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NEWS

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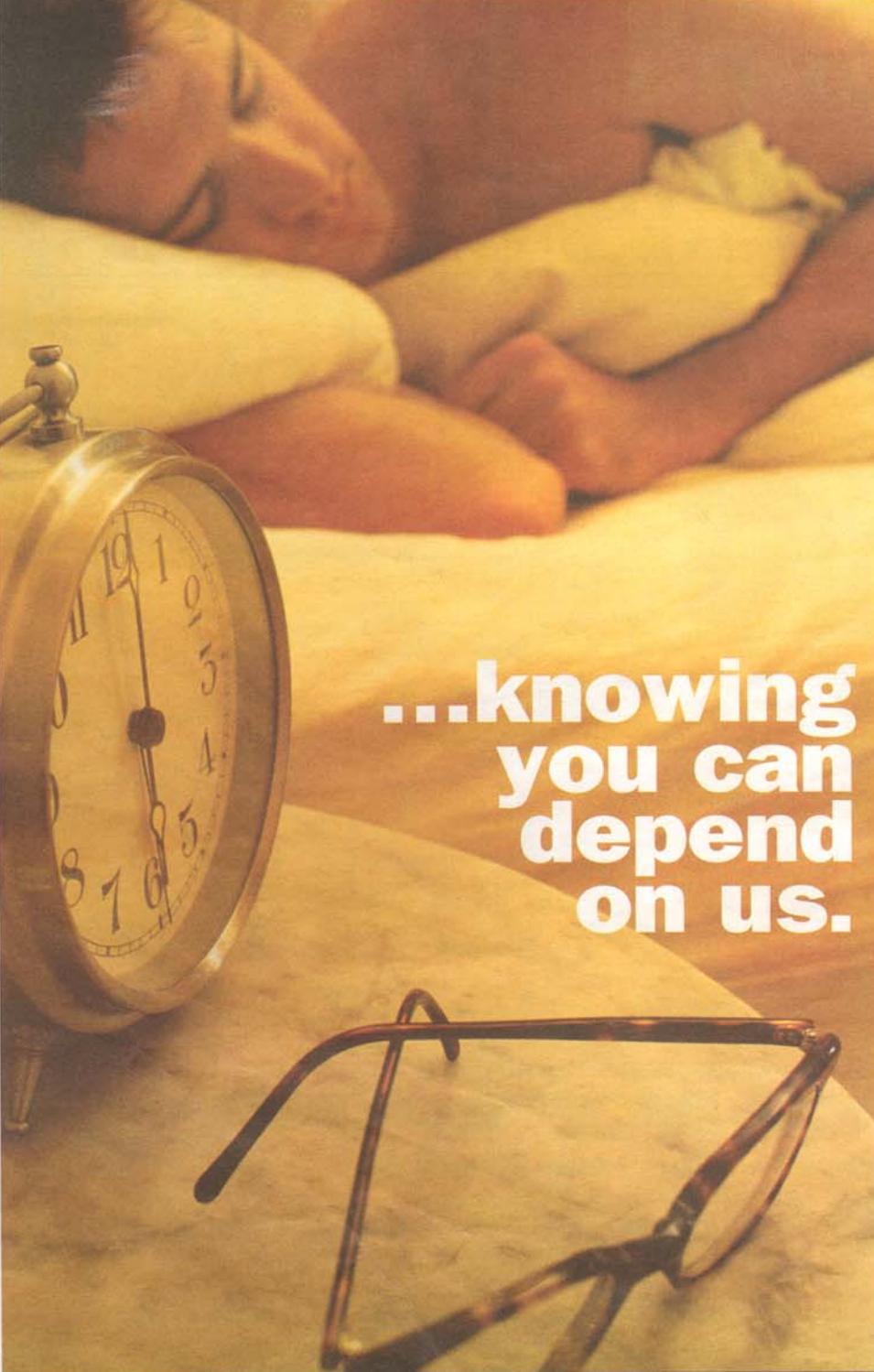


(L to R) Robert DelMonteque, Capt. Jim Lovell, Ray Wilson & Jack LaLanne

The History of the Health Club Industry

Part I

JUNE 2003
VOLUME 10 NUMBER 6



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Norm Cates' THE Club Insider NEWS

The History of the Health Club Industry

By: Norm Cates, Jr.

Part I

The Introduction

They say that the first paragraph or two of any article are often the keys to success of the article. They say you've got to 'grab 'em' with an interesting and intriguing intro or you can just forget about it.

Well, try this! First, I'm gonna give you a preview of this Part I. Then you will see comments in the introduction of this 3-part series that are intended to get you REALLY INVOLVED in reading this series and keeping this June issue and our July and August issues when they arrive. By the way, unless you are a paid subscriber to The CLUB INSIDER News, you will not receive Parts II and III due to the rotation of our promotional mailing list. So, SUBSCRIBE TODAY if you haven't already.

First, The Preview

Part I includes my introduction and then an in-depth interview with Ray Wilson, the "Father and Dean" of the health club industry. This interview is so powerful and so full of amazing health club historical information I've included only the interview with Ray Wilson in Part I. I now realize that I could write a book about Ray Wilson, because, in this interview, I have just barely scratched the surface in covering his amazing life. If I did write a book about Ray's life, it would have: power, money, sex, adventure, violence, rags to riches, controversy, sports, international business, cotton field poverty, professional wrestling, living in old Las Vegas, owner of four banks in his twenties, Fortune magazine entrepreneur of the month in his twenties, promoter of Miss USA and Mr. USA shows, Malibu glamour, astronauts, politicians, movie stars and a better plot than

most movies. In fact, the following interview with Ray Wilson has a lot of the above in it. You will just have to take the time to read it to find out which parts of the above are included!

Now....Let's Talk About You!

I thought long and hard about the intro to this all important 3-part series called "The History of the Health Club Industry." After all that contemplation, I concluded that with *your individual participation and involvement*, *you* could be reading the most important article series ever written in the health club industry. How and why am I making such a comment in the introduction of an article? This is how and why. This 3-part series is not just about the 'history' of our terrific business. It is about the 'future' of the health club industry as well. And, that future will be shaped by *you*. The information provided in this

3-month series will give you the opportunity to participate in health club industry history. And, how our industry responds to this 3-part series will be a key to the future. Since I have the job of writing articles for each month in a way that will rivet you to your seat when The CLUB INSIDER News arrives in the mail, I feel it is important to start by talking about *YOU*.

YOU Are The Heart, The Conscience, The Brains and The Legs of Our Industry!

Therefore, I must be able to capture your full attention (during your busy schedule) long enough for you to read this article in its entirety. I am going to start with this specific message to you. And that is, I write for *you* with a *passion*. I write for *you* from my *heart*. My passion is directed to our mutual mission of helping the world get and stay fit through exercise. I work hard on my writing for you and I pray even

harder that this work I do for you here at this keyboard is good and important work for you and our industry. We only have one chance at the future.

We Are All In This Together!

We must remember that we are **ALL** in this together. I say that because it is true and to emphasize the importance of the

(See Club History Page 6)



Ray Wilson On Lifecycle

Ray Wilson Launches Three New Club Chains!

By: Norm Cates, Jr.

Ray Wilson, the "Father and Dean" of the health club industry, is at it again. He is attacking the U.S. and International Health Club markets on three different fronts. In a 50/50% partnership with his partner, Greg Rowe, Wilson is hitting the Columbus, Ohio market aggressively with their 7th California Fitness Center now under way.

Ray Wilson is also rolling out two other new chains: Ray Wilson's Healthy Exercise Clubs (co-ed) and Figure Magic (women's only).

California Fitness Centers

Greg Rowe was one of Wilson's most successful partners in his Family Fitness Centers in Southern California. The 72 - club Family Fitness

Center chain was one of the most outstanding chains ever seen by this author when it was acquired by 24 Hour Fitness about eight years ago. In short, the California Fitness Centers in Columbus, Ohio are prototypes of the Family Fitness Centers and the Asian chain of California Fitness Centers that Ray and some of his partners also sold to 24 Hour Fitness four years ago. Amazingly, each of the California Fitness Centers offers 3 to 5 lines of selectorized equipment, 60 to 80 cardiovascular machines as well as free weights, cardio kickboxing, personal training, weight loss/gain programs, nutritional centers and juice bars. (Check out www.californiafitnesscenters.com)

Ray Wilson's Healthy Exercise Clubs and Figure Magic

For Women will go after the "de-conditioned" co-ed market as well as the "non-hard-body" women's market. Both club chains will also target the millions and millions of former health club members out there. These people have discontinued their health club memberships for one reason or the other and Wilson believes he knows the reasons.

Ray Wilson says, "The most ripe market is these millions of former members. They were interested in fitness, but just did not get what they wanted from their previous health club membership. Our research has shown that the main reasons for the huge membership drop out are: 1) "time"; 2) "convenience" of location; and 3) the "intimidating atmosphere" of the

typical health club product. Wilson's answer to these issues are very programmed, regimented 30-minute workouts with special equipment, small, friendly clubs sized from 1,200 to 2,400 square-feet and clubs located not more than a 10-minute drive from the member's home or work. Wilson realizes that this will ultimately require a thousand or more new clubs. He intends to be the catalyst to accomplish that and he has the resources to make it happen. He enthusiastically and energetically projects that this new concept will surpass his greatest personal successes in his life of 75 years, including the success of his European Health Spa chain, his Lifecycle contribution to the world and his Family Fitness (See Ray Wilson Page 5)

Inside The Insider

- "Gym War" Rages - Regional Peace Treaty Needed
- The "PR Moment"
- Lead Generation Basics
- ActivTrax Teams With President's Challenge To Help Shape The Nation

“The Insider Speaks”

“Gym War Rages!”

Regional Peace Treaty Needed - Meeting To Be Held!

By: Norm Cates, Jr.

Last month, on this “The Insider Speaks” page, I reported on the alleged activities of a major Gold’s Gym franchise group in the Eastern Kentucky/Cincinnati, Ohio region. My report concerned the numerous complaints and concerns I had been hearing about that organization from numerous club owners in that region. In my article I described the Gold’s group as an “Alleged Bottom-Feeder” that, based upon my investigation to that point, and without the benefit of input from the Gold’s owner, was not too good. I published my report in the June issue, without the benefit of input from the “Gold’s Gym” group, because the owner had not answered any of or returned any of four phone calls I had placed trying to talk to him about the issues I had to address.

I write to you here today to report that Royce Pulliam’s Global Fitness Holdings, Inc. has been in touch with me and pursuant to a conversation with them I agreed not to publish further comment without the benefit of communication with them. I immediately forwarded a list of 16 questions relative to the issues at play in this Eastern Kentucky/Cincinnati, Ohio Region. On Wednesday, June 28, 2003, I received a written response from Glenn Gordon, the President of Global Fitness Holdings, Inc. Based upon my recent interview with Ray Wilson (see this edition), my many conversations, faxes and emails from the many upset club owners in the area, having read Glenn Gordon’s answers to my questions and having spoken with both Royce Pulliam and his company President, Glenn Gordon, I’ve come to a clear conclusion.

Probably No “Bottom-Feeders” Here... Just Tough Competitors On Both Sides Aggressively Competing For A Prime Market

Before publishing last month’s report, I had heard from

many club owners in this region (some IHRSA Member Clubs and some non-IHRSA Member Clubs) that have alleged that Global Fitness Holdings, Inc is doing some things that allegedly may be illegal and many things that allegedly are not right or fair to be doing in the marketplace.

“The Other Side of The Story”

I wrote last month, “Hopefully, We Will Report The Other Side of the Story”.

Now, comes, as they say, the “other side” of the story. Glenn Gordon, the President of Global Fitness Holdings, Inc., was kind enough to respond in writing to my questions and I had quite a few. After thoroughly reviewing their responses to the questions, I see that their point of view is that of a fast moving, aggressive, progressive, well capitalized company. This company has, over the past 10 years, come aggressively and swiftly into a market that was ripe for new competition. Yes, they have been aggressive, but I have a hunch they want to do things fairly and correctly in this market. They have too much at stake not to. I saw this exact thing happen big time in the Metro Atlanta area 20 years ago when the first major player hit our market. And, I had some things done to me and my clubs back then that remind me of this situation a lot. The only difference was that owner of that newly arrived health club group did not give a damn about fair dealing and ethical operations. I believe that Royce Pulliam and Glenn Gordon actually may give a damn and will be willing to make moves to help ease this animosity between them and their regional competitors. I think they will agree to correct problems and bad business practices by employees that were unauthorized to engage in some of these alleged unsavory behaviors.

I also get a good message from IHRSA about Royce Pulliam’s Gold’s Gyms. I have been given a picture of quality by my IHRSA contact about the product Royce Pulliam

is delivering to the consumer. I have also learned that Royce Pulliam has involved his clubs in some positive community relations programs.

But, what is awry, in my view, is that same level of quality in some specific day-to-day operations in the areas of sales and marketing. And, after speaking with both Royce Pulliam and Glenn Gordon, I believe they are reasonable gentlemen who want to and are willing to bring areas of concern and scrutiny into focus and make changes to eliminate the heavy rancor that is coming from many of their competitors in the market. And, I say to all of them: “We Are All In This Together!”

A Coincidence At Work

You will notice in my in-depth interview with Mr. Ray Wilson, that during the 1950’s, his chain of 250 American Health Silhouette clubs engaged in a raging “gym war” with Vic Tanny’s 150 Gyms. Ray Wilson explains in the interview that it (the ‘war’ with Vic Tanny) was his fault and he explained why. But, the similarities between the “Wilson/Tanny War” and the situation in the Eastern Kentucky/Cincinnati Region are remarkable. History is repeating itself in Midwest America, and it is truly a coincidence that these two stories have arrived at the same time.

Therefore, I am here to tell you all today that there is a “Gym War” going on up in that region. But, the difference is that 50 years ago, when Ray Wilson and Vic Tanny were going at it, there was no publication called “The CLUB INSIDER News to help make a difference. I intend to do something about this war and intend to help make a difference.

**Conflicting Points of View Combined With A Lack Of Respect Meant Trouble
STANDARDS FOR COMPETITION WILL EASE THE CONFLICT**

It is clear that both sides in this conflict have their own

point of view and methods of operation. The region is covered up with club owners who are mad as hell and who are not going to take it anymore. What is lacking though, and actually lacking all across America, and what will surely be a bigger and bigger problem for all health club operators everywhere as time goes by are “STANDARDS FOR COMPETITION.” I propose an agreement amongst gentlemen that yes, they will all compete for new business aggressively, which we all know is the way of life in our business and they will compete fairly, honestly and without rancor and malice (public or otherwise) toward each other. Both sides need to realize that people (consumers) talk. And, they need to realize that right now, this situation up there is costing all of them community standing, money and a better future. Believe that. Right now what is going on is a poisoning of a market full of consumers that might just one day be willing to get involved with a health club... if they aren’t subjected to such controversy.

What needs to be achieved and I intend to help achieve it, is an understanding and agreement amongst all those parties on some reasonable, well thought out, fair, agreeable and documental standards for competition.

In this region right now, in my view, the health club industry image, and the common good of the health club business in general, is at stake. All involved in this brouhaha will benefit from such a new relationship amongst competitors. Actually, once they all get over this war, amazing things might happen in a team effort to bring out the masses in their markets. Masses that are not now looking at a health club at all. All of the clubs in this region appear to me to be missing the fact that the market they should be seeking and courting very aggressively is

the consumer who has never entered a health club and the consumers who were members of health clubs in the past, instead of being solely after each other’s own members. The

former market is far more vast than the latter.

A Face-To-Face Meeting To Take Place In Mid August

I hereby propose a face-to-face meeting amongst the parties. I will conduct and moderate this very important meeting for club owners only, set for August 14, 2003. The goal and only possible resolution for all of this is a **“Regional Peace Treaty”** amongst all of these operators. I will be inviting every health, racquet and sportsclub owner in the region to this meeting and have already invited Royce Pulliam’s group to attend. Pulliam has accepted my invitation and has agreed to attend and participate. From this meeting, and on that day and not later, we need to mold and foster a “Peace Treaty” if you will, that will positively serve all of the parties **and the consumers** in that region.. And, hopefully from that meeting, a historical first time ever in the health club industry, we will all shake hands and walk away with a blue-print for a positive health club industry in the region. It can be done. I believe that the parties at war now, once we’ve all gathered in one room until we talk this thing out and have made peace, will look back on that day as one of the most productive days they have ever spent in this business.. And, they will all be making history in the health club industry. We will make peace. **STAY TUNED!**

(Norm Cates, Jr. is the Publisher 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, 2001, Cates was honored with IHRSA’s highest honor, The DALE DIBBLE Distinguished Service Award. clubinsidernews@mindspring.com (770.850.8506)

“Gym Wars”

Midwest Regional Peace Treaty Meeting

August 14, 2003

Email:

clubinsidernews@mindspring.com

Norm's Notes

• Boy, oh boy, am I happy to be writing these Norm's Notes to YOU! I'm happy because I always write my Norm's Notes last, and as usual, when I write these Notes, I am "Rode Hard and Put Up Wet!" to coin an old western term I've used before. But, I am mostly happy because I think this just may be the most important and hopefully, the greatest edition I've ever produced for you. (115 months in a row now). I am also happy because the "War" is finished in IRAQ and thank God we've not lost a lot of troops, airmen and seamen in the

conflict. And, I am happy because on **August 14, 2003**, at a site yet to be determined, I will be somewhere in the Eastern Kentucky/Cincinnati, Ohio Region facilitating a meeting of club owners in the region. The purpose of the meeting? **PEACE** amongst tough competitors! Read our page #4, if you haven't already to get the full scoop and **STAY TUNED!**

• My sincere apologies to **KEN GERMANO**, the Executive Director of ACE, The American Council On Exercise, because he was upset with a comment made in an article

entitled: "About Obesity", written by industry veteran, **LAURY HAMMEL**. I reprinted the article even though I had published it once before about four years ago. In the article Laury commented on ACE having distributed brochures at a convention that were not sensitive to the plight of the obese. Larry's article was written and first published before Ken took over as E.D. at ACE, but Kenny was upset and we sincerely seek his forgiveness. It was not our intention to cast a negative light on ACE since after all, Kenny has done a truly

wonderful and amazing job with the organization since he became the head man there. We are lucky to have people like Ken Germano in our great industry and if you are not up to date on all that Ken has been and is doing at ACE go to: www.acefitness.org

• **Life Fitness** has announced the winners of its **2003 Life Fitness Academy Michael L. Pollock Memorial Grants**. This marks the 10th year of this great company's support of exercise science research. The Life Fitness Academy awards \$20,000 in grants to graduate students and post-doctoral

faculty members. The \$2,500 – Grant Winners for Graduate Students are: **TRACEY BAY-NARD**, Syracuse University, **CHRISTOPHER R. MOHR**, University of Pittsburgh, **STEVEN J. PRIOR**, University of Maryland, and **CARRIE G. SHAROFF**, University of Mass. The \$5,000 Post-Doctoral Faculty Grant Winners are: **JOEY C. EISENMANN, Ph.D.**, York University, Toronto and **STEVEN E. RIECHMAN, Ph.D., M.P.H.**, Kent State University. **Congratulations to**

(See Norm's Notes Page 22)

...Ray Wilson

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Center 72-club chain.

This is an amazing

The Club Insider News Contributing Author Team

The 2003 **CLUB INSIDER** News 2003 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.

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launch for any man, but for this man, Ray Wilson, it is totally possible. He has achieved the impossible before and he has all of the credibility you could find anywhere on earth in our industry. (Check out this month's cover story, The History of the Health Club Industry).

Ray is sure that existing large clubs can benefit greatly from his new Ray Wilson Healthy Exercise concept by locating

these small clubs around their large clubs in the smaller pockets of residence. (too small for larger clubs). Their large clubs are already paying for the advertising and administration. By having these small clubs closer to their member's residences, they can improve dues retention. Where a million dollars might open only one large club; it might open a dozen Ray Wilson Healthy Exercise clubs. A dozen new

manager positions being created can really energize and enthuse a large group of sales people, which Ray says is vital for maximum success.

Ray Wilson intends to sell franchises, licenses and also do partnerships, like he did with European Health Spas and Family Fitness Centers. He believes that fitness is now so "in" that it is a whole new era for our fitness industry. He admits that the "hard-body" is still the major market for many health club chains; but he believes it is largely because a large segment of our industry has ignored these other markets.

I have known and respected Ray Wilson for over 20 years now and I have never seen him acting so young and completely charged up about new developments as he is right now. And, I can tell you that if you are

a true health club entrepreneur, you will find working with Ray Wilson to be very rewarding financially and gratifying personally. He has made more millionaires in this business than anybody I know of.

Ray suggests that for more information, you may reach him through his Assistant, Pam's email address: pamedd@pacbell.net

(Norm Cates, Jr. is the Publisher of The CLUB INSIDER News and a 29-year veteran of the health, racquet and sportsclub industry. Cates was the 1st President of IHRSA and co-founder of the Association. In March, 2001, Cates was honored by IHRSA with its DALE DIBBLE Distinguished Service Award. Cates may be reached at: clubinsidernews@mindspring.com or by calling (770) 850-8506.)

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...Club History

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fact that what **YOU** and other health club owner/operators do out there impacts the success of your club businesses directly and impacts the potential success of all others indirectly. I say that to emphasize the importance of our industry **image** in the eyes of the consumers of America. Right now, the health club industry does not have a positive image in the eyes of the American consumer. It is up to each of us to come to grips with this reality and to make a **dedicated commitment** to change the negative image that consumers have of health clubs, even today. With all the great things our industry has done for consumers over the past 20 years, you would think that we would have a

sparkling, pristine industry image. But, we don't.

And, **YOU** are the key to changing our industry image and the future. And, I firmly believe that once you know the history of our industry, you will be much more able to understand why we do have this problem with consumers and what we must do to fix it. Moreover, I want to invite you to use this work to **educate consumers all across America**. We must show them clearly and without a doubt, that we are a **new** health club **industry** and we must prove to them that **we now deserve their trust and their fitness business!**

The Two Greatest Challenges

I believe that the two greatest challenges facing our industry are: (1) Reaching and

communicating clearly to 250+ million Americans the message that our 21st century health club industry is **not** the same industry that they or their family and friends may have experienced in the past; and (2) convincing those same 250+ million Americans that we are now much more **professionally prepared** to serve their needs and the needs of their families. We must **sell** them on the idea that we, as an industry, have worked hard over the past 20 years to professionalize and improve and we, as a group, deserve a chance to show them. We must communicate to them how we've changed and improved, and how we are now in tune with what they need and want as American consumers. In short, the health club industry nationwide has a major job ahead of it... **repositioning our industry image** in the eyes and minds of the American consumer. But, I think **YOU** and I are up to this challenge.

A Titanic Mission Is At Hand!

Imagine what would have happened had the iceberg watchman on the 'Titanic' been paying close enough attention to his job to spot that huge iceberg in time to turn or stop the Titanic before it crashed. Hundreds of lives would have been saved.

Now, imagine a **new** health club world. A world where the health club industry image is one that is respected and admired by all. Imagine a world where instead of spending your money on marketing and advertising, you spend it on member satisfaction-related investments. Imagine a world where new members come to you because they have heard about our renaissance and they **want** to join it. Imagine a world where membership sales truly becomes just membership enrollment with people walking into your club just to see what the "new health club industry" is really all about. It can happen....but, **YOU** must **MAKE IT HAPPEN!**

Let me be clear. I am not saying that your club is not already respected and admired for what it is and does for your community. Quite to the contrary. I know hundreds and hundreds of truly outstanding club operators that have labored for **decades** to reach very high levels of consumer respect and confidence. I compliment you all. You know who you are! But, and this is a **BIG BUT**, (pardon the



(LtoR) Bob Rice, Bert Goodrich, Mr. America & Ray Wilson At Grand Opening of American Health Silhouette - 1954

Who Says The Health Club Industry Has A Bad Image With Consumers?

I am sure there are some of you sitting there reading this and thinking, "Who Says The Health Club Industry Has A Bad Image With Consumers?"

The statistics say it, that's who! The numbers don't lie. At this writing, there are approximately 285 million Americans. Out of that 285 million, there are only currently 36 million health club members in the U.S. That means only a paltry 13% of the U.S. population is doing business with us today. What is **wrong** with this picture? I will tell you what is wrong. The numbers show us that there are still 250 million Americans that are **not** embracing our message, whatever it has been. Of course,

And, as you contemplate these words, remember this. If you stop reading now and fail to get back to this work, **YOU** will not be prepared for the challenge at hand. So, don't stop now....read on.

The Health Club Business Is All About Money... But, Is That All There Is To It?

I don't think so. While the health club business **IS** about money, you and I both know, it is about far more than that. It is about building, growing and nurturing helpful relationships with club members and non-members in your respective community. It is about treating club members and their guests in a respectful, helpful and intelligent manner. It is **NOT** about pursuing the fast buck, but instead, operating your club business in a manner that engenders faith and confidence of your members and your surrounding community.

From this Part I, II and (See Club History Page 8)

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ACTIVTRAX TEAMS WITH PRESIDENT'S CHALLENGE TO HELP SHAPE THE NATION

American adults to be rewarded for lifestyle commitments to physical activity and fitness.

GAITHERSBURG, MD on June 1, 2003—ActivTrax and the President's Challenge announced a collaborative effort to motivate and reward American adults for continued commitment to physical activity and fitness. In this relationship, ActivTrax incorporates the P-A-L-A of the President's Challenge to recognize its members for their fitness accomplishments.

The President's Challenge Physical Activity and Fitness Awards Program is a program of the President's Council on Physical Fitness and Sports (PCPFS). One of the newest programs offered by the President's Challenge is the Presidential Active Lifestyle Award (PALA). This award recognizes both youth and adults who have been physically active for a minimum of thirty minutes a day for adults (60 minutes for youth

under age 18), five days a week, for six weeks.

ActivTrax helps health and fitness clubs properly launch and integrate their members through its customized, pre-printed workouts and staff reports. The workouts offer detailed activity plans to guide members through their routine each time they visit their club. ActivTrax has over 100 successful club installations nationwide with additional installations scheduled.

The PALA awards program will complement ActivTrax's current member rewards program, "OnTrax." With the addition of the PALA program, ActivTrax will recognize members for their collective exercise activity, by tracking not only their in-club exercise participation—including ActivTrax workouts—but also exercise performed outside the club.

When visiting a participating club, members can record their in-club exercise activity on their ActivTrax

workout sheet, as well as their recent out-of-club activities. Members can also log into ActivTrax's website to review and edit their activity logs, using their assigned username and password. As members exercise and earn PALA awards, ActivTrax submits the qualifying activity logs on the member's behalf to the President's Challenge and forwards the awards to the member. Awards may include emblems, certificates, stickers of accomplishment, and other prizes.

"By incorporating the President's Challenge Physical Activity and Fitness Awards Program as the motivational component to ActivTrax computerized application, ActivTrax has created an ideal venue to encourage club members to become good role models to peers within and outside the club," says Cdr. Penelope Royall, Acting Executive Director, President's Council On Physical Fitness And Sports. "I commend ActivTrax for reaching out to us

and incorporating this long-standing Presidential awards program."

President of ActivTrax, Gary Albert, says, "Our relationship with the President's Challenge delivers an important message to the adults of our nation—that fitness is a lifestyle commitment, one comprised of physical activity nearly every day, no matter whether you are working out at a fitness club, at home walking your dog, or at work sitting at your desk. We are proud to join the mission of the PCPFS, to raise awareness among our nation of the benefits of living a physically active and fit lifestyle."

(Activtrax specializes in assisting health clubs with the long-term integration of its members. Its comprehensive application combined with its proven integration process promote fitness success—facilitating club usage, supporting member relationships, and rewarding exercise adherence. ActivTrax's value to the member is in the guidance, variety, and time-efficiency built into every workout that ultimately personalizes each club visit. The company is headquartered in Gaithersburg, MD. For more information, visit www.activtrax.com or call 301.840.0040 x106.)

**Make
It
Fun**

...Club History

continued from page 6

III series on "The History of the Health Club Industry" you will learn about how the pioneers, the "Founding Fathers" of our industry, started off. From these revealing interviews you will also learn why and how *some* of the things done way back then were not all good. In fact, you will learn why those bad things must provide lessons for the entire industry. But, we are not here to criticize. We are here to teach and these interviews will provide us all with history to learn, improve and grow from.

The History of the Health Club Industry

I am beginning this History of the Health Club Industry with an interview with the one person on earth that has done more, seen more and experienced more in the health club industry than anyone alive, Ray Wilson. This in-depth and amazing interview with Wilson holds many of the secrets to why the health club image in America is what it is today. His health club industry career spans six decades. And, he is now, at age 75, on the move with three new club chains now rolling out. You will be amazed at what he has to say in this interview.

Ray Wilson was born in Seattle, Washington on February 19, 1928. The son of migrant workers, he experienced a tough life as a youth and his family with 8 children lived in many places. When Wilson was very young and had just gotten out on his own, his Father died. He left his work efforts at that time to go back home to Phoenix and help his Mom raise his eight brothers and sisters. This tough start did at least two primary things to Wilson. It made him tough. Tough as nails. It also made him intensely competitive.

Wilson admits that his toughness and competitiveness probably made him some enemies in the business over the years. And, he admits that he and a few other key pioneers in the health club industry are at least, partially responsible for whatever our industry consumer image is today. But, on the flip side, since 1980, Ray Wilson has helped many club owners improve and save their clubs through his teachings in the early 1980's on court conversions and switching to monthly dues at IHRSA. And,

importantly, Ray Wilson brought the huge contribution of the LifeCycle to the industry. Wilson teamed with Augie Nieto to roll out the LifeCycle in 1978 and the industry changed rapidly across the world as Life Fitness has become the world's premier supplier of cardiovascular and strength equipment. Only Arthur Jones' invention of and mass production of Nautilus is equal in scope and importance to this industry. Once Life Fitness and Nautilus became health club mainstays around the world, a whole new equipment industry emerged.

We hope you enjoy this interview!

**An In-Depth Interview
With Ray Wilson.**

Q. When and how did you first get involved in the health club business?

A. In 1951 I was working as a professional wrestler and injured my shoulder in one of my matches. While recovering from my injury, I leased Jack Lozanne's Gym in Salt Lake City for 3 winter months. At the time, he had one of the best gyms in America. The gym was equipped with Martin equipment and offered a ring for both boxing and wrestling. Lozanne sold 1-month and 3-month memberships. I told him I needed to sell 1-year memberships, explaining to him that since the gym was only 20% occupied anyway, there would be no harm done by selling 1-year memberships. I argued, 'What damage could I do in just 90 days?' Lozanne wanted some time off and he agreed. Lozanne had never done over \$300 per month in sales during the winter months, but I brought in \$2,000 my first month. I then realized that the place could become a good business financially. When he came back 3 months later, the place was up to about 35% full and he was pissed, complaining, 'Now, I've got to train all of these people!' I told him, 'But Jack, you will be getting all of these buddies from the new members!' Lozanne eventually sold his gym to Bob Rice, Fred Sessions and Pete Peterson and that sale was based on the revenues I generated during my 3 months. I recovered from my shoulder injury and went back to wrestling in which I had over 500 matches in my two year career. Not long after I went back to wrestling, my Dad died and I returned home to Phoenix, Arizona to help raise

my 8 brothers and sisters. Later, I went to work for Bert Goodrich, the first Mr. America. Bert had several gyms in Southern California and had opened one in Phoenix. Bert had been a great athlete, in Arizona and his Mother lived there. I worked for Bert for one year and was grossing \$3,000 per month and earning \$1,000. I wanted to earn \$2,000 and had planned to pay taxes and invest the rest in Phoenix area real estate. Bert had agreed to put me on a percentage, but later changed his mind. I was going to college at the same time, working at Bert's from 3 until 8 p.m. and then I would go out on pre-set health insurance sales calls.

Q. What attracted you to the health club industry?

A. I had grown up as a member of a migrant worker family. At age 5, they had me selling little paper flowers and peanuts. Later on, I sold life insurance, dance lessons at Arthur Murray's, encyclopedias, cars, newspapers, I shined shoes. I did everything you could think of. But, I really only liked the product of fitness. I was personally involved in working out and I loved it. I still do. But, I didn't like selling insurance. Nor did I like selling cars or anything else. So, I naturally gravitated to and devoted my life to something I loved, working out and being fit and helping other people find their way to fitness. It became a passion for me.

Q. Tell me about your first gym?

A. My first gym was in downtown Tucson, Arizona. I converted an old Arthur Murray Dance Studio and installed a Martin leg press machine, a couple of pulleys, barbells, dumbbells, vinyl flooring and 4 showers in my men's only gym.

Q. What was the consumer's reaction to your first gym?

A. It was a "hard sell!" In those days, no one, except kids and "nuts" worked out. I was one of the "nuts." You didn't tell people you worked out because they would think you were "weird." If you were a kid and you told your Coach you were lifting weights, they would go nuts and tell you that you would become "muscle-bound" and would kick you off the team.

Q. Describe your membership plans in your earliest clubs?

A. 3 months first, then 1 year. Then 1 year with a second sale



Astronaut Alan Shepard Working Out With Bob DelMonteque At Presidents' Health Club

of the Lifetime Membership.

Q. How did you invent the Lifetime Membership?

A. In the early years very few members actually used their membership and we needed all of the income we could bring in just to survive—to stay in business. We were pioneering. Nobody had a road map for that period in the industry because the industry was really brand new to the masses of Americans. We would sell 1 year for \$60 and then 'second-sell' about half of those people a lifetime membership for an additional \$60. Over the years, I led the way in the evolution away from lifetime memberships by changing to 7-years and later to 1 to 3 year memberships and then moving toward all dues-only clubs.

My 72 Family Fitness Centers in California were primarily monthly dues clubs and I've encouraged everyone that monthly dues is the only way to go now. I know though, that it is tough when your monthly dues base is not high enough to cover your operating rent, debt, operating expenses and you must make cash generating sales to keep on going. It is a tough thing to do and that is why it is so important for any new club developer/entrepreneur to be capitalized adequately and well enough to stand the period of time it takes to sell enough monthly dues memberships to break even. But, when you get there, the health club business is a different world.

Q. How much was your rent in your first club?

A. \$150 a month.

Q. When you built your first club, did you have just that club in

mind, or did your plan include a chain right from the beginning?

A. I planned on developing a chain right from the beginning. At age 23 I had my first club. By age 28, I had 250 clubs in my American Health Silhouette chain. I definitely had overextended myself in my "war" against Vic Tanny's 150-club chain. So, I sold the chain to my Regional Directors and moved to Mexico to develop my "Spa" concept.

Q. When did you and Robert DelMonteque get together as partners?

A. We teamed up in Southern California in the early 1950's. Bob was working at the time for Joe Weider and his magazine company. Bob went to Mexico with me after I had sold my American Health Silhouette chain to my Regional Directors in 1958. I wanted to develop my "spa" concept in a place where what I was doing would be kept secret. We were there for two years and I successfully did that. We built four clubs in Mexico City, one in Monterrey and one in Guadalajara, Mexico. Then, when we came back to Texas in 1960, we created Trim and Swim Health Spas in San Antonio, Texas, the Presidents' in Houston, and later Executive Health in Indianapolis and European Health Spas in Columbus, Ohio, all of which included my new spa concept. In Houston, Texas, Bob spent a lot of time training the first Astronauts at our Presidents' Club. I focused on running the businesses, but I also spent some time helping train the Astronauts.

Q. Fairly early in your career (about 1963) when you were 35,

(See Club History Page 10)



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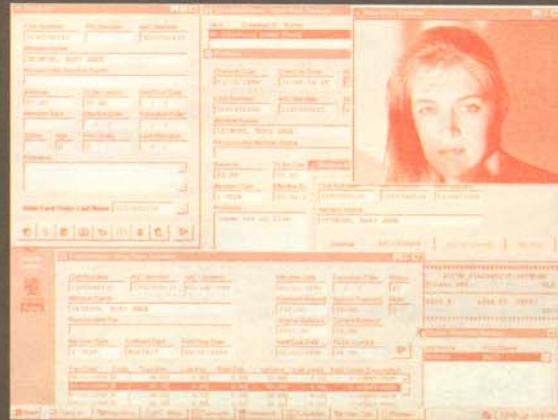
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...Club History

continued from page 8

you were contacted by a man named Charles Postle who had a gym in Chicago that he had operated since 1910. Tell us about that please?

A. Charlie Postle had opened his gym in Chicago in 1910. By 1912, Postle had gotten into financial trouble. His club was located in downtown Chicago, and he had some prominent members who didn't want Postle's Gym to close. They arranged to do something that was unheard of. They used their connections with President Teddy Roosevelt to endorse the importance of exercise and Postle's Gym in a full-page ad they ran in the Chicago Tribune. (See photo this page). Postle contacted me when he was age 78 and told me that he was getting old and was about to retire. He

Q. Tell me about your 'war' with Vic Tanny's chain?

A. It was mostly my fault. I was young and mad at the world because of the trauma of how I

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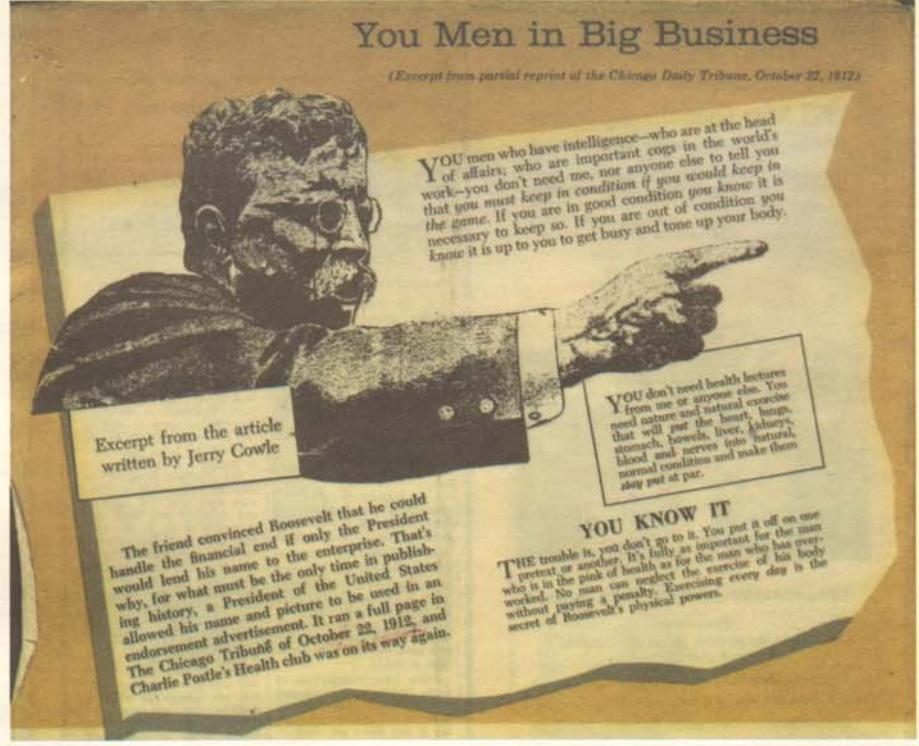
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said he had heard of me and my gym businesses, and he wanted to share his knowledge and experience with me. In his youth, Postle had also been a professional wrestler, so I think that influenced him to chose me to share his career with. He invited me to come to Chicago to work with him at his gym. I went there and actually stayed at Postle's home and worked in his gym for two weeks. Charles Postle was a great man. I used a lot that I learned from Postle over the subsequent years in our downtown operations: the Executive Club in Indianapolis, the Presidents' Club in Houston and in the European Health Spas, which grew to 160 locations..



Chicago Tribune Full Page Ad - October 22, 1912

grew up in the cotton fields as the child of migrant workers. To further explain my attitude in those days, I was eating 4 pounds of red beef a day and at that time, they were really injecting the cows with huge amounts of steroids. Reflecting back, I honestly believe I was in a constant steroid "rage" during those years. Later in my life I changed to eating fish and foul and I really calmed down. We went crazy on expansion and I really set Tanny on fire when we got into the 'gym wars.' Vic Tanny had been a school teacher in Rochester, New York when he and his brother, Armand, decided to move to the West Coast. They had gotten involved in Muscle Beach and from there launched their chain of clubs. In the 1950's, when Vic Tanny and I were going at it, we were really the catalyst for the industry. Our clubs were spreading the word about exercise and fitness across America, and it was like a wildfire. As far as growing the awareness, the popularity and availability of fitness for Americans, our 'war' was the greatest thing that happened in that decade. Both companies doubled their advertising and expanded faster. It advanced the fitness movement by a couple of decades. We competitively improved facilities and equipment. We did a lot more in gross sales revenues, but less in net income as we competed for personnel and paid people more

and more. We also spent huge extra sums on advertising, facilities and equipment.

Vic Tanny had gone a long way toward taking his company public and had even produced a 'Red Herring' Prospectus offering for Wall Street. But, Vic Tanny went bankrupt and left a horrible impression on Wall Street and investors. But, between the two companies, I would estimate that at least two thirds of the health club industry's biggest players, people that shaped the industry for decades, emerged from my and Tanny's companies. People like Donahue Wildman, Jerry Kahn, Jack Clark, Ken Melby, Bob Rice, George Eifermann, Steve Reeves, Bill Hubner, Rudy Smith, Charles Tartella, Bob DelMonteque, Harry Swartz, Roy Zurkowski, Sonny Reisner, Harry Jenkins, John Forbitnik, John Valentine and Fred Sessions came from our experiences in the war. I believe it probably even had an effect on Jack LaLanne who certainly is and has been vital for our industry for many decades. These people were galvanized by this war and they all became extremely tough and competent health club business players. It cost Tanny and me, but the fitness industry benefited.

Q. Ray, you have set the standard for involving your key managers in club ownership of what they operate. Share that with us please?

A. If I was just going to be a sole proprietor of one club, I would focus on just that one club and make it successful. But, if I am going to operate a chain, I must involve other people, so I wanted insurance. If a Manager owns a piece of the action in the club he manages, then that is insurance. If a District Manager has a piece of the action for 4 or 5 clubs he oversees, then that is insurance. And, if a Regional Manager shares in the success of 12 or 15 clubs, then again, that is even more insurance. Each profit-sharing situation makes what I earn out of the deals greater and more consistent. With this formula you can expand and each Region is like a new company in a way. Don Wildman adopted my same philosophy on this sharing of ownership.

To give you an idea of the impact this 'war' between Tanny and I left on people, I recall a story back when my wife Sonja and I were putting the finishing touches on the first European Health Spa in Columbus, Ohio. One day we were at the new facility and I was training some people and Sonja was in another area of the Spa when she spotted two men. She came to me and said, "There are two gymguys out here preten-ding to be businessmen." I went to the area and there was Donahue Wildman and Jack Clark, two of the fellows that put

(See Club History Page 12)

FACT:

64.5% of Americans are Overweight and that number keeps rising.

QUESTION:

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...Club History

continued from page 10

together Chicago Health and Tennis, which ultimately became Bally Total Fitness. They had used false identities and when Wildman spotted me he said, 'Ray, we didn't know you were here or we never would have come here! We're opening a club on the other end of town.' Clark tried to interrupt him saying, 'We don't care. We're coming here anyway!' Clark and I had a run-in during the "Tanny war" when I "shopped" one of their clubs, so there was some hostility between us. So, Wildman and Clark talked to each other privately for a moment, and we ended up having supper together. At dinner, Clark initially was still adamant about coming to Columbus. But, I told them, 'If you open up here, we'll be at war

again. I will be in Illinois the next week, and we'll have the same war we had before. They told me that evening they would talk about it and get back to me the next day. Apparently, Wildman convinced Jack Clark not to do it because they came by the next day and Clark said, 'You stay out of Illinois and we'll stay out of Ohio. At least, we won't kill our companies right from the start.' As long as I was connected with European, we never went to Illinois and they never came to Ohio. Later, we all became good friends and when Clark moved to LaJolla, California, we attended the Grand Opening of my LaJolla Family Fitness Center together.

Q. Ray, tell me about your sale of European Health Spas to U.S. Industries?

A. In 1970, I sold European Health Spas 160 clubs for \$46

million. \$20 million down and \$26 million on a five-year earn out. I had two partners, Bob Rice and Ken Melby, and we operated the chain in thirteen regions. Our sale to U.S. Industries required us to continue operations for five years and to produce a minimum annual growth of 15%. We completed our five-year management contract period and actually had completed the payout in 4 years.

Q. What did you do after that?

A. I took over 23 clubs in Western Canada that were losing \$250,000 per month. It took 18 months to turn those clubs around and sell them.

Q. What was next?

A. I moved to San Diego and launched Lifecycle and Family Fitness Centers.

Q. Tell us about how you came about your involvement with Lifecycle and how it ties into the creation of Family Fitness Centers in San Diego?

A. When Bob DelMonteque and I were operating the Presidents' Club in Houston, our facility was selected to be a training center for the NASA Astronauts. NASA had just moved from Florida to Houston and had no training facilities at the time. All of the astronauts were really terrific, down to earth guys, but we really got to know Captain Jim Lovell pretty well. He was the Apollo 13 Astronaut of fame who said, "Houston, we have a problem." He was also Chairman of the President's Council on Physical Fitness created by President Kennedy. One day I was on a fishing boat with Captain Lovell and his son and he told me, "Ray, America really needs cardiovascular training exercise." His comment stuck with me. So, when I first saw the Lifecycle, invented by Dr. Keene Dimick, I was very interested. I concluded that it was the machine that I and the health club industry needed. So, I spent 5 years and over \$1 million to make it successful, even though the 3 previous efforts to make it a business success had failed and the investors had lost over two million dollars. I needed a place to field test Lifecycle, so I built the first Family Fitness Center in San Diego in 1978, primarily for that purpose. After consumer field testing had been completed, I had teamed with Augie Nieto and he and I launched a nationwide effort to promote this new cardiovascular machine.

**Jack & Elaine LaLanne In Early Years**

Augie did a great job and gave a huge effort, and the Lifecycle became and still is a major league success worldwide.

Q. When and why did you sell Lifecycle to Bally?

A. I sold Lifecycle in the mid-80's because Bally made an excellent offer and they were in a position to invest millions of dollars on equipment development, which was the next logical step after Lifecycle was rolling. They did invest \$3 million in research and development under Augie Nieto's direction. The Lifecycle and the other electronic equipment Bally developed moved our industry way forward. My decision to sell was also prompted by the fact that Bally was in the development phase of their own electronic bike that they intended to call the Ballycycle. At that time, Bally had many movie star endorsements in their advertising. These facts, coupled with the fact that Bally was already our best customer and was buying half of all of the Lifecycles we built, made me decide to take a 5 to 1 profit for my company and a five year 1/4 million dollar annual consulting fee for myself. I try to make good business decisions and keep my ego out of it. Selling

Lifecycle was a hard decision as I thought more of that company than all the rest. However, I was not prepared to spend the millions on research and development for equipment that I knew our industry needed and so that we would command the respect that we needed.

The CLUB INSIDER

-Originally you intended for your first Family Fitness Center, located in La Mesa, near San Diego, to be a test site for Lifecycle. But, your Family Fitness Center apparently took off like a rocket ship and you developed 72 locations. Most of them were in southern California with a few in Las Vegas and Denver. And Ray, I want you and our readers to know this. I shopped about seven of your clubs in the San Diego area and I don't think I have ever seen any clubs more well equipped, clean and well maintained. They simply amazed me and what's more, the manner in which the employees I dealt with treated me was excellent. First class all the way and they didn't know me as anybody but a prospective member that had just walked in.

Q. Why did you sell Family (See Club history Page 14)

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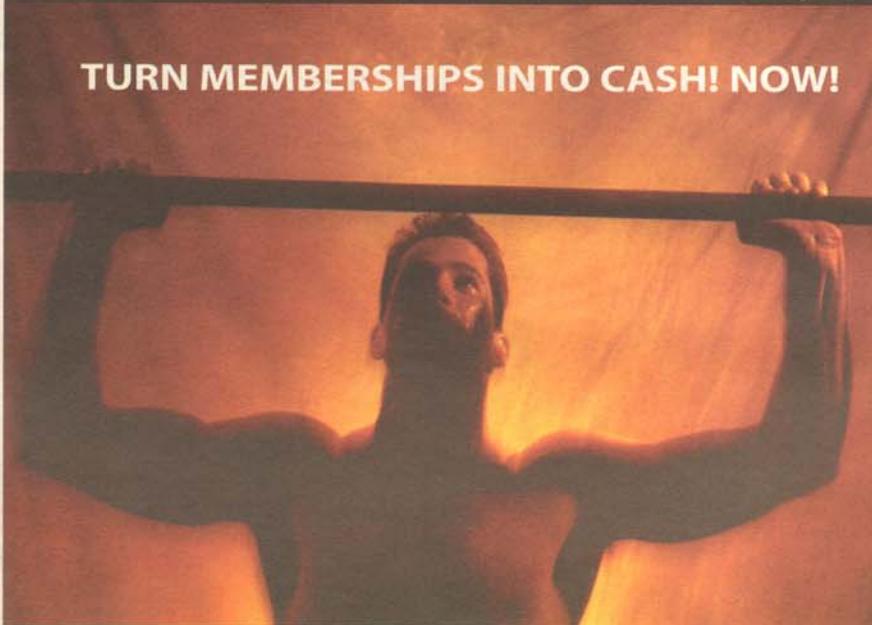
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...Club History

continued from page 12

Fitness Centers to Mark Mastrov and 24 Hour Fitness? A. Because I was about to get into a war with Mark Mastrov and his 24 Hour Fitness organization. He had obtained some serious capital, \$200 million from McCown and DeLeuw and was on a major growth program. I felt that at that time we would have had equally competitive companies. I had already been through a very similar situation and actual gym war with Vic Tanny and I didn't want to go through anything like that again. My logic was that Family Fitness Centers would be worth more before this potential war than it would have been after. So, I negotiated a sale of my organization in 1995 for \$95 million. I also felt that Mark Mastrov, besides myself, was the only person in the world that I knew of that could make this huge growth plan for 24 Hour Fitness work. And, he has. He has done a terrific job and I've enjoyed working with him these past 8 years.

Q. In respect to 24 Hour Fitness' low prices, what do you say to competing clubs that complain about that?

A. Low, affordable rates for the masses have been extremely important in making fitness an "in thing" in America and the world.

Q. In your opinion, what does the health club industry need to do now to better reach and attract and sign up the approximate 170 million people that are now overweight and/or obese?

A. We must improve our image for the entire industry by cleaning up the stupid things that some club operators are doing. You Norm, are doing a lot for this industry by being our "watchdog" and you should keep at it. In our pioneering days sure, we did some stuff that today is totally unacceptable. But, that was then and this is now. Now is the time to stop all of that. We've got to "soft-sell" memberships by convincing people that we have what they came in for in the first place, that we will take care of their needs and that we will stay interested in their results diligently after the sale. And, we should not just 'say' it. We need

to do it. If everyone in this industry realizes that we are sitting on a goldmine of membership prospects, if we will just totally clean up our act, our entire industry will grow and grow and grow. Just look at the numbers. Right now, we only have 13% of the U.S. population as members of commercial health clubs. And, that number includes members in YMCA's, JCC's and other non-profit operations. Imagine if all of us improve our employee's behavior by having policies and rules about dealing with consumers and competitors, and we enforce those rules, how much more business we can do nationwide?

A lot more! And, we need to remember to soften our selling approach by selling benefits and results, results, results! That's my answer, Norm. Keep up the good work.

The **CLUB INSIDER** News thanks Mr. Ray Wilson, the "Father and Dean" of the Health Club Industry for the many hours he put into this interview and assisting this author on preparation of this Part I of the History of the Health Club Industry Series. We also want to

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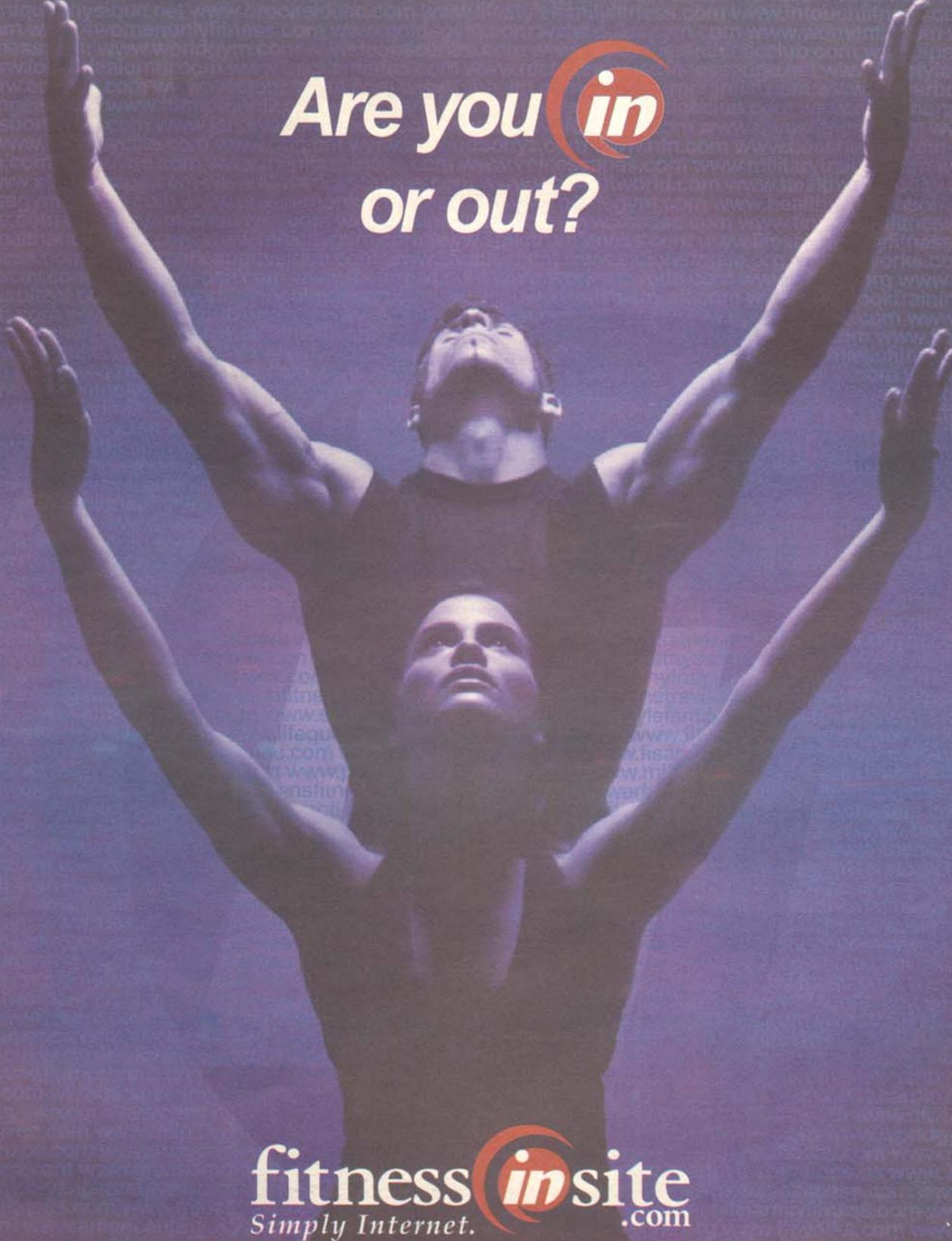
1953 - American Health Studio

thank Mr. Bob Delmonteque for providing some photos.

In the next two months we will hear from Jack LaLanne, Red Lerille, Dale Dibble, Rick Caro, John McCarthy, Robert

DelMonteque, Donahue Wildman, Rudy Smith, Lee Hillman and Tom Lincir, as we further trace the history of our amazing health club industry. We will also provide excerpts and hopefully photos (with Harold Zinken's permission) from his book **"Remembering Muscle Beach."** Also included in the next two months will be a

(Norm Cates, Jr. is the Publisher of The **CLUB INSIDER** News. Cates is a 29-year veteran of the health, racquet and sportsclub industry. Cates was the 1st President and Co-founder of IHRSA in 1981. In March, 2001, Cates was honored by IHRSA with its DALE DIBBLE Distinguished Service Award. Cates: clubinsidernews@mindspring.com)



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The PR Moment

GHFC Makes Gainesville, FL the Healthiest Community in America

By: Jennifer Passudetti

This past April, the Gainesville Health & Fitness Centers helped make Gainesville, FL. the healthiest community in America by winning the Gold Well City, USA award! Gainesville is the FIRST and ONLY community in America to receive this prestigious recognition. With over 50% of the working population participating in wellness programs at the worksite, Gainesville has set a standard for other communities to follow to help address obesity and other lifestyle related issues affecting the United States today.

A number of years ago GHFC owner Joe Cirulli and his staff came up with the mission of Making Gainesville the healthiest community in America one person and one business at a time. During the first year, Joe wondered how the clubs would measure such an ambitious mission. In 1999, Debbie Lee, marketing director, discovered the Well Workplace/Well City USA program developed by the Omaha, NE. based Wellness Councils of America (WELCOA) and knew GHFC had found their measuring stick.

WELCOA is a national, non-profit organization dedicated to improving the health of our nation through worksite wellness

programs. Their Well Workplace program provides a blueprint for establishing an employee wellness initiative in individual businesses. Evolving out of the Well Workplace awards process, Well City, USA is an initiative designed to engage entire communities in improving the health and well-being of their workforce.

Deciding the WELCOA process was easy to implement, comprehensive and result-oriented, Debbie Lee got the ball rolling by contacting then Chamber of Commerce President Marilyn Tubb, and V.P. of Community Affairs at Shands HealthCare, a large local hospital affiliated with the University of Florida, to begin this community-wide worksite wellness plan. Together they co-chaired a Well City Steering Committee made up of 15 women representing a variety of businesses. The committee compiled a list of large employers and began actively recruiting these companies and organizations to develop worksite wellness programs, starting with securing support from the CEO's and Presidents.

WELCOA provides a proven seven-step process for developing worksite wellness programs & once these programs are in place, companies can apply for the Well Workplace awards.

When enough worksites have qualified for a bronze, silver or gold Well Workplace designations, the community is named a Well City, USA. Well City awards are also given at three levels, Bronze (when 20% of employees in a community work for WELCOA designated Well Workplaces); Silver (30%); and Gold (50%). A minimum of twenty companies must be involved to qualify for a Well City at any level.

We set out to help Gainesville residents improve the quality of their lives to live longer, healthier, more productive lives, said Debbie Lee. We believed reaching people at work, where they spend half or more of their waking hours, would have a major impact on the individual, the company, and our community.

Lee & Tubb spent the first year speaking at local events, talking on radio morning shows and writing articles for the Chamber of Commerce newsletter to help recruit companies. The local newspaper, The Gainesville Sun, donated full and half page ads asking businesses to join in the effort. The committee also secured support from the Mayor, City and County Commissioners and Cynthia Chestnut from the Florida House of Representatives. A Well City Kick Off Breakfast, which was

well attended by area CEO and local VIPs, recruited even more companies bringing the total up to 32.

While orchestrating the Well City initiative city wide, Gainesville Health & Fitness Centers designed several successful wellness programs for their own employees including a workout tracking contest known as the Shape Up Challenge, lunch and learn seminars, cholesterol screens and hands on exercise workshops. GHFC's own wellness program design earned them a Bronze Well Workplace designation in 2001 and a Silver Well Workplace designation in 2003. Many employees participated and reaped the benefits of the successful program. Susie Jerry, a GHFC employee, took advantage of participating in GHFC's weight loss program.

After 6 months Susie lost over 40 pounds and has maintained the weight loss for over a year. Susie represents the typical American employee with a desk job. Even though she has a free membership at a world-class fitness center less than half a mile away from her office, Susie still could not get into a regular exercise routine. For the first few years of my employment I stepped into the clubs only a handful of times, and my weight reflected my unhealthy habits, said Susie. Participating in a

few of the earlier wellness program activities encouraged me to try the GHFC weight loss program. Through the program I learned the right way to eat and exercise for my body. Forty pounds lighter has made me feel better than ever.

The initiative had its set backs over the three years. The original thirty-two businesses dropped down to the low twenties due to lack of interest and CEO support. In the fall 2001, 10 businesses had become a Well Workplace, but the effort needed 10 more by the end of 2002. Debbie Lee and Jennifer Passudetti, GHFC's Public Relations Director, spent the next year helping the final eleven tweak their programming and polish their applications.

In March 2003, after 3 years of hard work and 21 companies employing more than 50% of the workforce being designated Well Workplaces at various levels, Gainesville found out they had met the criteria and was awarded the title Gold Well City USA - The healthiest city in America at a special ceremony on April 24, 2003.

The April 24 event highlighted the 21 businesses and their achievement and many state and local dignitaries were in attendance. The day's events included a special CEO/VIP

(See PR Moment Page 17)



Terrific Folks In Gainesville, Florida - Gold - Well City U.S.A. !

The "PR Moment"

Get Connected With Your Community

What is Public Relations? Many people confuse Public Relations with Marketing. They are two totally separate things. Marketing is paid advertising that is typically used to generate immediate sales. Public Relations is free advertising and publicity through media coverage and community involvement for the purpose of building a relationship. Once a relationship is built, believe me, you will be the first health club they'll join when that time comes.

Where do you start? There is no better way to get connected with your community than to team up with your local American Red Cross. Whether it is Blood Services, Health & Safety, or Disaster Relief, I can guarantee that they need your help. After just a few months of

running Club Legends Fitness in Valdosta, Georgia we decided to have a blood drive. We had a ton of give-a-ways, free child care for those participating, free food and no enrollment fee for everyone that gave blood. Although we had very few sales that day, the blood drive was an enormous success. We collected 107 productive units of blood, but that was just the beginning. Later that day we were on the evening news. The next day, we were on the front and back pages of our local paper. To our surprise, guest traffic increased and sales jumped up over the following weeks.

Three months after the blood drive a local apartment complex burned down leaving 8 families out of homes. With our hotel trade, we were able to house

people temporarily and we used our club as a drop off for donations. In a matter of days, we had everything from clothes to furniture piled to the ceiling in our lobby area. The community really came together, and it was truly an experience like no other. Once again the media coverage was the icing on the cake and we are still known for the people that helped the Wood Valley Fire Victims.

It wasn't long after these two events that I received a phone call from the American Red Cross asking if I would be interested in serving on the Red Cross Board. I was not only honored but also very excited to participate. I have served on the Board for two years now and have accepted the Chair position starting this July. I would like to

think I have contributed something to our community, whether big or small, but truth is that the impact it has had on myself and our club is immeasurable. If you give only to receive, you will quickly be exposed. If you give of your time or money out of the bottom of your heart, you will be greatly rewarded.

Call your American Red Cross today and get connected with your community. The American Red Cross is really struggling right now and every chapter relies strictly on local fundraising and volunteer support. Participate in a fundraiser, give free passes to everyone that gives blood, hold a blood drive, hire your local Red Cross to do your CPR training, or



Bonnie Pfeister

support just them financially. Your life and club will never be the same. (Bonnie Pfeister is a co-owner of Club Legends Fitness in Valdosta, GA. Send your greatest PR Moment to clubinsidernews@mindspring.com)

...PR Moment

continued from page 16

lunch, a 4-mile Well City Celebration Walk with walkers from all 21 companies, and an

awards ceremony held in conjunction with a Chamber of Commerce event. At the awards ceremony, Florida Department of Health Secretary John O. Agwunobi, M.D., handed out

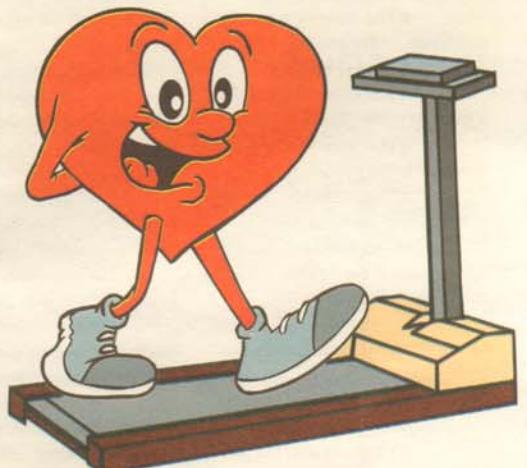
the awards and read a congratulatory letter from Governor Jeb Bush that stated, "It is truly exciting and encouraging a Florida city is the first in the nation to have

at least 50 percent of their population diligently working toward maximizing their health and wellness."

If you are interested in making a significant impact on

the health of your city and would like to implement a community-wide wellness program, please visit the WELCOA website at www.welcoa.org.

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“AS I SEE IT”

(This exclusive fitness industry column is featured only in “Norm Cates’ Club Insider News

Publishers Note: This is Part I of a two part series. Part I is Michael Scott Scudder's "Things I Like In Health Clubs. Part II will appear next month in our July edition and will be entitled: "Things I Don't Like In Health Clubs". Both lists are intended to make you and your employees think about their jobs and hopefully to use that thought process to improve and continue to professionalize your club. A great exercise would be to conduct a staff meeting each month for the next two months to discuss, one by one, each of these interesting comments. You and your staff will grow and get better because of that communication and interaction, and subsequent behavior changes. Remember, "We Are All In This Together".

By: Michael Scott Scudder

“Things I Like In Health Clubs”

I think there's a lot to like about health clubs and this month's column addresses those items.

So here goes...here are as many things as I can think of that I like, and that generally work favorably - for the businesses, large and small, in our wonderful industry.

One: MANAGERS

- The ones who know their title means nothing.
- The ones who are always positive about their employees.
- The ones who tell it straight to their owners.
- The ones who never use their title and authority as leverage on anyone else.
- The ones who joyfully show up for work early.
- The ones who look at each new work day as an adventuresome opportunity.
- The ones who dress appropriate to the club.
- The ones who are a presence in their club...just by walking in the door.
- The ones who have spent - and spend - time in every aspect of their club's operation.
- The ones who

participate fully in their club's exercise offerings.

- The ones who lead by example.
- The ones who have an "open door management policy."
- The ones who practice MBWA - "management by walkin' around."
- The ones who know they're wrong at least half the time.
- The ones who respect their members...and aren't afraid to stand up to them when needed.
- The ones who understand that their numbers directly relate to their management results.
- The ones who evaluate employees by objective measures.
- The ones who treat all employees - from the top sales person to the janitor - with equal compassion.
- The ones who know that they should be paid on what they produce.

• The ones who are a constant "yes."

- The ones who take responsibility for everything that goes on in their club...whether they are directly involved or not.
- The ones who keep taking courses, seminars, workshops...because they know one never stops learning.

Two: RECEPTION DESK (FRONT DESK) PERSONNEL

- The ones who smile...no matter what.
- The ones who show up in uniform.
- The ones who say "you're welcome" when you thank them for something.
- The ones who know the club's exercise equipment, class schedules and personnel.
- The ones who know the membership prices.
- The ones who know the membership process.
- The ones who can give you precise directions to the club...and know the fax number.
- The ones who know the club's web site address.
- The ones who can do five things at once...and all of them pretty well.
- The ones who are as conscientious about the money in the cash drawer as the owner

should be.

- The ones who understand that every member is a different human being and should be treated as such.
- The ones who know that they have a lot to learn - no matter how long they've been employed by the club - and are eager to do so.
- The ones who appropriately go out of their way to help others - members, guests, or staff.
- The ones who make it seem as though you're the most important person of the day.
- The ones who get that they are the most important person in the club because they're usually the first person on staff that members see when they enter and the last staff person the members see when they leave.
- The ones who know that they are part of a team...and act that way all the time.

Three: FITNESS FLOOR PERSONNEL

- The ones who know the distinction between "trainer" and "human being" and have managed to blend the two concepts into one very workable staff member.
- The ones who show up for work early.
- The ones who take pride in the club uniform.
- The ones who clean equipment when there's really nothing else to do on the fitness floor.
- The ones who know the above is not only part of their job...but that they are taking care of one of their most valuable assets.
- The ones who smile...even when they're having an awful day.
- The ones who just never have an awful day...even when they do.
- The ones who are friendly.
- The ones who interact with members... even if it's awkward for them or a "stretch."
- The ones who only "talk technical" when it's appropriate to do so.
- The ones who will talk with anyone...and make them feel right at home.
- The ones who exhibit

used to be called aerobics.

- The ones who show up 10 minutes ahead of the class start time.
- The ones who stay 10 minutes after the class is over.
- The ones who just

their professional knowledge and certifications in their work habits.

- The ones who just keep on learning and getting better at what they do.
- The ones who understand one-on-one training and group training.
- The ones who have "big eyes" on the fitness floor...they see it all at a glance...and do something about the needs of the people.
- The ones who love to sell personal training.
- The ones who love people.

love to keep learning and teaching what they learn.

Five: SALES PEOPLE

- The ones who know the difference between when to do a tour first...and when to do a "sit-down interview" first...and always do that.
- The ones who hate discounting because it cheapens what they're offering.
- The ones who love to make outgoing calls.
- The ones who create traffic in the club.
- The ones who know that goals are the benchmark for success.
- The ones who do complete paperwork...every time.
- The ones who keep impeccable calls - interviews - sales records...and know that these statistics are the measure of their practices.
- The ones who send thank-you cards...to people who join and to people who don't
- The ones who know they should wear a staff uniform.
- The ones who are a better salesperson than they were last month.
- The ones who make no excuses for poor performance...they take responsibility for themselves.
- The ones who never brag about good performance...they know they are not their numbers...their numbers just represent their work habits.
- The ones who take over at the front desk for a couple of minutes when needed.
- The ones who don't know other jobs in the club.
- The ones who can teach a member about a piece of exercise equipment.
- The ones who think that once you have joined it's just the beginning of a great relationship.
- The ones who are flexible with their schedules and understand "splits" and how a good salesperson makes money in "dead hours."
- The ones who exercise.
- The ones who want to keep fine-tuning their skills by learning more and more.
- The ones who are

(See Scudder Page 22)

Just Imagine if Every Relationship Worked Out.

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Lead Generation Basics – CREATE Don't Wait.

By: Karen D. Woodard

The purpose of this article is to cover some of the basics that are *so* basic that we forget them. What inspired this article was working with a client recently that has strong, producing membership sales departments in all of their clubs. I have worked with this client for a while and they have a very healthy advertising budget. However, what they wanted for a portion of our training time together was some basic lead generation tools that did not come from the advertising budget.

Here are some of the basics we discussed that you might want to check-in on with yourself to see if these are part of your consistent plan:

▪ As a Membership sales representative, your job is to generate business, not simply take the walk-ins and call-ins. When you practice this perspective, your sales will grow more than you know. Think about it this way—CREATE don't wait.

▪ Increasing your lead generation efforts with the right activities is sales success insurance. Regardless of your sales skills, when you increase the number of people you intentionally speak with about joining your club, you will sell more memberships. Clearly, you want to always be improving your sales skills. – Think about it this way... even those Membership sales representatives that are "100%" closers will not hit or exceed goals if they are not speaking to enough people.

▪ Your personal lead generation plan should have four components operating on a consistent monthly basis. These components include: referral activities, alumni Member activities, corporate activities (both new accounts and growing current accounts) and community outreach activities. Bear in mind, you also want to have a membership sales goal for each of these activities. For example: referrals = 10, alumni = 3, corporate = 5 and community outreach = 5. That is 23 membership sales generated from your own activities. That is 23 in addition to the call-ins and walk-ins you will get from the club. How would 23 more membership sales impact your

bottom line? Think about that over a 12-month period – you would create 276 more sales. Oh yeah!

The previous three principles are those things that you probably *know* but may not be *doing*. As you and I both know, there is a big difference between knowing and doing. The following three tools are easy to implement ways for you to make your referral part of the equation happen consistently.

Relationships, Relationships, Relationships.

The highest performing Membership sales representatives are the ones that have the most relationships. They know that creating good, genuine relationships with Members produces consistent referrals. My encouragement to you is to introduce yourself to 5 members everyday that you do not know. We typically only speak to the Members we are comfortable with or know well. By introducing yourself to 5 members daily that you have not yet met, you will increase the circle. When you introduce yourself to them, it is not to ask for referrals – it is to introduce yourself and begin a relationship. Once you have met them and have spoken to them a few times, it may then be appropriate to talk with them about referrals. Give it some time to build. Think about introducing yourself in the following way:

"Hi, I don't think we have met yet. My name is _____ and I am in the Membership department here in the club and you are?"

Good to meet you _____. How is the club working for you?

How long have you been a member with us?

Well, good speaking with you and if there is anything I can do for you, please let me know. I hope to see you again. Enjoy your visit."

Dollars From Day 1

A referral-prospecting tool for you that also combines a retention element. The very first day of every month you will call all the members you got started in the previous month. For example, on October 1, you will call all the members you got

started between September 1 and September 30. The conversation will sound like this:

You Bob? Hi! This is Karen from the club. The reason for my call is that I wanted to make sure you are finding everything and that you are enjoying the club. How is the club working for you?

Bob Oh man – I love the club! It's the best thing I've done in a long time. Thanks for checking in on me.

You My pleasure. I just wanted to make sure you're comfortable and being taken care of. We talked about a lot of things when you joined and I want to make sure we covered everything. When you joined last month, I don't know if we talked about our member referral program. Each month we have a gift for our members who refer their friends. This month the gift is a *very* cool fleece vest – you may have seen it in the lobby display.

Bob Yeah – I did see that. It is pretty cool. How do I get one?

You It's easy. All you do is refer a friend who joins this month and it's yours. The promo goes until the end of the month so I wanted to give you plenty of time in case you wanted to get involved. Is there anyone you'd like me to call for you and extend an invitation to the club courtesy of you?

Bob Yeah, actually I have a few buddies that would be interested. Their names are _____, _____, _____ and their phone numbers are...

You Excellent Bob! I will give them a call and let you know what happens. And please, if there is anything I can do for you in the club or you have any questions, don't hesitate to let me know.

This tool will allow you to check-in with and stay in touch with every member you have started at the club as well as discuss the referral opportunities with them. My recommendation is that you do this with as many members as you can every month whether they joined with you 30, 60, 90 or however many days ago.

Passes in Classes

Passes in Classes will allow you to generate leads



Karen Woodard

within a specified period of time, preferably within two to five days. The way it works is you will divide the Group Exercise schedule among all the Membership Sales Representatives. You will then pick classes that you will attend for the first minute or so. You will prearrange a brief introduction by the class instructor and he/she will say the following:

"Hey Gang, this is _____ from membership and she/he has something for you"

You'll stand up in front of the class and say:

"Hey everybody, my name is _____ from the membership department and I have 5 guest passes that are good from today until the end of this weekend."

They are designed for your friends or family who might be interested in joining the club. Here's the scoop: as a courtesy to your guest, when they join this weekend, they get _____

you get _____. Who would like a pass?"

You would proceed to give them a pass and generate more leads for you weekend or whatever time frame you choose to have them be valid.

The tools in this article are sales basics that should be practiced at all times. By implementing these tools, you will see your sales grow. Remember, CREATE don't wait.

(Karen D. Woodard, President of Premium Performance Training in Boulder, Colorado is an international author and consultant devoted to successful sales, operations and management training. She has owned a variety of clubs since 1985 including a body/mind center, 3 fitness centers, and 2 indoor rock-climbing facilities. Karen offers books, tapes, manuals, on-site and on-line staff training. Contact Karen at 303.417.0653 or karen@karenwoodard.com)

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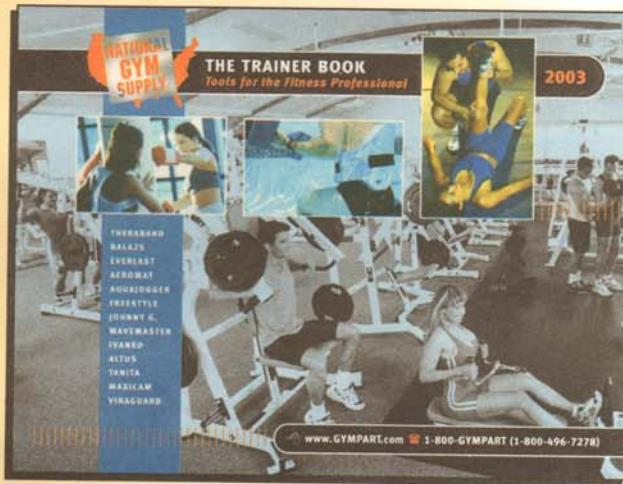
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...Scudder

continued from page 18

proud to be called "salesperson."

Six: OWNERS

- The ones who work their clubs.
- The ones who work out.
- The ones who praise good performance and correct poor performance...and do it seamlessly.
- The ones who walk in the door and you love having

them there.

- The ones who think that they are no better than the lowest player in the game.

- The ones who think that managers and employees are magic.

- The ones who love members.

- The ones who empower staff to take action with members...and only step in if needed.

- The ones who consider staff education to be one of their best ongoing investments.

- The ones who wear

staff uniforms.

- The ones who look for nice things to say to you.

- The ones who always commend you publicly when appropriate and correct you privately.

- The ones who know every staff person's name...and things about each one of them.

- The ones who fully understand numbers...and take ultimate responsibility for them.

- The ones who teach you how numbers represent your work, practices and progress...or lack of it...and explain it in a way

that has you learn.

- The ones who are always on time...no matter how busy they are.

- The ones who think their title should be "zookeeper."

- The ones who know that your running this club makes it just fine.

I would love to hear your "things I like"...email them to me at scuddertour@direcway.com. I'll keep them in that journal and include yours in future newsletters (and maybe a book).

(Michael Scott Scudder, a contributing author for "The Club Insider News," is a 28-year veteran of the fitness industry. He is managing partner of Southwest Club Services, a club management training company based in Taos, New Mexico and Fort Worth, Texas. He offers regional-city one-day seminars on marketing and training profit centers, and an intensive two-day workshop in home headquarters of the Fit For Life Centers in Texas, of which he is a partner. He can be reached at 505-690-5974, by email at scuddertour@direcway.com or at his web site, www.scuddertour.com)

... Norm's Notes

continued from page 5

all of these WINNERS!

• Last month I wrote about a special Dot.Com World edition that I'd published 3 years ago in June, 2000. I mentioned that PETE MOORE, partner of DON HOSKYNS, in their company, Fitness Venture Group, were the "last ones standing." I was only referring to the many Dot.Coms that had come into the club industry about 4 years ago, and I am sure I was wrong about that. And, if your company is one of "those still standing", I apologize. I was trying to illustrate how tough it had been for many Dot.Com companies to survive. So, I retract the "last ones standing" comment and would like to modify it accordingly to read: "Anybody in the Dot.Com.world that continues to operate and do well in this competitive market surely knows what they are doing and are to be admired." This certainly includes GARY ALBERT and his company, ActivTrax as they have done a terrific job and Gary continues to sign up new clubs for his programs. See Gary's ad on page #19 of this issue. I am also very happy to report that Gary has teamed up with our wonderful friends and friends of the industry, DALE DIBBLE and DAVID LAHAIT, to do some creative things at the Hyatt Bentley Village Wellness Center in Naples, Florida. Dave and Dale, who is age 83, wrote on June 15th, "Hi Gang, As you know, we are working with Gary Albert of ActivTrax. We have 3 weeks under our belt of tracking all 930 residents at Bentley Village. No reports yet, but our residents love our keeping score on their Wellness Center and related physical exercises. Keep Tuned. David Lahait/Dale

Dibble.

• KAREN WOODARD, a star club consultant that has risen and risen over the years and former CLUB INSIDER News cover person, has announced a complimentary club survey program she is conducting with club owners through her company, Premium Performance Training. The program will consist of 30 to 50 clubs who agree to complete a monthly survey from now until December, 2003. The survey will collect club statistical data in the area of sales, marketing, non-dues revenues, expenses, etc. Each participating club will in turn receive the data from all participating clubs monthly in a blind survey format, which will allow clubs to compare their monthly performance to other clubs in the study. All participating clubs will remain anonymous. Contact Karen at: 303.417.0653 or: email: Karen@karenwoodard.com

• YOU MAY SAVE A LIFE! See the AvanTech ad on page #17 of this edition. Call Today! 1-877-598-1234

• Congratulations to Bally Total Fitness CEO, PAUL TOBACK, as he was named not long ago to the title of Chairman, to go along with his CEO and President role at Bally Total Fitness. Also, Bally stock is on the rise, closing at: over 8 on Friday, June 20th.

• Congratulations to EDDIE and JENNY TOCK as they are celebrating the arrival of a brand new bouncing baby girl, GIULIANI MARIA, (7 LBS. 6 OZ.) Eddie is one of the partners with RAY GORDON and LYLE SCHULER in SalesMakers, America's longest running health club sales management and training consulting company. (22+ years). See their ad on page #7 and call now if you're sales have dipped or are

trending that way.

• In my research on The History of the Health Club Industry, I coincidentally heard from HARRY MEEKS, owner of the Orange Avenue Gym in Orlando. Harry tells me that his Gym is one of, if not the oldest operational gyms in America. Built and opened in 1948 by MILO STEINBORN, Harry says the gym has never closed. We will have more on the Orange Avenue Gym in Part I or Part II of our 3-part series. Harry says his Orange Avenue Gym is located near I-4 at Princeton Road in Orlando, and he welcomes free tours anytime and workouts for just a \$5 guest fee. In the meantime, Harry Meeks is seeking qualified club entrepreneurs to get involved in the operation of his four Paramount Health Clubs in the Orlando Area. For information, call Harry Meeks at: 407.421.9800.

• STEVE VUCOVICH is a 17-year owner of the Apple Athletic Clubs up in Idaho Falls, ID., and we extend our "Well done and congratulations" to Steve and his team as they have successfully defeated a \$13.3 million, 78,000 S.F. Public Recreation Fitness Center by a community vote of 81%-19%. Vucovich used a lot of PR and some help from IHRSA in winning this fight. And, that assistance is one of about 100 areas in which IHRSA can help your club. Call IHRSA at: (800) 228-4772 for membership information.

• Thanks to my good friend, ALAN SCHWARTZ, for his kind note to me about my son Justin's cover story last month. Alan, in addition to being the Chairman of Tennis Corporation of America, owner/operators of over 40 clubs and major corporate fitness centers across America, is also the Chairman of the Board and

President of the United States Tennis Association. Alan's son, STEVEN, is President and CEO of TCA. He recently reported an incident to me in which a manager of an X-Sport Fitness Club that is under construction in the suburb of Forest Grove, CHARLES KITE, signed up for a two week trial membership at TCA's Forest Grove Athletic Club. He did not disclose that he was the Manager of a competing club nearby. The very next day someone had placed stacks of X-Sport's 45-page four-color magazines inside the Forest Grove A.C. promoting their 15 or so area clubs! It just so happened that Kite was in the Forest Grove A.C. working out when those color magazines were discovered by the TCA Manager. When confronted by Schwartz by phone, Kite denied that he had done it, even claimed he was being "falsely accused." But, Steven did follow-up with the people at the top of the food chain in the organization and spoke with DAN MORRISSEY, a co-owner of X-Sports with STEVE RAYMAN. Steve Schwartz comments, "Dan was very professional. He said all of the right things: 'It was wrong. I will talk to Charles. It won't happen again'." Steven Schwartz has done all of the right things in respect to this event, including filing a formal complaint with IHRSA against X-Sports and contacting The CLUB INSIDER News. This is definitely "Bottom-Feeder Update" material, but we will wait to see how it develops. STAY TUNED!

• Congratulations to our terrific printing company, WALTON PRESS in Monroe, GA. as they have just started rolling their brand new \$4 million dollar DGM 440 Web Press! This new press is accompanied by a new high tech Creo Trendsetter News 70

Computer-to-Plate Imaging System. This gives Walton Press a terrific start on their second 100 years of business as this 103-year old company just rules. For information on printing any of your club newsletters or other materials, contact my terrific account rep, LINDA McGINNIS, at: 770.267.2596 or email: lmeginnis@waltonpress.com

• JOHN AGLIALORO, the CEO of Cybex has done amazing things with his now 3-year long effort to turn Cybex around and he is making progress! It was announced on June 13th that Cybex had received commitment letters from CIT Business Credit and Hileco Capital LP to refinance the company's current debt with Fleet Boston Financial and Wachovia Bank. Congratulations John and all at Cybex!

• RON and SANDY FRANCO, the owners of Franco's Athletic Club, in Mandeville, LA., have one of America's top clubs. And, they stay on top by doing unusual things and this note is no exception. They have launched a TONY HAWK Skate Park, equipped with Tony Hawk's new Ramp Logic skating equipment, featuring half-pipes, fun boards, rails and quarter pipes. Sandy has also found time to serve the industry and IHRSA as a Board Member the past few years. Thanks Sandy!

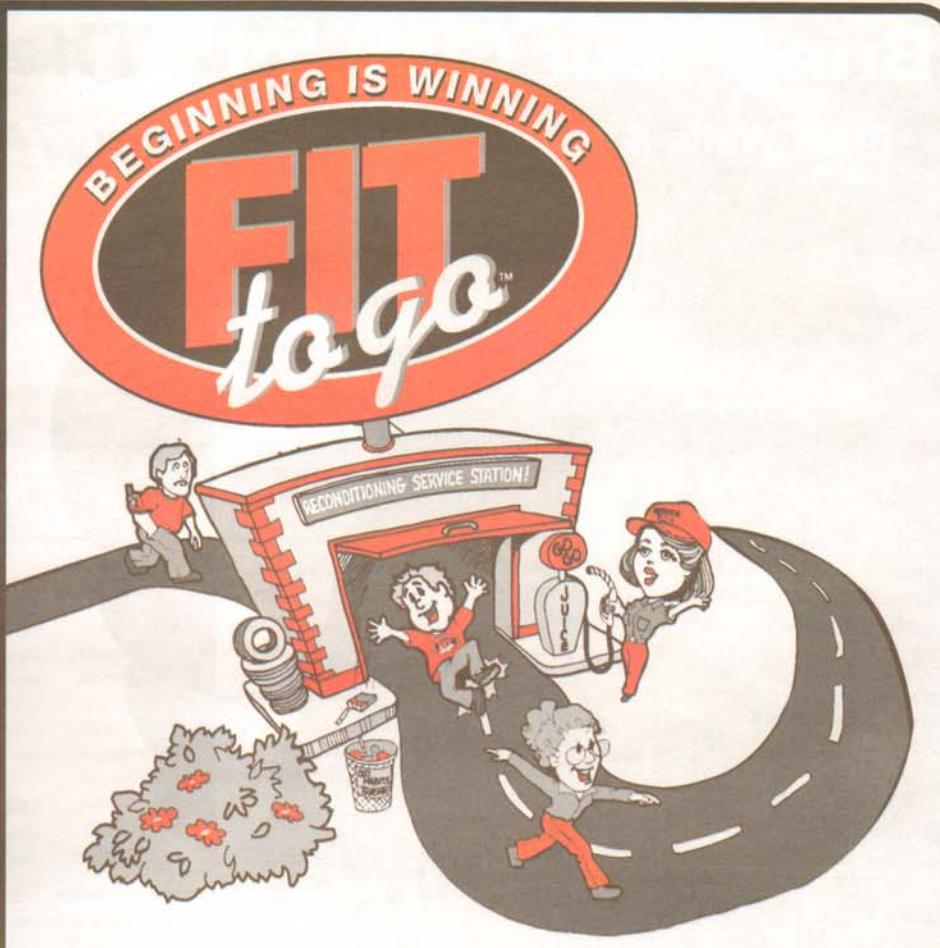
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We couldn't afford to completely remodel our club when we wanted to attract more than the "gym rats" in our area. IMPACT gave our club a more attractive look that was well within our budget. It was one of the best investments I've ever made.

Terry Braseale
Owner Iron Works Fitness
Huey Town, AL

Since the interior design upgrades, we've noticed more member workouts a day. That's coincided with higher pro shop sales, larger group exercise sessions and higher personal training volume.

Otis & Dee Bullard
Owners, Body of Steel Fitness
College Park, GA

We were not only impressed with the design ideas IMPACT gave us during their consultation, but their knowledge about the fitness industry itself was incredible! They gave us marketing ideas and concepts that helped us immeasurably. We definitely received more than our money's worth from them. The best bang for the buck we've ever received!

Joe & Melissa Fitzgerald
Owners, PowerHouse Gym
Gaylord, MI

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Our club was a year old and we had plain white walls.

After IMPACT worked with us on our logos and some exciting colors in the day-care and aerobics rooms our new member numbers increased and our retention rate has been incredible. We should have done this sooner.

Velvet & Chris Eidson
Owners of World Gym
Jacksonville, FL

We've used Carlos Dixon and his people at IMPACT DESIGN, Twice—And each time they've come through with "Flying Colors"!

Wayne Kosbie
Owner, Towne Lake Fitness
Woodstock, GA

I've used IMPACT Painting in several of my clubs. I know the Design & Painting are good for business because my numbers increased each time I used them.

Al Phillips
Owner, 5 World Gyms
Chicago, IL

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Body Training Systems Update

Publisher's Note: The following Body Training Systems Update was scheduled to be published in our May edition, but due to space constraints, it was not. Here is more on exactly why you should investigate Body Training Systems thoroughly if you have not already. Thanks to Joseph Bencomo, owner of Powerhouse Gym in El Paso, Texas. Joseph may be reached at: (915) 587-7867.

Q.#1. Please tell me about your club?

A. Our club is a Powerhouse Gym. We've positioned ourselves in the market as a contemporary, upscale fitness center catering to adults of all fitness levels.

Q.#2. When did your gym initially become involved with Body Training Systems?

A. We became involved with BTS about 5 years ago.

Q.#3. Please review your group exercise schedule and numbers before installation of Body Training Systems?

A. Pre-BTS, our group exercise program consisted of the standard Step classes, Hi-Lo, Fitness Kickboxing, etc. It's been quite a few years, but I do recall our program numbers being inconsistent, instructor popularity-dependent, and stagnant.

Q.#4. Review your Group Exercise schedule and attendance numbers since installation of BTS?

A. Attendance since BTS has been very strong. BTS has drawn a significant number of our members back into group exercise, has helped with prime-time "traffic flow", and has allowed us to professionally service a large group of customers at one time.

Q.#5. What are your most two popular classes?

A. Body Pump is our most popular class and RPM is second.

Q.#6. How has BTS impacted your club's membership sales?

A. BTS has provided us with new marketing opportunities. Through "Super Saturdays" and New Class Launches, we are able to offer anticipation, build-up,

incentives, festivities, and drive traffic into our businesses.

Q.#7. What are the greatest benefits your club gets from BTS?

A. Greatest benefits: Our renewals are stronger. Our group exercise customers know that our program stays fresh and exciting. BTS falls right in with our high-quality, upscale, professional image. We are able to offer consistency in our group program, the "best" and the "latest" the industry has to offer, and it gives us an extra avenue to attract new members.

Q.#8. There are some club owners/group fitness managers in the industry that immediately

close their mind on consideration of Body Training Systems for their club when they learn there is a monthly program fee. What would you say, "heart-to-heart", to a fellow club owner/group fitness manager who has done that?

A. My advice: Don't limit the potential of your business. For me, the monthly fee is not an expense, it's an investment. With BTS, we are able to service, truly service, a large group of people consistently and professionally at one time, keep our program fresh and energized, and offer our staff continuing opportunities to learn and master new programs.

Q.#10. What other things can you share from your experience with BTS that might influence a fellow club owner to make this most important move to Body Training Systems?

A. The fitness consumer is very savvy and expects the most for their dollar. I'd like to think that our customers feel valued and worthy of only the best. BTS has helped us to "round out" our image nicely by offering the highest quality, most professional, consistent, and income-generating program out there.

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"Body Training Systems accounts for 1500 new members and \$1 million in revenue that we didn't have before. In addition, we avoided about \$100,000 of additional investments in capital equipment over the first two years with BTS."

- Gordon Johnson, Gold's Gym Owner



"In just three years with Body Training Systems, annual revenues increased from \$800k to \$1.7 million, and our earnings increased by \$250k."

- John Bonica, Global Fitness Owner



"In only 7 months, BTS has reinvented Group Fitness programming at WOW! We have experienced more than a 30% increase in class participation and more than a 25% increase in guest traffic across our seven clubs."

- Stephen S. Roma, WOW! Work Out World Owner/Chief Operating WOWzer

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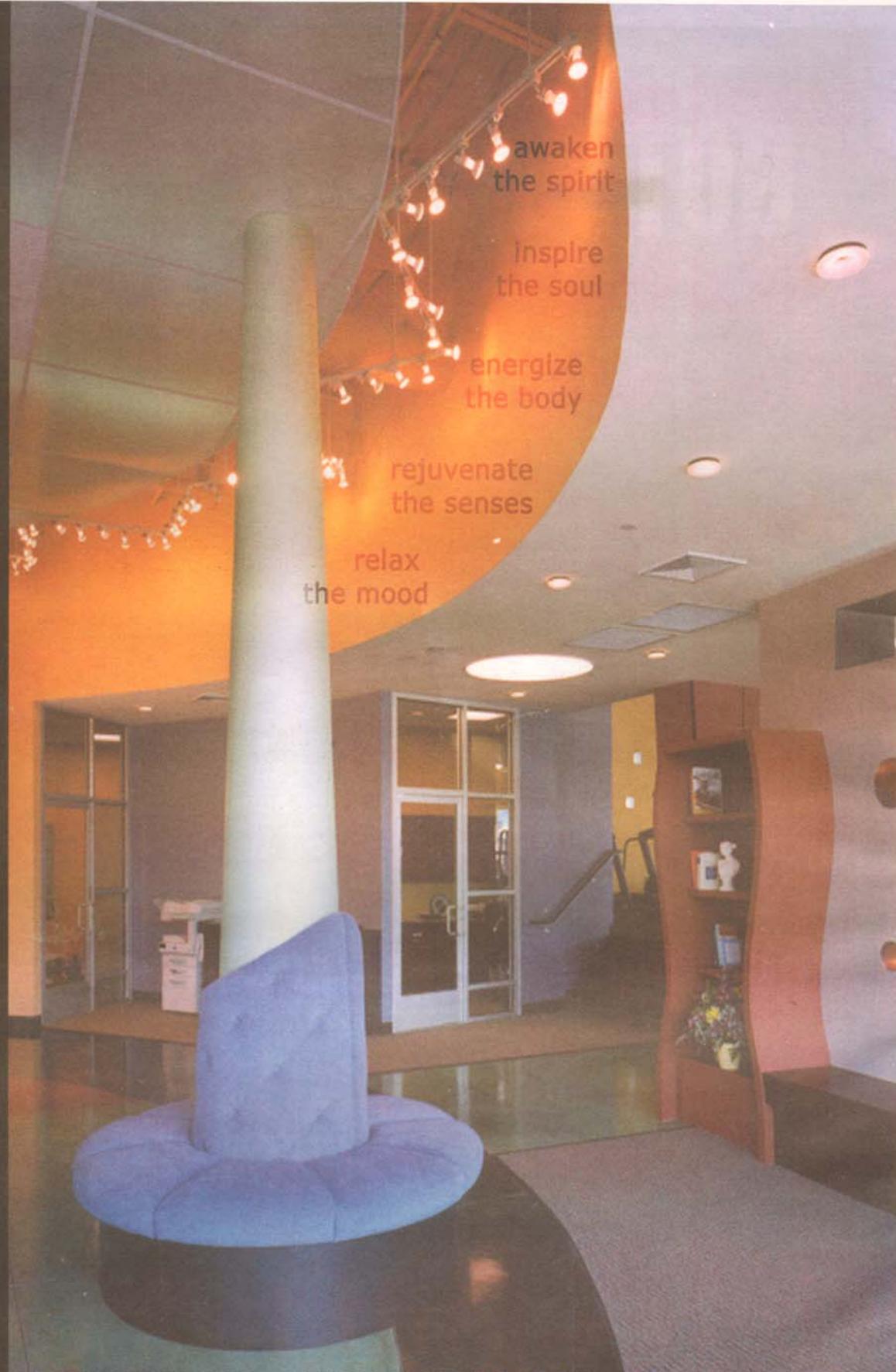
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