because they thought the ad was confusing. Iron Grip is also the same company that has a patent on a **"Beeping Dumbbell Rack!"** "What is that?" you might ask. Well, it is a dumbbell rack that emits a beeping sound if you do not return the dumbbells to the right place on the rack or if you fail to replace the dumbbells within a specified period of time! Oh well. What next? We will have more details on the dismissed lawsuit story next month. **STAY TUNED!**

•My apologies to **WALLY BOYKO** for leaving out a mention of his **National Fitness Conference and Trade Show** in Norm's Notes last month when I mentioned upcoming educational opportunities. Wally's event will be highlighted when industry legend, **BILL PEARL**, is honored with the **Lifetime Achievement Award** given annually by the **National Fitness Trade Journal.** Wally's show will be held in Las Vegas, NV. September 12, 13 and 14. For information call the National Fitness Journal at: (541) 830-0400 and for information on the terrific **Rio All Suite Hotel and Casino** call: (888) 746-6955 and use the code #: **GMSFIT** to get Wally's specially negotiated rate.

•**Gold's Gym International (GGI)** is on the move with **GENE LAMOTT**, CEO of GGI, announcing in late April the acquisition of **8 World Gyms** in Austin, Texas from **GREG ATWOOD.** That brings to 30 the number of company Gold's Gyms owned by GGI. LaMott announced at the same time, that GGI finished 2001 with 622 franchised gyms and that in 2002, GGI expects to add 75-100 new franchises. The company hopes to reach 1,000 franchised gyms by 2005. In 2001 GGI added franchises in Asia, Mexico, Egypt, India, Russia, Central America and South America. GGI has also hired Woodbridge, Virginia Gold's Gym owner, **LORI LOWELL**, to the position of **National Director of Group Fitness.** I wish **PETER BROCKWAY**, of **Brockway-Moran, Inc.**, Gene Lamott and Lori Lowell the best of luck. I hope they continue to do really well because GGI owns the Gold's name brand and because of that, the future of close to 600 independent Gold's Gyms owners is in their hands, while owning and operating only 30 Gyms. If they, the parent company, GGI, does not succeed for any reason, the consumers of the world will think that success has eluded all **600 Gold's Gyms**, an image that would be totally wrong. But, that would be the

impression the consumers would get. Think about it.

•**BRIAN COOK**, the Chairman and CEO of **Direct Focus, Inc.**, the company that owns **Bowflex, Nautilus, Schwinn** and **StairMaster**, has announced a name change for the company. Beginning May 21, 2002, the company adopted a new name, **The Nautilus Group, Inc.**, a new trading symbol (**NLS**), and a new stock exchange (**NYSE**). Cook, who has proven to be a master company acquisition player, was scheduled to sound the opening bell on the **New York Stock Exchange** on May 21st. Cook commented, "The one-two punch of our new corporate identity and our move to the NYSE represents the next stage in our company's evolution. With our acquisition of **Nautilus, Schwinn** and **StairMaster**, and the success of **Bowflex**, we now have some of the most recognized brand names in the fitness industry." He's right.

•**MARK SMITH** and his **TSI Management Team** continue to report great results even though their region was the hardest hit by the events of 9-11. **Town Sports International** now operates 124 clubs. For the last 12 months ending in March, 2002 revenues rose almost \$50 million (20%) from \$243.4 million to \$292.9 million. For the last 12 months, the company's EBITDA margin rose to 23%. During this one year the company's club total rose 47% from 86 to 124 clubs. TSI plans to add 8 additional clubs within the next two years, signaling a marked slow down of unit growth. Mark Smith has accomplished all of this while managing to (a) **get married!** and (b) **servicing IHRSA** as a member of the **Board of Directors.**

•Congratulations to **PAUL BYRNE**, the CEO of **Precor** as the company has posted its **best-ever sales results** in the 21 year history of the company! Here is what Paul had to say about the company milestone, "A combination of factors come into play, including improved quality, service, distribution and depth of product line...today low impact natural motion is what

(See Norm's Notes Page 5)

Norm Cates[®]

 THE Club Insider[®]
NEWS

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...Norm's Notes

continued from page 4

it's all about."

•**PAUL RICHARDS** is one of our International subscribers and owns a chain of nine clubs (one under construction) in Auckland, New Zealand called **Club Physical**. Paul has written a book entitled, "Getting Physical" which is a recount of his many years in the health club business. I just received the book and it looks really interesting and I look forward to reading it. To order a copy drop an email to paul 'Down-under' at: paulr@clubphysical.co.nz and check out his Website at: www.clubphysical.com Good luck with your new book and new club Paul and thanks for sending a copy of the book to me.

•**Good luck and best wishes to MARGO FAIMAN**, former Public Relations Manager for IHRSA, as she embarks on a career as a full-time personal trainer at the **Wellbridge Center** in Newton, MA. Margo did a really fine job working with IHRSA's **BILL HOWLAND** for the last couple of years. Thanks Margo!

•**Thanks to Special Report by ACE** two years ago, the manufacturers and sellers of those **BS electronic abdominal devices** are getting nailed by the **Federal Trade Commission**. The FTC has filed three separate complaints against **AB Energizer marketers, Electronic Products Distribution, L.L.C., Ab-FTC Tronic marketers, Hud-**

son Berkley Corp. and Fast Abs marketers, United Fitness of America, L.L.C. FTC Chairman, **TIMOTHY J. MURIS** commented, "Unfortunately, there are no magic pills, potions, or pulsators for losing weight and getting into shape. The only winning combination is changing your diet and exercise." **AMEN!**

•**JOHN AGLIALORO**, **Cybox International Chairman and CEO** and a talented and very determined leader, is proving that a giant equipment manufacturing company that is in financial trouble can be turned around without filing for court protection. In late April, Agliodoro announced that "net sales for the full year 2002 will exceed net sales for 2001, and that the company will be profitable for the year. Cybox is now shipping three new treadmills, its new Eagle strength line and a new crosstrainer. Congratulations John on what you and your team have achieved over the past 2-3 years!

•Great to learn that **MIKE MOTTA's Plus One Health Management Group** has entered into an agreement whereby Plus One will become a provider of **Physical Therapy** at 4 New York City **Bally Total Fitness** sites. **JASON CONVISER**, Director of Clinical Services for Bally, commented, "Adding Plus One physical therapy clinics within these locations will allow us to provide our members with additional fitness services. We feel this will add great value to

the membership benefits we offer in these facilities."

•Get this. My friend, **LESLI LEHMAN**, out in Lubbock, Texas, tells me there are some folks operating what they are calling a "Fitness Industry Career Placement Center" where for a meager \$300 they will teach you all you need to know to have a career in the health club industry. Funny thing though, for their training materials, which they give to their students, they have inappropriately assembled Xerox copied operations manuals (with logo and all) from a prominent club management company. Gotta phone my buddies at that club management company to let them know. **STAY TUNED!**

•**MIKE TALLA's Sports Club Company** first quarter revenues increased 25% over the same quarter last year. EBITDA for the first quarter was \$830,000 compared to a negative \$716,000 last year.

•Congratulations to **JUDY SHEPPARD MISSETT**, as she was named in late April to the **National Association of Sport and Physical Fitness (NASPE) Hall of Fame**. Julie was honored along with educators **JODY BRYLINSKY** of Western Michigan University and **SHIRLEY HOLT/HALE** of Tennessee. The NASPE Hall of Fame honors outstanding individuals who have achieved new levels of excellence in sport and inspired others by their example of what quality physical activity and sport programs can do to make a better world.

•**JOE CIRULLI**, the founder and owner of the **Gainesville Health and Fitness Centers** in Gainesville, Florida, has developed one of the top health club operators in world. Joe was the 20th President of IHRSA and did a fantastic job. Joe is always doing new and creative things and in April, awarded his **Management Team** with a 5-day trip to the beautiful country of Costa Rica. Receiving the year-end bonus group vacation and accompanying Joe were: **JAN MATKOZICH, MOLLY FOLEY, KAREN-COLEY CANNON, JENNIFER PASSUDETTI, SHAWN STEWART, CHRISTIE MATKOZICH, DEBBIE LEE** and **GLEN PURDY.**

•**God bless you. God Bless America. STAY TUNED!**

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...Thomas Plummer

continued from page 3

what doesn't work. You are able to separate the 'fake' from the 'real' very quickly. That was a very good education and a great opportunity. That was my first experience realizing that long-term contracts were failures and that a lot of these "old-sales-dogs" were hurting, starting to lose a lot of money and their systems were falling apart. That was a great education. American Service Finance grew pretty big and was a 'category killer' until the mid-nineties.

Q. Thom, we've reviewed your career from the 70's and 80's, now let's talk about the 90's.

A. Dick Reed started the National Health Club Association and I became Executive Director of that organization in 1990. I didn't continue with NHCA for very long before I started my own company, in 1991.

Q. Thom, how did you get involved in consulting and producing these great seminars you provide?

A. That actually goes back to my ATA Fitness Centers years. I did all of the traveling, negotiated leases, did the sales training and started an immature version of what I am doing now back in 1980. I would travel around the country and have a couple of hundred karate guys show up for a business school where I would teach them how to build the

club, market, sell contracts. Really, those seminars included a lot of things I teach now.

Q. Thomas, how many people would you estimate will attend your seminars and other events this year?

A. It will be somewhere around 4,000 people. We just hosted a very successful seminar in Portland where we had about 38 clubs represented with about 80 people in attendance. Our average attendance is usually over 100 people.

The Challenge Is To Reinvent Our Model

Q. Thom, what would you say is the health club industry's single greatest challenge?

A. There are several issues that we are going to have to deal with in the next 3 to 5 years. First, our model is wrong. There are studies that show that 92% of the U.S. population realizes that they should be working out and the best we've ever done is to attract 12% of the population. We have more clubs, but we don't have more market share. The market share is growing ever so slowly as compared to the number of clubs. What did we add, 2,000 new clubs last year? But, the number of members per club went down. We're not getting anywhere. If you step back and look at the model, I just think the model is wrong. You have the big club chain model (Bally and 24 Hour Fitness) and, the "big-box" model (LifeTime Fitness), slamming memberships. For example, I strongly disagree with the new Bally

Total Fitness ads with "Pink" in them.

Q. What is "PINK?"

A. She is a young lady that appears in Bally's latest new TV ads. Apparently Bally Total Fitness is building an entire campaign, including group fitness classes, around her.

Q. What do you think about the Bally Total Fitness "PINK" idea?

A. Well, Bally is the type of operation that in my mind causes a lot of the problems in the health club industry for the independent club owners. With these young independent club owners, there is not a lot of leadership. It is tough for the independents to find leadership. They are begging for somebody to step up and lead. So, they look to the biggies like Bally Total Fitness and 24 Hour Fitness. I think IHRSA could learn to do more for the small independent clubs. I think in many ways we can provide that solution for IHRSA. They don't know how to deal with them. They don't know how to reach them or even market to them. So, these independents model off of and copy the big club chains and the independents end up failing. For example, Bally sells its receivable base. I think they sold 16 percent of their receivable base last calendar year! It is one thing for Bally to be able to do that. It is entirely another thing for a small-independent club to sell their contracts for cash. It is not good for them to do that. Unfortunately, the independent club owners follow the Bally and the 24 Hour Fitness model blindly without understanding why they should not. The independents don't look at these people (Bally and 24 Hour Fitness) and ask if they are really making money. When you have that many new businesses all over the country and all of a sudden they are all doing these big growth numbers, I wonder about that. The new members just are not coming in fast enough to support that growth. How are they keeping these things floating? And, what are they doing with them? The independents follow these models, but the models have proven not to work for the independents. The health and fitness clubs of America are, at best, "a repository for fit people." I can't imagine a de-conditioned, 40-year old female seeing a

health club or gym business as a solution. There are just so many things that are wrong. The model of how we even set up a gym business has got to be explored and changed. We are on the wrong track. We're not even meeting the needs of consumers. For example, most health clubs don't even have a formalized nutritional program and that is a \$55 billion per year business. We miss out on that. Health clubs can't figure that out. The concept of a complete lifestyle change is terrific, but for most people, if they could just lose that first five pounds, they would get an initial jolt and get their butt moving, they would feel better and be on their way. But health clubs do more to scare them away than to make them feel at home.

Cates- Thom, I certainly relate to exactly what you are saying. Having just lost 110 pounds I can remember how bad it was when I started. I could hardly walk 1/2 a mile, much less the 9.6 miles nonstop I regularly walk now.

Thom Plummer- You did that without a health club didn't you?

Cates- Yes Thom, I did. I was too embarrassed with my awful condition to go and workout in a health club, even with the free memberships some of my friends provided me in Atlanta. And, I was not alone. The millions of overweight Americans out there feel just like I did when I weighed 343 pounds. They are too embarrassed to go into a health club. I'm not embarrassed anymore and look forward to going whenever I can.

Plummer- There are very few health clubs who can properly handle anybody coming in that needs to lose that much weight. The members almost have to do it on their own. The typical health club is not the model for weight loss. When people think about weight loss they don't think about health clubs. It is time we changed that. We were at the airport on the way down to Florida the other day and we were looking at the people. The question seems to be: "At what point does a person really give up hope? At what point during some of these people's lives do they make a conscious decision that they are going to be overweight and out of shape and let their body go? Surely, a person must make that decision at some point. You lose all

caring, all hope. There are very few people who don't know how bad it is to carry excess weight and to smoke. People are aware of that. People just don't change. They don't care. It is too hard. We're not in the business of providing hope and doing this. We can't even deal with this. We should be selling the idea that "this is the place that you can come and rebuild your life." But, then we make all the classic mistakes. Bally doing "Pink" commercials. Gyms that are designed as one big room. No nutrition programs at all. It just seems like we just don't get it as an industry. There are people out there that would love to come to us, but we really make it so hard for them.

The Formula For The New Age Club Of The Future

Club Insider- "If you were to write the formula for the new age clubs of the future, what changes would you include beyond adding professional nutritional counseling and environments that offer some privacy for the obese or significantly overweight person?"

Plummer- I think we have to change everything all the way to the first contact point. When people start thinking about fitness we must fight a negative image, one that is barely better than used car guys. When people start thinking about the health club business they're afraid of getting hammered and locked into a 2 or 3-year membership contract. By the way, I think long-term 3-year contracts are just scandalous. What a disservice to the consumer. We make it so hard for people. When they start thinking about fitness, the health club business has such a bad reputation, they don't think about us. They don't see us providing any type of solution as an industry. Instead of pounding this Surgeon General's report all over the place, we ought to do some kind of campaign as an industry that health clubs "are" the solution. But then, Bally doesn't promote health clubs as "the" solution, nor does, 24 Hour Fitness. Instead, they pound people in

(See Thomas Plummer Page 8)



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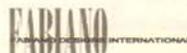
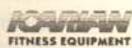
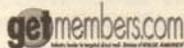
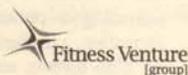


APHELION

CARDIO Theater



CLUBCOM



...Thomas Plummer

continued from page 6

sales offices and high pressure them and perpetuate that over and over. One of my favorite lines is: "We can't escape from our own past!" I guess we'll have to wait for some of these older fellows to leave the business before we can get away from these old sales practices.

Club Insider- Thom, hearing your lament about these issues makes me focus on the fact that our industry surely does have some serious challenges.

Thomas Plummer - If we are going to change the industry

and how we relate to people, I think we have to change that whole perception first. Our marketing hasn't changed. We set up so many barriers with semi-naked models. We're our own worst enemies. At IHRSA Phoenix I just wanted to start grabbing people and yell "Get some freaking clothes on!" We're professional fitness people and here are these people walking around in bare mid-riffs, ripped tops, tights, etc. No wonder the consumer is scared to death of us! I'm scared of these people! Put on some clothes people! You're professionals. So, how we think about the business and what we actually sell to get people involved in the lifestyle

is almost too much. Then you come to the gym and everything in the gym is wrong. There is really no system to get the overweight, de-conditioned person started. De-conditioned people need a lot of help and there is really no support system for them to get started in a gym. I think the statistic is that 97% of the health clubs are owned by men. But, men just don't get it. They don't get marketing to women, supporting women through semi-private groups. They don't get any kind of support system for women. You walk into any gym and you can tell it is owned by a guy. It has a big room full of equipment with a lot of mirrors. That is a guy egocentric place if I've ever seen it. If you really want to change the concept, the model, you almost have to start from scratch. The gyms are too big. You get these 100,000 square-foot gyms. How are people going to get excited about joining a place where you are going to be signed up with 10,000 of your best buddies? LifeTime Fitness wants to have 10,000 members before they even open! So, I ask you, isn't the de-conditioned person going to be terrified in that place? All we do is perpetuate big over and over again. To change the model, we really have to build from a whole different perspective from what we've been doing.

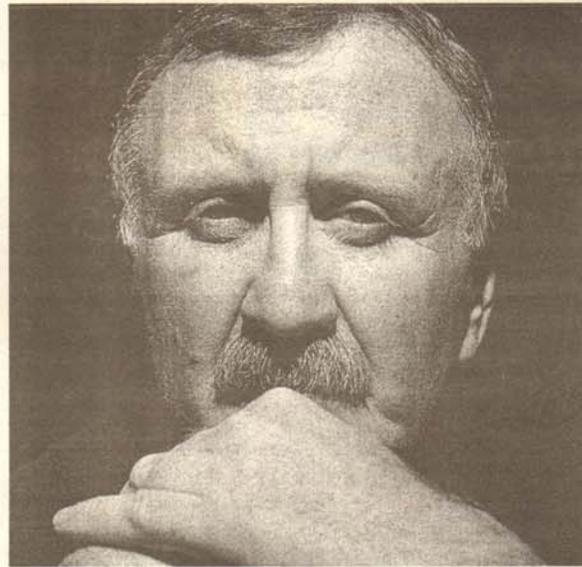
Education For Independent Club Owners and Managers

Q. Thom, beyond your seminar program, you also do consulting with clubs don't you?

A. I take on projects that are interesting or maybe involve towns that I've never been to before. I will assist people that I meet at my seminars if they have something special going on. It also keeps me fresh and current with what the gym guys are thinking. It keeps me current on the day-to-day challenges. I have to do some of that just to keep the insight. Personally I'm trying to get away from day-to-day consulting as much as I can.

Q. What do you charge for a day of consulting?

A. A one day consulting job usually requires 2 to 3 days when you include the travel to



Plummer In Deep Thought

and from the site. I charge a lot for it, depending on what I am getting into, I charge between \$2,500 and \$3,000 per day. That's about double what most consultants are charging, I believe. The same thing with our seminars. The average person is paying right at \$300 for the seminars while our competitors are charging \$69.

Q. How many consulting jobs and seminars do you average per month?

A. I go out on consulting jobs about twice a month. I have some regulars. I have one client I've worked for since 1980 and I still see him. Sometimes I will go see him once a month for six months to get him back on track. I've got clients up on Cape Cod where I can do day-trips up and back. As far as seminars, this year we're doing 12-two day seminars and we will do four of our longer business schools. And, we host three or four sales schools per year. Plus, we have the adventure camps in Breckenridge, Colorado where a bunch of owners get together and have fun. We bring in outside speakers for the adventure camps as well. So, for the year we will do 19 events. I also do the Master of Ceremonies for the World Gym event and for the Powerhouse Gym event with a second seminar day for them.

We are also bringing in some more consultants for our team. We don't want to really put people on site for any long period of time. There are some good guys out there. One is John Heagle. There are some

regional guys we'd like to bring under our wing to help club owners. I'd even like to do some kind of formal alliance with people like Casey Conrad, Karen Woodard, Mike Chaet and Michael Scott Scudder, all people out there that I respect. I would somehow like to find some common ground amongst all of us and invite some of these independent consultants to participate in our program. We also would like to do our own baby retreat for Plummites somewhere with a functional gym for our vendors. I'd love to talk John McCarthy and the IHRSA folks into changing the IHRSA Conferences from one-hour venues to two-hour venues. I feel that the one-hour format is self defeating for any thorough educational value. I'd like to also expand my keynote speaking schedule in the next couple of years.

Q. Thom you've assembled a terrific group of vendors you call your Alliance Partners. Tell me about that.

A. Lloyd Collins is responsible for that success. Our vendors are very happy and we've doubled or tripled our vendor group in some markets. Lloyd is truly a wonderful partner to have involved in that. We have ABC Financial as our lead sponsor and we've hand-picked a group of vendors that sponsor and attend all of our seminars, providing a personal and informative purchasing process for club owners and managers. (See sidebar for Thomas Plummer Associates Alliance Partners Page 10).

(See Thomas Plummer Page 10)



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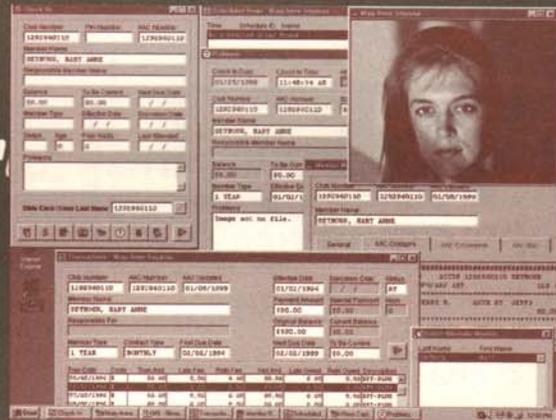
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A F F I L I A T E D A C C E P T A N C E C O R P O R A T I O N

**...Thomas
Plummer**

continued from page 8

**"Infant Industry"
Analogy Is Just An
Excuse For Failure**

Q. Thom, in my previous writings, I've stated that our club industry is somewhat of an "infant" industry because it is only about 50-60 years old and that the industry has a lot to learn. (I also make a comparison with the age and maturity of the hotel industry, which we know is at least 2002 years old, if you believe that the baby Jesus was born in a barn because "the inn was full.") Would you agree that our

industry is still an "infant" so to speak and what comments would you make about that?
 A. I think we've relied on that "infant industry" analogy too long. If you see Bill Pearl's two-hour presentation on the history of the health club industry, you will find that we had clubs going back in the 1930s. The business, as we know it, got started back in the 1940's. You are looking at a business that has 50-60 years of history, depending on how you define it. So Norm, your writing about this as an "infant" industry" is just providing club owners with an excuse to fail. Instead, I think we are an industry basically on the wrong path. I think we started to go on the wrong path with some of the old "Spa" guys and some of the old "leaders" in our industry

with the horrible sales practices. We've never evolved past that. We're not in an "infant industry" anymore, but I think we definitely could have taken another path. We certainly haven't embraced the ethics of the business. I still don't think we know what we want from this industry. No, we're not an "infant industry." We're an industry that really needs to stop what we're doing now, back up a little and look at a different path, reassess what we are doing and why, because we certainly aren't going to continue to grow this way. We're going to do more damage, I think.

Club Insider- Speaking of pioneers of our industry, not over an hour ago I was on the phone with one of the true living legends in our business, Ray Wilson. Ray freely admits that a lot of the things he did in his early days of his 55+ year career he would not do again. But now, Ray is trying to help change all of this and is the first to tell people to stop selling long-term membership contracts and that monthly dues is the way to go for clubs.

Plummer- In context, Ray and other health club industry pioneers were probably doing the best they could have done at that time. There were no models then. There was nothing to question because no one knew any better and the business was growing rapidly due to the intensity of guys like Ray Wilson. When you're in Southern California, Las Vegas, Hawaii, Manhattan, those quirky markets, you can do almost anything and you're gonna make some money. So, Ray's old model doesn't hold true to form outside those markets either. But, he was in a different game, a pure numbers game. But, we owe all of these guys a lot too, because they were the true pioneers of the health club industry. With that said, some of the stuff they did back in that era, we just can't do anymore. It is just not the right thing to do.

**2001 A Crummy Year
Topped Off By 9/11!**

Q. Thom, let's talk about the business since 9/11. What do you see?

A. Well, even before 9/11, last year was the worst start of a year that I've seen since 1991.

Nothing good happened for our industry during 2001. The spring was horrible and flat. The numbers weren't there. In August it started to turn. I said, "O.K. that little fall selling season is gonna happen. A lot of clubs were coming back. I still talk to 50 to 100 club owners a week, depending if I am home or not. My guys were all checking in and we were hearing good things from owners. Business was back and all a sudden the 9/11 attacks happened and the industry was out of business for a couple of months. But, some of the clubs with good infrastructure and good foundations had great months. For example, the Powerhouse Bailey brothers in Jacksonville, FL. had a great year. Then it started to turn late last year. The start of 2002 was the best start I've seen in maybe 20 years. We should make a ton of money this year and next year as the economy comes back. I just don't think the industry is ready because it appears that the member's expectations are different. People are coming back. I've seen people coming back into clubs that haven't been there for 5 to 10 years! They don't want to sit home. They are looking for a sense of community. I don't know how long it will last. When you think about it, I think the biggest mistake we make is making these health clubs the place where all you do is work out! People want that socialization. They want that group connectiveness too. Most clubs don't even have stretching areas or juice bars. So, you don't even have a social aspect. So, the clubs that do understand that and do have social elements are attracting more people. The biggest change since 9/11 is that consumer's expectations of the clubs are different. If we can capitalize on that and keep that going as an industry, I think we can do some great numbers there.

"The Mission"

Q. When you come to work everyday Thom what are your primary objectives?

A. Obviously, we want to make money. We are trying to grow the company. Our motto is: "To Hurt No One." When we come to work we want butts in the seats, we want to fill our seminars and we want to spread the message. Everybody on our team understands that we can

make change in this industry. If we can't change the whole world tomorrow, we are going to change it one club at a time until we get this thing going in the right direction. So, our Mission when we come to work is we must reach out and have a positive effect on anybody. We try as a team to put butts in the seats to fill our seminars. We want to do it by reaching out, helping people. We've never turned down anybody for a seminar. If a guy has \$12 to his name we will finance him for the rest of his life or scholarship him. Somehow he is going to go. So, our primary thing is to make a difference in the industry.

Lloyd's Mission is to try to grow our vendor base. We want to build the concept. We really want to bring the trade show to the consumer. We want to have vendors that we recommend that are ethical suppliers. These are people that can really make a difference. We call it a "Gym-In-A-Box." We try to hand-pick our vendors. If you buy something from StarTrac you really get great service. Legendary service. ABC Financial can turn a business around quickly. They just picked up a club that had a horrible experience, and they turned this guy's health club around in 60 days. He was making more than he thought was possible. Lloyd's goal is to bring in qualified, ethical vendors that will treat the club owners right. My goal is real simple. I want to make a difference in the independent club operator's businesses. Of course, we work with some of the chains, but the independent is a big part of our business. Everyday I am on a Mission to be the best that I can be to make a difference in the independent

(See Thomas Plummer Page 12)

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Truth, Beauty, and the Waistline

By Mary Jayne Johnson Ph.D.

I recently had the opportunity to participate in a lecture series for maturing women. My particular talk was entitled, "Show Me the Weigh. How to Prevent Midlife Weight Gain." The crowd of over one hundred women listened intently to the benefits of exercise and to all of the current research and strategies for introducing physical activity into their daily lives. As we wrapped up the lecture we were well into the later hours of the evening, and people, understandably, were anxious to get home. So,

during the Q & A many individuals began to edge towards the exits...until one woman asked, "Is there anything I can do to reduce the fat around my waist?" The women who were halfway out the door stopped dead in their tracks. Not only that, but people already in the hallway returned to their seats. My talk just got another half hour longer, (and the answer may surprise you), but first I think there is an equally important message here that we as fitness and industry professionals are missing.

Certainly these women were interested in the underlying benefit of regular exer-

cise. The fact that fit women die sixteen times less often from Cancer, and are at 98% less risk for premature death is startling in and of itself. But at the end of the day, what really sparked their attention was not how much longer they might live, or they might improve their personal life experience, but rather, how they could *look* better.

I suppose there are two ways to view this in terms of our industry. One would be to infer that since appearance seems to be the prime motivator for people, then we would be well advised to incorporate the promise of looking good

through fitness as a kind of "fountain of youth" in all of our marketing and advertising. After all, the \$50 billion-dollar diet industry seems to thrive upon a continual search for the Holy Grail of weight loss. However, after devoting 24 years of my life to this industry, I would suggest that there is a better, more realistic approach, which will serve all of us better in the long run.

I would like to suggest that we individually pledge ourselves and hold dear to the philosophy that by helping people incorporate reasonable activity and nutrition habits into their daily lives, we can truly

make a meaningful difference; not only in their lives, but in the lives of their families and their communities. There is overwhelming evidence supporting this perspective which demonstrates beyond any measure, the benefits of what we have to offer and yet, our industry continues to place ads and use verbiage that sends the message that beautiful, thin, and young should be the goal of every American. Is this rational? Is it believable? Does it serve the best interests of the fastest growing segment (55+), and the second fastest demographic (35-55) of our member base? (See *Mary Johnson Page 24*)

...Thomas Plummer

continued from page 10

club operator's business. To go about the business and make change and fight the battles and argue with people and just basically be a prick. Much like you grew up Norm! We are so passionate about getting people to attend our seminars because when they come and spend a couple of days with us they will be better operators, they will make more money for their families and themselves. We kind of hope we've done the right thing for them. We've got to help them reach levels that they've not reached before. I don't know how I got the leadership role for the independents that I have. We are that source of information and we try to help people. I guess we've become a 25-year 'overnight success.'

Norm Cates- Thomas, the comment I am going to make here is probably going to bother my friend Mr. Lee Hillman, Chairman, CEO and President of Bally Total Fitness, and his terrific Executive Management Team, but I am going to make the statement anyway. Although overall I think Lee and his Team have done a truly amazing job of turning the big Bally ship around over the past 5 years, I want to appeal to them about the advertising they are and have been running. I hope that Lee and his Team and the folks at 24 Hour Fitness will read this and consider what you

and I are both saying. That is, it is important for them to realize the huge impact their organizations have on the image and overall reputation of the entire health club industry. The consumer perceives that all 17,807 health clubs in general are full of PINK young ladies when they see those TV ads. The truth is that until Bally Total Fitness and 24 Hour Fitness and the other biggies that have the mass marketing financial wherewithal start understanding that they are hurting the entire industry with their "PINK" ads, we're going to continue to suffer in our industry's effort to reach out to and appeal to the 170 million or so 'fat' people in America. Those 'fat' people are not going to have anything to do with a health club anywhere until we wake up and get real about what and how we are selling. Those "fat" people link the Bally "PINK" ads they see on T.V. with the entire 17,800+ other commercial health clubs in our industry. And, as they say, "image is everything." Seven or eight years ago I was on Bally's case over and over in print because they continuously were landing in Courts around the country due to violations of the State Laws governing health club operations. I wrote a letter then to Mr. Arthur Goldberg, (may he Rest In Peace), then the Chairman of Bally Entertainment, asking him to separate his health club operations from the casino and slot machine business and asking him to clean up Bally's act because it was

hurting all 12,500 other U.S. commercial clubs in the U.S. Now, I want to make another plea to Mr. Lee Hillman and his team to please consider yanking those "PINK" ads and that entire campaign off the airwaves and show some 'real' people in your ads! Move your company toward the real prospects in the U.S., the 170 MILLION overweight and de-conditioned ADULTS. Help our industry overcome the image that is stopping all 17,807 health club operators in their tracks as far as true membership growth is concerned! Until the health club industry begins to send the right message to the masses of obese and overweight people in North America, we are gonna REMAIN stuck at the meager 12% of the U.S. population forever.

"The Message"

Plummer- You're right. The "PINK" ads will not draw the obese or anyone else that is not in the 18-24 demographic. That's where I have such a conflict. I acknowledge that's Bally's market and they want to 'niche' themselves to that market. That is their right. I don't expect them to start running ads with de-conditioned people appearing in them. But, Bally runs these ads with this young, hard-bodied woman popping out of the swimming pool soaking wet, giving anybody that watches the impression that Bally Total Fitness clubs are for "hard-bodies" only. The over-

weight and out of shape person wouldn't even think about joining. There is one question in our industry that you just have to come back to. That is: **"How has our health club industry gotten itself into such a market identity position that we have become the last place a de-conditioned person would turn once they have looked at their body and decided they want to change it?"** For the de-conditioned person we're the last place they would go to get in shape because they think they have got to get in shape first, they've got to diet and lose weight, they have to walk around the high school track. Ha, Ha, Ha! (Plummer laughs). How did that ever come about that we are the last option for fitness in this country? It baffles me all the time. Everybody says, "Well, we're making change." Well, I say we're not. We may hit that 100 million domestic health club members number just because we are a country that has enough people in it that we will accidentally hit the 50 million.

CLUB INSIDER- Thom you know that the YMCA member numbers are included in the total number going toward that 100 million members by 2010 (50 million in the U.S.). It could well be the YMCA's that takes us over that 50 million mark!
Plummer- The YMCA really effects people that we don't see in mainstream clubs. Although IHRSA complains about unfair competition from the YMCA's

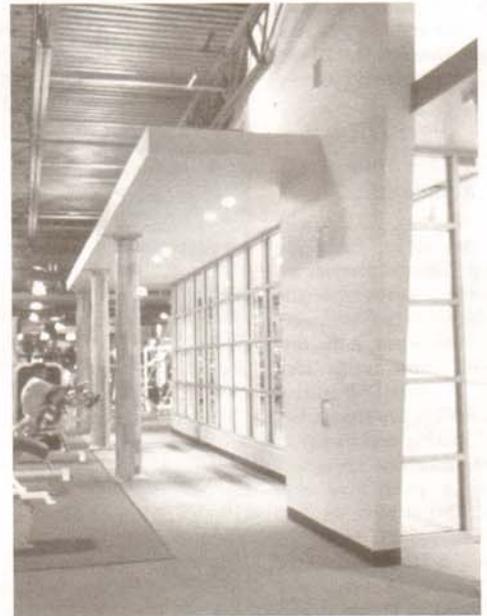
of America, the Y's actually do a better job of reaching into the softer parts of the community than we do.

Club Insider- Absolutely. They don't do the 'hard-body' stuff.
Plummer- No they don't. You damned near have to beg to get a membership in a Y. They make the same bone-head mistake that health clubs do of charging too little for what they provide. They believe non-profit is a way of life. Yeah, I agree with you on that. It would be very possible that we hit 50 million just because the YMCA's do such a huge number. I don't think we are making a difference in many ways. I don't think we are changing lives. You walk into a club in Atlanta and it is a repository for people that are in pretty darned good shape when they walk in the door. I just don't think we're on the right mission.

Tom, I want to thank you for this candid interview. There are those out there that won't like some of what they read here. But, you know the old saying, "Sometimes the truth hurts." Thank you Thomas Plummer.

(Norm Cates, Jr. is the Publisher and Editor of *THE CLUB INSIDER News*. Cates is a 28-year veteran of the health, racquet and sportsclub industry and was the 1st President and a co-founder of IHRSA. In March, 2002, Cates was honored with IHRSA's DALE DIBBLE Distinguished Service Award.)

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6 Keys To Convert Inactive People Into Members

By: David Chapman

(Editor's note: This is part II of a three part series. Part I appeared in our April issue and covered Key #1- Understand Your Market and Key #2- Send The Right Message. Part III will appear in our June edition.)

Part II Key #3 - Build A Relationship

We've all heard the old adage "first impressions are lasting ones." That's especially true in the health club business!

And, when is the first image of your health club created? When our advertising hits the market. A second key "image" making opportunity is when the telephone contact is made by a prospective club member. That is when the first impression created from the advertising is reinforced. From those two impressions, the caller decides if the ad is true and whether or not it's a place they want to be.

Keep in mind that when prospective members call your club it is a signal that they are interested in what you have to offer. They are, however, on the "defensive." We often promise a lot in our ads and they are looking for the "catch." What is said and how it is said will determine whether or not we have a chance of getting them to visit the club and ultimately to join.

What We Are

When a prospective member calls in the first thing

they want to know is who you are and what your club is all about. It is very important that you explain to all callers that your facility caters to special needs populations like beginners, people with little available time, seniors, the overweight person and the de-conditioned. Always congratulate the caller for making the call, that very big first step toward a new lifestyle. Then attempt to ascertain if the caller fits one of your club's areas of special care. If so, describe your club's special care efforts in that area. Let the caller know that your club's offerings are built around 4 E's: the right **EXERCISE**, in a comfortable **ENVIRONMENT**, with an **EDUCATIONAL** component and an **ENTERTAINING** format.

And, don't forget **ENTHUSIASM**. Enthusiasm is contagious. People can hear it in your voice and it can go a long way toward lowering their defensive posture. With all the negative exposure people have in the world you need to assure them that your club is a different place to be that's fun and enjoyable, where they are important and where they are much more than just a number. Remember to ask for and record your caller's **NAME** and contact information. Your caller's name is important and you should use it throughout the course of your conversation. Remember and frequently use your caller's name and you will become the exception in their life, and you will be recognized for that. When you've answered all of the questions your caller has you should always remember that getting the **APPOINTMENT** is your single goal when someone calls.

But, don't forget: the goal of the caller is: a) get information and b) decide if they want to go further. Your goal is to: a) remove barriers b) begin a relationship and c) get an appointment.

In order to achieve your goal you will need to take control of the conversation. Always make the person: a) feel important and comfortable b) feel that your club will give them what they want c) have confidence that they will be able to do this d) have assurance that someone will be there to support them e) believe

your club is a different place with peers that will have the same goals and objectives as they have and f) understand they will have no obligation during trial membership period to see how they like the club.

Remember to cover **EXPECTATIONS**. Let them know what will happen when they arrive at your club. Brief them on: a) how to dress b) directions c) where to park d) your club front desk check-in procedure so they will know you will meet them there when they check-in.

Don't forget **CONFIRMATION**. Call back the night before (if appointment is the next morning) or in the morning (if the appointment is in the afternoon or evening) to confirm the caller's appointment. Reschedule if necessary. If they have decided they can't come to the club in the near future, send a brochure or video with a return offer of a free trial membership when they decide to come. Go back and re-establish the enthusiasm and rapport you had when they made the first appointment.

The time when you come **FACE to FACE** is, of course, very important. If they've made it this far they are ready to give it a try. The only thing that will keep them from joining is deviation from the promises you made to them on the phone. This is your chance to validate the things you told them during your phone conversation(s). This is your chance to prove to them that this is the place for them, you are who they hope you are, and that you will do what you told them you would do for them. If you deviate from even one of your promises to them it will create uncertainty, lack of confidence and will reduce your chance of selling them. Do what you say you will do. Always remember that we are not just giving them something for their health and appearance. We are providing a positive experience.

SELLING of the membership is the next step. But because they are starting out with a "Free Trial" (the prove it to me) period, a lot of the apprehension is removed. However, incentive for them to join when they become comfortable with you and the

club should be made available on a regular basis.

The initial meeting should be focused on building a relationship and helping the prospective member set a goal that only involves coming to the club on a regular basis. Let them know more personal and substantial goals will be worked out when they are ready to make a commitment to join. Have a plan to offer the following each time they come in:

1. **A Regular Membership** - This option includes any special program the club may be offering at the time.
Or,

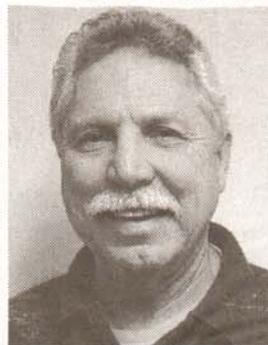
2. **Program Period**. This is a specified time membership. For example you might offer a six-week weight management program that can be converted into the regular membership at the end of that period. This offer could include a discount on the joining fee if they convert to a regular membership during the six-week period. Or, should they not opt to join the regular membership they can be given an option to get a discount on a program membership to repeat the six-week program at a reduced rate.

Once they join it is a good idea to reward them with a gift of a t-shirt or other special apparel premium that identifies them with the group they have joined. The premium item should be something they have seen other members wearing that links the new member with those participating in the same program.

Heed The 'Comfort Zone' - It is critical that you heed the 'comfort-zone' of the prospective member during the first meeting by not pressuring them to join that day. This is a good time to help them become comfortable with the club environment and to introduce them to trainers and several friendly members, thus helping them feel 'at home.'

Key #4 Movement

Now comes the key to success in the relationship with the inactive de-conditioned person. Keep in mind that many, if not most, of these individuals have a very negative perception of exercise. However, it is possible to overcome these feelings over time. The right



David Chapman

MOVEMENT activity will do the trick. A movement program should do the following:

- adapt to any fitness level so that anyone may do it successfully the first time;
- it should include all aspects of a training program: aerobic, strength and flexibility;
- it must be simple to learn;
- it needs to be fun and enjoyable;
- it should require a minimum of 30 minutes;
- it needs to provide interaction in a peer group;
- it must be safe.

Your objective should be to provide a very positive experience both psychologically and physiologically each time the inactive, de-conditioned person visits your club. If this experience is consistently positive it will ultimately lead to exercise adherence. That, in turn, will lead to the development of a true desire for club membership by your prospect. It will also lead to new member referrals by your new member.

Casey Conrad's report entitled: "10 Secrets To Sticking With Exercise" is a very helpful teaching tool. The simple workbook and audio tape are useful in promoting the habit of exercise and are available for just \$6.95 from Casey's Communication Consultant's at: (800) 725-6147.

Next month we will cover **Keys #5- MOTIVATION and #6 MAINTENANCE** in our series **6 Keys To Convert Inactive People Into Members**.

(David Chapman is a 30+ year health and fitness club veteran. He is the President and Founder of Fit Express, an equipment manufacturer located in Tupelo, Mississippi. David may be reached at: 1.800.934.0321).

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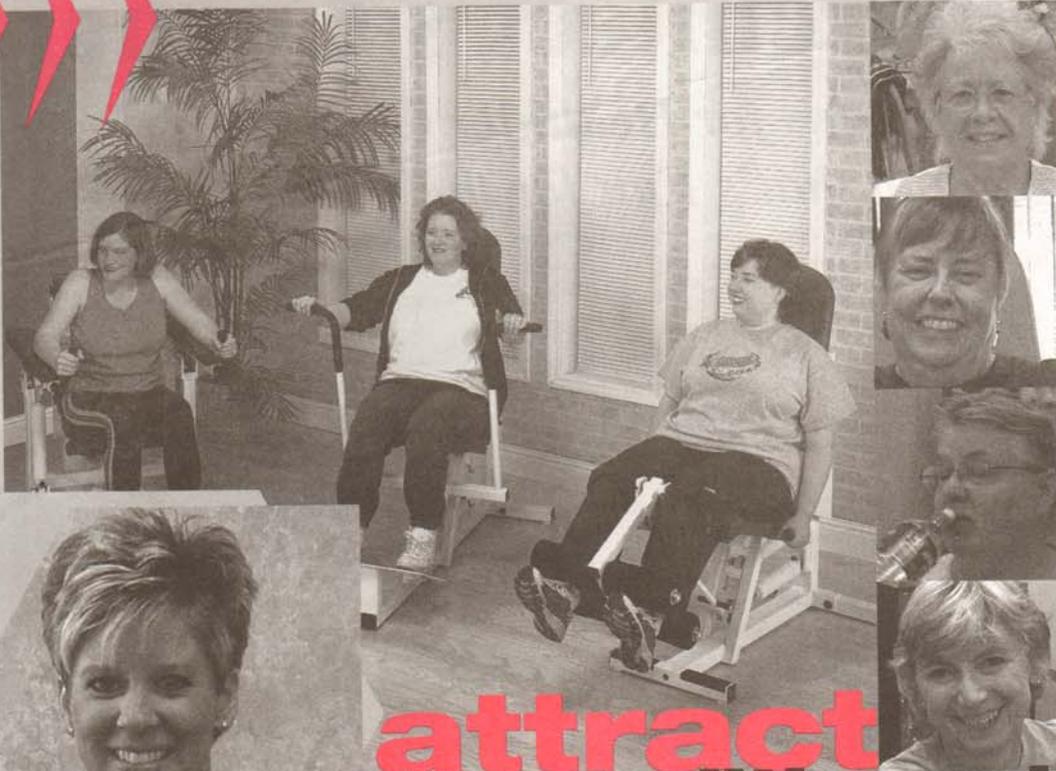
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“The Architect’s Corner”

Designs for Healthier Children A Workout that’s Fun for the Whole Family

By: Gary Graham

With child obesity on the rise in America, fitness centers are more actively promoting kid’s wellness programs. MSNBC reports in a recent article that American youths are “inactive, unfit and increasingly overweight” and states that since 1980 “the portion of young people who are overweight has doubled”. In some governmental studies the percentage of obese/overweight children exceeds 21%. In an effort to combat this growing epidemic, more and more health and fitness clubs are developing programs to encourage children and adults to exercise under one roof, making physical fitness goals easily attainable.

The basic goal of healthclub owners and managers is to attract, accommodate and retain an increasingly demanding clientele. In the suburban market architectural

and interior designs must appeal not only to the adult healthclub members but also to the child members. The primary role of architects of fitness facilities, is to meet design challenges with innovative and effective ideas that will support a successful “family” facility. The programming and design must encourage flexibility to accommodate all family members. The design in the children’s areas must balance fun and games with the need for safety and security. In the beginning stages of the project the architect must analyze all current and future program elements. This phase of the project is extremely important, for it is at this stage that the designer and owner/manager decide where to locate activities or programs. When a clear understanding of the client’s needs and objectives are attained, then the development of spatial relationships and general layouts begins. During this phase designers would

study circulation patterns and assess its effectiveness.

There is nothing more unappealing to a club owner than an underutilized space. In an effort to maximize space, rooms that provide dual uses are created. This allows for the least amount of space to be used for the most programs. A project recently completed for Boston Sports Clubs, located in Andover, MA, a suburb of Boston, was designed with only two exclusively dedicated studios spaces to house over a dozen “Kid’s Club” programs. The Boston Sports Club in Andover is a tennis and fitness facility that caters to working parents. This club currently boasts an active child membership exceeding 150.

The “Kid’s Club” at the Boston Sports Club in Andover is located on the second floor of the facility to provide a sense of privacy and independence for children and adults alike. The two primary and one shared studios are

within close proximity to one another so that children do not have to roam through the entire facility to access other activities. These optimal spaces and room configurations allow for a more efficient “Kid’s Club” program. The two principal studios are adjacent to one another and both have a wall of windows that overlooks the adult fitness floor. This design element has coupled uses. First, it provides an additional light source and secondly, it allows the “Kid’s Club” members to see their mother or father working out below.

Some of the younger “Kid’s Club” members, need visual assurance that their parents haven’t completely left them alone. Sometimes all it takes is “to bring the child to the window and have them look out and see their mom or dad working out on the treadmill to stifle tears.” says Karen Johnson, BSC Andover Instructor.

In addition to the two studio spaces the “Kid’s Club” shares a spinning studio with the adult based program. The “Kid’s Spin” is a very popular program at Boston Sports Clubs. To heighten the overall experience this class is instructed with the movie “Armageddon” used as backdrop. This sort of multi-media experience really encourages their physical limits. Other programs at BSC Andover include Gymnastics, Cardio-Kids, Batman Baseball, Scoobie Doo Soccer, dance and Kamikaze Kids. The Kamikaze Kids program includes kickboxing and karate. The Boston Sports

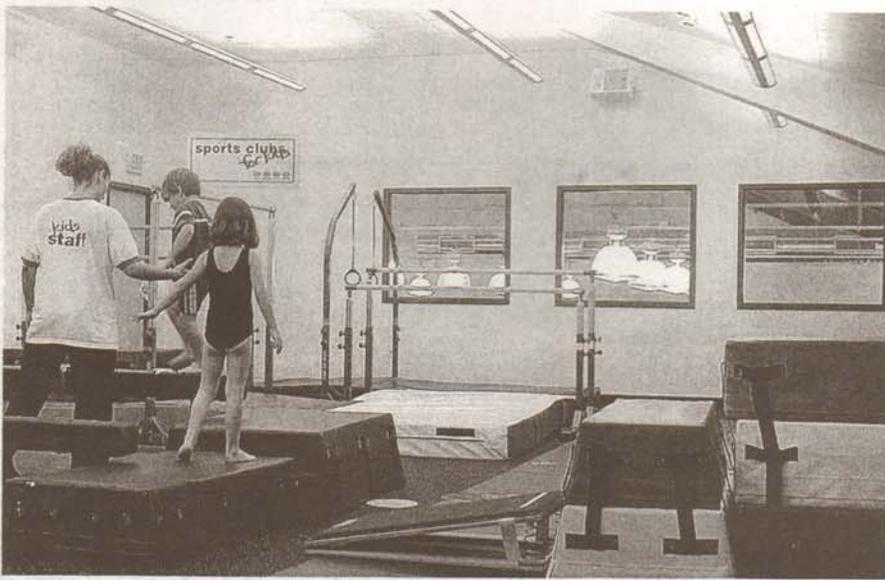
Club in Andover also utilizes the “Kid’s Club” space for Boys and Girl Scouts meetings and birthday parties.

With so many programs located in two to three studio spaces, flexibility in design was essential. The mission was to make the transition for one use to the next as simple as possible for staff. In an effort to allow equipment to be moved into or out of the room with ease, there must be adequate storage space provided within close vicinity. So often is the case that equipment is moved from room to hallway and hallway back to room without having a designated space for temporary storage. By cluttering the hallway with equipment you not only create a fire hazard, but a visually offensive space.

The “Kid’s Club” Andover “is located perfectly for our programs”, says Karen Johnson, “We have been incredibly busy with birthday parties. Sometimes double booking is unavoidable. However, the space is so versatile that we are able accommodate both parties. While one party is winding down in one room, the set up for the second party is going on in another the overlap isn’t a problem” she says, “the rooms are easily accessible”.

At the Columbia Gym in Columbia, Maryland, nearly 10,000SF of space is dedicated to children’s activities within a 56,000 SF state-of-the-art recreation center. The children have a separate gymnasium, daycare center, study/ homework room and a separate fitness room. The programs

(See Gary Graham Page 26)



Boston Sports Club “Kids Club”

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

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

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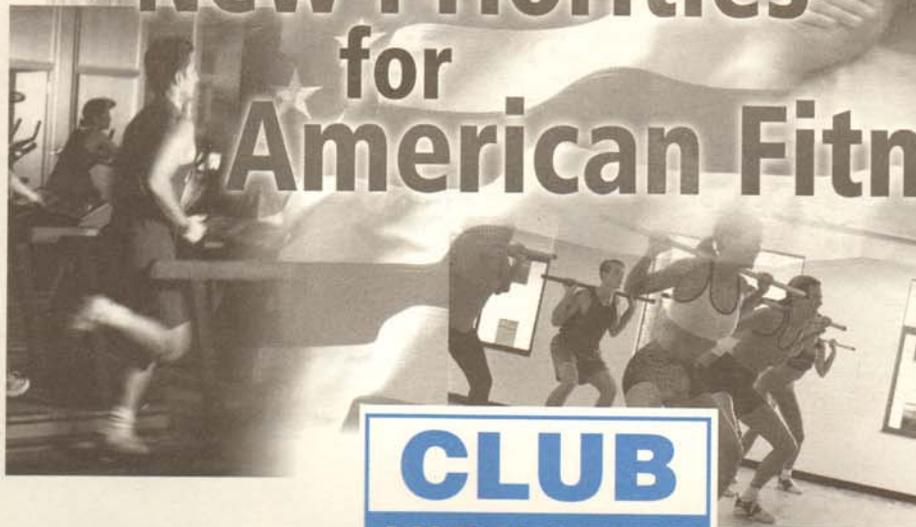


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IHRSA's CAPITOL REPORT

Capitol Report Reprinted Courtesy of IHRSA

ILLINOIS CITY REJECTS \$15 MILLION REC CENTER

Saying the city is financially stretched to the limit, Evanston (Illinois) Aldermen recently shot down a proposal to build a \$15 million recreation center.

They said the city is in no shape to even consider building such a facility. The City Council recently approved a 7.2% property tax hike to cover a budget deficit.

"We had a horrendous struggle to meet the budget," Alderman Gene Feldman told the Chicago Tribune. "The recreation center is a luxury all of us want but we can't afford."

UK FITNESS COMPANIES WELCOME CRACKDOWN ON CONTRACTS

British fitness companies are welcoming a high-profile crackdown on "unfair" membership contracts by the Office of Fair Trading, Leisure & Hospitality Business reports.

The OFT issued Guidance on illegal terms in health club agreements to 20 operators, following 200 complaints from consumers over two years.

Fitness Industry Association Executive Director Nigel Wallace supported the move. "We promote the transparency of membership contracts and, through our Code of Practice, compliant operators are re-quired to disclose any terms and conditions associated with signed agreements," he said. "We will review The Code of Practice and details from the OFT in the autumn."

Operators have six months to respond to the guidance, which includes examples of unfair and revised terms, such as contract cancellation implications, memberships linked to credit agreements and waivers of liability

for death or injury, or could face a court injunction to stop the use of such conditions.

The OFT also launched a leaflet offering advice to consumers on fitness club agreements, called "Are they fit to join?" For more information, visit <http://www.oft.gov.uk>.

YMCA TO ASK VIRGINIA'S HIGH COURT TO UPHOLD CHARITABLE IMMUNITY

After losing a landmark case in which its "charitable immunity" defense was rejected, the YMCA is appealing to Virginia's Supreme Court.

Chesapeake Circuit Judge Bruce Kushner saw through the Y's attempt to have things both ways. He ruled that YMCAs are not immune from liability for injuries to members because they compete with commercial health clubs.

The Y had sought protection under Virginia's charitable immunity doctrine --which protects charities from paying damages in costly negligence suits --when a member injured his head, neck and back after falling on a recently cleaned basketball court and subsequently filed a lawsuit.

In denying the Y's defense, Judge Kushner cited the facility's fee-generating activities, like its summer camp and special classes, and the fact that its staff is competitively compensated.

Kushner's decision allowed the injured man's lawsuit to go to trial and then a jury awarded him more than \$50,000. It was the first time in Virginia that a YMCA could not use the immunity doctrine defense, according to Virginia Lawyers Weekly.

"I'm really saddened and disappointed by this," said Y executive director Danny Carroll. "I think there's a misunderstanding about what it is to be a charity....there's a huge difference between what

we provide and what for-profit clubs provide."

If the appeal is unsuccessful, YMCAs across Virginia may be forced to increase fees to cover higher levels of liability insurance.

CLUBS HAVE ALLY IN PROTESTING TAX-EXEMPT HOSPITAL CLUB

Illinois' Health Facilities Planning Board will appeal to the State's Supreme Court to prevent Palos Community Hospital from operating a \$14.5 million health club on a tax-exempt basis, the Chicago Tribune reports.

That board, which is charged with keeping health-care costs down, originally denied the permit for the \$14.5 million free-standing fitness center, contending that there was no medical reason for the hospital to build the center, which opened in November.

Moreover, the Board ruled that the hospital's tax-exempt status gave its fitness center an unfair advantage over private health clubs in the southwest suburbs.

After the denial was issued, the hospital formed a subsidiary to build the health club.

The Board then sued the hospital, accusing it of circumventing the state's authority over health-care facilities.

An Appellate Court ruled that under state law, it was clear that a permit from the state is necessary only for the construction of a "health-care facility." A fitness center, the appeals court said, does not fit that definition.

James Duffett, executive director of the Campaign for Better Health Care, said the State has no choice but to exhaust all of its legal remedies in the case. If hospitals can use the tax breaks, government grants and Medicare and Medicaid funds they receive to form subsidiaries to build health clubs without state permission, "hospitals will be able to do whatever they want with the [public's] money," he argues.

Indeed, if the State high court upholds the Appellate Court's ruling, State oversight of hospital projects could come to an end, allowing health-care costs to skyrocket, Duffett said.

The implications of the case, therefore, go far beyond the Palos Heights-based hospital and its Orland Park fitness center.

YOUR HELP IS NEEDED TO BURY DEATH TAX FOR GOOD

The U.S. Senate will vote on a permanent repeal of the death (or "estate") tax by June 28, Senate Majority Leader Tom Daschle (D-SD) announced today.

After weeks of refusing to bring the death tax repeal to a vote, Daschle relented Tuesday after Senate Republicans threatened to block the upcoming vote on an energy bill without a guaranteed death tax vote.

"I know there are many people who want to finish this (energy) bill," said Senator Phil Gramm (R-TX). "But I don't know of anything that is more important than making repeal of the death tax permanent."

Last summer's tax relief package repealing the death tax expires on December 31, 2010. Although years remain before the bill's expiration, small business owners still have to pay lawyers and insurance companies thousands of dollars in estate planning fees, unless the tax is repealed permanently.

Please contact your two U.S. Senators and urge them to support a permanent death tax repeal! To find out their names & contact information, visit <http://www.ihrsa.org/publicpolicy/crusade.html>.

STATE LEGISLATIVE ACTIVITY

MICHIGAN: Representative Barb Vander Veen has

announced she will sponsor legislation allowing residents to claim expenses such as fitness center memberships and exercise equipment as a deduction. The measure follows a new ruling by the Internal Revenue Service that allows taxpayers to claim weight loss expenses as a medical deduction. IHRSA will keep you posted on this development.

California: ACR 194 encourages local governments and educational agencies to provide high quality daily physical education programs for all children in kindergarten through grade 12.

New Hampshire: HB 1438, which establishes registration fees for health clubs and administrative assessments for the late filing of health club registration statements, has passed the House and the Senate and is eligible for the governor's desk.

New Jersey: AB 2051 would provide a business tax credit for the full cost of purchasing an AED.

New York: AB 4665, which requires health clubs to have at least one CPR and first-aid trained employee present during all business hours, passed the assembly and is now in the Senate. [In years past, the Senate has not acted on this measure, but IHRSA will monitor it closely nonetheless. Also in New York, A11089/S7264 would provide that participation in individual fitness sessions at approved facilities shall be covered benefits for volunteer firefighters.

MISSISSIPPI: SB 2249 was signed into law. The measure recognizes that "there is a problem with Mississippi student inactivity and obesity in the elementary school years," and recommends the following guidelines for school district physical education classes: Grades K - 6: 30 minutes/day; Grades 7-9: 2 hours/week.

NEW YORK: AB 11025 would require health clubs with more than 2,500 members to have at least one automated external defibrillator (AED). It would also require that at least one staff person be on duty at all times who is trained in the use of an AED.

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Can Pilates be a Profit Center? *Absolutely!*

By: Joy Karley, M.A.

Despite its growing popularity, many clubs are understandably hesitant to add Pilates-based programming. Instructors need special training and certification, and the equipment involved can require a substantial investment. Furthermore, many club owners and managers are unfamiliar with the ins and outs of Pilates programs. With the trademark released and the Pilates name available for any program to use, the prospect of making a sound choice can be daunting. All this, with no guarantee that the program will be successful, let alone profitable.

As with any investment, a little research is

necessary to find the right program, equipment, and instructors for your club. There are a variety of legitimate programs available; with a few phone calls you can separate them from the rest. From these, ask questions to determine the differences in programs to find one that best fits your club's membership. The same goes for equipment — look for manufacturers that make a Reformer that will stand up to heavy usage and that can accommodate the full range of your member's various sizes, shapes, strengths, and abilities.

Where does the profitability come in? The program, equipment, and instructors you choose will have the greatest impact on the success of your program. After that, the

way in which you promote and sell your Pilates-based program will determine the extent of its profitability and longevity.

First, a few common mistakes clubs make when starting a Pilates-based program.

1. Choosing the wrong program. Before selecting a Pilates program, ask questions and read over the promotional materials carefully. A program designed around dance-based movement is not going to fly with athletic members. And while six months of training is not practical for many instructors, three hours is probably not sufficient either. Look for programs that balance quality, cost, time investment, up-to-date standards, and practicality.

2. Choosing the wrong equipment. Before you snap up the first "good deal" you come across, consider that as with many things, investing a little more up front may save you money in the long run. If the reformer is lightweight, it may not stand up to heavy usage. If it is too small, it may not accommodate male or tall female members. If it has a less-than-ideal spring configuration, it may not provide sufficient challenge or variation in resistance. And if you don't read the fine print, you may end up spending more than you would on a "higher priced" unit if you have to buy all of the accessories and springs separately.

3. Choosing the wrong instructors. If hiring instruc-

tors who are already trained, look carefully at credentials to assure adequate knowledge and training. Poor training or instructional skills will turn members off immediately. To avoid conflicts and inconsistencies, try to hire instructors with similar training and backgrounds. A better solution may be to choose an appropriate program and develop your own trainers in-house, rather than hiring instructors who teach at clubs all over town. Investing in part or all of the certification cost can help foster a committed team of loyal trainers who are willing to "work off" the training and/or commit to a non-compete agreement for a specified time period.

(See Joy Karley Page 26)



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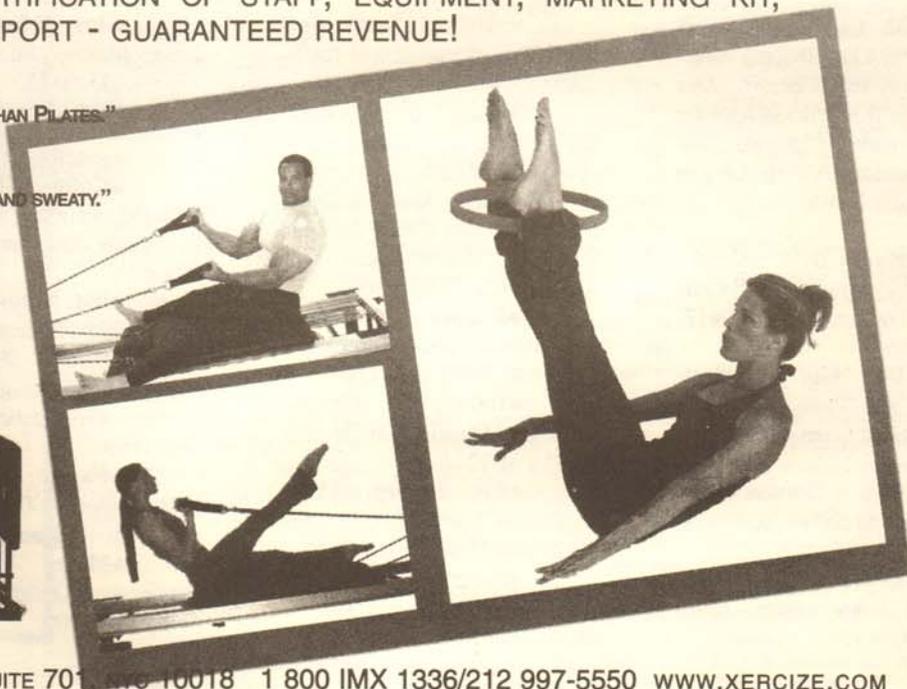
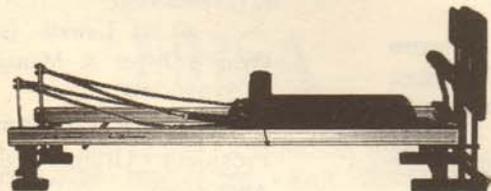
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“Spa Insider”

Menu Development

By: Jennifer Lynn

A unique spa service menu is one of the best marketing tools a spa can have. The spa menu is the voice to the public. It will tell clients who you are and what you are about. Developing a menu is a process that should not be taken lightly. Research and extensive thought should go into designing a distinctive and compelling service offering. It is important to be consistent and carry the concept through the entire facility. Beyond the menu, the subtle nuances created within this space will unfold the spa experience to the customer in layers.

The club setting will have an overall concept. Deciding whether the spa will be an extension of the club or have its own unique identity, completely independent of the club, will be a good place to start. Location is often an important factor in the concept of the menu and the entire facility identity. Spas will incorporate the surrounding desert landscape, mountainous areas, ocean or river front settings, regional or urban surroundings into the décor and service listing. Other influences may include French, Italian, Japanese, Chinese, Native American, Feng Shui, Medical or Holistic concepts into the menu and overall facility concept.

Menu development will continue with research of the local area. Further study will demand that you to dive into the psyche of the people in your area. For example, in some areas of the country there is deep history that is revered

and recognized through festivals and local celebrations. Integrating local folklore or legendry can provide extremely unique offerings. The local community will be your potential customer so catering to their passions and lifestyle will bring big returns of loyalty and commitment. Many areas of the country possess indigenous plants and herbs that can be incorporated into a specialty or signature service. Utilizing all of the unique resources in the area brings original flavor to the spa.

The physical facility will dictate the different service categories within the spa. Traditional offerings can be broken into massages, facials, body treatments, hydrotherapy, waxing and add on services, such as eye treatments. The depth of services within each category will be limited by the local talent available to perform the various treatments. A well-schooled massage therapist may be able to perform different massage modalities such as: the ever popular Swedish technique, Deep Tissue or Sports Therapy and Reflexology and body treatments. Some of the more advanced massage modalities may include: Shiatsu, Thai, Prenatal, Acupressure, Healing Stone or La Stone® Massage, and Manual Lymphatic Drainage. A selection of some of the healing arts would be Reiki, Ayurvedic Counseling, and Craniosacral Therapy.

A licensed aesthetician will have basic training in performing facials, waxing or hair removal, paraffin treatments and other body treatments. The level of expertise

will depend on exposure to various treatment lines and continued education. Many of the services performed by aestheticians will be dictated by the chosen skin care lines. Often times, skin care lines have specific procedures for their facial and body treatments. In most states, body treatments and hydrotherapy services can be performed by aestheticians and massage therapists. Be sure to contact the state and local boards to ensure your service practices fall within codes and regulations.

Considering whether or not to employ or contract specialists like certified acupuncturists, chiropractors, spiritual healers or nutritionists will be based on the concept of the spa, the market and the client profile. Specialized services such as these bring a higher level of integrity to the spa and can be beneficial for mutual referrals to and from the traditional spa services.

Clients will need to be educated on the benefits of these services by providing extensive descriptions in the menu. Service listings should be educational and not overwhelming to the customer. This is where you can be creative in detailing the service. Original names and descriptions are key to enticing the potential spa goer. Clients enjoy reading about the benefits of spa services, and the images of relaxation work as sales tools. Visual imagery in the description is important to tell the story of the spa experience and creates excitement about the menu selections. The menu helps the customer mentally

prepare for their relaxing and enjoyable spa experience.

Packaging your services is an excellent way to promote new offerings or to help generate interest and expose your clients to less popular services. During slower periods or hours within the day, packages can be used as up sells. Packaged services also make great gift certificate purchases. Specialty packages can be created throughout the year for seasonal and holiday events. Club Spas have the unique ability to incorporate a personal training session, nutrition counseling, or other fitness-wellness offerings into a spa package.

Selecting product lines that will represent the overall theme and concept is vital to the success of the menu. There are many quality skin care and spa lines on the market. It is important to choose a line that offers a good representative in your area, as well as someone who can provide staff training, encouragement and support. Good skin care representatives will train your therapists and aestheticians in specific service protocol for their product lines. In many cases, vendors will also offer retail sales training for the entire spa staff. The relationship with the product line should be more of a partnership in your business. Additional service from the vendor should include sales support, samples and promotional materials. Some companies even offer co-op advertising. The vendor should help you create a system and become part of your team and the success of your spa.

Menu development is a



Jennifer Lynn

multi-phased process. Concept research, service education, product knowledge, artistic content, and collateral production are all the factors that must be considered. Ultimately your menu becomes the most crucial marketing piece you will have. Extensive and contemplative conception will ensure your menu reflects the spa story and charts the sensual journey for the spa goer.

(Jennifer Lynn is Director of Accounts with Natural Resources Spa Consulting, Inc. She is responsible for feasibility studies, design, development and business planning for reputable clients such as Ritz-Carlton and Marriott. Throughout her 10 year spa career, Jennifer has also held the Spa Director position in distinguished properties such as Bellagio Resort in Las Vegas and Bacara Resort and Spa in Santa Barbara, CA. Ms. Lynn can be reached at Jennifer.Lyn@msn.com or 478.405.2231

...Mary Johnson

continued from page 12

No wonder we can only interest 12% of the population in visiting our clubs on a regular basis.

And what is beauty? John Keats wrote, “Truth is beauty”. We need to remember that appearance is fleeting, and that our members are not. I think beauty is the sense of

purpose found in the eyes of an individual who has overcome their fear and intimidation of our environment to begin a program so that they can have more quality time with their children. It is the touch of a personal trainer who gives her heart and soul to help a woman progress from a wheelchair, to a walker, to a three-point cane, to walking assisted, to walking unassisted. It is the glow of

self-esteem radiating from a teen-ager who is coming to the club in their free time, instead of “hanging out.” It is the vibrant youthfulness of 75-year-old “senior” who jumps into an icy pool on New Year’s Day. This is life. Gusto. This is real. This is beauty. This is what we have to offer, and what we should be celebrating each and every day.

Oh, and what is the

secret to firming up that waist?

Well, it involves a certain level of commitment, knowledge, faith, trust, and yes, a little bit of physical exertion. Or you can call me, and we can talk about Truth, Beauty, and the continually challenging, endlessly fascinating, always with us, ever-encroaching waistline.

(Mary Jayne Johnson, Ph.D. is

Southwest Regional Health & Fitness Manager for the Wellbridge Corporation. Mary Jane may be reached at: (505) 858-1785)

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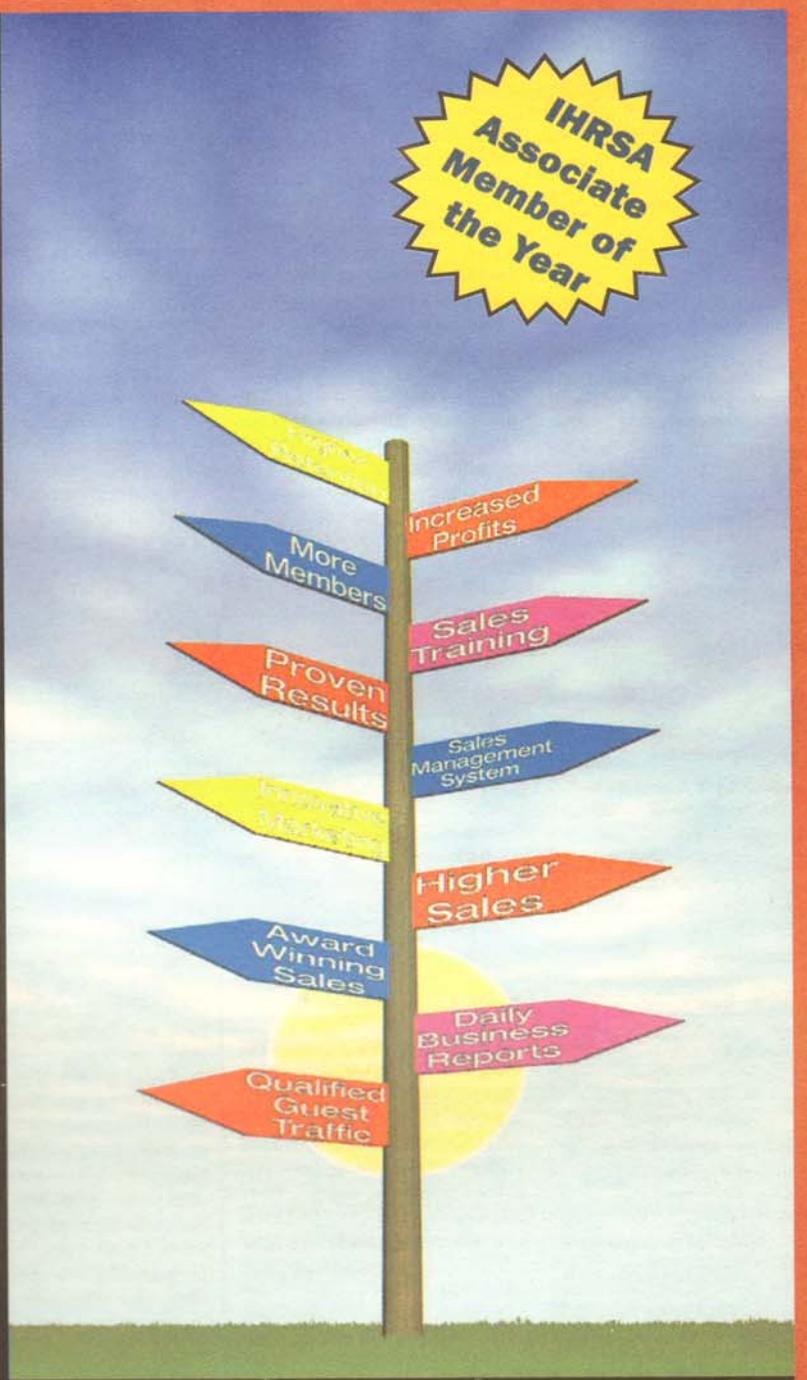
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...Joy Karley

continued from page 22

Any one of these mistakes is enough to single-handedly bring your Pilates program to a slow death, if not a grinding halt.

If you've found the right programming, equipment, and instructors, the next important question to ask is: "How many?" Starting either too small or too big can be a problem. Consider the size of your membership, the size of your facility, and the demand for the programming. One reformer and one instructor is a minimal investment, but will not yield maximum ROI. Ten reformers and one or two instructors is a large investment with limited ability to yield maximum potential. Ten instructors and one reformer limits the accessibility of the machines to the trainers and

clients, therefore limiting potential revenue. The machines will only earn revenue when a certified trainer is training a member, and the club/trainers will only earn revenue when they have machines on which to work. Finding the right balance and allowing room for growth is the key to a successful, profitable program.

A simple example is the difference between investing in one reformer/one instructor or two of each. One machine and one instructor provides only the opportunity for private sessions and group (floor/mat) classes. Two machines and two instructors opens up the possibility for semi-private "duet" sessions or simultaneous private sessions for maximum usage of the machines. Duet sessions are attractive to members because of the lower cost, and more profitable to the club because of

the higher hourly rate charged. With a combination of private and duet sessions, you will get maximum mileage from your machines.

For example: One private session @ \$80/hr on 1 machine = \$80/hr x 10 sessions/week = \$800 = \$3,200/mo.

Two private sessions @ \$80/hr on 2 machines = \$160/hr x 10 sessions/week = \$1,600 = 6,400/mo.

One duet session @ \$100/hr on 2 machines = \$100/hr x 10 sessions/week = \$1,000 = \$4,000/mo.

For those able to make a larger investment, it follows that three or four reformers and 4 - 6 instructors enables the club to offer not only private and duet sessions, but also trios and quartets for more options in semi-private training. This provides a greater earning potential for you while allowing lower cost sessions for your members. Limiting group size to three or four keeps the investment in equipment reasonable and still allows the club to charge premium prices for the services. Members are getting a more affordable option and still feel that they are getting more attention and better quality instruction than they would in a larger group.

If you are considering adding Pilates programming to your club, the right decisions can create a new profit center for your club. If you already have a Pilates program that is more problematic than profitable, it is not too late to turn it around. A few changes may be all you need to start attracting members and earning revenue.

To see a more extensive ROI projection and learn how this type of programming can work for your club, visit *The Xercize Corp.* online at www.Xercize.com or contact TXC via email at info@xercize.com or phone at 800 IMX 1336.

(Joy Karley is Executive Vice President of *The Xercize Corporation* - creators of *IM=X^o* (Integrated Movement eXercise) innovative, new Pilates-based programming and equipment that capitalizes on the demand for the Pilates exercise system, enhances its benefits, and introduces a lucrative new source of revenue for club owners. Joy can be reached at 212.997.5550 (800.IMX.1336 outside New York) or joy@xercize.com.)

...Gary Graham

continued from page 16

cater to children of all ages, from kickboxing and floor hockey for older children to basic tumbling classes for the younger. Furthermore, portions of aquatics center are geared to a younger clientele. A small wading area with palm tree adds a festive and colorful element appealing to smaller children. The beach or zero entry therapy pool provides a safe way for the kids to enter the pool without intimidation. The overall design objective was to create a space so that children and adults can enjoy recreation time together. As pediatrician Laurie McKillip suggests the best way to keep your child fit is to "plan plenty of family activities that involve turning off the TV and enjoying activities like walking, biking, hiking or swimming".

Today's most innovative suburban facilities like the Boston Sports Clubs and The Columbia Gym, are providing ideal environments for parents and children to enjoy year round recreational activities. Preliminary planning, designing with flexibility and advocating creativity are three of the most appropriate architectural components to keep in mind when designing for youth programs. The space must be fun and inviting yet not overwhelming. Ultimately, the space must provide an exciting, entertaining place that encourages and develops wellness activities for kids. Over the past two decades, Graham/Meus Inc. Architects has helped establish a new standard for the defini-

tion and design of today's most progressive recreation facilities for hospitals, communities, schools, and commercial organizations.

(Gary Graham, FAIA is a principal at Graham/Meus Inc. Architects. Graham/Meus is responsible for the design of over 120 fitness and recreation facilities throughout the United States.)

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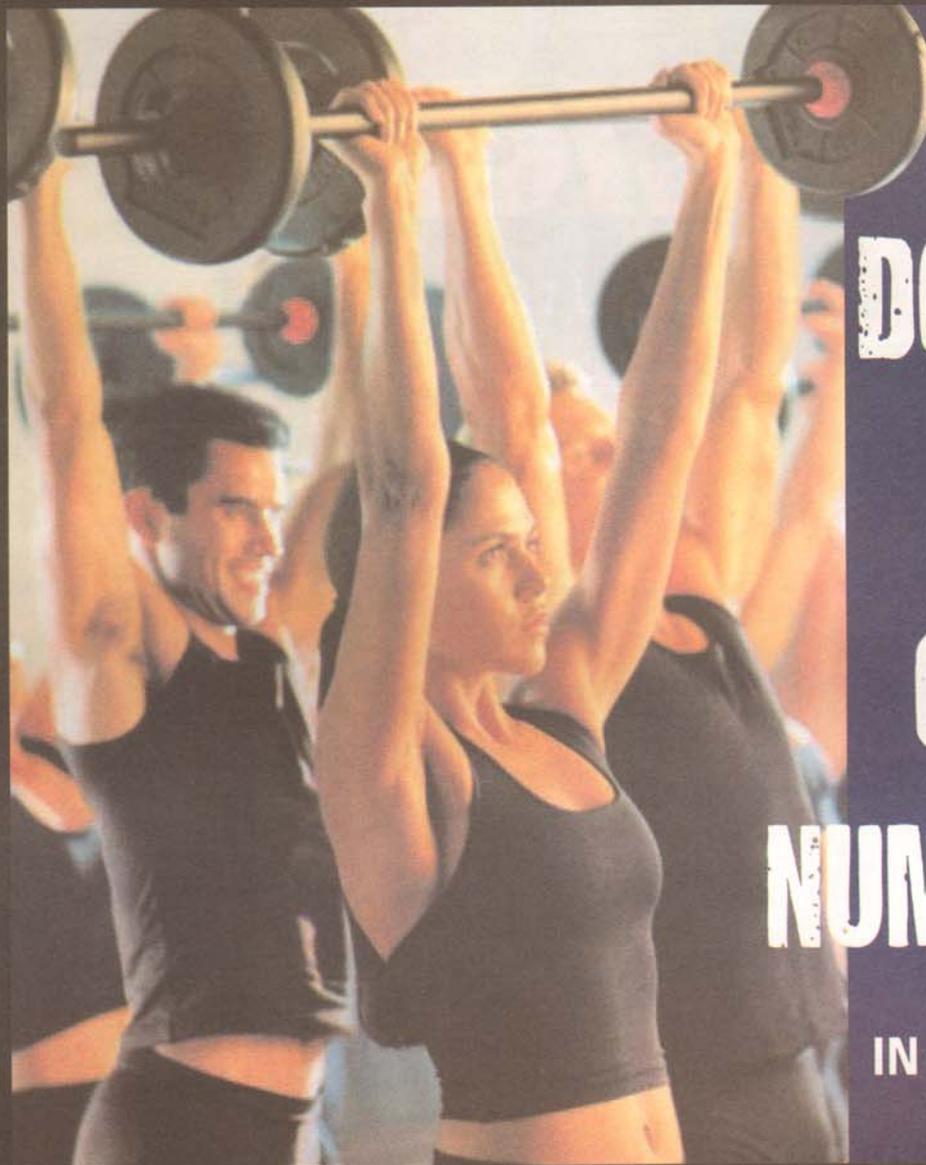
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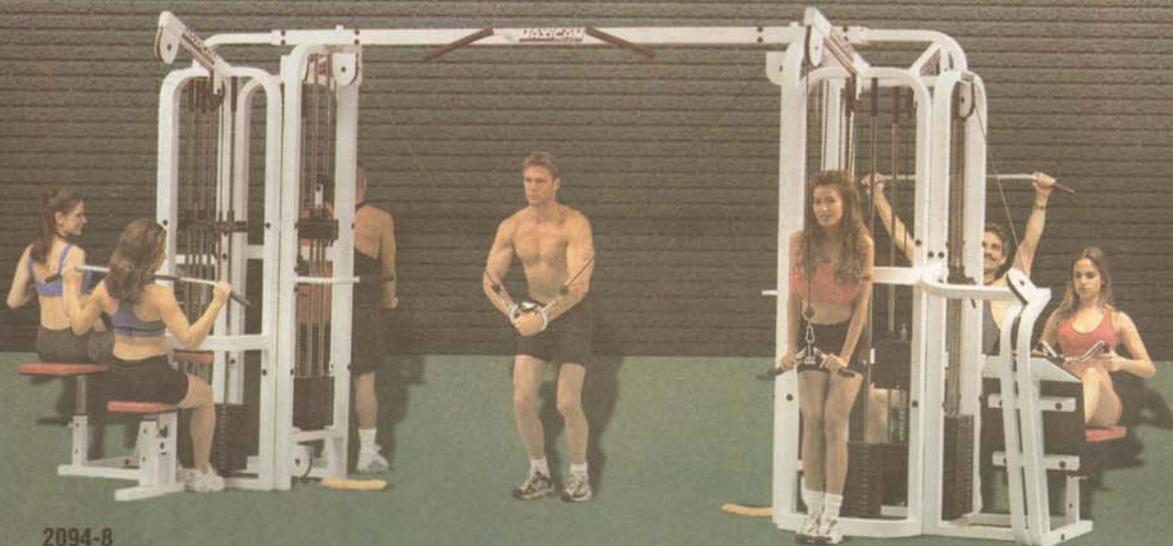
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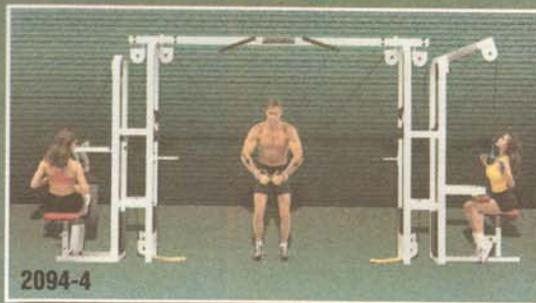
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