

Norm Cates

THE Club Insider

NEWS

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The Pulse of the Health, Racquet & Sports Club Business



**Jill Stevens Kinney - America's #1
Female Club Entrepreneur**

THE INSIDER SPEAKS

• EDITORIALS • "INSIDER MAIL" • COMMENTS •

HOW CAN WE HELP SAVE OUR COUNTRY?

By Norm Cates, Jr.

In 5 1/2 years of publication of The **CLUB INSIDER** News, I have only strayed from club industry business content a couple of times. Once, last Summer, I wrote an article about my bout with skin cancer. The other time was when I wrote an article fussing about the Major League Baseball strike. If you object to further excursions outside our industry here, I sincerely apologize!

However, I now sit here compelled to write this editorial to ask you to join me in seeking ways to SAVE OUR COUNTRY. I write these words with a heavy heart although weeks have passed since the COLUMBINE MASSACRE. I firmly believe that the Columbine High School Massacre was the result of an 'Invisible Virus' that is slowly and surely killing our country from the ground up. This 'virus' is insidious and has been creeping across our great country, slowly at first, but now it is gaining momentum quickly.

The morning after the Columbine Massacre I rose, and while having my usual morning coffee, I read the accounts of the debacle in Littleton, Colorado. I am

not ashamed to tell you all that I shed a lot of tears that morning as I read the many articles about this heart-breaking event. But, I was not alone. That day, just after noon, I was on my way back from my daily trip to the Post Office when I heard Chris Mathews on the radio. Chris is a Washington, D.C.-based columnist for the San Francisco Chronicle who was sitting in on the radio that day for the vacationing Rush Limbaugh. Chris read an article about the massacre published that morning in the Washington Post. While reading he began to cry audibly, right there on the radio. There he was, the TV Host of the hard-hitting political CNBC TV Show, "Hardball", sobbing audibly over the air on a show that reaches 20 million listeners each week! And, you know what? I don't think that Chris Mathews, I and the folks in Colorado were the only ones shedding tears that day. I think there were millions of Americans across this great country crying tears of anguish and sorrow over what happened that fateful day at Columbine High.

The deaths of those children were the primary cause of our sadness, but I also firmly

believe that many of us felt a deep seeded feeling of helplessness over what happened and realized a fear that we all have in the back of our minds. That fear, I believe, stems from our subconscious belief that our country is dying a slow death.

The moral decay of our society, a.k.a. the 'Invisible Virus' that is sweeping our land, I believe, will eventually result in the destruction of our country if we don't wake up and take some serious proactive steps to change what is happening in America.

The morning after the massacre I made up my mind that I was not going to sit idly and quietly by while my country dies. I will not. I am going to speak out on what I think is causing this slow and unnecessary death. And, I am going to ask you all and everybody I can for help in this effort.

This 'Invisible Virus' Has A Strong Hold On Our Children

What is the 'Invisible Virus' and what could it do?

This virus is a phenomenon similar to the brainwashing done by Adolph Hitler in Germany. The difference is that this brainwashing is being done to the youth of America as opposed to the young men of Germany during that era. Hitler did his brainwashing through his speeches to the masses where his 'Heil Hitler' salute signified the support of his minions. With the 'Virus' that is sweeping our country, the brainwashing is taking place in our homes, our kid's cars, our movie theaters and just about everywhere kids can gather. The support of this brainwashing is now being manifested by the series of recent school murders by kids in Colorado, Arkansas and other states. More manifestation of support for the virus is the growth in popularity of all of the causes of the virus such as the skyrocketing popularity of "professional" wrestling, violent movies, deadly killing video games and much more.

The end result with Hitler was World War II and the massa-

cre of millions of innocent people killed through the unchallenged evil workings of Hitler's forces.

The end result of the virus that is now sweeping across America could be that our society, as we know it, could be crippled. Our schools could become obsolete due to the fear that parents and students have from the mounting series of slaughters. Our homes could become veritable prisons for the kids. Our ability to function as a peaceful country could be destroyed because some public schools have to be closed. Many people might begin to band together in 'self-defense' communes. If you ever saw Mel Gibson's movie about 'Road Warriors' you may have the picture of what I mean.

What are the primary sources of the 'virus' brainwashing in America? Here is a shopping list for you to remember:

(1) Rap and other obscene music which describes violence against the police and others. Have you ever taken time to listen to some of this garbage?

(2) Nintendo and computer games that teach kids literally how to become killing machines. These same games are now being modified and used by the U.S. Army to train men to be killers! How many of you with kids have taken time to stop and look at what your kids are playing on Nintendo or their computer?

(3) Movies and TV programming that is full of violence and accessible to unsupervised kids. Do you, as a parent, monitor what your children watch?

(4) The Internet where all sorts of materials and ideas, including pornography, are spread randomly to any kid that has unsupervised access to the Net. This is one where many of us parents are way behind in respect to our ability to know what our kids are up to.

(5) Professional wrestling. In case you haven't noticed, professional wrestling has reached an all time high level of violence (even though most intelligent people know it is all just a big fake) and wrestling has now brought in

sex as an additional selling tool for its programming. Have you ever checked out the garbage they are selling on professional wrestling now?

(6) The use of mind-altering drugs by parents to subdue kids that are hyperactive or unruly as opposed to giving them more attention, more love and more discipline. One of the killers at Columbine High School was on such drugs. How many of you have agreed to allow your doctor to prescribe drugs for your hyper or unruly child?

All of the above are contributing to a society of millions and millions of mind-numbed kids who are from ages 4 to 19 or 20. Many parents have allowed themselves to become too busy to notice what their kids are up to, but whether people in America will admit it or not, this 'virus' is on the move.

While the people who profit greatly from peddling all of this trash are raking in the money and hauling it away in wheel barrows, our elected Federal lawmakers are sitting idly by. So we should expect to fight this battle with out their help until we have a strong enough 'grass roots' strength to get their attention and force them to pass laws to fight the 'virus'.

What happened to our country and the good old Ozzie and Harriet days? I think this virus stems greatly from our kids' lack of supervision when they are growing up. The lack of supervision has been caused by three important factors:

(1) The Federal government and its unwillingness to reduce the tax burden of the average American has caused many people to have to work 30-40% of their year to pay the government,

(2) the cost of living forcing both parents to work, and

(3) the 50% divorce rate in America causing many children to grow up with just one parent, a parent that must work, leaving the kids unsupervised as 'latch-key' kids.

(See *Saving Our Country* page 27)

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NEWS

The Pulse of the Health, Racquet & Sports Club Business

JILL STEVENS KINNEY - AMERICA'S #1 FEMALE CLUB ENTREPRENEUR

By Norm Cates, Jr.

San Francisco, CA.- Imagine growing a business to where it is generating \$26 million a year in annual revenues and accom-

plishing that in a mere 8 years! That is what Jill Stevens Kinney and her husband/business partner, John, have done.

In 1991, Jill and John Kinney launched Club One with two locations in San Francisco, California. The clubs are upscale

fitness centers that typically are 15,000 square feet in size. The Kinneys have created a formula for success that is working extremely well in the San Francisco Bay area and they have carved out a strong brand name niche for Club One in the Bay area mar-

ket.

In June, Jill will celebrate 20 years in the club industry! She has experience in management, ownership and consulting in the business. At one time or the other she has been involved in individual

clubs and multi-club operations, fitness-only and multi-purpose clubs, suburban and urban clubs, small, medium and large clubs, start-ups, takovers and turn-around, real-estate owned and leased clubs and commercial, hotel clubs and corporate (See Jill Stevens Kinney page 8)

Gale Landers Elected IHRSA President Head of Multi-faceted Fitness Formula Takes Reins in July

Boston, MA.- Gale Landers, CEO and president of Fitness Formula, a leading multi-club organization that owns and operates six clubs in the Chicago area, has been elected the 1999-2000 President of the 5000-member International Health, Racquet and Sportsclub Association's (IHRSA) Board of Directors. His one-year term will begin July 1.

"I see the Board's goals for the coming year consistent with IHRSA's mission," Mr. Landers said. "We are committed to the interests of our members and will implement strategic campaigns to include the promotion, protection and growth of the commercial club industry."

Mr. Landers is a recognized pioneer in the health and fitness industry, with 21 years of club experience. He co-founded Fitness Formula in 1984. He and his talented team have developed six successful start-ups of large multi-recreational facilities throughout his career. The Fitness Formula clubs have a reputation of strong relationships with

medical industry leaders. Most of the company's clubs have one or more medical subtenants, including cardiac rehabilitation with a local hospital, internal medicine groups, and/or physical therapy providers.

Actively involved with IHRSA throughout his career, Mr. Landers has served as a judge for the IHRSA/Cyber Fitness Director of the Year Award, a Convention speaker, and a member of various ad hoc committees. He was elected to a three-year term on the Board of Directors in 1996.

"Our main objective, as well as challenge, is to develop programs and services that benefit the great diversity of facilities and populations within the health club industry," said John McCarthy, Executive Director of IHRSA. "Gale's entrepreneurial insight and strong leadership qualities will be great assets to IHRSA and to our continued success in integrating the goals of our members into our programs and overall mission."

Mr. Lander's goals for the coming year focus on IHRSA's leading role to grow the industry. The Board will: 1) spearhead growth marketing initiatives to increase club membership to 50 million in the United States and 100 million worldwide by the year 2010; 2) implement government relations programs targeting issues related to tax-exempt fitness facilities through the integrated efforts of fitness industry leaders and IHRSA; and 3) pursue international economic and leadership opportunities for IHRSA.

"Over the past four years, total revenue for the health club industry in the United States has grown by 32 percent and membership has grown by 24 percent," Mr. Landers said. "IHRSA will continue to lead the charge toward continued growth worldwide. And for the first time in the history of our industry, we have a sizable group of health club leaders who have formed a coalition contributing significant

time and dollars to develop a fair competition strategy to fight this issue on local and national levels. They are contributing significant time and have aligned with IHRSA to protect the interests of all 'for profit' clubs in the industry. The board and I unanimously support this objective and have a goal of increasing the overall market share for commercial clubs from 60 percent to 80 percent. Our success will be driven by further education of industry members and the public, and through local political activism and national lobbying efforts," Landers added.

Fitness Formula operates its facilities primarily under the brand name of Multiplex in Chicago and suburbs. Mr. Landers is a 1977 graduate of



Gale Landers

Western Illinois University where he attended on a baseball scholarship, earning a degree in Accounting and a Master's degree in Athletic Administration.

NAUTILUS OWNERS RAISE \$20 MILLION!

VANCOUVER, WA... May 5, 1999... Direct Focus, Inc. (Nasdaq: DFXI) announced its

public offering of one million shares of common stock at \$20.50 per share. The company offered 825,000 shares and selling shareholders the additional 175,000 shares. The offering is being managed by D.A. Davidson & Co. and First Security Van Kasper.

The \$15.1 million in net proceeds from the offering will be used primarily for additional working capital, capital equipment purchases and other general corporate purposes.

With the completion of the offering, Direct Focus now has 10.3 million common shares outstanding. The company's stock began trading on Nasdaq today at which time trading on the Toronto Stock Exchange was halted. Direct Focus had been listed on the Toronto Stock Exchange (TSE: DFX) since 1993.

Direct Focus is a direct marketing company that develops and markets high-end branded consumer products. The company currently markets

three lines of products-Bowtlex home fitness equipment, Nautilus fitness equipment and sleep systems division - directly to customers via advertising on television, printed media and the world wide web. In January 1999, the company acquired Nautilus for \$18.8 million.

A final prospectus may be obtained from D.A. Davidson & Co., PO Box 5015, Great Falls, MT 59403-5015 or First Security Van Kasper, 600 California Street, Suite 1700, San Francisco, CA 94108.

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- 3 Basic Building Blocks For Successfully Presenting Your Personal Training Business
- ISSA Promoting New Basic Training Manual & Seminars

• NORM'S NOTES •

• **C**ongratulations to **GALE LANDERS, MIKE MYERS** and **NESTOR FERNANDEZ** as they have been elected respectively as President, Vice President/Treasurer and Vice President/Secretary of IHRSA. They will go into office on July 1st. Also thanks and best wishes to **BEN EMDIN, DAVID COHAN** and **MIKE McPHEE** for their IHRSA Board service. Speaking of IHRSA, check out the new Consumer Website: www.healthclubs.com designed to provide web surfers with a short-cut to their nearest IHRSA health club.

• **TONY de LEEDE**, owner of **Atlanta's Australian Body Works**, just opened his 21st location and the 22nd is almost ready to open. ABW attracted 20,000 to the May 8th "Get Active Atlanta" event held in the Centennial Olympic Park in Atlanta. The event was co-sponsored by Kaiser Permanente. Other co-sponsors include: Crystal Springs Water, Atlanta Sports & Fitness Magazine, STAR 94-FM, Creative Loafing, WSB-TV Family2Family, the Georgia Governor's Commission on Physical Activity & Sports, the Georgia Coalition for Nutrition Education and the American Heart Association.

• **STEVEN SCHWARTZ**, President of **Tennis Corporation of America**, has announced that TCA has been selected to manage the **Sears Tower Club**, a 15,000 square-foot athletic club. Also, TCA's **RAY BALADAD** has appointed **MARK BALADAD** as Director of Racquet Sports at the **Bannockburn Club** and **ROGER MITTEN** has been appointed head tennis professional at the **Mid-Town Tennis Club**.

• **STEVEN THARRETT**, Vice-President of Athletics and Tennis and newly named **Club Development Officer for Club Corporation of America**, has joined **DAVID COFFEY, GORDON COLLINS, TOMMY ENGLISH** and **MIKE SALDIVAR** as inaugural members of Club Corporation of America's new **Athletics and Tennis Hall of Fame**. Congratulations guys!

• The Sales Makers, **RAY GORDON, EDDIE TOCK** and **LYLE SCHULER** held their Annual Sales Training Conference in Fort Myers Beach, Florida, May 14, 15, 16 and folks from around the country attended. As always, the **Sales Makers** provided great training and a good time to boot.

• **TIM RICHARDS**, my old pal and a fellow co-founder of IHRSA has done it again! He fin-

ished his second **Boston Marathon** recently, despite a severe calf muscle cramp with 10 miles to go! Tim completed the 26.2 miles in warm-cram causing heat in four hours and 50 minutes. Tim raised money for the **American Heart Association** through donations from friends and neighbors. Way to go Tim!

• Congratulations to Ms. **VICKIE BRICK**, the daughter of **VICTOR** and **LYNN BRICK**, as she was named by **USA Today** newspaper as the top high school basketball player in Maryland. Vickie will attend the University of Maryland this Fall on a full basketball scholarship.

• **DAVE LEVY**, Co-publisher of **Fitness Management Magazine**, is busy putting together a new Association for fitness equipment manufacturers and suppliers. Sources have it that one reason the manufacturers and suppliers are getting together to form a new Association is so they will be able to have a greater influence on trade show producers in respect to operations, costs, schedules, etc. I've said it before and I'll say it again. If the trade show producers are able to cut costs for manufacturers and suppliers to participate, hopefully, some of those savings can be passed on to ya'll, the club owners and managers. Theoretically, that in turn,

should allow club owners to be able to afford to buy more equipment and services that you need to compete in your marketplace. Saving money for you sounds like a good idea to me no matter which trade show producer has to adjust its budget or operation to accommodate the desires of their customers, the manufacturers and suppliers.

• **GORDON HALL**, Chairman & CEO of **HealthTech International, Inc.**, a Mesa, AZ-based club company, has been found guilty in **Federal Court** of 12 counts of racketeering, conspiracy and securities and wire fraud. Hall faces up to 20 years in prison if his appeal fails.

• **RIC ZIMMERMAN** has been appointed Regional Chief Operating Officer of CSI's **Northwest Athletic Clubs** in Minneapolis. Zimmerman will assist CSI Regional Manager, **JERRY NOYCE**, by overseeing day-to-day ops for NWAC's ten upscale locations. Also, the Northwest Athletic Clubs are the first in the USA to introduce the new Rollerblade Group Fitness classes which will be conducted with a DJ playing 1970's music!

• If your club is in Texas or near there, don't miss the **THRSA (Texas Health, Racquet**

and Sportsclub Association) 1999 Annual Conference and Trade Show, July 23rd & 24th at the Hilton Austin North, Austin, Texas. To register call: (409) 823-1919.

• Nice to see that **Bally Total Fitness** stock is rising steadily on the NYSE and was at over 28 at press time. Also BTF's 1st quarter results were improved once more.

• The **Newtown Athletic Club**, Newtown, PA., held A.C.E.S. (All Children Exercise Simultaneously) on May 5th. Over 150 preschool children ages 3-6 attended. The Newtown Athletic Club is dedicated to children's fitness and is currently being expanded to 30,000 square-feet.

• Congratulations to my son **JUSTIN CATES** and his track teammates, **TONY GREGORY, JUSTIN SKOOG** and **MATT GILLY** as they qualified for the **Georgia State Track Championships** for the 4 x 100 relay. They were the Cobb County Champions in a county with a population over 500,000. Also congratulation, thanks and best wishes to Justin's Coaches, **BRIDGET** and **JIM COOK** as they finished their 8th year of volunteer track coaching of kids 15 and under. Justin also qualified for the State Championship in the 800 meters with his first-year time of **2:18!**

Life Fitness Mourns The Loss Of Bill Schilling Director of Leasing Sales dies at age 49 from massive heart attack

F **FRANKLIN PARK, Ill.** - Bill Schilling, Director of Leasing Sales for Life Fitness, died of a massive heart attack on April 22, 1999. At age 49, Schilling was a 12-year veteran of Life Fitness.

"Bill's death is a tremendous loss for Life Fitness, and for the fitness industry overall," said Augie Nieto, Life Fitness President. "Bill was one of the persons in our company who created the fabric that we are about. His outstanding contributions to the company have played an integral role in our growth. We grieve with and extend our deepest sympathies to his family and friends."

Schilling was best known for pioneering long-term customer financing in the health club industry, which was a criti-

cal factor in the rapid expansion of the industry over the past 10 years. In 1998, Bill and his two leasing agents solely were responsible for \$25 million in commercial sales leases - the largest amount in the history of Life Fitness and a 39% increase over the previous year.

Schilling is remembered and admired by colleagues and customers for his unwavering business integrity and unique ability to build genuine, long-lasting relationships - undoubtedly keys to his remarkable success.

"Everyone Bill touched liked him," said Andy Maduza, Chief Financial Officer of Life Fitness and Schilling's supervisor. "He always responded to customers' needs with his sincere, congenial manner. His instincts in developing relationships are irreplaceable."

"Anybody would want Bill as a neighbor," said Andy

Osbrink, Project Manager at Life Fitness and a longtime colleague of Schilling. "He was very loyal and would do anything for you."

Schilling's tremendous value and commitment to Life Fitness enabled him to work out of his home in Yorba Linda, Calif. when the company moved its headquarters in 1993 to its current Franklin Park, Ill. site. Prior to joining Life Fitness, Schilling worked as a materials manager at Northrop Grumman Corp. and at Monroe Hydraulics as a credit manager, materials manager and customer service manager. A California native, Schilling earned a Bachelor of Science degree in psychology from California State University at Los Angeles.

Schilling is survived by his wife, and his son, Bryan. Business inquiries may be made to Michael Gallager at: (847) 288-2476.

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INFORMATION PHONE CALLS - T.L.C. Think Like A Customer

By The Sales Makers -
Ray Gordon and Eddie Tock

One would think that after all this time, health clubs would have mastered the use of the telephone by strengthening the weakest link in the communications network, humans. The only way to accomplish this is through proper training that produces the skills necessary to be effective. The impression you give callers influences how they perceive your club.

Our industry has two basic types of people who will call the club for information:

A. Non-exercisers wanting to change their exercise lifestyle.

B. Regular or semi-regular exercisers wanting to gain information about the facility.

Your goal with either group is to present your facility in such a way that the caller will want to visit your facility. Yes, all the manuals say that you must get their name, phone number, and set an appointment but that is only a part of what you want to accomplish. In addition to that information, you REALLY want the caller to walk through the doors of your facility.

Step number one is developing the proper traits of a good telephone staff. We look for people who are outgoing, bright, poised and naturally curious. They must also be good listeners and have the ability to think on their feet. Anyone who is taking incoming calls must:

A. Answer the phone slowly and clearly, stating the company name.

B. Have the ability to project a telephone personality that is friendly and enthusiastic. Remember that in most cases this is the caller's first contact with your organization. Most people will not be inclined to visit a business which does not appear professional and friendly.

C. Possess good organizational skills. Every call is to be considered a potential new member, requiring proper follow-up. (More on this later.)

D. Have great flexibility. Individuals must be able to adapt to different types of clients and a variety of new situations.

General Electric has identified seven basic caller personalities and has established a response personality for each:

Caller Personality

- Direct/Natural
- Pleasant/Outgoing
- Insecure/Anxious
- Confused/Uncertain
- Angry/Belligerent
- Emergency/Panic
- Skeptical/Cynical

Response Personality

- Efficient, confident, and pleasantly professional.
- Friendly, exchanging small talk.
- Nurturing, parent, reassuring.
- Patient, caring, clarifying.
- Empathetic, listening, responding positively with understanding and follow through with professionalism.
- An equal sense of urgency in dialogue and proposing action.
- Reassuring, knowledgeable, responds with professional expertise.

Sales Makers feels the most important skill which can be trained is the art of listening. This means active listening and being able to respond intelligently to what is said. Making the prospect feel that he is important and you really care about his individual needs.

Let's take time here to talk about voice mail. Yes, it is a very important part of a club's organization, but it should never be used for incoming information calls. In a world hungry for person-to-person attention, we turn increasingly to computerized services that too often only serves to irritate our prospects. Over 50% of your club's information calls are from individuals who are too intimidated to just walk through the doors and take a personal tour. I will only trust that call to a highly trained professional.

There are a few basic rules. For starters, strive to answer the phone by the second or third ring, and certainly no later than the fourth. This prompt response will lose a lot of its value when the front desk answers quickly and professionally, yet the prospect has to wait indefinitely for the membership person to respond to it. If necessary, re-



(L to R) Eddie Tock, Bob Provost & Ray Gordon

align your staff or office so that this process if more efficient. Always tell the caller what you are doing when you transfer his call. If no one is available explain the situation and give them options.

Secondly, let the caller hear you smile. While what you

means group fitness classes, child care procedures, trainer availability, etc... Always have the necessary information packets immediately at your fingertips. Knowledge of all facets of your company is invaluable for exercising maximum control over your telephone conversations. This knowledge allows you the greatest number of choices in dealing with the callers requests and your solutions.

Many times membership staff members tell me that:

- It was another club shopping our facility.
- All people want is prices.
- No one wants to give their name.
- No one wants to set an appointment.

Avoid:

- Fantazied Events
- Appearing Real.

Yes, there are incoming calls that are worthless; however, most are truly interested in what your facility is all about and how it can fit into their life. They may have had an unpleasant experience with some other club who may have had a non-professional working for them. Or, they may be frightened of starting an exercise program because it is alien to them. But, they have called and that is the best buying signal of all.

Speak with a volume the same as if you are talking with someone three to five feet away (approximately across a table). Keep your rate of speech at about 180 words per minute. Don't rush your speech and don't speak so slowly that you lose their interest or induce them to interrupt.

An old saying states "There are those who listen and those who wait to talk". Be a true listener. Concentrate on what they are really saying and or indicating. Don't argue mentally - listen to uncover an opportunity to:

Invite them in.

(See Sales Makers page 12)

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...Jill Stevens Kinney

continued from page 4

fitness facilities. In short, this beautiful 43 year-old mother of three (Taylor-7, Leigh-5 and James-3), has done it all!

And, as if she didn't have enough to do, she has served IHRSA and ACE in a variety of ways. In fact, she just received IHRSA's 1999 DISTINGUISHED SERVICE AWARD at the recent IHRSA Convention and Trade Show in San Diego. Her list of honors and industry contributions is extremely impressive. In addition to the IHRSA Award, she was named *Club Industry Magazine's* 1997 Businesswoman of the Year. Her industry service contributions are extensive and include: former IHRSA Board Member and Secretary/Treasurer, Chairperson and Board Member of the American Council On Exercise (ACE),

Chairperson of IHRSA's Nominating Committee, IHRSA Advisory Board Member and Chairperson of IHRSA's Convention Committee. She has been a frequent speaker at IHRSA Conventions and Sales/Marketing Conferences, a faculty member of the IHRSA Institute For Professional Club Management, Chairperson of the IHRSA Institute Committee, a member of IHRSA's Vanguard Group and a frequent Author/Contributor to CBI Magazine on such topics as: Corporate Sales, Women-Owned Clubs, Creative Pricing, Small Club Dynamics, Customer Service, Hiring Right, Sales Training, Facility Design, Networks and Foreign Partners. Her company, Club Source d/b/a Club One, has been on Inc. Magazine's "Top 100 Fastest Growing Private Companies for 3 years and was named as one of the "Top Women-Owned Companies in the San Francisco Bay area by The Business Times. Club One was also among Club Industry Magazine's

"Top 100 Club Companies".

Jill and John Kinney have now grown Club One to 44 locations consisting of 13 commercial clubs (1 is under construction) and 31 corporate fitness centers. The company has over 1300 employees and serves over 35,000 members. The Kinney's ClubOne business generated \$26 million in 1998 and they are projecting \$40 million in revenues for 1999! When asked what her 5 year revenue goal was, she replied that it was hard to say. But, she indicated that \$75 to \$100 million for next year looked possible! I said that with numbers like that, a public offering must be in her vision. She said yes, it would certainly expedite their growth but that they were in the nice position of NOT having to do an IPO to keep the growth up due to their other financing alternatives. She said it is really just the question of when to do that.(IPO) She says they want to get enough size and experience under their belt to not look risky and to do the IPO at the right time.

Jill Kinney's career began after she graduated from college. A former professional downhill ski racer, she was always involved in fitness. Her first involvement as a club professional was with a 3,000 square-foot facility in San Francisco called "Physis" which is a Greek word that means "Mind-Body-Spirit".

It was a very cutting edge concept created by a cardiologist in San Francisco to do corporate wellness programming. The concept would be hot today.

That facility opened in June, 1979, thus her 20 year anniversary comes up in June.

Over the years prior to the opening of her first Club One facility, Jill spent a number of years as a manager and consultant in mega-clubs. She worked with and for some of the top movers and shakers in the mega-club business, including Jim Gerber and Pete Jones of Western Athletic Clubs, Mike Talla of The Sports Club Company and Jack Naiman formerly of The Sporting Clubs of America. She says she learned an awful lot about what to do in the mega-club business and what not to do as well. Commenting on Jim Gerber, Jill says, "Jim Gerber is a guy that from day one has always shown how much fun this industry can be. The guy gets up every day with a sense of humor and this attitude that really set the stage for me on what this industry can be." Commenting on Gerber, Pete Jones and Mike Talla she says, "It has been such a long time since I worked with them, but those guys really left an imprint on me."

Rick Caro, another one of Jill's mentors and a friend comments, "Jill Kinney has developed after 20 years in the health club industry into a real leader - not only in her own company, but also for

the industry as a whole. She began as a club manager and then literally grew both on the operations and development sides to become a real talent. Her familiarity as both an operator and consultant enriched her background to be successful today as the President of Club One. She has the capability to open or take over clubs, to deal with fitness-only or multi-sport facilities, to operate small to large-sized clubs and to run urban versus suburban clubs.

Jill has been a consistent volunteer, first to IHRSA years ago. I had the privilege to serve with her on its Board. She led IHRSA's focus on revising its educational content at its conventions. She has always had a passion for the need to develop paths for key employees in this industry and to offer appropriate professional development for them. Her ethics and professionalism are exemplary.

More recently, I have had the opportunity to serve with her on the Board of the American Council On Exercise (ACE) where she is the Chairperson. She has developed into a most effective leader and one who knows how to be visionary yet practical.

Jill is a role model for many in the club industry. She paid her dues and literally grew up in the industry. She never forgot her roots and continues to give back regularly. Her passion for the industry grows each year.

I feel fortunate to know her and call her my "friend."

We had the pleasure of talking with Jill about her career and here is what she had to say:
CLUB INSIDER - Jill, Club One must be one of the fastest growing club companies in the world. How do you go about training new employees and inculcating your value system in your new employees?

JILL STEVENS KINNEY - There are two primary considerations. One is that the task of training employees is far away one of the biggest issues that crops up when we are growing rapidly. What used to work as a training process doesn't work at all when you are growing at the rate we are now. We used to hire and train 10-15 people per month. That was 6 months ago. Now, we're hiring and training 150 people per month! So, the systems that we used to have in place don't work anymore, so we've hired a new Training Director. We have a structured series of training programs that are going on all around the Bay Area at different times of the week at different hours so we can touch everybody. We just had to change gears with training people.

Secondly, what we do

have is a very dominant culture in the company so any new people that come on board sort of get sucked into this culture that we have. They either work out in that environment or they don't work out in that environment. The culture that we have is one that is real upbeat-real positive right now. You know how Gerry Faust always talks about responsible managers. We've got people that really think on their feet and they pride themselves on that. So, you tend to attract more people like that. People who are performing well get a lot of kudos, not just from us, but from their peers. You know it's a culture that's pretty powerful. Once you get that ball rolling it kind of grows on itself. So we tend to attract more people like that. We are on a real good swing, but its not something that you can let your guard down at all on because it could swing the other way. Right now it's pretty upbeat. Our managers are real bottom-line oriented, but not in a negative way. They are definitely focused on the financial performance, whether they are a personal trainer or a manager of a club. They are looking at selling more services to people. So, that's kind of the culture that is in place, so anybody who comes in kind of gets swept up in it right now.

C.I.- You've obviously got some kind of terrific culture because people are buying into it so well.

J.S.K.- You know what it is Norm. We are running high quality clubs with a very high customer service level. And, we're making more money. That's a combination that I think people in the industry have had to chose one or the other. If you want to make a lot of money, you've got to go for the high-volume operation and you can't stand for quality. You know how many people would really prefer to be in a quality operation if they could make a lot of money at it. We've been able to combine that, so I think that has kind of helped us a lot.

C.I.- I recall when visiting your Club One facilities a few years back that your rates were around \$68 per month. What are your rates now?

J.S.K.-\$78 per month, with a \$250 to \$400 joining fee depending on the location.

C.I.- I'm sure that some folks use the treadmill and that's it. But, it is an excellent treadmill.

J.S.K.- But, it's a nice treadmill and is just two minutes from your office. That's the key. Our primary markets are within a two-block radius of our clubs. Yes, honestly, I believe that we have a lot of people that all they do is hop on a treadmill. But, they can get on the treadmill when they want to. It is a clean working treadmill and the rest of facility has fluffy (See *Jill Kinney Stevens* page 20)



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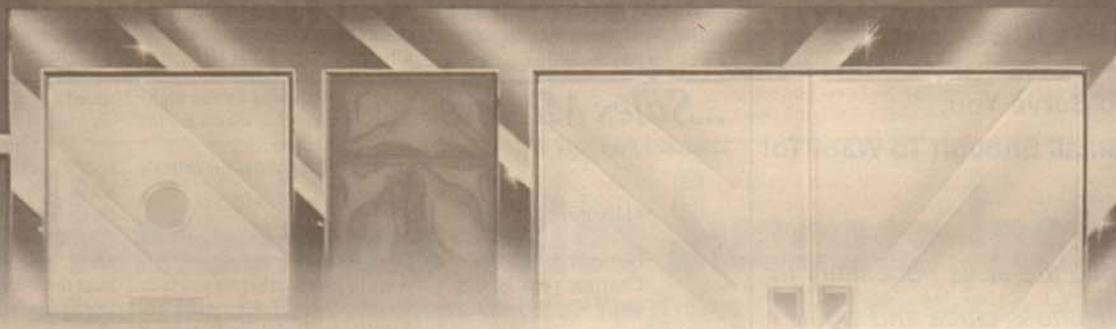
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EQUIPMENT FINANCING FOR THE FITNESS INDUSTRY

By Andrew Nere

The fitness industry has become increasingly competitive over the past decade. As a result, the club owner of the next millenium has to constantly stay on top of trends in consumer demand or risk losing market share to the cross town competitor. The million-dollar question is how to acquire the equipment needed to satisfy customer demand and still keep the doors open.

For example, Vince Vincent of the Fitness Shack (names are completely fictitious) has been reading a lot about the latest trend in cardiovascular workouts, the kick-curl-bum workout. An amalgamation of the popular kickboxing, barbell, and fitness-testing craze, the kick-curl-bum involves high impact kick-aerobics

with a non-stop barbell workout, interrupted only by fitness testing every 15 minutes. The demand for this new workout becomes overwhelming and Vince is starting to lose customers who are upset he does not offer this workout. What to do...

The answer is simple (do it) but the solution is complex (how). Vince has the space available for the new Centaur Boflex floor and the Tri Bar barbell rack. He can easily accommodate the Tanita fitness testing equipment along the perimeter of the new workout area. The real challenge arises when he starts to do the math. The flooring will cost approximately \$10,000, the barbells another \$9,800, and the fitness testing equipment \$5,200, for a total of \$25,000.

That seems like a lot of money but Vince calculates that

at least 100 of his current members will pay the \$5 fee for the sessions on a monthly basis for \$500/month. Also, Vince estimates that the new workout should bring in about 5 new members per month for the next couple of years at \$500 per year. Thus, Vince can roughly estimate a one-year revenue stream of \$36,000 (math below):

100 sessions from existing members/month @ \$5 = \$500 X 12 = \$ 6,000; 5 new members per month @ \$500 = \$2,500 X 12 = \$30,000; Total \$36,000.

The revenues are too good to pass up, but the problem is simple. Vince doesn't have the \$25,000 to pay for the equipment. No problem. Vince calls his local banker who tells him that with a 2nd position on Vince's house and a 40% security deposit the bank will be happy to finance the equipment Vince needs. Then a vision, voila! Vince picks up the phone and calls the leasing company he met at the IHSA show in San Diego.

Within minutes Vince has a quote with a monthly payment of less than \$550/month! The best part is that Vince only has to write a check for one monthly payment as

a security deposit. Now, not only can Vince afford the equipment he needs but he can budget for the advertising he needs to promote the new workout.

Within minutes, the leasing company faxes over the one page application which takes Vince about 3 minutes to complete (Vince had to look up his bank account number). Vince then faxes the application to the leasing company and leaves for his 1:00 meeting. Later that afternoon, Vince returns around 2:30 to find a message from the leasing company indicating that the lease is approved and the documents will be faxed over before the end of the day!

The rest is easy, once the leasing documents are received, a full service leasing company will contact his chosen vendor to arrange for equipment delivery. Once the equipment has been delivered, his lease is started and the vendors are paid (the leasing company even FedEx's the vendors check). Vince goes on to be so successful he franchises over 300 locations nationally and retires at age 40.

This example is not so uncommon. For the past twenty years, over 85% of businesses large and small have leased some portion of their business equipment. Leasing offers the flexibility that a business owner in the fitness industry needs to be successful.

When deciding upon alternatives for equipment financing, consider the advantages of leasing. Under current tax law, the business owner's monthly lease payments may qualify as an expense item and thus is fully tax deductible. With low monthly payments and little or no money down, leasing offers the best cash flow solution for business growth.

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(Andrew Nere is the Vice President of Vendor Services for Innovative Leasing Services.)

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continued from page 6

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- Respond to the caller's personality.

Take notes immediately upon answering the phone. Always be prepared before you pick up the phone. Taking notes necessitates a slower listening

speed and allows you to concentrate on what is really being said.

Use the following open-ended questions; who, what, where, when, why and how. Then listen to their response and write them down. Part of your notes will include their name. Use it, use it, use it. Yes, at least three times in the conversation. For example,

"John, one benefit our members have found is...."

"Jim, I need to make sure I understand..."

"Joan, considering what you need and the style of our club, is there any reason not to visit us today?"

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Fitness Fads and Trends, Then & Now

By Rande LaDue

As any regular reader of this article knows, each month I try to pick a topic: Weight-Management Programs, Health Clubs vs Diet Centers, Why Not To Franchise, Women-Only Clubs, etc. which inevitably ends up as a promotion of The PACE Group Exercise Program. This month, I wanted to get the opinion of 'Fitness Trends and Fads' over the years from some seasoned veterans who have seen a lot of things come and go. While mentally going through the long list of well respected people I know in this industry, it struck me that rather get one answer from one person and another answer from another, why not go to one of the most knowledgeable and well respected resources in our industry, our own publisher of The Club Insider News, Mr. Norm Cates, Jr.

Q. "Norm, can you give us an overview of your club industry

background?"

A. "I graduated from N.C.State University in 1968 and immediately went into the U.S. Air Force Undergraduate Pilot Training School. After graduating I was lucky and honored by being selected to go back to the pilot training school as an instructor during the Viet Nam War. After leaving the Air Force in 1973, I moved to Atlanta and became a commercial air line pilot. Six months after being hired, I was furloughed by the airline for four years due to the Arab fuel embargo. During that time away from flying, Rich Boggs, Ray Irwin, Fred Streck and I founded Courtsouth, a chain of 9 racquetball clubs in Atlanta, Knoxville, TN, Birmingham, AL, Murfreesboro, TN and Columbus, GA. In 1978, I was elected to the Board of Directors of the National Court Club Association (NCCA). In 1979, I was elected President of NCCA. In 1980-81, a group of other club industry leaders and I merged NCCA and the National Tennis Association

(NTA) to found the International Racquet Sports Association (IRSA). I was honored to be elected the 1st President of IHRSA (now called IHRSA, International Health, Racquet and Sportsclub Association). I still serve IHRSA as a member of its Advisory Board. For 20 years, I owned and operated clubs in Atlanta and the South. In the 70's and 80's, I also accepted some consulting opportunities along the way. Since 1973, I have been the Publisher, Editor and Chief Cook and Bottle Washer of The CLUB INSIDER News. To say that it has been a fun trip so far in my life would be an understatement.

Q. "In your club career, you must have seen a lot of things come and go. What in your opinion is the difference between a fitness fad or a trend? What are some things that never made it?"

A. "I feel the difference between a "fad" and, a trend is that fads do not develop tenure over time and are easily forgot-

ten by consumers. Over the years, I can recall several "fads" that came and went. I had a significant experience with a sport that in its early years turned out to be a "fad". That sport was racquetball. Although racquetball is making a terrific comeback nowadays, I believe we created a true fad nationwide in the 1970s when we were building racquetball clubs as fast as we could put them up. But, an old economic axiom I've heard proved true with racquetball. That axiom- "Excess profits breeds ruinous

competition." We made two fundamental mistakes in the mid-1970s with Racquetball: 1. We built racquetball clubs without any and I mean ANY legitimate market research. 2. Our second mistake is that we promoted racquetball as an easy game to learn. In fact, in our organization, we



Rande LaDue

held weekly Sunday night group racquetball lessons. That was it. One 30-minute group lesson and then we would match them up and turn 'em loose? That strategy (and it was nationwide), proved a disaster for racquetball during its Infancy. We failed to do what golf

(See LaDue page 27)

Norm Cates'
THE Club Insider
NEWS

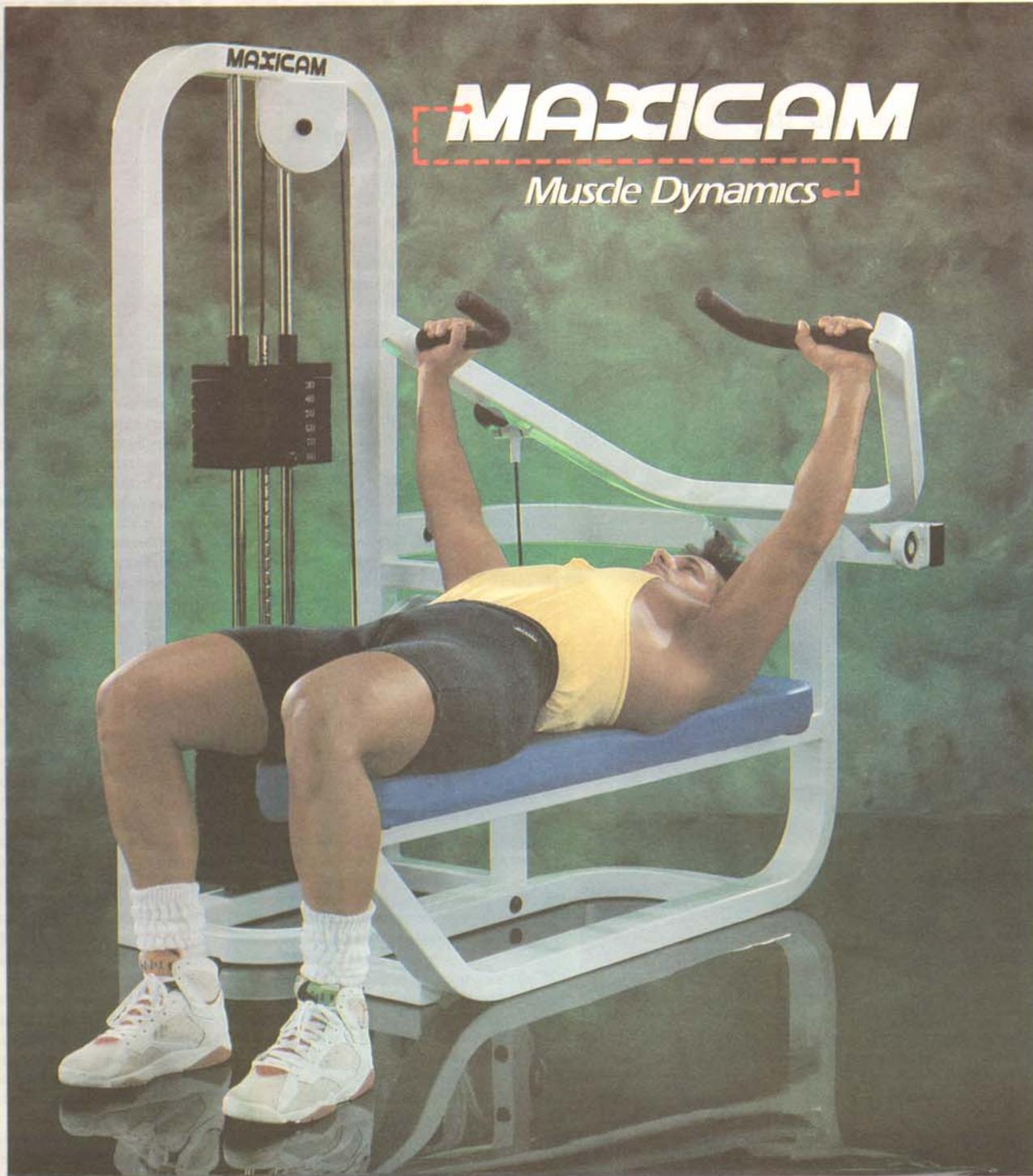
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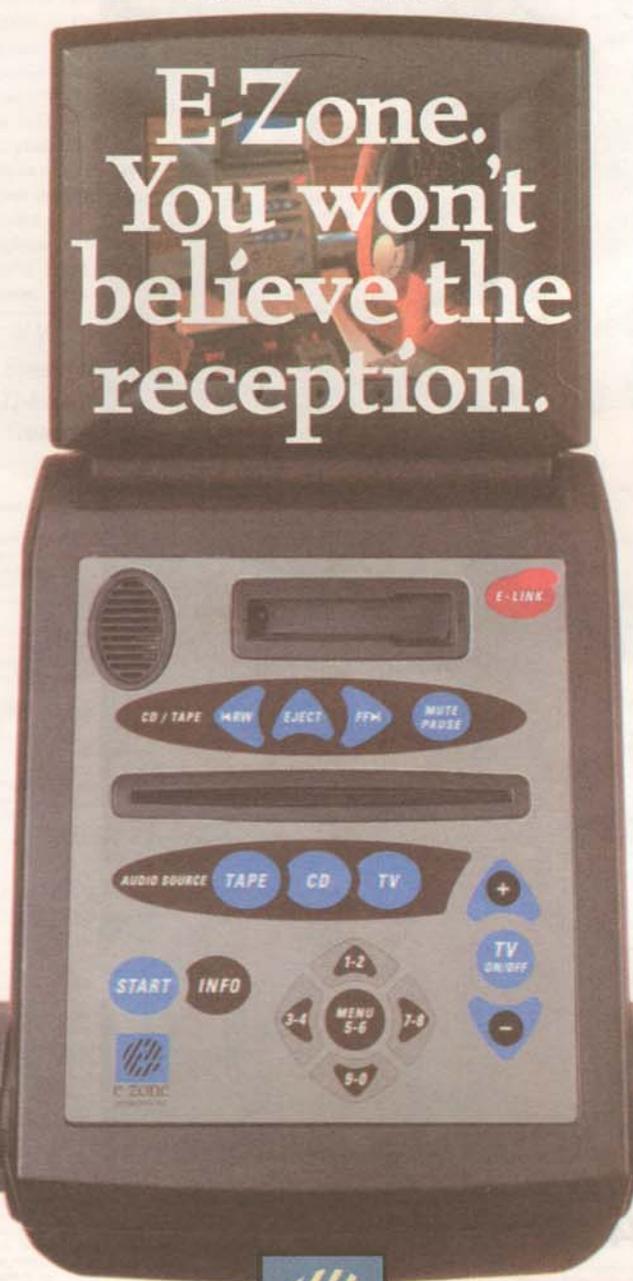
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Is Knowledge Transfer The Key To Retention?

By Art Chappell, Jr

Is it possible to retain 95% or more of your members? As owner and managing general partner of West Coast Racquetball Association (WCRA) I believe it just might be possible. WCRA is California Limited Partnership, which I founded in 1979 to build and operate athletic clubs in Northern California. Courthouse Athletic Club's (CAC) mission is to make the California's Gold Country the happiest and healthiest place on earth. Our goal is to be the dominant health club chain in California's Gold Country, which ties together a group of small towns in the foothills of California's Sierra Mountains. The clubs are named Courthouse Athletic Club (CAC). We currently have three locations, a multipurpose club in Auburn, a fitness only club in Grass Valley and an aerobics only studio in Colfax. CAC has been fortunate to bring many firsts to California's Gold Country and has continually diversified its offerings to our members over our 18-year history. With this diversification, CAC has grown from 450 memberships in 1981 to nearly 5000 memberships today.

CAC has generally experienced retention levels several percentage points below the industry average. CAC was able to accomplish this by offering programs and facilities designed to help CAC's members understand their current fitness levels and design exercise programs and facilities for the member's individual needs. In the mid-80's CAC went so far as not issuing permanent membership cards until the new member completed the club's initial and lengthy fitness assessment. Unfortunately, unlike Dean Wallace's Member Assistant Program, this approach did not consider the expectations of the club's independent exercisers, whom may not want the assessment or the attention from our fitness professionals. We were pushing on members what we believed they needed. We did not realize that the market always gets what it wants and not what it needs.

Shortly after 1994 CAC's retention numbers plummeted. CAC's Auburn location lease payments unexpectedly increased by nearly 500%. One of our competitors, wanting to take over our location, bid up the price on the club's lease. This event left the company scrambling to keep its head above the rising cost waters. It was at this time I made one of the stupidest decisions of my life and in a knee jerk reaction began cutting costs that directly affected service to the club's members. Services like member social events and staff hours were cut, amenities like shampoos, lotions, razors, mouthwash, and towels also got the ax. This resulted in the club's attrition rate nearly doubling by 1996. Had it not been for the strong sales effort headed up by Linda Chappell, Lina Jaborski, Bonnie Hood and aided by Sales Makers, the club might not have survived.



Linda & Art Chappell

Hoping to find a way to reverse the trend in attrition I looked inside, with the support of my Faust Executive Round Table colleagues, and others outside the industry to find solutions to this potentially disastrous problem. I was fortunate to have met Dr. Thomas Housel. Dr. Housel is an Associate Professor of the Information and Operations Management Department with the Marshall School of Business at the University of Southern California. Dr. Housel's work focuses on Knowledge Value Added. KVA focuses on the value added in the business processes by determining where a company's knowledge is located. Then KVA quantifies the value added by knowledge by in processes and sub-processes in order to determine the return on this knowledge. KVA models can also be used to create job descriptions in terms of the level of knowledge transferred to customers through interaction and the return that knowledge generates. The KVA method breaks down the process execution times (costs) and the time it takes to learn these processes (amount of knowledge or value contained therein). Dr. Housel's work has been cited in many books and publications. Most recently, Thomas Stewart highlighted Dr. Housel's work in the book "Intellectual Capital" (1997).

CAC's owners and management worked with a team of MBA students from USC who conducted a lengthy Knowledge Audit on the clubs. Working on the assumption that knowledge can be transferred from our staff to our members, the team went to work. In the midst of this work and with the club's renewed focus on retention, Kevin Fong, CAC's then Fitness Director, uncovered an interesting fact. Of the 160 members who participated in his "Lifestyles of the Fit and Healthy" class only 3.2% terminated their memberships with the club over a two and one-half year period! That equals a 96.8% retention rate! In reviewing the make up of these participants, CAC found nothing out of the ordinary. These individuals were the club's typical members. Individuals who come into our clubs wanting to change their lifestyle and hoping we will give them the tools to make the changes they so desperately want to achieve. According to industry benchmarks, CAC's retention of these "Lifestyle Members" defied the odds of death, divorce and (See Chappell page 21)

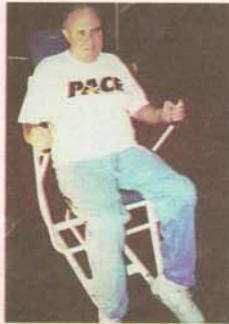
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3 Basic Building Blocks for Successfully Presenting Your Personal Training Business

By Mike Campetelle,
Communication Consultants

During the last two decades, much of society felt success was "the accumulation of the most 'stuff' as possible in the shortest amount of time." Unfortunately, "success" was often achieved at the expense of one's health and overall well being. As we approach the new millennium, this self-destructive philosophy is being replaced with an emphasis on the ideals of a higher quality of life, including increased longevity, radiant health, heightened energy, and a more effective level of physical performance. This paradigm shift has

contributed to an exponential growth in the business of personal training. Veteran health and fitness professionals can remember a time when personal trainers were associated mostly with professional athletes or celebrities. Today however, an ever-growing number of the population is seeking out the services of personal trainers to avail themselves of the exercise specific knowledge and motivational skills trainers possess to facilitate more effective usage of time and attainment of results. This increase in business not only brings with it opportunity and excitement, but also greater responsibility and a call to higher professional standards.

"Knowledge is Power"

This axiom holds true but is incomplete. Actually, knowledge holds a "potential" power. Webster's dictionary defines potential as "possible but not yet realized, the inherent ability or capacity for growth, development or coming into being." Therefore, knowledge is only as powerful as one's ability to use it to attain a desired result. Personal trainers often possess a wonderful knowledge and application of exercise science but unless they can use such knowledge in a way that allows them to grow their business, their "potential" will never be achieved. This article discusses 3 basic building blocks to achieving sales success as a personal trainer. When incorporated with effective rapport and communication, these skills will provide the foundation for successfully presenting your personal training business and getting more clients to benefit from your services.

Basic Building Block #1: Uncovering the Prospective Client's Wants, Needs, and Motivation: The Needs Analysis

Traditionally, many personal trainers wait until after a prospective client has said "yes" to personal training to move on to the area of the client's goals and underlying motivation. This is a mistake because if a trainer does not uncover a prospective client's wants and needs early in the conversation, the likelihood of that person making a positive buying decision is greatly reduced. On the other hand, if the trainer finds out what the prospect wants, he can then customize a presentation and discussion of his services in a way that motivates the prospect to buy now. This will ensure that the trainer converts the maximum number of prospects into clients.

Remember, although many people believe that buying decisions are made logically, the fact is that people, make decisions based on emotion and then justify them with logic! This, therefore, is why the trainer must uncover a prospect's desired "physical" training results AND understand the underlying emotional reasons motivating them. Once this is done, the trainer can bring the prospect to a place where they

are ready to say "yes" to personal training services and begin the program necessary to positively impact their life.

Another benefit of having early discussions with a prospect about why he wants personal training is the relationship such conversations create. The fact is, people do business with people they like and trust. For this reason, good rapport and communication skills are a prerequisite to building your business. With that in mind, the first task in the consultation is not only to find out what results the client is looking for but also, why these results are impor-



Mike Campetelle

tant to him. The results (e.g. weight loss, specific body part toning) are categorized as "means" goals. The means goals are the superficial goals and always lead to a deeper desire (e.g. greater self-esteem or greater feeling of acceptance). The reasons uncover the primary or root motivation which in turn allows insight into what is driving the prospect's decision making process. Beware! There is a natural tendency to launch into a lengthy diatribe of professional jargon as soon as the prospective client has detailed some of his desired training goals; but until the underlying reasons for these goals has been discerned, proper exercise prescription and motivation cannot be designed. One way to ensure that the prospective client feels at ease and comfortable during the needs analysis is to have control over the immediate environment. The physical setting for the needs analysis should be a place that offers some privacy and be free from distractions, either in an office or an area removed from mainstream traffic.

Put It in Writing!

It is critical that the information gleaned during the needs analysis be captured on a professionally printed form for two important reasons: 1) Accuracy. The needs analysis component of the consultation is the most important element of the presentation process! It is here that goals, results and the underlying motivation is elicited. This information forms the foundation of all that is to follow and is impossible to accurately commit to memory. 2) Professionalism. Imagine, for a moment, that you are hav-

ing a consultation with a physician. What level of sincerity and professionalism would be displayed if no notes were taken and questions were asked in an arbitrary, off-the-cuff manner? Would you feel comfortable and confident that you were being taken seriously and your best interests were being attended to? Of course not. Obviously, the same level of respect and care expected from a medical professional should be expected from a personal trainer, especially as the health and fitness industry strengthens its position in the preventative health care field.

The Questions:

The goal of the needs analysis is to obtain the maximum amount of pertinent information from a prospective client as possible.

Determining exercise history and goals: Prospective clients will belong to one of three groups: 1) Exerciser, 2) Previous - Exerciser, or 3) New Exerciser. The prospective client's exercise history and experience will have a dramatic impact on the direction of the presentation. The Exerciser and/or Athlete, may have a strong background in exercise or training and may only be looking for coaching or motivation. The Previous Exerciser may have tried to reach goals before but experienced failure for some reason and is now concerned with the possibility of failing again. The New Exerciser, who does not have any exercise frame of reference could be feeling fearful and intimidated and require a great deal of support. The answers to the following questions will enable the trainer to capture the information necessary to prescribe
(See Campetelle page 28)

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

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(Mike Boccieri is the CEO of SYMCA's in Alabama)

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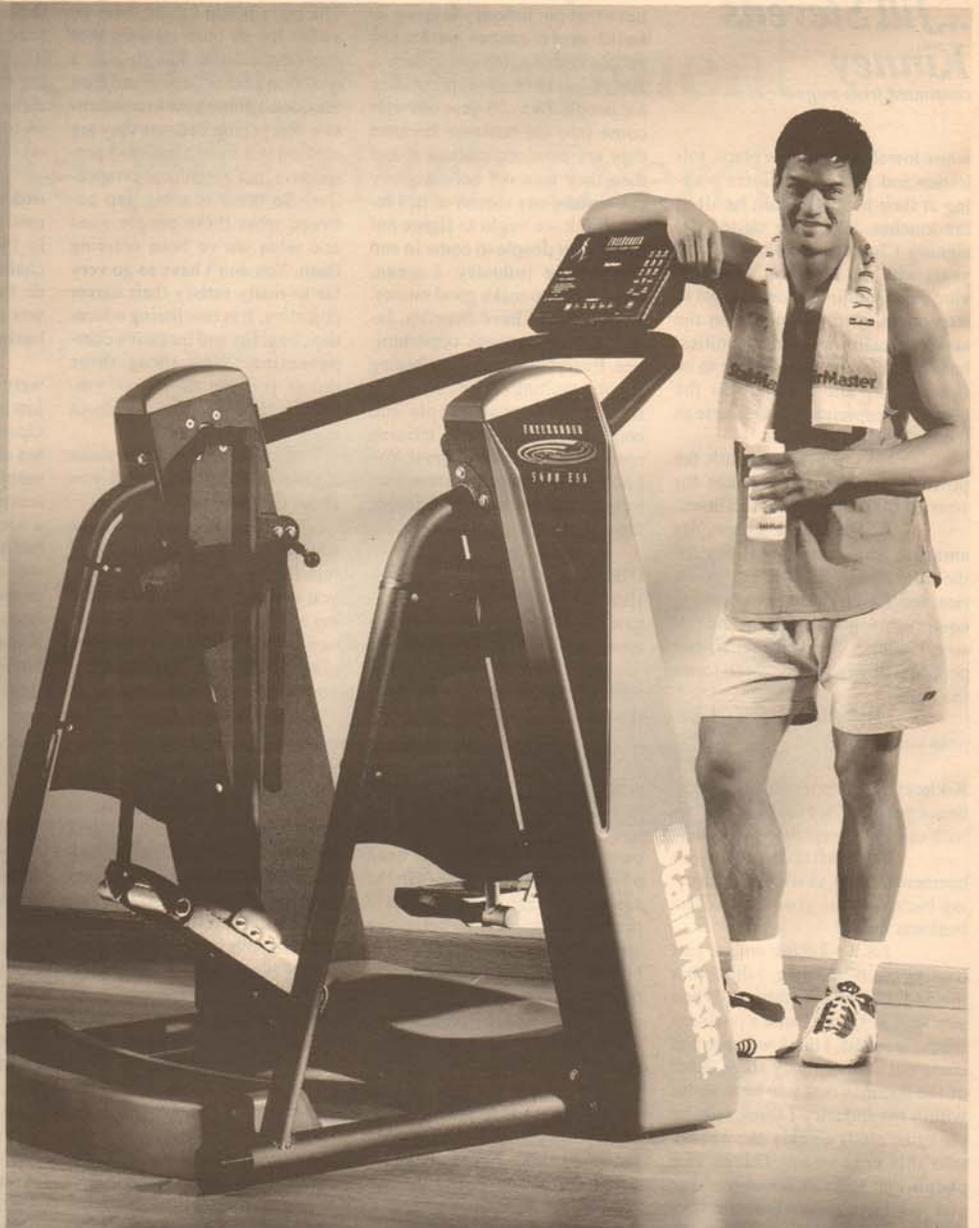
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...Jill Stevens Kinney

continued from page 8

white towels all over the place, toiletries and personal trainers waiting at their beck and call. It's all of the touches. When we started designing Club One after all of my years with the high-end, high-service clubs, our intention was not to step down even one notch on the service quality and on amenities, but to change the facility mix to be fitness-only and smaller. So the quality of experience is the same as the highest quality club.

C.I.- At \$78 per month, the profit picture must be sweet for your 15,000 square-foot facilities.

J.S.K.- You know, it's amazing what people will pay for the little things like towels, toiletries, service on the floor, access to equipment without waiting and full size lockers. The little stuff, but people will pay two or three times the dues.

C.I.- Who are your Japanese partners?

J.S.K.- They are the Kikkoman Corporation, the Soy Sauce people. They really helped us with our rapid expansion to date.

C.I.- After being in the business for 20 years and reflecting back, what is your view of the business today?

J.S.K.- I think we are just coming out of the gate. I think that this industry is just starting. When you look at Gerry Faust's business lifecycle model, I think we have just come out of an infancy stage. A lot of the traumas that you hear about within the industry I think will be changing pretty quickly as we move into this next stage. Things like people that still talk about whether you can have more than one successful club company in an area. We are working side-by-side opening facilities by 24 Hour Fitness and both of us are thriving! The same thing with Western Athletic Clubs in this region. The same thing holds true in so many other markets, so this issue of who is going to land on top as if it's only one company is, I think, silly. It just becomes clear about what market niche you are going after and you get better and better at capturing that segment of the market. There is plenty room for a lot of people to be successful. I think that's going to change where people are going to start to accept competitors in the field as a positive thing as opposed to a negative thing. I also think we are starting to get credibility in the financial communities, which means that we can grow. Getting bank debt, getting IPOs out there and getting equity financing. There are some incredible stories out there like Crunch Fitness, TSI, L.A. Fitness. Lots of people are getting some big money. Those things are real criti-

cal changes. I would like to believe that our industry is going to build more career paths for people coming into our industry. We've just been a revolving door for people 28 to 35 year old who come into the business because they are passionate about it and then they spin off because they can't make any money at it. I really think we ought to figure out how to get people to come in and stay in the industry. I mean, they've got to make good money. They need to have benefits, incentives and growth opportunities. Everybody today is whining about recruiting efforts, how hard it is to keep good people and employee turnover and training costs, etc. Get with it guys! You know, we can only grow this business if we have the people there to do it!

C.I. You've served both IHRSA and ACE over the years. How has your service to those organizations come back to you in terms of benefits?

J.S.K.- It is hard to measure the value, but it is huge. I think what IHRSA has given us as a company has been the network, the peer support, the insight. Way more than the membership benefits that come on the roster. It is the friendships and the peer support that has just been phenomenal. You and I are in the same situation. You've got a problem, you pick up the phone and call someone and ask them how they are handling it. Getting on the same team with those people at IHRSA by contributing to the industry instead of just our business. Through ACE I have grown a substantial appreciation for the fitness professionals as to the role they play in our industry growth. I think I kind of understood that when I first got involved with ACE, but four or five years later I really understand what's happening to the technical aspects of training and what the issues are that fitness professionals have. How that's benefited us? It has given me a much better insight on how to treat and grow our people. We have about a 28% turnover and I've compared that number to others and it is pretty low. We really build career tracks for fitness people and think I really understand more because of my work with ACE.

C.I.- Do you have a model for that? Have you shared that with the industry? I mean that's like a whole other story by itself.

J.S.K.- Nobody has really asked.

C.I.- Well, I want to ask you. You responded to my letter about being a Contributing Author for *The CLUB INSIDER* News and said yes, so wouldn't this be a great subject for your article?

J.S.K.- I think it would. The irony is that I think there are a awful lot of club owners that don't understand how to pick a qualified fitness person and then they don't know how to compensate that person because they are coming at it from a business perspective, not a technical perspective. So there is a big gap between what these people need and what we've been offering them. You don't have to go very far to really satisfy their career objective. It is continuing education, benefits and incentive compensation. With those three things you can drop your employee turnover rate by about half!

C.I.- I'm going to make a note to follow-up with you about that article.

C.I.- Jill, you have three adorable children. You've raised this family at the same time as you and John have been founding and growing this terrific business. What advice would you give other club entrepreneurs like yourself?

J.S.K.- I wish I could say that it was easy. Here are a couple of thoughts. A lot of people get married and then they think how fun it would be to work with their spouse. I think the reason that John and I work together well is that we are great business partners first. We just happen to also be a great couple at home. We didn't just get together because we were a great couple at home. Because I think that if we did, we would kill each other. There was a real solid reason for us to work together as business partners. It wasn't because we happened to be living together. There are only 24 hours in a day and you just get better at carving your time and being efficient with your time. It's hard. Yesterday, for example, I looked down at my calendar at 4:00 p.m. and realized that I had missed Taylor's Spanish Fiesta. I'll tell you, it just broke my heart! That is the first time I've done that. I got home last night and got thoroughly lambasted for that and I should have. But, I just couldn't stay ahead of the scheduling thing. But, I do prioritize the family first. That's always been my #1 rule. If I'm sacrificing time and quality effort with the kids and John, I'll be the first one out of here. I'm pretty efficient with my time.

C.I.- What do you feel the greatest challenges for your organization are?

J.S.K.- Keeping the quality despite the growth. It's not just the facilities. It is the quality of customer service. It was pretty easy to keep up and maintain the quality when it was in our own backyard. I could sit and watch it at one location or two locations. But, you get to the point

where you have to really define the quality standards for your people and set systems to assure it is in place. It becomes a different challenge. But, quality is our differentiator and we need to stay on top of it and we can't drop off on that.

C.I.- You've been credited with turning around the formerly troubled Houstonian Club in 1987. What were the primary challenges there and what did you do to solve them and how have you used that experience in your business now?

J.S.K.- The problems were pretty sloppy operations that just built up over a series of years. Operating expenses had just gotten out of control. Kind of a staff mentality that everybody had a secretary and every secretary had a secretary and every secretary had a clerk! One of the first things we did is that we laid off 60 people out of the staff of 120. Ironically, a week later, the staff that was left were performing better than the staff that had been there. They just rose to the occasion. They had created this kind of bureaucratic organization that everybody felt it would just come out O.K. at the end. Nobody wanted to face up to the fact that the club was losing a ton of money and it was their responsibility to fix it. We just knuckled down. We got lean and mean with the staff. We left the people in place that were ready to play hard ball. We cranked up the marketing effort. We cleaned up the place. We got to work on the sales staff. We stayed in communication with the members. There was no magic to it. It was just doing all the right stuff. It was changing the culture that was kind of a 'fat-bureaucratic who cares about the bottom line' to one where everybody knew that their jobs were in jeopardy if we didn't turn it around. But, it was FUN! We had a blast! We were given 90 days to show it could happen. How that has translated, because we are doing a lot of acquisitions now, I learned that if you've got to make a lot of staff changes. You make your decisions quickly, you do it and you let people know, O.K., we're done with that. The team that is here is the team that is going to play. Let's get to work. You make people-decisions early and you chart a course of action before you announce it to the staff. You can't be changing the game plan. Here are the 10 things we are going to do in the next 90 days. People have to believe you. In that case that was really a fun deal and it worked.

C.I. Can you give our readers any tips about your renowned ability to identify what you want and then going after it?

J.S.K.- Do you remember at the Faust Roundtable when Red Lerille was talking about his

board where he hangs up a picture of his latest toy that he wants? I don't have a board like that, but I have a place in my Daytimer where I just write down a vision of what I want. I've been keeping those since 1982. I write down as much detail as I can envision. I just write down my dreams and then I go back once in a while to see if I actually accomplish those. It is amazing to me how many of those I've accomplished. I just put down a date when they have been accomplished. I do have to have a picture of where I am going on both business and personal matters.

C.I.- What do you think about the consolidation going on in the industry?

J.S.K.- I think it will go on for two or three more years. It is certainly a good thing for the consolidators. But, I don't think it will mean single club operators will be gone. It should force the individual operators to take a look at their business and get a little tougher in the way they are operating. But, as I said before, I think there is plenty of room for big multi-regional companies and single club or small club group operations. If I were single club operator I would really try to be the specialty niche in the market. I think it is going to be really tough to be a single club operator in the low-end price point. But, in the high-end price point a single club operator will probably do better than if you were part of a consolidated organization.

C.I.- Jill, I learned that at one time during your career you were burned out and took a two-month sabbatical to the Caribbean. What do you do now to keep from getting burned out with all of your challenges?

J.S.K.- I take a lot of one week-ten day trips throughout the year. I probably take six weeks a year off. I work five or six days a week for six weeks and then I take 10 days off and go to the beach with the kids.

C.I.- As the #1 female club entrepreneur in America, what advice would you give to our female readers about their careers?

J.S.K.- I would just tell them number 1, 'You can do it.' If they aren't sure it is possible to have a career and a family life in this business, I would tell them it can be done. So don't scrap that as a possibility. But, it is still a man's business, so I think it is important to speak out early about your financial prowess. In one sentence: "It can be done."

C.I.- Jill, thank you for your time. I know our readers will greatly appreciate your sharing your career with us.

(Norm Cates, Jr. is the Publisher and Editor of *The CLUB INSIDER* News. Cates was a co-founder and 1st President of IHRSA in 1980/81.)

PREMIUM PERFORMANCE TRAINING ANNOUNCES SUMMER INITIATIVES

Boulder, CO. - Karen D. Woodard, President of Boulder-based Premium Performance Training announced three Summer training initiatives with co-sponsors Precor and Affiliated Acceptance Corporation.

On July 15th, Affiliated Acceptance Corporation and PPT will provide a one-day seminar entitled: "Are You Qualified To Close?" intended to provide more value and service to Affiliated's club, salon and studio customers.

The one-day seminar will be held in Charlotte, N.C. Tuition for the seminar is \$89 and includes the seminar, workbook and lunch. To register, call Sid Nelson at 1.800.233-8483 or for seminar content information call Karen Woodard at 303.417-0653.

On July 22, 23 and 24 in Boulder, CO. Precor and PPT are partnering to present "The Membership Sales Success Institute." This three day sales intensive will cover developing a system to increase the profitability of your sell-

ing system, telephone skills, lead generation and sales staff management. Tuition for the seminar is \$199 and includes the workbook, promotional pieces, breakfast each morning, one lunch and one cocktail party/buffet. For additional information, contact Karen Woodard at Premium Performance Training, 303-417-0653.

On August 11th and 12th, Precor and Premium Performance Training have partnered to present a club management seminar entitled, "Tools To Create and

Manage A Super Star Team". The tuition for the seminar is \$89 and includes the workbook, continental breakfast, lunch and an opportunity to win a free EFX or EFX 546. For further information on registration contact Sal Pellegrino at 888.544.8962. For questions on seminar content contact Karen Woodard at: 303-417-0653.



Karen Woodard

...Chappelle

continued from page 16

relocation. CAC's Lifestyles class is taught over a four-week period with a minimum of two hours one night each week. CAC charges an additional sixty-five dollars per person for the complete class. The Lifestyles class teaches the importance of and the associated results with, proper exercise, stress management, flexibility, diet and nutri-

tion.

Dr. Housel's theory is based on the belief that knowledge transferred from our staff to our members was the best way to increase value to our members without increasing costs. And after all, isn't that why our members come to the clubs in the first place, to learn how to feel better, look better, and be healthier? The goal of Dr. Housel's team was to improve staff utilization, improve the knowledge transfer from staff to

members, and improve service to CAC's members without increasing costs. As Dr. Housel's team reviewed CAC's business processes in areas of phones, entry, exercise, sales and member follow-up. The KVA found that our fitness professionals made up 34% of our employees but possessed 80% of the knowledge that the members find useful. The problem was the CAC was only using 60% of the fitness professional's potential. The team

determined if CAC could increase the fitness professional's utilization we would increase the value of our memberships to our customers.

The team also determined that the fitness professionals would have other opportunities to transfer their knowledge to our members if they handled member follow-up calls instead of our sales staff.

As a result of the team's findings CAC increased trainer

sessions with all new members. Trainers were required to meet with each member within the first four days of joining the club, meet a second time within the first 30 days of joining the club and meet again within 90 days. The trainers focus (See Chappelle page 22)



Membership Sales Success Institute

3 Days of Hands-On Workshops to Take You & Your Club to The Next Level Immediately!

All Sales Directors, Membership Reps, & Club Managers Should Attend!

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- What works/doesn't work for you, and how to use only what does
- When, where, and how the close begins
- The cold to sold continuum and where you and the prospect stand on it
- Using a model that creates flow for you and the prospective Member
- Creating Urgency
- Handling objections before they become objections
- Creating differentiation and desire on the floor
- What to do when they don't join today

Day 2: (9am-5pm)

Turning Calls Into Appointments

The phone line is a vital life line for the Membership sales team and the more comfortable we are with it, the more profitable it will be for us. This session will help you identify your level of comfort, get to a higher level, and turn those calls into appointments! At this interactive session, you will learn:

- The real purpose of the phone call
- Classic problems to avoid
- Why we are often at a disadvantage over the phone
- How to set yourself up for success
- Verbiage, verbiage, verbiage!
- Tips for follow-up and leaving effective messages

20 Tips To Increase Traffic in 30 Days

Whether your club has a large marketing budget or none at all, this session will give Marketing Directors, Sales Directors, Membership Sales Staff and Personal Trainers 20 tips to create more qualified leads and hit their goals before the end of the month. In this session you will learn:

- Whose job it is to create business for the club
- The importance of long and short term prospecting plans
- Why we don't prospect
- Proven tips to create traffic
- Proven tips for Sales Directors to motivate their staff in creating traffic
- How to create your own 30-90 day Prospecting Plan

Day 3: (9am-4pm)

Tools To Create & Manage A Super Star Sales Team

This session is for anyone in your club who manages a staff. It includes emphasis on how best to manage a revenue producing department - and what department are? We'll discuss what works and what doesn't, focusing on Membership Sales, Personal Training, and Massage, however this information is a template for leading any department to success professionally as well as personally. Some specific areas we'll cover are:

- Creating a success perspective for you and your Staff
- Mistakes for new, as well as more experienced managers to avoid
- Professionally directing your staff without being parental or hardline
- Accountability to ensure what needs to get done gets done
- Staff meetings and how to make them aizzle
- Compensation plans for results
- Discussion and solution finding for specific club issues
- Implementing a staff selection process that minimizes mistakes and maximizes staff performance and retention

The points will be enhanced through a combination of lecture, discussion and skills practice. This is a very hands-on session.



Presented By:

Karen D. Woodard,
PPT President

Karen D. Woodard, President of Premium Performance Training in Boulder, Colorado is an international author and consultant devoted to successful sales, operations and management training in the health and fitness industry. She has owned a variety of clubs over the past 14 years including a body/mind center, 3 fitness centers, and 2 indoor rock climbing facilities. Her philosophy is "even if you're on the right track, you'll get run over if all you do is sit there".

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-Lisa Daniels, General Manager, Miramont Sport Center

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-Scott Pashley, Personal Trainer, The Aquatic & Fitness Center

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PROVOCATIVE NEW YORK SPORTS CLUBS ADVERTISING SPARKS CONTROVERSY WITH FEW BUT IS APPEALING TO THE MASSES — Membership Is Growing, Despite Angry Letters From The White House —

New York, NY—A letter from the White House, addressed to the corporate offices of New York Sports Clubs, complained of President Clinton's name being used in the NYSC advertising campaigns: "Attention Bill Clinton: We too have a no commitment policy" and "New York Sports Clubs... More openings than Clinton's zipper."

Causing even more controversy was a television spot entitled, "Pill". In this ad, an elderly man is seen taking what appears to be Viagra before he gets into bed with an equally elderly woman. She checks out his body under the cov-

ers and makes a face. "Too bad there's not a pill to make the rest of your body hard," reads the graphic.

This ad, designed to run during late evening programs, such as Howard Stern, Saturday Night Live and David Letterman, was accidentally aired one day, during a morning show. Many phone calls soon ensued.

However, while some calls have come in questioning NYSC's intent and claiming specific ads might be "over the line", it appears as their gamble on integrating humor and personality into their ad campaign is paying off. Membership has increased 12% as they have shunned away from the

typical health club ads that feature buff torsos and "crazy, low prices."

Many phone calls and letters have come in commending NYSC for innovative marketing that average people can relate to and laugh along with, while successfully building their brand identity. Some other NYSC spots include humorous "slice of life" situations such as a woman having difficulty zipping her pants, which subsequently split; a chubby young man proudly flexing in front of a mirror until he puts his glasses on; a frustrated sports enthusiast takes his frustrations out on his television set; a man in an elevator with an attrac-

tive woman holding his stomach in until she exits. "There's a million reasons to join," reads the tag line. With the use of high tech special effects, a baby lifts a barbell while laying on a weight lifting bench at NYSC. The voice-over says, "Our instructors go through extensive training to teach you how to use the equipment ... something other gyms think you're born knowing."

Bob Giardina, president and COO of New York Sports Clubs says their mission was to concentrate on developing a brand identity and a personality to associate with the clubs, rather than "a hard sell using hard bodies." He also recently added the TV

spots to his already successful print ad campaign, reaffirming the New York Sports Clubs as the clubs for everyone.

New York-based Town Sports International is a leading owner and operator of fitness clubs in the Northeast and mid-Atlantic region of the U.S. and is the largest operator of such clubs in Manhattan. The company operates fitness centers in New York, New Jersey, Connecticut, Massachusetts, Pennsylvania, Washington DC, Maryland and Virginia, consisting of over 85 health clubs, that are open or under development, with more than 179,000 members.

...Chappelle

continued from page 21

changed from diagnosis to education. The club's management taught the fitness staff the same basic principles as taught in the Lifestyles Class. The fitness staff earned ever-increasing bonuses for member longevity. Staff was directed to make certain all new members had an opportunity to go through the program and received their three initial educational sessions. Wanda Macintosh, Fitness Director at the Grass Valley location, initiated group consultations to expose a larger member population to our fitness professional's knowledge.

Over the ensuing sixteen months our fitness professionals put 1044 new members through this new program and the results were stunning. CAC's retention of the 1044 members after sixteen months was 94.2%! CAC only lost 5.8% of those members. Additionally, CAC's length of membership increased dramatically. CAC's attrition rate for our multipurpose location for year-end 1998 was 33.2% and still falling. The attrition rate for our fitness only location for 1998 year-end was 37.1% and falling. Through March 1999 CAC is .5% and 1.2%, respectively, below last year's attrition rate. At CAC's current rate of retention the club could experience

attrition rates in the high 20's for 1999. Our trainer productivity increased from 60% to 84% which indicates there is still room for improvement. Even with CAC's concerted effort our trainers only engaged 40% of the new members into our new program indicating there is still room for improvement. As cautioned by my Faust Round Table associate, Frank Napolitano, the 40% group may be made up of individuals most likely to stay as long term members and were willing to take advantage of CAC's program. That may ultimately be true, but I believe we can push attrition to even lower levels and am committed to find out how far we can go.

We must continually find ways to reach out to larger percentage of our members. Currently, we are working with KARCH International to improve CAC's member tracking processes. Once the information technology is in place the club plans to implement a member coaching program (suggested by a second KVA) to allow club trainers greater contact with a larger number of club members. CAC is taking the knowledge-based thinking into all aspects of our business and has formed the beginnings of CAC University (CACU). CACU now provides training to staff and members in Lifestyles of the Fit and Healthy,

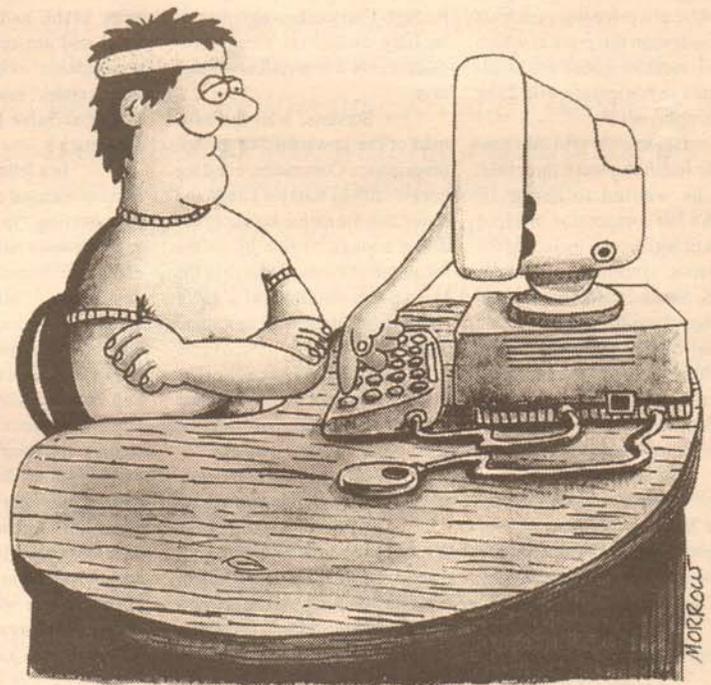
Customer Service, Personal Fitness Training, and Sales. Classes to be offered soon but are still in their development stages are Business Management, Open Book Management, Project Management, and Basic Facilities Maintenance. We, as a team, are not sure we can obtain an overall retention rate of 95%, but the difference now is we believe it to be a possibility.

(Art Chappelle, Jr. is the Founder and President of The West Coast Racquetball Association, a Limited Partnership that owns and operates three Northern California clubs. Chappelle is also a member of the Faust Executive Roundtable #2).

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IHRSA's CAPITOL REPORT

MAINE CLUB TESTIFIES FOR FAIR COMPETITION BILL

IHRSA member Ross DePencier of The Maine Event testified before the Maine House of Representatives' Committee on Business and Economic Development on April 6.

DePencier testified in favor of LD 1948 which he helped write. The bill states that a non-profit organization may not "provide services or goods unrelated to the organization's purpose as stated in that organization's articles of incorporation, bylaws or other governing legal document to the general public at a price that is at least 15% lower than the price at which those services or goods are available through businesses with 25 or fewer employees."

DePencier said his reasons for testifying were threefold. First, he wanted to bring all IHRSA's fair competition material in front of legislators, including the Association's recent submission to the IRS. Second, he wanted to tell legislators face-to-face about his personal experience with unfair competition from tax-exempt competitors. Third, he saw the hearing as a necessary step towards passing a fair competition bill next year.

DePencier said he was pleasantly surprised with the legislative hearing. "At least half of the legislators on the committee were openly sympathetic to my cause," he said.

"My goal is to work with these legislators and other contacts

I have made this year to lay the necessary groundwork for passing a more refined bill in 2000."

SENATOR PROPOSES \$400 MILLION FOR PHYSICAL EDUCATION

Senator Ted Stevens (R-AK) will introduce federal legislation next month to make \$400 million available to schools for physical education programs.

Under the bill, called the Physical Education for Progress (PEP) Act, the Education Department will administer grants, which will be paid out over a five year period, to kindergarten through 12th grade programs that include minimum weekly requirements for physical education.

Stevens, who is chairman of the powerful Senate Appropriations Committee, cited the poor health of today's youth and stated that the nation is simply not doing enough to live up to the recommendations put forth in the U.S. Surgeon General's 1996 Report on Physical Activity and Health.

IHRSA Executive Director John McCarthy said that IHRSA will lobby hard for the passage of this bill and encourage all club operators and industry suppliers to do the same.

"We will make it easy for anyone to contact their senators and urge quick approval of this bill," he said. McCarthy said that by making fitness for kids a national priority we can improve

the health of all Americans for years to come.

"We need to teach kids that regular exercise is a key ingredient to a healthier, happier life," McCarthy said.

Stevens will introduce his bill during National Physical Education and Sports Week, May 3-7. For a copy of the bill, contact IHRSA Government Relations.

Y'S DON'T COMPETE WITH CLUBS, MERCER CLAIMS

Y MCA's "are not 'getting into the health club trade,' are not in business to 'operate health and fitness facilities,' and are certainly not 'in competition' with commercial fitness clubs," says YMCA of the USA Executive Director David Mercer.

In a letter to Tax Notes, Mercer accused the publication of reporting "misinformation, supplied willy nilly by a tag team of officials from the for-profit fitness clubs." Mercer was responding to January 11 article entitled "Exempt Health Clubs Give For-Profits the Blues" (see Cap. Report, 2/24).

Mercer asked, "Are commercial fitness clubs... prepared to grant scholarships to the child or adult born into poverty; become the teachers of values in their communities; open their doors to all, regardless of ability to pay; create wholesome new options for teens who would otherwise look to gangs and drugs

for meaning and identity?"

If every YMCA was focused on providing these needed services, unfair competition would not be an issue. However, the reality is that too many Y's have lost sight of their charitable missions and aggressively compete for the same members as commercial clubs.

Contact IHRSA for a complete copy of Mercer's letter, or the Tax Notes article it addressed.

TAX-EXEMPTS POST RAPID GROWTH

A new IRS report shows total assets of nonprofit charitable organizations topped the \$1 trillion mark for the first time in 1995, reaching \$1.14 trillion, according to the Wall Street Journal. This is a 15% increase from the previous year. Total revenues jumped 13% to \$663.4 billion.

IRS' OWENS DISCUSSES PLAN TO STUDY TAX-EXEMPT COMPETITION

Marcus Owens, IRS national director of the Exempt Organizations Division, addressed the National Association of College and University Business Officers at their recent conference. Owens said that the IRS will focus attention on the question of income derived through the sale of health club memberships by exempt organizations,

particularly colleges and universities selling memberships to their fitness facilities.

8 MORE REASONS TO VISIT WWW.IHRSA.ORG

8. All state health club statutes are on-line to help you comply with the laws on bonding, pre-opening sales, cancellations rights, etc.

7. Winning the War: 100 Ways to Beat Tax-Exempt Competition by John McCarthy is an inspirational compilation of fair competition successes & ideas.

6. Spotlight on Tax-Exempt Competition lets you take a virtual tour of tax-exempt fitness centers that look and market themselves just like their taxpaying counterparts.

5. 1999 Fair Competition Open Forum Minutes: if you missed the forum, you'll want to find out how far we've come since last year!

4. Make your 1999 pledge to the Fund with the click of a mouse.

3. Read the full text of legal briefing papers on issues such as eating disorders, managing difficult members, and AIDS.

2. Take Action! Enter your zip code and send a letter via e-mail to your legislators.

1. State Action updates: find out what your state legislature is up to and how to help shape the laws that govern your club.

Life Fitness Taps Two Industry Professionals For Marketing Department New public relations manager and exercise physiologist join Life Fitness

FRANKLIN PARK, Ill. - Life Fitness has announced the addition of two industry professionals to its marketing department. Julie M. King joins as Public Relations Manager, and Carol A. Doniek serves as exercise physiologist. Both are based in the company's Franklin Park, Ill., headquarters.

"These two seasoned professionals bring a wealth of exercise knowledge and fitness experience to Life Fitness' marketing

department," said Augie Nieto, Life Fitness President. "Their first-hand knowledge of the industry will be very beneficial as we continue in our efforts to bring products and education programs to market that meet our customers' needs."

Public Relations Manager - Julie King

As public relations manager, King is responsible for Life Fitness' domestic media relations, sponsorships, donations

and product placements. She also acts as a liaison to Life Fitness International offices and is a member of the Brunswick Corp. Communication Board.

King brings to the company an extensive background in fitness and communications. Her fitness experience includes serving as a fitness/wellness coordinator at the Chicago Federal Fitness Centers for the U.S. Public Health Service and as a manager for the Grand Ohio Athletic Club, Chicago. She currently is a group exercise instructor at The

Wellness Center of Northwest Community Hospital, Arlington Heights, Ill., and has been a fitness instructor and/or personal trainer at numerous health clubs in the Chicago area.

Her certifications include health and fitness instructor by American College of Sports Medicine (ACSM), group exercise instructor by American Council on Exercise (ACE) and Aerobics and Fitness Association of America (AFAA), and personal trainer by ACE.

Her communications

experience includes nearly five years working in the healthcare practice at Burson-Marsteller, an international perception management agency, where she conducted communications consulting for clients including Gatorade, the American Dietetic Association and Zeneca Pharmaceuticals. She also wrote for Fitness Management magazine as a freelance columnist for five years.

King earned a Bachelor of Science degree in journalism from Northwestern University, Evanston, Ill., and a Master of Science in kinesiology from Northwestern University, Evanston, Ill., and a Master of Science in kinesiology from Northwestern University, Evanston, Ill. (See LIFE FITNESS page 30)

The Direction of Insurance Reimbursement for Fitness Professionals

By Patrick Pine

For fitness professionals from our industry to be recognized as true health care professionals eligible for insurance reimbursement, they must be ready to make some changes. As we enter a new era in the health & fitness club industry, new knowledge, new skills and a new attitude will be necessary to succeed. This is because we are moving from a sales driven industry to an industry with a focus on service and outcomes management. The fitness professional of the next century must be prepared to answer some key questions. Like any other profession, the most obvious questions are "What services and programs will generate revenue, and how will those services and programs be paid for?" The question I am most often asked is "Why don't insurance companies subsidize health club memberships, and why don't insurance companies pay for post-

rehab personal training?"

To intelligently discuss the direction of insurance reimbursement for fitness professionals in the health club industry, we must first identify two things: What type of insurance reimbursement and then reimbursement for what kind of services? Let's assume we are working with a health related or injury related commercial insurance company such as Indemnity Insurance, HMO, PPO, PIP or Workers' Comp Insurance. For now we can eliminate government agencies such as Medicare and Medicaid because they have a uniqueness of their own. Next we need to identify reimbursement for what. Reimbursement for health education programs such as smoking cessation, stress management, or weight management, to name just a few. Then we have health intervention services such as fitness assessments, health risk appraisals, and pre-exercise screens. We could also have reimbursement for exercise or recreation programs that improve a

persons fitness level. Finally, there could be reimbursement for "post rehabilitation." A few of the terms also going around for this service are Extended Care, Fitness Therapy, Post Rehab Fitness, and Medical Fitness.

Now let's talk about a Fitness Professional. Specifically, what exactly is a Fitness Professional? Is it a personal trainer, a massage therapist, an aerobics instructor, a nutritionist, a yoga instructor or anyone that works in a health club? What is the minimum educational requirement to be called a Fitness Professional? Is it a high school diploma, a two-year degree (Associates) a four-year degree (Bachelors), or a post graduate degree (Masters or Doctorate)? What areas of study are recognized: physical education, exercise physiology, kinesiology, sports medicine, health, corporate wellness, etc? What type of a certification is required, if any? How do you differentiate between the many certification organizations in operation today? The best es-

timate is that there are more than two hundred certification organization bodies for the health club industry.

The next thing we need to examine is the segment of the health care industry that is currently receiving insurance reimbursement for their services. All of the above questions have been answered for hospitals, physicians, physical therapists, chiropractors, and nurses (RN and LPN). The health care industry requires a college degree, specific certification, licensure and accreditation. In short, it requires specific responsibility, accountability and is heavily regulated either by a government agency or an accrediting association. Compare this to the health club industry that has no nationally recognized standards of operation and is basically an unregulated industry.

The past few years have brought many changes in the health care industry regarding in-



Patrick Pine

urance reimbursement. The Budget Reconciliation Act (BRA) of 1997, which took effect on January 1, 1999, set new limits on visits and reimbursement for health care services for Medicare and Medicaid patients. Managed care, HMO & PPO insurance companies, has capped reimbursement with capita-

(See Pat Pine page 28)

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Twelve Words That Describe Memberslup Sales In The Fitness Industry'

By Royle C. Berry

On a recent bass fishing trip to the famous Lake Fork, my fishing partner for the day was a popular minister of a large non-denominational church who was a seriously avid bass fisherman. During our conversation between catching fish, the subject turned to why mainstream denominational churches were loosing followers and why some non-denominational churches were growing as fast as they were.

He said, with respect and reverence, that mainstream church organizations struggled with an operational style he described as 'W.H.N.D.T.B and W.A.G.T.S.N.'. The first part 'W.H.N.D.T.B.' stands for, 'We have never done that before.' The second part is 'We ain't going to start now'.

He said that too many churches were losing or failing to attract members because of their archaic operations. The old way simply doesn't work like it used to.

While I truly enjoyed his company and his wisdom, he sparked an idea that had been bothering me for the past few years. Seems the problem that mainstream church organizations have is a universal problem and it is one that our industry is locked into today.

When it comes to exercise science and its delivery to club members, our industry is quick to grow and evolve. When it comes to drawing new members into our clubs, the old standard has grown old and is dying a slow death. Except for corporate sales using capitation, which I was a pioneer, there have been almost no new ideas introduced

since 'Pay-As-You-Play' clubs evolved into monthly dues operators in the late '70s and early '80s.

When I have tried to suggest new ideas with the clubs and club organizations I have worked for or consulted, those ideas have fallen on deaf ears. Seems these operators are locked into 'W.H.N.D.T.B and W.A.G.T.S.N.' and they are not interested in hearing or learning about something new.

Capitation is a case in point. Some club operators tried capitation but struggled to make it work for them. Consequently, they claim it doesn't work. Unfortunately for them, they didn't hire someone with true expertise and experience using capitation. Besides myself, there are success stories like Arman Ecklebarger formerly with Australian Body Works in Atlanta, GA. Arman, in a little over three years, has perfectly dem-

onstrated how effective corporate sales can be while using capitation under proven guidelines by a professional sales leader. Under his leadership and using my corporate marketing system, Australian Body Works has built a corporate client list of 300 companies which generates well over a million dollars per year in dues revenue, not to mention collateral revenues from programs such as personal training, massage or membership referrals. A truly amazing fact of their success is that 70 percent of the companies pay their monthly dues through EFT. Imagine 200 plus employers paying their monthly corporate dues via EFT! Simply amazing.

Why haven't there been hundreds of other clubs achieve similar success? Arman Ecklebarger may be the best in the industry in corporate sales but what he does is not rocket science.

I believe such lack of successful examples is a case of 'W.H.N.D.T.B and W.A.G.T.S.N.'

All of us in the club industry have a mission. That mission is to get America exercising. While membership is increasing it is not at the rate it should be. I propose club operators, especially those who wish to be successful five years from now and beyond, to take a clean piece of paper and let's change 'W.H.N.D.T.B and W.A.G.T.S.N.' to 'W.H.N.D.T.B but L.S.N.' (Let's Start Now)! Let's forget about the old way of doing things and let's try something radical. Something like, 'How do consumers really prefer to join and let's make it work for all of us.' Companies are prime and ready for capitation. That's one new way. Can you think of another? I can...

(Royle C. Berry is the President of Royle Berry Marketing Associates)

COMMUNICATION CONSULTANTS OPENS PERSONAL DEVELOPMENT DIVISION

Providence, RI.- Casey Conrad's Communication Consultants sales training company has added two new staff professionals and promoted a veteran employee to staff its new Personal Development Division.

The new division team includes veteran Susan Johnson and new staff members, Laura Ferry and Jenn Thunberg. All three bring extensive work experience in hospitality customer service and guest rapport skills training.

"The Personal Development Division will teach attitude awareness skills to improve the content, quality and frequency of club employees' interaction with members and the public at large. Using highly-effective techniques including NeuroLinguistic Programming (NLP), we'll teach clubs that the communication skills of every employee, from front desk attendants to maintenance personnel, create a club impression in the minds of members and the community at large, for better or worse. Our training goal is improve employees' member rapport skills across the board. It can improve both their professional and personal

lives," says Conrad.

Susan Johnson, Operations Manager

Susan Johnson, an 18-year veteran in hospitality marketing and a Communication Consultants employee since 1995, has been promoted to Personal Development Division Operations Manager. She will manage the marketing and quality control of the Division's broad training program.

Prior to joining Communication Consultants, Johnson was Reservations Manager for Sonesta International Hotel Corporation in Cambridge, MA. She has also served in supervisory management positions with Courtyard by Marriott and Sheraton Hotel properties. She is a Communications graduate of Emerson College in Boston.

Laura Ferry, Training Manager

New staff member Laura Ferry will establish and monitor specific training program content for each Personal

Development division client. She brings 15 years of hospitality industry supervisory and training experience to Communication Consultants.

She has designed corporate office environments, designed and upgraded company training programs and served as liaison between clients and trainers for Training by Design in Boston. At the Royal Sonesta Hotel in Cambridge, MA, she trained and supervised the desk management staff and was named Sonesta Employee-of-the-Year in 1995.

Jenn Thunberg, Office Manager

Jenn Thunberg has been named Office Manager for Communication Consultants after a career as Recreation Coordinator at Wait Disney World Resort in Orlando, FL. She is responsible for managing the company's master calendar of training seminars and production and distribution deadline for print and tape products.

Thunberg is currently combining her work with Communication Consultants with Exercise Physiology study at the University



(Back) Jenn Thunberg, (L to R) Laura Ferry and Susan Johnson

of Rhode Island. She is a certified BodyPUMP instructor and assists Conrad with design of Communication Consultants' turnkey club marketing package for that group exercise program.

Communication Consultants provides a comprehensive

system of live training seminars, tapes, workbooks, textbooks, on-site club consulting and trade show lecturing, with more than 17 products in use in over 1,600 clubs worldwide. Conrad is an attorney, licensed in the State of Rhode Island.

ISSA PROMOTING NEW BASIC TRAINING MANUAL & SEMINARS

Santa Barbara, CA. - ISSA, The International Sports Sciences Association, a leader in fitness certification since 1988, has produced a new, 317-page BASIC TRAINING MANUAL. The new manual is a very complete A-Z Training Manual with 15 Chapters, a complete Fitness Glossary, Reference Listing, Internet Listing, Recommended Reading List and Complete Reference Index.

The ISSA Basic Training Manual will be utilized in conjunction with a series of comprehensive seminar series conducted by ISSA Instructors.

The following Special

Contributions should be acknowledged:

•Elizabeth Donati, B.Sc.CFT, - Writer/Editor All Chapters - Elizabeth is the owner of Perfect Pages, Santa Barbara, Ca.

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•Sal Arria, D.C. - Chapter 10/Rehab & Sports Medicine- Executive Director, ISSA

•Ken Frank, M.D. - Chapter 11/Nutrition- owner: Advanced Physicians Products, Santa Barbara, Ca..

•Peggy Krock, B.Sc. - Chapter 12/ Mental Motivation- owner: Healthy Self, Santa Barbara, Ca.

THE ISSA BASIC TRAINING MANUAL INTRODUCTORY STATEMENT:

You are important. You are part of the "Team." You strive to help fulfill your members' needs and requests. Service to your members is your NUMBER ONE prior-

ity. It is your responsibility to be courteous and helpful. Your members ALWAYS come first. Your members are ALWAYS right.

ISSA BASIC TRAINING MANUAL CHAPTER LISTING:

- Chapter 1 - Welcome To Basic Training
- Chapter 2 - Teaching Adults
- Chapter 3 - Anatomy & Physiology
- Chapter 4 - Resistance Training
- Chapter 5 - Aerobic Exercise
- Chapter 6 - Group Exercise
- Chapter 7 - Stretching & Flexibility
- Chapter 8 - The Exercise Pre-

scription

Chapter 9 - Special Populations
Chapter 10- Rehab/Sports Medicine

Chapter 11- Nutrition: The Missing Link

Chapter 12- Mental Motivation
Chapter 13- Putting It All Together

Chapter 14- You Are Always A Salesperson

Chapter 15- What's In It For You?

(To obtain information on the new ISSA Basic Training Manual and related training seminars contact ISSA at: 1-800-892-ISSA or contact ISSA on the web site: www.issa-usa.com)

...LaDue

continued from page 14

and tennis had done. We failed to teach the game with a series of lessons over a long period of time. So, when the early racquetball players had no time or money invested in the game, they found it very easy to leave the game. And leave they did. They left in droves leaving the club owners with the problem of what to do with all of those 40' X 20" high-ceiling rooms. A pioneer in the Health Club industry, Mr. Ray Wilson, led the charge of conversion of hundreds of Southern California racquetball clubs to multi-purpose clubs with a heavy emphasis on fitness equipment. (Author's note: And we manufacturers were loving it! A full line of weight equipment or a full group program would fit nicely into these areas!) Other "fads" that I can eas-

ily recall were the "HealthRider," the Skywalker and virtually every infomercial product out there, except maybe the Bowflex.

Q. What are the current hot trends?

A. The hottest trends? I think that strength training in every form available remains hot. Now, it is coming to us in many forms: As usual, free weights are still popular. Selectorized machines remain popular. PACE group training, even after 20 years is going strong. BodyPUMP hit America a little over a year ago and is going like gangbusters. Other industry trends that seem to be keeping their momentum are entertainment in clubs with CardioTheater now in over 3,000 locations nationwide and

the E-Zone Network is off to a great start with over 600 good prospects generated from the IHRSA Convention alone. And, I think education and information will continue as a strong industry trend with Fitlinxx and Netpulse generating great consumer interest.

Q. Where is the Industry heading?

A. In my opinion, the club industry is headed into the greatest era in its short history. IHRSA and the many other industry organizations have had a huge impact on the growth of the industry and will continue to do so. And, now the corporations are truly learning of the dollar impact on their investments in programs everywhere. The prospects for success for IHRSA/SGMA's 50 Million by the 2010 initiative are truly excellent. In short, I have never seen the indus-

try so upbeat and so strong. Other events looming over the horizon will be the continued consolidation of the industry that has become evident in the last 5 years with mass acquisitions led by 24 Hour Fitness, CSI, TSI and Crunch Fitness. On the supply side of the business- I predict by the year 2010, that there will only be 5 major companies left on the equipment side of the business. That will be because the big companies will realize that to survive, they must be able to provide their customers with 'One-Stop' shopping for all exercise equipment. We have been seeing for several years strong evidence of this trend with Life Fitness, Cybex and others.

Q. Any final words or comments?

A. I can't think of a bet-

ter industry in America to be in. Nor one that is more enjoy-able! The young people that are coming along now should be given a vision of member satisfaction as away of life. They should be taught how to "MAKE IT FUN" for members and staff everyday. With that mind set, all clubs should prosper in the upcoming climate.

(Obviously, this has been one of my easiest and most interesting columns to write. To be able to sit back and pick the mind of one of our 'Seasoned Veterans' was not only informative, but lots of fun! And, by the way, I would be remiss if I did not put a plug in for The PACE Group Exercise Program™. For a free video or more information, call 888-604-2244 or visit our website at www.pacepro-fit.com.)

...Saving Our Country

continued from page 2

WHAT CAN WE DO TO SAVE OUR COUNTRY?

What can you and I do to Save Our Country? I think there is a lot we can do. Each of us can start immediately and fight the fight every day.

First, we can all become more educated on the subject and the issues. Dr. Bryan Brody of Littleton, Colorado, a Psychotherapist that was right on the scene at the Columbine

situation, has written a book entitled: "Lessons From Littleton". Dr. Brody is calling for parents to wake up and begin grass roots movements to fight what he calls "a virus sweeping America." He suggests that parents should make every effort to begin spending more time with their children and they should become involved in more school volunteerism through PTA and other groups. He believes that kids want discipline and that discipline for kids helps them style their worlds. He says that kids get values by day-to-day repetition.

You can order Dr. Brody's book through Amazon.com or by calling (888)

458-8543 or you can write to P.O.Box 620430, Littleton, Colorado, 80162 or reach him at: <http://209.238.137.188>.

We can promote more kids sports and exercise programs.

We can protest the rap and other obscene music, the killing videos, violent movies and TV shows and professional wrestling programming by not buying them or allowing our children to use or see them.

We can also contact our Congressmen and Senators and urge them to make these 'Killing Field' video and computer games, violent movies and tv shows illegal.

Yeah, I know? What about our Constitutional Rights of free speech and expression?! Well, we

have just seen our "Constitutional Rights" at work in Littleton, Colorado!

We should know and restrict what our children are watching on TV and at the movies. We should know about and restrict our children's access to these 'Killing Fields' video games. We should join the PTA at our children's school and become involved with school programs. And, we should form groups in our communities to urge our lawmakers to outlaw the things that are slowly killing our country.

As we move into the new millenium I think we have a clear choice.

That is to sit idly by feel-

ing that we just can't do anything and that events like the Columbine High School Massacre are just going to happen.

Or, we can declare all out war on the things that are slowly and surely killing America. I hope you will join me. I have made my choice and I am starting now to fight back. And, you know what else? We can all pray for our country and ask for help from God.

(Norm Cates, Jr. is the Publisher and Editor of The CLUB INSIDER News and a proud parent of a terrific 14-year old named Justin Cates ('just-in-case' you forget his name, just remember.... JUSTIN CATES!)

...Campetelle

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the best course of action and motivate the client in the most personal way.

Are you currently exercising? (If yes:)

What does your program consist of?

Have you been consistent?

What are you trying to achieve that you're not getting now? (The all-important question!)

And why is that important to you?

(Peeling-the-onion further to move from the "means" values to the "ends" values.)

(If no:) Have you exercised in the past? If yes: Same questions as above only in the past tense.

What types of changes have you noticed since you stopped exercising? (The all-important question!)

What are your goals now?

And why is that important to you?

If the prospect client is new to exercise:

When was the last time you felt good, or at least better, about your level of fitness?

What were you doing then?

What would you like to accomplish now?

And why is that important to you?

•Determining Expectations:

Asking a client, "What is your primary interest in working with a personal trainer" will give you a clear understanding of the client's expectations, avoiding potential miscommunication. For example, suppose a trainer is not asking this question. The client, during a discussion, says they are at a plateau and the trainer designs a program for the desired physical result. However, what the client "wants most" from personal training services is a support system and motivation but the trainer doesn't

know this. The trainer was giving the client what they needed, not what they wanted. The result, although avoidable, will often be a lost client.

•Determining Time Expectation:

Asking, "Do you have a timeframe in mind to accomplish your goals?" will ensure the client's time expectation is realistic to accomplish the desired objectives. Many times due to distorted media claims or enhanced personal testimonies prospects may have unrealistic, unhealthy timeframes in mind to accomplish certain goals. Making sure time frames for goal achievement are safe and understood pave the way to success, avoiding setting up the client for failure and disappointment.

What days/times can you commit to your program? (Begin to map out the appropriate schedule needed to accomplish goals.)

Do you plan on continuing your program once you have attained your goals? (Leads conversation to discussion of long-term lifestyle considerations.)

The preceding example questions are by no means exhaustive but are provided to illustrate an outline and direction of the needs analysis. Remember; the objective is to uncover the prospect's previous exercise experience, find out what their current goals are, why it is important to them, what their expectation of the trainer is and their time strategy for commitment to the outcome.

All this information helps to formulate both a physical and emotional fitness program designed specifically for each client's needs, wants and concerns.

Basic Building Block #2: Presenting the Options

The next building block in the presentation is learning how to present personal train-

ing options. It is here where the prospective client is offered an opportunity to decide on the number of sessions or package option that will best meet their needs. Unfortunately, this phase of the consultation is where many trainers begin to experience an increase in heart rate, sweaty palms and a queasy sensation in their stomach, because it is here that the subject of the money is discussed!

Consider this; after roaming the aisles of a department store, making selections from the shelves or racks, and then bringing those selections to the cashier. How many customers would be SHOCKED that the cashier would have the audacity to determine the total cost and with a confident look in their eyes, ask for the money? That's right NONE!

This analogy holds true for personal trainers. A prospective customer has come into our place of business with a mental shopping list (needs wants and desires). After building rapport with the customer, the store consultant, (personal trainer—you,) elicits the shopping list from the customer by use of the needs analysis and then guides the customer to the items (personal training services,) that will satisfy the customer's needs and wants. The logical next step in the shopping trip is to tally up the items, (services) and agree on a method of payment! It's really that simple!

The tool that streamlines the process of choosing the appropriate personal training package option is a professionally printed option form. The option form must be simple to follow and include the package description, details and the investment amount. Be sure to have more than one option but not so many that the decision becomes difficult.

After the package options are listed, the payment options section follows, listing the acceptable forms of payment: cash, personal check, Visa, MasterCard etc.

Utilization, compliance and outcomes are not important and in most cases not even required. In my opinion, this is a very short-term attitude and is for the wrong reasons, marketing vs outcomes.

The challenge, as I see it for health clubs and fitness professionals, is two fold. First and foremost the challenge is to establish credibility as true health care providers within the limits of our services. Second, as a professional, we must be responsible and accountable for what we do. That is precisely why the National Fitness Therapy Association (NFTA) was formed. NFTA accreditation establishes credibility

There Are 3 Keys To Successfully Presenting The Options:

1. Present the options with confidence. As a trained health and fitness professional, it is the mission and duty of the personal trainer to lead as many clients as possible to the realization of their goals and desires. Take this responsibility seriously and with passion!

2. Present the options in stages. Once a prospective client has indicated an option that fits their needs, circling it on the form and moving on to method of payment will aid in the process of closure.

3. Book the initial appointment and begin the journey!

Basic Building Block #3: Referral Incentive Presentation

This third basic building block can determine the difference between a small, struggling personal training business and a lucrative thriving one. As an industry, we know the finest source of new business is client referral. In fact, many trainers report as much as 70% to 80% of their business is referral-based! The following example illustrates the power of referrals: Trainer, "Average Andy," is excited any time he is fortunate enough to stumble across someone interested in his business. "Average Andy" never asks for referrals so after building his business to 10 clients, he has 1 X 10 or 10 clients. "Super Sue" knows the power of referrals and always asks for referrals. "Super Sue" realizes that she does not always get them, but she does average 2 referrals per new client. After she has built her business to 10 clients, she has the original 10 plus 2 X 10 or 20 additional clients for a total of 30 clients. Obviously, the numbers are very compelling!

One of the best times to capture referrals is at the close of

the package option sale. Why? The new client is excited! They have made a decision to make a positive impact on their quality of life. Giving a new client an opportunity to refer prospective clients not only allows him to share his excitement with others, but justify and reaffirm his decision in his own mind.

Again, critical to success in gaining referral business is having a well thought-out system in place presented in a professional manner. The referral presentation should be professionally printed on a separate form and include the following:

* A special incentive for the client giving the referrals (e.g. a discounted or free session, discount coupon for supplements or apparel etc.)

* A special incentive for the referrals: (e.g. complimentary fitness assessment, trial session of offer etc.)

* The special incentives must be offered for this presentation ONLY. This promotes exclusivity.

* There must be an expiration date for the offer to promote urgency.

In Conclusion:

Successful businesses, regardless of industry type, share a common thread: they have systems in place for conducting business in a consistent manner. The 3 basic building blocks provide personal trainers with the necessary foundation for creating an efficient, effective presentation system that delivers results for the trainer, and most importantly, the client.

(Mike Campetelle is a sales trainer and business consultant with Communication Consultants Worldwide Business Solutions, LLC. Mike and Casey Conrad will be making presentations at the Club Industry East Conference in early June. For on-site presentation information or samples of the referenced forms, write or call: 226 Becker Avenue East Providence, RI 02915 (800)761.9792 or (401)437.2951)

you will always get what you always got."

(Patrick Pine is the President and founder of NFTA. He also served as the Executive Director for the Western Association of Clubs (WAC), a regional association of IHRSA, from 1993 to 1998. He has a Master's Degree in Physical Education from Colorado State University and more than 30 years of experience in the health and fitness industry. His experience includes teaching, coaching, recreational director, sales manager, wellness director, club owner manager and consultant. He may be reached at (303) 399-4545.)

...Pat Pine

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tion plans. Workers' Comp and PIP insurance plans are reducing reimbursement benefits because of pressure from the business community. In short, hospitals, physicians, physical therapists and chiropractors are having patient visits cut and reimbursement capped to get health care costs under control. The attitude in the insurance industry is to cut and to limit reimbursement. So, based on the current state of the health care industry and the position of the insurance industry on reimbursement, and factor in the lack

of credibility for the health club industry, I don't see insurance reimbursement for the Fitness Professional in the near future.

There are however, some scattered success stories of reimbursement for health clubs and personal trainers. Unfortunately, most of the reimbursement dollars are from a marketing perspective versus an outcome-based perspective. In other words, in the case of rehab dollars, the insurance company is using a limited amount of money as a good faith offer to close a patient's file and in the case of membership subsidization, to promote it as a benefit to help sell more insurance.

BodyPUMP: It's A Brand, Not A Barbell

By Michael Hoffman

Fun, Simplicity and Results Can Make Group Fitness Popular and Profitable Again

The fitness industry can boast a proud brand history. Baby Boomers instantly recognize legendary names like Jack LaLanne, Nautilus, The STEP and Gold's Gym. Generation X'ers now know names like Spinning and the X-Games. Through good times and bad, some fitness industry brands manage to keep their identities fresh, while some are less fortunate.

Learning From The Starbuck's Coffee Brand Model

What separates the strong, long-term brand names from those that just seem to rise and fall away after the initial excitement wanes? What will fitness companies have to do in the future to guarantee their identity and brand preference with aging Boomers, Gen-X's and even today's latch-key kids who will eventually have membership dollars to spend?

Consider Starbuck's Coffee, which shares the same consumer base with health clubs, mostly educated active adults with money to spend. A careful look at the facts will convince club operators that what they usually have in group fitness is a commodity, when what they really need is a brand that people will pay to experience, like a cup of Starbuck's coffee. Every day, millions of people pay \$3.00 or more for the brand experience of a cup of Starbuck's coffee, while the most expensive cup of no-name coffee 10 years ago was \$0.50. Enough said about how brands provide better return on investment than commodities.

Why Branding Works

Every single detail of the Starbuck's experience, from store decor to service personnel politeness and product knowledge, down to the

temperature and taste of the coffee is consistent and dependable from store to store. Customers do not see all the staff training, all the travel miles coffee bean buyers log, all the creative effort Starbuck's marketers put into signage, collateral literature and store design. But they do taste the results and they do expect the consistency. They trust Starbuck's Coffee to deliver; which is why Starbuck's shops have such a high return on investment for their operators. Is a Starbuck's shop a franchise? You bet it is, and if you owned one, you would be rich.

To build a brand that lasts, companies must follow the lead of established consumer brands like Starbuck's Coffee. And what has Starbuck's done? 1) They have provided consistent quality at every store, everyday. People trust Starbuck's religiously. 2) They have provided a coffee consumption experience that literally reinvented the coffeehouse concept. And, 3) They have created a super-credible visibility machine that paves the way for their entry into formerly-unknown territory, including airports, bookstores, malls. What club wouldn't benefit from increased visibility in non-traditional venues and opening new channels for membership promotion?

Breaking Out Of A Vicious Circle

Virtually all group fitness has been a commodity, because of the difficulty in delivering a consistent product from class to class-at least, until just recently



Cathy Spencer

with the introduction of Body Training System's BodyPUMP program which clones the Starbuck's branding model for a great experience.

Cathy Spencer, National Training Director for Body Training Systems, a division of The STEP Company, cites American Sports Data, Inc. research which says that group fitness has experienced a 46.9% drop in attendance since 1987. In 1987 there were 3.2 million people doing group exercise. The latest 1997 report shows 1.7 million participants.

Even The STEP Company's explosive success in the early 1990s was bound to wain. STEP classes did provide an improvement over earlier aerobic dance forms, and though the STEP team did master the art of brand publicity, STEP instruction was neither systematized nor consistent. While clubs usually required STEP instructors to have an ACE, AFAA, IDEA or ACSM credential, the qualifications to teach ended there. Over the long term, freelancing instructors were allowed to design their own routines.

Class difficulty and quality varied from club to club, and instructor to instructor. Some were too easy and some were literal athletic competitions, appealing only to those adept athletes who could master complex moves that had little or nothing to do with increased fitness levels.

Club owners watched attendance drop, as potential group fitness candidates crowded onto costly cardio equipment instead, or worse yet, avoided clubs altogether. Despite the diligent and professional educational efforts of the trade associations, the "hobby" instructor was born, trading instruction time for club memberships. Professional growth among instructors declined nationally, and club owners became discouraged with the whole idea that group fitness could ever be a serious, long-term revenue generator.

The vicious circle seemed irreversible. Inconsistent programming created unpopular classes; unpopular classes hurt attendance and referrals; smaller classes meant discouraged instructors and owners; discouraged owners spent less money on group fitness programs and finally, the lower budgets further weakened already weak programs - until

now.

BodyPUMP And Body Training Systems

BodyPUMP is one of eight group fitness programs from Body Training Systems in New Zealand, which has developed a consistent formula that rivals Starbuck's in quality control. Rich Boggs, President of The STEP Company, recognized that a formula like BodyPUMP's was exactly what The STEP program originally lacked.

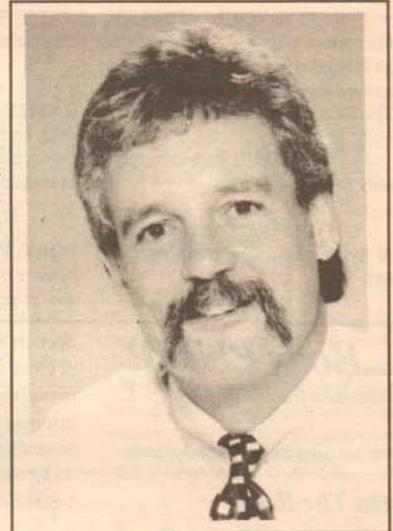
Like every Starbuck's shop, every BodyPUMP class provides a consistent experience for both instructors and members that has proven effective for more than 18 years. The quality control comes from intensive instructor training, which includes initial instructor training based on safety-oriented prechoreography. Add motivating music, on-going instructor training and a turnkey marketing program, and you get an irresistible brand.

The Body Training Systems formula ensures a great experience for the participant, encourages them to refer new people and helps ensure their own retention. No other group fitness program can do any of these things.

Cathy Spencer - Ideas From Down Under

Spencer, an Australian fitness authority, has joined The STEP Company in Atlanta to help introduce American club operators to the benefits of the Body Training Systems/BODYPUMP consistency formula. She holds a Bachelor's Degree in Applied Science in Human Movement from Wollengang University and is a Senior Lecturer for the Australian Council for Health, Physical Education and Recreation Fitness Leader courses and the Australian Catholic University's Exercise Science Department.

"I have studied the reasons for group fitness success or failure around the world for the last 10 years, and have identified five Steps that can make classes popular, well-attended and profitable again. Most clubs, understandably, haven't been inclined to spend the research time,



Michael Hoffman

money and training to discover and develop them," says Spencer.

"Body Training Systems spent 18 years developing its eight programs and has found that when a club operator looks carefully at the time and money saved, and the dramatic increase in instructor and member enthusiasm, there is no viable reason not to adopt a class like BodyPUMP," she concludes.

What's The Word On The Street?

Body Training Systems growth mimics Starbuck's gradual, but inevitable rise in popularity. Everybody who tries it likes it because it works, for members, instructors and profit-minded operators alike.

The size or demographics of the clubs don't seem to matter. All they need is the desire to breathe new life into their group exercise program by offering something that everyone likes.

"From a membership standpoint, it was very profitable for us because people were talking about it on the street and bringing their friends in," says owner Sandy Franco from Franco's Athletic Club in Mandeville, LA.

Suya Colorado Campbell, Group Exercise Director for the San Francisco Bay Club, says, "It's a no-frills program that successfully marries group exercise with fitness training. We started with 30 barbells and seven classes a week. Now we have 15 additional barbells, and [have to] require members to reserve space two days in advance for

(See *Body PUMP* page 30)

BodyPUMP QUICK FACT SHEET

1) EVOLUTIONARY: Comprises physiology, choreography, marketing and programming lessons learned since introduction of The Step in January, 1990.

2) SIMPLE: Movements easy to follow.

3) FUN: Captivating mix of lively music and group enthusiasm.

4) EFFICIENT: Delivers results quickly.

5) PRE-CHOREOGRAPHY: Ensures 100% consistency and safety from class to class. Instructors pass strict certification exams, and quarterly re-evaluations.

6) TURNKEY-SUPPORT: Package includes comprehensive marketing materials, initial and on-going training, periodic as-

sessments and powerful national branding via media.

7) EQUIPMENT RELIEF: Reduces traffic on aerobic and strength training.

8) RETENTION: Continually new material creates perpetual reason to attend, eliminates boredom.

9) REFERRALS: Low-intimidation level encourages friends.

10) INSTRUCTOR RELATIONS: Creates tight member-instructor bond, increases instructor enthusiasm and professionalism.

11) PERSONAL TRAINER INVOLVEMENT: Introduces members to benefits of

strength training, encourages use of personal training services.

12) PROVEN PROGRAM: Successfully marketed and tested in New Zealand since 1990. Distributed in U.S. by The Step Company since 1997. In action at more than 500 domestic clubs as of March, 1999.

(CONTACT: Rich Boggs, The Step Company, 1-800-SAY-STEP)

...Body PUMP

continued from page 29

the evening and weekend classes.

On The Road

"We weren't even aware of what was happening in New Zealand when The STEP Company launched in the 90s. I'm just glad that group fitness is continuing to evolve. I'd rather promote a brand than a barbell," Boggs muses. The STEP Company is now exclusive United States distributor of BodyPUMP with additional branded programs to be introduced this Summer.

Boggs, Spencer and sales and marketing consultant Casey Conrad of Communication Consultants, have launched a nationwide seminar program, featuring

Spencer's description of the history of group fitness and the five STEPs to making it profitable again. For information in the seminar date nearest you or a copy of the "Introduction to BodyPUMP" video, call 1-800-SAY-STEP.

5 STEPs to Profitable Group Fitness

1) MAKE A COMMITMENT - Invest the time and money to provide your members and instructors a top-notch physical environment, continuing education and marketing.

2) PROVIDE THE CORRECT ENVIRONMENT - Make your group fitness room an attractive, motivating destination. This means the finest sound system, microphones, flooring, lighting, color scheme and decor.

3) ESTABLISH QUAL-

ITY CONTROL GUIDELINES - Offer a consistent product your members can depend on. Use a "recipe" for how e-v-e-r-y class should be conducted for terrific results, and a great experience.

4) PROVIDE ON-GOING EDUCATION - Instructors must participate in both internal and external training to improve their physical execution, verbal and non-verbal instruction skills, performance and entertainment ability, communication with class members and appropriate choreography and exercise selection.

5) CONDUCT ON-GOING EVALUATIONS - Monitor instructor performance 3-4 times per year, via personal observation and video tape. Reward good performance with bonuses or additional workshop opportunities.

...Life Fitness

continued from page 24

physiology from the University of Illinois at Chicago.

Exercise Physiologist - Carol Doniek

Carol Doniek joins Life Fitness as exercise physiologist, playing an integral role in the Life Fitness Academy, which was developed in 1993 to advance research and education in exercise science. Doniek oversees the Scientific and Medical Advisory Board (SMAB) of the Life Fitness Academy, com-

prised of approximately 30 of the country's most renowned Ph.D.s and physicians in exercise science and medicine. The SMAB reviews all training and education provided by the Life Fitness Academy, conducts speaking engagements, awards annual research grants and participates in writing opportunities on behalf of the company.

Doniek's responsibilities include working with the SMAB to develop additional continuing education credit (CEC) courses and materials to be offered by the Life Fitness Academy.

Experienced in fitness

testing, exercise prescription, personal training and exercise class instruction, Doniek most recently was the manager of the Stuart Fitness Center at the Quaker Oats Company in Chicago. Her additional corporate fitness center experience includes managing the fitness center at Motorola, Schaumburg, Ill., and serving as an exercise physiologist at Sprint Corp.'s fitness center, Chicago.

In addition, Doniek has been a freelance columnist for more than six years for Fitness Management magazine, contributing to the monthly "Management Matters" and "Management Memo" columns. An ACSM-certified health and fitness instructor, she also was an exam writing committee member for ACE and a personal trainer for First Fitness, Chicago, Ill.

Doniek earned a bachelor of arts degree in writing from Millikin University, Decatur, Ill., and a master of science in kinesiology from the University of Illinois at Chicago.

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THE Club Insider

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- Have you needed to buy more cardiovascular equipment in the last five years to service your members?
- Have you experienced a decline in your group fitness area?
- Do you get limited guest referrals from your group fitness programs?
- Would you be reluctant to let a prospect take any class on your group fitness schedule to determine whether or not to join?
- Do you think you are overpaying instructors yet they think they are being underpaid?
- Would your group fitness program suffer if your top instructor was hired away by the competition?

To find out when a FREE "MAXIMIZING GROUP FITNESS" SEMINAR is coming to a city near you, call The STEP Company today at 800.SAY.STEP or 770.424.8161 X427



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PROFILE No. 193	name	Warren Moe
	title	Personal Trainer/New York Sports Club/ Town Sports International, New York, NY
	competitive edge	Determined. Tenacious. Relies on Life Fitness for the equipment he needs to challenge himself and his members.
	personal profile	Races mountain bikes. Snowboards. Addicted to coffee. Has a gentle spirit and a devious alter ego.

"If somebody tells me I can't do something, they'd better tell me why. Chances are, I'll do it anyway. For me, it's all about challenging the status quo."

Some say we revolutionized the industry with the Lifecycle® Exercise Bike. Others applaud us for creating the first cushioned running deck. Still others say our Hammer Strength® line is the strongest in the business. Frankly, we like to push the limits. We want to raise the bar. So we're thrilled when people challenge us—especially those who say it can't be done. Rely on Life Fitness to help you challenge the status quo. Call 1.800.634.8637.

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