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Norm Cates'

# THE Club Insider

## NEWS

JULY 2003  
VOLUME 10 NUMBER 7

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

IN THE COMMON PLEAS COURT OF WARREN COUNTY, OHIO  
Civil Division

MOORE'S FITNESS WORLD  
CINCINNATI, INC.  
651 Congress Park  
Centerville, Ohio 45459

Plaintiff,

v.

GOLD'S GYM—EASTGATE aka  
EASTGATE FITNESS, LLC  
c/o statutory agent  
2800 Corporation  
2800 Chemed Center  
255 East Fifth Street  
Cincinnati, Ohio 45202

—and—

GOLD'S GYM—WESTERN HILLS  
aka WESTERN HILLS FITNESS, LLC  
c/o statutory agent  
2800 Corporation  
2800 Chemed Center  
255 East Fifth Street  
Cincinnati, Ohio 45202

—and—

GOLD'S GYM—FIELDS-ERTEL aka  
GLOBAL FITNESS HOLDINGS, LLC  
c/o statutory agent  
Royce Pulliam  
4772 Fields-Ertel Rd  
Cincinnati, Ohio 45249

—and—

GOLD'S GYM INTERNATIONAL,  
INC.  
c/o statutory agent  
Lawyers Incorporating Service  
2730 Gateway Oaks Drive, Suite 100  
Sacramento, California 95833

—and—

GOLD'S GYM FRANCHISING, INC.  
c/o statutory agent  
Lawyers Incorporating Service  
2730 Gateway Oaks Drive, Suite 100  
Sacramento, California 95833

Defendants.

CASE NO. 03 ~~0~~ 61054

Judge **JUDGE FLANNERY**

VERIFIED COMPLAINT FOR  
INJUNCTIVE RELIEF AND  
COMPENSATORY AND PUNITIVE  
DAMAGES

JURY DEMAND ENDORSED  
HEREON

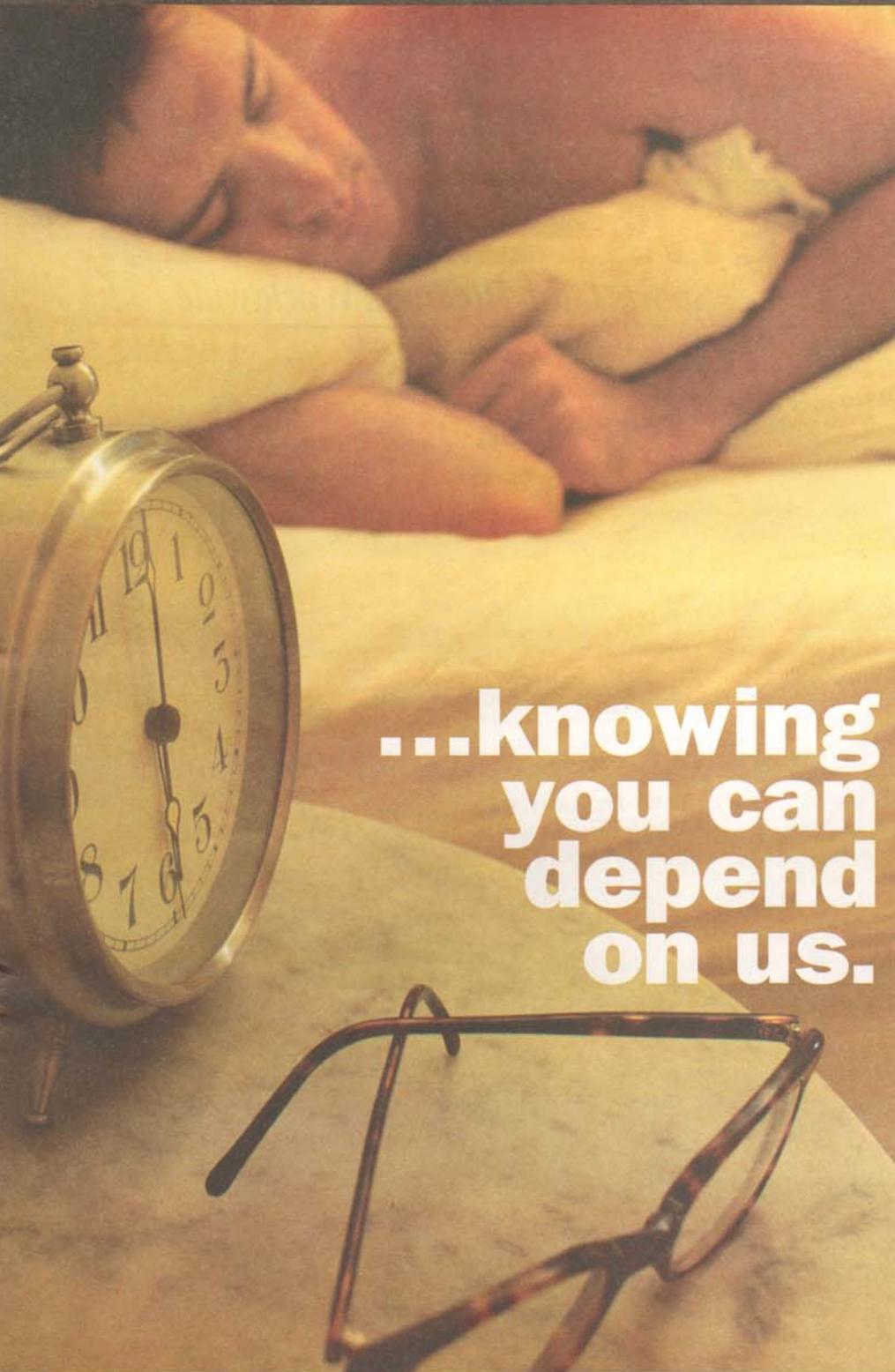
Common Pleas Court  
Warren County Ohio  
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CLERK OF COURTS

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# THE Club Insider

## NEWS

### Joe Moore Sues Royce Pulliam's Gold's Gyms and Gold's Gyms, Inc.!

By: Norm Cates, Jr.

The "Gym War" described in our June, 2003 edition is raging in the Northern Kentucky/ Cincinnati, Ohio region. It has reached a boiling point with Joe "The Gladiator" Moore, the region's senior club owner/operator of 10 Moore's Fitness Centers, filing a lawsuit against Royce Pulliam's Gold's Gyms and against Gold's Gyms, Inc. and Gold's Gyms Franchising, Inc.

In our May edition, on page #4, Insider Speaks, we published an article entitled: "Alleged Bottom Feeder Update"

and we referenced allegations made by a significant number of club owners in that region against an unnamed Gold's Gym operator. We published comments by Powerhouse Gym owner, Dwayne Carr, and his statement that on May 23<sup>rd</sup> he would file a lawsuit against the "alleged bottom feeders" for numerous complaints. In our June edition, on page #4 Insider Speaks, I explained that Dwayne Carr had NOT filed the lawsuit, citing a change in lawyers as the reason. I also stated that in my opinion there was a "Gym War" going on in the Northern Kentucky/Cincinnati, Ohio region, peace talks were needed and a

meeting should be held amongst the area club owners with the objective of developing an agreement to stop this war. I called for this meeting to be held on August 14, 2003, and indicated that I would facilitate the meeting and every club owner in the region was invited. I also indicated that Gold's Gym owner Royce Pulliam had agreed to attend.

Immediately after publication and mailing of last month's June edition, I traveled to the Northern Kentucky/Cincinnati, Ohio region accompanied by an experienced private detective and undercover investigator whom I had retained for the

job of "club shopping." During a quick two-day tour of the area, my "shopper" visited 10 clubs, including 3 Gold's Gyms, 3 Moore's Fitness Centers, 2 Powerhouse Gyms and 1 Fitworks Fitness Center and the Lexington Athletic Club. The purpose of the trip was to obtain first-hand contact with many of the key club organizations in the area and to gauge whether my assessment and description of the situation as a "Gym War" was accurate. We obtained that information and my assessment and description of the situation in the region was accurate. Without disclosure of specifics, let me briefly summarize the shopping

trip. The most prominent aspect of the club shop experience in the region was the willingness of some of the membership sales representatives to bad-mouth their competitors. This bad mouthing was not observed, however, in any of the three Moore's Fitness Centers, the Fitworks Fitness Center, or the Lexington Athletic Club.

The most prominent impression made upon the "shopper" was the hostile, almost bullying attitude of the employees met at the Gold's Gyms. In particular, in our last visit to the Eastgate "Super" Gold's Gym in Eastern Cincinnati, my shopper (See Joe Moore Page 4)

### Texas Officials Close and Seize Two Gold's Gym

By: Norm Cates, Jr.

On July 1, 2003, the Texas State Department of Revenue closed and seized Gold's Gyms in Arlington and Fort Worth Texas for past due sales taxes amounting to \$285,447.53 for the Arlington facility and \$112,914.12 for the Fort Worth facility. The two gyms were placed under "full seizure" according to Laura Hennessee, a spokesperson for the State of Texas Comptroller's

Office, meaning the locks have been changed and the fitness centers were in the State's possession.

The two Gold's Gyms are owned and operated by Fitness Forever whose President is Scott Theeringer, also owner of several other Dallas/Fort Worth area Gold's Gyms.

This event marks what may be the toughest public relations period ever experienced by the Gold's Gym organization since it began. Not only has this closing and seizure happened, in

Ohio, Joe Moore's Fitness World has filed a major lawsuit against Royce Pulliam's Gold's Gym organization that owns and operates four Gold's Gyms in the Cincinnati, Ohio area. (See above for the story). For years Derek Barton, the Vice President of Marketing for Gold's Gyms International, Inc, has done a masterful job of positioning Gold's Gyms with a pristine image and what is arguably one of, if not the best brand identity in the health club industry. Derek will have his work cut out

for him after these separate events in distant parts of the country have been making headlines.

It was reported in the Fort Worth Star Telegram that the State of Texas would have to wait 20 days after the notice of seizure before it could start selling off the contents of the gyms. The Star Telegram also reported that unidentified employees at other Gold's Gyms operated by Theeringer had said the bulk of the tax arrears date back to 1997, before the purchase date of the

gyms by Theeringer. Liens placed on the property had been contested by the owners in court two times, both unsuccessfully.

Displaced members of the two closed Gold's Gyms were being provided access to other Gold's Gyms and to the Fit For Life Centers in the Fort Worth, Texas area.

The questions now are: "What is next for the Gold's Gyms organization?" and "Who has the answer?"

STAY TUNED!

## AGREEMENT TO PROTECT HEALTH CLUB MEMBERS

### Spitzer's Office Obtains Settlement With Gold's Gym

**Publishers Note:** This article was released by the New York State Attorney General's Office on January 9, 2003. Given the Gold's Gym activity on the consumer front, we present the announcement here for your information.

Attorney General Eliot Spitzer today announced an agreement with the world's largest gym chain to protect consumers who prepay for health club memberships.

Gold's Gym Franchising, Inc., headquartered in

Venice, California, agreed to compel its 32 local outlets across New York State to post performance bonds as required by State law, something many have failed to do.

"Compliance with bonding requirements is essential in protecting consumers from loss in the event a health club closes down," Spitzer said. "Since 1999, my office has intervened on behalf of consumers on at least six occasions to obtain judgments and settlements recovering more

than \$213,000 for approximately 1,800 individuals throughout the state.

However, these legal actions would not have been necessary if (See Gold's Gym Page 7)

### The History of the Health Club Industry Part II - Postponed

The research and follow-up necessary to cover the rapid developments in Ohio with Moore's Fitness World filing a precedent setting lawsuit against Royce Pulliam's Gold's Gyms and against Gold's Gym International, Inc, and Gold's Gym Franchising, Inc., has been extremely time consuming. For that reason and due to some other extenuating circumstances, I have not completed Part II of The History of the Health Club Industry at press time for this July edition. Therefore, Part II has been postponed and will appear in our August edition. My apologies to anyone that this may inconvenience. I would sincerely appreciate your forgiveness. - Norm Cates

### Inside The Insider

- Healthy Inspirations Update
- Check-Up for Leadership Success
- Michael Scott Scudder's "Pet Peeves"
- Health Club Panel Network Offers New Income Stream!

## ...Joe Moore

continued from page 3

asked, "Are all the Gold's Gyms in the area part of one company?" The sales person responded with the following comments. He said, and I quote: "We control all of the Gold's Gyms' Franchises in Ohio, except for one in Columbus. But, we are going to try and buy that owner out. And, if he will not agree to sell out to us, we are going to build a new Gold's Gym near him and run him out of business!" End quote. The amazing thing about that comment is how close it comes to the comment that Dwayne Carr of Powerhouse Gyms attributes to Gold's Gym owner, Royce Pulliam, at their face-to-face meeting in which Pulliam allegedly threatened Carr with the same treatment.

### Former Pulliam Employee Weighs In

Also, in our May "Alleged Bottom Feeders Update" we indicated that we had heard from a former employee of Gold's at Western Hills in Cincinnati. We did not mention his name in May, but we are now ready to disclose his name as we have conducted an interview with Chris Norris, the former employee. We spoke with Norris who contacted us by phone from Texas where he now lives and works. That amazing, no, better said, astonishing interview, is in production as we complete our fact finding. **Stay Tuned**

### Joe "The Gladiator" Moore Files Suit Against Pulliam's Companies and Against Gold's Gyms International, Gold's Parent Company, and Gold's Gym Franchising, Inc.

While Dwayne Carr of Powerhouse Gyms in Lexington, KY. has been talking about suing Pulliam's interests for months now, Joe Moore has not said a word. Instead, Moore, a 32-year veteran of the health club industry, Black Belt in Sensei in JiuJitsu and Master Black Belt in Karate, current IHRSA Board Member, and IHRSA Ethics Enforcement Committee Member, had been preparing a four count lawsuit against Royce Pulliam's Gold's Gyms, Gold's Gym International (GGI) and Gold's Gyms Franchising, Inc. that was filed on June 12, 2003. The following pages includes a summary of the 16-page complaint. And, if you would like to

read the entire text (except for Count Three and Four which Joe Moore has asked us to withhold from publication for the time being), simply go to [www.clubinsidernews.com](http://www.clubinsidernews.com) and click on Moore's Fitness World, Claimant vs Gold's Gyms et.al. Defendants. You will be amazed at what you will read in this complaint. This lawsuit now presents an ominous challenge for Royce Pulliam and his Gold's Gyms just to survive and stay in business. It will not be easy and when you read this complaint you will understand why.

In response to the lawsuit filed on June 12, 2003, the Court issued an Order forcing Pulliam's gyms to construct and have in use within 7 days membership contracts that complied with Ohio State laws. Amazingly, Pulliam's gyms had been selling memberships in Ohio for months and months using contracts that did not contain the necessary 3-day right to rescind language required by Ohio State law and they failed to comply with State law in a number of other areas you will see upon reviewing the lawsuit summary below.

### Moore's Fitness vs Gold's Gyms, et.al. Lawsuit Summary

**Introduction-** The introduction sets forth the players: Complainant: Moore's Fitness World, Cincinnati, Inc. vs Gold's Gym-Eastgate aka Eastgate Fitness, LLC; Gold's Gym-Western Hills aka Western Hills Fitness, LLC; Gold's Gym Fields-Ertel, aka Global Fitness Holdings, LLC; Gold's Gym International, Inc. and Gold's Gym Franchising, Inc.

Importantly, in the introduction items #8 and #9 state: (8) An actual agency relationship exists between Gold's Franchisors and Gold's Franchisees, as Gold's Franchisors have the right and obligation to control the actions of Gold's Franchisees; and (9) an apparent agency relationship exists between Gold's Franchisors and Gold's Franchisees, as Gold's Franchisors hold Gold's Franchisees out to the public as possessing sufficient authority to act on behalf of Gold's Franchisors.

**Count One- Violation of Ohio Deceptive Trade Practices Act (R.C. 4165.02 (A) (7) Against defendants Gold's Franchises.**

10. Plaintiffs restate and

realege all prior paragraphs.

11. Moore's Fitness World operates health fitness clubs in the greater Cincinnati area and northern Kentucky area.

12. Gold's Franchisees operate four (4) health fitness clubs in the greater Cincinnati area and northern Kentucky.

13. Moore's Fitness World and Gold's Franchises draw health fitness club customers from the same finite population in the greater Cincinnati and northern Kentucky areas.

14. Gold's Franchisees and Gold's Franchisors are engaged in the business of soliciting for the sale of and selling prepaid entertainment contracts for memberships in facilities which provide health spa services.

15. Gold's Franchisees and Gold's Franchisors are subject to the Ohio Consumer Sales Practices Act and the Ohio Prepaid Entertainment Contract Act.

16. The Membership Agreement used by Gold's Franchises to contractually bind their members to pay for the services of Gold's Franchisees is a standard form, pre-printed contract (the "Gold's Contract") attached hereto as Exhibit A.

17. The Gold's Contract does not comply with the requirements of the Ohio Consumer Sales Practices Act and the Ohio Prepaid Entertainment Contract Act for the following reasons"

• It fails to contain a completed form, in duplicate, captioned "Notice of Cancellation" that is attached to the Gold's Contract and contains the following required statutory language in ten Point boldface type:

*You may cancel this contract for any reason at any time prior to midnight of the third business day after the date on which the first service under the contract is available, and if the facility or services that is the subject of the contract is not available when you sign the contract, you may cancel the contract at any time prior to midnight of the seventh business day after the date on which you receive your first service under the contract. If you cancel within this period, the seller must send you a full refund of any money you have paid, except that a reasonable expense fee not to exceed ten dollars may be charged if you have received your first service*

*under the contract. The seller must also cancel and return to you within twenty business days any papers that you have signed.*

*To cancel this contract you must deliver in person manually, or by certified mail, return receipt requested, the signed and dated copy of this cancellation notice or any other written notice of cancellation, or send a telegram, to (name of seller), at the address of any facility available for use by you not later than midnight of the third business day after the date on which the first service under the contract is available, and if the facility or service that is the subject of the contract is not available when the contract was signed, not later than midnight of the seventh business day after the date on which the first service under the contract is available.*

in violation of R.C. 1345.44(B).

• **It fails additionally as follows:**

-to provide that if, by reason of death or disability, the member is unable to receive benefits of Gold's Franchisees' services, the amount unearned on the contract to date must be returned to the member or his representative. In violation of R.C.1345.42(B)(5)

-to provide that performance of the contract will begin no later than 180 days from the date the contract is entered into in violation of R.C. 1345.42(B)(6)

-to provide that if the member relocates 25 miles or more from Gold's Franchisees' facilities and if the member gives Gold's Franchisees written notice that he intends to relocate and requests that the contract be terminated, there will be a prorated refund amount calculated and refunded to member in violation of R.C.1345.42 (B) (7).

-to provide that if Gold's Franchisees relocate their facilities 25 miles or more from the member's residence or close to a facility and a substantially similar facility that would accept Gold's Franchisees' obligations under the contract is not within 25 miles of the member's residence, the contract will be prorated and a refund made to member or member will only be liable for prorated amount relating to membership prior to relocation in violation of R.C. 1345.42 (b) (8).

18. Because Gold's Contract fails to contain the statutorily required information, Gold's Contract fails to correctly inform Ohio consumers of the true characteristics of the services offered by Gold's Franchisees under Ohio law.

19. In the course of their business activities, and specifically through the use of the Gold's contract, Gold's Franchisees represent that the services they offer to Ohio consumers have characteristics that such services, in reality, do not have in violation of Ohio's Deceptive

(See Joe Moore Page 6)

Norm Cates' 

# Club Insider

## NEWS

Established 1993

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# •Norm's Notes•

• **The Peace Treaty Meeting** in the Northern Kentucky/Cincinnati, Ohio region that I had called for in our June edition is scheduled for August 14, 2003 beginning at 10:00 a.m.. Thanks to **TOM FIORINI**, the meeting will be held at the **Cincinnati Sports Club**, 3950 Red Bank Rd. Cincinnati, OH 45227. Phone: (513) 527-4000 Ext:9 for Directions. If you are a club owner in that region, I urge you to attend and if you plan to attend send an email to [clubinsidernews@mindspring.com](mailto:clubinsidernews@mindspring.com) for directions, or go to our Website to check the location notice along with directions. I will serve as the facilitator of the meeting. By the way, I am going to wear a black and white striped referee shirt and have a whistle ready! Seriously though, the purpose of the meeting is to get the competitors in this market to sit down together, get to know each other and to develop, agree to, and document a set of "Standards for Competition" for the region. Only club owners and

top level management, are invited and we will need some form of evidence of your ownership/management status such as a business card with your name and owner or President on it.

• **LUCILLE ROBERTS'**, migrated from Tajikistan (formerly the USSR) at the age of 13. She followed the American dream. She founded and was the owner of the **LUCILLE ROBERTS'** 50-club chain with the same name. Lucille passed away from lung cancer on July 17<sup>th</sup> at age 59. Lucille's women's only clubs served 200,000 members in the New York City area. When she was a child, she had rheumatic fever, leaving a scar on her lungs and husband Bob believes that was the source of her lung cancer. Lucille's target market was secretaries, teachers and policemen's wives offering affordable price memberships. Our condolences to her husband, **BOB ROBERTS**, and to her family. **May Lucille Roberts Rest in Peace.**

• **STEVE THARRETT**,

of **Club Corporation of America**, says that he has negotiated a deal to build a new **Downtown Athletic Club** in New York City! The DAC has long been the home of the **Heisman Trophy**, given annually to the best college football player in the land. The new club will be part of a 600,000 square. residential building. The club component will be 100,000 s.f. with a 40,000 s.f. **Heisman Museum and College Football Hall of Fame**. Club Corporation of America will have a 50-year management contract for the facility. **Congratulations Steve and CCA!**

• **Congratulations** also to club industry veteran, **FRANK ANCHARSKI**, as he has left the **Oxford Athletic Club North in Pittsburgh** and started his own club consulting firm called **Club Coach Services**. Frank may be reached at: **888 COACH 08 (262.2408)**. Good luck Frank with your new career in consulting.

• There are several upcoming events that I want to remind you about: September 11<sup>th</sup> - 13<sup>th</sup> in Las Vegas, **Wally Boyko** will host his annual **National Fitness Trade Journal Conference and Trade Show**. Check out Wally's ad in this issue, pg #25. Also, October 8-11<sup>th</sup>, the monster **Club Industry Conference and Trade Show** will be held in Chicago. For info go to: [www.clubindustry.com](http://www.clubindustry.com). In December, 2003, **PETE BROWN** will have the annual **Athletic Business Conference and Trade Show** in Orlando, Florida. And, coming up March 22-25<sup>th</sup>, the **23<sup>rd</sup> Annual IHRSA Convention and Trade Show** will be held in Las Vegas! And, here are two great reasons right off the bat to be in Las Vegas in March 22-25<sup>th</sup>: 1) **Rudy Guliani**, Mayor of New York City during the 9/11 disaster will be honored as IHRSA's Person of the Year and will be a keynote speaker and 2) The **CLUB INSIDER** News will celebrate its 10<sup>th</sup> Anniversary with a big party. Details are in the works! Of course, there are many, many other reasons to be at IHRSA Las Vegas in March, including: the always terrific educational content of the Convention, the world class Trade Show, the best networking opportunity of the year and the list goes on. Call IHRSA at: 800.228.4772 for information on

the Convention and Trade Show or go to: [www.ihrsa.org](http://www.ihrsa.org) Last, let me mention that in this issue on **page #8** we've published some comments about IHRSA from a few of their very satisfied members. These comments, although provided to IHRSA by member clubs, actually echo many of the comments we received from those that responded to the IHRSA Survey we did about the Association. If you missed that Survey and would like to respond, just go to our Website and click on **IHRSA Survey**. We'll pass your input on. By the way, if you responded to that survey we did not forget your 3 months free and will be in touch with you on that in the near future.

• **ANNBETH ESCHBACH**, industry veteran and the **only female IHRSA President** in the history of the Association, is close to launching **two 10,000 square-foot luxury spas** in New York City. She is calling them "Exhale!" and clearly, she is on a path to success. Even though they are only scheduled to open in September and November, 2003, one is producing substantial class revenue already! The two spas will each have 15 treatment rooms and will offer an array of services, including Yoga classes and other specialty classes. More on her Grand Openings later!

• **Congrats to TOM PEAR** as he was promoted to **CEO of The Atlantic Clubs**. The original Atlantic Club, developed and owned by former IHRSA Board Member, **PAT LAUS**, is truly in a class by itself. You have to see it to believe it. And, the second facility, a 30,000 s.f. fitness facility located in Red Bank, N.J. is also terrific, I am told. Pat has also brought in **former IHRSA President, LARRY KRIEGER**, to serve as the **Chief Operating Officer** for the organization. Quite a team there!

• **PAUL TOBACK** replaced **LEE HILLMAN** at the helm of the giant **Bally Total Fitness** club chain last year. Back then I wrote that I felt Toback had a terrific entrepreneurial ability and I predicted good things for the company under his leadership. So far, I was right. Since Toback took over, Bally stock has **risen** from a little over **3 to just over 10** at press time. Interestingly, an article in Smart



**Norm Cates**

Money Magazine noted: "Bally has begun marketing a new pay-as-you-go pricing plan as an alternative to its three-year lockup. Management says letting customers out of the company's" (See Norm's Notes Page 18)

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

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### ...Joe Moore

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Trade Practices Act at R.C. 4165.02(A)(7).

20. Gold's Franchisees also violated Ohio's Deceptive Trade Practices Act as follows:

-Gold's Franchisees advertise "Free Child Care!" in violation of O.A.C.109:4-3-04.

-Gold's Franchisees required members to pay more than fifty dollars (\$50) or ten percent of the total contract price, whichever is the lesser amount, prior to the date on which the Gold's Franchisees' facilities or services were available for use by the members in violation of R.C.1345.42(B)(9).

-Gold's Franchisees conducted pre-sales at their Eastgate and Western Hills for longer than six months in violation of R.C.1345.42(B)(6).

21. As a result of Gold's Franchisees' deceptive trade practices, Moore's Fitness World has been damaged as stated below:

• 1) When health clubs such as Gold's Franchisees fail to comply with the law, failing to tell consumers their true rights and remedies under the law, Ohio consumers lose trust in the health fitness club industry generally, avoid participating in any health fitness club.

This general avoidance injures Moore's Fitness World.

• 2) Health club members move and because Moore's Fitness World's member contracts do comply with the law, consumers are fully aware of their rights and remedies and at times, chose to cancel their contracts, becoming members of competitors, including Gold's Franchisees. This movement is

typical and is usually shared by competitors in a given area. However, Gold's members are not aware of their right to cancel and move so, what would be normal corresponding outflow from Gold's Franchisees members to Moore's Fitness World is curtailed, if not eliminated.

• 3) Because Moore's Fitness contracts do comply with the law, they are longer, more complex, thus are more difficult to read. Consumers are less likely to sign the longer and more complex Moore's contract than they are to sign the shorter and more simplistic, but illegal Gold's Contract.

• 4) Moore's Fitness World spends significant legal fees and time and energy complying with Ohio state law and this cost of compliance is higher than Gold's. Moore's Fitness is damaged when its competitors avoid this cost of compliance and are then able to charge their members a lower fee than would otherwise be charged if they were complying with the law.

• 5) Since Gold's Gym did not open its Eastgate and Western Hills facilities within the required six month period after starting to sell memberships to consumers, these consumers were removed from the finite health club market from which Moore's Fitness World and Gold's Gym draw. Since Gold's Gym did not notify their members, as required by Ohio State law, the members did not even know that they could cancel and receive refunds. Gold's Gym prevented these consumers from re-entering the health club market shared by Moore's Fitness World and Gold's Gym. If Gold's Gym members were aware of their true rights, some of the members would have cancelled their contracts with Gold's Franchisees and would have begun new contracts with Moore's Fitness World.

22. As a result of Moore's Fitness World's injury, it is entitled to recover actual damages in excess of \$25,000 and attorneys' fees from Gold's Franchisees.

23. Because Moore's Fitness World will continue to be damaged if Gold's Franchisees are permitted to continue their deceptive trade practices, Moore's Fitness World is entitled to injunctive relief against Gold's Franchisees.

*Count Two - Violation of Ohio Deceptive Trade*

### *Practices Act (R.C.4165.02 (A)(7) Against Defendants Gold's Franchisors*

24. Plaintiffs restate and re-allege all prior paragraphs.

25. Because Gold's Franchisees are actual agents and/or apparent agents of Gold's Franchisors, Gold's Franchisors are therefore responsible for the acts of Gold's Franchisees.

26. Because Gold's Franchisors failed to exercise their right of control to assure that the Gold's Contract accurately represented the true characteristics of the services offered by Gold's Franchisors, Moore's Fitness World has been damaged as stated below:

- See #21, item #1 above.
- See #21, item #2 above.
- See #21, item #2 above.
- See #21, item #3 above.
- See #21, item #4 above.
- See #21, item #5 above.

27. As a result of these injuries, Moore's Fitness World is entitled to recover actual damages in excess of \$25,000 and attorneys fees from Gold's Franchisors.

28. Because Moore's Fitness World will continue to be damaged if Gold's Franchisors are permitted to continue their deceptive trade practices, Moore's Fitness World is entitled to injunctive relief against Gold's Franchisors.

**Publisher's Note: On June 27, 2003, an AGREED ENTRY AND ORDER was Entered into the Court Record. It stated: Within 7 days from the date of this Order, Defendants will only distribute to and use contracts with Ohio consumers that comply with the Ohio Prepaid Entertainments Contracts Act. Without limiting the foregoing, Gold's Gym Franchises will fully comply with Ohio law requirements related to a member's right to cancel and receipt of a refund. This Agreed Entry And Order shall remain in full force and effect until the hearing on Plaintiff's request for a preliminary injunction. (scheduled for September 11, 2003)**

*Counts Three and Four-* Counts 3 and 4 of the complaint relate to matters other than the Gold's Gym presales practices, the Ohio Deceptive Trade Practices Act, the Ohio Prepaid Entertainment Act or the construction of the Gold's Gym Ohio Contract. These counts do

not relate to the matters contained in this article or previous articles appearing in The CLUB INSIDER News, or Howard Ains News reports about the actions of Gold's Gym, or complaints filed against Gold's Gym at the Ohio Attorney General's Office. To conserve space these counts will not be addressed here. However, they are a matter of public record.

**WHEREFORE**, Plaintiff, Moore's Fitness World, prays for judgment as follows:

A. Enter a temporary restraining order, preliminary injunction and permanent injunction ordering all defendants to immediately cease distributing Gold's Contracts that do not comply with Ohio law.

B. Enter a temporary restraining order, preliminary injunction and permanent injunction ordering all defendants to immediately revise the Gold's Contract so that it correctly and fully states the true rights and remedies that members of Defendants Gold's Franchisees' facilities have under Ohio law;

C. Enter a temporary restraining order, preliminary injunction and permanent injunction ordering all defendants to send, via certified mail with return receipt requested, a court approved, clear and unambiguous notice to each and every member of Defendant's Gold's Franchisees' facilities who has ever signed a Gold's Contract to inform him of his right to cancel the contract and receive a full refund of all of the money he has ever paid to Gold's Franchisees and Gold's Franchisors for treble damages for violating Ohio law, as required by R.C.1345.44 (B), (C) and

D. On all counts, award Moore's Fitness World compensatory damages, punitive damages, attorneys fees and costs, and any other relief the court deems just and proper.

### **JURY DEMAND**

Plaintiff demands a jury trial in this action on all issues triable to a jury.

**"Gym Wars"  
Midwest Regional  
Peace Treaty Meeting  
August 14, 2003-10 A.M.  
Cincinnati Sports Club**

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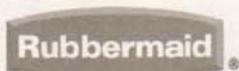
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### ...Gold's Gym

continued from page 3

the health clubs had complied with the law and had posted appropriate performance bonds."

Spitzer's investigation discovered that only three of the 32 Gold's Gym locations in the state had posted performance bonds. Also, Spitzer's office raised concerns about clauses in some of Gold's Gym franchisee contracts that altered or limited the consumer's three day right to cancel under the law. Under the terms of the agreement, Gold's Gym will act to ensure that its outlets provide, at a minimum, the required opportunity for cancellation.

In addition, Spitzer's office raised concerns about provisions in Gold's Gym contracts that attempted to disclaim franchiser liability in the event that services were not provided as promised.

In settling the case, Gold's Gym agreed to pay \$50,000 as costs and penalties to New York State and to monitor all of its 32 franchises in New York State for compliance with the law that requires performance

bonds and to compel any future franchisees to comply with the bonding law.

This case was handled by Assistant Attorney General Doris K. Morin under the supervision of Assistant Attorney In Charge Gary Brown of the White Plains Regional Office.

Individuals with questions about laws protecting them when joining a health club are encouraged to contact the Attorney General's consumer help line at (800) 771-7755.

#### *New York Health Club Services Law*

New York State law requires that most health clubs post a performance bond to protect their members against breaches of contract. Specifically, the law requires bonds in the following denominations: \$50,000 for health clubs that sell contracts for no more than 12 months; \$75,000 for health clubs that sell contracts of one to two years; and \$150,000 for health clubs that sell contracts of two to three years. Health clubs with multiple locations are required to post additional amounts up to \$200,000.

Health clubs are exempted from this requirement: (a) if they do not offer memberships worth more than \$150; or (b) for health clubs that require longer term commitments, if monthly dues do not exceed \$150, paid-in-full fees are not discounted by more than ten percent, memberships do not exceed one year, and the contract does not contain an automatic renewal provision.

New York State Health Club Services Law covers contracts for instruction or training in bodybuilding, exercising, weight reduction and figure development, martial arts (including judo, karate and self-defense), or other types of physical training and contracts for health and sports spas and tennis and racquetball clubs. Specifically, this law provides the following protections:

- Limits health club contracts to \$3,600 per year (excluding tennis and racquet ball facilities) and to terms no longer than 36 months;
- Provides consumers with a three-day right to cancel the contract after signing;
- Provides the right to cancel a contract at any time for any of the following reasons: if

the health club ceases to offer the services stated in the contract; if the consumer moves 25 miles from any health club operated by the seller; or if upon a doctor's order, the consumer cannot receive the services as stated in the contract because of significant physical disability for a period in excess of six months;

- Requires health clubs to provide refunds within 15 days of cancellation; and

- Provides aggrieved consumers the right to sue in small claims court and receive an amount of not more than three times the actual damages plus reasonable attorneys fees.

Consumers also are encouraged to consider the following tips when signing a health club contract:

- Become an educated consumer and visit or call at least two other health clubs to learn about dues and when they must be paid, hours of operation, variety and frequency of classes and ability to use multiple locations;
- Do not give in to high pressure sales tactics or feel obligated to sign a contract immediately;

- Tell the health club representative you need time to think about joining the club and ask for free passes to determine if the club is right for you. Talk to other members; and

- Check to see if a health club is bonded or has filed the proper financial security to protect you against losses of pre-paid membership dues. To verify a club's compliance with these requirements, consumers can call (518) 474-4429, fax (518) 473-6648 or write to the New York State Department of State, Division of Licensing Services at 84 Holland Avenue, Albany, New York 12208.

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# Join IHRSA Today!

The **CLUB INSIDER** News recently conducted surveys of all IHRSA Clubs and Associate Members. The purpose of those surveys was to obtain information that would facilitate and continue what has been a 23-year run of IHRSA improvement and increased member satisfaction. The surveys show that yes, there are some IHRSA members that would like to see some changes at IHRSA. And importantly, the surveys confirm that there are many IHRSA member clubs that are very happy with the benefits and results IHRSA provides them for their membership investment. We are in the process of consolidating the survey results into one form to forward to IHRSA's John McCarthy and the Board of Directors. At the same time IHRSA has provided for publication some terrific testimonials from satisfied IHRSA members that we believe you should see. These comments should provide all the evidence you might need to **JOIN IHRSA TODAY**, should your club not be a member of IHRSA already. So, we want to encourage you to call IHRSA today at: 800.228.4772 and ask for Meredith Poppler at Ext. 129. You can also join online at [www.ihrsa.org/membership](http://www.ihrsa.org/membership). And, if you are a vendor or equipment manufacturer call the same 800 number and ask for Will Finn at Ext. 130.

I promise that if you join IHRSA and regularly use all of the many educational resources, networking opportunities and governmental relations assistance this great Association provides, your club will be able to improve in many areas, especially your bottom line.

Sincerely,  
 Norm Cates, Jr.  
 Publisher

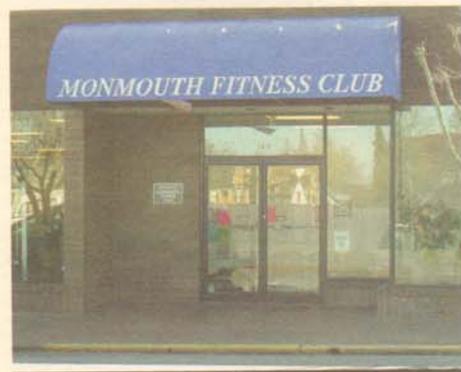
The **CLUB INSIDER** News



**Bill Drevyanko**

I have been an IHRSA member for just under 1 year. I am a single club owner/operator and all I have to say is WOW! IHRSA has given me more information and education at the touch of my fingers than I ever dreamed possible. I am in heaven. IHRSA's on line services and resources have given me the opportunity to easily access information, enroll for seminars and workshops and network with other industry professionals. **I have gained so much education and knowledge from IHRSA and it's members and vendors that it has helped me take a bankrupt club and turn it around in 11 months.** The price I pay for my annual membership is worth it's weight in gold. I have easily saved \$10,000 this year in overhead expenses from information learned through IHRSA resources while at the same time increasing sales through the marketing resources I've been introduced to through IHRSA. I'm a lifer with IHRSA. As I grow and add more clubs, IHRSA will be a part of all of them!

-Bill Drevyanko; Owner/Operator  
 Ultra Fitness Sports Club; Fountain Hills, AZ  
 Member since December 2002



**Monmouth Fitness Club**

of the awesome industry education that IHRSA Conventions are known for providing. Upon returning she shared her enthusiasm with the other team members and created some great new programs for our members, along with assisting me with revamping some of our procedures. She has been my assistant ever since and continues to do a splendid job.

The IHRSA Convention is something not to be missed as it provides invaluable opportunities to network, learn the latest - from the greatest, and speak with the various vendors providing top of the line industry goods.

The data IHRSA collects and disseminates is incredibly useful. With our club being relatively new in the industry, I rely on the IHRSA reports to assist me with strategizing and reviewing progress. Other items I have found to be of great assistance have been the IHRSA Briefing Papers. I have used numerous papers in gaining information to share with my community and my team. Continuous improvement comes from ongoing education.

-Robbin Hembree; General Manager, Monmouth Fitness Club; Monmouth, OR  
 Member since January 2002



**Bob Shoulders**

up and knowledge they bring to IHRSA members is valuable to me as an independent club owner. I am proud of our trade association.

-Bob Shoulders, Fayetteville Athletic Club, Fayetteville, AR,  
 Member since June 1996

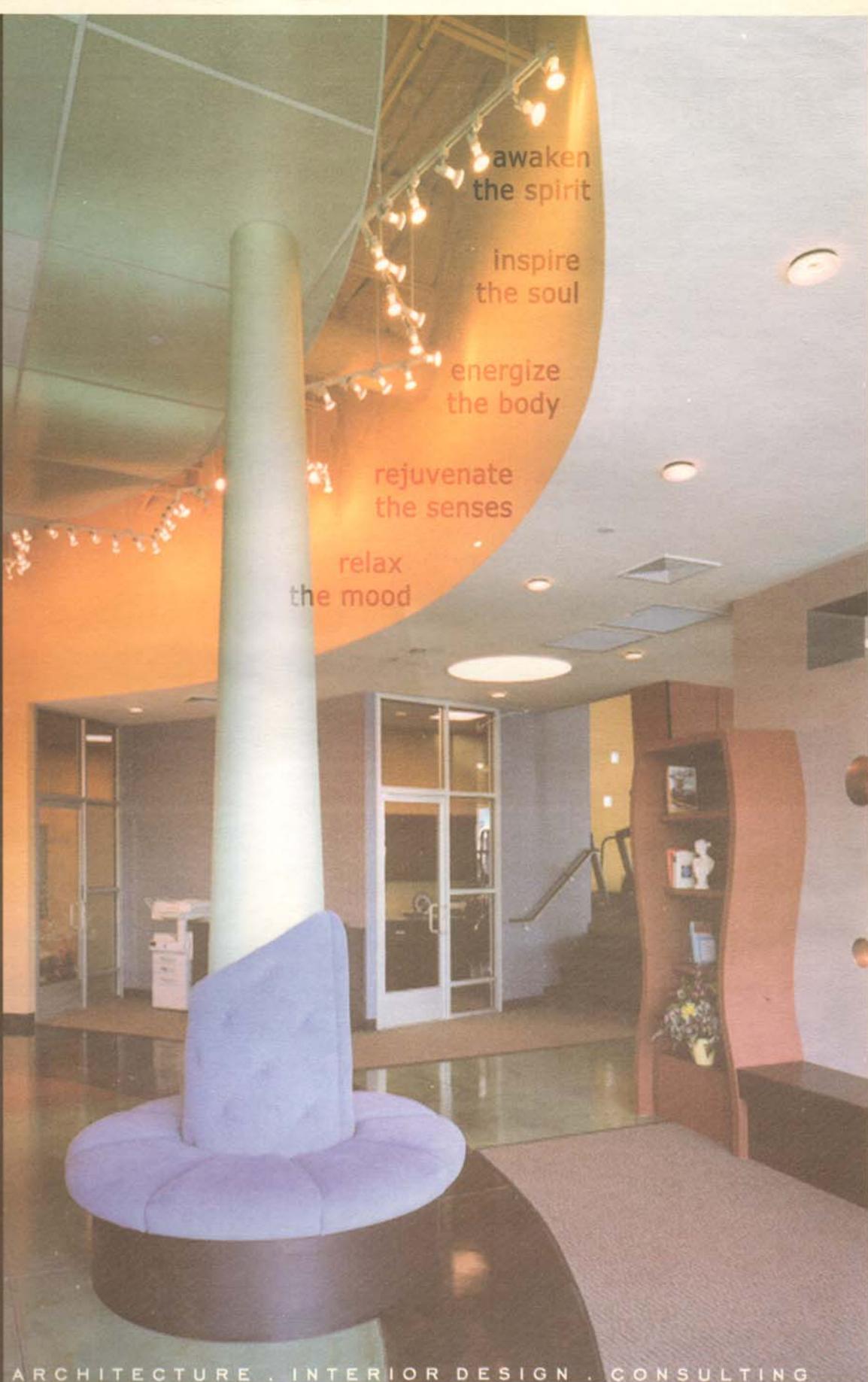
I regularly brag on IHRSA as an outstanding resource for club owners or anyone looking at getting into the club business. The wealth of information available to members combined with the professionalism and responsiveness of the staff from John McCarthy on down is nothing short of phenomenal. I grow very tired of people who ignore phone messages and emails. The IHRSA staff is extremely effective at responding to all of my inquiries and the follow-

My husband and I own a 12,000 square foot facility in Tyler, TX. We bought Premier Fitness in September 2001, and we are now in the process of building a new facility on 2.34 acres. The new facility will be 16,000 square feet. IHRSA has been a huge help to us. It helped us prepare to purchase Premier Fitness in 2001. The wealth of information educated and motivated us in the right direction. Everything offered by IHRSA, from the health club statistics, the printed publications, the library on the website, the partnerships that IHRSA forms with other organizations has proved to be well worth the cost of annual membership dues. IHRSA stays on top of the trends and the "how- to's". IHRSA is an organization that has complete information on the health and fitness industry. We have been provided vital information that would be very difficult for us to find on our own.

-Cune and Michelle Pena; Owners, Premier Fitness, LLC; Tyler, TX  
 IHRSA Member since January 2002

Knowledge is power and in our industry IHRSA is knowledge, therefore giving members of IHRSA a distinct advantage over the non-member facility. IHRSA is our industry's information highway. They include everyone from the local independent to mega-chain facility's. IHRSA works for all of us!!!! A must for any fitness facility!!!

-Todd Grimm; Owner  
 Gold's Gym; Morton, IL  
 Member since November 2001



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# FABIANO

# Healthy Inspirations Update

*With Casey Conrad, Founder Healthy Inspirations*

Casey Conrad is one of the top professionals in the health, racquet and sportsclub industry worldwide. She has served the industry for over 10+ years with her company Communications Consultants, Inc. She is a sought after international speaker and consultant. And, she is a lawyer, having completed law school a few years ago while continuing operation of Communication Consultants. Three years ago, after three full years of research, strategic planning and preparation, Casey launched Healthy Inspirations, America's budding superstar in the massive and growing weight loss industry. This update captures comments from Casey the day she departed for a well-earned vacation with her fiancé Rick.

**Q.1** - Casey, you've been in business with Healthy Inspirations for 3 years now and you seem to be doing incredibly well. How many Healthy Inspirations locations do you have in operation now and of that number, how many are in clubs and how many are free standing?  
**A.** We presently have 65 licensed or franchised locations in 20 states and 5 countries. Of those, 56 are open and the other 9 are in some sort of pre-opening status. Interestingly enough, the first 8 centers were all in-club, then for some unknown reason it changed to a majority of free standing ones. In the last 8 months it has kind of swung around again and I would say it is almost 50/50 in-club vs free standing.

**Q.2** - Why do you think club operators are coming around now?

**A.** I think there are a number of reasons. First, I think that many club operators who initially looked at the program but didn't do it are finally comfortable enough with our history and number of locations that they are coming back to take a second look. Second, I believe that the amount of public awareness and government interest in the obesity epidemic in this country is reaching a point where good club operators realize the potential with weight loss and the need to add it to their offerings if they want to tap into this profit

center. Third, like any business, after a period of time word of mouth begins to spread. We have some amazingly successful operators who are well-known in the industry and they are talking to others.

**Q.3** - How many multiple H.I operators do you have in business now and who are your leading multiple site operators?

**A.** 7 multi-site operators and, with the exception of 1 who is an absentee owner, they are all doing very well. Two operators in particular come to mind. The first is Ken and Sharree Ryder in Manassas, VA, who were our first licensees to open. They have ownership in 4 locations, which all do very well. Their initial location is located inside their World's Gym and after close to 3 years being open they are selling more units per month in that location than any of their others. This is very good news for all of us who own Centers because some naysayers predicted that membership would drop off after two years.

**Q.4** - I recall that you worked on Healthy Inspirations for about 3 years before launching it. Reflecting back, did you then have the expectations of the wild success you are now seeing?

**A.** No and then yes. What I mean by that is when I initially began working on the business plan for HEALTHY INSPIRATIONS, I didn't plan on it being a licensed or franchised program; rather, I was trying to design a successful model that I could duplicate on my own so I wouldn't have to do as much traveling. That said, once I was convinced by my peers to license it, yes I knew from the feedback I was getting (and these were club owners) that this would be successful, although I only dreamed that it would grow at this pace.

**Q.5** - What factors do you attribute your Healthy Inspirations success to?

**A.** #1 is client success. As every club operator knows, word of mouth is very powerful. The reason clients are successful is because the entire HEALTHY INSPIRATIONS system works and it gets better every single day. We now have over a hundred pages of training and reference

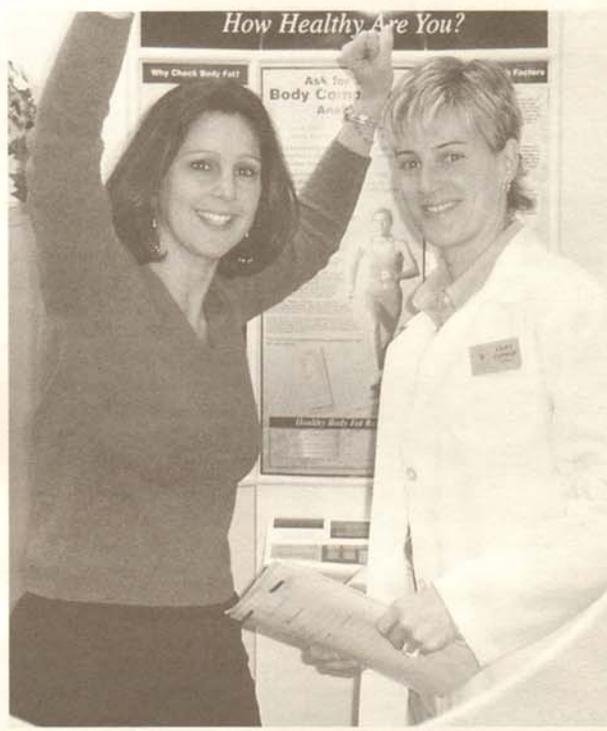
materials as well as audio programs. Operators are getting a turnkey system—everything from exactly how to run the program, to how to operate the Center, to marketing templates and tools. We even have a once monthly conference call with all the Centers to discuss happenings, launch new marketing ideas and brainstorm new strategies. Finally, we have an annual retreat, where owners of Centers from around the world meet. This year it is 2 ½ days of power packed information, networking and fun.

**Q.6** - It is interesting to note that a number of players are trying to get into the weight loss act, including Augie Nieto and Bally Total Fitness to name a couple. Do you care to comment on those developments?

**A.** People ask me that frequently and I'll give you the same answer. First, the weight loss business is just like the fitness business in the sense that it is severely under served; so, there is still plenty of room for other players. Still, anyone who is trying to get into the weight loss business—and I'm referring to the "big" players as well as the one-club owner—needs to know that it IS DIFFERENT than the fitness industry and they better plan on working really, really, really hard at it for the first few years because there are some distinctions that impact operations and the overall success.

**Q.7** - A year or so back you shared some numbers with us about what it takes for one to establish a HEALTHY INSPIRATIONS operation. Do those numbers still hold now and regardless, please review them for us?

**A.** Believe it or not, there are huge swings in what Center operators have spent to open facilities and it depends upon a number of factors like whether or not it is an in-club facility or a stand alone and whether or not the owner/operator will do build out etc. However, since everything has changed over to a franchise system, we are being more particular about the set-up and consistency. Generally speaking, 60-150K would probably be where the majority of current Centers would quote.



*(L to R) Maria Corey and Casey Conrad*

**Q.8** - This is the first time I've heard you mention the "F" word, as in franchise. Tell me about your decision to go from a license to a franchise.

**A.** Because of our fast growth we determined that if the program was going to continue to be successful we needed to have more quality control measures. After weighing out the pros and cons, we decided that the legal structure of a license wouldn't give us what we wanted. So, we decided to make the change now, while it was more manageable. The exciting thing about switching to a franchise is the exposure that it has given us. For the first time since launching HEALTHY INSPIRATIONS calls are coming in by people in the franchise world who really understand and appreciate the systems that are in place. I think that this move will allow us to hit that 100 mark much faster than if we just had continued to work in the club world.

**Q.9** - Tell me about activity related to potential acquisition players for HEALTHY INSPIRATIONS?

**A.** About a year and a half ago, two different groups approached us with intention of acquisition. The offers were rather insulting so the talks didn't go much

farther than an initial visit. Since then, there has not been any serious inquiries and that is just fine by me because we are much clearer now as to where we are going and have a sound plan for getting there. So, it would take something very major to make me even consider it because I don't believe that at this stage of the development anyone else is going to care about the program like our current management team does. Sure, if hypothetically someone did come acquire us, they might be able to grow faster than we currently are, but I believe they would be more interested in growth for growth sake rather than the commitment to continuously improve the program to get even greater client success as well as improvements to the System to achieve even greater Center success.

**Q.10** - What is your prognosis for the next year and say the next five years in terms of additional H.I. operations?

**A.** Our current business plan has us reaching 100 centers by the end of 2003 and then doubling that by 2005. Because of the current conversion to franchising, we might not get to 100 this year simply because we had to stop selling licenses/franchises until  
*(See Casey Conrad Page 26)*

# FACT:

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

# QUESTION:

**So, why is it that only 12% of ALL Americans are health club members?**

# ANSWER:

**Most clubs don't offer a complete weight loss program!**

# SOLUTION:

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# Check-Up for Leadership Success

By: Karen D. Woodard-Chavez

The focus of this column is to do a self assessment on a few of the elements that are necessary for you to successfully lead your staff. These principles apply whether you are the club owner, club manager, department head or are not yet involved in management but would like to put yourself on the leadership track.

When these elements are in place and consistently practiced, they will launch you forward. Conversely, when they are not in place, you will limp through fits and starts. Let's take a look at the following two of six points to be explored over the next few months.

## 1. Know Your Role

Your perspective should be that of creating success for the team and the individuals on the team – not simply for your resume. Your focus is to build high self-esteem environments so that all staff are focusing on

putting everything they have out there for the club. When we operate in environments that are not high self-esteem oriented, we end up having too many people on the team wasting energy in a protection mode, holding things in rather than putting it all out there. One of the best ways to create high self-esteem is to start people on leadership tracks immediately. Often times we have that option because of where the organization might be on its growth curve. Often times we don't have those obvious opportunities. If your club does not, then start departmental committees that are volunteer-based and designed to support and promote everything the department does. By doing so, you will see who in the department rises to the top by taking on more responsibility. You will see who has strong organizational, communication and relationship building skills as well as who does not.

Additionally, your role is to be the leader. Which means, you are the one who

communicates a sense of what can be and create that vision for all the staff to see. (Vision will be discussed in a successive column.) You are the one who drives the culture and so much of that is about communication. Do you have the courage to confront and the willingness to take action when things need to be corrected? Or are you all right with letting things work themselves out in their own time? Remember, when it comes to correction – it is always professional, not personal. In being the leader, you are the exemplar – the most outstanding example there is for your organization. Your behavior and attitude are the foundation that the other staff model their behavior and performance.

Finally in knowing your role, consider whether or not you have created an environment for accountability and success. Some simple elements that help to establish that environment are tracking systems, clearly documented methods of behavior, your integrity, your

sense of fairness in how you treat all people and situations. Do you build trust by showing humility when you have erred which reveals to your staff that you will own up and not try to pull the wool over their eyes. (That is huge for establishing trust and accountability.) Have you created an environment that is friendly but not all about being close personal friends? If you are all about being close personal friends (even with a few), it sure makes it harder to be fair and give professional correction when it is needed.



Karen Woodard-Chavez

## 2. Know Your Team

How well do you know your team? Do you communicate with them in the way that is most effective for them or are you communicating from your perspective? Do you know how they want to be managed and lead? Do you know their perspective of your management and leadership abilities or are you operating under your perception of their perception? Hmm—

have you ever heard the phrase "perception is reality"? It's true – *their* perception is reality when it comes to how you are leading, communicating and managing the team. If you are not sure – find out. (If you would like three forms that will help you to determine through your team's eyes how you are performing in these two areas of Knowing Your Role and Knowing Your Team, go to [www.karenwoodard.com](http://www.karenwoodard.com) (See Karen Woodard Page 26)

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# “AS I SEE IT”

(an exclusive fitness industry column featured only in “Norm Cates’ *The Club Insider News*”)

By: Michael Scott Scudder

## “PET PEEVES”

At the risk of seeming a bit like Andy Rooney (hell, I *may* actually be a bit like Andy Rooney!), this month’s column is dedicated to those things that tick me off – have ticked me off – continue to tick me off – in health clubs that I visit/have visited in my career in this industry. (This month’s column, by the way, is intended to be semi-serious but tongue-in-cheek, so don’t get all bent out of shape if some of this seems to be written *for* – or *about* – YOU. Just do something about it!)

### One: MANAGERS

- The ones who think their title entitles them.
- The ones who talk down to their employees.
- The ones who suck up to their owners.
- The ones who pull rank frequently.
- The ones who tell you that you should show up for work on time...and then they don’t.
- The ones who are above wearing a staff uniform.
- The ones who wear ties. (Especially the ones who think their ties make them a professional.)
- The ones who wear baggy pants...or rumpled jeans...or “attitude hats”...or any other of that crap that says out loud: “I’m not a professional.”
- The ones who don’t know anything about selling a membership.
- The ones who don’t take their own group classes.
- The ones who don’t work out.
- The ones who smoke.
- The ones who come in the club – head straight for their office – and close the door for most of the rest of the day.
- The ones who think they’re the last ones to be wrong.
- The ones who don’t understand “management by walkin’ around.”
- The ones who hate their members.
- The ones who don’t understand numbers.
- The ones who

evaluate people by their “attitude.”

- The ones who complain that they don’t make enough money.
- The ones who are a constant “no.”
- The ones who throw up their hands and say “that’s what the owner wants” – to just about anything.

### RECEPTION DESK (FRONT DESK) PERSONNEL

- The ones who don’t smile.
- The ones who don’t show up in uniform.
- The ones who say “No problem” when you thank them for something.
- The ones who don’t know how to show a member a piece of equipment.
- The ones who don’t know the membership prices.
- The ones who don’t know the membership process.
- The one who don’t know the class schedules.
- The ones who don’t know how to give you directions to the club.
- The ones who don’t know the club’s fax number.
- The ones who don’t know the club’s web site.
- The ones who can’t make change.
- The ones who can’t keep money straight in a cash drawer.
- The ones who constantly quote “policy” and “rules” to members.
- The ones who have been here longer than anyone else on staff and they’ll be here when you leave.
- The ones who won’t go out of their way to help – anybody.
- The ones who chew gum while they’re on the phone while you’re waiting to be greeted.
- The ones who don’t understand that the person in front of them IS the priority.
- The ones who don’t get that they are the most important person in the club because they’re usually the first person on staff members see when they enter and the last staff person the members see when they leave.
- The ones who think

that if they ran this club everything would be just fine.

### FITNESS FLOOR PERSONNEL

- The ones who don’t know the distinction between “trainer” and “mensch” (Yiddish for “human being”).
  - The ones who don’t show up for work on time.
  - The ones who make up their own style of “uniform.”
  - The ones who won’t take a rag and clean a piece of equipment.
  - The ones who think the above is not their job.
  - The ones who spend all their shift time cleaning equipment.
  - The ones who think the above is their job.
  - The ones who don’t smile.
  - The ones who aren’t friendly.
  - The ones who don’t dare interact with members.
  - The ones who “talk technical” all the time.
  - The ones who won’t talk to fat people.
  - The ones who flaunt their certifications.
  - The ones who won’t get certifications.
  - The ones who only understand one-on-one training.
  - The ones who have tunnel vision and not “big eyes” on the fitness floor.
  - The ones who are above “selling” personal training.
  - The ones who all they do is hawk personal training.
  - The ones who think that if they ran this club everything would be just fine.
- ### GROUP EXERCISE INSTRUCTORS
- The ones who are “stars.”
  - The ones who play favorites in their classes.
  - The ones who cry that they’re not paid enough.
  - The one who won’t consent to being paid by class attendance.
  - The ones who refuse to be part of a team.
  - The ones who think that if they left employment at the club, their classes would go with them.
  - The ones who do the

same damn routine every day month after month year after year.

- The ones who complain that if they had better class times they’d have more attendees.
- The ones who won’t give out guest passes.
- The ones who teach always facing away from their class.
- The ones who are fashion plates and can’t teach.
- The ones who can teach and look like a reject from Woodstock ‘69.
- The ones who are anti-everything except aerobics.
- The ones who think that aerobics is alive.
- The ones who won’t show up 10 minutes ahead of the class start time.
- The ones who won’t stay 10 minutes after the class is over.
- The ones who think that if they ran this club everything would be just fine.

### SALES PEOPLE

- The ones who can only sell on price.
- The ones who need a discount to make a sale.
- The ones who won’t make outgoing calls.
- The ones who wait for walk-ins.
- The ones who think goals are your way of lording it over them.
- The ones who can’t do paperwork.
- The ones who don’t keep calls – interviews – sales records.
- The ones who don’t send thank-you cards.
- The ones who are above wearing a staff uniform.
- The ones who dress like they got their clothes out of the Salvation Army dumpster.
- The ones who dress like they woke up this morning in the Vogue catalog.
- The ones who wear perfume.
- The ones who are a better salesperson than you will ever be.
- The ones who make excuses for poor performance.
- The ones who brag about good performance.
- The ones who think they are their performance.
- The ones who won’t



Michael Scott Scudder

take over at the front desk for a couple of minutes.

- The ones who don’t know how to take over the front desk for a couple of minutes.
- The ones who can’t teach a member about a piece of exercise equipment.
- The ones who think that once you have joined it’s sayonara to you.
- The ones who aren’t flexible with their schedules.
- The ones who don’t exercise.
- The ones who smoke.
- The ones who think that if they ran this club everything would be just fine.

### OWNERS

- The ones who are never seen in their clubs.
  - The ones who don’t work out.
  - The ones who smoke.
  - The ones who criticize – everything.
  - The ones who walk in the door, leave a trail of blood wherever they go, walk out an hour later, and wonder why their staffs don’t perform.
  - The ones who think that managers and employees are slaves.
  - The ones who think that managers and employees are stupid.
  - The ones who hate members.
  - The ones who always take the side of the members.
  - The ones who don’t invest in staff education.
  - The ones who are above wearing staff uniforms.
  - The ones who it would kill them if they said something nice to you.
  - The ones who always say what a great job you’re doing even though you know you’re doing a suck job some of the
- (See Scudder Page 26)

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**DESIGN NO. 55**  
OMEZS-45

**DESIGN NO. 43**  
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**DESIGN NO. 71**  
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**DESIGN NO. 62**  
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# Wellbridge Announces New CFO, Harris White

*White to Oversee Financial Affairs for All Wellbridge Properties*

**July 7, 2003 - Denver, CO** - The Wellbridge Company, a leading operator of premier athletic clubs, spas, and fitness/wellness centers, today announced the appointment of Harris White as Chief Financial Officer.

White most recently served as Chief Financial Officer for Sage Hospitality Resources, one of the nation's leading hotel management and development companies operating 86 full and limited service hotels nationwide. He was responsible for all finance, reporting, and asset management functions for the company, as well as information tech-

nology and risk management activities. In addition, he served on Sage's Executive Committee for five years, including a post as Chairperson for the company's Strategic Planning Committee.

In his new position, effective immediately, White will be responsible for directing Wellbridge in-house accounting, finance strategy and reporting practices while assisting Wellbridge CEO, Ed Williams, and other management staff to identify facilities and financing opportunities. He will also oversee information technology and risk management operations.

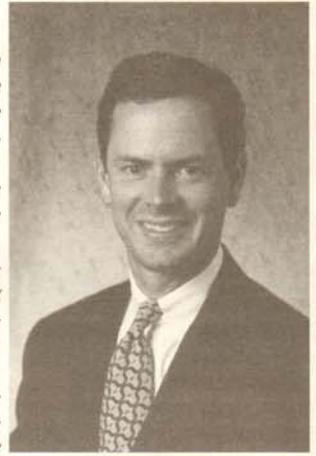
"We are extremely pleased to welcome Harris to Wellbridge and feel we have found an excellent match for this

position," said Ed Williams, CEO, TheWellbridge Company. "His track record of improving efficiency and productivity at the operations level will be valuable as we continue the growth that has positioned Wellbridge as a dynamic leader in the industry."

White has over fifteen years of experience in finance and accounting. Prior to joining Sage Hospitality in 1995, he held various corporate management positions with Hilton Hotels in Memphis, Tennessee managing the financial activities for the Embassy Suites brand. White received his MBA from Vanderbilt University where he was a member of the Beta Gamma Sigma honors society. He also holds a Bachelor of Science from Washington and

Lee University.

*Founded in 1983 and based in Denver, Colorado, Wellbridge (www.wellbridge.com) is the nation's leading owner and operator of premier athletic clubs, spas and fitness/wellness centers with 47 properties in 16 markets throughout the country. Wellbridge has developed an exclusive approach to combining fitness, health and wellness programs that cater to every lifestyle. In addition to group exercise, mind/body studios, weight management and athletic conditioning programs; many Wellbridge facilities offer expanded services such as nutritional counseling, tennis, aquatics, physical and massage therapy, family and*



**Harris White**

*kids' programming and group social activities.*

## ClubCorp Completes Refinancing

ClubCorp, the world leader in delivering premier golf, private club, and resort experiences, announced today the completion of a major refinancing of its outstanding bank debt.

Through the simultaneous completion of three separate mortgage portfolio transactions, the company retired the remaining outstanding balance of its bank credit facility while increasing liquidity and working capital. The transaction also extends the majority of the company's debt maturities to 2010 through 2013. The bank debt was scheduled to mature principally in 2004 and 2007.

The new financing has been provided by Pacific Life (\$500 million), GMAC (\$61 million), and Textron Financial Corporation (\$56 million). Approximately \$400 million of the debt is fixed at a weighted average rate of 6.75 percent for terms ranging from 5 to 10 years. The remainder carries floating rates.

"We are very pleased to have worked with strong partners to help us reposition our debt," said Bob Dedman, Chairman and CEO of ClubCorp. "We are also

fortunate to have been able to take advantage of a very favorable interest rate environment to lock in attractive long-term financing at historically low rates. Our focus in the short term remains on reducing the level of debt outstanding while increasing our cash flow to strengthen our balance sheet."

Dedman added that, as the economy improves, the refinancing will enable ClubCorp to capitalize on future opportunities.

"With the refinancing, combined with recent curtailments of capital spending for acquisitions and expansions, we should generate significant cash flow this year," Dedman said. "The transaction gives us improved flexibility and reduced interest costs to help us achieve our goals."

*(Founded in 1957, Dallas-based ClubCorp has approximately \$1.6 billion in assets. Internationally, ClubCorp owns or operates nearly 200 golf courses, country clubs, private business and sports clubs, and resorts. Among the company's nationally recognized golf properties are Pinehurst in the Village of Pinehurst, North*

*Carolina, (the world's largest golf resort, home to the 1999 and 2005 U.S. Opens); Firestone Country Club in Akron, Ohio, (site of the 2003 World Golf Championships - NEC Invitational); Indian Wells Country Club in Indian Wells, California, (site of the Bob Hope Chrysler Classic); The Homestead in Hot Springs, Virginia, (America's first resort founded in 1766); and Mission Hills Country Club in Rancho Mirage, California, (home of the Kraft Nabisco Championship). The more than 65 Business Clubs and Business and Sports Clubs include the Boston College Club; City Club on Bunker Hill in Los Angeles; Citrus Club in Orlando, Florida; Columbia Tower Club in Seattle; Metropolitan Club in Chicago; Tower Club in Dallas; and the City Club of Washington, D.C. The company's 19,000 employees serve the more than 210,000 member households and 200,000 guests who visit ClubCorp properties each year. Visit [www.clubcorp.com](http://www.clubcorp.com) additional company information.*

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## Nokia Signs on as Presenting Sponsor for 2003 Life Time Fitness

Life Time Fitness, the nation's fastest growing health and fitness company, announced today that Nokia has signed on as Presenting Sponsor for the 2003 Life Time Fitness Triathlon, featuring their rugged new Nokia 5100 phone.

To be held Saturday, August 2nd, at 9:00 a.m. (CT) in

Minneapolis, the 2003 Life Time Fitness Triathlon offers the sport's largest prize purse in history at \$500,000.

More the 40 of the world's elite female and male triathletes will battle for the record purse, \$250,000 of which will go to the first place finisher.

The Triathlon, which

will be broadcast same-day nationally on NBC Sports at 1:00 p.m. (CT), features Life Time Fitness' "Equalizer," a unique timing structure and innovative competition format that allows professional women and men to compete on equal ground, creating a dramatic "battle-of-the-sexes" (See *LifeTime Fitness* Page 22)

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## ...Norm's Notes

continued from page 5

financial half-nelson will attract business that otherwise might have gone to competitors." **RAY WILSON**, who has been encouraging monthly dues memberships without contracts for years now has made it clear that he supports such membership plans. And, certainly so do I. Bally has also recently completed a \$200 million Senior Note Offering at a 10 1/2% rate and has entered into a \$90 million Senior Secured Revolving Credit Facility due in 2008. In addition, Bally has scaled back its capital investments to less than \$50 million, annually while at the same time Toback has also expanded the Bally Total Fitness franchising initiatives with new franchises in Mexico. The strategy is to cash in on Bally's well-known brand name, thus growing income without capital expenditures of the company's own money. Toback recently commented, "With the addition of the Mexican franchise, our total projected franchise units worldwide over the next five years rises to 70 locations in nine countries. All this is

accomplished without spending any of our own capital."

• The "G Group" which currently has **Gold's Gyms** in Virginia Beach and Newport News, VA., has announced that they are preparing to hit the **Raleigh, Durham, Chapel Hill Research Triangle** area of North Carolina with the installation of 7 new Gold's Gyms, including at least three mega-gyms in the 50,000 to 60,000 square-foot range. Got news for you, **KIRK and JOHN GALIANI**, (the brothers that made this announcement)...**that market may not support what you are planning to do!** You guys ought to be careful with this expansion and avoid what may be a mess for everybody in the region. It could end up just like the mess in Northern Kentucky/Cincinnati, Ohio. The Gold's Gyms organization across America has some serious problems and this "expand at all costs mentality" by a handful of the Gold's Gym owners needs to stop. What are you thinking? It is just a matter of time before you all will have diminished the Gold's brand name and great market identity until it is of no value to anybody.

• **ClubSport Green**

**Valley**, (Henderson, Nevada near Las Vegas) has unveiled a new 7,000 s.f. facility designed specifically to bring safe, supervised fun, fitness, play, and learning experiences to children ages 6 weeks to 12 years. Called **Kid's World**, the facility was conceptualized by ClubSport and designed by **Dahlin Group Architects**. **CINDY MAXION**, the interior designer for Kid's World, has created a nautical theme for Kid's World. Club Sport Green Valley is owned and operated **Leisure Sports**, one of America's top operators of mega-clubs with facilities in California, Nevada and Oregon serving over 30,000 members.

• **The National Academy of Sports Medicine, (NASM)** has announced the creation of **The Fitness Education Partnership** that provides incentives for health clubs on all NASM certification and continuing-education programs. Some of NASM's clients are: The Sports Club Company, 24 Hour Fitness, Town Sports International, LifeTime Fitness, Multiplex Clubs and Great Britain's David Lloyd Leisure. Check out the NASM ad on page #22 of this issue.

• **JIM GERBER**

continues to lead the **Western Athletic Clubs (WAC)** in the right direction as exemplified by a recent acknowledgment by the **University of San Francisco** of WAC's - **\$200,000 annual contribution** to the University of San Francisco's **Sports Philanthropy Program**, WAC's annual contribution of **\$15,000** to the **Boys and Girls Clubs of San Francisco**, plus its **\$12,000 contribution** to the Bay area's **Brian Boitano Youth Skating Initiative**. I can still remember **Jim Gerber** and our friend, **JOHN WINEMAN** and I playing **Blackjack** until sunrise at the **Tropicana in Las Vegas** at first ever IRSA (it was IRSA back then) Convention and Trade Show in 1981. We played **Blackjack** all night, got up from the table and went a gave speeches on various club topics.

• **JOE "The Gladiator" MOORE** was promoted to **Karate Master** by the **National Tang Soo Do Federation** on June 1<sup>st</sup>. The **Karate Master** test and rating was administered by **Grandmaster Haines**, a man who has achieved mystical status in the Karate world. Grandmaster Haines has trained some of the greatest Karate fighters ever, and he has stayed



**Joe Moore In Action**

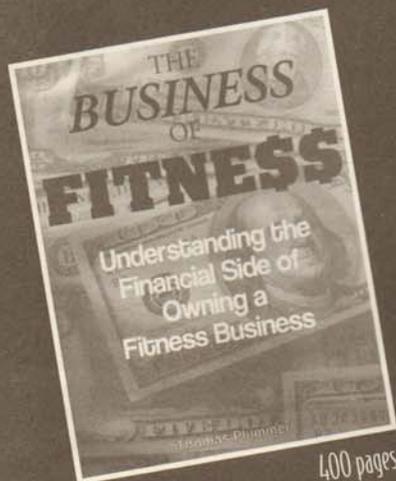
true to his roots. His students are not just Kata artists, they are fighters, pure and simple. Joe Moore is prominent in this edition with his company's lawsuit cover sheet shown on our cover page and the lawsuit summarized beginning on page #3. **Congratulations Joe** on the culmination of **35-years of combat training in Karate, Jiu Jitsu and Kick Boxing!**

**God Bless America And Stay Tuned!**

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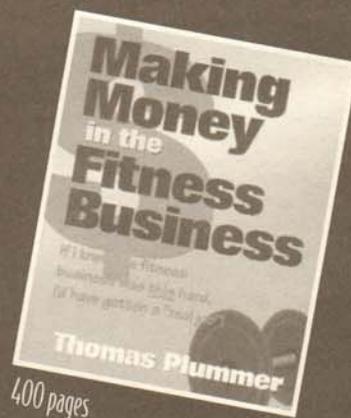
- The Financial Foundation of a Fitness Business
- The Basic Concept of Business Plans and Strategic Planning
- Driving the Revenue Through Daily Number Tracking
- Operational Numbers and Concepts

Two books by **Thomas Plummer**, the most sought after educator, speaker, and writer in the fitness business. His first book, **Making Money in the Fitness Business**, covers the core steps for being financially successful in business. His second book, **The Business of Fitness**, covers the numbers side of the business including everything from business plans to club evaluations.

## "MAKING MONEY IN THE FITNESS BUSINESS"

### Sample chapters:

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- The club business starts with the financial foundation
- Driving the Revenue Through Daily Number Tracking
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# Health Club Panel Network Offers Club Owners Access to A Sizable New Income Stream- *National Advertisers!*

*By: Norm Cates, Jr.*

The highly successful clubs across America have regularly sought and successfully created and developed new income opportunities for their businesses annual revenue reports. Early examples of income producing categories that you did not see 30 years ago include: tanning, personal training, spa services, corporate memberships, and nutritional counseling. But, all of today's great clubs have most of the above in their annual income reports.

Here is another potential income category for you to consider. National Advertising!

While many clubs today make their wallspace available to local advertisers (e.g., restau-

rants, doctors, etc.) fewer have tapped into the much larger pool of income and other benefits that come from aligning with national brands like Kraft, P&G, Nissan, Sony, etc. Why? It's quite simple. National brands want to spend their advertising and marketing dollars with national companies. They want to buy advertising in hundreds, if not thousands, of clubs with one phone call - making this buying process as easy and convenient as possible.

Enter The Health Club Panel Network. Founded in 1995, HCPN provides a vital link for your club to contract with national advertisers who wish to display signage for their products within the walls of your clubs. HCPN offers two primary advertising panel vehicles: 1) 16" X 20" Standard panel and 2) 26" X 37" Super Panel. To

maintain the integrity of the club environment, HCPN rarely places more than 10 panels throughout an entire club, putting single panels in the most high traffic locations. Best of all, HCPN has its own national network of installers, trained specifically to be respectful of the health club environment. Translation: Being a part of HCPN requires no effort from your already maxed out club personnel. HCPN does all the work.

Not surprisingly, HCPN has steadily grown to become the largest and most reputable player in the field of health club advertising and marketing today. Close to 2000 health clubs throughout the country have turned over exclusive non-broadcast advertising rights to HCPN, and have seen the significant benefits. "We are

paying clubs thousands of dollars every year, in the form of monthly checks, for the right to bring national advertisers into their environment and reach their members," says Gene Lederer, CEO of HCPN. "Everybody wins," says Don Harward, VP of Club Relations, "The national brands love it because they get access to active, upscale and influential consumers in an uncluttered, unique environment; the health clubs get paid; and the members get a lot of free stuff as well, in the form of samples, coupons, other merchandise, and fun promotional events - which can only help member retention."

Want a great example? This month, a major supplement company is advertising in a number of HCPN clubs. This company is offering a free one-month supply of a new supplement to any member that

calls an 800#. The supplement has a retail value of more than \$30. So basically, any member that calls this number gets a product worth a good part of, if not more than, their dues that month. "Since we've begun, we have distributed over \$3 million in free product, coupons and other merchandise to the members in our health club network," said Richard Hirsch, EVP of Marketing and Business Development, "and the amount has increased every year." The clubs have also benefited from free gear, sponsored by national brands (e.g., yoga mats, exercise balls, apparel for club personnel, etc.).

Another great way that a club benefits from HCPN is through membership growth. Brands use the clubs as a high-energy destination for their local (See *Health Club Panel* Page 26)

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- Pay you thousands of dollars per club each year, in the form of monthly checks, for your participation in our network.
- Give away samples, coupons, merchandise and apparel to your members and club personnel.
- Include your club in promotional events by national brands that drive traffic to your club.

What you must do:

- Enjoy the money and free stuff we provide to you
- Enjoy happier members and increased prospect traffic

Interested?

Call Don Harward at 1-800-468-2211 from more info.

Health Club Panel Network™



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# LATE BREAKING NEWS

**LATE BREAKING NEWS!** We've received a, late, new item on the two closed Gold's Gyms in Texas (see pg #3). The news is that the owner of those two gyms is hopeful to have them open in the near future.

Here are comments made by **SCOTT THEERINGER**, owner of the gyms: "All of our taxes have been and are current on both facilities. The problem existed with the previous owner of the property, and we are taking

all steps necessary to reopen the clubs, as well as service our members in the interim." According to a statement issued by **JOHN R. PITTS, Esq.** of the firm **AKIN, GUMP, STRAUSS, HAUER & FIELD L.L.P.**, "Our client was given positive financial reports and warranties prior to the purchase of these facilities in late 2001. We immediately began cooperating with the **State Comptroller** to assess the situation and return to business as usual as quickly as possible."

## ..LifeTime Fitness

continued from page 16

race to the finish. The second through fifth place finishers will receive \$50,000, \$35,000, \$25,000, and \$20,000 respectively. Cash will be awarded to the overall top 12 professional women and top 12 professional men.

Held on a stunning course, covering a 27-mile path within Minneapolis' beautiful

Parkway system, the event is a part of the Minneapolis Aquatennial, a ten-day premier Twin Cities civic celebration that upholds a 64-year community tradition and hosts more than 800,000 visitors.

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September 11, 12 & 13, 2003 • Rio All-Suite Hotel & Casino • Las Vegas, Nevada

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## FREE WELCOMING RECEPTION PRESENTED BY



Savor international cuisine prepared by the Rio's acclaimed chefs. Everyone is welcome to come enjoy the food and camaraderie of industry manufacturers and club representatives.

Thursday, September 11, 2003  
4:00 p.m.-7:00 p.m.

## FREE ADMISSION

Unlike many conventions that charge annual dues and/or registration fees for each seminar and entrance into the showroom floor, costing hundreds of dollars, we have maintained a NO HIDDEN COST policy.

## FREE SEMINARS

Covering a wide range of topics, our seminars are given by experts and are designed to help owners, managers, and administrators become more successful.

Maximizing Your Gym's Potential - Steps to Successful Operations  
Entertainment Value & Member Retention

The World Gym Work Experience Program for New Owners

The Gym Express Concept

Growing Your Gym's Personal Training & Group Fitness Business

The Apex Weight Management System

The Financial Possibilities of Weight Management & Personal Training Programs in Gyms

The World Gym Web Site/National Marketing Program  
An Overview of Business Basics

The Expanding Membership Base in Gyms -  
Women's Fitness - Marketing & PR

Open Panel Discussion - ask the questions you want and get the answers you need!

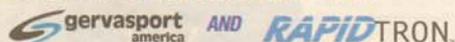
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- Fitness Assessments: The Undiscovered Profit Center
- Tanning & Fitness
- ClubPRO 3000® Software Training
- Risk Management

## SHOW SPECIALS

You'll save money by taking advantage of the special show prices and merchandise give-a-ways when you do your buying at the National Fitness Trade Show.

## KEN MELBY TO RECEIVE LIFETIME ACHIEVEMENT AWARD LIFETIME ACHIEVEMENT AWARD PRESENTED BY



In all areas of life there are those who are considered legends. In the fitness industry we honor these individuals with our Lifetime Achievement Award. This September, Ken Melby will take his place beside Arthur Jones, Jack LaLanne, Rudy Smith, Ray Wilson, Ron Hemelgarn, Jerry Kahn, Robert Rice, Joe Gold, and Bill Pearl.



## FREE ENTRANCE TO THE EXHIBIT HALL

The trade show floor will be strategically manned by the top names in our industry: equipment, services providers, supplement and nutrition experts, sportswear manufacturers and more... Many will have incredible "show specials" just for our attendees. For more information call 1.541.830.0400 or e-mail NationalFitness@aol.com.  
Thursday, September 11, 2003 - 4:00 p.m.-7:00 p.m.  
Friday, September 12, 2003 - 1:00 p.m.-5:00 p.m.  
Saturday, September 13, 2003 - 1:00 p.m.-5:00 p.m.

### EXHIBITORS AS OF 8-30-03

- Ivanko Barbell Company
- Flex Equipment Inc.
- Centaur Floor Systems
- True Fitness Technologies
- Body Masters
- J.A.D.E.
- Strive Enterprises
- Nautilus Health & Fitness Group
- Aphelion, Inc.
- Star Trac by Unisen
- Life Fitness
- Hammer Strength
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- FitCamp
- Hur
- Med-Fit
- Ideal Lockers
- Rapidtron
- Cardio Theater
- ClubCom
- Endura
- Trackmaster
- Quantum Fitness
- International Tanning Equipment
- Association Insurance
- Hampton Fitness Products
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## WORLD GYM UNIVERSITY

World Gym University has named the National Fitness Trade Show as the site of this year's classes. For more information, call 1.505.690.5974, or e-mail scuddertour@hotmail.com.



## Nautilus MS. FITNESS USA & MS. FITNESS WORLD

The fitness craze continues with the ultimate in health and lifestyle competitions. If you stay at the Rio with our group you will receive two \$100 tickets to both shows while supplies last. For more information call 1.541.830.0400 or e-mail MsFitness@aol.com.



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Friday, September 12, 2003, 3:00 p.m.-5:00 p.m. For more information call 1.888.227.8187



JERRY KAHN HAS NAMED THE NATIONAL FITNESS TRADE SHOW AS "THE OFFICIAL TRADE SHOW OF THE IPFA"

The International Physical Fitness Association is the world's largest and oldest established reciprocal association. Founded over 40 years ago, it now has over 1,200 affiliated fitness centers coast-to-coast and worldwide! For more information call 1.877.520.4732 or e-mail contact@ipfa.us.

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Set among the rolling foothills of the Black Mountain Range in Las Vegas, the 18-hole Rio Secco Golf Club championship golf course was designed by Rees Jones, Golf World Magazine's 1995 "Golf Architect of the Year" and mastermind behind over 100 of the world's most fabulous courses. Tee times are limited so secure your partner today and call Wally at 1.541.830.0400 to reserve your spot! Awards to include closest to the pin, longest drive, and best ball combined twosome. There is a green fee to play.



## BOOK YOUR SUITES NOW

ALL HOTELS IN LAS VEGAS ARE EXPECTED TO SELL OUT EARLY DUE TO THE De La Hoya vs Mosley match

## HOST HOTEL

To reserves your suite(s) at the Rio All-Suite Hotel & Casino call 1.888.746.6955. Discounted suite rates are \$119 per night for a single or double occupancy. Give the reservation clerk group code GMSFIT to receive this discounted rate. Plus, if you stay with our group you'll also receive FREE of charge two \$100 tickets to the Nautilus Ms. Fitness USA (September 12) AND two \$100 tickets to the Nautilus Ms. Fitness World (September 13) per suite.

## LOW FARES

Southwest Airlines is offers up to 10% off most of its already low fares for air travel to and from the event, with the convenience of Ticketless Travel. You or your travel agent may call Southwest Group and Meetings Reservations at 1.800.433.5368 and reference ID Code J8802. Reservations Sales Agents are available 7:00 a.m.-8:00 p.m. Monday-Friday, or 8:30 a.m.-5:30 p.m. Saturday and Sunday, Central Standard Time.

## DE LA HOYA VS MOSLEY 2



Five-time world champion Oscar De La Hoya will get his revenge fight on Saturday, September 13, 2003 when the Golden Boy battles Sugar Shane Mosley in a world super welterweight championship bout at the MGM Grand Garden Arena.

copyright Chris Farina/Top Rank, Inc.

TRADE SHOW HOTLINE  
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**...Casey Conrad**

continued from page 10

everything was complete. So, we really had everything on hold for over 4 months. Although the company's business plan does cite these numbers, and growth is important, I think the more significant number we have as a goal is a 95% success rate with our licensees/franchisees. This

means that our internal focus at corporate is based on measuring the Centers' success, not our growth. This is important not only for the long-term happiness and success of owners and operators as well as HEALTHY INSPIRATIONS, Inc, but the overall good of the industry.

Although they don't make it easy to calculate, in their current Unit Franchise Offering,

it documents that 29% of Curves either close or transfer ownership. That number reflects a high level of failure rate. Certainly it is impossible to keep everyone happy all the time and that holds true for our company as well, but there are a number of chat rooms of Curves owners that are really unhappy with their organization. They are totally focused on growing the number of locations

and are putting Curves so close to one another that it erodes the market share for each operator. In addition, although they are selling tons of franchises many owners are complaining that they don't provide the on-going support and marketing materials that small business operators need to be successful and it shows.

Of bcourse, given the

number of locations and the fast growth this isn't unforeseen. They have accomplished nothing short of a miracle, but my concern is that if the saturation level is too high and the individual operators cannot make enough margin and close, it will be another black eye for the industry and hurt all of us in the long run.

**Publisher's Note: AMEN!**

**...Scudder**

continued from page 14

time.

- The ones who always say what a great job you're doing but don't know your name.
- The ones who don't understand numbers.
- The ones who are so wrapped up in the numbers that

they didn't recognize that you have two heads.

- The ones who give you the big speech about how important being on time is and then never show up on time - for anything.
- The ones who think their title entitles them.
- The ones who know if they ran this club everything

would be just fine.

I would love to hear your "pet peeves"...email them to me at scuddertour@direcway.com. I'll start a 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.)*

**THE Club Insider**  
NEWS

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**...Karen Woodard**

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and click on specials then downloadable forms.)

Once you know the reality of the situation and are not operating in the vacuum that we sometimes create in our minds, your ability to lead your staff will

rise to a new level. We have all no doubt witnessed what a change in leadership can do for an organization on all levels. Assess where you are in these two areas and how a subtle change could impact your organization.

*(Karen D. Woodard-Chavez is president of Premium Performance Training and provides*

*staff training and organizational consulting in the areas of marketing, sales, management and service. She offers these services through on-site and online training, books, tapes, manuals and regional seminars. She can be contacted at 303.417.0653 or karen@karenwoodard.com.)*

**...Health Club Panel**

continued from page 20

advertising. "We helped one brand launch a new water product and they ran radio ads in each market telling listeners to go to an HCPN club to sample the new product," said Hirsch. "After the promotion, we were flooded with

calls from the clubs thanking us for all the new prospect traffic."

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**"Gym Wars" Midwest Regional Peace Treaty Meeting August 14, '03 - 10 A.M.**

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- John Bonica, Global Fitness Owner



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

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A woman in athletic gear is running on a treadmill. She is wearing a dark singlet with the number 467 on the front and a bib with the number 4 on her hip. The treadmill is a modern, industrial-style machine with a digital display on the front console showing various metrics like heart rate, speed, and distance. The background is a light blue, industrial-looking setting.

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