

Norm Cates'  
**CLUB INSIDER**<sup>TM</sup>  
The "Pulse" of the Health, Racquet, and Sports Club Industry Worldwide  
Established 1993



# Mark Mastrov Honored

*One-On-One With Club Business Wunderkind Mark Mastrov*

## SEPTEMBER 2009

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\*Figures obtained from the median performing corporate store with more than 12 months of operating activity as published in Item 19 of our 2009 Franchise Disclosure Document (FDD), and as adjusted for audited financials completed after filing of the FDD. A new franchisee's results may differ from the represented performance. There is no assurance that you will do as well, and you must accept that risk.

# Norm Cates' CLUB INSIDER™

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## Mark Mastrov Honored

### One-On-One With Club Business Wunderkind Mark Mastrov

By: Norm Cates, Jr.

Imagine a young man who started in the health and fitness club industry working only four hours a week in a Northern California-area Nautilus Center in trade for a membership, ended up borrowing \$15,000 from his grandmother to buy an ownership stake in that center, and then, parlayed that investment into \$1.68 billion when he sold his 24 Hour Fitness chain of 420 clubs in 2005. Yes, that's \$1.68 billion with a B!

What would a man who has achieved such a feat be like? Rather than arrogant, boastful, cocky or full of himself, try this

for the correct answer; genuinely down to earth, friendly, articulate, wise beyond his years and a man who cares about and wants the best for all the people in his life...

I had met Mark Mastrov a couple of times in the past prior to our meeting in Reno, Nevada on August 18th where he received the National Fitness Trade Journal's Lifetime Achievement Award, but during those encounters, I didn't have the chance to get to know him the way I did in our interview. I had been told by our mutual friend, Mr. Ray Wilson, however, that he is, "the greatest person who has ever been in the fitness center industry," and now, I know why

Ray says that (See **Ray Wilson's Comments on Page #6**).

Now, you will be able to get "inside" the head of Mark Mastrov and learn how he parlayed his \$15,000 investment into a personal fortune for him, Ray Wilson and a number of others who worked with him. You will learn what makes Mark Mastrov tick, and you will learn a lot about what he's doing now and is planning to do in the future.

#### An In-depth Interview With Mark Mastrov

CLUB INSIDER is pleased to present this in-depth interview (See **Mark Mastrov Page 6**)



Jim Rowley and Mark Mastrov

## Gold's Gym Owner, Eddie Dail, Suddenly Passes Away

By: Norm Cates, Jr.

Eddie Dail, of Culpeper, Virginia, one of the top Gold's Gym owner/operators in the world, suddenly passed away on August 4th. The cause of death was reported to be a heart attack. Dail had reportedly also suffered two previous heart attacks during this decade.

Eddie left Rebecca, his wife of six years; a daughter, Ashley, age 17; and his son, Dylan, age 3.

Eddie Dail owned and operated thirteen Gold's Gym

locations in Virginia and Wisconsin and had plans for ten more in the next few years. Beyond that, Dail spent an enormous amount of his time and energy serving his fellow Gold's Gym franchisees across the country through his dedicated work with the Gold's Gym Franchise Association (GGFA). Eddie served on the GGFA Advisory Board as a member of the Supplier Partnership Network Committee and a member of the Membership Drive Committee. He was a member of the DC Alliance Board of Directors, was

a GGFA Webinar Educational Series Speaker and was the DC Alliance Secretary. He also found time to be an author for a local Culpeper, Virginia newspaper, the Star-Exponent. Ironically, his July 9th article was on the topic of celebrity deaths, and he stated, "Celebrity deaths can be moving; however, losing family and friends can be devastating." Amen Eddie.

Eddie Dail believed that health clubs and gyms should be very involved in their communities, and he was known for his ability to work on important

causes, such as The Choice Group, a Richmond-based nonprofit that places people with challenges into working situations.

Jack Pozo-Olano, a co-owner of a Warrenton, Virginia Gold's said, "Eddie was a very hard worker who lived the Gold's Gym brand. He bled black and gold," referring to the Gold's Gym company colors.

In July, at the Gold's Gym International Convention, Eddie was honored with the Gold's Gym Franchisee Association *Bravo Award* in honor of all (See **Eddie Dail Page 10**)



Eddie Dail

## Inside The Insider

- **Welcome to the Hilton.... We Have Beds!** - By: Chris Russo
- **Fifteen Steps to Paradise** - By: Will Phillips
- **Multiple Streams of Income** - By: Donna Krech

- **Let's Get Serious About Humor** - By: Sandy Coffman
- **ABC Financial Names Stephanie Johnson Leader of Club Support Division**
- **Fiserv Introduces ClubIQ, Business Intelligence for the Health and Fitness Industry**

**Norm's Notes:** • We Will Never Forget • Eddie Dail Passes Suddenly • Georgia's Cinderella, Melanie Oudin • NFTJ Show Highlights • Planet Fitness Names Big Ass Fans a Preferred Vendor • Welcome to National Fitness Financial • Google: Shane Franklin • Club Industry is Coming Soon • Casey Conrad's "Visit Our Club" Tour • Dr. William Powell Honored • Dr. Curt Beusman Named Mt. Kisco Citizen of the Year • Billie Jean King Receives Presidential Medal of Freedom • The "Sweet Spot" • IHSA Announces Excellent Public Policy Results • Bally Emerges from Bankruptcy... Again • Sergio Rojas Appointed to Head Presidential Council on Fitness • NSF Standards Coming Soon • IHSA Helps Defeat California House Bill 374 • "The Biggest Health Problem of the 21st Century" • Nubody's 23 Fitness Center Chain Sold to Goodlife Fitness • Anytime Fitness Teams With Exercise is Medicine • City Blends Launches City MiNi

# Norm's Notes

●**Hello everybody!** This is your **CLUB INSIDER Publisher** and **Tribal Leader** checking in with lots of news... **Let's Roll!**

●**Is America** a great country or what? Eight years ago, on September 11, 2001, our beautiful America endured a very tough punch, and we survived. As I write these words on September 11, 2009, I'm pausing to remember those we lost on that fateful day eight years ago, and in the Middle East since then. I will never forget the words of **TODD BEAMER**, a passenger on **United Airlines Flight 93** who said to his fellow passengers, **"Are you guys ready? Let's roll!"** as he and several other passengers, determined not to be on the fourth jetliner to slam into a building, attacked the attackers... and brought the jet down in a corn field in Pennsylvania.

I cannot and will never forget the images of those falling to their death from NYC skyscrapers, people that made that choice rather than burn to death, nor can I ever forget those first responders, the brave **New York City Firemen and Policemen**, killed in action in the aftermath of these vicious attacks, and I won't forget the families of those killed on 9/11, nor the families of our troops, airmen and seamen who've been fighting for America in the Middle East. As all of us move on with these sad memories that are forever emblazoned in our minds, we... none of us... can ever forget. May all of those

lost rest in peace.

For the past year, we've had to endure some serious economic setbacks, but our good old America is still standing... she is still rolling... Even in tough economic times, all Americans have a lot to be thankful for, and we should never forget how fortunate we are when compared to many other people around the world. We should never, ever forget those lost on September 11, 2001 and at war in the Middle East since then.

●The shockingly sudden death of **Gold's Gym Star, EDDIE DAIL**, on **August 4th** has the **Gold's Gym Nation** hurting badly and rightfully so. According to all accounts, Eddie Dail was an extraordinary individual who made helping other people a true way of life. The Gold's Gym folks I was in touch with after his passing, **GINGER COLLINS, BLAIR McHANEY** and **GORDON JOHNSON**, could not say enough good things about Eddie. This is such a tragedy. Eddie passed at age 44, after truly leaving his mark here on Earth, and we wish to extend our most sincere condolences to his wife, **REBECCA**; daughter, **ASHLEY**; and son, **DYLAN**. Check out the story on **Page #3**.

●**Believe!** Way to go **MELANIE OUDIN**, our Marietta, Georgia hometown **Cinderella!** Melanie, the 17-year old tennis pro who became a star by beating three Russians in a row on her way to

the Quarter Finals of the **2009 U.S. Open Tennis Tournament** created a buzz all across the country. **Congratulations** to Melanie, her family and to the **Racquet Club of the South and Tennis Academy** in Norcross, Georgia, for producing such a competitive talent.

●**WALLY** and **MESCHELLE BOYKO**, owners of the **National Fitness Trade Journal**, and **MIKE "Club Doc" CHAET**, **Founder of CMS**, did everything possible to make the **28th Annual National Fitness Trade Show**, August 18-20th, a success. However, the most well-attended event of the three days in Reno, Nevada was the **Awards Banquet** where **MARK MASTOV**, our cover story subject this month, was honored with the **NFTJ's Lifetime Achievement Award**, and **SCOTT FRASCO** and **MICHAEL ROJAS**, founders and owners of the **Iron Grip Barbell Company**; **JOHN SALVITTI**, President of **STRIVE Fitness**; and **JOHN GUELZOW** of **Star Trac**, received the **NFTJ's Distinguished Service Award** in front of a record crowd of 560 people (**See Photo Below**).

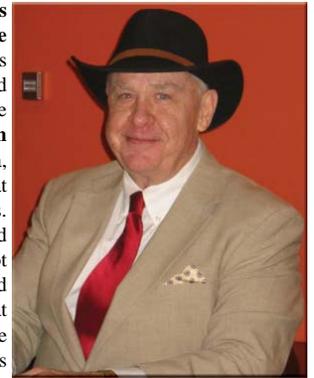
Highlights of the **National Fitness Trade Show** for me were **RED LERILLE's** presentation, where he shared his five tips for success in the club business and ten tips for staying fit, and **TASSO KIRIAKES' presentation**, **"One On One Training Center - Huge Bottom Line Profits."** Red also told me

that **Dr. STEVE LUNDIN's** second day presentation, **"The Nine Lives of Innovation,"** was outstanding. I learned that Red and his daughter, **Kackie**, have bought the **Borden Ice Cream Shop** in Lafayette, Louisiana, a 70-year old institution that Red wanted to buy for 25 years. They are totally remodeling and upgrading the 1,600 square-foot shop and giving it new life. Red says his members are thrilled that he and Kackie bought the shop, are refurbishing it and carrying on its world class **Borden's Ice Cream Brand**. Good luck Red and Kackie with your new venture!

●**Planet Fitness** has named **Big Ass Fans** as a preferred vendor. Big Ass Fans are used to increase air circulation, reduce exorbitant energy costs and enhance member comfort in weight rooms, cardio areas, cycling rooms, dance studios, mat spaces and multipurpose rooms, among others. Check out the **Planet Fitness Ad** on **Page #2**.

●Welcome to the **CLUB INSIDER Advertising Team**, **National Fitness Financial**, as they join us this month. You can see their **New Ad** on **Page #27**.

●**Google: SHANE FRANKLIN Powerhouse Gym** and you will find video clips and other information from **Reno, Nevada TV Channel 4 News' JOE HART**, who reported on June 11th, "The Reno Police Department has launched an investigation into alleged fraud



*Norm Cates*

and money mismanagement by the owner of several Powerhouse Gym locations. Two of Shane Franklin's former business partners tell **News 4** he defrauded them out of hundreds of thousands dollars by forging documents and setting up phony business deals."

I have since learned that the Powerhouse Gyms Franklin was involved in have now closed in Reno and in Carson City, Nevada. While in Reno for the National Fitness Trade Show, I spoke with a couple of local folks who told me about Franklin. One of them was **HERB TANTON**, a fellow who told me he had been **beaten out of \$26,000 as a former employee of Shane Franklin**. Another was a vendor who told me I should investigate Franklin. So, I'm going to dig in to find whatever I can on Franklin with hopes of warning all of you in our industry about his escapades so you can avoid any problems with him. For the time

(See Norm's Notes Page 7)

## Thank You!

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(L to R) John Salvitti, Michael Rojas, John Guelzow and Scott Frasco



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## ...Mark Mastrov

continued from page 3

with Mark Mastrov as he shares the who, what, when, where, why and how of his amazing business life so far. Describing Mastrov's life simply as *amazing* may not be adequate or the best word choice. Maybe two other words might be better, and they would be *totally phenomenal*. Mark Mastrov's life story is, in fact, *totally phenomenal*. Read on and enjoy the Mark Mastrov Story... a great American success story about a young man accurately described by 81-year old health club industry legend and icon, Ray Wilson, as *"the greatest person who has ever been in the fitness center industry."*

**CLUB INSIDER (C.I.)** - Mark, how old are you, where were you born and where did you grow up and go to college?

**Mark Mastrov (MM)** - I'm 51 and grew up in Northern (Oakland) California. I've lived in this region most of my life. I have a degree in Business Administration from California State University. My wife, Mindee, and I have four children: Mason, age 7; Mia, age 6; Maddex, age 4; and Merek, age 16 months. We live in a small town in Northern California.

**C.I.** - How and when did you originally get involved in the health and fitness club industry?

**MM** - Well, it's a good story. I hurt my knee in college and then rehabbed it. After graduating from college, I wanted to keep my knee in shape as I was still playing a lot of sports and still running a lot of track. A friend of mine said there was a little gym opening up near where I grew up and I should go down there and use their equipment to train. So, I went down there, and they had all Nautilus equipment in the gym. That's what I had rehabbed on. This was in 1983. Anyhow, I knew how to use the Nautilus equipment, so I jumped on and started working out on it. Some guy came over and said, 'How do you know how to use this equipment?' I said, 'I rehabbed on it when I hurt my knee a couple of years before.' Then, he asked me if I would train his staff to use it, but I told him I didn't know how to train people on it, I just knew how to use it. He said, 'I'll tell you what... if you will work for me at least four hours a week, I'll give you a free membership.' I

said, 'Okay, that's a good deal.' So, I worked on Wednesday nights from 6 to 10 PM, trained a few people and that's how I got in the business.

**C.I.** - Can you tell us about your 'early days' in the industry?

**MM** - The owner and manager of the club was a fellow named John Prell. About six months after I started working there, he told me he was selling the club, moving to Los Angeles and was going to open clubs there. He wanted me to come to LA with him, but I declined because I was a Bay area guy. Then, he told me he wanted to introduce me to the guy who was buying the club from him. His name was Gene Heckerman. So, he introduced me to Gene, who told me he wanted me to run the club for him. I told him I appreciated the offer, but I had another job and was only working there a day and a half a week. He said, 'Well, I think you're a pretty sharp guy. I've been a member here and have been watching... everyone seems to like you. So, I want you to run the club for me.' I told him that I already had another job. He said, 'I'll pay you whatever you're earning in your current job.' I said, 'Well, I appreciate that, but I don't know that this is what I want to do.' Then, he said, 'Well then, I'll make you a partner. I'll let you buy a piece of the club for \$15,000.' I said, 'All right, let me see what I can do.' So, I ended up going to my grandmother as I figured she would be somebody I could approach to borrow the money from, and she was kind enough to loan me the \$15,000. I came back a couple of days later, told Gene we had a deal and I wrote a check for \$15,000. Gene's whole intent was to build a software system for health clubs. He didn't want to run the club, per se; because he was a software developer, he thought there was a big opportunity to put a front-end system in place. So, for the next six to twelve months, I spent mostly nights from nine to midnight after the club slowed down, and I worked with a programmer developing a front-end system. We launched it in 1984. It was a mag-stripe reader with a mag-card and a photo on it. We created a software system called Athalon, and we started selling it to other club operators. That's what I did with Gene in the early days.

**C.I.** - That's an amazing story and

surely brings back memories from the earlier days before EFT! How long were you partners with Gene?

**MM** - Gene and I brought in a third partner named Leonard Schlemm, who was Gene's CFO at the time. Then, Leonard and I ended up buying Gene out in 1986. Gene was very focused on software. As I started selling software to club groups, they would pull me aside and ask, 'Can you help me run my club better? Can you teach me how to put the systems in place that support the software?' I started to realize I loved running clubs, not selling software. So, Leonard and I eventually decided that we would own the clubs and give Gene the software company. So, Gene took Athalon and we took the clubs.

### The Evolution... One Nautilus Health Spa... Became 420 24 Hour Fitness Centers

**C.I.** - So, was that the beginning of the original brand, 24 Hour Nautilus?

**MM** - The first brand was Nautilus Health Spa, which was the brand that John Prell had started, that Gene and I had bought. Then, we converted that over to 24 Hour Nautilus Health Spa in late 1983, and we started running 24 hours a day. Then, that emanated into 24 Hour Nautilus in the early 1990's. In 1995, we acquired Ray Wilson's Family Fitness Centers, and we merged the two brands, 24 Hour Nautilus and Family Fitness Centers to become 24 Hour Fitness and launched that brand in 1996. We took the time to do focus group studies and did the rebranding very carefully in 1996. The combination of the two brands was very powerful.

**C.I.** - Well Mark, 24 Hour Fitness became one of the most well known fitness center brands in the world, along with Gold's Gym. This brings a question to mind, and that is, why did you focus on growth in only sixteen States in the United States?

**MM** - Gold's probably has a much deeper penetration in States and markets from a single site standpoint, but our strategy was to really leverage the local markets and cluster our clubs. So, we had 400+ sites, but we were only in sixteen States. So, we were pretty dense. In our markets, we had 94 to 95% unaided brand awareness. Everyone knew who we were. Awareness of Gold's would not be

very high in most of our markets because their penetration wasn't deep enough. Gold's has done an amazing job, led originally by Pete and Paul Grymkowski, with subsequent leaders over the years, who developed a heck of a brand and launched it globally. They've had their impact.

Within the space we competed in, which was the multi-club concept with pool, basketball, fitness... 40 to 50,000 square feet, there are two components to leverage the business; marketing and personnel. Everything else is pretty constant. The more locations you can drop in a market, the more advertising budget you have and the more voice you have in the market. It's very clear... you just keep dropping stores in, and you can leverage personnel and marketing. A district manager can run ten clubs as easy as more senior people. So, when you study the business, as most operators have, the closer your locations are together, the more clustered they are, the greater the return. A lot of times, you see operators who have two locations in a city, and then, they go 500 miles away and open a 3rd and 4th thinking that launching in a new city is smart. They then start to struggle and hit a wall because you can't touch it every day, you can't be there every day and you

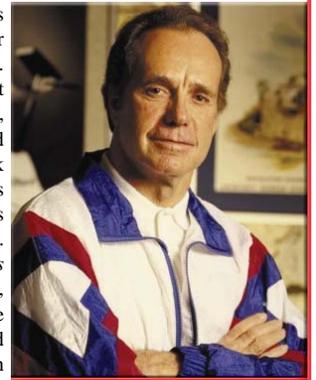
can't leverage your original team built with those new locations. Our formula for success was built around clustering and leveraging the markets.

**C.I.** - Tell us about the significance of the acquisition of Ray Wilson's 68 Family Fitness Centers to your 24 Hour Fitness operation?

**MM** - The FFC acquisition launched our company and was a cornerstone to our success. Ray Wilson became a mentor, a good friend and partner and still is today. As we started building clubs in Northern California, and we'd gotten up to about 30-32 locations, Ray was doing an amazing job down in Southern California. He's a legend in the industry. I always sought everyone I could find to learn from. So, I would meet with people like Don Wildman, who once even spent a day with me in our clubs to tell me what we could do better. I sat with Rudy Smith many, many times and got to be friends with him. That's how I met Rudy's son, Todd, who I recruited and worked with for over fourteen years. I learned so much from Todd and Rudy. Same thing with Ray... I would pick his brain. I'd see him at the trade shows, and I was like a little kid tugging on his sleeve. Here was a guy who'd opened  
 (See Mark Mastrov Page 12)

### Ray Wilson Comments on Mark Mastrov

In my opinion, Mark Mastrov is the greatest person who has ever been in the *fitness center* industry. Before 1995, many people might have thought that Vic Tanny, Don Wildman or I occupied that position. However, Mark has surpassed every one of us even in our prime, and it appears that he may just be getting started. I am strictly referring to *fitness centers*, not *fitness*. In fitness, Jack LaLanne led the way; we followed the road that Jack had paved. Mark was smart enough and talented enough to get Wall Street money. Mark then bought my Family Fitness Centers for half cash and half stock (in 24 Hour Fitness). This immediately tripled the size of Mark's company and gave him several dozen highly-motivated, well-trained key people (my partners, who were now all shareholders in his company). This move also got him probably the greatest home office ever created in this industry, and as a large shareholder, my loyalty. Mark is so good that he got 50% more gross out of my FFC clubs, and within two years, had absorbed 100% of the knowledge that it took me 50 years to acquire. Mark blasted from there successfully, opening and acquiring a huge number of clubs (including Eric Levine's, Ival Mc Main's and my Asia clubs). Mark then sold 24 Hour Fitness for \$1.6 billion dollars (need I say more). There is one more thing: **Mark is even a better friend than he is a businessman.**



Ray Wilson

...Norm's Notes

continued from page 4

being, I will leave reports of allegations of what Franklin has or has not done to Google. So, search **Shane Franklin Powerhouse Gym**, so you can read it all for yourself. If you have ANY information you can pass on (anonymously if you wish), please contact me ASAP by phone at (770) 850 - 8506 or email at **Norm@clubinsideronline.com**.

•In about a month, at the upcoming **Club Industry Show** in Chicago, we will see if the current bad spell of low seminar and trade show attendance continues. I'm betting on the Midwest club owners/operators and many of you from around the country to rally and show up in big numbers because the educational segment will be great, as always, and the trade show has a great lineup of suppliers and vendors. Plus, fitness icon, legend and my friend, **JACK LaLANNE, 94**, will give one of his stirring speeches when he receives the **Club Industry Lifetime Achievement Award** on Thursday, October 15th, and **MARK MASTROV** will be the Keynote Speaker on Friday, October 16th with his presentation, "**How to Deliver Record-Breaking Performance in Today's Economy.**" Mark has **been there and done that**, as you will see in this month's cover story about him. So, I hope you will come to Chicago to learn more about how to make a better living in the industry you've chosen for your livelihood, see Jack LaLanne honored and Mark Mastrov sharing his expertise, experience and knowledge. Also, please join my son, **JUSTIN**, and I at our **CLUB INSIDER Booth #1431**, and check out the directory above for our **Advertisers' Exhibit #s**. We urge you to visit and do business with our advertisers who bring **CLUB INSIDER** to you and our industry every month.

•I contacted **CASEY CONRAD** by email for news on her cross-country road trip and to set up a report from her for our **October Edition**. Casey replied, "Yes, it was amazing. I'd love to do a full-blown report for October. Here's a little info for your notes. My **www.VisitOurClub.com** tour took six weeks. I drove through 19 states, travelling 8,834 miles and visiting over

30 locations. Although I'll give a much more detailed report in October, the one thing I can say now is this: You can talk on the phone, you can meet at conventions, but until you step foot into a facility, you can't really fully appreciate the nuances of what they may be doing! From decor to club flow, it was fun to see so many different clubs and see what they are doing to make them more competitive and successful." **Stay Tuned** for her report in October.

•**Dr. WILLIAM POWELL, 92**, is an amazing gentleman who bought a tract of land 62 years ago and built an 18-hole golf course in East Canton, Ohio. Dr. Powell's amazing American success story was featured during the recent **CBS TV** coverage of

the **PGA Tournament**. William (Bill) J. Powell is the only African-American to design, build, own and operate a golf course anywhere in the world. In 1946, Mr. Powell broke ground for what is today, **Clearview Golf Course**. The first nine holes opened in 1948, and a second set of nine holes was later added making Clearview an 18-hole course. In 2001, an **Ohio Historical Marker** was placed on the first tee, and Clearview was also placed on the **National Register of Historic Places** by the Department of the Interior. Mr. Powell has an amazing list of honors, including the most recent, **2009 PGA Distinguished Service Award**, which he received just before this year's PGA Championship in August.

•**Congratulations to Brother Dr. CURT BEUSMAN** as I've learned on **Twitter** that he was named the **2009 Mount Kisco Chamber of Commerce Citizen of the Year!** Mt. Kisco is a lovely community in upstate New York where Curt and **JANE Beusman**, established their awesome **Saw Mill River Club** in 1971. It's now called the **Saw Mill Club** and is part of a group of clubs that includes the **Sportsplex** in New Windsor, the **Mt. Kisco Athletic Club** and the **Sportsplex - Stamford Club** that together serve over 10,000 members. Congratulations Brother Beusman, and best wishes to you, **Jane** and **RICK!**

•**LAILA ALI**, writing on behalf of the **Women's Sports Foundation** on August 12th,

announced that their **Founder, BILLIE JEAN KING**, would receive the **Presidential Medal of Freedom**. Leila wrote, "We believe Billie Jean to be the first female athlete to receive this extraordinary honor. The ceremony will be led by President Obama at the White House, and Archbishop, Desmond Tutu, Sandra Day O'Connor, (the late) Senator Edward Kennedy, the late Harvey Milk, Sidney Poitier and Dr. Muhammad Yunus will be among Billie Jean's fellow Medal of Freedom recipients." **Congratulations Billie Jean!**

•If you've ever followed the **PGA Golf Tour**, I'm sure you've noticed the physique of **TIGER WOODS**. Well folks, that's not an accident. Tiger Woods, and (See *Norm's Notes* Page 8)

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## ...Norm's Notes

continued from page 7

virtually every PGA Tour player these days, is dedicated to a fitness program. Cybex has now launched the "Sweet Spot" fitness program for golf and country clubs, and my hunch is that this program would be very popular in commercial health and fitness clubs. Check out the **Cybex Ad on Page #23**.

• **IHRSA** announced that, despite a tough economic year, the Public Policy Council pledged \$950,000 in IHRSA's 2009 fiscal year, which ended June 30, to its newly-named Industry Defense Fund. "In this economy, for clubs and IHRSA alike, we must maximize every dollar to grow, protect and promote the industry," says **MEREDITH POPPLER**, IHRSA's VP of industry growth. "This is not just about the largest clubs in the industry pledging their support. It is about every club contributing what they can."

IHRSA's successes benefiting the industry-at-large are owed greatly to the members of the Public Policy Council who have collectively contributed millions of dollars over the past ten years. Those resources are helping to promote legislation that positively impacts the bottom lines of thousands of clubs across the country. **IHRSA's eighteen legislative wins and zero losses in 2009** on the state level are a direct result of the industry's financial support. Additionally, victories for ongoing issues in 2009 rely heavily on continued contributions to the Fund.

Read the full release and learn more about the Public

Policy Council, the Industry Defense Fund and contributor benefits at [ihrsa.org/council](http://ihrsa.org/council). To pledge your support, visit [ihrsa.org/pledge](http://ihrsa.org/pledge). **Great job, HELEN DURKIN, MEREDITH and all of Team IHRSA!**

• It's good to see that **Bally Total Fitness** has emerged from bankruptcy... *again!* **Bally CEO, MIKE SHEEHAN**, commented in a recent press release, "Bally is moving in the right direction as we continue to systematically improve every aspect of this company. With the dramatic restructuring of our balance sheet and improved financial performance, Bally is now positioned to put 100% of our energy towards improving the customer experience and growing our business." I say to Mike Sheehan and his Bally Team, like I have said before, "To improve your customer's experience, you need to clean up your clubs, and keep them clean from now on; get rid of those retail installment contracts by going month to month; and hire a quality of people you wouldn't mind taking home to meet your Mother. Then, you'll begin to do well. Until Bally gets these basics corrected, there will be no light at the end of that tunnel except for another train. **Stay Tuned!**

• **President Obama** appointed **SERGIO ROJAS** to serve as the **Executive Director of the President's Council on Physical Fitness and Sports (PCPFS)**. Rojas is a veteran of the health and wellness industry with fifteen years of experience and is the owner of **Execufit**, a corporate wellness company in Chicago.

## Congratulations Sergio!

• In case you missed it last month, my cover story was entitled, "Trust," and was intended to put a focus on our industry's need to defeat the use of the "Churn" as a primary source of health club memberships by creating **Trust** in the minds of the consumers in the communities your clubs serve, thus attracting more and more non-members instead of people who are already members of your competitor's club(s). The idea of creating an "insurance" plan for closing clubs by forming coalitions in every market to take in estranged members from closing clubs was also discussed. Moreover, I suggested a number of things club owners can do to build more community trust and our **CLUB INSIDER Contributing Author, BONNIE PFIESTER**, provided an excellent article entitled, "10 Ways To Build Trust of Your Club In Your Community." If you missed last month's issue, check it out online at [www.clubinsideronline.com](http://www.clubinsideronline.com).

All of this ties into recent conversations I've had with **IHRSA's Dr. ART CURTIS**, who has been working hard with **IHRSA President/CEO, JOE MOORE**, and **TOM RICHARDS** on the club certification project that could, one day, play a major role in building consumer **Trust** in our American health and fitness club industry. Art said to me in a conversation, "Well Norm, one thing that concerns me is when these things evolve and the members of the industry don't seem to be aware they are occurring and seem surprised when they find out. We've tried

very hard at IHRSA to make sure that the process by which **NSF** is developing standards is a very open and transparent process, and **we've invited and want IHRSA Members** to weigh in with their input during this process. We want to make sure there is a lot of input coming in from the IHRSA Membership before the first draft is done. Once the first draft of the standards is available for public comment, we hope they look at them very carefully during the 45-day period and provide comments so there is no last minute rush and their input is heard. To me, it is important that people take advantage of what is a very open and transparent process and make sure they are looking at these standards in process and make comments so they influence what are intended to be reasonable standards."

I also received an email from **TOM RICHARDS, Senior Manager Public Policy** at IHRSA, and it read, "The Joint Committee on Health/Fitness Facility Standards, convened by NSF International, met in Ann Arbor, Michigan on August 27, 2009 to discuss the most recent draft of the standards. The first ballot on the standards is expected in Fall, 2009. Upon the issuance of the ballot, the public will have 45 days to submit comments on the standards directly to the Joint Committee.

At this time, the Committee's documents may be viewed at [standards.nsf.org/apps/group\\_public/documents.php](http://standards.nsf.org/apps/group_public/documents.php) (scroll down to "Joint Committee on Health Fitness Facility Standards").

• **IHRSA**, working with its lobbyist in Sacramento, will continue to work to protect personal trainers and promote reasonable certification requirements as they have just successfully fought off **California House Bill 374**, which would have prohibited individuals from holding themselves out as personal trainers unless they are certified by either a national independent organization, accredited by the **NCCA**, or by an organization accredited by an accrediting body recognized by either the **Council for Higher Education Accreditation** or the **US Department of Education**; or hold a bachelor's degree in exercise science, kinesiology, fitness science or another closely related field. I think you should know that this Bill could easily be

like a boomerang and be back in play year after year in California and other states, so my advice for any personal trainer would be, if you don't have such certifications, go ahead and get started on earning them before your state legislators pass a law one day that requires you to do so. That way your business won't suddenly be shut down by the government.

• **Dr. STEVEN BLAIR, PH.D.**, the prophet and one of the world's preminent experts on exercise and its health benefits, says Americans' physical inactivity is, "the **biggest public health problem of the 21st century.**" Dr. Blair recently reminded the world about the dangers of inactivity to human beings in a speech at the **American Psychological Association**. He discussed the levels of physical inactivity and the resulting health conditions. In an article on **MedicalNewsToday.com**, Dr. Blair said, "Research has shown approximately 25% to 35% of American adults are inactive, meaning that they have sedentary jobs, no regular physical activity program and are generally inactive around the house or yard. This amounts to 40 million to 50 million people exposed to the hazard of inactivity. Given that these individuals are doubling their risk of developing numerous health conditions, compared with those who are even moderately active and fit, we're looking at a major public health problem." Well folks, we all know this... *but do your new member prospects who are not currently active know it?*

• **DEAN HARTMAN, Founder and President of Nubody's Fitness Centres Inc.**, has announced an agreement to sell his 23 fitness centers to **DAVID PATCHEL-EVANS' GoodLife Fitness**. Hartman will be stepping down from his position as owner this Fall.

• **Anytime Fitness** has teamed up with the **Exercise is Medicine™** global initiative to interweave the worlds of doctors, fitness professionals and patients into one model platform for optimum health and fitness. This from a recent Press Release provided by Anytime Fitness, "Exercise is Medicine, a program supported by numerous national health and fitness organizations, is at the heart of the partnership. The (See Norm's Notes Page 10)

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### ...Norm's Notes

continued from page 8

program supports the notion that health care providers -- especially physicians -- should play a vital role in encouraging patients to get healthy. On the flip side, fitness professionals should have the hands-on opportunity to carry out the doctor's orders within the four walls of a health club. As a founding partner sponsor of Exercise is Medicine, Anytime Fitness will offer numerous benefits to gym patrons and health care providers who take the health and fitness merge to heart, including:

- Exercise is Medicine health screenings in Anytime Fitness clubs.
- Discounts and rewards for members who bring a completed exercise "prescription form" from their health care provider.
- Special Exercise is Medicine fitness events, including walk-and-bike-a-thons.
- Awards for health care practitioners who discuss exercise as a preventive health care tool with their patients. The new collaboration is just one step in Anytime Fitness' mission to

be much more than just a hard-bodies gym."

"We see ourselves as true agents of lifestyle and behavior change. It's about living a healthier life where you feel great in addition to looking it. That's why our clubs are the most convenient, customer-friendly in the business -- to help our members get to that healthy level on their schedule, their way," said Chuck Runyon, Anytime Fitness President and Co-Founder.

• **STEPHANIE SUDDARTH**, President of City Blends, has announced their new, City MiNi

program, a compact, hand-pour that utilizes a powerful tabletop blender, in lieu of their original BD-8 Blender Dispenser. The program lets the owner offer the same delicious City Blends smoothie menu to customers where space and finances are limited. The City MiNi program is a more economical option that is just right for customers looking to add a smoothie bar at a lower cost! **You may contact Stephanie Toll free at (877) 525 - 3637.**

• **God Bless America! God Bless You, Your Family and Your Club(s)! And, very importantly, God Bless our**

**troops, airmen and sailors fighting for us "over there!"**

(Norm Cates, Jr. is a 35-year veteran of the health, racquet and sportsclub industry. Cates was the Founder and is now completing his 16th year as Publisher of CLUB INSIDER. He was IHRSA's 1st President, and a Co-founder of the Association with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. He may be reached by phone at 770-850-8506 or email at Norm@clubinsideronline.com)

### ABC Financial Names Stephanie Johnson Leader of Club Support Division

**LITTLE ROCK, AR** - ABC Financial, the Health and Fitness Industry's leading Club Management solution provider and technology innovator, announced today a new department dedicated to customers. The newly named Club Support Division will be the sole focus of Stephanie Johnson, who will launch the new division today.

Johnson recently promoted to VP of Business Development, Club Support Division, stated, "ABC Financial created this new division to

enhance customer relationships and to support and enhance every aspect of your day to day operations." Johnson, a 15-year veteran at ABC Financial, has expertise in operations, reporting and systems customization and the designated miracle worker in club operations. If it's possible, she can make it happen.



### Fiserv Introduces ClubIQ, Business Intelligence for the Health and Fitness Industry

**BROOKFIELD, WI - September 1, 2009** - Fiserv, Inc. (NASDAQ: FISV), the leading global provider of financial services technology solutions, today announced the introduction of ClubIQ, a business intelligence tool specifically built for the health and fitness industry. ClubIQ is a web-based application that provides valuable insight into sales, dues and membership information. The tool contains an executive dashboard, detailed revenue reporting, monthly projections, dues analysis and attrition calculations that are presented in an easy-to-use format. In addition, ClubIQ provides the ability to set monthly goals for the club, sales staff and personal trainers as well as track their progress to goal on a near real time basis.

ClubIQ has been piloted by some of the most successful health and fitness facility operators

in the industry. All levels of club users, from personal trainers and sales staff at a single club location to the chief executive officer of a multi-location club chain, can view information at the club, regional and corporate level.

"ClubIQ allows us to look at key performance indicators at the individual club level and at an aggregate level combining all of our clubs," said Jeff Skeen, president and chief executive officer, Titan Fitness. "ClubIQ is easy to use and helps us make informed decisions with quick access to daily revenue reporting, monthly reporting by profit center, EFT billing results and membership retention, all in comparison to our business goals. Making informed decisions based upon objective business

intelligence has been integral to our organization's successful growth."

"In addition to the knowledge management advantage, ClubIQ saves us money," said Skeen. "Before ClubIQ, we used spreadsheets that were manually updated, which can be a cumbersome, monthly task. Now, it is automated, and we've calculated we are saving \$500 per month, per gym in time savings, which is close to \$100,000 per year in labor savings."

"ClubIQ eliminates the need for daily data entry due to automatic daily updates of profit center information," said Jim Parks, general manager, Club Solutions, Fiserv. "Our goal is to help fitness facilities make informed decisions about their highest selling activities and most effective member retention efforts based on accurate and timely business results data."



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### ...Eddie Dail

continued from page 3

he does for the GGFA and fellow franchisees, he was named the Gold's Gym Visionary of the Year, and one of his gyms was named as the Best US Gym - Revitalized.

Eddie Dail grew up in Northern Virginia and attended William & Mary for two years before later moving on to Virginia Tech where he graduated in 1988 with honors and dual degrees in Marketing and English Literature. Eddie Dail was also quite an athlete. He was an avid rugby player for twenty-two years, he won the Virginia State Powerlifting Title twice and he won the Mr. D.C. Bodybuilding

Contest in 1985, as well as the Mr. Nation's Capital and Mr. Coastal USA contests. In 1999, Eddie earned his degree in Theology with Summa Cum Laude honors and served as a Sunday school teacher for five years, as well as being a licensed minister. He was also a teacher, having instructed fellow industry professionals in Gold's Gym Webinars. Finally, he was also a frustrated stand-up comic. Clearly, Eddie Dail was one of the most diverse and accomplished people in the health, racquet and sports club industry, and he will be greatly missed by all who knew and loved him.

Blair McHaney, the President of the GGFA said,

"Eddie was a guy who always answered our call. The GGFA is only as effective as its members are vigilant, and Eddie was always vigilant. He helped us with anything we needed, and he understood the importance of being a team member. He was the unanimous winner of the GGFA Bravo Award, which is given every year to the franchisee who is always there to help the GGFA and franchisees. As of this morning, the GGFA Board of Directors officially renamed that award the Eddie Dail Memorial Bravo Award. He was a fun guy, and we already miss him."

Ginger Collins, the Executive Director of the GGFA added, "It's one of the most tragic

events that has ever occurred in our Gold's Gym family. He lived and breathed Gold's Gym. He helped owners EVERY day and was one of the biggest hearted people I ever met. I probably had at least fifty phone calls on the day of his passing, plus many more emails from people in disbelief. It was universal; no one believed it was true. I am at a loss to describe the impact Eddie had on his friends, the Gold's Gym Family and me personally. He gave praise to others without conditions. He was loyal and would stand with you even if it was not a popular thing to do. He loved the Gold's brand and helped those that needed his wisdom. He gave of his heart and made us all better because of it.

His legacy will be that he was a hero among us. Please continue to give comfort to his family and dearest friends."

The Dail Family asks that in lieu of flowers, memorial contributions in Eddie's name be made to:

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CLUB INSIDER wishes to express our sincere condolences to the Dail Family and to his extended Gold's Gym Family. May Eddie Dail rest in peace.

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## ...Mark Mastrov

continued from page 6

thousands of clubs, and I wanted to learn what to do and what not to do. Ray was always very kind to tell me. He said, 'Hey look, I like you. I don't have any plans to come to Northern California, and if I do, I'll give you a call.' I said, 'I don't have any plans to open in Southern California, and if I do, I'll do the same for you.' Then, I woke up one day, and all of a sudden, Ray's opening two clubs in Northern California, and he didn't call. So, I hopped on a plane and went down to San Diego, rented a little apartment in Del Mar and several months later we opened a couple of clubs in San Diego. I said, 'I guess I've got to knock on his door if he's going to knock on mine.' Ray had thought his partner, Eric Levine, had called me in advance, however he hadn't, and thus, we ended up opening in each other's markets.

**C.I.** - You didn't call, either. I love it!

**MM** - No, I didn't call. My bad.

**C.I.** - Mark, I've been in those two clubs up there in Northern California and was trying to figure out how that happened.

**MM** - Well, you know the whole story, now. So, Ray got his clubs up and running in Northern California, and I went down to Southern California. Leonard and I decided to raise some capital. We wanted to grow and get more aggressive. We were performing extremely well, had no debt on the business and had quite a few people knocking on our door to find us. So, we went out and raised some money. We brought in McCown De Leeuw & Company, who became our long-term partner. Once we raised the

money, I went down and saw Ray. I said, 'Let's sit down and talk. There's no reason for us to compete.' Ray said, 'Okay, I agree. Let's talk.' So, we had a couple of meetings and struck a deal. We put the two companies together and bought a majority of Ray's company and made a lot of his partners very wealthy. Ray had amazing people, like Ron Thompson and Perry and Packy Wilson, so we went to work with them and put the two companies together. Overnight, we were the second largest chain in the country. Ray joined our Board, and we started leveraging the skill sets on each side. My team in Northern California helped educate the Family guys in a few areas, the Family guys helped educate the 24 Hour Nautilus team and off we went. Ray had a very solid back office with a lot of experience, so we decided to collapse our office into his. His sister, Sheila, was running it with Ival McMMain. I went there every week for two years. They were very sharp people who really helped us build a foundation for our success. One of the biggest things Ray taught me was to keep an active eye on the back office and watch the money; don't waste it because it's precious. Ray and I think alike about money management.

### The Highest Compliment You Can Receive From Ray Wilson

**C.I.** - The legendary health and fitness club icon, Ray Wilson, a 60-year veteran of our industry, has described you in this article as 'the greatest person who has ever been in the fitness center industry.' What do you think about that great compliment?

**MM** - It's the highest compliment you can receive from Ray. As I

tell him often, 'Back when you were starting your business... back in the days when you didn't have cell phones, fax machines, teleconferencing, computers and airplanes that flew you to places overnight... you came from a different era.' The truth is what he accomplished can never be done again. What he did or Don Wildman or Vic Tanny accomplished cannot be replicated. Today, we're in a different world. You can manage things more effectively than you could in the past. Ray trained a ton of people, and those people trained another generation of people. So, I was blessed with being able to find amazing operators to work with; the Don Harbichs, John Romeos, Jim Gurneys, Ron Thompsons, Larry Gurneys, Mike Sheehans, Craig Pepin-Donats, Steve Clinefelters, Joe Bartels, Curtis Harmans, Mark Pollis, Steve Blocks, Danny de la Rosas and the Brian Boumas of the world. I look at it like trying to compare Babe Ruth or Hank Aaron. Who was the best home run hitter of all time? Or, who was the greatest shortstop of all time... is it Derek Jeter? I think that is a great compliment from Ray, but as I say to him, 'I haven't touched half of what you've done, so give me another ten or fifteen years, then come back and we'll compare notes.' Ray's accomplished an amazing amount of success within this industry, a lot of which people don't realize. I'm thankful to be in Ray's shadow and look forward to continuing the quest to make a difference in people's lives.

**C.I.** - Your sale of 24 Hour Fitness to Forstmann, Little & Company set an industry record for amount sold at \$1.68 billion. Please tell us about that amazing deal.

**MM** - Well, we built a heck of a business with an amazing team. A lot of times, people look up and say, 'Hey, Mark did all this.' Like tonight, I'm going to get this award (NFTJ's Lifetime Achievement Award). It's really not me. It's about the whole team that we had. Leonard Schlemm and Gil Freeman helped build the foundation. Then, the operators who were amazing from the Thompsons to the Wilsons to the Steve Clinefelters and Brian Boumas of the world. The back office with Bobbi Quick, marketing with Linell Killus, and of course, Tony Bakos, our EVP of Legal. The financial team we had, led by Colin Heggie and



Mark Mastrov and Shaquille O'Neal

John DeMatteo, was stellar. So, as I said prior, it's all about the team.

McCown De Leeuw was our partner since 1995, and LP's that invest in companies like McCown De Leeuw give them about a 10-year horizon to invest their money to get a return. They can't just go on forever, which is unfortunate to some degree. So, McCown De Leeuw was sitting on a nice return on an investment in 1995 that saw us grow from a \$45 million business to a \$1.4 billion business. In 2004, we began conversations about how we were going to help McCown De Leeuw exit. We went to market in early

2005 with the intent of bringing somebody new on. We hired bankers and started the process. It was probably one of the most robust processes you could have. It's all about windows of time. If we were in that process this year, we probably would not have any chance of consummating a deal. In 2005, however, the markets were roaring. The capital markets were wide open, the debt markets were wide open and we had just about everybody you could think of show up at the table interested in the acquisition. The process got very heated, and a lot of people

(See Mark Mastrov Page 14)

### Rick Caro Comments on Mark Mastrov

Mark Mastrov has enjoyed a great career in the club industry as the Founder, and eventually CEO, of the largest club company in the United States, 24 Hour Fitness. He literally grew up in the industry and became a beacon for many others. Now, he is mentoring others and supporting them in a variety of entrepreneurial ventures in the industry. With clubs in many countries and companies with products and services catering to the club industry, Mark is literally developing a panoply of businesses. His opportunities are great with a team of colleagues to help create additional chapters in Mark's book of industry success.



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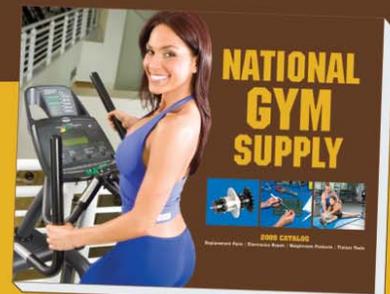
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## ...Mark Mastrov

continued from page 12

were bidding against each other. Prior to the last round of bids, Forstmann, Little & Company's Founder, Ted Forstmann, asked me to come down and have dinner with him in LA. He sat me down and said, 'Look I want to preempt the deal,' which means he wanted to make an offer to basically shut down the auction process, make a bigger number happen, guarantee the deal would get funded and consummate it very quickly. He and I spent four or five hours discussing what the deal needed to look like. The next day, he put an offer into the company and said you've got three days to accept, which we did, bringing a substantial return for all of our partners. So, we agreed to those terms and stopped the bid process. Forstmann, Little & Company was awarded the company. We completed it about thirty days later with a fully-funded deal and a very nice banking facility in place. Ted is a very sharp guy, and he had a great team working with him at Forstmann Little.

**C.I.** - I realize you stayed on the Board of Directors at 24 Hour Fitness after the sale, and you also hired the new CEO, Carl Liebert, and mentored him before you left. Please tell us about that experience and your subsequent departure from the Board.

**MM** - Ted felt that, since he

had cashed out the company, he wanted to bring in some new professionals to see if he could make the business run even better and grow faster. That's his right because he owned the company at that point in time. So, he hired Carl Liebert. Carl was formerly with Circuit City and Home Depot and is a very sharp big box retail guy with a lot of consumer retail experience. The philosophy Ted likes to use in business is to bring in new professionals to add to the entrepreneurial group in order to make the business better as it grows... find a better formula for it. There came a point in time though where I was seeing movement at the Board level in a direction that was not one I could support. Ted told me that every entrepreneur he ever worked with has the same reaction. He said that, when he comes in, starts cutting costs and eliminating people to increase profit, a lot of people don't like it and decide to do something else. I think this industry is built on people, and I have a hard time taking a 20-year person, who is an amazing operator, out just to save money. It's just a difference in philosophy. So, I decided to move on. I wish them well, and I'm sure they will succeed.

### The Rest of the Totally Phenomenal Mark Mastrov Story

**C.I.** - Tell us about the privately

owned clubs you are involved in with Leonard Schlemm in Chile, South America, Russia and Europe? How many are there and where?

**MM** - Well, as we built the business at 24 Hour, a lot of people forget that we had gone into Europe and built a very large platform there too... we built the largest chain in Europe and then sold it. We were up to about 145 clubs in Europe at the time. We sold in 2001 and 2002 after 9/11. We actually had two brands; SATS, and 24 Hour Fitness in Spain and Germany. When the Towers came down in New York, and the economy was struggling, kind of like it is today, our Board was very nervous about Europe. They feared the capital markets would close, so we put a lot of parts up for sale and sold them over the next twelve months and exited Europe. In the meantime, the Board was very open in allowing me to do what I wanted to do. Outside the United States, Leonard and I had entered Russia in 1996 with Irina Razumova and Marianna Maslennikova, who developed the Planet Fitness brand throughout Russia and the former Soviet Union. There are now north of 50 locations in Russia.

Irina and Marianna are both great operators. They have done an amazing job growing it from Moscow to St. Petersburg, Siberia to Kazakhstan and the Ukraine. I have subsequently built platforms in Santiago, Chile with Alex Wiesner (10 locations) and Germany with Niclas and Valerie Bronstrom (350+ locations), people I've gotten to know, respect and admire. This business is built on people. It's all about people that we can back and support. I always tease Ray that, as you get older, it's tougher to be out there in the clubs shaking the tree everyday and making it happen. You've got to convert over, and you've got to get behind people, invest and mentor them. That's what Ray is great at, and I'm trying to get better at it every day.

### New Evolution Fitness Company (NEFC)

**C.I.** - Please tell us about your new company, the New Evolution Fitness Company, LLC. (NEFC). NEFC seems to be like a private equity firm for the fitness industry. What is the vision for your new company?  
**MM** - NEFC is investing capital



into the space we enjoy, which is health, fitness, wellness and sport. I've put some real smart people together to go out, invest, operate, mentor, develop and have fun. Jim Rowley, Mike Feeney, Linell Killus, Tony Bakos, Derek Gallup, Brian Calegari and several others from my former team are here with me again. We've been pretty aggressive to date.

We're excited about what we've seen. We think there are big opportunities in new spaces. We don't want to go out there and compete with LA Fitness, Bally's or 24 Hour... they've got that under \$30 market tied up. We also don't want to compete with Planet Fitness, Anytime or Snap, the under \$15 market. We also don't have the ability to put capital to work like Bahram Akradi. I think he's done one of the most amazing

jobs in industry history; putting \$25 to \$40 million in capital per location together amazes me. He's a phenomenal operator and a good friend. We think there are opportunities that are worth investing in today. We think the Yoga space is part of the future. The YogaWorks Company, of which I'm an investor, with Phil Swain as the CEO, is very interesting, and Phil's doing amazing work there. I think the UFC Gym concept is going to be very interesting, and what we're seeing in our early days is that it's going to be a very fun business to develop. We are also very excited about Crunch too.

### UFC Gyms

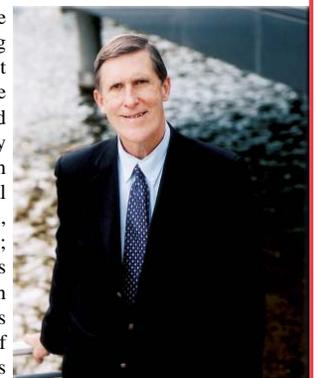
**C.I.** - Please tell us about your plans for your new Ultimate Fighting (See Mark Mastrov Page 16)



Mark Mastrov and Lance Armstrong

### John McCarthy Comments on Mark Mastrov

For the last several years, I have had the pleasure of working with Mark on Augie's Quest where, after Augie himself, he has been our inspirational and intellectual leader from the very beginning. In working with Mark, I have learned several things. First, on a personal level, he is extraordinarily generous; generous with his time, generous with his ideas and generous with his money. Second, he defines what it means to be a "man of action." He makes decisions quickly and implements them quickly. Third, he is always



John McCarthy

pushing the envelope and always focused on results. That, I believe, is one of the factors that has made him so successful in business. Fourth, until I began working with him, I had no idea of how many ventures he is involved in. He is, in a sense, a 'one-man private equity company,' and it's a private equity company that in every sense is global. It's a pleasure to work with somebody like Mark, and you cannot help but be inspired and motivated by him.



Daron Allen  
CEO, Visual Fitness Planner

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## ...Mark Mastrov

continued from page 14

Championship (UFC) Gyms, and specifically, describe the niche you've identified in UFC for potential gym memberships across the country and around the globe.

**MM** - The UFC Gyms are not going to be fighting gyms where people come in and beat on each other. It's more of a training gym based around the philosophy of mixed martial arts. We'll aim at the mainstream market that supports that. The UFC itself, as a brand, is one of the fastest, if not the fastest growing brands in the history of sport. They are just taking the world by storm. Their Pay-Per-View events, fan base and following are insane right now. I've known and seen the fights for many years, dating back to the mid-1990's, and I'm a big fan. I had the chance to meet the UFC Founders, Lorenzo Fertitta and Dana White, and build a relationship with them. As we talked, we discussed the fact that the gym of today, while still a great product, is a bit stale and that there is a market for something new and different. Every club owner who opens a club thinks, 'I'm going to be different. My twist is going to be the secret sauce for success.' We think there is a secret sauce in the mixed-martial arts world that hasn't been touched yet, other than in a few sites where operators have built some nice facilities. When you look into the UFC brand, however, and start tying it into Pay-Per-View, a Spike TV Show and start emanating it into the marketplace, you're going to get a different kind of penetration. It's already a global brand which gives us a huge head start. That's what we're focused on, bringing this new genre of training to market. While it's been around for centuries, we're going to change it a little bit... professionalize it, organize it and certify it. When

we start growing in new markets, say London or Berlin, and we bring in a 40,000 square-foot box focused around mixed martial arts training, we think there is going to be a very positive reaction. Adam Sedlack will be operating the UFC Gyms for us. Adam is truly a great operator who I have had the pleasure of working with at 24 Hour and now the UFC Gyms. We'll be offering incredible classes from kick-boxing to muay thai to self-defense, along with some 'warrior' training rooms, and pricing will run from \$39/month to \$99/month.

### Crunch Fitness

**C.I.** - Let's talk about Crunch Fitness... a hot deal for you now that NEFC and Angelo, Gordon & Company have acquired the chain out of Bankruptcy. Recalling last week, you told me the Judge had cleared the Chapter 11; how do you plan to proceed now? What about dealing with public relations and image since several Crunch locations have closed? What growth plans do you have after Crunch has emerged from Chapter 11?

**MM** - I think Crunch, and what Doug Levine built there, has amazing legs. We've got to do some work, but we've been through the Bankruptcy process now. We took control of the business along with Angelo, Gordon & Company in early September, and we'll get very aggressive there. You will see some interesting things in the next six months as we start to open new locations and start to look at acquisitions again, following the model I'm very fond of. Our partner, Angelo, Gordon & Company, is a huge firm and a great company. Brent Leffel, our partner there, really loves the fitness business and gets it. We have no debt, a great team and the future looks very bright. We expect to double in size over

the next twelve months. We also plan to refocus the brand along the cool edgy format that Doug built it on in the late 90's.

**C.I.** - So Mark, I think it would be fair to say you shaped your NEFC business model somewhat like how you've seen Ray Wilson set his companies up... where you have involved people from your past on your teams and have given some of these key people a piece of the equity ownership. Mark, you've mentioned it a couple of times already, and that is, that this business is all about the people. So, I think it's great that you've shared what is, in my opinion, the key to your success... sharing opportunities with great people.

**MM** - Well, when you step back and look, the fitness club business is much more difficult than it appears. It's a retail business with a subscription model and a service business all in one box. To have experienced many of the pitfalls that are in front of you, such as we have, gives you a huge advantage. We've been through a lot of them and have been very fortunate to get through most of them through dogged determination and a heck of a lot of luck.

### Steve Nash Sports Clubs in Canada

**C.I.** - How about your involvement in the Steve Nash Sports Clubs you've launched in Canada with NBA basketball star, Steve Nash?

**MM** - Steve's from Vancouver, and I had built a relationship with him over the years. He kept talking about us doing something together in Canada. One day, Leonard called me out of the blue and said he'd gotten a call from a landlord who had a great site in downtown Vancouver, and he wanted me to take a look at it. I went, checked it out and then called Steve and told him we had found a great site. He was very excited about it, so we put a deal together and launched The Steve Nash Sports Clubs up there in 2007. Steve's very tied into the community there. We've priced the clubs on the high end there because I have a lot of respect for Henry Polesky and his Fitness World team. I like Henry a lot, so we went with higher-end pricing with Steve in that downtown market and built a really nice club. We just opened the second club, and we have our third signed. So, we'll put one to two a year in that market as we roll it out. Steve's a great guy and fun to



work with.

### dotFIT

**C.I.** - I've noticed that Neal Spruce and Craig Pepin-Donat are involved in the new dot-FIT Company, and it's my understanding you're involved in it, too. Am I right? And if so, please tell us about that.

**MM** - Neal Spruce is the pioneer in the nutrition space in our industry. While working with Gold's Gym, he developed

Nutritionalysis, and then later, Apex Fitness. When we acquired Apex Fitness at 24 Hour in the late 1990's, Neal came on board and did amazing work for us in building a foundation around nutrition and nutrition education. This was very important to us as we focused on retention and teaching our members that working out was not necessarily the only answer to get results and that proper nutrition was about 70% of the challenge when  
*(See Mark Mastrov Page 18)*

### Joe Moore Comments on Mark Mastrov

I remember shopping one of Mark's 24 Hour Nautilus clubs years ago (before the name change) to try to learn why the chain was so extremely successful. The growth had been remarkable.

He is one of the world's few serial entrepreneurs. Mark has also undertaken other unique business endeavors. He and Jim Rowley went on to form a private-equity firm, New Evolution Fitness Company (NEFC). They are setting their sights on the mixed martial arts market by partnering with Ultimate Fighting Championship (UFC) founder, Dana White, to create UFC Gyms where members can train like ultimate fighters.

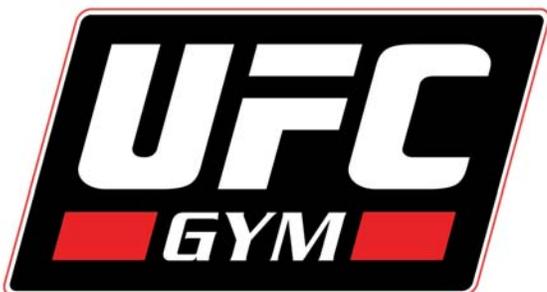
Recently, NEFC emerged to bring Crunch Fitness out of bankruptcy, and as the new Crunch Chairman, Mark will help the company's future growth and direction. His wealth of experience in club operations will help position Crunch for a successful future.

In 2005, Mark worked with Governor Schwarzenegger to establish a culture of health and prevention in California through physical activity. They developed a taskforce to focus on childhood obesity, physical education and nutrition in schools. He initiated a statewide program that rewards children for passing a physical fitness test.

Mark has a deep dedication to Augie's Quest, to help Life Fitness founder, Augie Nieto, who himself was diagnosed with ALS, find a cure for the disease. Mark helped to create The Bash for Augie's Quest, a fundraiser that debuted in 2006 at the IHRSA Convention & Trade Show. Mark served as Chairman for the first two Bashes.



Joe Moore



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**...Mark Mastrov**  
 continued from page 16

starting a new exercise program. Last year, Neal decided he had done all he could do at 24 Hour, moved on and founded this new company, dotFIT. He's put a great team together including Craig Pepin-Donat, Odd Haugen and many others. So, I have so much respect for Neal and the team that I'll help them anyway I can. My view is that the platform that they have built is just off the charts amazing. Neal showed me the latest version a couple of weeks ago, and it's phenomenal.

**C.I.** - When do you sleep? Just kidding, Mark! My goodness you're a busy guy! Actually, my question is, what else have you got up your sleeve?

**MM** - HaHa! That's what my kids always ask me because when they go to sleep, I'm awake, and when they wake up, I'm awake. I sleep like anybody else, but I'm not a big sleeper... five to six hours a day guy and always have been. I'm usually in bed by 1 AM and up by 6 AM. I just can't sleep anymore than five or six hours a day because my mind is so active.

**C.I.** - So, do you have any news up your sleeve? Got any scoops for our CLUB INSIDER readers?

**MM** - No scoops today, Norm, but we're working on some very interesting things I think we will announce in the near future. What I would say to the industry is the next five years should be the greatest five years in this industry's history. Some people may have a negative

attitude, shutting down growth and looking at things differently than we are. I've been in a number of economic slowdowns, having started in business in 1983, the stats now show that was one of the worst economic slowdowns ever... then there was 1992, and we were growing like crazy... it was a great time for us... we blasted through Y2K... we blasted through 9/11... I think we will get through these times too. I believe there are some advantages in the world that we should take advantage of as an industry. At worst, we should be out there pounding our chests telling people, 'Look, we're doing well!' There may be an economic slowdown, but member traffic is the highest it's ever been... people are using the facilities more than ever before... enrollments are strong... maybe ancillary business, like personal training, is soft for some and strong for others, but it is still performing nicely... we can find ways to cut costs as needed to continue profitability. I like the



**Magic Johnson and Mark Mastrov**

franchise models that are out there now. I like what Planet Fitness, Anytime and Snap are doing. I like what Bally's and LA Fitness are doing... I think you're going to see some amazing things happening in the next three to five years as this is an exciting time.

**C.I.** - Mark, you're going to be leading the way.

**MM** - Well, I'll play my role, but

there will be a lot of other people out there cranking hard, too.

There you have it, folks, an in-depth, one-on-one conversation with a guy who might just be the most talented and results-producing health and fitness club developer and operator in the history of the world. Right now, Mark is poised and positioned to continue to make more and more major impacts on multiple arenas in the health and fitness club industry, and we wish him well.

Starting in 1994, Wally Boyko's National Fitness Trade Journal has honored fifteen men with its Lifetime Achievement Awards. Now, Mark Mastrov has joined Arthur Jones, Jack LaLanne, Rudy Smith, Ray Wilson, Ron Hemelgarn, Jerry Kahn, Bob Rice, Joe Gold, Bill Pearl, Ken Melby, John McCarthy, Augie Nieto, Larry Scott, Bill Hubner and Bill Kazmaier on the roll-call for this great honor. On August 18, 2009, in Reno, Nevada, 560 people gathered to honor Mark Mastrov, a record attendance for NFTJ Awards Banquet. CLUB INSIDER congratulates Mark Mastrov on his great honor, and we wish him well in all of his future endeavors.



**Ray Wilson and Mark Mastrov After NFTJ Lifetime Achievement Award Presentation**

(Norm Cates, Jr. is a 35-year veteran of the health, racquet and sportsclub industry. Cates was the Founder and is now completing his 16th year as Publisher of CLUB INSIDER. He was IHRSA's 1st President, and a Co-founder of the Association with Rick Caro and five others, in 1981. In 2001, IHRSA honored Cates with its DALE DIBBLE Distinguished Service Award, one of its highest honors. He may be reached by phone at 770-850-8506 or email at [Norm@clubinsideronline.com](mailto:Norm@clubinsideronline.com))



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# Welcome to the Hilton... We Have Beds!

**By: Chris Russo**

One of the hardest things to do in marketing is connect emotionally to your prospect. Telling them how much stuff you have in your club just doesn't do it, which makes me wonder why so many clubs continue to make that their message.

One of my favorite quotes from Thomas Plummer is, "Welcome to the Hilton... We have beds!" It's a painfully obvious, albeit funny, statement, but this is a fundamental problem with many of the advertisements you see for our industry; they are features-driven. More weights, better treadmills, bigger lockers, etc... Yes, you have the stuff and paid a lot of money for it. Who else cares? Not Jane and Joe Prospect. If they are like the majority of prospects, then they have never been members of a club, and all that "stuff" intimidates them. Worse still, they may feel that they are not yet fit enough to join your club!

When it comes to pros-

spects, the small percent of workout fanatics have found you and are already members or even staff! No marketing required. They know what they want and will join the best fit for them.

Next in line would be the occasional users. These are the people whom most clubs are fighting for, or the largest percentage of the "churn," as Mr. Cates refers to them in his August 2009 Cover Story entitled, Trust. They want to be club members. They want fitness to be part of their life. They want to enjoy the experience and social side of a membership. Most importantly, they want results. Unfortunately, most don't get what they want (or need) and jump to the next shiny, new club as soon as it opens. Maybe the new treadmills with all the latest gadgets will help! Likely not...

We all know it's less expensive to keep an existing member than it is to find a new one (retention is a whole other topic that all clubs should research and work with experts in

our industry to increase). Happy members stay longer, spend more and are more loyal! Stop treating them like they don't count. Treat them like you value their business --because you certainly should--with respect, and give them the attention and help you'd expect as a customer yourself. It's the very least you can do!

The final group is the non-exerciser. By some accounts, this comprises 65% of the population or more who have never been a club member. They may have never worked out at all. They are also pounded with a few thousand advertising messages every day, including yours. Do you think you are going to stand out by telling them you have TVs, trainers, showers, 25,000 lbs of free weights and a cardio deck that stretches for a mile and a half?

### Benefits versus Features Marketing

So, what's the difference between *benefits* versus *features* marketing? It all boils down to

what you are going to do to help Jane and Joe Prospect. They may need to lose weight, or recover from surgery, or perhaps they simply want to be able to take out the garbage without being out of breath! Each prospect has a unique reason for coming to you, and at the end of the day, he is looking for help to accomplish one thing, achieving the results he wants.

For example, instead of including the standard "laundry list" of stuff in your marketing message, why not make an attempt to establish an emotional connection with your prospect by replacing it with a testimonial from a member; a real member too, not just "this is the best club ever" one... Another idea is to make it *easier* to join by removing some of the barriers. Offer things like a money-back guarantee, introductory group training and group fitness classes and member ambassadors who provide support and reassurance to the new member.

People need to feel comfortable from the very



**Chris Russo**

first time they walk into your club. Better yet, if you build your reputation around trust and results, your members will recommend your club to their friends, family and colleagues, and that is the best advertising in the world!

One last point to consider when planning your great, new "features" marketing campaign, one which I have made before but is always a good reminder, when (See *Chris Russo* Page 21)



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*...Chris Russo*  
 continued from page 20

the local newspaper, billboard company or printer offers to design your ad for free, keep in mind the price you pay may just be reflected in the product you are going to get. Even if it looks okay, is it on message for your club business? If you truly want to build trust --think brand marketing and the big guys like Nike, Coca-Cola, Apple, etc-- you need to be consistent in the message to the consumer. Not for a month, and not for a quarter, but forever. Campaigns can change and so can offers, but what you say, how you say it and to whom you say it must be the foundation of every piece of marketing you spend your valuable dollars on. If you can commit to make your marketing 'work out' like you help your members do, then it will start *working out* for you too!

*(Chris Russo is General Manager of Susan K. Bailey Advertising, an agency with over 25 years' experience in the fitness industry. Visit them at [www.clubads.com](http://www.clubads.com) or call 888-349-4594 and speak with one of their Marketing Coaches.)*

**Make It Fun!**

# Fifteen Steps to Paradise

By: Will Phillips

## Moving Beyond the Recession

The recession will be with us for a while, and no one knows how long. Many think consumers will be different, even after the recession ends. I, and others, have written many articles about getting ready for the recession and living through it. By now, your club should have its recession feet under it. That is, if you and your club are able to learn, adapt and change. Those that can are doing quite nicely in sales and retention. This article is for them. It is now time to strengthen your business so it can blossom when the recession ends.

## Improving Your Whole Business Organization

During my 30 years of consulting in three dozen different industries, I became a consulting generalist. This is very similar to being a general practitioner in medicine where you provide the frontline diagnosis of what syndrome the patient is suffering from and carry out the bulk of the treatment.

Many businesses go direct to the specialists for help without seeing their generalist consultant. The danger of being treated by a specialist first is Diagnosis by Allegiance. This means that a person who is a specialist tends to diagnose the problem based on the field to which they have Allegiance. Let's say you had pain in your jaw. If you went to a dentist, it would be diagnosed as TMJ (Temporomandibular Joint Syn-

drome); if you went to a podiatrist, you would need inserts in your feet to straighten out your spine so your jaw wouldn't hurt; if you went to a psychiatrist, we would need a treatment on your unresolved childhood issues in order to relieve the tensions in your jaw; and so on.

The exact same thing occurs in the business world, and the result of Diagnosis by Allegiance is symptomatic relief. This means that the immediate discomfort is relieved, but the underlying condition is untreated, never surfacing the contributing issues or resolving the syndrome at the root-cause level. Superficial attention is inadequate to permanently remove the problem.

## Symptoms vs. Causes

This distinction between solving a problem at the symptomatic or the root-cause level is an important insight for every manager and business owner. When you solve at the symptomatic level, you only relieve today's stress, but the underlying causes of the problem remain in place so that symptoms will reoccur down the road. The simplest way to tell whether you're solving a problem at the root-cause level or just masking the symptoms is to notice whether the symptoms reoccur. If they continue to recur, the problem has not been resolved at the root-cause level. Simple!

The vast majority of consultants in the health club industry focus on sales and programming. Many of those consultants who had extensive experience realize that there are

other issues that prevent the full development of your sales efforts, and so, they will spend a certain amount of time on those issues, even though it may not be their specialty. Unfortunately, most health clubs, like many small businesses, are too small to retain serious generalist consultants. The generalist consultant is of such extraordinary value that they generally find it more appealing to consult with billion-dollar companies on retainers of several hundred thousand dollars a month.

## An Industry Example

An example of such superficial problem solving is the industry's approach to the retention of members. I believe that our current understanding is a bit superficial when it looks at the co-occurrence of events and perceives a cause and effect relationship. In other words, our relatively unsophisticated research finds that club members who stay a long time also use the club a lot in the first eight weeks, and they are willing to pay a higher initiation fee. This is interpreted, incorrectly I believe, that the early usage is a cause of longer retention. So, if we provide a superb introductory program for a new member in the first month or two of his membership, he will stay longer. The data I have seen from several clubs does not support this. The more likely situation is that those who are committed exercisers use the club more in the first eight weeks and stay longer!

## A Deep Look At Retention

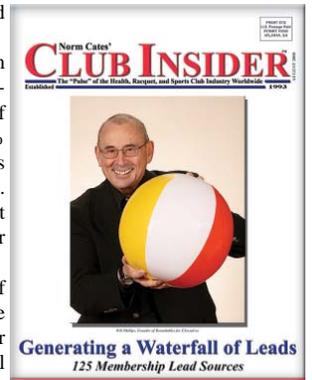
What we have in this case is a complicated, two-step problem. Health clubs have done a superb job in solving the first problem with their skills in designing beautiful, efficient facilities then packing them with an amazing variety of equipment and programs. The industry is superb at this, and if you go through a trade show, you will see all the experts on the trade floor showing their wares that have to do with facilities, equipment and programming. But, as in many industries, the solution of one problem creates a secondary

problem for the purchaser, and this remains unsolved.

That secondary problem is changing the member's behavior and building a habit of exercise. As all owners know, 5% to 10% of your members had this exercise habit when they arrived. Goodness knows where they got it from, but it's there. The other 90% do not have it.

For the vast majority of our other members, they average about one visit a month to their club. This, of course, is a total disaster when we talk about exercise being a magic pill for your health because it requires you to exercise vigorously at the very minimum of three times a week, five being even better. Unless the industry is willing to open this Pandora's Box of behavioral change at a significant level, they will not solve this problem. For one idea on what opening this box might look like, see my article in the **July 2009 Edition** of **CLUB INSIDER** titled, "Immunity to Change."

One quality of problem solving that is essential in improving the health of your club as a business is the willingness to pursue the problem to deeper and deeper levels and not settle for a superficial patch job. A second skill or perspective, which is extremely helpful, is the realization that few problems of organizations occur completely by themselves so that a single cause produces a single problem. There are multiple systems that are intertwined and interconnected. Think of what happens when you begin to remodel a room in your house, and it looks like just a little carpentry to move a wall over a foot or two. Before long, you are involved with the plumbing system, the heating system, the air-conditioning, the electrical system and the fire code. The common experience of the home remodeler is, "My gosh, I didn't realize how complicated it was," and this is just with a mechanical organization called a building. When you're dealing with a more complex living organization, such



Will Phillips

as a business, it is way more complex and the interactions much more sophisticated and subtle.

## Learning From The Best

In two decades of working with a hundred or so of the top health clubs in REX Roundtables, I have seen what the best do in terms of making root cause improvements in their businesses. From that experience, I have identified fifteen elements in truly healthy, resilient, growing, profitable and community-contributing health clubs. When all of these fifteen elements are in place, they are mutually supportive. By understanding a little about how organizations function, it is possible to see that some of these elements should precede others although there's not a rigid, hard and fast sequence for going up to the steps.

Once you go up a few of the steps, you will look back and realize that some of your solutions on the earlier steps were not as sophisticated, elegant or effective as they could be. So, a certain amount of revisiting earlier steps is necessary. Over time, as a health club cycles through these fifteen steps a number of times, you will reach paradise. You have an organization that is growing, profitable, well differentiated and developing significant value for all of its stakeholders; the owners, the staff, the members, your vendors and your community.

(See Will Phillips Page 24)

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### ...Will Phillips

continued from page 22

This will take several years, and that is why most clubs do not become the best. They give up. The journey is too long, and they want a quick fix.

#### Are You Motivated By Pain or Progress?

The number one motivator for business leaders that leads them to take action is to avoid or reduce pain. When everything is going well, leaders kick back and coast. "Why fix it if it ain't broken?" has been taken seriously as a management principle. Most problems or challenges are addressed in at least two levels. In the first level, you are motivated by the pain of the problem or the excitement of the new project. This gets you started and relieves the symptoms so the pain subsides, or it burns off the easy emotional excitement that launches the new project.

Now, we come to the second level, persistence in

digging deeper to uncover the underlying causes of the problem when there is not pain! Or, pursuing the project when there is low emotional energy. In marriage, this is called the Seven Year Itch; although the modern version has a shorter time span!

Persistence in the second level is based on your commitment to progress. This is a value that provides the discipline to persist. If you have this, let's begin.

#### The First Step-Your Vision

This article will be one of several that give you a systematic and systemic process for improving the overall health of your health club over the long term by developing each of these fifteen areas. That's it.

Step one is creating your business vision; a vision which inspires and focuses everyone's choices. A vision is a statement of what you want in the future. It is not *how* you will get there, but *what* it looks like when you do. It is positive, descriptive and very specific.

A vision often occurs in the entrepreneur's mind before they open their doors. It is the inspiration, excitement and energy of the vision which gives them the energy to continue during hard times and the willingness to assume the various risks in launching a business. The vision reflects a conscious dream of an extremely desirable future. For many entrepreneurs, a vision begins with your sense of freedom and control in being the owner. For the very best clubs, visions extend to how you impact the lives of others and deliver meaningful services to your members, staff and community.

If you want more evidence of the power of a vision, see Jim Collins' book, *Built to Last*, on visionary businesses. He makes a very strong case that larger businesses with a clear, strong vision outperform those without one. You can think of the United States Constitution and Bill of Rights loosely forming a vision of what this country could become; a vision, which inspired that focused behavior

for over two centuries. One of the intriguing qualities of our astounding national vision is its commitment to a nation where everyone has equal opportunity. Of course, when the original documents were written in the 18th Century, the only people who had equality were those who were landowners. Non-landowners, all women and all non-whites were excluded. Over the last 200 years, we have seen a progression of increasing manifestation of this vision of equality by expanding its inclusiveness.

#### How to Write Your Vision

A vision is an exceedingly simple thing to write. It's inside of you. There is no particular form except the more detailed the better. It is a clearly-stated description of what you want your business to be or look like in the future. The farther you go into the future, the easier it is for the vision to be free of today's events and practicalities and truly focus on what is in your heart. The best visions are a page or two

in length because of the details and specifics.

#### Help in Crafting Your Vision

Set aside 45 minutes.

**Step One:** Write a list of things you are proud of in your life and your work. Add to this your list of dreams of how you would like to impact your customers, your staff and your community.

**Step Two:** Prioritize the list above with stars. Choose the top three to five stars.

**Step Three:** Use these priorities as a spring board to describe your business; in the present tense, at least five years into the future. Write all the things that prove your business is successful. Write quickly, do not self edit. Include personal and business stuff.

If you would like help in formulating a vision, I suggest you attend a two-day workshop offered by Zing Train in (See Will Phillips Page 26)



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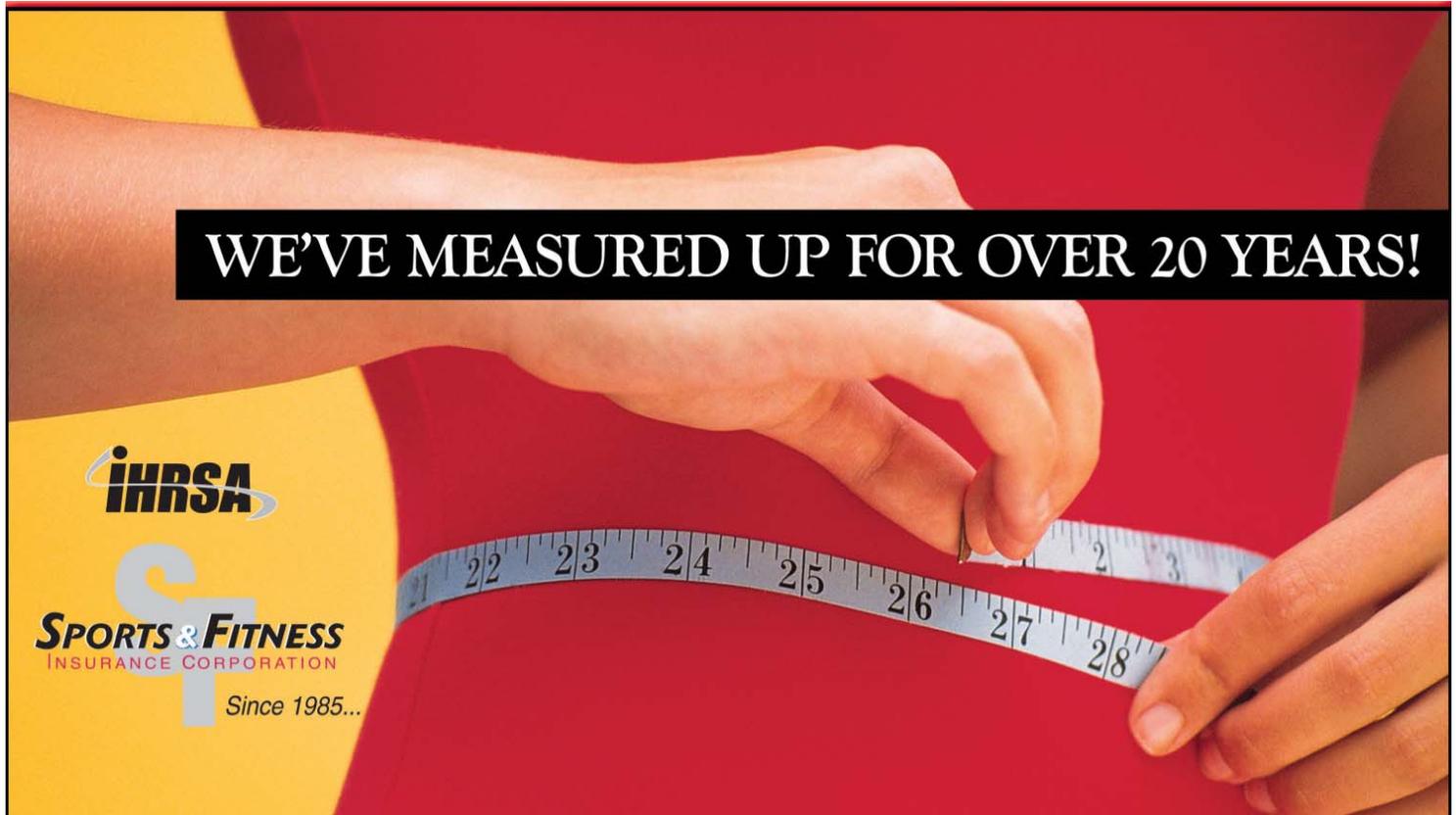
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**...Will Phillips**

continued from page 24

Ann Arbor, Michigan ([www.ZingTrain.com](http://www.ZingTrain.com)). This workshop is held twice a year. This two-day workshop focuses on creating a vision for your business. Now, I will admit that the particular type of vision that is focused on here is the vision of becoming a small giant business. In order to understand that term, I refer you to the book *Small Giants* by Bo Burlingham, the Senior Editor for Inc. Magazine. This book describes extremely unique businesses that have decided not to focus only on shareholder value or profitability but to focus on value, delivered to staff, owners, customers and community.

**Making Your Vision Everybody's Vision**

Once you have a draft of your mission, share it with your team and ask for input. Discuss, explore and look for win-win resolutions of differences so you can craft a vision for all of your staff. You will not be able to get

everyone on board. Remember what happened when Jim Collins asked CEOs of visionary businesses how they got everyone to buy in. Universally, the CEOs said they never faced that issue because they hired them! Do not try to convert everyone. Hire those that buy in!

Nick's Pizza and Pub, an astonishingly profitable business, gives every applicant a copy of their Purpose and Values. They use that moment to determine whether the potential applicant is engaged with their vision or not.

**How The Vision Guides and Focuses Your Business**

Once this vision is in the mind of everyone, it becomes the primary decision rule, helping to shape and formulate every single business decision, whether it's a small day-to-day decision or a major strategic decision. You might think of it as a magnet under a table sprinkled with iron filings that are scattered in all directions, each iron filing representing a different decision and a different little speck of

energy. When the magnet comes up underneath the table, all the specks align in the same direction, create a pattern and focus the energy, which did not exist before without the coordinating focusing effect of the magnet. When you have a vision in place, delegation becomes possible. Nick's vision is so powerful that they have zero policies to guide front line behavior.

Almost invariably, as a result of this focus, visionary businesses have exceptional growth and profitability for their industry. Once the company vision is in place, you can now build departmental visions focusing downward, yet linked into the company's vision. This is the single most powerful tool for making decisions in your company so that their accumulative power moves you in the direction you desire.

Next month, we will focus on formulating and refining strategy, especially competitive strategy.

*(Will Phillips is the President of REX Roundtables for Executives.)*

*REX chairs eighteen club owner roundtables in the U.S., Australia, New Zealand, Brazil and Japan. The newest REX Roundtable will focus on Small Giant businesses in all industries.)*

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# Multiple Streams of Income

By: Donna Krech

Success or failure? We really do have a choice. I have two friends who make their money in the real estate world. One relied on selling houses in order to make his living... and he lost his home, had to get another job, is up to his eyeballs in debt and is very scared. The other friend is doing very, very well.

You might say, "Oh I know! It's all about mindset, right?" And certainly, there is something to success and failure coming from mindset, but there is a more tangible variable as to why one is succeeding so

phenomenally and the other is in financial ruin. Success is based on having multiple streams of income.

The friend who is thriving still has his license to sell real estate. He also has information products on how to sell real estate, and he teaches people how to find money to buy a new home, an additional home, a short sale, how to locate people looking to buy or sell, or whatever! He also coaches other business people on how to make money in real estate, even in a down real estate market. He has multiple streams of income.

To parallel this to our

world, we know the commodity we sell is fitness (and yes, unfortunately it has become a commodity). This is one stream of income. But wait... we don't have to stop at one. Most of our locations also offer personal training and many sell tanning or even group fitness. My question is, how are those income streams working out for you? My philosophy is this, unless it's intended to simply serve, whatever we do in business better make us money. Every profit center needs to be just that... a center for PROFIT.

I've been an entrepreneur in this industry since 1986, so I've been around the business block a time or two. That's what makes me qualified to share this information with you. You see, I own a fitness club just like you do, and if not for our multiple streams of income, the club would *not* be giving me the level of profit I want. I love the business, and I'm in business to make money. Hence, I've added multiple streams of income.

What are some of your options? Let's talk through four of them today. Like my real estate friend who teaches people how to do something that complements his real estate career, you could be offering services that your members want anyway. One could be weight loss, another life coaching. Paralleled to my friend coaching business people on the basics of investing and real estate, you could write your book, produce your audio or video and have your own information product on your expertise. I do all of the above with regard to my career and my health club.

Weight loss income is EXPLODING in the fitness world! Club owners are seeing doubled, tripled, even quadrupled bottom lines. My own experience was this, when I looked at the P&L's for Fitness Solution 24/7 (my club in my hometown, Lima, Ohio) and then referred to the P&L's for Thin&Healthy's Total Solution, I screamed, "This fitness thing doesn't make any money. Thank God for weight loss income!" Now I know why our licensees are so thrilled when they see someone start paying \$59.00 to \$99.00 per month who was previously only paying

\$19.00 to \$39.00. Yes, members are paying the higher monthly rates at this very moment.

Of course, there are many weight loss business options. The point of this article is to get you to choose one! I'm inspired as I observe our industry beginning to embrace what a life-saving component we can offer. My urging is to OFFER IT!

There are simple words to use --with your members and in the community-- that will result in your weight loss income rising. The fact is, there *will* be a weight loss business going into a club in your area. It's only a matter of time. If it's yours, it will mean more profit for you and more of an obesity solution for your community. If it's your competition, well, you know that answer.

Shaun Fisher, an Anytime Fitness owner, added nearly \$250,000 without doing any extra marketing at all. Mike Diegan of Temecula Valley Fitness says weight loss has the highest ROI of anything he's ever added in his club. We have multiple case studies available on people who've succeeded in weight loss, from 800 square-foot clubs up to 150,000 square-foot clubs. Contact us at [www.thinandhealthy.com](http://www.thinandhealthy.com), and we'll be glad to send you the details.

Let's look at another stream of income. Life Coaching is the number one fastest-growing field today. Certifications abound. There is Coach U, International Coaching Federation, and Never Ending Motivation Coaching, just to name a few. The possibilities are endless with regards to income in this area. You can never leave your club and see an instant increase in income. It's bringing our club an effortless \$100,000 a year.

Fitness members are perfect life-coaching candidates for two reasons. They're already into personal improvement through physical fitness, and as they get healthier, they become more interested in improving other areas of their lives. I met with someone recently who's



Donna Krech

been training for several months. He looks and feels fantastic, and he's saying, "I want to know what I can do next!"

When we added the life-coaching component to our facility, we saw \$10,000 in extra income within 30 days and guess what, it's stayed there! Talk about "found money," plus we get to watch as members' lives improve. To find out more about coaching, simply contact us at [www.thinandhealthy.com](http://www.thinandhealthy.com) for a FREE coaching session for yourself, and you can see if it's the right addition for you and your facility.

Another income stream is products. Writing the book you've wanted to write or producing audio is so simple you may need to sit down in order to read this because you may fall down once I tell you how simple it is! If you're part of this industry, you're a passionate person, and there is a foundation for that passion. It might be sculpting or building muscles, or it could be working with kids, teens, boomers or older adults. In any case, once you determine what passion you want to write about, all that needs to be done is a 13-step system.

1. Purchase a large pad of poster-size post-it notes.
2. Attach several to your wall.
3. On the first sheet, write your headline or main thought idea (this will become your title and soon, your cover).
4. On the next sheet, write the

(See Donna Krech Page 30)

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# Programming Tip of the Month:

## Let's Get Serious About Humor

By: Sandy Coffman

Later this month, I will be addressing the management team of the Parks and Recreation Department for the City of Largo, Florida. They have informed me that their two largest markets for the new programming calendar are "kids and seniors," and they have requested some ideas from me to help them market, promote and administer programs that will result in growth and retention... especially for the older adult market. Yes, of course I can give them some great programming ideas, but it will be important to have the managers and program directors understand that the two markets really aren't that different. Both need and want to have more *fun* in their lives --especially in their fitness lives. We all need to work on

incorporating (or developing) a sense of humor to go along with our exercise programs and workouts.

Depression is looming in our world and threatens to be life threatening in the near future. More and more research is telling us --*seriously*-- that humor and laughter: (a) increases lung capacity (b) boosts mental clarity (c) promotes healthy digestion and, yes (d) even tones the abs.

The generation of today --Baby Boomers and beyond-- have taught us about a very different fitness concept. They are telling us that fitness begins with a positive attitude, a high self-esteem, a social environment, a mind and spirit fulfillment as well as a fit body. Our market of today is and will continue to be healthier and more active than previous generations. They understand the importance of fitness, but we

must be responsible for giving them the programs and classes that address them in their real lives of today.

It has been very obvious to me that the most successful clubs nowadays have large classes and groups of people 60 - 90 years of age who come together regularly to engage in activity, camaraderie and a controlled exercise environment that lets them relax, release inhibitions, become playful --maybe even silly at times-- and enjoy a sense of humor... often even laughing at themselves. As I write this article I'm getting ready to be certified in Zumba Gold so that I can encourage and inspire the leadership teams that I give seminars to in yet another form of successful programming. Whether you are a leader or a participant, let the child in you come out. Your efforts will reward every market in your club.

One more thought. The Boomers and beyond know that aging is unavoidable. It has been my observation that they are willing to embrace it --with gusto and humor as well as with disciplined exercise routines. Almost 90% of women and 80%

of men have evidence of some osteoarthritis. We can't cure it, but we can sure help relieve the symptoms and encourage physical activity that relieves some of the pain and achieves more flexibility and range of motion. Our education and teaching techniques for this generation may have to include more mind and spirit exercise skills in order to achieve the results in the body.

We must continue to educate ourselves on the real world needs and wants of our new generation of members for the next generation of our business. Our members of today have changed the course of our culture and society. It is our responsibility to change the course of action on how we can best serve them by giving them a quality of life that will encompass their whole being --mind, body, spirit and a healthy sense of humor. Our industry could be the deciding factor in combating human depression. Take a new



**Sandy Coffman**

look at your programming menu for this fun loving market.

(Sandy Coffman is the "Dean of Club Programming." To order Sandy's great programming book, *Successful Programs for Fitness and Health Clubs: 101 Profitable Ideas*, go to [www.humankinetics.com](http://www.humankinetics.com). Contact Sandy at [SLCoffman@aol.com](mailto:SLCoffman@aol.com) or visit [www.sandycoffman.com](http://www.sandycoffman.com))

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### ...Donna Krech

continued from page 28

elements you would teach on the main thought and the topics that relate to it (this will become your table of contents).

5. Title each remaining post-it with an individual topic and write everything you can think to write that's relevant to the topic (you're composing chapters).

6. On the last sheet, sum it up (your closing chapter).

7. The book is ready to formally write. Dictate into a digital recorder the thoughts you've written.

8. Transcribe and re-read.

9. Get to an editor.

10. Re-read.

11. Another trip to the editor.

12. Begin submissions if going with traditional publishing, but remember, self-publishing is where the money is.

13. Have book completed (cover, formatting, etc) and sell to your members, plus, use as an awesome credibility builder when you speak at events.

I've had the privilege to write several books. I'll be happy to answer any questions you might have if this is the way you want to go. Simply go to [www.thinandhealthy.com](http://www.thinandhealthy.com) and click **Contact Us**. We'll be back to you within 24 hours.

I could go on and on. You could put up a money-making website. You could begin to be paid as a speaker. You could develop boot camps. You could... The possibilities are endless. For a FREE report on multiple stream options, simply visit our website.

Unsure of which way to go, or how to get started? You're more than welcome to visit us anytime and see all these streams in action. We love to share!

(Donna Krech is the Founder and CEO of *Thin & Healthy's Total Solution* and may be reached by email at [Donna@DonnaKrech.com](mailto:Donna@DonnaKrech.com))

## Sincere Thanks and Great Appreciation To:

All who have advertised, purchased subscriptions, pitched in as Contributing Authors and read CLUB INSIDER! We are now in our 16th year of publication! All of you are on the "Team" that makes this publication, and we will be grateful to you forever. **I appreciate and LOVE 'Ya!**

Very Sincerely,

*Norm Cates, Jr.*

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"I have never seen anything else in the industry have such a high impact on guest traffic, member retention, member satisfaction and profits. With BTS we've increased monthly group participation from 800 visits to 6,000 visits, added over 2,600 new members increased retention from 50% to 73% and increased profits by over 400%!"



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Owner, WOW! Work Out World

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Jason West  
Owner, Gold's Gym Elite

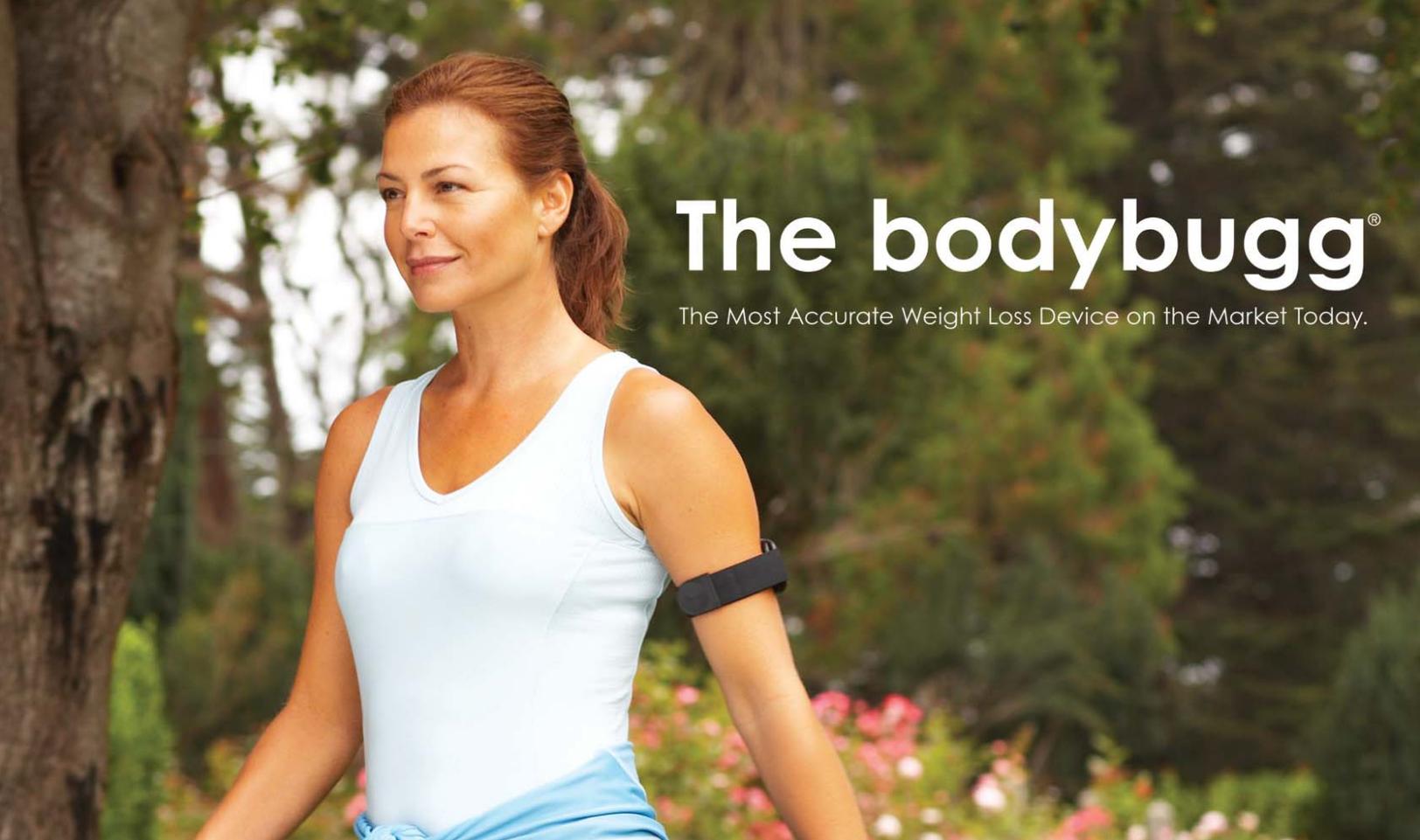
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