

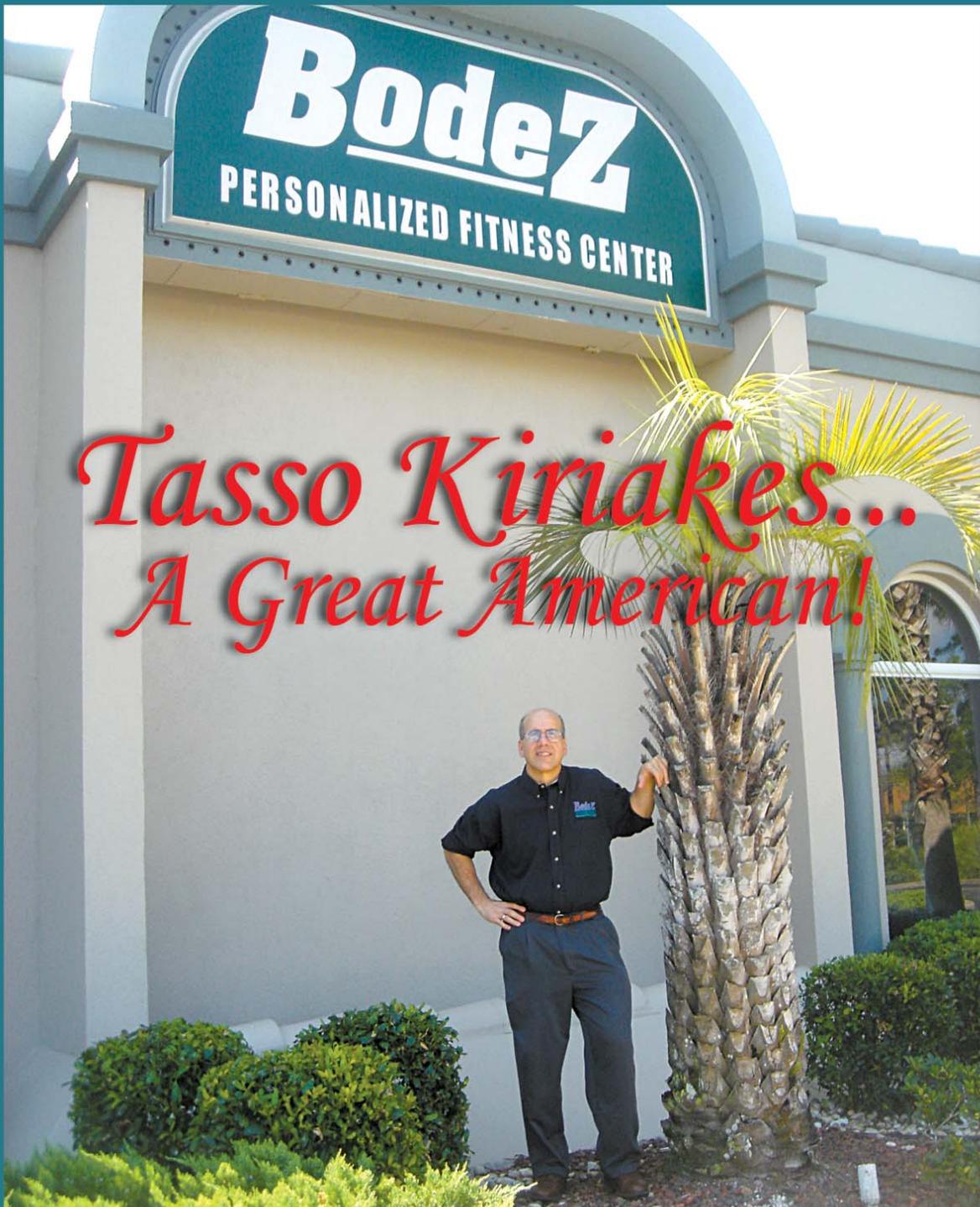
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THE Club Insider

NEWS

AUGUST 2006



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Norm Cates' **THE Club Insider** NEWS

Tasso Kiriakes...a Great American!

By Norm Cates, Jr.

Tasso Kiriakes is a uniquely warm and caring individual...a great man...and a great American!

Kiriakes, the 28-year industry veteran and owner of Bodez by Tasso in Ormond Beach, Florida, is also a pioneer and an unsung hero in the health club industry.

Now, after working in the industry since 1978 Tasso Kiriakes is one of the most experienced professionals in the business when it comes to the now very important American and worldwide focus on the obesity/overweight challenge. He has been involved in serious weight loss education and training since 1987.

Perhaps health club industry icon, Joe Cirulli's comments on Kiriakes brings the true essence of the man, to light.

Cirulli commented, "Norm, I've known Tasso since the Arthur Jones days (Arthur Jones invented Nautilus and MedX). He is and always has been an exceptional person. I have to stress *person* first because every exceptional quality he possesses is part of who he is as a husband, father, brother, son and businessman. He always strives to be the *best* he can be. There has never been a time when I have not seen him trying to improve some aspect of either his personal or business life. He has always been a true friend, a

friend you would do anything to help and a friend you know will always be there for you."

The job of producing almost 14 years of CLUB INSIDER cover stories never ceases to amaze me. That is because it seems that every time I hit this keyboard to write an illuminating case-study cover story about one of the greats in our industry I come away amazed by the individual whose story I've been privileged to share with my readers.

I am amazed by Tasso Kiriakes for a number of reasons.

First of all...I love this man's *passion for life*, his



Yiota & Tasso Kiriakes

deep goodness and his sense of humor. Tasso is a man to be admired on many levels.

Here is a man that is a consummate husband and father (See Tasso Kiriakes page 12)

A "Grand Lady" - Virginia Smith Passes Away

By Norm Cates, Jr.

Virginia "Lady" Owens Smith, 80, passed away Thursday, August 3, 2006. Virginia was born in Minneapolis, Minnesota on December 21, 1925, the daughter of Florence Catherine Webb and William Pemilton Owens. After graduating from Marshall High School she joined the Aqua Follies, a synchronized swimming team in Minneapolis and acted at the Old Log Theatre. Soon after, she moved to California by herself to attend the Pasadena Play House. Virginia started her fitness career at Vic Tanny's Gyms in California

where she met and married her husband of 50 years, Rudolph (Rudy) Smith on September 19, 1955. Virginia and Rudy raised their 4 children: Todd, Ginny, Barbi, and Chad in Malibu, California. Virginia and Rudy moved to San Clemente, California in 1979.

For over 30 years, Virginia and Rudy developed one of the most successful health club chains in the country - Holiday Spa Health Clubs (which later became Bally Total Fitness). After "retiring" they began a new adventure by taking over the Las Vegas Athletic Clubs in 1991.

Virginia pioneered

the development of group fitness classes and women's programming for the modern day health club. She also created and designed the women's only gyms within the large health club facility. In addition, she developed many popular pieces of exercise equipment that are now in health clubs all over the world.

Virginia loved and dedicated her life to her family, and health and fitness, while enjoying an active lifestyle including swimming, surf-fishing, skiing and water skiing, tennis, and working out in the clubs. For over 20 years, the family spent Christmas in



"Flipper", Rudy & Virginia Smith

Utah together and at age 78 she even took up snowboarding with her grandchildren.

In October 2005, Virginia and Rudy celebrated (See Virginia Smith page 8)

• Inside The Insider •

- Insider Speaks - Trust
- Casey Conrad Launches Second Weight Loss Product—Specifically for Clubs
- Scudder on "GETTING OUT OF RANGE"
- Bruce Carter on Design and the Profitable 21st Century Club

Toback Resigns With A Bucket Full Of Money!

CHICAGO, Aug. 11 -- Bally Total Fitness Holding Corporation (NYSE: BFT) today announced the resignation, effective immediately, of Paul A. Toback as Chairman, President and CEO pursuant to a Separation Agreement dated August 10, 2006. The Company said that Don R. Kornstein has been appointed

interim Chairman, and Barry R. Elson has been appointed acting CEO.

"Our primary near-term focus at Bally remains addressing the Company's capital structure," said Mr. Kornstein. "At the same time, we are continuing to aggressively execute our business plan to enhance the Compa-

ny's prospects for long-term success. Bally has a strong brand franchise and customer base, and we look forward to building on this platform to create value for shareholders," said Mr. Kornstein.

Mr. Kornstein further stated, "On behalf of the Board of Directors, I wish to (See Toback Resigns page 8)

Norm's NOTES

• Hello everybody!

This is your friendly **CLUB INSIDER Publisher Since 1993** checking it!

• I am very saddened to report that the elegantly lovely and totally sweet lady, **VIRGINIA SMITH**, wife of

RUDY SMITH for almost 51 years, passed away from cancer on August 3rd. Our most sincere condolences to Rudy and the Smiths' daughters and sons, **GINNY, BARBI, TODD and CHAD**. Rudy and his family must go on without Virginia. But, they can all press on with joy in their hearts that Virginia was so nice, so kind, so giving and so loving as a human being that she will live in all of our hearts from now on. They can go on with faith in their hearts that their wife and Mom will be remembered forever for the elegant and beautiful person she truly was inside and out. May Virginia 'Lady' Smith rest in peace.

• **LATE BREAKING NEWS!** *Reliable sources* tell me that **MIKE GRONDAHL's Planet Fitness** is buying **MIKE URETZ' World Gym International!** This major acquisition is one for the record books and will have so many ramifications to the future of this industry that I can't even begin to list them here and now... **STAY TUNED** for all the details in a comprehensive report in our September 2006 edition!

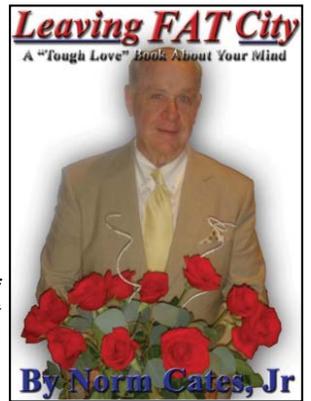
• **HE** dreamed up **IHRSA**, launched it with friends and has kept a pa-

rental eye on it for 25+ years, he's logged literally hundreds and hundreds of thousands of miles in jet airplanes traveling to help clients as the **health, racquet and sports club world's #1 consultant**, he is the best friend this industry has ever had and he is a giver of help to others beyond anyone's knowledge or wildest imagination. He and his lovely wife, Sue, were married on July 28, 2001. Their beautiful Wedding was officiated by his long-time friend, **Mayor RUDY GIULIANI** and then the party for 300 friends began at the **Tavern On the Green** in New York City. He will be honored with **Club Industry's Lifetime Achievement Award** in Chicago on October 7th, 2006. **HE** is my great friend...the one and only ... **RICK CARO, Congratulations RICK!** (Check out the Club Industry Conference and Trade Show ad in this issue on page #30).

• **PAUL TOBACK** has truly disappointed me and many others. (Go to Yahoo Finance and type in BFT. Then go to the Bally message board and you'll see what I mean.) Here is a guy who had told the financial and club world over and over during his tenure as chairman, CEO

and President how Bally Total Fitness was making progress in its struggle for survival and becoming profitable. But, it appears Toback had a plan for himself, not the success of Bally. Now he's rich. Toback bailed out on August 10th with a golden parachute carrying a bucket load of money, **\$3,832,500** to be exact, plus **135,000 shares of restricted stock** and called it a day. This money, combined with the **\$3.71 million** he received in compensation for 2005, means Toback, unless stopped by a **U.S. Federal Bankruptcy Court Judge**, will get away with **\$6.64 million** from a company that **lost over \$170 million** on his watch! On Friday, August 11th, Bally stock had dropped to \$2.76 a share. I bet that some day the truth about this whole story will finally be told in the U.S. Bankruptcy Court... My guess now is that **Bally Total Fitness** will become history in the not too distant future. And, to **two great friends of mine** in this industry I say, **"Yes...you told me so!"** The company is in total disarray. And, at this point I suspect that *trust* in the sitting Bally Board of Directors is dropping fast amongst Bally investors. A few weeks ago Atlanta's **WSB 750 am** radio nationally syndicated talk show host and financial guru extraordinaire, **CLARK HOWARD**, stated on the air during a 30-minute health club rant that Bally representatives in New York had been accused of *forging signatures on contracts*. Check out my **"Insider Speaks"** writing this month entitled: **- Trust."** **STAY TUNED!** Late note: as I write this on Monday, August 14, 2006, Clark Howard is warning consumers and stated "Bally is a wounded duck. Be very careful doing business as a customer with Bally's." Then Clark went back into warning listeners about entering into long-term contracts and allowing anybody to draft health club dues from your checking account.

• **WHAT is IHRSA going to become in the future?** That should be the question the **IHRSA Board**



Norm Cates - Author - Says,
"Visit And Read
www.leavingfatcity.com"

should be focused on now, not **WHO** is going to lead IHRSA. My friends on IHRSA's terrific team of Board of Directors *think* the *biggest challenge* they have now is to *find a successor* for now retired **JOHN McCARTHY**. I beg to differ. I *strongly believe and argue to all concerned here that the biggest challenge* the Board has now is *first to figure out what IHRSA is going to be in the future*. If you're an IHRSA member and you do care about the future of the Association...you should be in touch with the IHRSA Board members pronto. That is because this movement, as I see it taking place, will ultimately result in the Association becoming *more and more of a 'quasi-club Association'* with respect to the clubs owners ... *they will be relegated to just being along for the ride* with their money making up part of a much *bigger industry Association's annual budget*. Trust me on this one IHRSA member club owners. And, you read it first right here. If IHRSA goes the route of becoming a full-blown fitness industry association, and it is headed that way now, you will someday see the association begin to recruit non-profits such as: YMCA's, JCC's, Parks and Recreation Fitness Centers, etc. for membership. *That will happen because that is where a whole lot of money is*. That is where all of this appears to be headed folks. You just watch care-
 (See Norm's Notes page 10)

Thank You

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“Insider Speaks”

Trust

By Norm Cates, Jr.

Joe Moore is a man our industry knows and can truly trust.

Joe is now serving as IHRSA's interim CEO/President as a new CEO/President has yet to be named. He wrote in his first CBI magazine “Memo from Moore”, entitled: “The Prime Importance of Public Policy” in the July edition of CBI: **“The industry must speak with one voice. It must communicate a single clear message.”**

Today I write to all of you in this great industry. I agree with Joe Moore. But, I write here today to present to you all exactly what I very firmly believe that **single clear message** from our industry should be: **Trust.**

Trust is that **single clear message** that will carry our industry to new heights.

Presently, our industry is stuck at a 14% membership penetration of the U.S. population. We've been stuck at that 41 million member number for two years now: 2004 and 2005.

At the same time, our industry is still building more and more new clubs. And, that “stuck in the muck” status for industry membership growth continues. It continues to stay flat, while at the same time, the U.S. has been inundated for the past four years by a massive media barrage of messages about the overweight/obesity crisis.

Does this scenario induce curiosity or concern from *those of you* who are *true thinkers* in this industry?

Does this scenario make you *wonder why this is*? Does the fact that the average number of members per club is shrinking, while at the same time the total number of clubs continues to increase, ring any alarm bells out there?

Are you one of those club operators who has enjoyed little competition for your club for years...but now wake up everyday with new,

member draining tough competition all around you?

If you are...then read on here. Read on because I have the *one single differentiator* that will truly set your club aside from all others: **Trust.**

You might be thinking now, ‘How may we build trust, Norm?’

Before I answer that question, let me tell you about some of our most trusted people in our industry. I would suggest that you get to know as many of the people listed here as you can.

They are just a few of our great American club owner/operators who've spent decades carving strong niches of trust in their communities for their clubs.

They are *great role models* for our industry to follow. One day at a time for years and years, these people carved out trust in their communities: Red Lerrille, Todd Pulis, Dick Trant, Curt, Jane and Rick Beusman, Joe Cirulli, Dale Dibble, Ed and Zoe Veasey, Alan and Steven Schwartz, Jim Gerber, Mike Arteaga, Bob Provost, Joe Moore, John Doyle, Ben Emdin, Mark and Debbie Eisenzimmer, Michael Levy, Jay Kell, Mike Minton, Bob Shoulders, Dean Wallace, Jack Dennison, Tom Lyneis, Ed Williams, Tasso Kiriakes, John Brinson, Dave Cohan, Tim and Liz Rhode, Roger Ralph, Tim Richards, Cecil Spearman, Ted Torcivia, Bob Carpenter and Warren Wertheimer and many, many more greats who've earned *true trust* in their community and are long-time leaders in their respective markets.

These great folks are all role models for the health club industry to emulate. If you've been reading CLUB INSIDER for a long time you've seen cover story after cover story with case-studies on many of these greats. And, you will see more.

Let me tell you what I mean when I write that **trust could become your club's differentiator**, even your *club's*

savior.

Before I do that, let me explain *exactly why* I believe that **the lack of trust by American consumers is the single most significant deterrent to our industry's growth and success.**

In the context of this writing it is important for me to say first that it is my opinion that **trust**, if our industry truly had it in America, would have already resulted in a health club industry with 30% penetration or more, not 14%. That would be at least 90 million members or more, instead of being stuck at 41 million.

But *why* do we not have the trust of American consumers? Our industry lacks trust because of several reasons:

#1) The history and long-standing bad reputation of our health club industry - Unfortunately, the health club industry has a sixty-year history that was punctuated with consumers losing money to pre-sales of some clubs that were never built or opened, high pressure sales methods and techniques, ‘bait and switch’ advertising, retail installment contracts where consumers are sued and their credit damaged if they do not wish to be members any longer and stop paying, clubs closing and not being able to or even trying to provide alternative locations for their displaced members and/or full refunds, trainer horror stories where members have been injured...and the list goes on. And yes...a lot of these same things have happened in the last 25 years as well.

But, I am happy to be able to truthfully say here that for over 25 years IHRSA has made very significant progress in the area of professionalizing and building trust in this industry. But, we have some problem club groups still amongst us. Those groups are still holding back the 29,000-club health club industry because some of them continue to be cited publicly for illegal, reputation and image-damaging ac-

tivities.

Take Bally Total Fitness for example. I am using Bally Total Fitness as an example of a club organization in our industry that continues to *hurt business for everyone* and *damage consumer trust.*

I recently heard Clarke Howard, a nationally syndicated radio talk show host and consumer advocate, say some awful things about our industry and about Bally on his nationwide radio show.

Howard went into a 30+ minute, nationally broadcast rant about health clubs. He explained that there were *real health clubs* and what he called: *“contract clubs.”*

He explained that *real health clubs* truly care about their members' results and their health. He explained that they provide professional staff assistance and service, wonderful facilities and equipment and caring help. He said these people are professional and do not require you to sign a long-term contract locking the member into ongoing dues payments.

He contrasted the *real health clubs* of America with the *“contract clubs.”* Then, in the continuation of his warning comments, he cautioned his nationwide audience to NEVER, NEVER, NEVER sign a long-term health club membership contract and to NEVER, NEVER, NEVER...EVER, EVER, EVER allow anybody, especially a health club, deduct money automatically from your checking account.

Clarke Howard then went on to do something I have never heard him do on the radio. Never before have I heard Clark Howard, a very respected man and broadcaster, flat outright name an offending health club company during his many consumer warnings about the health club industry I've heard over the years.

As Howard was wrapping up his warnings to listeners about NEVER signing a long-term membership contract, he stated that he had reports out of New York

State that Bally Total Fitness had been accused with forging signatures on membership contracts there!

Let me make this clear here. Clark Howard said loud and clear on the radio that *he had reports of such contract signature forging activity.*

So, I emailed Bally officials to find out if they wanted to comment on those reports. Matt Messinger called me and said, “That was probably radio commentary on issues Bally already cleared with the Attorney General's Office in New York State, not new issues.”

When I contacted the New York State Attorney General's Office to attempt to obtain these specific forgery complaints, through the Freedom of Information Act using procedures they called ‘FOIL’, I was told “We get about 600 complaints a year about Bally Total Fitness so it will take some time to copy and get them to you. You will have to pay a fee for that too.” I said, “Just tell me what to do and how much to pay and I will do it.”

#2) Fear and Intimidation of health clubs- for years in our industry, Bally and many other health clubs have used print and TV images of “hard-body” men and women to market their clubs.

The problem simply is those images are offensive to the average American, especially now, since there are now 196 million overweight and obese Americans. The memory of Arnold's Schwarzenegger's movie years ago, ‘Pumping Iron’ still looms in their minds, too. That movie is what millions think a health club is still all about...muscleheads.

This *single fear and intimidation factor* bothers millions of average Americans and is holding back membership sales for thousands of clubs.

That is one big reason why I spent four years compiling and writing my book, Leaving FAT City and am now developing what I call
(See Insider Speaks page 8)



SALES MAKERS!



6 Questions For You*

- How many months did you not meet your membership goals in the last year?
- Why?
- What plans have you made to ensure that you will meet or exceed membership budgets this year?
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...Insider Speaks

continued from page 6

a "FAT Friendly Health Club" protocol to assist clubs.

That is also why in Chicago, at Club Industry in October, I am leading the way again, by founding a new association of health and fitness industry professionals whose sole mission will be to get aggressively and specifically after this great American market of 196 million people.

I want to make it very clear here that this new association will not have a trade show, it will NOT compete with IHRSA and Club Industry's educational efforts and will not be an adversary for anybody in this industry.

I am founding it to help this entire industry. And, to help Americans. We will have conventions of this group twice per year in conjunction with IHRSA's annual convention and trade show (San Francisco in March) and the annual CLUB INDUSTRY Conference and Trade Show in Chicago.

STAY TUNED!

And, for clarity, please realize the "FAT Friendly Health Club" term, concept and protocols are not intended to be interpreted as saying that health club owners are 'friendly with the enemy'...FAT.

In contrast, the term "FAT Friendly Health Club" means to describe the suggested mindset, facility modifications and staffing that health club owners/opera-

...Virginia Smith

continued from page 3

their 50th wedding anniversary and 80th birthdays together with over 200 of their family members and friends. It was a wonderful celebration of their life together; the memories of that evening will be cherished forever.

Virginia will always be remembered as a loving, selfless, strong, caring, positive, disciplined woman with unprecedented dignity and grace while always maintaining the strength of her convictions. Virginia is survived by her husband, four children and their spouses, six grandchildren (who all call her Grand Lady), brother Arthur

tors/staff truly need to adopt so they may attract and sign up as members, this massive, untapped market of 196 million Americans. Please read Bruce Carter's article and ad on page #24 in this issue for some ideas and help on the facility design aspect of this movement..

Beyond possible facility modification and about staffing, please do consider Tasso Kiriakes' comments in his interview herein about his "FAT Friendly" policy of hiring people who are not perfect physical specimens to work in your club. He states: "I feel club operators just should not be afraid to hire employees who don't have the perfect body.

#3) Professional doubt - Generally, consumers have yet to truly trust and embrace our industry as professional. Millions and millions of consumers consider our industry now only from their image of our clubs and operations from the past.

Millions of American consumers do not realize how well educated our industry staff members are today. They do not understand how dedicated you are to helping them. They do not understand that you're club is NOT just about money...it is about helping them get the results for their bodies and their lives that they want. We ALL must teach them!

That tainted image and reputation of our industry has kept the brakes on millions of consumers from even considering driving into a health club parking lot, much

Owens and sister Florence Lowe, as well as many nieces and nephews.

Her family has provided an online tribute celebrating her life at www.virginiaowenssmith.com beginning August 10, 2006. We invite you to view and sign the guest book as well as post your personal memories and tribute.

**Virginia
 "Lady" Smith
 1925-2006
 May you
 Rest In Peace**

less considering joining a health club for their exercise, fitness and long-term health needs.

That image is something we all must attack together. That image must be erased in the minds of consumers. Increasing this 14% U.S. membership penetration number is going to be a long, slow and tough fight. But...we ALL must embark on a journey to change that now or thousands of clubs will pay for the past forever. We all must adopt and deliver one clear single message.

American consumers do not believe that our industry truly cares about them or has the skills to help them or has a true desire to help them.

Millions of consumers think all we care about is their money. That is our industry's image.... whether we like it or not. If this comment offends you as a club owner, I am sorry. But, if it does, then you're not one of the kind of club operators I'm writing about here anyway, so don't take this writing personally!

How may you build trust?

#1 - If you will read our cover story this month: Tasso Kiriakes...A Great American! you will learn how a great human being has spent the past 28 years carving out a strong niche of deep trust in him and his club and his very personalized approach to helping people. Tasso Kiriakes is amazing.

And, realize this. Right now, our industry is

...Toback Resigns

continued from page 3

recognize the commitment and energy Paul Toback devoted to this Company as a director and officer and acknowledge his strong leadership of our management team and workforce during his tenure at Bally Total Fitness. We wish him well in his future endeavors."

Mr. Toback stated, "I appreciate the opportunity I have had over nearly a decade in leadership roles at Bally. Through our efforts, we put the Company on a path of progress. Now is the time for others to bring their ideas and energy to the next phase of the Company's develop-

clearly NOT receiving significant benefit from America's mass media commentary about the American obesity/overweight crisis of 196 million afflicted people.

I am greatly concerned about this because it is my sincere belief that you all are not getting your share of the business that is being generated by this now four-year ongoing media overweight/obesity barrage.

I truly believe that a huge amount of potential new membership business is going to the YMCA, JCC, community rec centers and the home fitness equipment markets because a high percentage of American consumers simply do not trust the health club industry in general.

#2 - Our single clear message to America should include the fact that America's health clubs are now very different and much, much better than they were when our industry began 60 years ago and that American consumers can trust the health club industry because its people are more professional, more educated, more dedicated and more caring about them and their health and fitness issues and will get them results if they will just come to us for help and stick to it.

#3 - In the very difficult challenge of changing the minds of millions of consumers about our industry we do have many operators who already have earned the trust of the consumers in their community. We should listen carefully to these leaders as

we, as an industry, develop our message of **trust and begin to collectively deliver our trust message to all Americans and to the world.**

TRUST...that's the single clear message our industry needs to communicate.

(Norm Cates, Jr. is the Founder of CLUB INSIDER News and publisher since 1993. Cates is a 32-year veteran of the health, racquet and sportsclub industry. In 1981 Cates was the 1st President of IHRSA and a co-founder of the Association with Rick Caro and five others. He was honored by IHRSA in March, 2001 when he was presented with its DALE DIBBLE Distinguished Service Award ... an honor that was the greatest of his life. Norm Cates may be reached at: 770.850.8506 or at: clubinsidernews@mindspring.com or at: normcates@leavingfatcity.com Look for Norm Cates' new book online for free until August 31, 2006 and in print for \$7 a copy by October, 2006. Go to: www.leavingfatcity.com - click on Chapters List, download fast PDF and print all 108 pages. You will be glad you did! And Cates welcomes your criticisms or other suggestions. If provided, they may be included in the final editing for printed edition of the book.)

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Inc. for 17 years. The Board of Directors of Bally intends to explore options for a permanent replacement for Mr. Toback.

Mr. Kornstein was elected to the Bally Board of Directors in January 2006. He is founder and managing partner of Alpine Advisors LLC, a strategic, financial and management consulting firm serving a broad range of companies. Prior to founding Alpine Advisors, Mr. Kornstein served as Chief Executive Officer, President and Director of Jackpot Enterprises Inc., a New York Stock Exchange-listed company. Mr. Kornstein was also a Senior Managing Director in the investment banking depart-

ment of Bear, Stearns & Co. Inc. for 17 years.

Mr. Elson was elected to the Bally Board of Directors in January 2006 and is a member of the Strategic Alternatives Committee. He served as Acting Chief Executive Officer and Director of Telewest Global, Inc., a provider of entertainment and communication services. Mr. Elson earlier also held the posts of Chief Operating Officer of Urban Media, President of Connectiv Enterprises, Executive Vice President at Cox Communications and Vice President of the New York Nets, New York Islanders and Colorado Rockies.

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...Norm's Notes

continued from page 4

fully. But, don't just watch... *get involved* by speaking to your IHRSA Board members about the future of the Association as it specifically relates to health, racquet and sportsclubs. Let new IHRSA Chairman, **MICHAEL LEVY** and acting CEO/President, **JOE MOORE**, know what you think. I think the IHRSA Board would also do well by checking out the 32-0 vote made by all of the **NFL** owners when they picked **ROGER GOODSELL** last week from *within their ranks* to become the new **NFL Commissioner**. In a similar situation, IHRSA has the best possible CEO/President candidate on Board right now ...*Joe Moore*...as long as the long-range plan for the Association is to continue on a primary mission as a club trade Association. But, right now, big thinking Board members are thinking of growing IHRSA to become a *fitness industry giant*...a giant that *embraces every possible form of fitness organization, product and service, not just clubs*. Whether the Board realizes it or not, I believe the Association is at an important *fork in the road right now*. The Board members are on the Board to *represent the IHRSA members*. That is *why the Board needs to hear from the members now*. This writing is not intended to offend anyone on the Board, especially IHRSA's terrific new **Chairman, MICHAEL LEVY**. Michael is a fine man

and a 33-year club industry veteran whose intentions are 100% honorable and who is *very determined to do the best things* for the Association. That's precisely why Michael and Joe need to hear from you now! *Silence from interested and caring IHRSA member club owners* now is not what the Board of Directors need. They *need input to avoid making any mistakes* at this juncture. **STAY TUNED!**

• **GORDON JOHN-SON**, owner of three very successful **Gold's Gyms** in Douglasville and Marietta, Georgia, says his next goal for **Body Training Systems** is to have **70% of his daily club traffic participating in his vast array of BTS Group classes** and **MIKE SILVA**, owner of **The EDGE Fitness Center** in New Jersey says, **"I'd like to blow up my cardio equipment room and make more room for BTS classes!"** These are just a couple of many extremely positive comments by club owners who employ BTS Group programs in their clubs. Several hundred attended the August 10th and 11th **Body Training Systems** training programs at the World Congress Center in Atlanta to learn more and more and share their **BTS** successes. **STAY TUNED** next month for a more thorough report.

• **CASEY CONRAD** has launched **Take It Off** ... a new weight loss program for clubs to help their members. Casey continues to grow the **Healthy Inspirations** franchise to medical profession-

als as a stand alone concept and now provides the **Take It Off** weight loss solution for club operators, as it was designed specifically for the health club industry. Conrad spent the past year developing and carefully beta-testing the **Take It Off** program in clubs. The test results show that **Take It Off** is a *club owner friendly program* that is *easy and inexpensive* for club staff to present, sell and provide to members. Tests have also proved **Take It Off** is *super easy to use for members who want to lose weight*. Check out Casey's **Take It Off** report on page #18.

• **Don't miss** the **25th Annual National Fitness Trade Show in Association with IHRSA** in Las Vegas, **September 7-9th!** The show is growing and becoming better and better and you should be there with us at the fabulous **Rio Conference Center, Hotel and Casino**. **IHRSA's Club Business Entrepreneur Conference** will be there as part of the entire event. The **BOYKO's and IHRSA** have teamed up and done great things with the event! For information call IHRSA at: 800.228.4772 or visit: www.nationalfitnessstradeshow.com I hope to see you there and in **Chicago at Club Industry, October 4-7th!**

• Congratulations to **IRON GRIP** as they have finished a major factory expansion in Santa Ana, California. "Our state-of-the-art facility is unlike any other free weight manufacturing facility in the world," said Michael Rojas, co-founder and president of the company. The new facility adds 43,000 square-feet containing over \$1.5 million worth of state of the art manufacturing equipment. Check out the **Iron Grip** ad on page #15

• **JOHN CARDILLO** was **Mr. Canada** over 20

years ago. Now he oversees 38 **Premier Fitness** mega-clubs in Canada that serve over 200,000 members. During a recent phone conversation with Cardillo, he shared a quick website tour with me and I am impressed with his "one-stop-fitness-experience" concept in his **70,000 square-foot Premier Fitness Center Grand Opening** on August 24th in Oshawa, Canada. In particular, I am very impressed with his installation of the store front establishment called **"Dr. Weight Loss"**, a weight loss center with its own entrance located in the front portion of the main club building. The **Dr. Weight Loss Intelligent Prescriptive Nutrition (IPN) Program** is a safe, sound, effective and easy to follow approach to weight loss and weight management. IPN is based on safe weight loss of up to two pounds per week without starving or unbalanced eating. Notice the words: up to two pounds per week. Go to: www.premierfitness.ca and click on **Premier Clubs**, then scroll down to the **Oshawa** location and check out this unique, 70,000 sq.ft. club floorplan for yourself. And, **STAY TUNED!**

• In Chicago, at the always grand **Club Industry Conference and Trade Show**, on October 6th, I am inviting some folks whose focus is heavily in the weight loss field to gather to discuss a new Trade Association I intend to found. In my mind, this new association is *not intended to compete* with either IHRSA or Club Industry. The association I intend to birth on that day will be *allied and will support* both IHRSA and Club Industry by conducting bi-annual meetings of its members at the IHRSA annual convention and trade show and in Chicago at the big annual get together. The Association will not have a trade show, but will strongly support both IHRSA and Club Industry's trade shows. If you are a club owner/operator or company owner/operator whose focus is on weight loss...then I hope when we are prepared you will join. More next month.

• We're approaching 40,000 hits on our website since I placed my book there for free: **"Leaving FAT City...A Tough Love" Book**

"About Your Mind". On August 31, 2006, we will *remove the free book* and it will be updated and revised by me and edited carefully by an associate before going to print in September for October, 2006 sales. The printed book will sell for just **\$7** per copy. And, I am **donating 49%** of the books profits to 7 different entities to help expand the fight against overweight/obesity in America. I have also decided to place the book back on the internet for sale at the price of just **\$3.50**. My mission: to save lives...change lives...improve lives of millions who are in the fix *my MIND* had placed me six years ago when I had ballooned to 343 pounds, had a 60 waist and was living a very miserable life carrying around the equivalent weight of another human being or five cinder blocks! Let me tell you folks, this book will save lives and bring more health club members to your clubs. After having lost 33% of my total body weight, 20 inches off my waist and keeping it off for going on five years, I have something to say to America's 196 million overweight and obese people that some of them need to hear and in some cases, must hear if they want to stay alive. Go to: www.leavingfatcity.com, click on chapters, scroll down to bottom of the first chapters page, click on the fast load pdf and print the book. Decide if you want to use it as a tool to attract the overweight/obese to your club from your market and to help your members who need to *truly make the break to fitness* through regular exercise and nutritional change caused by their mind. If you don't, no worries...if you do...you're going to read in **CLUB INSIDER** in September about a deal to buy boxes of 100 copies specially priced so that you will have many options for using the book to advance your club business.

**More People...
 More Happenings**

• **JEFF KLINGER**, CEO of **Anytime Fitness**, commented on their amazing growth pace that is running way ahead of their projections, "Our dramatic growth is fueled by the suc-

(See Norm's Notes page 22)

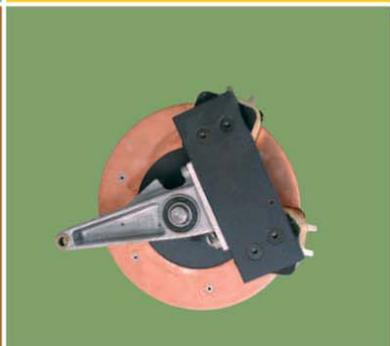
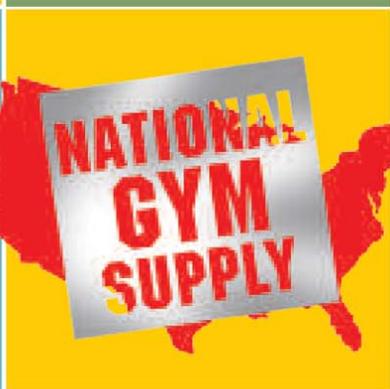
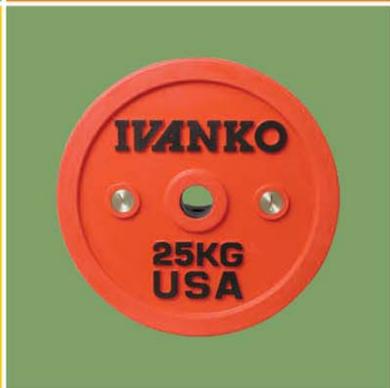


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We've got you covered!



...Tasso Kiriakes

continued from page 3

who will celebrate 25 years of marriage to his beautiful, vivacious and highly energized wife Yiota, (Pronounced Yata by Yiota) on January 23, 2007.

Here is a fellow who literally drips with passion for what he does for his members and clients. Here is a man that set his own standards years ago and has never-ever let changing or tough times alter his strict adherence to his standards. Here is a man who has never compromised his very high standards of excellence in the fitness and weight loss industry in pursuit of the almighty dollar.

Here is a man that is admired by many people in his community for his many

years of very active community service. *Tasso Kiriakes is greatly admired and respected in his community for his service to them...service that has gone far beyond his club business.*

Here is a man that every one of us...no matter how long we've been in this industry...can learn from. And, here is a man that all of us should learn from because the things he says in the following in-depth interview provides the club industry with a clear look into the portal of the future...a portal and blue print to new and greater health club success. *Kiriakes has been a leader in a realm that right now is virtually untapped by our industry...the challenging potential market of 196 million overweight and obese Americans, many*

of whom have lost control of their own lives.

Lori Tolland, a long-time member and friend of Tasso's and the mother of 7 children from ages 11 to 22, was working out at Tasso's Bodez Club when I was visiting there. Michelle Byrom, one of Tasso's dedicated personal trainers at his club, was putting Lori through a tough one-on-one workout session. Upon completion of her workout Lori came up to me and without any prompting said, *"Tasso has done an enormous amount for our community in the field of fitness and health. But...he has also done an enormous amount for our community in so many other ways too! Tasso is great"*

Tasso was born on November 5, 1954 and grew up in Daytona Beach. He attended Seabreeze High School until his junior year when he transferred to Father Lopez High School. He played two years of football as a kicker at Father Lopez, where his brother, Steve Xynidis, was a football coach. He also wrestled and ran track. He was also a kicker on the football team at the University of Tampa. His coach was Earl Bruce and he played with John Matuzak, Freddie Solomon, Erwin Smith and Paul "Mr. Wonderful" Orndorf.

Kiriakes left football after Coach Bruce departed as he had decided to focus on wrestling. He wrestled throughout college and went to the Division I and II nationals and the 1976, 1980 and 1988 Olympic trials. Kiriakes calls those days "My days of trials and tribulations." He has continued his involvement with youths by teaching and coaching wrestling all of his life since then. He went on to graduate from the University of Tampa with a double major in Biology and Chemistry and a minor in Math and Physics, graduating with a 3.8 G.P.A.. Then he went to the University of South Florida to earn his Masters Degree in Bio-organic Chemistry. (Now called Bio-chemistry)

Tasso met his wonderful bride-to-be, Yiota, when she was 15 and he was 19. He says, "I don't think she really liked me then. When I met her again at a party she was 21 and I



(L to R) Michelle Byrom, Tasso & Lori Tolland

was 25. The first time I tried to pick her up at a party she told me to get lost. I had used a lame pick-up line...hey, you're wearing a brown outfit and I'm wearing a brown suit so...let's date! That didn't go over well. We eventually got together and got married and will celebrate 25 years on January 23, 2007. We have three daughters, Margo, Desi and Christina."

Kiriakes is also in touch with his mother, Margo Kiriakes, everyday. Tasso's father passed away when he was 5 years old. He recalls, "My Dad left my mom with bills for a restaurant that was not really all that successful, a \$100 in his pocket and a lot of debt. I don't remember my mom ever even going out on a date after that. The only relationship mom cared about was raising my brother and me. I clearly remember her getting up at 5 in the morning to go to work and being loved by everybody because she is such a giving person. She is 89 years old now. She's very sharp mentally and physically and even works at the Greek Festival every year."

One of the community service efforts Tasso has been involved in for years is his own weekly radio show called "Fitness Friday." Kiriakes comments on his show in this interview and gives tips for you in case you might want to establish your own radio show to help people and increase your market awareness in your territory.

I invite you to learn about this man and follow his teaching in this interview. You will read words from the mouth of Tasso Kiriakes that you've never read anywhere else or heard in a seminar. You will be exposed to a true pioneer in a field we all have

a lot to learn about...helping the obese and overweight in their challenges with weight loss and long-term weight loss maintenance. Tasso Kiriakes, a truly Great American, delivers the goods right here, right now.

An Illuminating Interview With Tasso Kiriakes

Q. "How and when did you become involved in the health/fitness club industry?"

Kiriakes - My brother was building Omega 40, a 10-court racquetball club in 1978. I came home from graduate school at the University of South Florida (USF) during the summer of 1978 and worked for him at Omega 40. I came home because I was going to write my Masters' thesis for defense the next semester. I spent a lot of time writing my thesis at night and working construction on the club with my brother and his partners during the day. In the Fall of '78 I went back to USF, and they finished up the club and opened it in early 1979. I came back in 1979 after graduating with a Masters Degree in Chemistry in March, 1979. I was working at the club for awhile...just hanging out.

They paid me \$150 a week to clean up and work the front desk. I was having a good old time. It was a fun business. I didn't know then that no one on the staff knew what they were doing in the club business. They were all like most of us who started in the business at that time. I remember being convinced, when I came home for a little break before I went back to work on my PhD. in Chemistry, that I was going to be

(See Tasso Kiriakes page 14)

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Jim Thomas is the well-known founder and president of Fitness Management USA, Inc., a management consulting and turnaround firm specializing in the fitness and health club industry.

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seminars and workshops across the country on the practical skills required to successfully build teamwork and market fitness programs and products.

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A dynamic, articulate motivator, Mr. Thomas exudes confidence without artifice and accomplishes wonders without the bruised feelings that can so often accompany change. "We pride ourselves in reaching people and motivating change in a way that encourages self-esteem on the part of the players."

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Jim Thomas

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...Tasso Kiriakes

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come the most fit individual in the world because I was already a wrestler and enjoyed working out and being fit.

My brother's club manager quit in June of 1979. Steve called me into his office and said, "By September we'll find another manager. But, would you like to be the manager for now, since we don't have one for the club? Everybody keeps saying you should become the new club manager. Everybody seems to like you." I said, "Well Steve, what's is there not to like about me? I play racquetball with anybody that will play and I drink a lot of beer with everybody! And, I'm such a bad racquetball player I usually end up paying for most of the beer we're drinking! So...that was my new management style."

Kiriakes continues, "So, I went to my mother and said, "My brother wants me to become his club manager. What do you think Mom?" Mom said, 'Well, if you're going to do it to help your brother out then *keep it clean and listen to the members.*' So, that sort of became the credo that led us to success at Omega 40 for all of those years and for what later became my Bodez By Tasso business.

Q. - Tasso, I strongly believe that being involved in *community service efforts* is one of the *key ingredients* in most of the *great health club operations* of America. Red Lerille and Joe Cirulli are great examples. And, given Joe Cirulli's and Casey Conrad's comments about you as a human being and Lori Tolland's comments about your great club work and your community service, I think it is important for you to share that aspect of your life with our readers. Please tell us about your community service in the Ormond/Daytona Beach area over the past 30 years?

A. Please see the side bar on this page with the amazing information on Tasso's community service.

Q. - Describe the progression of your career from your initial involvement at Steve's club?

A. - Omega 40 was a 10-court racquetball club that

initially had little emphasis on fitness. But, one of the things that really made me successful in the business was the Daytona/Ormond Beach area was real close to Lake Helen, Florida where Arthur Jones was starting up Nautilus at the time. I really didn't understand the full-impact of Nautilus until then. I was pretty much caught up in the whole racquetball thing. But, through Nautilus I met some key racquetball players like Dave Peck, Mike Yellen and Matt Mathews. Dave Peck became a very close friend. We actually began with Dave Peck and Shannon Wright to produce a film series at Omega 40 for Nautilus. Through that experience I learned how to teach juniors to play racquetball, run leagues and run tournaments. So, I started organizing leagues and tournaments. I ran the Southern Regionals for racquetball. And, I produced a pretty hefty program guide.

In 1984 I left Omega 40 for a little while and went to a little fitness center in New Smyrna Beach. There I learned about the profitability and the importance of a fitness program. I learned that the fitness business could be for everybody, in contrast to racquetball, because in racquetball a person has to develop some skills in order to really get fit from it.

So, when I came back to work with my brother later that year I really got more involved in the fitness end of the business. I had run a very successful juniors racquetball program where we had several national champions. *My nephews, Nick and Jon Xynidis were back-to-back-to-back national singles and doubles champions in those years.* We were always one of the highest scoring teams as a club for the state of Florida in the national championships.

Then I really became very involved in the fitness business. I hired one of my former wrestling opponents from the University of Florida, a guy named Tim Worsowitz, to be our very first fitness director. He did an awesome job of coming in and setting up a program. That showed me the formal way to put a program in place for introducing members to training. He

came in with this very academic way of putting members into the system we still follow to this day.

We developed a true system for how we would evaluate our members when they came in and how we would follow them up to monitor their progress. That system has really lasted. I've always felt... 'if it ain't broke, don't fix it.' So, we've adjusted it along the way and used that same system for nearly 20 years now. 78% of our original members who joined 16 years ago are still with us! So, in 1984 I really got more involved in the fitness aspect of the business. I wanted to separate myself from working for my brother's business and wanted to develop my own identity.

Q. - Tell us about your industry progression through your first rented club space, growth of the first club and progression up to moving into the beautiful building you have occupied for 11 years now.

A. - I became the Omega 40 Nautilus Center operator. I ran that for my brother and continued to grow my relationship with Nautilus Sports Medicine. My knowledge came from the people I met through them and it all led to good things. In late 1987 I started a weight loss program I called the Nautilus Diet, based on Ellington Darden's book. That led to the Bodez By Tasso Company.

My brother had hired a guy from Living Well Lady to become the club manager. He came from a high pressure membership sales background. He was supposed to bring in hundreds of thousands of dollars for my brother's club. By that time, we had grown the Nautilus Center business from 8 machines to about 40 machines. We had achieved this growth due to the passion we had for working people out and *making sure they got results.* We had a program back then we called the H.I.T. Program. (High Intensity Training) where we sold 8 workouts for \$40. But, we didn't sell many of those, I think, because of the name of it.

I remember this new manager coming in and telling me that I shouldn't be
(See Tasso Kiriakes page 16)

Tasso Kiriakes...a Great American! Community Service

1979: Volunteer wrestling coach at Seabreeze High School and still coaches. Coached Taylor, Spruce Creek, New Smyrna Atlantic and Mainland High Schools Wrestlers as well.

1980: Founded Kiriakes Killers - trained athletes from every High school in Volusia county (Boys and Girls) These Athletes were from all sports and a majority of our athletes became Award Winning performers and Collegiate scholarship athletes in their sport. Never charged these kids for training. Our "K"K" scholarship athletes were based on citizenship, character and academic performance.

1980: Sunday school teacher since 1980 at Saint Demetrios Greek Orthodox Church. Last 18 years senior class teacher. Headed up the Youth Ministry events and groups until 3 years ago. Currently serves on 2 committees at the diocese level for churches in the Southeast (Metropolis of Atlanta), youth ministry and religious education.

1984: Served as a VIP, Volunteer in public schools every year since 1984. Speak at all grades to kids about exercise, goal setting, healthy eating and science fair preparation.

1980- 1988: Strength trainer for the Father Lopez Football team and served as athletic trainer on a volunteer basis.

1983-2005: served on the Parrish Council for Saint Demetrios Greek Orthodox Church

1984: Served as PR Director for Daytona Greek Festival until 2005. Served as one of the Co-Directors for the 25th -28th (2001-2004) Greek Festivals.

1990: Co-founded the Saint Stephens Youth Camp and attended every year until 2006. Camp grew from a one week, 50-kid, to 3 -one week sessions with 150 kids. Centerpiece of our Youth Ministry Program in the Diocese of Atlanta.

1990- 1994: Raised over \$5,000 for Special Olympics thru the IHRSA 'Commit to Get Fit' campaign during National Fitness Month.

1991: currently use 'Fitness Friday' radio show to raise money for community initiatives like the one for young Dave Martz.

1991-94: Seabreeze football strength and athletic trainer. Still spends a lot of time helping trainers in the area as Kiriakes Killers have become teachers, coaches or principals and they call him to help out.

1993: Helped establish the Scholarship program through St. Barbara's Philoptihos Society in Central Florida sending 5-8 deserving youth each year to the Saint Stephens Summer Camp.

1996: Current host of 'Clean Saturdays' a fund raising car wash for members and local athletic, cheerleading and dance teams. We guarantee an amount per car washed and members donate. Raises about \$400 per car wash for the participating youth group that washes the cars and keeps the money for their fund.

1996: Served as Master of Ceremonies for Mainland High School Football Banquet.

1998: Awarded Citizen of the Year by Ormond Beach Chamber of Commerce and Volusia County Government for role in the dealing with the Wildfires of 1998.

1988- 2000: Served as liason for the Quarterback Club of Daytona Beach High School. Job was to identify and report to the club outstanding performances each week by local area high school football players. Worked with the Daytona Beach News Journal to select Athletes of the Week and Outstanding Players of the Year.

1999: Recognized as a Florida Citizen of the Year by Governor Lawton Chiles for his community service.

2001: Honored by the Bishop of the Metropolis of Atlanta as a Saint Michael Award Winner, recognizing service in the Communities of the Metropolis of Atlanta.

2001-2004: Volusia and Flagler County Boys & Girls Club Board of Directors. Ran a fitness challenge in January 2001-'04 and donated proceeds to boys and Girls club (averaged \$2,500-4,000. each year).

2003-2005: Served as President of the Daytona Beach Greek Orthodox Community

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IRON GRIP
BARBELL COMPANY

...Tasso Kiriakes

continued from page 14

giving service to members because they go on vacation for two or more weeks a year and they've got to know how to keep their programs up when they go on vacation. I really didn't see the logic of that. After all, he was from a high pressure sales operation with no service. But, he was the manager of the club my brother had hired.

So I went to my brother and said, 'Listen Steve...I really don't agree with this guy's ideas. I've noticed court #5 never gets used. I'd really like to take that court and put my weight loss operation there. We ran our first 25 people through and had gotten tremendous results for them. So, my brother helped me find an IRS sale where a club had gone out of business and bought some equipment for \$9,500 and I added some equipment to it. We put it in that little 800 square-foot one-on-one center.

We put up "before" and "after" photos of those first 25 people who enrolled in our program and a sign that said "New Program Beginning in Two Weeks!" We signed up 70 people at \$550 each to be involved in this 10-week weight loss program! It was a *great start!* That's when I realized that you really could make money training people and in weight loss.

It's sort of funny how the program evolved. My wife, Yiota, had just given birth to our middle child, our daughter Desi. Yiota had gone to a diet center and paid \$1,150 for this 12-week program where they gave her some pills and weighed her twice a week. I said, "Hell, I'll work people out and weight them three times a week for that kind of money!

So, I called Ellington Darlington at Nautilus and asked him if he knew of any diet books. He said that it just so happens that Little and Brown Company is publishing my book "*The Nautilus Diet*". We ordered 50 books and gave each person one when they paid their \$550. We had a business model where the policy was very strict, and if you didn't follow the program we'd kick you out and keep your money. They entered

into the agreement knowing that and it really seemed to motivate them.

We helped 23 of those 25 people to exceed the goal they set. Then many more enrolled. We also began the evolution of trying to develop other programs, including eating programs. That eventually evolved to our relationship with Casey Conrad's Healthy Inspirations. One of my biggest philosophies in the weight loss industry is to meet people where they're at, both exercise wise and nutrition wise. That sometimes means we've got to start them on '*pills, potions, notions and lotions*' where we use meal replacements and vitamins and that's it. But, we then evolve them to where they get a true *lifestyle change*, which is what we do in *Healthy Inspirations*.

The 800 square-foot operation lasted for 8 or 9 months before we had to expand. We had great success with the program but we outgrew it. So, we moved upstairs at Omega 40, remodeled an area and starting doing our *one-on-one* there. As we began to grow the business it became very obvious to me that our business was going to take a very personalized road. So, we tried to work out a deal to change the whole culture of Omega 40, but that didn't work out.

So, with my brother's blessings I went out and found a small space to lease and move my business to. I found a 1500 square-foot space and we moved my Bodez business into that space. Norm, we were a little bit different because fitness centers are generally built by people wanting to get into the fitness business...and then they may add one-on-one training. We actually evolved in a different way. We were a successful one-on-one training and weight loss center first. That was the primary thing that we were selling. That business evolved into the fitness center you saw that takes great pride in giving a lot of personalized service.

That led to the culture you saw during your visit. We have a one-on-one personal training area that is exclusive and we have the random training area open to

all members. And, we have a part of the club we call our small group personal training area where people go by the old classic Nautilus training system. That is the system of pulling your card using the Circuit A and Circuit B and there is always someone watching your form as you go through the circuit.

So, the size evolution of our business went from the 800 sq.ft. racquetball court conversion to the 1200 sq.ft. upstairs. Then I went to my independent location with 1,500 sq.ft. That was expanded to 4,500 sq.ft. then to 5,400 sq.ft. then we went to 7,400 sq.ft. over five years. In 1994 we actually bought our own building that was an 11,300 square foot vacant restaurant that had been out of business for a while. So, we bought it and did \$600,000 worth of renovations and bought \$600,000 in new equipment.

Q.- When did you install Healthy Inspirations, the program developed by Casey Conrad, and what have you learned from your experience with Healthy Inspirations? How has that shaped your thinking?

A.- We opened it on December 6, 2000. The one thing I learned for sure is there is a definite market for weight loss. Seems like the market for weight loss is a \$150+ billion business. The health and fitness club market is in the neighborhood of \$14 billion. I wanted just a little piece of that \$150 billion market. Ken Ryder, a friend of mine and I had been looking into the weight loss business for awhile.

Then Casey launched Healthy Inspirations in 2000. Ken Ryder and I were the first two people to open up Healthy Inspirations. It went gangbusters. I've learned that you do need a strong leader and you need a system that you can keep people accountable to.

The other thing I've learned from another person in the industry, Donna Krech of Thin and Healthy, is that you really need to start where people are at and bring them along. It's a tireless process of following the system. As long as you do that, and make yourself and your staff accountable, you will do well.



Bodez By Tasso, Ormand Beach Florida

We've seen the productivity of sticking to a system.

And, as pioneers of the system, we've seen what happens when we get away from the system...a dramatic difference in productivity. We certainly reap much more when we follow our system. After getting over the hurricanes of 2004, we've gotten back to our focus on our system. We were the #1 Healthy Inspirations operations in Casey's organization for nearly 3 years. We were doing dramatic numbers. Now we're doing numbers that are more like I expected to do.

Q. - You now have some intense competition in your six-minute, drive-time market with 9 clubs competing for 37,000 households and a market of 87,000 people. How have you gone about *staying in the game* with that tough competition you've faced?

A. We've provided real solutions. From early on, way back to 1988 when we first opened the Nautilus Diet Program, we've had a real strong reputation for getting results. I don't think we've ever been recognized as the cheapest facility, although we've been recognized for giving good value.

But, we've been recognized for getting results for people who are serious about their challenge. It is almost to the point where our market reputation is: '*Don't go and join there and spend good money if you're not going to work the plan.*' We've come up with certain phrases such as: 'We care about your results more than you do... sometimes you need that little extra push'. The industry talks a lot about branding in this era. I think we've made

a branding statement in our community that there is a *personality associated with the club*. Our image is that we like to have fun, but we also like to be serious about what we do and we stay on top of our game.

I think that what we've seen lately is a harder issue to deal with. That issue has been the '*pretty people syndrome*' clubs. The clubs that are *big and flashy*. They get you with the *colors or the marketing plan or the big offer*. '*They sell you on the sizzle but they often don't deliver the steak*' as Ellington Darden used to say. I think we took that mindset from the start and we've delivered results for people for years and years and *we've really cared about their results*.

When I hire people Norm, I hire based on three factors. It doesn't really matter if you come in here with a wealth of knowledge.

I tell them we have *three standards of why I will hire you*. And I run a lot of people off because of this. #1- You're committed to excellence. We won't settle for mediocrity if what you're seeking to do is change people's lives. #2- I can *build trust in you and you can build trust in me*. I must be able to trust you and you must be able to trust me. #3- *Do you truly care about people?*

Frankly, I think we've lost a bit of our passion over the past few years because we've been so distracted by new arrivals in the market where a supposed icon of the fitness industry is focused on the real hard body look. Let's face it...clubs seeking members with that hard body look attract only 5% to 10% of the
(See Tasso Kiriakes page 18)



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"Since adding the Greenmaple Wellness Online Magazine, "hits" to our Website have tripled! This customized communication tool includes videos and up-to-date articles for Health including body, spirit, time, diet and family. This makes it easy to stay in touch with members and reach out to the community to provide information that improves peoples' lifestyle choices. It is great for recruiting (guest passes on line), sales (membership coordinators print articles of interest on the spot for prospects in their offices), and retention (e-mail articles to current members to let them know you care). Thank you Greenmaple Wellness."

Marci Crozier
General Manager Omni 41 Health & Fitness Connection



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Casey Conrad Launches Second Weight Loss Product—Specifically for Clubs

Casey Conrad, long time club industry consultant, author, featured speaker and founder of the international weight loss franchise, Healthy Inspirations, has announced the release of a new in-club weight loss program called **Take It Off**.

Take It Off is a 3-month weight loss program specifically designed for health clubs to offer to their members. The turnkey system is easy to administer by existing staff members and does not require a nutritionist or dietician. The 120-page, color journal and nutritional plan is simple for members to understand and follow and delivers an average weight loss of 1-2 pounds per week when followed. The program utilizes grocery store foods for all meals and participants are given specific and simple to follow eating guidelines. They make their own daily food choices and learn how to cook healthfully. The guidelines and food categories utilized ensure that the member stays within the nec-

essary caloric intake for safe, successful weight loss. The program also offers in-between meal snacks, protein bars and shakes for sale, providing club operators with an additional revenue stream.

When asked why she felt the need for a second weight loss product when the Healthy Inspirations franchised program already offers an extensive weight loss system that club operators could buy, Conrad replied, "Although there are now 70+ Healthy Inspirations Centers around the world, a majority of those facilities are stand-alone franchisees who were looking for a new business opportunity. The reality of the situation is that after selling the program for 6 years, very few health club operators put a Healthy Inspirations inside of or adjacent to their facilities. This frustrated me and, as a result, I began to ask quality club operators why. Fortunately, they were brutally honest with me, citing a long list of reasons, some of which were; not wanting to

be controlled by a franchise agreement, high start-up costs, the allocation of separate space and the need for a separate staff. Basically they wanted a simple, inexpensive nutritional plan that could be used as an up-sell, similar to personal training services." Conrad now sells the Healthy Inspirations franchise to medical professionals who want a stand alone location.

The Take It Off program has been in the beta testing phase since January with a small group of quality clubs chosen to participate. Florence Auld, owner of The Women's Club in Chantilly, VA, notes, "The Take It Off Weight Loss Program has created more excitement than any other program we have done. The materials make it so easy to administer and the members find it easy to follow. Even those women who have been whining for years that they can't lose weight think we now walk on water. Finally, a weight loss program that works in a health club setting with very little upfront

capital expenditure. This one is a no-brainer for clubs!" Cliff Buchholz, owner of Miramont Lifestyle Fitness, a 60,000-square foot club in Ft. Collins, CO, has this to say: "The number one reason why people join a health club is for weight loss and management. Take It Off is a program that is geared towards clubs and the average member. It is easy to get into, easy to monitor, is supportive and is a great program that is giving members results. It is a perfect fit for our wellness programs and generates referrals with word of mouth."

Take It Off is reasonably priced for members. Depending upon the amount of support the member wants. The program has a suggested pricing between \$299 and \$399 for the 12-week program. In addition to the program fee, clubs generate revenue with snack products specifically designed to work with the program. As far as cost to clubs, Take It Off is a licensing program with no-up front fee to operators and a



Casey Conrad

nominal monthly investment. Journals and snacks are purchased by the clubs on an as needed basis.

The Take It Off Program is available through Casey Conrad and Communication Consultants. For more information on the program contact the Take It Off coordinator, Angie Middleton at 401-497-4159 or angie@takeitoffweightloss.com.

...Tasso Kiriakes

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population. We want that 90% to 95% of the population that are uncomfortable with their bodies now. *They want people to work with them. They want to truly progress.* But, even some of those people get caught into the web of the "Oh WOW...hard body clubs."

Normal people need to come to someone who has a *proven system*, has a *science for their system*, has been *successful with many people over time*. So, we hire people if they can build trust, if they are committed to excellence and if they really do care about people. Then, we teach them the philosophies we have.

Our process is to have a very strict philosophy about what you believe in. That philosophy will lead to what your attitude is. Your attitude is the way you are going to think about things when things happen. That attitude will cause your actions. We

want to be proactive and positive. *But, our actions will lead to results for the members.* Those results we get developed the club culture we're recognized for.

We haven't been 100% successful with getting all people results. But, we've tried really hard. We've tried to *operate with high integrity* and *not compromise our position* in the market in terms of *value and price*. We try to tell people that someone has to be the Ritz Carlton club on the block and someone has to provide a quality fitness club that provides real service and gets real member results. That's why our members are a little older. Our average member is 47 or 48. That's why we're 70% female because we are delivering that follow-up service so that people who come and are uncomfortable with their bodies can learn and can be serviced.

Club Insider - Tasso...let me compliment you on your club. Your club is immaculately clean, it is ex-

tremely well appointed, it is relaxing, comfortable and it's not intimidating. I think you've well placed your operational mindset in the brick and mortar of the exterior and interiors of your club. It is very, very well done and I congratulate you and Yiota.

Kiriakes - Thanks Norm. When I had bought our building in 1991 and remodeling it, someone asked me, "What are your goals for your club?" "I want a club where my 75 year-old mother who has never exercised and barely speaks clean English, can go into, be serviced well, feel comfortable and be safe", was my reply.

Let's face it. People who join fitness centers don't stay with fitness for four basic reasons: #1) they *get hurt*; #2) they *get bored*; #3) they *don't get results* or #4) they *feel that no one cares*. We try to address all four of those concerns early on with the people that walk in our door. But, you can lead a horse to water but you can't make him drink sometimes.

One of the wisest lessons I ever learned from Joe Circulli was back when I still had a one-on-one club. I told him, 'Joe, we keep calling these people to get back in here. We really care. We're apostolic with how we're approaching their fitness. But, I am not getting results for some people that I really care about and love.' Joe said, 'Sometimes you have to provide the best service you can provide. You have to provide the best club, the best systems...all that, the best. But, in reality what happens is, as you provide that, you care more about their results than they do. Until they come to that point where they care about their results, you just have to say to them, I understand.'

In the past, I've had some clients who've achieved great results, reached their weight loss goals and gone on in life only to gain their weight back, plus more. We don't want that to happen. But, it does happen sometimes when our members

get away from regular exercise. For me, I'm comfortable sharing the challenges we've faced and the failures that we've had working with clients. We want people to know that we're *normal*, we're *natural*, we're *not a magic pill*, it is a *work in progress* and even though we want it to be easy, really *it is not going to be easy*. It is something we have to work with and stay in the guidelines of our system. That system has to be developed on a personal basis. It has to be about what we are able to accomplish and commit to you. Some people can commit to more things than other people can.

CLUB INSIDER-

Tasso here you've addressed some key ingredients in what I now call the "FAT Friendly Health Club" mindset. That's really it. What you've said about excellence, trust and truly caring by club operators is the *dividing line* of what truly exists in this industry now. We have a lot of operators in our industry who don't have

(See Tasso Kiriakes page 20)

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Association Insurance Group

...Tasso Kiriakes

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excellence, trust and caring in their operational focus.

Kiriakes- I remember the very first time I got to speak at the Nautilus Convention in 1985? I had to think about my presentation and I spoke about: passion, mission and vision. The passion we had and were using it. The mission was what we were going to accomplish. The vision was how we are going to accomplish that mission. At that time we were talking about running a Nautilus Center that we had grown from 8 machines to 54 machines.

And, we went from 35 people per day to 400 people per day going through our Nautilus circuit. At that point I really felt that I could be the next Joe Cirulli. But, Joe is really very good at sticking to his systems. I am not very good at that. I had to go out and hire Mike Chaet to teach me systems, just to keep me in business, keep me alive and keep me growing. So, as a result we went from 350 clients when I hired Mike to about 1,200 we now serve.

Q.- How and when did you get the idea of starting your own weekly radio show? What advice would you give to any club operator who would like to produce a radio show for their market?

A.- Well, let's credit IHRSA for that. In about 1985 IHRSA had launched the National Fitness Month and Commit to Get Fit Month. IHRSA provided us with a Press Release and I sent it to WNDB1150 am as they had a great morning talk show with a terrific fellow named Dave Archer. As part of that initiative I went on the air with Dave and talked about fitness and getting in shape.

At that time we had aligned to support Special Olympics and we had a created a \$19.95 Special Olympics membership and donated all of the funds to them. After that Dave called me and told me they were starting up a new talk radio show from 10 to 11 a.m. on various themes and fitness is one of our topics. Would you like to do it? For me that was a pretty healthy investment based on our budget...\$150 per week.

Ego being what that is, when you start to get a little fame with that radio show... you start to think...WOW... I'm really something! But, it taught me an awful lot about communicating to people because I remember when I first went on the show I wanted to show them how smart I was, show off my Master's Degree etc.

I listened to a tape by Zig Ziglar who said you need to communicate on a 7th grade level. So, I started to wonder how can we make fitness simple. I had seen Covert Bailey when he communicated at IHRSA and he spoke in very basic terms. The gifts that Covert Bailey and Wayne Wescott have is they can take very complex fitness and bio chemistry issues and talk about them in very plain language so that people without a formal education would understand quite well.

The show began to have interest in the community and we began to sponsor certain community events. For example, when you've been on the radio show with us promoting your book, Leaving FAT City, we've had the golf tournament promotion for the Seabreeze Football Booster Group going on. So, for lots of events when I didn't have the money to donate to special causes I donated time on the radio to help out. We built great community value on the show. Way back then I was involved in the Greek Festival as its PR Director. So, I started to expand my radio contacts because of the experience on the show. I had the opportunity because I bought leased time. Then I began to tell my story. I had friends from the industry on the show. I brought members that had achieved great results on the show. For example Roz, whom you met at the station, is a member of the club.

Q. What suggestions would you give to any club owner who might want to start up his own radio show?

A. First, I would definitely find a station that has a little older clientele with its demographic in the 45 to 55 range. I would find a station with talk hosts such as Rush Limbaugh and Neal Bortz. I've tried the Christian sta-

tions and have not had as much response. I've tried stations that have a little more liberal talk show hosts on and have not had good results. I have not tried FM radio. The talk format draws people that want to be educated. One thing I still want to try on the radio is a 'Fitness Moment' every morning during drive time to remind people about a good lifestyle. Something like 'Shape-Up Daytona' or 'Shape Up Volusia' is what I have in mind.

#2 I would produce and promote a very definite plan of attack that was unique. Something with a catchy name to it such as "Flat Stomach ASAP" or whatever it is, should have a *definite start* and a *definite end*. I would take those people and enroll them, get results for them and then come back and tell their stories on the radio. I think that is a basic plan for success. If I were starting all over again and did not have the foundation I now have, this is how I would do it.

It is important to note here that I spent my first two years investing in radio ads to drive people to my radio show. I ran twelve 30- second ads a week that were fun and talked about fitness and all were intended to drive listeners to the radio show. I felt like it was important to get people to my radio show so I could convince them I was smarter than the average bear in getting results and that I had a proven system that produced those results. I would bring people like Joe Cirulli, Kim Crawford, Casey Conrad, Bill Pearl and Zig Ziglar on the air (Some by phone). They all added a lot to the show and that's been a fun part of it. It certainly makes you a bit of a personality in the market. But, like my accountant says, 'Hey...there is fame and fortune...you've got fame...now let's get your fortune.'

Q.- You and I have discussed the "FAT Friendly Health Club" mindset quite a bit and your club fits that mindset to a tee. Please share with our readers what you feel is important about your mindset when it comes to attracting and properly serving folks that have real weight issues and truly need help.

A. I think sharing the story of our early morning opener is important. Starting out, she was a young lady who weighed 350 pounds. She is not a bathing suit beauty queen now...but she has progressed greatly over the years in the process of changing her body and her life. *I feel club operators should not be afraid to hire employees who don't have the perfect body.*

I had two trainers for ten years. They just retired and were so popular that we had a big retirement party for them and invited many of our members to honor them. They were called the 'Bill and Bill Show'. On August 13th one will turn 72 and the other one is 76. They first started working for us in 1984. Bill Cole had joined in 1983. He was the bigger of the two and weighed 280 pounds...he was a late 50's guy. Three years later Bill had lost a lot of weight and his body and life had changed due to his exercise and nutritional lifestyle changes. We did an article on him in the Seniors Today newspaper and used Bill's success to recruit the 50's, 60's and 70 year old people.

Now, 28% of our members are over 69-years old and 16% are over 75 and I think that is fairly remarkable. That age group seems to have a larger percentage of people who are overweight and uncomfortable in a fitness center culture, yet they identify very well with our staff. Our 69+ age group have been members for 8 years and 7 months on average.

'Also, 78% of our total membership have been with us over 48 months! In 1995, when we opened this facility we had 420 members. Of those 420 members we moved to this facility with 11-years ago, we still have 361 as members!'

I think these numbers all go back to the 3 hiring principals I focus on that I shared earlier in this interview: #1) a commitment to excellence; #2) building of trust between staff and members and #3) TRULY caring about our members. We believe that truly caring about our members, smiling and laughing and making it fun for them is very important to our club's



*Tasso broadcasting
 "Fitness Friday" show on
 WNDB 1150 AM Radio
 success.*

My wife Yiota works our reception desk sometimes. I tell people she is the *worst* and the *best* front desk person you could ever want. That is because when it comes to following a system her energy will absolutely not allow her to follow a system without a Ricky and Lucy scenario. When Yiota is here she is a party moving through the club.

I've kept journals for 20-years now. One of the comments I've written and been able to realize about myself is that as I have focused on making major shifts in my club, I've worked so hard on being a good businessman that I've not been having as much fun as I did in the past. I've written in my journal to myself 'I'm not having fun anymore. I want to get back to having fun.' I am getting back on track by having fun and not always being so serious. If you're not having fun, if you're a sour puss and you don't want to make people happy...then guess what? You're probably going to make both your staff and your members nervous and run them off.

If you're happy, if you're smiling, if you're loud, cutting up and you're having a great time in your club, you attract people like that. You attract staff and members that need that 'fun' trait that you have.

They all become very, very loyal. My old employees come by to see me all the time. A lot of them now have better jobs. At one time, of the 14 Sun Trust Bank Managers in Volusia County, 12 of (See Tasso Kiriakes page 22)

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...Tasso Kiriakes

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them were former employees of my club! Hank Coleman, a long-time friend of mine whom you met, who was the CEO of Sun Trust Banks, told me, 'Tasso, do you know why I have a Corporate Membership here? It is because you do a great job of hiring people. We like stealing them

shape like you all are and the things that you do might intimidate people when they come into your club?' These fitness directors looked at me like I was nuts! All they wanted to do was talk about themselves. I don't hire triathletes and body builders to work as trainers in my club. Do you know why? *They are more interested in their programs than the people they*

projects we were working on and Casey said to me, "You know Tasso, I really love you and you are one of my best Healthy Inspiration operators. But, I just have to tell you that you have to walk the walk and talk the talk a little more toward the 'Healthy Inspirations' theme.'

That was my 'trigger-point.' So, I came home and I turned myself over to my 'Healthy Inspirations' staff and I told them I am going to be accountable to you guys. I did the New Leaf Program that we had just purchased. I dropped 32 pounds on the program!" Casey was absolutely right and her single comment was a 'trigger-point' for me that made me say: 'No more excuses' to myself. As you wrote, I do think anyone who has weight issues must reach a mental 'trigger-point' before they can reach success.

Q.- Tasso, you've been a member of IHRSA for 23 Years. You are also a member of the Florida Health Club Association (FHCA).

A.- Norm, not only am I a member of FHCA, I am honored to be on the Board of Directors of FHCA! I am one of the initial members. When they first contacted me I looked at this list of guys I knew were really successful in this business, Joe Cirulli, Geoff Dyer, Bob Karshner and I said, 'Boy, I am going to learn a lot just by being associated with them and working by their side. I am very honored that I've been able to serve on the FHCA Board for four years now.

Q.- Tell us about the value that IHRSA and FHCA membership involvement has been to you?

A.- I think the #1

thing I've gotten from IHRSA and FHCA is that it keeps you on the cutting edge of what is happening out there in the industry. You can certainly decide who you are going to be at your club. A long time ago I grounded my Bodez By Tasso Company in a business philosophy based on Nautilus training principals. Until this day that is still my base-business philosophy. But, the one thing I found about branding is that when you go into a Gold's Gym, the Club Boom, a Planet Fitness or wherever you may go, if you go there at 8 am the guy on the floor has one philosophy, then if you go there at 1 pm the person on the floor there will have another philosophy, etc. When you come into Bodez and ask how to use a machine, the way you do your reps, the number of reps, the pace of the reps...it's all the same.

Let's go back to the "FAT Friendly" question. When you are trying to attract people who are unfamiliar with this industry, these machines and our philosophies, you need a *consistent philosophy* to which they can adhere. The American consumers are smart people. They are going to ask a lot of questions. One of the reasons they do not join is they have asked a lot of questions and have not gotten consistent answers. How many people have asked you how to lose weight properly and they are absolutely confused about whether they should have too much protein, too little protein, too much fat, too little fat? So, for years we've delivered a consistent message and consistent product.

This interview has some real 'steak' to it, as Ellington Darden might say.

Tasso Kiriakes delivers the 'steak' for his members everyday and they have embraced and stuck with him in amazing numbers.

Tasso Kiriakes, through his Bodez By Tasso and his community service work in the Daytona/Ormond Beach area, has been a huge credit to this industry for a long time. We congratulate Tasso Kiriakes for being the 'Great American' he truly is.

(Norm Cates, Jr. is the Founder of CLUB INSIDER News and publisher since 1993. Cates is a 32-year veteran of the health, racquet and sportsclub industry. In 1981 Cates was the 1st President of IHRSA and a co-founder of the Association with Rick Caro and five others. He was honored by IHRSA in March, 2001 when he was presented with its DALE DIBBLE Distinguished Service Award ... an honor that was the greatest of his life. Norm Cates may be reached at: 770.850.8506 or at: clubinsidernews@mindspring.com or at: normcates@leavingfatcity.com Look for Norm Cates' new book online for free until August 31, 2006 and in print for \$7 a copy by October, 2006. Go to: www.leavingfatcity.com - click on Chapters List, download fast PDF and print all 108 pages. You will be glad you did! And Cates welcomes your criticisms or other suggestions. If provided, they may be included in the final editing for printed edition of the book.)



Retired Sun Trust Banker Hank Coleman & Tasso

from you!' Over the years Hank hired many of our floor trainers who wanted to become involved in banking and that's how they once had 12 former Bodez employees as Sun Trust Bank Managers!

I think this story will further answer your question about my "FAT Friendly" club mindset. I remember going to my first IHRSA Convention in Nashville, TN. I went to a round table for Fitness Directors to see what it was like. I remember that these Fitness Directors were sitting there talking about all the miles they ran, their workouts, etc....they all were generally talking about their own personal fitness programs.

I asked this round-table group, 'Do you ever find that being in such great

are training!

Norm, in your book Leaving FAT City you write about the importance of the 'trigger-point' for people who have become overweight or obese. That really hits home for me as I had a trigger point a few years ago. I was in attendance at the Healthy Inspirations owners convention and it was on a cruise ship. During the years before that time I was working really hard and not doing what I should have been doing to take care of myself. I had ballooned up to 232 pounds! We were on this cruise. Casey Conrad and I and several club owners were in one of the ships Jacuzzi's. The other owners got out of the Jacuzzi and left me with Casey. We were sitting there chatting about

[htm](#) for more information.

•The **WHIP Act, IHRSA's** signature health promotion legislation, has reached a major goal of **100 co-sponsors** set by lead **House sponsor Representative ZACH WAMP (R-TN)**. It's time to get this done and I know IHRSA's **HELEN DURKIN** will!

• **RANDE LaDUE, President of ProFit Enterprises** has announced **four new PACE machines**: Pec Deck, Side Bend, Lower Abs/Hip Flexors and Stepper and heavier features

such as beefier frames and thicker padding designed for extremely heavy use. Rande also wrote to me, "Some of my women's club customers are considering selling these new machines to their members as a source of extra profit for the club and as a convenience for their members. Sporting goods industry stats show that 80% of consumers who are members of a health club also own home exercise equipment. **ProFit Enterprises** are distributors for **PACE** and **Kids PE hydraulic**

equipment. See Rande's ad on page 7. • **GlobalFit**, one of the nation's leading providers of employee and group fitness benefits, has been named a **50th Anniversary Partner** by the **President's Council on Physical Fitness and Sports**. Through the partnership, the two organizations will jointly promote physical activity, fitness and sports throughout 2006, the **Council's 50th Anniversary**. "We are proud to work with the President's Council as a 50th Anniversary Part-

ner to Get America Moving," said **FRANK NAPOLITANO**, President and CEO of GlobalFit. "GlobalFit seeks to do more than help its members get fit. Building on our solid infrastructure, GlobalFit is working to address the total health and well-being of working Americans. Our partnership with the President's Council is an important step in this process." Napolitano is a former **IHRSA President and IHRSA's second-ever, repeat Board Member**.

(See Norm's Notes page 25)

...Norm's Notes

continued from page 10

cess of our business model, the satisfaction of our current franchisees and the passion shared by our members. In fact, many of our new franchisees first experience *Anytime Fitness* as a member and then decide to become a franchisee." •Don't miss the **ICAA Conference**, November 15-17, 2006 at Mandalay Bay Convention Center, Las Vegas, visit <http://www.icaa.cc/convention/2006seminars>.

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Design and the Profitable 21st Century Club

By Bruce Carter

A prospective member walks into your club. He is part of a huge potential market, one of the 196 million currently overweight or obese Americans.

No, he is not part of the group that is strongly committed and loves exercise. He is not one who will exercise under any conditions and will always find a way or a place to work out. The person we are talking about is part of the 93% of the U.S. population who say they know that exercise is so very important for them - yet they are not part of the 17% who are regular exercisers.

And one other thing. No matter what he or she says ...deep down this person *hates exercise*.

When coming into your club he is clearly apprehensive. He is almost looking for a way to walk out as he walks in. However, his growing waistline has gotten way out of hand. So, he has decided he has *got* to do something. Most often this person is in the 25-54 year old age group (which makes up 57% of the member population) and according to IHRSA, the general demographic breakdown of this group is 52% female, 48% male, with better than average income.

People in this group are looking for all the help they can get when they join a gym.

There is a key ingredient that will make a substantial difference to very many of them. It will make them *feel good* and can surely help them *choose your club* over your competition. This is especially true for the *female segment* of this market.

What is this key ingredient? It is a beautiful, inspiring, *non-intimating environment*. If you offer your market a new, wonderful décor in your club *without an intimidating environment*, your new membership sales and retention, thus your profits, will increase. And, when someone is pleasantly surprised with what your club looks like, they will tell their friends about what they found.

By maintaining your club's 'status-quo' and staying the same, there is an increasing chance you will lose market share to other clubs when they do upgrade.

Most every industry that deals directly with the public has put extensive psychological research into how they can create environments that will get people to behave in certain desired ways - usually by spending more once they are in the environment.

The food and retail industries invest heavily in creating beautiful, visually stimulating environments. Unlike the club industry they are selling what people love to do - eat and shop.

In a recent Forbes Magazine article, one of the top casino architects who is designing a \$2 billion dollar facility in Las Vegas said he does not put mirrors in a casino. Why? He has learned that the *average guy* thinks he is "James Bond" in the casino and when he sees himself in the mirror, he realizes he is not and stops spending. Yes, there is that much psychological analysis that goes into décor - and now, even health clubs are putting in less mirrors, because most of the people coming in are not that happy with how they look.

Clubs sell the dream of looking better - and the reality of what you have to do to look better. However, *most people don't want the reality of the discomfort of regular exercise*. They actually are very easily intimidated by a club, much more than what people working in the club industry think.

If you want to get a much deeper view of how the average person really sees exercise in health clubs, read Norm Cates' new book, "*Leaving Fat City*." What an overweight or obese person "sees" and is uncomfortable with, is far different than what a fit person "sees" and experiences.

This is true with such basic things as just walking through the door of a health club for the first time.

We can spend more on advertising or lower prices, only to have people come

in, *not like what they "see"* and leave without really considering joining after what they have seen. What they see in thousands of clubs is a reception desk and immediately behind a big room filled with cardio and strength equipment filled up with slim and fit people. This immediately makes the overweight/obese person uncomfortable and much less likely to buy a membership in that club.

So the task is clear. Many clubs need to look dramatically friendlier and better to the overweight/obese person. That is why Norm Cates months ago called for our industry to develop a "FAT Friendly Health Club" mindset. Fortunately, the industry is heading in this direction in new club and club upgrade design. Two-thirds of the U.S. population will potentially weigh in significantly on this design movement as time passes by. They will weigh in with their wallets.

In their book, *The Experience Economy*, Joseph Pine and James Gilmore strongly communicate that people are looking for memorable and lasting impressions that will ultimately transform something within them. Design and décor are becoming an integral part in creating an extraordinary experience for members and potential new members.

Service and extensive equipment are important and needed but are *no longer enough* to make a notable impact on most people. In other words, if you want to have a profitable 21st century club you may be wise to investigate implementation of change in your club.

The more profitable clubs of the future will do all of this with a strict budget using the best money saving techniques of "profit designing". When it first opened, Donald Trump loudly proclaimed that his new Taj Mahal Casino in Atlantic City cost a billion dollars while other casinos were costing half that amount. The Taj went bankrupt as it was overburdened with too much debt. It was never fully able to recover as it recently went bankrupt again, citing an original development and con-



Bruce & Johanna Carter

struction debt that prevented them from upgrading and being competitive with other casinos that looked every bit as much less to build.

Overspending is also happening in the club industry. A club that opened in Wisconsin was touted as a *club of the future*. Pictures were shown in industry trade publications with a smiling owner. Yet, this club cost far too much to build. It too went bankrupt. It is now an empty building.

In interior design circles it is widely accepted that the least expensive, yet most profound way to achieve an inspiring environment, is the creative use of color. Color, when used properly, can do wonders. When used improperly it can be offensive, disruptive and yes...intimidating.

Color changes every few years are popular. Currently "earth" colors are very well received by the club marketplace. In addition, boxy spaces are giving way to more visually different shaped areas, especially the use of curves in walls or soffits. Lighting, always an asset to the retail and restaurant industries, is now becoming equally important in state-of-the-art clubs. Locker rooms are becoming upscale with a spa-like atmosphere. Also, very importantly, entry areas are softer and more welcoming with a somewhat separated area from the workout area as to not overwhelm (and intimidate) the de-conditioned market. Importantly, reception area, color and some lighting changes may

be achieved with relatively low costs and will produce very perceivable results.

The good news is that existing clubs can renovate and totally transform themselves with reasonable overall costs. However, those who do not choose to change, thinking their boring, uninspiring environments are not that important in getting people to become involved in their club will clearly be at a disadvantage as time passes.

Most people walk into a restaurant and look forward to being tantalized with good food and striking décor. So does the new "hoping to get fit" market population expect to walk into a club and see a beautiful, comfortable and soothing environment in addition to great service and equipment.

Clubs that are up to this challenge will be rewarded with more members who are having more memorable and lasting impressions of their club experience. These members will stay longer, spend more and want to share all of this with their friends and acquaintances. They will spread the word of the comfort the environment in your club gives them, thus they will allay fear and intimidation issues their friends may have. Your club business will grow with more new membership sales, increased member and guest traffic and greater member retention.

Norm Cates is asking the health and fitness club industry to change in order to be prepared for what will come as result of his book and the ongoing barrage of

(See Bruce Carter page 25)

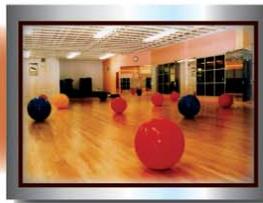
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Bruce Carter
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...Bruce Carter

continued from page 20

obesity/overweight messages in the United States. He is concerned that the health club industry is not prepared. He is concerned that our industry will not get its share of this burgeoning market due to fear and intimidation. He

is concerned that millions of people, in fact, are getting up and active...but are joining YMCA's or JCC's or Rec Centers and are not even giving the health club industry a single look. He strongly believes that the fact that our industry has been 'stuck' at 14% penetration of the U.S. population as health mem-

bers, 41.3 million, is very adequate evidence of his concerns.

No longer does the "gym" atmosphere attract the largest number of members. Gone are the days where a club could survive and thrive by only catering to "serious fitness people". The market is expecting something more

– and something different. Clubs need to invest the same way other industries have in the appearance of their physical facilities. As a result, in the future club design and décor will play an ever-expanding role in a club's success.

(Bruce Carter is a 30-year veteran in the fitness industry

and President of Optimal Design Systems International, a leading club design firm that has created approximately \$420 million dollars worth of clubs in 45 states and 26 countries. See Carter's ad above and call him now at: 954.365.9963 – or at optimaldsi.com)

...Norm's Notes

continued from page 22

• **JAY DELVECHIO**, President of the **World Instructor Training Schools** announced that the **American Council on Education**, the major coordinating body for all the nation's higher education institutions, has granted The World Instructor Training Schools college credits for the personal trainer, group exercise, senior, aqua, children's specialist and advanced skills programs.

• **SHPRESA PERLLESHI**, owner of the **Lady of America** facility in White Plains, and **Editor-in-Chief** of **Fit Body Magazine**, is a real pioneer in the realm of weight loss for teenage girls. Shpresa,

30, launched the **MISS FIT TEEN** program contest at her club on February 1, 2006. All of the girls at White Plains High School were given free memberships from 3 pm to 5 pm on weekdays, weekends and during the daytime in the Summer. They were weighed and measured, BMI tested, a "before" photo was taken and a full club orientation was given. Each girl will also set her goals to be reached in this 12-week period. Goals were based on the individual girl and were focused on individual health. The winners were: **BRITTANY COLLINS**, **LAURA GENTILE** and **STEPHANIE CAMANO**. Stay tuned!

(Norm Cates may be reached

at: 770.850.8506 or at: clubinsidernews@mindspring.com or at: normcates@leavingfatcity.com Look for Norm Cates' new book online for free until August 31, 2006. The printed book will be sold for just \$7 a copy and \$3.50 for internet delivery by October, 2006. Go to: www.leavingfatcity.com - click on Chapters List, download fast PDF, scroll to bottom and print all 108 pages. You will be glad you did! And Cates welcomes your criticisms or other suggestions. If provided, they may be included in the printed and final version of the book.)

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Very sincerely, Norm Cates, Jr.

“GETTING OUT OF RANGE”

By Michael Scott Scudder

(an exclusive column featured only in “Norm Cates’ Club Insider News” – by Michael Scott Scudder)

I’m writing this column while on a combined vacation/work 5-week trip up through the gorgeous north-western portion of this continent. To say that it is beautiful is a gross understatement...it is magnificent. We’ve been traveling for several weeks, doing business and then spiriting away to wilderness areas in Colorado, Utah, Idaho, Oregon, Washington and British Columbia.

I promised CLUB INSIDER readers in my last column (June issue, “Stuck in the Muck at Exactly the Wrong Time”) that I would follow up with some suggestions for what I see as the malaise that

most clubs are suffering from these days: being positioned “in the middle” with nowhere to go. At the *FitLife Clubs* association conference in Bend, OR in mid-July, I had the honor of being a keynote speaker and of seeing some of my old friends in this business, many of whom have been at it for over 20 years and are among the best club operators in the country. *Every one of them* shared with me at some time during the convention that: 1) business has slowed down; 2) they know that they are caught between a rock and a hard place; and 3) that just running a “good club” isn’t worth a damn anymore...that you’ve got to be *different* than your competitors to continue to be top dog in your marketplace. If you’re just *better* than all the rest of the clubs in your market area, you might

as well be running around with a target on your back!

My dear life partner, Phyllis Landis, said to me one night at a campground in the Newberry Crater area of south-central Oregon, “I love it when you get yourself ‘out of range’ of everything. Your creative juices start going full-tilt-boogie and you just relax into it.” I really took the “out of range” aphorism to heart. And it seems to me that my best advice to you, the reader and club operator, is to try to *get yourself out of range of your competitors* as quickly as you can.

What do I mean by that?

1. *Re-define your business.* Sit down at a brain-trust meeting with the valued management team on your staff and take your business apart, piece by piece. Are you any different than any of your competitors? Do you really offer anything that your competitors don’t? Is your facility pretty much the same as the other fitness players in your area? (If the answers to these three questions are honest “no-no-yes” retorts, you’d better get cranking!)

2. *Take a look at your two or three “core businesses” within your operation.* Are you sincerely concentrating ¾ of your management efforts on them? Or are they getting short-changed because you are so busy trying to dream up other profit centers (that just take more management time than they’re generally worth, with very little real payback to the business).

3. *What can you do in your business that is truly “different” than anything your*

competitors are doing? Can you get away from the “members-only” paradigm of doing business and instead, sell short-term programs to non-members who are initially hesitant to join your club? Can you “cap” your membership and therefore create greater value for those people who are already inside the doors? Can you make a “waiting period” for membership, so that all new users have to complete a quality-based member-orientation program with some teeth in it before they get to join your club? (If you can accomplish the latter, it will automatically promote higher initiation fees and a stronger dues base.)

4. *Can you finally admit that you don’t know it all, suck it up and call in a qualified industry advisor or consultant who can help you with the new directional strategies you need to diversify your business and succeed in the 21st century?* Many of you are too ego-driven to confess that you’re out of ideas, that you need assistance and that you really don’t know where to turn or what to do next.

5. *Can you benefit from “addition by subtraction?”* Many of you are busy doing fifteen different things to try to make your businesses work...when you really ought to pare back on some of your unprofitable or high-expense offerings (like low-use childcare services, snack/juice bars and pro shops. Doing so not only frees up capital, but *time* to concentrate on the things that you truly do well.

At the *FitLife Club* conference, I said that “... the shakeout in this industry is *not coming* – it’s al-



Michael Scott Scudder

ready here! Those indistinct clubs that are caught in the middle (dues base between mid-\$30’s to mid-\$50’s per month, slightly aging fitness centers, no-difference group programs, not enough personal training revenues, high competition area) are just like racketeer Bugsy Siegel near the end of his tumultuous career in Las Vegas: *waiting to get whacked.*

Predictably, in a major industry consolidation, 15% to even 20% of the weak links either disappear or get eaten up by stronger competition. In this business, we have over 10,000 clubs that fall into the category of “no difference being made” in their marketplaces. These folks need to do something, and fast. Time is running out at an accelerating pace...and new, not-convicted-of-the-old-theories-of-operation entrepreneurs are coming into our business at an alarming rate. And they are coming in with big dollars.

Get out of range...or be bigger to be taken out by a bigger gun!

‘Til next time - MICHAEL

(Michael Scott Scudder, a contributing author for “Club Insider News,” owns and operates “MSS FitBiz Connection” – an online-based club consulting and training service. He offers several online training workshops that deal with solutions to the subjects above. Michael can be contacted at 505-751-4248 or by email at mss@michaelscottscudder.com.)

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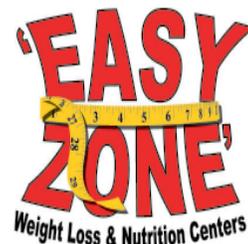
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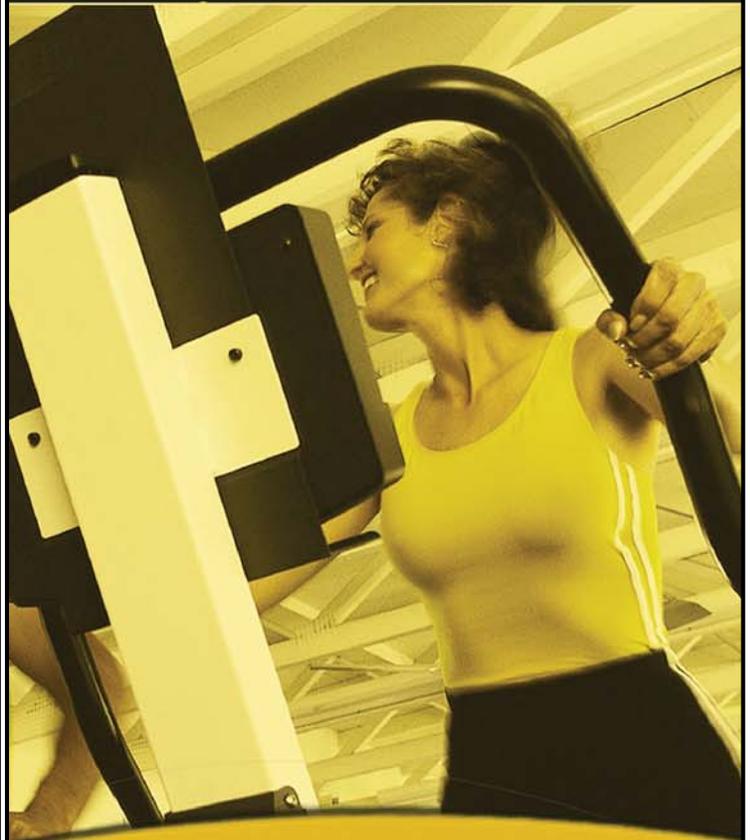


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EXHIBITS: OCTOBER 5-7, 2006

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Four ways to register:

1. **Online:** Register at www.clubindustryshow.com
2. **Fax:** 508-759-4552 by September 23, 2006. You will receive your badge by mail prior to the show if received before September 1, 2006
3. **Mail:** Stamp and send completed invitation by September 23, 2006. You may photocopy invitation for additional registrants. Mail photocopies to:
Club Industry East Registration, c/o CDS, 107 Waterhouse Road, Bourne, MA 02532
4. **In Person:** After September 23, bring completed invitation to Registration Desk at show

1. GENERAL INFORMATION (please print)

FIRST NAME _____
 LAST NAME _____
 TITLE _____
 COMPANY _____
 ADDRESS 1 _____
 ADDRESS 2 _____
 CITY _____ STATE _____
 ZIP/POSTAL CODE _____ COUNTRY _____
 PHONE _____
 FAX _____
 E-MAIL _____

By providing your email address, you are granting PRISM Business Media permission to contact you via email to update you on the conference.

Source Code: C18

Please contact me about special needs

2. PROFILE

- | | | |
|--|---|---|
| <p>1. Which of the following BEST describes your facility? (Check one)</p> <p>AA <input type="checkbox"/> Multi-purpose
 BB <input type="checkbox"/> Gym/Fitness Only Club
 CC <input type="checkbox"/> Racquetball/Tennis Club
 DD <input type="checkbox"/> Golf/Country Club
 EE <input type="checkbox"/> YMCA/YWCA/JCC
 FF <input type="checkbox"/> Swim Club
 GG <input type="checkbox"/> Corporate Rec. Facility
 HH <input type="checkbox"/> Hotel/Resort/Spa
 JJ <input type="checkbox"/> Weight Loss Center
 KK <input type="checkbox"/> Wellness Clinic/Hospital/PT/Medical Fitness Center
 LL <input type="checkbox"/> College/Univ./Institution
 MM <input type="checkbox"/> City/Club Park & Rec/
Public Works/Comm. Ctr.
 NN <input type="checkbox"/> Developer
 PP <input type="checkbox"/> Government (incl. Military)
 QQ <input type="checkbox"/> Aerobic/Dance Studio
 RR <input type="checkbox"/> Comm. Dealer/Retailer
 SS <input type="checkbox"/> Martial Arts
 TT <input type="checkbox"/> Indoor Climbing Center
 UU <input type="checkbox"/> Other Club _____</p> <p>2. Which of the following BEST describes your title? (Check one)</p> <p>AA <input type="checkbox"/> Owner
 BB <input type="checkbox"/> President
 CC <input type="checkbox"/> Vice President
 DD <input type="checkbox"/> Manager
 EE <input type="checkbox"/> General Manager
 FF <input type="checkbox"/> Program/Fitness Director</p> | <p>GG <input type="checkbox"/> Director
 HH <input type="checkbox"/> Assistant Manager
 JJ <input type="checkbox"/> Personal/Athletic Trainer
 KK <input type="checkbox"/> Fitness Instructor
 LL <input type="checkbox"/> Other _____</p> <p>3. In which of the following ways are you involved in the purchase or leasing of fitness equipment, products or services for your club/facility? (Please check all that apply)</p> <p>AA <input type="checkbox"/> Final decision
 BB <input type="checkbox"/> Specify brands
 CC <input type="checkbox"/> Recommend
 DD <input type="checkbox"/> No role in purch. process</p> <p>4. What specific categories of products & services are you interested in seeing? (Please check all that apply)</p> <p>AA <input type="checkbox"/> Cardiovascular equipment
 BB <input type="checkbox"/> Strength training equipment
 CC <input type="checkbox"/> Food/bev./nutritional supps.
 DD <input type="checkbox"/> Club mgmt. software/svcs
 EE <input type="checkbox"/> Entertainment/sound/music
 FF <input type="checkbox"/> Financial services
 GG <input type="checkbox"/> Insurance
 HH <input type="checkbox"/> Flooring/carpet/court surfaces
 JJ <input type="checkbox"/> Spa equipment & services/saunas
 KK <input type="checkbox"/> Other _____</p> | <p>5. Are you coming to the show with specific plans to purchase any of the above products or services? AA <input type="checkbox"/> Yes BB <input type="checkbox"/> No</p> <p>5a. If yes, what is your timeframe for making such a purchase? (Check one)</p> <p>AA <input type="checkbox"/> Purchase at show/within 1 month
 BB <input type="checkbox"/> 1-3 months
 CC <input type="checkbox"/> 3-6 months
 DD <input type="checkbox"/> 6 months-1 year</p> <p>6. What is the size of your club? AA <input type="checkbox"/> Under 5,000 sq. ft.
 BB <input type="checkbox"/> 5,000-9,999 sq. ft.
 CC <input type="checkbox"/> 10,000-19,999 sq. ft.
 DD <input type="checkbox"/> 20,000-29,999 sq. ft.
 EE <input type="checkbox"/> 30,000-49,999 sq. ft.
 FF <input type="checkbox"/> 50,000-79,999 sq. ft.
 GG <input type="checkbox"/> 80,000 sq. ft. plus</p> |
|--|---|---|

Please complete all questions. You may photocopy for additional registrants. Incomplete forms cannot be processed. Photography is prohibited in exhibit hall. Must be 18 to attend. You will receive written confirmation if you register by September 1, 2006. For more information, call 800-927-5007 or 508-743-0105 (9:00 a.m. - 5:00 p.m. EST)

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I'm Donna Krech. I've been in the weight loss and fitness business since 1982, and ownership since 1986. Since September '04, we've dedicated ourselves to helping clubs see the income they'd hope to see. IT'S HAPPENING - CLUBS ARE NETTING 100K! THERE IS HOPE! You CAN do this. Let us show you how!



"The best thing about having Thin&Healthy's Total Solution® is it has opened up my market to everyone. Having the Total Solution gives me the competitive edge I need over the competition.

The knowledge I've learned from Thin&Healthy about marketing, hiring and leadership was worth every penny I invested. I've seen more people get their results than the other 13 years I've been a club owner, not to mention my monthly EFT has increased from \$29.50 to \$68.00!

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