

PRSRT STD
U.S. Postage Paid
PERMIT #3592
ATLANTA, GA

Norm Cates'

THE Club Insider

NEWS

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

JUNE 2002
VOLUME 9 NUMBER 6



Gale Landers (left) and Hazel Gitlitz

Gale Landers and Hazel Gitlitz

Chicago's Fitness Formula Owners - A Real Credit To Our Industry



**Torture.
Punishment.
Abuse.
Agony.**

**Working out should be hard
not attracting new members.**

International Fitness Club Network (IFCN) is a FREE and VOLUNTARY program with access to over 30 million prospective members through our relationships with companies such as:

- FedEx
- Humana Values, Inc
- Charles Schwab
- Pratt & Whitney
- Tektronix, Inc
- and many more...

Enroll your club now at www.IFCN.org or call 888-321-IFCN (4326) and gain access to these employees through IFCN's customized directories, newsletters, magazines, and website!



"We connect fitness clubs and prospective members worldwide at no cost to your club – it's a win-win situation!"

3 Davol Square, Suite C350 ■ Providence, RI 02903
888.321.4326 or 401.453.1232 ext. 25 ■ email: info2@ifcn.org ■ website: www.IFCN.org

Norm Cates'

THE Club Insider

NEWS

Gale Landers and Hazel Gitlitz

Chicago's Fitness Formula Owners—A Real Credit To Our Industry

By: Norm Cates, Jr.

I've written before that one of the real pleasures and benefits of my job is getting to know and reporting the fabulous stories of the true 'movers and shakers' of the health, racquet and sportsclub industry.

This month is no exception. The story of the Gale Landers and Hazel Gitlitz and the Fitness Formula Club organization in Chicago is another example of how American entrepreneurs are 'dreaming-the-dream' and making it happen. Gale Landers and

Micky Gitlitz, husband of Hazel, formed a 50/50 partnership in 1984 called the Fitness Formula Ltd. The first Fitness Formula facility was launched through the acquisition and expansion of the Deerfield, Illinois aerobics studio that Hazel Gitlitz had started in 1980. That expanded facility is now called the Deerfield Multiplex. The Fitness Formula Group has now grown to 8 large, very upscale and high service clubs located in prime Chicago area locations and serving 24,000+ members. Ground was recently broken on the 9th location and that 30,000

sq. ft. facility is scheduled to open in September, 2002.

Gale Landers was born in Ottawa, Illinois, a rural community 1½ hours southwest of Chicago. He grew up on a farm raising corn, soybeans, hogs, sheep, and horses. He was a multi-sport letterman in high school, playing baseball, football, basketball and track. He earned his college education and degree in accounting at Western Illinois University where he attended on a baseball scholarship (he was a shortstop) and played for four years. He went on to earn his Master's Degree in Athletic

Administration, a newly created program at that time. Landers is married to Anne Tiesenga. They met while both were volunteering as counselors in a financial services ministry at their church. The couple have no children, but do have a dog named Boo. Lander's goal in college was to someday own an athletically related business, so he majored in accounting to prepare him for business. Gale Landers has achieved a high degree of success in the business in Chicago, leading the Fitness Formula as its CEO and President for the past 12 years. He also served IHRSA as a

Board Member and the President of the Association in 2000. Gale Landers and Hazel Gitlitz are true credits to the health, racquet and sports-club industry.

Hazel Gitlitz, Gale Landers' partner was born and grew up in the Chicago area. She is now a 35-year veteran of the fitness business. Her husband Micky passed away in 1990 after battling a brain tumor for two years, leaving Hazel with their son, Scott and daughter, Jamie.

(See Gale Landers Page 6)

NORM CATES ON FIGHTING SKIN CANCER

By: Norm Cates, Jr.

(Editor's Note: The following article was originally published in the July, 1998 edition of The CLUB INSIDER News. The article chronicles my victory over skin cancer. I have chosen to publish the article again in this June issue to help others save themselves from this often avoidable health problem. Since the original article was published I have had a number of people tell me that after they read my article they went for check-ups at their dermatologist and actually found skin cancers and had them successfully removed before they became serious health threats. We hope more of you will do the same this Summer and we urge you to read this

article and share it with your family, especially your children.)

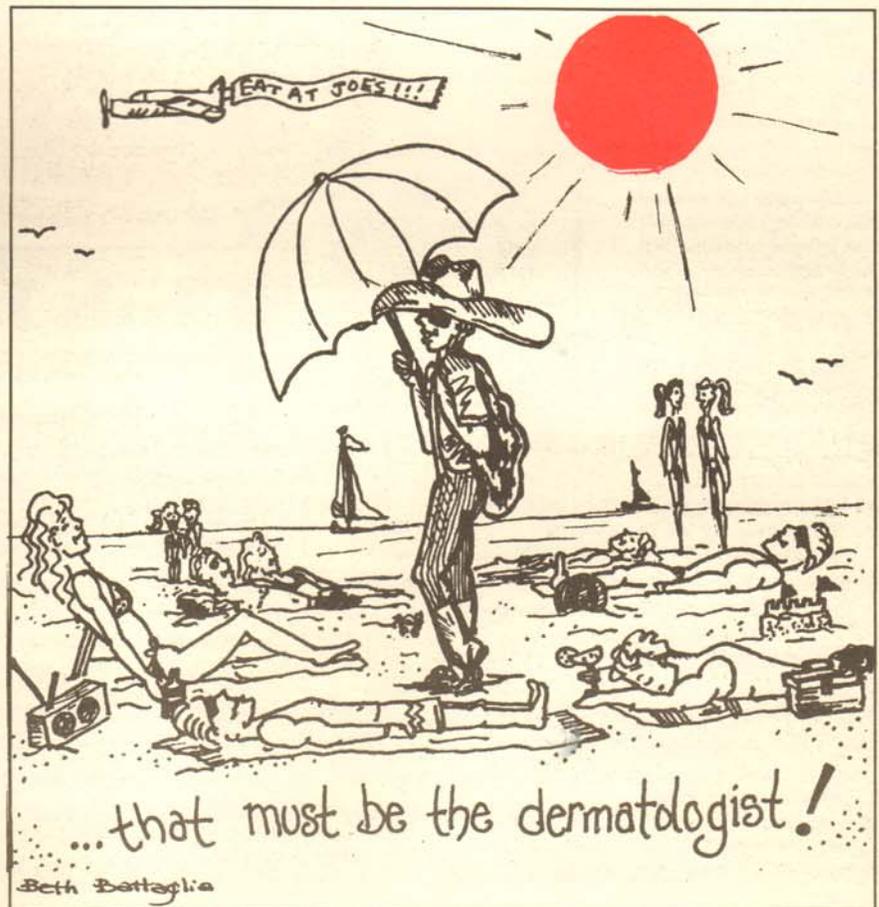
Originally published in The CLUB INSIDER News July, 1998 edition.

I sit here humbled by God and grateful for the cures available today in modern medicine. I am now a skin cancer survivor. I am writing this with the sincere hope that I can help others avoid the mistakes I have made. Skin Cancer could strike you. It could strike one of your loved ones. And, I am sure it has hit some of your club members. I want to share my experience with you now, even though it is too late for me to avoid paying a significant price for my lack

(See Skin Cancer Page 16)

Inside The Insider

- 6 Keys To Convert Inactive People Into Members
- Six Feet Under- 10 Things That Can Do A Club In
- FEE, FI, FO, FEE
- "Spa Insider"
- "Architect's Corner"



•Norm's Notes•

• I want to kick off Norm's Notes this month by saying "Thank You" to a good friend of mine and of the industries, MIKE ARTEAGA. Mike is a 30 year veteran of the health club business and one of America's very best independent club operators. He learned a lot from our friend DALE DIBBLE and applied that knowledge to build one of the most successful clubs in America in Poughkeepsie, New York, the All Sport Health and Fitness Club. (See our September, 2001 edition) Thanks to Mike for his service on the IHRSA Board of Directors for the past 3 years and for being a man of true principle. This past March IHRSA's Board of Directors adopted a new Board policy that increases the Board from 9 members to 16 members. So, Mike would have been one of the first four-year Board Members of IHRSA. But, he decided to resign from the Board rather than serve that extra year, which deeply saddens me. I asked Mike exactly why he has decided to leave the Board now and this is what Mike Arteaga told me and I quote: "I didn't agree with how things are being done." We need Mike Arteaga on the IHRSA Board one more year. It is wonderful to know a guy that lives and breathes this industry like Mike Arteaga does. And, it is great to know someone that has such total confidence and

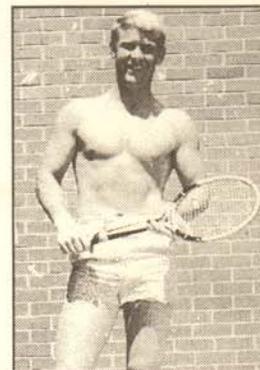
faith in his Management Team that he has turned virtually all of his club's decision making processes and authority over to them. Mike, you've done a great job for all of us and we appreciate it. If any of you out there want to contact Mike, his email address is: allsport73@aol.com I am sure he would be glad to hear from you and hear about your view of the industry today.

•RICH BOGGS, the founder and CEO of The STEP Company and Body Training Systems (providers of BODY-PUMP and other exciting Group Fitness programs), recently shared with me the success stories of clients who are experiencing amazing financial success with the Body Training Systems (BTS) programs. I plan to interview two BTS clients and report their stories next month. They are GORDON JOHNSON, the owner of three Gold's Gyms in Douglasville and Marietta, GA, and JOHN BONICA, the owner of Global Fitness in Leominster, MA. Both Gordon and John have licensed Body Training Systems programs for over three years. Everyone in the health club industry should take note of the financial success that their clubs have attained as a direct result. To date, Boggs and his business partner RAY IRWIN (both were my business partners at CourtSouth in the 1970s) have delivered REAL RESULTS,

REAL FAST to the thousands of clubs that have licensed BTS Programs and Systems. How? Through a comprehensive package of programming, training, marketing and management, BTS helps clubs lower their bottom line, increase their margins and reap the financial rewards of membership referrals. People in the industry who have taken the time to study and understand what BTS offers are sorry they didn't "Join the Group Fitness Revolution" earlier. In July, Rich is rolling out a special "Got Profits?" information tour in Seattle, Orange County CA, Denver and Dallas. Club Owners are invited to attend the free 2 1/2 hour information session that looks at how to generate profits from Group Fitness with very limited investment. Check out the Body Training Systems ad on page #31 of this issue or visit www.bodytrainingsystems.com. You can also contact BTS at 800.729.7837 or email profits@bodytrainingsystems.com for more information on the "Got Profits?" tour. STAY TUNED for my report next month!

•LEE HILLMAN, Chairman, CEO and President of Bally Total Fitness, the Board of Directors, and Hillman's Executive Management Team conducted their Stockholder's Annual Meeting here in Atlanta last week. I attended

and had the chance to speak with Lee about a number of industry subjects, including his feelings about the future of the industry. He predicted that "In 5 years the health club industry will be vastly different than it is today." When you look at things like the Surgeon General's recent declaration of war on obesity and overweight in America, the continued consolidation of the industry and the overall awareness of the public of the importance of regular exercise, the future looks bright for those that do seize the moment. Over the last six years Lee Hillman has accomplished a lot of positive change at Bally Total Fitness and has developed a comprehensive and broad marketing thrust to reach the public. It became more clear to me after speaking to Lee and JON HARRIS of Bally, that the "PINK" campaign I mentioned last month is just a part of an overall and heavily researched marketing plan. Beyond that and maybe one of the most significant things Bally has done lately, was the May 22nd announcement in New York City where Bally Total Fitness is providing every active NYC Firefighter with a complimentary one-year membership. In making the announcement Hillman said to the New York City Firemen, "This is our way of thanking you." He added,



Former "Sun Worshiper"
Norm Cates - 1965

"Providing New York City's bravest with complimentary memberships will allow them to stay in shape, release tension, and perform their jobs to the best of their ability." Interestingly, Bally has teamed up with the New York Post to co-sponsor this program. It was just a year and a half ago that the New York Post published a series of very negative articles about BTF on January 2nd, 3rd and 4th. I wrote then that the Post had published mostly "old news" rehashed during the New Years Resolution time to sell newspapers. After attending the Bally Annual Stockholder's Meeting and seeing the broad range of marketing thrusts Bally has going, I now realize that the 'PINK' campaign is just one small, but prominent part of that plan.

•DAVID PATCHEL-EVANS, the "King of Canada", as far as the health club industry is concerned, announced in late May that his "Goodlife Club" Company has obtained a \$150 - million debt financing for improvements and expansion. The financing is non-equity from private sources at 7-8% payable over 8 years. "PATCH" has 60 clubs now and plans to build 100 more facilities in Ontario and Eastern Canada. He has an amazing success story as over 20 years ago; he left a hospital bed where he had been recovering from a very bad motorcycle (See Norm's Notes Page 5)

Norm Cates'
THE Club Insider
NEWS

Established 1993

The Club Insider News is published in Marietta, Georgia. Those wishing to reproduce any portion of The Club Insider News may do so provided it is not for resale in other publications. Reprints for commercial use will be provided upon request.

PUBLISHER AND EDITOR: Norm Cates, Jr.
COMPUTER LAYOUT SPECIALIST: Justin Cates
COMPUTER OPERATIONS/WEBMASTER: Justin Cates
PRINTING AND MAILING SERVICES: Walton Press

Box 681241, Marietta GA 30068-0021 • (770) 850-8506
Fax (770) 933-9698 Or Email: clubinsidernews@mindspring.com
www.clubinsidernews.com

Norm Cates'
THE Club Insider
NEWS

Subscription Form

Name (s): _____

Attach List For Additional Subscriptions

Club Name: _____

Address: _____

City, State, Zip: _____

Telephone: _____

___ \$89 (U.S.) - 18 Issues (Includes Canada)

___ \$69 (U.S.) - 12 Issues (Includes Canada)

___ \$149 (U.S.) - International (One Year)

___ Check Enclosed or Charge To:

___ MC ___ Visa ___ AMEX ___ Discover ___

Card # _____ Exp. _____

P.O. Box 681241, Marietta, GA 30068-0021 or Fax: 770/933-9698
Call 770/850-8506 or E-Mail: clubinsidernews@mindspring.com

...Norm's Notes

continued from page 4

accident to build one of the world's largest and most successful health club chains, the "Goodlife Clubs". See The **CLUB INSIDER** News, October, 2000 edition for our cover story on Patch.

*Just when I decided to re-print our July, 1998 Cover Story about my battle with and victory over **SKIN CANCER** (see page #3 this issue), comes an article from the **St. Petersburg, Florida TIMES**. The article was about how teenagers ignore the danger of getting too much sun because it is cool to be tan. By the way, the photo on the opposite page was taken during my "sun worshipping" days. So, if you have not already read my article

on skin cancer, you should read it and be sure that your teenagers take some time to read it. It might save you or one of your friends and family from a serious health issue. If ignored, it can become a real and true life threatening problem!

*Long time Atlanta health club industry veteran, **DON BOOKER**, was recently honored on his 65th Birthday by a gathering of over 80 or more friends arranged by his former Sales Director of Atlanta's **American Fitness Centers**, **JOHN QUATROCCI** (John Q.). People came from around the country to honor him. John Q. had made arrangements to hold this party for Don through some very tough circumstances because Don is suffering from

pancreatic cancer that has also spread to his liver. Happy Birthday Don. And, God Bless You. Our prayers are with you and your family. You and your brother **JIM** brought access to fitness to hundreds of thousands of people in the Southeast, and you pioneered the modern era in fitness for sure. And, we thank you for that.

*Congratulations to **BRIAN COOK**, Founder and **KEVIN LAMAR**, CEO, of the **Nautilus Group, Inc.**, (formerly Direct Focus, Inc.), as it has been ranked #2 on **Business Week's** listing of "Hot Growth Companies." To win a position on **BusinessWeek's** list, a company must have excelled in three categories over the last three years: sales growth, earnings growth and return on invested capital. According to **BusinessWeek**, The **Nautilus Group's** three-year averages were 85.2% growth in sales, 77.5% growth in earnings and 42.45 return on invested capital. **WOW!**

*The Centers for Disease control (CDC), in a recent issue of the "Mortality and Morbidity Report", urged doctors to increase their efforts to promote regular exercise among men and women 50 years of age and older. CDC research recently showed that men and women whose doctors recommend regular exercise are 50% more likely to meet recommended levels of physical activity than those whose physicians do not recommend regular exercise.

*A recent report in the **Wall Street Journal**, in an article entitled "No Pain, No Shame", stated that American health clubs are no longer focused solely on the super-fit market, but rather on the larger

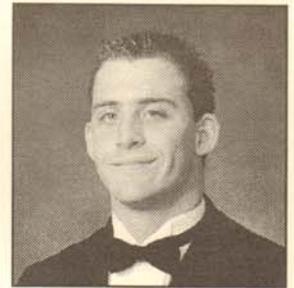
'deconditioned market.' I'd like to ask each of you, "What is your club actually doing to focus on the larger, actually **HUGE deconditioned market?**" If your honest and candid answer is: "Nothing", you should call **CASEY CONRAD's Healthy Inspirations Company** to learn how you can aggressively pursue this market right in your club and at the same time, set up a serious money making profit center for your club. See Casey's Healthy Inspirations ad in this issue on page #22.

*Life Fitness has named its **Life Fitness Academy** **MICHAEL L. POLLOCK Memorial Grant** recipients. The Academy is Life Fitness' training and education department and annually awards \$20,000 in grants to graduate students and post-doctoral faculty members. Life Fitness' Academy's **Scientific and Advisory Board** selected the following winners to receive a \$2,500 grant: **STEVEN E. BLACK**, **UMASS**, **ANDREAS KATSIARIAS**, Univ. of Pittsburgh, **ANN MARIE KIERNAN**, Univ. of Wisconsin, **KRISTIAN O'CONNOR**, **UMASS**, **JOHN SIRARD**, Univ. of South Carolina and **ADRIAN STUART-FAIREY**, Univ. of Alberta Canada. Recipient of the Post-Graduate \$5,000 grant was **STEPHEN SAYERS**, Ph.D., Boston University. Congratulations to all of the winners and to Life Fitness for its awards of \$180,000 to 53 grant winners since 1993.

***CONGRATULATIONS JUSTIN CATES!** Folks, I would like to bring your attention to the **Walton High School Report Card** for my

son Justin, shown below. I am very proud to report that this is Justin's **SECOND 4.0 G.P.A.** for his Junior year in high school! He also received a 4.0 in his fall semester and with this recent report has brought his overall G.P.A. up to a 3.67. Justin is also quite an athlete, now a 2-year letterman in football and 3-year letterman in track. In addition to laying out **The CLUB INSIDER** News every month for the past six months, he is also training hard for his last year of high school football, where he plays running back, corner back and believe it or not, defensive tackle. This spring Justin scored #1 on his "Power Index" on his football team of 140 players. He had a power index of 5.9, the highest rating on his team. At 159 pounds he bench pressed 300 pounds, did a full squat with 340 and power cleaned 230 pounds. He also runs the 40 - yard dash in 4.5 seconds and this spring he did an 11.5 in the 100 meters. But, all of this school stuff and athletics is child's play. His **REAL LOVE** is playing his guitar, having taught himself to play a little over two years ago. Look for Justin someday on MTV.

(See Norm's Notes Page 30)



Justin Cates

George Walton High School

1590 Bill Murdock Rd, Marietta GA 30062 - May 27, 2002

Final Report Card

Cates Justin S
1548 Princeton West Trl
Marietta, GA 30062

Homeroom 304
Class of 2003

Course Name	Grade	Conduct	Abs	Credits	Teacher
47.0710096 Auto Service Tech IA	95	A S	5	.5	Janssen Arnold
45.0810009 US History 112B	93	A S	1	.5	Wilson Joe
23.0510009 Am Lit/Comp 112B	90	A S	0	.5	Pepper Jenny
36.0640097 Adv Weight Training	100	A S	0	.5	Evans John
27.0640005 Algebra II:B	93	A S	1	.5	Blackmon Sandra
40.4510009 Chemistry I:112B	90	A S	0	.5	WILLMSHEN Kimberly

Great Job!!!

Semester Average 4.000
Credits Earned 3.00

Overall GPA 3.671
Total Credits 19.00

Principal's Honor Roll

FRIDAY REPORTS

Weekly Marketing Insights
For The Club Industry

NOW IN OUR 7th YEAR!!!
Subscribe Now, Call
800-778-4411

- ▶ We do the research you'd like to do, in business & health periodicals
- ▶ Immediately-usable marketing action ideas in each issue — every Friday morning by Fax!
- ▶ Only \$179.00 per year (Less than \$3.50 per week).
- ▶ Fax to: 212-987-4227 (Ask for a sample issue)

A PUBLICATION OF CLUB MARKETVISION

177 EAST 87TH STREET, SUITE 301, NEW YORK, NY 10128
mgmtvision@aol.com

...Gale Landers

continued from page 3

Hazel initially got involved in exercise to attempt to deal with a back problem. By the early '70s she had experienced such great relief from her back problems that she was invited to become an aerobics instructor. It wasn't long before she became involved in the development of an aerobics studio called the Rythmiks Studio, in Deerfield, Illinois, a Chicago suburb. She was very active in the business teaching aerobics classes. Gale Landers, her partner now, and her husband Micky, had become 50-50 partners in the business and when Micky passed away Hazel inherited his 50% ownership stake. Since then she has provided their son Scott with a portion (10%) of her ownership position in the business and he works full time as the Chief Financial Officer for Fitness Formula.

We contacted Gale Landers and Hazel Gitlitz in Chicago and the following interviews contain some insights into just how they have brought the Fitness Formula to the strong position it now holds in the Chicago market.

An Interview With Gale Landers

Q. Gale how did you first get involved in the club business?

A. After finishing college, I headed for Chicago and had the good fortune of being hired by Herb Salberg to manage a mid-size club in 1978. Herb Salberg was, and has since been, a great mentor to me... at an important time, early in my career, he taught me time management, critical organizational skills, and the service basics of the business. But most importantly, he taught me that your people – that is, the staff that you build, will be your greatest asset. That has always stuck with me as is evidenced by the success of our company.

Q. Tell me about how you got started with Fitness Formula, Ltd.?

A. In 1983, Michael Gitlitz and I met one another through a mutual friend. Both of us had dreams of starting a club company to build, own and operate clubs. Micky was a lawyer, and by then I had a few years of club management experience

behind me. We both quit our jobs, and we co-founded Fitness Formula Ltd. in 1984 as 50/50 partners. We had different backgrounds, but a common denominator was the desire to create upbeat, health club environments to enhance people's lives. The fitness industry was in its infancy, and we both saw the opportunity to grow an exciting business. Initially, we began rather informally...just doing the right thing, treating people right...and plowing all our resources into the business. The first club was the Deerfield Multiplex, which Micky's wife, Hazel started as a small aerobics facility in 1980. By 1985, we had expanded the club into a 100,000 square foot, multi-recreational facility. That expansion included the integration of the Chicago Bulls, as the first NBA tenant in a commercial club...interestingly that was also the year the Bulls drafted Michael Jordan.

Q. With your Fitness Formula company you are providing very high end club products. Give me your actual "Fitness Formula?"

A. Fitness Formula is a strategy of developing a Chicago-based regional network of premium-quality health and fitness clubs. Our mission is to build, own, and operate great clubs, and to deliver out-standing results. Our clubs share a common vision of excellence. We measure our results in three basic areas: 1) member results 2) valued career paths for our staff 3) strong financial returns to our investors. We've been enabled to fulfill our mission, and achieve our goals through the development of clubs in great locations, outstanding service to our members, and most importantly, through the efforts of our most valued asset, our employees – I firmly believe they are the best in the industry.

Our clubs operate under a set of 5 core values, which impact all the decisions we make as a company: Friendliness, Superior Service, Safety, Improvements, and Integrity.

Q. How many current locations are now open?

A. 8, with an additional club under construction.

Q. Gale, tell me about how you finance your clubs and what do your investors look for?

A. Our clubs are financed through a combination of equity



(Left to right) Jerry Libman, Scott Gitlitz, Hazel Gitlitz, Gale Landers, Nilou Perry, Greg Cibura, Beth Foley, Fred Kronk, Lauren Eller, Wally Reule.

and debt. The new locations are funded through limited partnerships, commonly referred to as Limited Liability Companies. Typically, each limited partnership includes one, two or three clubs. For example, we're currently building the new Halsted Street Multiplex and the one we've just acquired is now called the East Lakeview Multiplex. Over the years I've found investors look for three things: Leadership, Management, and Financial Track Record. We raise the equity ourselves through private placements without brokers. We are blessed to have a loyal group of investors who have invested in one or several of our locations.

Club Insider- Well, Hazel and the investors are lucky to have a leader like you Gale that they can depend on to do the right things for the right reasons..

Landers- Really, our entire team makes it happen. Hazel and I have a great group of people.

Club Insider- But, you know as well as I do Gale, it all starts at the top.

Landers- Thanks. Fortunately, with investors involved since 1985, we've never had a cash call!

Club Insider- That's great!

Q. How many members do you now serve?

A. Approximately 24,000.

Q. What facilities/services does the typical Multiplex facility offer?

A. Our clubs are known for their distinctive, open design

and well appointed interiors. Each club we have built has been sized based upon our study of the individual market. They range in size from approximately 25,000 to 100,000 square feet. They have two to four group exercise studios, most have basketball/volleyball courts and a café/juice bar; large cardiovascular and strength training areas, swimming pool; sports shop, spa services, fully appointed locker rooms usually with steam rooms, and/or whirlpools and saunas and one or more medical subtenant(s). We offer an extensive array of fitness programs: top notch personal trainers, sport specific training, marathon training, triathlon training, master swim and swim lessons, Pilates, various types of yoga, group exercise ranging from conventional type classes to spinning, and nutrition/weight loss programs. It's a wide scope that attracts a wide audience.

Q. What is your membership rate structure?

A. Dues range from about \$65 a month for the smaller clubs up to \$125 month.

Q. How many full-time employees and part-time employees do you have?

A. Over 700 employees, of which about 1/3 are full-time.

Q. Gale, tell me about your management team and their leadership?

A. Leadership determines the direction of any good company, but it is our corporate and club management teams that determine the success of our com-

pany. Wally Reule (26 years industry experience) is our Regional Director of Operations. Wally works directly with our General Managers and invests his knowledge into the enhancement of their skills and club staffs. He is a relentless supporter of our Core Values and the day to day impact they have on club operations. His financial expertise is a key to our focus on short term results while at the same time keeping an eye on our long term goals. Wally and Lauren Eller, Director of Human Resources (18 years with our company) rolled out our Training Academy. She has grown into the HR position after performing just about every club staff position in the earlier years of her career with us. She has both academically and 'self learned' her present position through years of dedication and commitment. She has raised the bar for us company-wide on employment standards, accountability and performance. Nilou Perry is our Regional Director of Marketing and Sales (12 years experience), providing direction and training for our club sales managers and sales staffs. She has standardized our sales systems, training, and sales reporting from top to bottom. Nilou also leads the charge for the brand building of Fitness Formula's Multiplex Clubs with a lot of passion. Our fitness directors are mentored by Fred Kronk, Regional Director of Health and Fitness (18 years experience and former IHRSA Fitness Director of the year). Fred has developed or enhanced many of our fitness and retention

(See Gale Landers Page 8)

Don't just sell memberships ... sell the experience

A health club is a place to



awaken
inspire
energize
rejuvenate
relax



Designing experiences. Inspiring lifestyles.

ARCHITECTURE • INTERIOR DESIGN • CONSULTING

FABIANO
DESIGNS INTERNATIONAL

973-746-5100 • www.fabianodesigns.com

...Gale Landers

continued from page 6

tion programs and is driving the growth of secondary revenues in our fitness departments. Scott Gitlitz, (16 years) and Jerry Libman, CPA/ Director of Finance (6 years) run a very efficient accounting and finance department. Financial benchmarks and daily revenue tracking are a strength of our company. Greg Cibura, Information Technology Manager, was too good as a tech consultant for us not to have full time on our Team. He's developed our website, manages our communication systems and lends support to our Internet marketing. And as part of our dedication to customer service we've raised the bar again by recently creating a

Regional Service Manager position. Beth Foley joins us from the hospitality industry to integrate our service training on site at each club location. A strong support staff of individuals like Tim Fry, Judy Southerland, and Katie Cinquegrani provide us with a lot of depth.

Q. Tell me about the Fitness Formula Training Academy?

A. We believe in quality service through quality staff. As I mentioned previously, the Fitness Formula's clubs are differentiated by a commitment to a high level of customer service. That's why our corporate staff developed a curriculum for in-house employee training to essentially develop company wide depth, to foster career paths on staff growth and

to promote sharing of our club's best practices from club to club. The training courses are taught predominantly by our corporate staff and other club managers, as well as outside professionals. The courses fall into some of the following broad categories: general management principles which include customer service, supervisory skills, how to lead meetings, time management, accounting and financial (encompassing general accounting principles, expense control), facility management, health and fitness programs, information systems, which include various software programs and computer training, sales and sales systems and human resource management, which includes everything from sexual harassment to interviewing and hiring to the basic law practices that relate to our industry.

Club Insider- You're giving your people significant, college level training.

Landers- That Training Academy umbrella also includes new employee orientations and a 30-day follow-up program. To re-enforce this training and take it to all staff levels at each club, we recently created that new full-time corporate staff position, Customer Service Manager.

Q. What is your strategy overall when it comes to your competitive position in Chicago with Bally, YMCA's, Parks and Rec. Centers, LifeTime Fitness, TCA, YMCA store fronts, and you name it coming at you every day?

A. First, we put a lot of time into site selection and market analysis. Ours is a "MultiClub" strategy with an emphasis on reciprocal club usage. "MultiClub" is the name of our membership option that provides members the opportunity to work out close to work or close to home. We refer to it as a basic "hub and spoke" strategy. A year and half ago we opened our Union Station Multiplex which sits on top of the principle rail and commuter terminal in Chicago. Being in the downtown business district this club is in the geographical center ---the hub---of our hub and spoke club development strategy. This has provided a strong marketing punch. As we all know, there is no substitute for convenience and easy access when it comes to member usage. Your MultiClub card... don't leave home without it.

Secondly, our clubs are differentiated from most of our competitors by our significant medical subtenant relationships. We've established these relationships with HealthSouth, a Fortune 1000 Company and three of the most highly respected and highly rated hospitals in the Chicagoland area: Rush Presbyterian St. Lukes Medical Center, Northwestern Memorial Hospital, and the Rehabilitation Institute of Chicago. They provide services ranging from cardiovascular rehabilitation (phases two and three); physical therapy; spine, sports and occupational therapy; and various wellness programs which we cross market to corporations. This provides us with tentacles into the de-conditioned market through the form of a referral base separate from normal member referrals. In a small fashion it positively impacts our retention....when a member is injured either at work or at play they don't have to look far for these types of rehabilitation services. It also lends us immediate credibility with prospective members. Third, because ours is a regional strategy, not a national or international strategy, our entire human resource capability is focused exclusively on the Chicagoland market. It allows our corporate staff to be on the front edge of the city, new developments, and the pulse of each of our clubs. We can leverage our Regional Department Heads and our strong group of General Managers.

Q. There are intense new out-of-town competitors coming into Chicago. How do you think your group will do against them?

A. Chicago has several home-based multiple club operators. Success attracts success. So, it is not particularly surprising that out-of-town club operators are showing up. The aggregate club membership in Chicagoland has grown appreciably over the last several years, as it has in many areas of the country. With the growth of Chicago, it has also brought significant appreciation to real estate. All of us on the business side of this industry know this is a fixed cost business. Long-term success is to a large degree a function of that fixed cost formula. But, I think that what is a bit surprising is the 'stretch' some of the new arrivals are undertaking in that fixed cost



Gale Landers

area. The current long-time Chicago-based operators have a significant 'leg-up' on these fixed cost. But, to date, our industry has been driven by the supply side and time will tell.

Q. When you use the term 'stretch' what do you mean?

A. Many of us have looked at some of these locations and found them on the edge of being practical. We know the fixed costs that are required to do some of these projects and we took a pass.

Q. If you look back 20 years in Chicago, how has the competitive climate changed?

A. The biggest change in the Chicago area has been the entry of the tax exempt, not-for-profit fitness facilities over the past many years. The suburban park districts building Taj Mahal type facilities that often need to be annually underwritten by their respective municipality tax payers, the hospitals, the YMCA's, and the JCC's.

Q. Gale, you served us well as a member of IHRSA's Board of Directors and as our IHRSA President. What has that experience of serving the Association been like for you?

A. It has been very rewarding, both personally and professionally. It's provided me the opportunity to work and experience, up close, with several incredibly committed club owners, operators, and John McCarthy and his veteran team in Boston. There is strong leadership in our industry with a collective desire to grow the industry, to protect the industry, and to promote the industry. It's been great to see the leadership committed to these over-arching goals and to move IHRSA from its' previous trade

(See Gale Landers Page 10)



SPRINGFIELD CORPORATION

WHOLESALE DISTRIBUTOR OF INSTITUTIONAL LINEN

Imported & Domestic Textile Products

Take the guess work out of your

**Towel Purchasing
Satisfaction Guaranteed**

**QUALITY PRODUCTS
at
COMPETITIVE PRICES**

Rubbermaid

**Commercial Products
Authorized Distributor**

CALL 1-800-241-2081

ASK FOR OUR CURRENT PRODUCT LIST

**HEALTH AND ATHLETIC CLUBS
The Supplies You Needed Yesterday!**

IHRSA

ASSOCIATE MEMBER

P. O. Box 620189 • Atlanta, GA 30362

770/729-0700 • 800/241-2081 • FAX 770/729-0995

KAREN WOODARD'S PREMIUM PERFORMANCE TRAINING HAS THE RESOURCES TO MAKE THIS THE MOST PROFITABLE YEAR IN YOUR CLUB'S HISTORY.

Proven Effective Marketing Plans • Professional Sales, Service, and Management Training



ON-SITE CONSULTING

Karen Woodard will come directly to your facility for training and consulting services. This allows Karen to customize all programs to your staff, club culture and market conditions.

PHONE CONSULTING

Karen Woodard offers phone consulting services to discuss and counsel on your specific club issues. This is an off-site option providing expert direction in a flexible format. Excellent as an introduction or follow-up to consulting services.



WEBSITE

KarenWoodard.com has two unique areas, a public area and a Members-only area. This website is easy to use and has tons of tips to increase your profitability. You will love the ease of the Members-only area which includes most of Karen's inspiring workshops, as well as articles and special offers to increase your business.

REGIONAL ROUNDTABLE



Consists of 6-12 noncompeting clubs that will meet four times a year for two consecutive days. The benefits of the Regional Roundtable include staff training, club consulting, network discussions and club show casing. Roundtable members are welcome to bring four staff members to each event.



PRODUCTS

Karen offers **Power Tools for Profitability** to complement all her consulting and training programs. These tools can be used on their own or in conjunction with any of the Premium Performance Training programs. These products cover management issues, membership sales and service training.

Call today to make this year your best year and a template for years to come.
303-417-0653 or e-mail kdw500@aol.com



Premium Performance Training • 3619 Roundtree Ct. • Boulder CO 80304

...Gale Landers

continued from page 8

association position to becoming a true industry association.

Q. What value does IHRSA represent to your organization?

A. At the basic level, IHRSA has set the minimum standards for clubs as it relates to credibility and an operating Code of Conduct. Like anything else, you get out of IHRSA what you put into IHRSA. Our use of the IHRSA resources has evolved as our company has grown. The most valuable services to Fitness Formula currently are: 1) The Annual Convention and Trade Show and The Institute for Professional Club Management. We just sent four staff to

Toronto: two as curriculum instructors for the Institute and two of our General Managers as students. 2) Their library of resource information which consistently provide current industry publications for the financial side of the industry, 3) Their network of segmented e mail capability keeps us updated on the latest news, research, and financial movements within the industry. 4) Their new Internet Job Center which has linked employee candidates to us. 5) The Passport Program which many of our members use as they travel. 6) Their assistance in leading the charge against tax-exempt facilities, government relations, and the related lobbying efforts in Washington.

Q. What do you see as the

greatest challenges facing the industry in general? How about your organization in particular?

A. First, reaching the non-traditional customer both in this country and around the world. Cutbacks in physical education programs and increasingly sedentary lifestyles in a high tech world are major obstacles. Getting these people their first taste of feeling great by getting fit is critical to our growth. The second involves people. The industry has the challenge of attracting and retaining more individuals committed to providing quality club management. People that can lead and build staffs to properly service members and retain them. We've implemented the Fitness Formula Training Academy for this challenge. The third involves money. Attracting money from the most cost effective venues in order to fuel growth for the industry. And keeping the industry focused on net income and not just gross revenues. These two go hand in hand. Lastly, the tax-exempt, not-for-profit fitness facilities.

Q. When you go to work each day, what are your primary objectives?

A. Most of my time is spent on the strategy of our company and assisting the corporate staff in our annual goals for that year. The strategy side includes finding, developing, acquiring, financing, designing, and building new locations. In other words, growing our network of clubs. Assisting the corporate staff includes supporting them on initiatives to grow our brand of Multiplex Clubs, grow our retention of members and staff, grow our core businesses, grow our customer service capability, and grow our technology. We have some very talented and dedicated people at our corporate level in charge of each of these areas.

Q. Do you have a viewpoint on how the industry should go about reaching out to and attracting those 150 million or so people now designated by the Surgeon General as being obese or significantly overweight?

A. First, I think we should continue to publicly re-enforce that regular exercise is a necessity to effective weight loss and weight control. Most people know that. But, we need to continually re-enforce it to the nation. The continued push from the President will help

Second, our nation's nearly 18,000 clubs are perfectly positioned to be that educational conduit to their respective communities. Many clubs have already created effective programs to attract a portion of that untapped market and it seems many are gearing up to do so. Third, we all know someone who has a weight problem or leads a sedentary lifestyle. Perhaps, one effective way to attract a larger portion of this population might be on a one-to-one marketing effort. For example, clubs might develop a small 'strike force' of leaders amongst their staff and members literally inviting and recruiting their families, friends and associates on a one-to-one basis to try an effective weight loss program that incorporates exercise. As we all know, people are only going to do it when they are ready to do it. It is like the stop smoking wave that began with the U.S. Surgeon General's Report in the 1960s. Millions of people eventually quit smoking over time. Our industry will chip away at our nation's overweight population. This represents a tremendous upside for our industry."

An Interview With Hazel Gitlitz

Q. "Hazel, how did you get involved in the fitness business in the beginning?"

A. I've been in the industry for over 35 years. Actually, I got started in the business after I had two children and developed problems with my back. I began searching for ways to help my back problem. I was absolutely against exercise. I didn't like it at all. I was not an exerciser. My husband Micky who was an athlete all his life said, "You've got to start exercising!" But, no matter how many times he said it, I would not do it. Finally, I went to a doctor who also said, "You've got to start exercising." I found a wonderful teacher from Sweden named Britta Stennander, who offered classes at night at a local high school. This was way before Jane Fonda's days and might have been even before the word 'aerobic' was coined by Dr. Ken Cooper. I started feeling much, much better. I had taken the classes for two years when she came to me and said, "You do these exercises so beautifully, I'd like to have you as my assistant, would you allow me



Hazel Gitlitz

to work with you?" My husband Micky was very supportive when I told him that she wanted to train me as her assistant. I started training with her and she taught me how to teach the classes as she did. After several months of training with her she left for Sweden for the summer and I took over her classes and by that time they had been switched to the local YMCA. At the end of the summer the YMCA people thought that I had done such a good job that they offered me my own classes. This was all done with just the training Bretta had given me. The next year she said, "I've taught you as much as I can teach you. I'd really like for you to go to Sweden and get certified by the Swedish Gymnastics Federation in Stockholm." So, I went to Micky and told him about it and expressed my concerns about leaving him alone with the kids for 6 weeks while I was in Sweden. I was afraid I couldn't do it. But, he said, "We'll get it done. Your Mom can help with the kids and I'll help and you can go." So, here I was at age 35 with my knapsack on my back. I had never been overseas in my life. Bretta had told me they all spoke English there, but that was not correct. I was the only American there and they gave me an interpreter and after six weeks I came back with the certification. That was really the beginning of my career.

Q. When did you start your "Rhythmiks Studio"?

A. I got my certification in the early 1970s, I left the Y and
(See Gale Landers Page 14)

A SIMPLE FACT

*The BEST Gyms In the Country
Are Protected
By The BEST Insurance*



**"Health Clubs are our
ONLY business."**

**Property, Liability, Workers Compensation
and Bonds
Call now for a brochure and application**

1-800-985-2021

or visit our website at

**www.clubinsurance.com
www.trainerinsurance.com**

SALES MAKERS

WILL CONDUCT

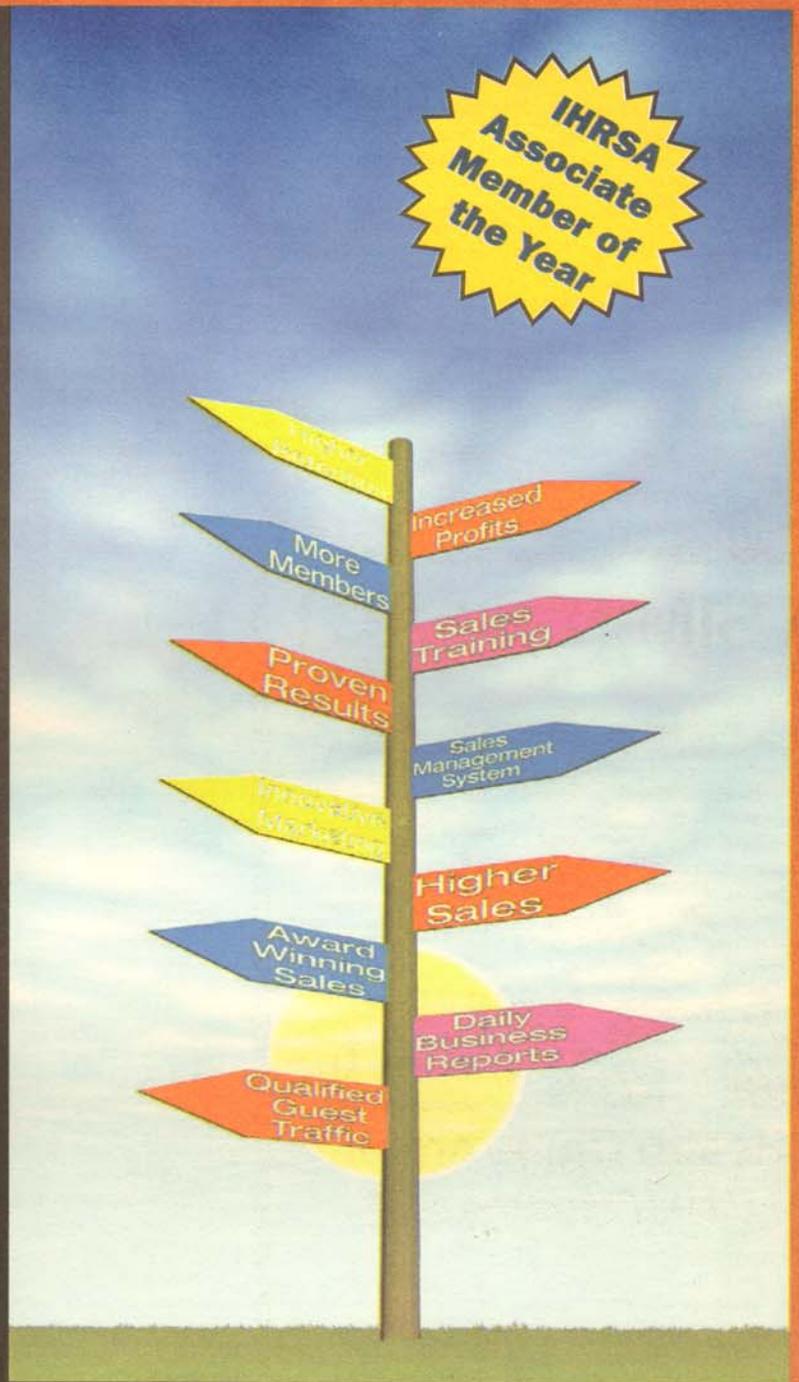
ON-SITE TRAINING

WORKSHOPS TO GUIDE

YOUR CLUB TO

HIGHER DUES &

MORE MEMBERS



A Consulting Firm Specializing in Marketing and Membership Sales Since 1981

51 Old West Point Road E.
Garrison, NY 10524
845.736.0307
Fax 845.736.0508

800-428-3334
info@sales-makers.com
www.sales-makers.com

6 Keys To Convert Inactive People Into Members

Part III

By: David Chapman

(Editor's Note: In our April and May issues we published Parts I and II of 6 Keys To Convert Inactive People Into Members. Those Keys are: #1- Understand Your Market, #2- Send the Right Message, #3- Build a Relationship and #4- Movement. In this Part III we will cover Key #'s 5 and #6, Motivation and Maintenance.)

KEY #5- MOTIVATION

It's a fact that we cannot motivate people to do something they don't want to do. There's not a lot of information available regarding getting people to exercise. What is available places people into "readiness categories" based on simple questionnaires. Whatever prompted the person to call puts them into what researchers refer to as the **contemplation** state, and if they 'make the call', the biggest hurdle has been overcome.

From a psychological perspective it is generally agreed that people are motivated to do things based on the "pain/pleasure" principle. We are driven to do everything by how much pain or pleasure it gives us. The avoidance of pain is supposed to be the greater motivation. It would appear that the pleasure of being healthy, having energy and less stress is not the motivation. Instead we seek to avoid the pain of not looking good, having health problems, being sick, weak and lifeless. So we must help remove the negatives and reinforce the positives.

IHRSA has published reports that show that 59% of all exercisers drop out within the first 6 to 8 weeks. This is another reason that creating a positive experience is so crucial. The greater the sense of belonging, the greater the chance of keeping the member. And, the greater the results they get, the more referrals your club will receive.

GOALS

Goals give direction and a yardstick by which to measure achievement. To help people create their goals we need to understand two things:

1. what their physical and psychological obstacles are and
2. how we can help them understand their physical and psychological obstacles in order to set realistic, achievable goals.

Once we know what is important to them and what has 'motivated' them to want to change we will have a wealth of valuable information to work with. By educating them on how to avoid the pain and how to create pleasure in its place, we give them something to look forward to. When it looks like they are faltering we can remind them of the pain they wanted to avoid and what their training has done to achieve that relief.

EDUCATION

Education will help these individuals to realize the rewards of living healthy lifestyles. We must constantly offer both formal and informal methods to achieve this. Some of the methods are:

1. Connect with the medical community and providers. Offer free bi-weekly or monthly seminars. Seminar topics may include anything from stress relief to dealing with arthritis or diabetes.
2. Videos and books may be obtained from various organizations illustrating the importance of healthy lifestyles. A 'lending library' may be established in your club at little cost and that will provide an unbiased information source that will reinforce their commitment.
3. Regular hand-outs of articles from trade organizations, the Internet, newspapers, etc.
4. Instructor/class reinforcements. Instructors can educate and coach and get feedback from the class. A good time for such reinforcement is during

stretching sessions.

PARTNERING

This has always been a great way to keep people involved. They keep each other on track and can even help remind each other of things they learn. One of them will be more organized and help the other be more prepared. A hand-out with partnering guidelines would be helpful.

REWARDS

Rewards are especially appealing to this population. They probably never received rewards, certainly not for physical performance. A "graduation" from the entry level to the next level works great. Dates can be set periodically so an entire group can attend a ceremonial dinner or gathering. They can be awarded:

1. an attendance award for attending a minimum of x number of classes;
2. personal goal achievement awards.

PLANNING

Planning can help keep people motivated. It is true "failing to plan is a plan to fail." Exercisers need to realize that exercise doesn't just happen. Even planning for it is no guarantee it will happen but they will be that much closer. Without a plan the chances of creating the exercise habit drop dramatically.

Planning tips include:

1. Suggesting that your members use a planner and schedule their appointments for exercise just like any other appointment;
2. When something comes up, as it will, there needs to be pre-established positive confirmations reiterated. Many people have become convinced that exercise won't work for them and even if it did, they feel that they are not worthy of success. Low self-esteem can and does get in the way of planning and commitment. A positive affirmation card could be very helpful;

3. Set a time to confirm each other's appointment with a workout partner. The partners must be accountable and responsive to each other and must be determined not to let their partner drop out or make excuses for not exercising. This is extremely important;

4. Having clean workout gear packed in advance and by the door or in their car helps get them moving;

5. Emergency snacks or non-perishable foods in the workout bag can alleviate snack attacks or hunger and prevent them from "going to eat" instead of working out.

KEY #6- MAINTENANCE

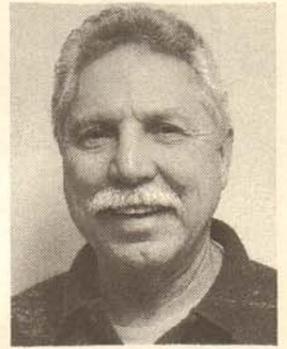
This is the "promised land!" This is where we want the new exercisers to be one day. When they have reached this level of fitness achievement they no longer see themselves as they once did. The amount of time it takes will vary between individuals. The determining factors fall into two categories: Results and Relationships.

RESULTS

This really determines whether or not the individual achieved what they came to do. In a sense it is goal achievement. In retrospect we must reinforce all the things previously discussed. Constant reinforcement of the benefits tied to their specific goals creates the desire to continue on this path. It is our responsibility in the early stages to spend more time handholding until they are capable to motivate themselves on their own. We must never forget that we're teaching new skills and overcoming many barriers established many years ago. We are interacting on a delicate emotional level that can be easily damaged or built up according to our commitment.

RELATIONSHIPS

Relationships are built



David Chapman

on trust. The way we gain that trust is by doing the things we say we will. By letting them know we care through regular interaction, checking progress, tracking attendance and doing all the positive things we can to make exercise an enjoyable experience and we will effectively build a meaningful relationship. In addition we must seek opportunities to create relationships with other members.

People join health clubs for many reasons. But, they stay for the long haul because they are getting results and they have built and are maintaining relationships at 'their' club.

(David Chapman is the Founder and President of Fit Express, a Tupelo, MS. - based fitness equipment manufacturer. Chapman may be reached at: (800) 934-0321.)

The Club Insider
 is seeking
 Contributing Authors
 Please call
 (770) 850-8506
 or email
 clubinsidernews@
 mindspring.com

**Make It
 Fun!**



attract the deconditioned market

with an appealing message, the right environment and non-intimidating exercise.'

Fit Express is a unique fitness system designed to remove the common barriers associated with conventional exercise. Now you can attract the huge population of people who think exercise is not for them.

The Fit Express system was developed specifically for seniors, women, weight loss, beginners and people on the go. This 'Club in a Club' concept provides the best place to start and maintain this untapped market. It's also a great way to differentiate your club and provide a much needed community service.

- Accommodates different fitness levels · Reveals benefits in only 30 minutes
- Allows for interaction with others · Combines cardio and strengthening
- Offered as classes, programs or open times · Poses little risk for injury
- Provides a low impact workout · Offers training variety and fun
- Proves simple to do · Gives no soreness · Gets quick results

"We promoted Fit Express exclusively and had our best August ever. Sales actually increased enough to pay for a complete circuit."

Ron and Sandy Franco,
owners of Franco's Athletic Club



FIT EXPRESS

call now for an information package

1-800-934-0321

www.fitexpress.com

...Gale Landers

continued from page 10

started teaching at the local Northbrook Park District. I found a storefront space in a mall and rented that and opened my RhythmiKs Studio in the late 1970's.. We did enormously well there. We had hired other teachers to help me teach and they provided all kinds of classes, including children's dance classes. We had this studio called RhythmiKs, the first studio of its kind in the North Shore area. We had a number of celebrities come to my place, including Mary Tyler Moore. She had responded in person to a handwritten letter I had sent her to work out at our club. She came in with her husband at the time, Grant Tinker and her publicist. She only asked for me "Not to call any newspapers or magazines about me being here." That is one of the many, many stories I remember from those years.

Q. What happened with that location?

A. I had outgrown the studio after four or five years. I had been looking for another place to run my classes. I had looked over from my shopping center to the shopping center next door and saw this huge building that was all tennis and 25,000 square feet of it had been redone into a place called the MultiPlex. I went over there to ask about renting space there and after previewing it I took my husband Micky over to see it. And he said, "Rent it hell, you should buy it!" I said, "Buy it. I don't know a thing about machines or weights or anything else, how am I going to buy it?" He said, "Yeah, but you know a lot of people in the industry. And, then he said the same thing to me: "You can do it!" There were three partners in that deal and two of them said, "We'd love for you to buy out our Managing Partner" and I did, becoming the Managing Partner. Down the road, I bought out the other two partners. Micky was a lawyer and shopping center developer came to me and said, "I'm really more excited about what you are doing now than what I am doing. I'd like to get in your business." I said, "Wait a minute here!" I didn't want him to take my thunder away. He was very smart. He opened an office in a nearby office area

in our mall. Micky knew a lot of people in Chicago. Some of the Chicago Bulls worked out here and we began to talk with them about putting in a basketball court in order to make it their official practice and training facility., including offices for their coaches and trainers. Attached to our club was a 75,000 sq.ft. tennis club that shared our club entrance. So we thought we could talk to the people that owned the other side. Eventually we bought it and expanded the original club to 100,000 sq. ft. So, we had the Chicago Bulls, with their superstar Michael Jordan, as a tenant here from 1985 through 1992, their glory years. It was a lot of fun.

Q. Hazel, tell me about Gale's work in the early years.

A. One of the first things Gale and Micky worked on was a hospital-based affiliation. We ultimately partnered with the Highland Park Hospital at the Deerfield Multiplex, dedicating a second floor to them. It was a

diagnostic and medical testing center with an emphasis on executive examinations. Concurrently, Gale and Mickey were able to bring Healthsouth into the club to provide physical therapy services. This was one of the first of its kind in the club business. That's when Fitness Formula began to grow. We built the Gold Coast Multiplex facility in downtown Chicago in 1994. Unfortunately, Micky died of a brain tumor in November, 1990, before that was opened. It was Micky's dream and he just loved the whole idea of doing a club downtown.

Q. So, you and Gale Landers are 50/50 partners, correct?

A. Yes. My son Scott owns 20% of my 50% stake. I am delighted to have Gale and my son Scott by my side. Gale is a great guy. He's lead our company so much through the years. He is a quiet, unassuming guy. But, he gets it done.

Hazel Gitlitz recently celebrated her 65th Birthday in

Las Vegas with a big birthday party for 50 people at the Mandalay Bay Resort. She had been taking tap dancing lessons for the past 8 months and she launched her 65th Birthday Party by tap dancing for her family and friends. (Now that's so cool!) And, in her newsletter she wrote the comments you see on this page in the sidebar that summarize her excitement and dynamic energy for life.

Hazel Gitlitz was recently honored by the Chicago Tribune as one of Chicago's Top 30 'Chic Women Of Chicago' and appeared in a TOP 30 Hot Women Fashion Show. That says a lot about Hazel's 35 years of dedication to fitness and health!

And, it says a lot that Gale Landers and Hazel Gitlitz have followed the path that destiny provided and are bringing some of the top clubs in America, the Fitness Formula Multiplex Clubs, to Chicago-land.

FIG NOTES

MAY 2002

HAPPY BIRTHDAY TO ME!

On May 10, 2002 I will be celebrating a milestone in my life. It's hard to believe that I will be considered a "senior citizen" - a card-carrying social security recipient and AARP member. Where did all those exciting years go?

We get married, we have children, we work, we work more, and...we work even more! And then we look around and we find that we are a mother-in-law, a grandmother and unfortunately, even a widow. Where did those precious years go?

Being in the fitness business for over 35 years has offered me the opportunity to meet and work with thousands of people. I have helped them attain their ultimate goals: to be healthy, fit and happy. What a great job I have!

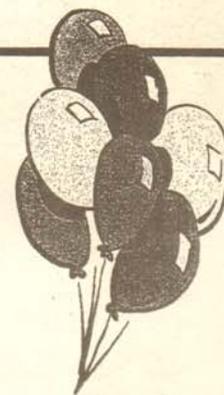
Am I getting older? You bet! Do I feel old? No way! Through teaching classes, running and weight lifting, I know I have slowed down my aging process and so can you; by working out at least 30 minutes a day. Make the commitment today that you will slow down your aging process.

I know you have heard of the 'yippie' generation (young independent political people); and the 'yuppies' (youthful urban professionals) -but have you ever heard of the 'yepies'? (youthful energetic elderly people into everything!)

In closing, let me share with you my favorite thought:

"Aim to die young as late as possible."

Hazel Gitlitz, President Deerfield Multiplex



(Norm Cates, Jr. is the Publisher and Editor of The CLUB INSIDER News. Cates is a 29-year veteran of the health, racquet and sportsclub industry. He was the 1st President of IHRSA and a Co-founder of the Association. In March, 2002, Cates was honored by IHRSA with its DALE DIBBLE Distinguished Service Award. Cates may be reached at: clubinsidernews@mindspring.com or (770) 850-8506).

Make
It
Fun!



Your Partner in Success.

EFT
Electronic Draft

25¢

PER PAYMENT

Mastercard/Visa
Electronic Debits

45¢

PER PAYMENT

"Mail-In" Payments
from Coupons

\$200

PER PAYMENT

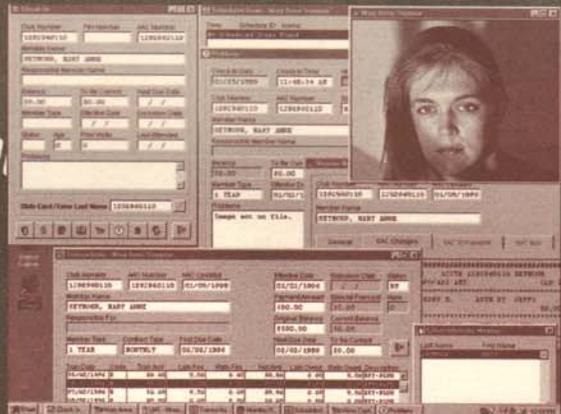
FrontDesk[®]

INTERACTIVE SOFTWARE

The management system with **ALL** the options!

Complete Control!

- ✓ Real-time Management Software
- ✓ True Flat-Rate Billing
- ✓ Full Collection Services
- ✓ Flexible Renewal Programs



Call **BUSINESS DEVELOPMENT** Today!

1-800-233-8483

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

...Skin Cancer

continued from page 3

of early action. My faith and hope is that you will consider these comments and will become more aware of the risks of excessive sun exposure and will help others to do so.

On June 11th I visited a dermatologist to have a skin spot that would not heal on my forehead checked out. I was pretty sure it was skin cancer. 15 years ago I had a small growth removed and it tested to be cancerous, but fortunately, it was not the worst kind, melanoma. I had procrastinated on dealing with this and other skin problems because of many factors, none of which were valid.

How Wrong I Was!

The doctor was highly recommended by a friend of mine, Sonny Marsh. In fact, Dr. Dirk Robertson, the M.D. whom I was referred to, was booked until September, 1998. So, I decided to accept an appointment with Dr. Robertson's only Associate, Dr. Kim Tran. It turns out that Dr. Tran not only is Dr. Robertson's Associate, she is his protégée, as she trained under Dr. Robertson during a one year fellowship at Emory University in Atlanta. Dr. Tran was born in Vietnam. She moved to Hawaii at an early age and attended the University of Hawaii for her undergraduate work. She went to Duke University Medical School and did fellowships at Southwestern Hospital in Dallas, Texas and Emory University in Atlanta. She is very talented and I would wager as good as they get in the field of dermatology.

Thank God I didn't wait until an appointment in September!

During my initial examination Dr. Tran examined the spot on my forehead about which I was concerned. She also checked out several other spots on my chest, shoulder, and back. Then she examined the left side of my head, adjacent to the temple and above the ear. She commented, "This is a very big problem. It will take most of the day to deal with." Naturally, that really got my attention! She removed small skin samples in six areas including my head, chest, shoulder and back and sent them out for biopsy. Three

days later she called and informed me that all six areas had tested positive for skin cancer and would require surgical procedures to fully remove the infected areas. Dr. Tran explained that they would use a procedure called Mohs Microscopic Surgery. She explained that each cancerous area would be removed and tested in the doctor's office while I wait. The beauty of the Mohs process is that it allows each area to be fully cleared and declared cancer free by the Doctor before you leave the office. All three days of operations were done on an outpatient basis using local anesthesia.

Arriving at 8:30 a.m. on Monday, June 29th, I thought I was mentally prepared for what was to come. But, I don't think I was prepared enough. Dr. Tran operated for about 45 minutes during the first phase of the operation. As promised they tested the results right then using the MOHS process. After about an hour she came back with a little sketch of the cancer area with the remaining cancer shown in red. There was still a lot of cancerous tissue yet to be removed. She injected more Lidocaine (local anesthetic) and began to work on removing the remaining cancer areas. After maybe 20-25 more minutes she stopped and the tissue was again tested to see if all the cancer had been removed. Once again she returned with another sketch. This time she showed me that just a little area was still red and she was near elimination of the problem from this area. More Lidocaine. More scapel work. This time only 10 minutes or so. Back to the testing lab. After a little while Dr. Tran came in and told me the biopsy on the entire area showed that I was now rid of cancer!

DAMN THE TORPEDOS...FULL SPEED AHEAD!

I am sure I heard that line in some movie. Anyway, that is my down-home way of telling you that I am fine and expect to fully recover. Dr. Tran tells me the big area on the side of my head will heal with time almost to normal. I am going to start doing things that I should have been doing all along to avoid future problems. Here is a brief list of what I

plan to do. I urge you and your loved ones and your members to consider the same plan. I've also done a little research on skin cancer and those facts appear below. If this information doesn't convince you to watch skin cancer carefully, then just give me a call and I'll send you the photo of the hole that is now in my head!

1. Avoid prolonged-unprotected exposure to the sun and/or to sun tanning beds. I was a lifeguard for years during college and was a young sun-worshipper when I wasn't life guarding or teaching water skiing at the resort where my family lived during my college years. Dr. Tran tells me that the things I did 30 years ago are most likely contributing to my skin issues today.

Bottom line: Use sunscreen. Take sun exposure on a limited basis. Be conservative with your exposure. Don't overcook in a sunbed. Dr. Tran and other dermatologists say tanning beds are very dangerous.

2. Pay attention to your body. If you have any skin areas that are not normal and do not correct themselves within four weeks, seek help and don't delay. The treatment for problems at that stage is comparatively simple, painless and leaves few, if any, scars.

3. Find a good dermatologist and have any and all skin problem areas checked on a regular six-month basis. There is a world of things they can do for you at this stage which will help you avoid the level of damage I've experienced. Don't put it off... just do it!

SKIN CANCER FACTS

•Skin cancer is the most common of all cancers.

• There are three main types of skin cancer: basal cell carcinoma, squamous cell carcinoma, and melanoma. Basal cell carcinoma, the most common type, develops in the basal, or bottom layer of the epidermis, the top layer of skin. Squamous cell carcinoma, the second most common type, develops in the upper layers of the epidermis. The American Cancer Society estimates that basal cell and squamous cell

skin cancers account for more than 800,000 new cases each year, but for only 2100 deaths.

•The third type of skin

cancer and most deadly is melanoma. It develops in the melanocytes, or pigment cells, which are found throughout the basal layer. Melanoma is the most dangerous type of skin cancer and is responsible for about three-quarters of all skin cancer deaths. About 38,300 new cases of melanoma are diagnosed annually in the United States, and an estimated 7300 people die from this disease each year. The incidence of melanoma has been increasing faster in the United States than any other form of cancer, and a person born in the early 1990's is 12 times more likely to develop melanoma than a person born in the early 1940's.

•Skin cancers can grow in any part of the skin, but approximately 90% develop in areas exposed to the sun, especially the face, neck, backs of the hands, and the scalps of bald men. Exposure to direct sunlight, especially during childhood, is the chief risk factor for skin cancer, particularly if their skin burns or freckles easily. The incidence rate of melanoma is more than 40 times higher among American whites than blacks. Family history of skin cancer can also increase a person's risk. And, diet may play a role as well. A recent study found that patients on a diet of 20 % fat had fewer precancerous growths than those who ate a normal diet of about 38% fat.

•Early detection and treatment are the keys to survival, especially melanoma. Any of several skin changes may signal skin cancer and should be reported to a physician. These include any change in size, shape, color, or texture of a mole or other darkly pigmented area; any mole that begins to itch or becomes tender; the development of a new mole or other growth, particularly if it feels hard; any mole or other growth that spontaneously or persistently bleeds; a skin ulcer that does not heal; and a black spot under toenail or fingernail that extends beneath the cuticle. To confirm a diagnosis a physician may perform a biopsy, removing a small piece of skin to examine under a microscope for the presence of skin cancer.

•Although skin cancer is the most common cancer in the U.S., it is also the most curable, especially when detected early. One of several

surgical methods is used to remove the cancerous tissue. In some cases, the tissue is destroyed through the application of intense cold (cryosurgery). In advanced cases, surgical removal of the tissue coupled with radiation, chemotherapy, or both may be required.

•Sunlight that reaches the earth's surface contains two kinds of ultraviolet (UV) radiation. UV-A and UV-B both contribute to sunburn and skin cancer, as well as to conditions such as premature wrinkling of the skin. The U.S. Environmental Protection Agency has determined that depletion of the ozone layer in the upper atmosphere will continue to increase radiation damage to skin and skin cancer rates in the future.

The Skin Cancer Foundation recommends that people avoid the sun at its peak (from 10 am to 3 pm), seek shade, and cover up with clothing and a brimmed hat. It also recommends the regular use of sunscreen, which has shown to prevent the development of precancerous keratoses (skin lesions that appear during middle age) and decreases the risk of skin cancer. Because skin cancer develops slowly over many years, it is important that protection from too much sun begin in childhood. Learning to identify early signs of skin cancer is crucial as is periodic self-examination of the skin.

•The five-year survival rate for patients with malignant melanoma is 87%. For melanoma that has not spread to other parts of the body, the five-year survival rate rises to 94%. About 82% of melanomas are diagnosed at this stage. The five-year survival rate lowers to 60% for melanoma that has spread to adjacent organs. If the disease has spread to distant parts of the body, the five-year survival rate drops to 16%

Credit for "Skin Cancer" information to Microsoft® Encarta® 98 Encyclopedia.

In closing, let me say that I am very happy to be able to provide this report to you. Please photocopy and distribute this article to people you know. I hope and pray that this helps someone out there.

(Norm Cates, Jr. is the Publisher and Editor of *The CLUB INSIDER News*.)

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

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

This new product introduction has proven to be the most successful new product introduction in our 35 year history! We have heard nothing but compliments on the vibrant colors, the fresh look, and the classic design of these new colored plates.

One of the most amazing things that we heard was how positive the reaction was from people who saw the plates on display on machines in other booths...your members will have the same reaction.

Join the excitement....try the colors and see what happens....you'll be glad you did....see the difference 35 years of experience makes! For more information, call or e-mail your Ivanko rep today and "Color up your weight room " with Ivanko E Z Lift plates.



IVANKO[®]
Engineered Passion

P.O. Box 1470, San Pedro, CA 90733, USA
Phone 310.514.1155 • Fax 310.514.1363
email chet@ivankobarbell.com
www.ivanko.com

Over 3000 People Attended Our Seminars Last Year...*

Thomas Plummer and his great staff kept me interested in all the material...He opened my eyes to the profit centers. **Melissa Crowley, Coilroy Health & Fitness** I am truly amazed at the potential I never knew my club had! Wow! **Dawn Brantley, Curves for Women** When you are ready to challenge yourself and your facility to be the best it can be attend a Thomas Plummer seminar. **Craig Bach, Genesis Fitness Centre** Our \$/workout has quadrupled in 3 months. **Brian Riley, SLO Athletic Club** You will leave a Plummer seminar with more new profit making ideas than you could ever implement before attending another one of his seminars! **Corey Smallwood, Pro Fitness Health & Exercise Clubs** If you want to make money, Thom has the tools to do it. By implementing what I have learned, I fully expect to double my revenue. **Helen Brauchle, Curves for Women** The seminar was fun, energetic, and exciting as well as educational. **Nicole Hughes, Athens Rec Center** Seminars like this keep you fresh and a constant finger on the pulse of the industry. **Debi Barton, World Gym of Orange** This course is a must for any club that wants to succeed in the marketplace. **D. Bramer, Total Health & Fitness** It is a fun, once in a lifetime experience that will blow your mind with information. **Andy Lindamood, Start-Up** Thom has taught us how to survive the competition and win in doing so. **Mike Katz, Sr.** Thank you for your sincere interest in me, my company - and therefore my life. Thanks for cutting through the crap and giving it to us straight. **Todd Levine, Gold's Gym Rochester** No matter how long you've been in the business or how many seminars you've been to, you can always learn something new and helpful from Thom's seminars. **Vicki Carpenter, Ultimate Fitness** I have been coming to hear Thom for almost 5 years. Each time I am always refocused and ready to take my business to the next level. **Brian Huxford, Huxford's Training Zone** I've been to a number of excellent seminars...Nothing I've attended was as good as these last two days! That was probably the best money I've ever spent on education. **Michele Beller, In Touch Physical Therapy and Fitness Center** Everything you need to know and everyone you need to know is right here with this company. **Jessica A Falgowt, Total Woman**

It's All About Making You More Money A N Y Q U E S T I O N S ?



June 26-27	Orlando, FL
July 17-20	Breckenridge, CO
August 7-8	Chicago, IL
September 4-5	San Francisco, CA
October 9-10	Atlantic City, NJ
October 23-24	Atlanta, GA

THOMAS \$ PLUMMER.
COMPANY

CALL TODAY . seating is limited

800.726.3506

www.thomasplummer.com

Alliance Partners:

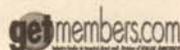
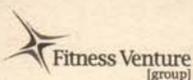


APHELION

CARDIO Theater



CLUBCOM



New! For Winter/Spring 2002!

“The most comprehensive resource book for fitness center managers and repair personnel.”

NATIONAL GYM SUPPLY

1-800-GYMPART

PARTS CATALOG & RESOURCE BOOK

WINTER/SPRING 2002

Your Number 1 Source for Replacement Parts and...

PARTS FOR SCHWINN SPINNERS IN STOCK NOW!

- ▶ **REPLACEMENT PARTS**
- ▶ **TECHNICAL SUPPORT**
- ▶ **ELECTRONIC REPAIRS**
- ▶ **TOOLS AND MANUALS**

ALL MAJOR EQUIPMENT MANUFACTURERS

PLUS NEW PRODUCTS DESIGNED TO ENRICH YOUR GYM ENVIRONMENT... ON ANY BUDGET!

- ▶ **WEIGHT ROOM SUPPLIES** – Save money by doing it yourself!
- ▶ **PRO SHOP ITEMS** – Resell for increased profit!
- ▶ **CARDIO ACCESSORIES** – Enhance your members' gym experience!
- ▶ **GROUP EXERCISE ITEMS** – For the fastest growing fitness segment!

Hundreds of new products and services!

Hard-to-find replacement parts!

New lower prices on many items!

Valuable technical tips and schematics!

Order your new catalog today!

View the new catalog online! www.gympart.com

FEE, FI, FO, FEE

WHAT DOES MY CREDIT CARD PROCESSOR REALLY CHARGE ME?

By: Cynthia Best

I think you can agree that credit card processing fees can be a **GIANT** part of your health club's expenses. But what you may not know is what is really behind the fees you are being charged and how to help control them. After doing some investigative work (and believe us...it wasn't easy to get some of this information), listed in this article are some things you should understand and examine with regard to processing your credit cards.

First off, you need to realize the credit card processor is **not** your Club Management software. The processor is the actual company who processes the credit cards through your software. The Club Management software interfaces with a credit card processing software, which then sends the transactions to the credit card processor to complete the transaction. Some clubs process their own billing and others have the Club Management Software Company or a 3rd party vendor process their billing. Please review the flow charts below to see which applies to your club.

The processes are similar except when the Soft-

ware Company does your billing, you receive your processing statement from them. When you process the billing yourself, you receive it directly from the processing company.

The other difference is when you process yourself, you get to choose your own processor and when the Software Company or 3rd party vendor does your billing, they choose the processor. When looking at your current processing fees, make sure you total all of the fees involved and then divide it by the total volume processed to find out the actual percentage you are paying. In most cases, it will be higher than what you originally thought it might be. In order to understand the process you need to learn some of the terminology in the credit card processing business. Here are some definitions that might help to break it down.

Discount/Transaction fee

This is a % of the sales volume for that particular credit card. These can vary greatly between credit cards. The fees are set by the credit card companies, **not the processor**, for various types of business transactions and may also vary based on your monthly volume and average ticket price. The

rates will vary based on whether it is a swipe, keyed rate or non-qualified rate. If certain qualifications are not met when the transaction is processed, then the credit card company "downgrades" the transaction and charges a higher percentage.

An example of what you might see on your statement is below:

Card Type	Tickets	Sales Vol.	Rate%	P/I	Process Fee (sum of % + P/I)
Visa	400	0,000	2.0	.15	\$660.00

Average Ticket Price

Take the total sales volume and divide it by the number of tickets. Example: Sales volume \$ 30,000/400 tickets = \$ 75.00 average ticket price.

Swipe Rate

This is the rate given when a customer actually presents his/her card and the merchant swipes the card through a terminal. This is

sometimes given as the basic rate on the merchant's statement. Sometimes there is also a Per/Item fee charged in addition to the percentage rate. Most health clubs have monthly recurring charges, which are keyed transactions, so they would not qualify for a swipe rate. If the club has a Pro Shop, Spa or Deli where the person presents their credit card to be

swiped, then the swipe rate would apply. This is where the additional fees come in which are generally listed separately on your statement.

Cardholder not present rate

These are transactions done either by phone, Internet or by mail. This rate will vary greatly and is in addition to your quoted swipe rate. If the address verification (AVS-see below) is not present at the time of the transaction then the transaction is downgraded and an even higher rate will be

Billing done by Software Company or 3rd party vendor.

- Step 1.**
Club Management Software compiles billing data and sends data to Club Management Software Company or 3rd party vendor may have data already updated.
- Step 2.**
Club Management Software Company sends the data through a credit card processing software to credit card processor (i.e. PcCharge or IC Verify)
- Step 3.**
Credit card processor processes transactions through the credit card company.
- Step 4.**
Credit card processor creates batch report (approved and declined transactions) and then money transmitted into the club's bank account.
- Step 5.**
Report sent to Club Management Software Company and the member's account is balanced and aged.
- Step 6.**
Records updated by Club Management Software Company and monthly statement presented to the club showing the Software company's administration charges and charges for credit card processing.

Billing done by the club

- Step 1.**
Club Management Software compiles billing data.
- Step 2.**
Data sent through credit card processing software to credit card processor (i.e. Pccharge or IC Verify)
- Step 3.**
Credit card processor processes transactions through the credit card company.
- Step 4.**
Credit card processor creates batch report (approved and declined transactions) and then money transmitted into the club's bank account.
- Step 5.**
Club Management member's account balanced and aged.
- Step 6.**
Monthly statement received from credit card processor.



Cynthia Best

charged.

Per item fee

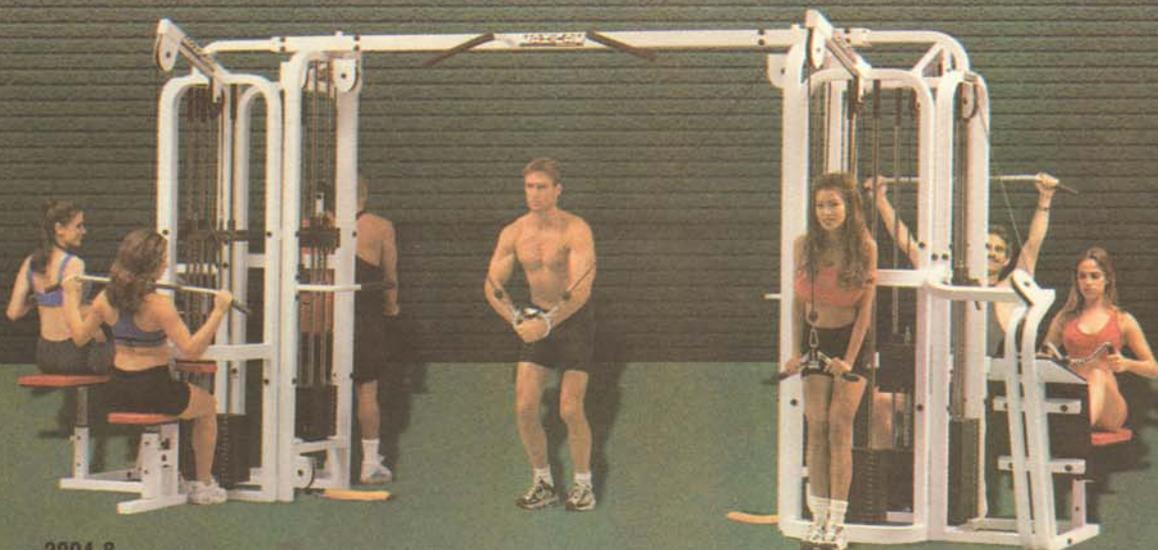
These are charges for each transaction and are in addition to the processing fee. Generally you will have a base % rate you are charged and then a per item fee for each transaction. This fee can range from \$.05 - \$.50 per transaction. Generally, you may be charged a slightly higher discount fee without a per item fee. This is called a blended rate. Deciding the best way to go depends on your current volume and average ticket price. Examine both ways and see which one saves you the most money.

AVS (Address Verification Fees) transactions or Keyed rate:

This is the rate or additional percentage charged when the cardholder is not present for the transaction and the address is sent through with the transaction electronically. This is also called a MO/TO rate (mail order/telephone order). For most health clubs this is the vast majority of their transactions. Example: Let's say \$25,000 of the above \$30,000 total sales was electronic transactions and not swiped. Let's say you had a swipe rate of 1.67%. The extra charge for these transactions might be .79% charged in addition to the base rate. When entering your members into your database (See Cynthia Best Page 22)

MAXICAM

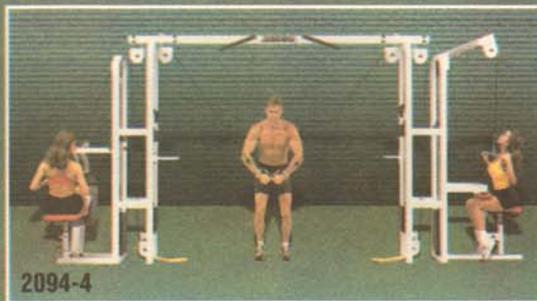
Crossover / Jungle Gyms



2094-8



2094-6



2094-4

Available in 10 different variations

Muscle Dynamics

20100 Hamilton Ave., Torrance, CA 90502
310/323-9055 • 800/544-2944 • FAX 310/323-7608
www.muscledynamics.com

Add this Weight Loss Program to Your Club . . . Add Profits to Your Bottom Line!

Casey Conrad, long-time industry consultant, has developed a complete turnkey weight loss program that's designed to be installed within health clubs that combines proven weight loss programming with sales, service and marketing systems. It's easy to fit into almost any layout. It can add a valuable service to your existing members and help you attract an additional target group within your local area. Most importantly, it is proving to be a huge profit center. It's called HEALTHY INSPIRATIONS and to date there are 26 licensed locations in 10 states & 5 countries.

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

FOR FREE INFO-PACK CALL TODAY
1-800-725-6147



...Cynthia Best

continued from page 20

make sure you have the correct billing address for the credit card in the address field. Some club software will have only one place for an address and others enable you to put a second address. Make sure the address that is used for the billing has the credit card billing address. Check to see if your credit card processing software will allow you to pull up an address match report to keep your database up to date.

EIRF (Electronic Interchange Reimbursement Fee)

This is an additional percentage charged when the processor does not receive all the correct information at the time the batch is settled. This can include but is not limited to: the batch must be settled within 2 days of authorization; AVS indicator present; authorization number; order/invoice #, etc. must be provided. This can

sometimes be referred to on your statement as a missing/invalid Tran id. There may also be a Per/Item fee charged in addition to the percentage rate. Check with your Software Company and your processor to make sure all the proper information is being transmitted.

Authorization Fee:

Some companies will charge a fee to authorize a transaction.

Batch Settlement Fee:

Some companies will charge a fee to settle your daily batch.

Charge back:

This is the fee charged for when there is a dispute between the club member and the health club. If the club cannot provide substantial proof to support the charge then the credit card company will credit the member's account and

withdraw the funds from your account. This fee might range from \$ 8-25 per transaction.

Statement Fee:

This is a monthly charge to compile your monthly statement and send you a copy and will range from \$3.00 - \$25.00 per month.

Annual Fee:

This is a fee a processor might charge to maintain your accounts.

When looking at your statement you need to look at the ALL the charges which include processing charges for all credit cards, statement fees, per item fees, extra charges, etc. This total \$ amount divided by your total credit card sales volume is going to give you what your real effective processing percentage actually is. Take some time to really examine your statement and

then you will know what the **FEE FI FO FEES** really are.

(Please feel free to contact Cynthia Best, Health Club

Consultant, Oakland Athletic Club, 22500 King Richard Beverly Hills, MI 48009, (248) 258-5823, Fax #: (248) 258-5813 cbest112395MI@comcast.net)

A National Gym Supply Exclusive!

**Get your
 SCHWINN
 SPINNER
 Replacement
 Parts Here!**



**Keep your Spinners in business!
 Contact us for all Schwinn Spinner
 replacement parts and repair
 advice. Or call for our new catalog!**

1-800-GYMPART

National Gym Supply online: www.gympart.com

Your #1 Resource for Replacement Parts and more!

INTERNATIONAL FITNESS CLUB NETWORK'S BRIDGET ZECH, AWARDED THE COVETED FEDEX *Quest For Quality* AWARD

PROVIDENCE, Rhode Island -- Ms. Bridget Zech, Senior Vice President of International Fitness Club Network (IFCN), was recently awarded the 2002 FedEx *Quest for Quality* Spotlight Award for her excellence in Account Management.

The *Quest for Quality* Spotlight Award is a vendor recognition program designed to reward specific vendors and their individual representatives for providing outstanding services to FedEx.

FedEx, a company committed to optimizing the value of the benefits available to employees and their family

members, has been a client of IFCN for over 8 years and offers the IFCN Fitness & Wellness Benefit to more than 140,000 employees worldwide.

Ms. Zech has worked with FedEx for over 3 years and in January of 2001 was promoted to Senior Vice President at IFCN. During this time she has worked diligently to provide the outstanding service for which she was awarded.

"We are honored," says Dave Pickering, IFCN's CEO/Chairman, "that IFCN and Bridget Zech were chosen to receive FedEx's *Quest for Quality* Award. To be chosen among the hundreds of vendors

who work with FedEx, truly says something about the quality of service and customer care that we strive for with each and every client". Bridget and all of her efforts clearly personify excellence and true leadership!"

IFCN also announced that it signed 8 new corporate clients in the first quarter of 2002, increasing the number of potential members having access to health clubs through IFCN by 6 million.

Through partnerships with quality health clubs and fitness suppliers, IFCN provides for the fitness and wellness benefits of more than 30 million people in all 50 states in

the US and more than 40 countries worldwide.

IFCN clients are some of the largest corporations and health insurance carriers in the country who have contracted with IFCN to provide a "one-stop solution" for the fitness and wellness needs of their employees/insureds/members.

The newest IFCN clients include Aprisma, Health Options of America (HOA,) Healthcare Benefits Unlimited

HBU, Humana Values Inc., IDX, US Trust, Medifit and N-CAM.

"Corporations throughout America continue to look to IFCN to provide them with

fitness and wellness benefits that produce a return on investment on average of 300%" says Brad Asher, Vice President Business Development for IFCN.

Founded in 1991, International Fitness Club Network (IFCN) is the world's leader in providing networks of health and fitness clubs and wellness benefits for employees and health insurers.

If you would like more information about IFCN, please call (888) 321-4326 Mon-Fri, 9am-5pm EST, email: info2@fcn.org or visit the IFCN website at www.ifcn.org

The CLUB INSIDER News Contributing Author Team

The 2002 CLUB INSIDER News 2002 Contributing Author Team is listed below. Our thanks to all of our authors for sharing their expertise and taking the time to write for The Club Insider News.

• **Karen D. Woodard** - President-Premium Performance Training- (303) 417-0653

• **Dr. Gerry Faust**- Founder and President- Faust Management Corp.-(858) 536-7970

• **Ray Gordon**-President- Sales Makers- (800) 428-3334

• **Eddie Tock**- Vice President- Sales Makers - (800) 428-3334

• **Michael Scott Scudder**- President- Fitness focus- (505) 751-4236

• **Casey Conrad**- Communications Consultants- (800) 725-6147

• **Rick Caro**- Chairman, spectrum Clubs Inc. and President, Management Vision, Inc- (212) 987-4300

• **Bonnie Patrick Mattalian**- Fitness Company - (732) 548-0970, Ext. 111

• **Hervey Lavoie**- President Ohlson Lavoie Intl. (303) 294-9244

• **Joy Karley, M.A.**- Executive V.P.- Xercise Cop. (212) 997-5550

• **Nancy Friedman** - President - Telephone Doctor - (314) 291-1012

• **Joe Moore** - President - Moore's Fitness Centers - (937) 435-0072

• **Colin Milner** -V.P. Sales/Marketing - Idea Health & Fitness Association - (800) 999-4332

• **Pat Necerato** President - www.successercise.com

• **Rudy Fabiano** - President and Design Director - Fabiano international (973) 746-5100

• **Carrie Morrow** - Legal/Fitness Consultant - carriemorrow@aol.com

• **Tom Lincir** - President - vanko Barbell Company - (310) 514-1155

• **John Brown** - President - Professional Club Management - (913) 557-9018

• **Arman Eckelbarger** - President - Company Wellness Plans, Inc. - (727) 372-3882

• **Mike Campetelle** - (860) 487-5905

• **Lori Lowell**- Gold's Gym - Owner & Manager - (703) 680-7000

• **Gary Graham** -- President - Graham/ Meus, Architects - (617) 423-9399

• **Cynthia Best** - President - Best Solutions - L.L.C. - (248) 258-5823- cbest112395MI@comcast.net

• **Mike Colby** - Vice President and Principal - Integrated Architecture - (616) 574-0020

IHRSA's Capitol Report

Capitol Report Reprinted Courtesy of IHRSA

NEW REPORT CRITICAL OF IRS OVERSIGHT OF TAX-EXEMPTS

The General Accounting Office (GAO)-the investigative arm of Congress has released a report that is critical of IRS oversight of tax-exempt organizations.

The GAO found that although the number of charities has increased to more than 800,000, the number of audits of the Form 990 "information return," which must be filed by charities, fell to 1,237 in 2001, a rate of only 0.43%. The GAO also charges that the IRS did a poor job of sharing information about charities with state government oversight agencies, who are responsible for enforcement of state nonprofit laws.

While the IRS claimed the report did not sufficiently recognize certain ongoing agency efforts, it agreed with the overall findings.

The report specifically recommends that the IRS "ensure that it obtains reliable data on charities compliance with applicable laws and regulations-including for Form 990 reporting, and develop longer-range results-oriented goals and strategic plans to help identify the level of oversight and resources that the IRS should devote to charities."

IHRSA URGES IRS TO INVESTIGATE ILLINOIS HOSPITAL

IHRSA is urging the IRS to investigate the financial maneuvers of Palos Community Hospital, which won the final round in its 19-month legal battle with the State over the construction of the Palos Health and Fitness Center.

The Illinois Supreme Court denied a request to appeal from the Illinois Health Facilities Planning Board Thursday, upholding a ruling from the appellate court in the hospital's favor.

The Illinois Appellate Court ruled the Hospital did not need to get a special permit from the state before building the \$14.5 million fitness center, which opened in November.

The Planning Board is charged with keeping down health care costs by overseeing expensive hospital construction projects. The Board refused the Hospital's original request to build the club, saying there was no medical need for it and that the Hospital's tax-exempt status gave it an unfair competitive advantage over other area health clubs.

The Hospital eventually dropped its application for a permit to build the center and formed a new corporate subsidiary that built the club without the permit and now runs it.

Planning Board lawyers called the restructuring a blatant attempt to circumvent the state's authority, and began an investigation.

When Board attorneys tried to get access to records of how the fitness center was funded, Palos Hospital sued, saying the State had no authority to see the records.

The Circuit Court ruled against the Hospital, but the Appellate Court overturned that ruling, saying the newly formed subsidiary didn't have to get the permit because the health club is not considered a "health care facility" under the State law that creates the planning board.

CONGRESS ADDRESSES CHILD OBESITY

The U.S. Senate's Committee on Health, Education, Labor and Pensions held a hearing on child obesity. IHRSA submitted testimony urging lawmakers to promote and reward physical fitness as one aspect of combating this complex problem.

"It is appropriate for the government to carefully examine the causes of the [obesity] problem, and to enact

programs and incentives which will encourage healthy eating and healthy levels of physical activity," explained IHRSA Executive Director John McCarthy. "To do otherwise is to tolerate the continuing increases in heart disease, cancer, stroke, and diabetes, as well as the associated fiscal costs of obesity."

It is expected that obesity legislation will be introduced in Congress this year. IHRSA will continue to urge potential sponsors to include incentives for physical activity.

WISCONSIN REC CENTER PROPOSAL FACES INTENSE OPPOSITION

Hoping to stop the city of Muskego's plans to build a recreation center, a group of citizens pledged Monday to gather enough signatures to force an advisory referendum on the project, the Milwaukee Journal-Sentinel reports.

More than 70 residents attended a meeting called by a new citizens group, Concerned Taxpayers of Muskego, which formed in opposition to the project.

"Our community wants to do a pretty large project without our approval...and that concerns me," said group member Al Benson. The group listed several concerns about the proposed \$17 million center, including unfair competition with the private sector, the scope of the project and the motives behind a citywide census to gauge public opinion on the project.

"If this were just a community center, we wouldn't be here tonight," said Ted Torcivia, owner of the Wisconsin Athletic Club, Inc., which has clubs in five area communities.

First proposed in the 1980s, plans for a recreation center now include amenities found at private facilities, such as a fitness center, climbing wall, juice bar, pool and an aerobics and dance studio.

Torcivia and several residents who attended the meeting said the proposed project goes well beyond the concept of providing the community with a place to gather.

"It goes against everything that I've learned in school growing up as far as what a government is for," said Concerned Taxpayers Co-chairman Scott Wheeler.

The group needs about 2,000 signatures in order to force an advisory referendum on the matter.

240-POUND WOMAN CHANGES COMPANY'S "LEAN" HIRING POLICY

Jazzercise Inc. says it will no longer require instructors to look trim and fit, settling a woman's complaint that she was refused a job because of her weight.

The change in company policy is based on a settlement with the San Francisco woman and mediated by the city's Human Rights Commission.

"Recent studies document that it may be possible for people of varying weights to be fit," Jazzercise said in the settlement. "Jazzercise has determined that the value of 'fit appearance' as a standard is debatable."

Jennifer Portnick, 38, complained that San Diego-based Jazzercise refused to hire her as an exercise-class instructor because her build -- 5-foot-8, 240 pounds -- would give students the impression she was not in shape.

She filed a complaint in February alleging discrimination under San Francisco's "fat and short" law, which bars discrimination on the basis of weight and height.

Portnick said she works out six days a week and has mastered the complex dance steps required to teach Jazzercise. She now runs her own fitness program and does not plan to re-apply to Jazzercise.

"I'm absolutely thrilled with this outcome," she said. "I'm lucky to live in San Francisco, where there's a law to protect people like me."

In a letter to Portnick last year, Maureen Brown, Jazzercise's director of franchise programs, wrote that "Jazzercise sells fitness."

"Consequently, a Jazzercise applicant must have a higher muscle-fat ratio and look leaner than the public," Brown wrote. "People must believe Jazzercise will help them improve, not just maintain their level of fitness."

STATE LEGISLATIVE UPDATE

Michigan: HB 6101, which would allow a tax deduction of \$1,000 per person for expenses such as fitness center memberships and/or exercise equipment, was introduced.

New York: AB 11366, which would raise the cap on health club contracts from \$3,600 to \$5,000, was introduced.

New Jersey: Senate Bill 1280 / Assembly Bill 453, which would require every health club in the state to have an AED, will be voted on June 13th by the Senate Committee on Health, Human Services and Senior Citizens.

IHRSA TELLS CONGRESS WHERE TO FOCUS FITNESS EFFORTS

At a recent hearing of the U.S. Senate Committee on Health, Education, Welfare and Labor, IHRSA Executive Director John McCarthy explained how to broaden the focus on obesity to do some real good.

While most of the expert witnesses focused on kids and obesity -- that worthy topic has already been funded by Congress, to the tune of \$50 million, at the urging of IHRSA

(See Capitol Report Page 30)

“Spa Insider”

Developing a Spa Concept

By: Lisa Hauser

Congratulations! You've decided to add a Spa component to your Club! It's now time to develop your Spa concept and perhaps review your Club's mission statement. Start by revisiting the vision of your Club, and determine how it can incorporate your new Spa venture. Once the vision and mission are clear, it's time to develop the Spa concept based on overall Club goals.

The addition of a new Club Spa will improve your image and bring tremendous attention from the local community. The design, creativity and flair of the Spa will lend immediate prestige and cache to the overall facility, known in the Resort/Hotel industry as the “spa halo effect”. This enhanced image will appeal and cater to the existing membership as well as aid in attracting new membership.

You may ask, “Why do I need to spend time and effort into a design concept for the spa?” With today's competitive business world and the increasing growth of the spa industry it is essential to differentiate your Club Spa from local competitors. Capitalize on your Club Spa's unique features and create a concept of design and signature spa treatments and programs that tell a compelling story about your facility. The mystique of the Spa will lure members and guests to experience the journey, and of course to spread the

word about its unique features, unparalleled service and effective treatments.

As you develop your spa concept and consider different spa design trends, remember, the member/guest is really buying an experience. Anticipate and be clear on what your members will respond well to. Get your creative juices flowing by thinking of the following current spa design trends: Nature, Feng Shui, and The Elements.

Back to Nature

Nature is a strong spa trend. Rarely spoken ten years ago, words like aromatherapy, herbology, homeopathy, natural mineral baths, thalassotherapy (seawater), pelotherapy (natural muds such as fango, or moor) are becoming routine “jargon” in today's spa environment. These programs incorporate nature as a natural healer and health enhancer. Research your Club Spa's location; it may have many opportunities to bring the healing powers of the outdoors inside to the members.

Your facility's location may emanate natural beauty, and many indigenous plants and herbs can contribute to healing therapies. The idea of natural remedies and rituals for better health is very well received by Spa savvy guests. True spas look to enhance health through practices that are thousands of years old. This is why the more pioneering designs attempt to include the

local region, setting and existing nature, if possible. This may be accomplished through the use of natural light, local resources and design flair.

Bringing the outdoors inside with fresh flowers/plants, and tasteful accents will create a natural approach to beauty. Natural light should be taken advantage of wherever possible; skylights are a fabulous way to achieve interest as well as exterior courtyards or even roof tops and decks.

Feng Shui

Innovative designs attempt to utilize Feng Shui and the use of color. Alignment and balance are the core and essence of Feng Shui. Feng Shui has two premises, the first premise is that one's state of mind and energy affects his environment for good or ill. The second premise is that the condition of the environment affects one's internal state.

The purpose of colors and hue, or levels of darkness and brightness, is to balance the energy of the space in itself, to bring harmony and positively affect mood and emotion. Lighting and mirrors can enhance the illusion of depth, create symmetry in an otherwise unbalanced space, draw in pleasant views, magnify positive and deflect negative attributes.

Feng Shui advocates living in harmony with the earth's environment and energy lines so that there is a balance with nature. These ancient methods have recently gained

popularity, especially in surroundings that are designed to be soothing and uplifting.

The Elements

The spa design will incorporate all of the elements: water, fire, wood, metal, and earth. The spa will honor its environment with the use of materials, but can accessorize with a modern flair. Members will immediately feel that they are in a sanctuary, away from the rest of the world. It will also involve all the senses: sound, sight, smell, touch and taste. Implementing the appropriate spa design, which appeals to all five senses, will provide a high-quality environment emanating style and ambiance.

Remember the term “Spa” means water. As we explore more traditional health practices in today's world, water therapies have emerged once again as a complementary health practice that can rejuvenate, invigorate and reduce stress. The better spas in recent days have offered healing waters and hydrotherapy experiences as part of the Spa Experience or Spa Ritual. These practices have gained vast acceptance as the primary spa market ages.

It is imperative that a comprehensive spa facility incorporates some type of creative “mind body” program of space into its floor plan. This can be represented in the form of atriums, wellness gardens, meditation rooms, relaxation lounges, exotic hydrotherapy features, (both indoors and out), mind body exercise



Lisa Hauser

studios and more.

In conclusion, no matter how your Spa Concept evolves, a Club Spa should be state of the art in every way and offer the ultimate in environment, experiences and service. The Spa will be expected to set itself apart from its current competitors, attracting Club members and local guests desiring a highly personalized innovative Spa experience. Your clientele will appreciate a platform for health, well-being and a journey to one's higher self.

(Lisa Hauser is an Account Executive for Natural Spa Resources, Inc. and may be reached at: (760) 325-9814 or email to: lisaahauser@aol.com)

THE Club Insider

NEWS

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

Seeks Contributing Authors to share their health, racquet, and sportsclub industry knowledge and experience. Contact Norm Cates –

Email: clubinsidernews@mindspring.com or call (770) 850-8506

The Milner Report

News and views on aging

This issue of the Milner Report is dedicated to reviewing the latest heart health research. This information reinforces the healing power of exercise and proper nutrition. Use this information to educate your staff and inspire your members, it will make a difference.

Walking, hormones rejuvenate older women's arteries

There may not be a fountain of youth, but researchers say a daily walk plus hormone replacement therapy (HRT) can restore older women's arteries to the same condition they were in when they were 20 years-old.

After taking up daily walking for 13 weeks, the elasticity of arteries of 60-year-old women on HRT was restored to the young women's level, actually reversed the aging process, according to researcher Dr. Kerrie Moreau, of the University of Colorado in Boulder. She said the findings "could have a number of important implications for cardiovascular disease risk."

Dr. Moreau stressed that older women who opt not to take HRT can still reap a significant cardiovascular benefit from moderate exercise alone. But only the combination of HRT and exercise restored arterial elasticity to levels seen in young women.

SOURCE: Experimental Biology 2002 conference.

Fish cuts risk of heart attack and sudden death

In one study, men without heart disease were 81% less likely to experience sudden death when their blood levels of omega-3 fatty acids were high regardless of their age, smoking habits, or the amount of other types of fatty acids in their blood.

The results suggest that increasing intake of omega-3 fatty acids by either supple-

ments or by diet may substantially reduce the risk of sudden death, even among those without a history of heart disease.

More than 50% of people who die suddenly of cardiac causes have no signs or symptoms of heart disease. The findings support a growing body of research indicating that omega-3 fatty acids may reduce the risk of heart disease and death.

SOURCES: The New England Journal of Medicine 2002;346:1113-1118 and The Journal of the American Medical Association 2002; 287:1815-1821

Diabetes may alter heart's internal clock

The cells that drive the human heart appear to have their own internal clock, helping them to anticipate periods of activity and rest. Now researchers are beginning to learn that chronic illnesses like diabetes may set that clock off-kilter, potentially raising the risk of a heart attack.

"The heart clock is particularly important in situations where people have heart disease, because there's a greater incidence of death first thing in the morning when people have this increased pressure on the heart cells," explained researcher Dr. Martin E. Young, of the University of Texas-Houston Medical School. He speculates that diabetes may set normal heart cycles awry, leaving the heart unprepared for that early morning surge in demand.

Presenting his findings Sunday at the annual Experimental Biology 2002 conference, Young explained that most of the body's major organs have their own circadian rhythms, independent of the 'master clock' located in the brain.

SOURCE: Experimental Biology 2002 conference

A drink a day may cut stroke risk for those in their 60s

Men and women in their 60s who consume one to two drinks a day appear to have a lower risk of stroke compared with their peers who consume less alcohol, study findings suggest.

Curiously, the same stroke-reducing benefits were not seen in other age groups, according to the report published in the April issue of Stroke: Journal of the American Heart Association.

In the new study, a reduced risk of stroke was found in men and women aged 60 to 69 who consumed 12 to 23 grams of alcohol per day, with one drink being equivalent to 12 grams of alcohol, reports Dr. Luc Djousse of Boston University School of Medicine in Massachusetts.

SOURCE: Stroke 2002 ;33:907-912

Survival of the fittest

The fittest may indeed survive the longest, according to new research suggesting that physical fitness is more important in death risk than even high blood pressure, high cholesterol or smoking.

In fact, researchers report exercise capacity was the best predictor of death risk among men with cardiovascular disease. And among all participants, those in the group with the lowest exercise capacity were about four times more likely to die during the study period compared with the fittest group.

SOURCE: New England Journal of Medicine 2002;346:793-801, 852-853

Lower heart disease risk, drink water

Want to lower your risk of having a heart attack? Drink more water, and less of everything else, new research reports.

Researchers at Loma Linda University in California found that people who drank at least five glasses of water each day were less likely to die from a heart attack than those who drank two or fewer glasses per day.

In contrast, people who drank a lot of other fluids were more likely to die from heart attack than those who drank less, with high levels of non-water drinking in women associated with a more than twofold increased risk of death.

The results are based on lifestyle surveys sent out in 1976 to people living in California Seventh-day Adventist households. This analysis is based on responses from 8,280 men and 12,017 women, who were all aged 38 years or older in 1976.

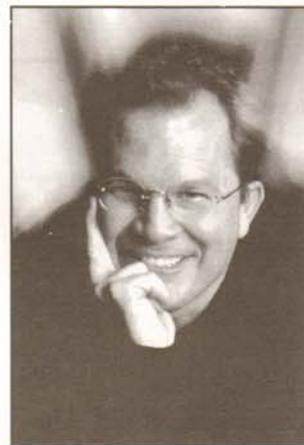
The authors, led by Dr. Jacqueline Chan, followed the participants for 6 years and noted their rates of coronary heart disease. A total of 246 respondents died from heart disease during the follow-up period. Chan and her team found that women who drank more than five 8-ounce glasses of water each day were 41% less likely to die from heart attack during the study period than those who drank two or fewer glasses daily. In high-water consuming men, that risk decreased by 54%.

SOURCE: American Journal of Epidemiology 2002;155:827-833.

Automated external defibrillators in health/fitness facilities

A new study by the Center's for Disease Control indicates that 63% of heart disease deaths occurring in 1999 were unforeseen or happened suddenly. More specifically, 47% of heart disease patients who died that year did so before reaching the hospital, while another 17% were pronounced dead on arrival or died immediately in the emergency room.

Is your facility pre-



Colin Milner

pared to deal with sudden heart attacks?

The American Heart Association and the American College of Sports Medicine encourage all types of fitness venues—from exercise rooms in hotels to large, staffed health clubs—to have AEDs available. In particular, the groups "strongly encourage" AEDs in facilities that offer special programs to the elderly or individuals with medical conditions, and locations where paramedics are likely to take more than five minutes to arrive.

SOURCE: Circulation 2002;105:1147-1150

(Colin Milner is the CEO of the International Council on Active Aging and the former President of IDEA Health and Fitness Association, and Vice President of sales and marketing for Keiser Corporation. Over the past 20 years Milner has been on all sides of the industry including club management, consulting, publishing and equipment manufacturing. If you wish to contact Colin Milner you can call him toll free at 866-335-9777 or e-mail him at colinmilner@icaa.cc.)

The **Club Insider** is Seeking Contributing Authors. Please call (770) 850-8506 or email clubinsidernews@mindspring.com

For the price of a weekly cup of coffee,
you can access information, education,
resources and tools to succeed with
the aging market.



**Call us today to
find out how**

International
Council on
Active Aging

a division of
abercrombie
consulting
services inc.



Changing the Way We Age™

507-522 Moberly Road
Vancouver BC V5Z 4G4
1.866.335.9777
Tel: 604.734.4466
Fax: 604.708.4464
www.icaa.cc

Architect's Corner

The Greening of Your Facility

By: Mike Corby

The men and women who belong to your club are there because they value their health – they are investing time and money to reach and maintain an optimum level of well being. Because of this commitment to their personal health, they should be concerned about the health and well being of the environment – within your club and beyond. While you would never knowingly hand a member a dirty towel, or serve up a stale bagel, are you truly providing a truly healthy environment for your members?

Healthy club environments should be more than just clean, sanitary facilities. They should be facilities awash in natural light, filled with fresh, clean air and appointed with materials and finishes that don't release unhealthy gasses. They might even be responsibly designed with natural and recycled materials. Simply put, they could be green. Kermit the Frog once sang, "it's not easy being green, but it's beautiful." It can also be profitable. The hard benefits of green design, according to the U. S. Green Building Council includes reduced operating costs, enhanced asset value, optimized life cycle economic performance and increased profits. Green design also brings positive PR, and allows you to market your club in terms of

sustainable design, eco-health and minimal environmental impact.

Green, or sustainable design, can be applied to both new and remodeled facilities. The U. S. Green Building Council defines it as "design and construction practices that significantly reduce or eliminate the negative impact of the building on the environment and occupants. Issues addressed in green design include the following:

Site

In new construction, green design begins with site selection – with the ultimate goal to minimize the project's impact on the environment. Recently, we have been converting large vacant retail spaces into fitness uses. Champion Health & Fitness Center, Rockford, Michigan, for example converted and added to an existing vacant strip mall building to create an exciting fitness center and medical office. While "recycling" an existing resource by reusing the strip mall, Champion's owners were able to reduce their construction costs by about 40% when compared to the cost of new construction on vacant land.

Water / Energy Efficiency

While regional droughts

have raised awareness of water use, nationwide we continue to use billions of gallons more each year than we return to lakes and rivers. Consider waterless urinals, drought resistance landscaping and high efficiency laundry systems to help balance the water equation. Re-thinking your club's laundry practices could bring about even greater savings, in the same way the hotel industry drastically reduced water usage by only laundering used linens and towels you may be able to create a new standard for club laundry.

The following energy reduction strategies from Pacific Gas & Electric range from no cost to a significant investment. Corresponding savings range from 25% of heating/cooling costs to 30% of lighting and air conditioning energy usage

No cost: limiting off peak activities to as few heating/cooling zones as possible and turn off systems not in use. Keep HVAC vents open – allowing system to work efficiently.

Low cost: replace incandescent lighting with ENERGY STAR® rated compact fluorescent bulbs, replace incandescent exit signs with LED lamps, regularly maintain HVAC system, ensure that doors and windows have tight seals and remain closed.

Investment: Replace T-12 fixtures with more efficient fixtures and electronic ballasts, install ENERGY STAR® labeled programmable thermostats, install Energy STAR® HVAC equipment when replacing old, install insulation in exterior walls, ceilings, and wall cavities, install Energy Management System to control HVAC and lighting.

Conserve Materials & Resources

The easiest way to conserve materials and resources begins with reusing and

recycling. Besides being the right thing to do, it visibly establishes your environmental sensitivity and is easily accomplished by providing re-cycling stations for plastics, cans, glass, paper, batteries, tennis balls, racquet and hand balls. Promoting reuse could begin with a personalized, water bottle giveaway. Other options include collecting members' discarded equipment and donating it to a local youth program. Choose recycled materials whenever possible.

Indoor Environment

Creating the optimum indoor environment includes reducing off gassing contaminants from carpet, cabinets, ceiling tile and paint. "Healthy" products include:

- Safecoat paint by Colortrend
- Interface carpets offer up to 87% post-industrial recycled polymer content.
- Similar products are manufactured by Prince Street and Mohawk.
- Phenix Biocomposites manufactures a number of boards made from agricultural waste such as wheat and sun flower seeds – these can be used for cabinets.
- Crossville porcelain tile's Ecocycle line is 100% recycled.
- Cork, bamboo and linoleum are all green products suitable for flooring.

Natural light and outdoor views connect your members with the community while reducing the need for additional lighting. In the same way that natural day light at a Wal-Mart store led to "significantly higher" sales and natural light leads to better school performance members will feel energized and revitalized by the inherent benefits of daylight.

As a club manager, you have the responsibility to create a healthy, safe environment for your members which also enhances their well being. Establish short-term and long term green goals, and raise the

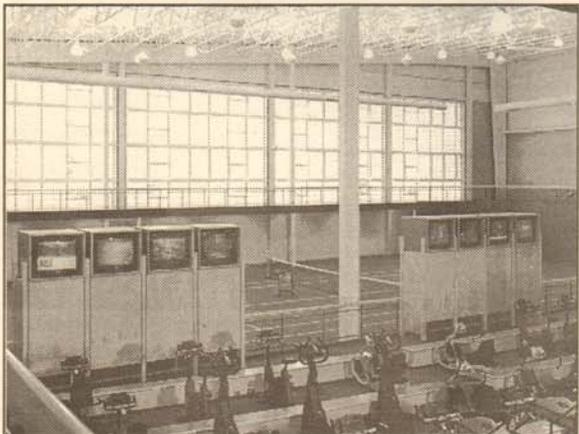


Mike Corby

sustainable consciousness of all those affected by your decisions. In the same way that mind, body and spirit combine to create a healthy life, the operational efficiencies and the positive environmental factors of green design combine to create a healthy, profitable club. As Kermit sang, "I'm green . . . it's what I want to be."

(Michael Corby, AIA, is Executive Vice President and Design Principal of Integrated Architecture, Grand Rapids, MI. Mike helped develop the Sportsplex/Healthplex, creating numerous projects across the country including Orlando's RDV Sportsplex. U.S. Green Building Council Leadership in Energy and Environmental Design (LEED™) certified, his innovative sustainable projects are helping mainstream "green" design. Integrated Architecture - 4090 Lake Drive SE - Grand Rapids, MI 49506 (616) 574-0220 Fax#: 616-547-0953 web: www.intarch.com email: tspaulding@intarch.com)

Make
It
Fun!



Six Feet Under – 10 Things That Can Do A Club In

By: Tom Hyde

(This article was reprinted from the CBI Magazine -May edition with permission from CBI's Jay Ablondi)

Managing a health club is, in many respects, like managing any other business because certain fundamental needs must be met: certain principles apply. But, beyond those, it also has its own demands, one or more that can prove fatal—sometimes quite unexpectedly.

To identify the ones that *kill* clubs most frequently, CBI contacted nine successful industry veterans, as well as one of the unfortunate fatalities. From them, we compiled the following "Top 10" situations that are most likely to do a club in. Need we say it? Avoid them.

1. All Vision, No Reality

A club begins as a vision, a dream, and that's both necessary and good, but, despite the film's persistent popularity, life is not a *Field of Dreams*. Build it and they will come? You're creating a business, not a screenplay. Market analysis and demographic research will suggest where you should build, how you should position, and how much you should charge for your club. A solid feasibility study is an essential step in turning *fancy* into *fact*.

2. Fatal Financial Planning

One of the biggest pitfalls that clubs can dig for themselves is collecting a large portion of their annual membership revenues up-front, and then, flush with cash, not really know what to do with it, or where to go with it; inevitably, the money goes *everywhere* . . . and *nowhere*. For clubs, it's particularly important to have a firm understanding of how and when money will be coming in (the principal reason for the growing popularity of EFT billing), and why and when it's going to be spent. Does your financial plan include a provision for the right type of property and liability insurance? For a certain amount of reinvestment each year? Plot the figures. Track them faithfully.

3. Poor Strategic Planning

A promising feasibility study and good financial plan may open the doors for your club, but a sound, and insightful, strategic plan will ensure that members are still coming through them in 3-5 years. Strategic planning involves a host of considerations that are both sweeping, and painfully detailed, in nature. One of the most critical concerns, however, is how your club will differentiate itself from the competition—both now and in the future. What is its niche? Its unique quality? Its special selling point? Health and fitness is a personalized service, not a standardized, one-size-fits-all product. Clubs that treat it as a commodity run a real risk—particularly in an ever-more-demanding, ever-more-specialized marketplace. Once you've decided what's going to *distinguish* your club, then you need to attend to the details: e.g., planning to have the capital available for regular reinvestment.

4. Doomsday Discounts

Trial memberships are generally beneficial, but discount memberships—e.g., "Buy one year, get one year free"—are killers. All too often, clubs owners are tempted to boost membership via special deals, because, without their realizing it, their pricing philosophy was wrong from the start. Pricing is one of the cornerstones of the business; it must both reflect and communicate the true value of a membership. Discounting creates new problems. It diminishes the perceived value of a membership, and, while more members may be coming through the door, the club has fewer dollars to spend servicing each one of them. One industry rule of thumb contends that, for each \$1,000 of monthly expense, a club needs to sell one new, regularly priced, annual membership per month; thus, a club with \$60,000 in expenses would need to sell 60.

5. Staff Apathy

Finding, hiring, and retaining good staff is a function that has special relevance for the club industry—it's a demand that rarely goes

away. If your employees aren't working together as a team, aren't actively engaged, each day, in improving the club, and aren't . . . well, you've got problems. Because a club thrives, lingers, or dies on the basis of member satisfaction, and, more than anything else, that satisfaction is predicated on the number and quality of staff and how they interact with members. A possible remedy: hire one or two good top people, individuals who can delegate responsibility, and have them institute a topnotch training program.

6. Mortal Ignorance

All too often, clubs fail because they don't have a reporting system that provides management with all of the vital information it needs. The critical numbers need to be recorded, reviewed, and responded to in an efficient, expeditious, manner. How many members are joining? How many are leaving? What's the average revenue per member? Which are the emerging profit centers? Are expenditures on target? The reporting can take place in simple, direct ways—e.g., honest, open communication between management and staff ("How's the new program working out?")—or employ elaborate information technology (IT) systems, but it *has* to happen.

7. Poor Member Service

Good member service is a prerequisite for survival, while poor member service may well lead to an early demise. The service experience that a club provides is concocted from countless factors, many of which seem obvious, and should, therefore, be easy to gauge. Is the facility clean? And well-maintained? Is the equipment appealing to members? Is there a variety of exciting programs? Is staff friendly, professional, and attentive? But, in fact, management's impression of the service level is often quite inaccurate. It should be judged not by the reaction of dedicated clubgoers, but rather by the response of those who are most difficult to attract and please: beginning exercisers, the sedentary, the overweight, the elderly—people who find it

hard to relax in the club environment. What's the best way to assess their satisfaction? Talk with them—face-to-face, and frequently.

8. Overdosing on Membership Sales

It's important to focus on membership sales, but concentrating on it too intensely can distort one's perception, create problems, and lead to missed opportunities. Aggressive selling, misleading statements, deceptive practices—aren't conducive to club longevity. However, the development of new profit centers is. Increasingly, clubs are becoming more creative at finding fresh sources of non-dues revenue. Today, the common wisdom is that, for each dollar a club obtains from membership fees, it should aim to generate another dollar elsewhere. Within the next 20 years, that ratio is expected to become the norm. Currently, the most promising possibilities are personal training and retail sales. A number of IHRSA facilities are already earning more than \$1 million a year from their personal training programs.

9. Failure to Promote

Clubs cannot rely on public curiosity or positive word of mouth to bring prospects to their doors, although, all too frequently, owners seem to think that they can. To make its mark—in an enduring way—clubs have to let the world know about them. Again, and again, and again. Advertising, marketing, promotions, public relations, media outreach—every possible avenue of communication should be fully utilized. A powerful brand does not accumulate, slowly, over time. A powerful brand is *built*.

10. Terminal Independence

A club can do nearly everything well, and still, in the final analysis, fail, if it doesn't understand that it's a part of the community and act accordingly. Advertising, facility, equipment, service are all important, but they can take a business just so far. Any club that attempts to "go it on its own" eventually becomes isolated, disconnected, and out of touch—people don't

know what it's all about . . . or *care*. But, by connecting with their neighbors in a variety of ways—e.g., charity fundraisers, donations of staff time, allowing outside groups to meet in the facility—clubs can make themselves a valuable, and permanent, part of the local landscape. Community involvement is a small, and rewarding, price to pay to become, and remain, a member of the family.

(Tom Hyde is a freelance writer based in Boston, MA and can be reached at tjhyde@attglobal.net.)

CBI and The CLUB INSIDER News Thank . . .

For this article, CBI relied on the expertise and experiences of the following individuals:

- Mike Arteaga, the Owner of the All Sport Poughkeepsie Health and Fitness Center, in Poughkeepsie, New York, and an IHRSA Board member.
- Rick Caro, the President of Management Vision, Inc., of New York City, and Chairman of Spectrum Clubs International, based in Dallas.
- Michael Chaet, Ph.D., the President of Club Marketing and Management Services (CMS), Inc., of Helena, Montana.
- Joe Cirulli, the President of the Gainesville Health and Fitness Centers, in Gainesville, Florida, and ex-officio of IHRSA.
- Geoffrey A. Dyer, the President of Lifestyle Family Fitness, based in Tampa, Florida, and the president of IHRSA.
- Gerald W. Faust, Ph.D., the President of the Faust Management Corporation, in San Diego.
- Joe Lamanna of Webster, New York, former owner of a three-club chain based in Seneca Falls, NY.
- Thomas Plummer, the Vice President of Thomas Plummer and Associates, of Howell, New Jersey.
- Michael Scott Scudder, the President of Michael Scott Scudder's Fitness Focus, of El Prado, New Mexico.
- Dean Wallace, the General Manager of the Courthouse Athletic Club chain, based in Salem, Oregon and also an IHRSA Board member.

...Norm's Notes

continued from page 5

•BRIAN URLACHER, a middle linebacker for the **Chicago Bears**, recently donated 40 pieces of **Hammer Strength** equipment worth \$40,000 to his alma mater, **Lovington High School**, Lovington, New Mexico. Urlacher was the **NFL Defensive Rookie of the Year** in 2000 and earned **Pro Bowl** honors in 2000 and 2001. I can tell you all from experience that a donation such as this will keep on giving for years to come, because in 1985 I

donated 16 Nautilus machines to my high school, Rome Free Academy in Rome, New York and those machines are still going strong and have been used to train hundreds of R.F.A. athletes over the years. My friend, **BIG JIM FLANAGAN**, arranged to have **DICK WALL** and his assistant load and truck the machines all the way from Atlanta to Rome in upstate New York.

•MIKE MOTTA, the Founder and CEO of New York City's **Plus One** club group informs me that the **Merrill Lynch South Tower**

Fitness Center, destroyed in the 9/11 attacks, has reopened. That is great to hear. I had the pleasure of touring that facility with Mike last Summer when I was visiting with him in NYC. Congrats Mike!

•LEIGHANN MOLL, the Founder and COO of **Momentum Female Fitness Center**, in Mechanicsburg, PA., was recently named one of **Pennsylvania's Best 50 Women in Business** by the state's Department of Community and Economic Development.

Congratulations Leighann!
•GLENN COLAROSS, veteran club industry consul-

tant, has been named to oversee the development, design and operating procedures for the new state-of-the-art spa and health club at the exclusive **Quail Valley River Club** in Vero Beach, Florida. The new facility is scheduled to open in late 2003. Congratulations Glenn and good luck with the project!

•Bally's Crunch Fitness has introduced a new wrinkle in exercise marketing. Check this out: Crunch Fitness has teamed up with **JetBlue Airways** to launch an "Airplane Yoga" program designed to "bring fitness and

inner peace to the skies." It's about time! A Crunch Fitness Yoga Card, created specifically for JetBlue, is now available in the seatback of on all JetBlue flights. The card offers passengers easy-to-assume yoga positions to help make the flight more relaxing. I've heard good things about JetBlue. Guess this is just one more way to help folks make it through this "Terrorist War" era. Hope it helps.

STAY TUNED and GOD BLESS YOU ALL!

...Capitol Report

continued from page 24

and the SGMA - McCarthy instead echoed the government's own recommendation from the Surgeon General's 2001 "Call to Action to Prevent

and Decrease Overweight and Obesity," which reported that "the worksite provides many opportunities to reinforce the adoption and maintenance of healthy lifestyle behaviors."

IHRSA has authored -- and offered for the Senators' consideration - a "Healthy

Workforce Incentive Provision" that, by modifying current tax law, would eliminate inequity. The value of "on-premises" fitness centers provided by businesses is already deductible, but IHRSA's proposal would allow employers to deduct the cost of providing employees with memberships to off-site health clubs.

This ruling is of special interest to those club operators who have faced hiring -- or employing -- instructors or trainers who suffer from anorexia or related disorders. If, for example, teaching several high-intensity classes each week would likely pose a high risk to an individual because of his or her anorexia, this ruling indicates that it may be acceptable to take that into consideration when hiring.

It is important that employers and lower courts not interpret Monday's ruling too broadly. Employers have a right to stop the disabled from putting their health in serious jeopardy, but they still have a legal obligation, when that is not the case, to welcome them into the workplace and to treat them fairly when they get there.

Journal reports.

This year's income tax receipts are much lower than expected, mainly because the markets' poor performances led to less capital-gains taxes. Most states will try to make up the difference by increasing cigarette and motor-fuel taxes. Since 36 states elect a governor in November, few are expected to impose sales or income tax hikes this year. [However, IHRSA will closely watch those states that don't currently tax health club memberships to be prepared to fight any proposals to do so.]

State legislatures also have slashed spending in efforts to offset the budget shortfalls. A report released this month by the National Governors Association and the National Association of State Budget Officers found that state spending will increase next year by 1.4%, its slowest growth since 1983. The average rise in spending during the past 10 years is 5.5%.

States find themselves in such budget predicaments largely because of their actions during the late 1990s. When economic times were good, most states slashed taxes for individuals and businesses. Now that the economy has turned, most states are required by their constitutions to balance their budgets, unlike the federal government.

DISABLED ARE NOT ENTITLED TO RISK THEIR HEALTH ON THE JOB

The Supreme Court ruled Monday that the Americans with Disabilities Act does not entitle people to jobs that might jeopardize their health.

The court rejected arguments from a man who argued he should be able to decide for himself whether to take the risk of working in an oil refinery, where chemicals might aggravate his liver ailment.

The case is a victory for employers, who argued they could be forced to hire people with grave illnesses or debilitations, and then face possible lawsuits if those workers were further harmed or died on the job.

STATES COVER BUDGET SHORTFALLS BY RAISING TAXES AND FEES

Faced with severe budget shortfalls, states are expected to raise a combined \$2.4 billion in taxes and fees before July 1, the Wall Street

I Am Seeking To Acquire A Club
I am currently working with a group that is seeking to acquire or assume control of a club. This club may be currently losing money now, but has upside potential. Most interested in clubs in major or mid-size Midwestern or Eastern U.S cities
CALL LARRY TOTH - (330) 722 - 3776

Make It Fun!

Norm Cates' Club Insider NEWS

INFORMATION REQUEST

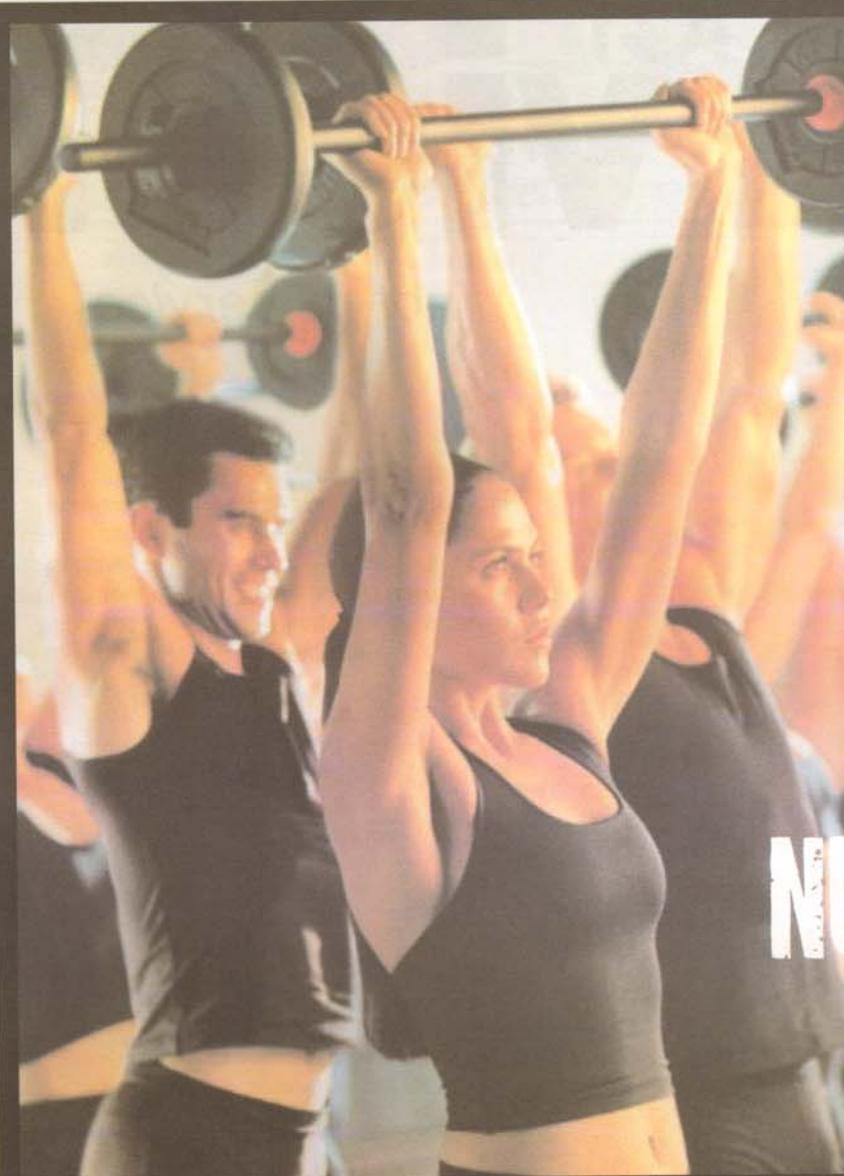
If you would like to receive information from or be contacted by advertisers in this issue just clip or photocopy this form, mark the block(s) of the respective companies, complete the information requested in the blanks and fax to the number shown.

Please mail information to me Please contact me at the number written below.

Name: _____
Club or Company Name: _____
Address: _____ City: _____
State: _____ Zip: _____
Phone #: (____) _____ Fax #: (____) _____
E-Mail: _____

Club Insider News Advertisers

- Sales Makers - Pg 11 Fax#:(914) 736-0508
- Friday Report - Pg 4 Fax#:(212) 987-4227
- Association Insurance. Group - Pg 10 Fax#:(303) 985-1248
- Affiliated Acceptance - Pg 15 Fax#:(816) 753-1429
- Springfield Corp - Pg 8 Fax#:(770) 729-0995
- Muscle Dynamics - Pg 21 Fax#:(310) 323-7608
- Body Training Systems - Pg 31 Fax#:(770) 424-1590
- National Gym Supply - Pg 19 & 22 Fax#:(310) 390-2627
- Thomas Plummer Company - Pg 18 Fax#:(818) 707-1341
- ICAA - Pg 27 Fax#:(604) 708-4464
- Healthy Inspiration - Pg 22 Fax#:(401) 783-9671
- Premium Performance - Tng - Pg 9 Fax#:(303) 417-1747
- Ivanko - Pg 17 Fax#:(310) 514-1363
- Fit Express - Pg 13 Fax#:(662) 841-1720
- Fabiano - Pg 7 Fax#:(973) 745-5103
- Intl. Fitness Club Network -Pg 2 Fax#:(401) 453-1238
- CheckFree Corp - Pg 32 Fax#:(678) 375-3304



DOUBLE YOUR CLASS NUMBERS

IN 12 MONTHS

It's quite a claim to make. That you can double your group fitness numbers within 12 months. Yet time after time, that's exactly what happens when clubs take on Body Training Systems. Other key sales and profit numbers also increase dramatically. Here are some actual U.S. examples - "\$120,000 membership sales (3 clubs) in 1 week with the launch of BODYATTACK" - "52% decrease in cost per member serviced in Group Fitness since 1999". These results are possible in *your* club by following the system developed over the past 21 years by Les Mills International, operators of one of the most profitable and innovative club chains in the world.

Make plans today to attend our revolutionary Group Fitness Management Training which delivers real solutions proven in over 5,000 clubs using Body Training Systems worldwide.

**U.S./Canada clubs call
800-729-7837**

www.bodytrainingsystems.com

**International inquiries see
www.lesmills.com**



BODYPUMP



BODYFLOW



RPM



BODYSTEP



BODYATTACK

bodytrainingsystems[®]
PROVIDING GROUP FITNESS SOLUTIONS WORLDWIDE

customer service.

[not lip service]



"The RCM product has always been strong, but their support structure is what initially appealed to us and continues to champion our relationship today. The bottom line is that service sells and CheckFree delivered."

**Tim Harper, IS Director
Little Rock Athletic Clubs, AR**

The challenge:

In 1998, Little Rock Athletic Clubs actively searched for a new club management system and their number one requirement was a system with proven customer support. To them, a club management system without an outstanding support structure was of no use to them at all.

The solution:

RCM Solutions from CheckFree.

CheckFree's RCM Solutions provided Little Rock Athletic Clubs with a quality product and service second to none. RCM Solutions was with them every step of the way, from development and implementation to support and training.

RCM Solutions club management systems feature:

- **Software** – Internet browser-based and Windows®-based versions, point-and-click, easy to use software
- **Hardware** – Loaded, tested, and ready to run
- **EFT** – Complete electronic billing services transfer member fees into your business account every month
- **Professional Services** – Club management and operations consulting, technology strategies, and growth development and management
- **Technical Support** – For all aspects of RCM Solutions, including hardware, software, conversions and EFT services

For more information about CheckFree's RCM Solutions, visit checkfree.com/healthclub or call **800-242-9522**.

CheckFree
RCM Solutions