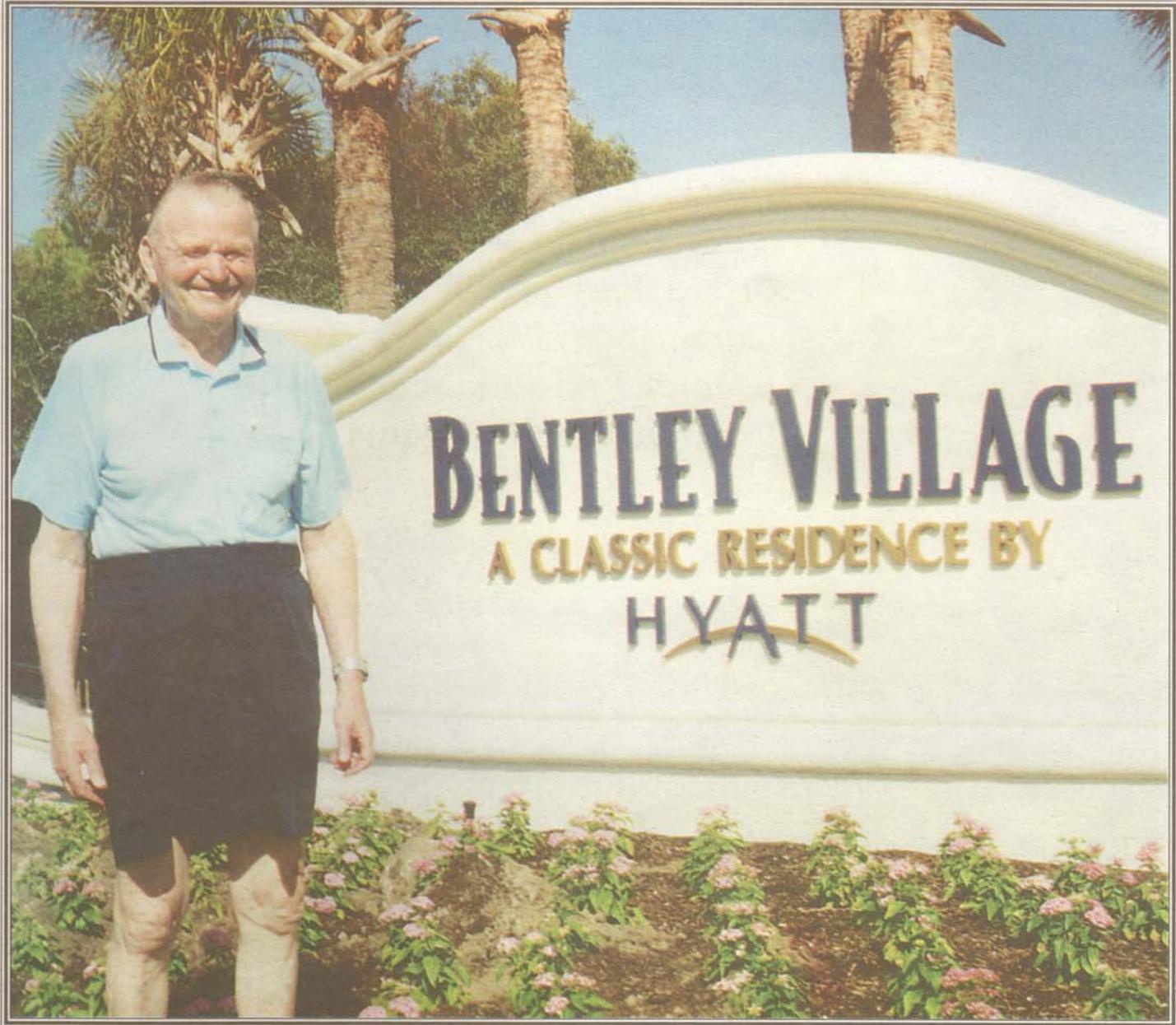


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NOVEMBER 2000
VOLUME VII NUMBER 11

Norm Cates'
THE Club Insider
NEWS

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



DALE DIBBLE
"Mr. Enthusiasm"

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Gold's Gym (IN).....	104% Increase	Lynne Brick's Women's Only (MD)	Pre-Sale
Court Sports I & II (NY)	30% Increase	Westlake Sport House (CA)	30% Increase
Greenville Racquet & Fitness (SC)	40% Increase	Bel Air Athletic Club (MD)	20% Increase
Spa At The Fountainbleau (FL)	31% Increase	Just to mention a few

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THE Club Insider [©]

NEWS

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

Dale Dibble: "Mr. Enthusiasm!"

By Norm Cates, Jr.

Dale Dibble is a man whose enthusiasm and great spirit has inspired hundreds of up and coming club owners and developers world wide. He is one of the great club mentors of our time. His story should inspire all club professionals and club developers. Dibble, along with partners Ed and Zoe Veasey, developed the world-class Cedardale Athletic Club, a 175,000 square-foot multipurpose facility outside of Boston that began with 200 members in 1972 and reached 8,000 members by the time Dibble had retired in 1989.

Along the way, Dibble was one of the founders of the New England Racquet Sports Association and IHRSA, attending the first merger exploratory meeting of representatives of the National Tennis Association and the National Court Club Association in 1981. After retirement from full-time involvement in the club industry, Dibble, now 83, is once again actively involved in the business through his volunteer leadership at the Hyatt Classic Bentley Village Wellness Center in Naples, Florida.

Dale and Olive Mae Dibble have had an amazing life together. Dale married the former

Olive Mae Nickell, a Winthrop, Washington, High School classmate, in 1943. After graduation, Dibble enrolled in Washington State College and was majoring in physics when World War II began. Rather than being drafted, he volunteered for service and was sent to Cal Tech to study meteorology and became a weather officer. Later, he became a P38 pilot. During the Korean Conflict he was recalled and joined the 53rd Weather Recon Hurricane Hunters and reached the rank of Lieutenant Colonel. During the time between World War II and the Korean Conflict the Dibbles owned and operated

the Evergreen Store on Main Street in Winthrop, Washington. After the Korean Conflict, Dibble joined the General Electric Corporation where he was employed for 13 years. The Dibbles now live together in Bentley Village, a 155-acre upscale retirement community developed by the Hyatt Corporation in Naples, Florida. Bentley Village is much like a small town and offers its residents virtually everything they need to live a full and active lifestyle.

Dibble was employed in Boston by General Electric when he was approached by one of his associates with the chal-

lenge of developing a company-owned tennis and swimming complex. He agreed to do so, unknowingly entering the health, racquet and sportsclub industry by "the seat of his pants" as he describes it. It was in 1962, an era when most Moms didn't work and the demand for family activities was high. After completing the General Electric facility, he concluded that he could develop such a facility himself and operate it on a commercial basis. He proceeded and got his start with the development of Groveland, now a 52-acre facility that began with 10 acres containing one 50-meter pool and an apartment lo-

(See Dale Dibble page 4)

8 Years And Counting!

By Norm Cates, Jr.

This month we begin the 8th year of publication of The **CLUB INSIDER** News! As we closed out our 7th year in last month's issue I mentioned in Norm's Notes that I owed thanks and appreciation to a lot of people. To be sure, as we move into our 8th year, I want to review and restate my thanks to everyone on that list, just in case you didn't read our October, 2000 issue.

My most sincere thanks and appreciation goes to all of our ADVERTISERS, SUBSCRIBERS,

CONTRIBUTING AUTHORS, MS. CATHY BROWN and MR. RON HUDSPETH of the Hudspeth Report in Atlanta, all of the great folks at WALTON PRESS, RICK CARO and the FAUST EXECUTIVE ROUNDTABLE #1, IHRSA and JOHN McCARTHY, my DAD and his wife LOUISE, my brother DAVID and my son, JUSTIN CATES for their help and kind support over the years.

During our first 7 years and in the future as we move into year #8, we have focused and will continue to focus on three primary thrusts. Those are:

(1) NEWS FIRST - To

publish the latest health, racquet and sportsclub news FIRST, before any of our competitors. Due to our web press printing method, we enjoy a distinct advantage over all of the industry glossy magazines when it comes to delivering industry news FIRST. This edge makes The **CLUB INSIDER** News first read everytime. Over those past 7 years I have had countless club owners and operators to tell me, "Norm, I love The **CLUB INSIDER** News and look forward to receiving it each month. I always put aside what I am doing and read your paper right away. With the glossy magazines, I usually put them into a pile altogether and read them when I get around to it. I like your truthful approach to the industry and I know I can depend on that. And, I love to read Norm's Notes so I can get all the latest industry news."

(2) EXCELLENT EDUCATIONAL CONTENT - We have a terrific team of club industry experts that serve as Contributing Authors for The **CLUB INSIDER** News on a regular basis.

They provide excellent educational content each month, articles you can read and immediately begin to apply to improve your business. The education thrust continues as we are always seeking and adding new Contributing Authors.

(3) "TELL-IT-LIKE-IT-IS" - The **CLUB INSIDER** News was created and developed during a series of brainstorming sessions in 1993 by The FAUST EXECUTIVE Roundtable #1. The members of that Roundtable include many of the original founders of IHRSA (The International Health, Racquet and Sportsclub Association). I worked closely with many of those individuals in 1980/91 as we created IHRSA and was honored when they elected me to serve as the 1st President of IHRSA in 1981. The Faust Roundtable members envisioned a publication that would be irreverent and would have the guts to speak out on important industry issues if and when it might become appropriate. We have done that and this willingness to "Tell-It-Like-It-Is" has served

us well. We will continue to monitor industry happenings and yes, we will, whenever the situation calls for it, speak out on behalf of this great industry.

Our goals for the future are simple. We want to continue to deliver an excellent publication to you, our readers, each month. We also are going electronic with The **CLUB INSIDER** News so that we may reach readers world-wide without high printing and postage costs. We are just a couple of months away from being able to provide subscribers everywhere with on-line access to the entire publication, including the advertising, everymonth. This will not only provide our International readers with immediate access to The **CLUB INSIDER** News, it will give all U.S. and Canadian subscribers the ability to receive The **CLUB INSIDER** News 10 days to 2 weeks sooner on average due to the fact they won't have to wait for the mail to get the latest news first.

Thanks again to you all for reading The **CLUB INSIDER** News and for your support over the years. And please STAY TUNED!

Inside The Insider

- Industry Leaders View LeisureNet Bankruptcy As Anomaly
- Differentiate...Distinguish Your Independent Club... Or Die!
- Responsible Problem Solving
- More On Taking Your Marketing Efforts To The Next Level: Part II
- Deck The Halls With Boughs Of Holly...
- Creating Positive Experiences For Our Team Members: The "How" Of The "What"
- Club Doc's Corner
- Club Industry Convention Photos

...Dale Dibble

continued from page 3

cated above the restrooms and snack bar. At 52 acres the facility now offers 15 tennis courts, basketball courts, outdoor pavilions and other activities and services. In 1969, the business had grown to such an extent that it was impossible to keep his job at GE and continue to operate Groveland. He left GE to devote full time to the Groveland project.

Cedardale Is Born

Along the way Dibble had hired Clif George, a real estate agent, to work parttime giving tennis lessons. One day in early 1970 George came to Dibble with the idea of developing an indoor tennis center. They went out seeking money to build the facility, and everybody they approached turned them down. After awhile, Dibble and George met Ed and Zoe Veasey and shared their idea with them. The Veaseys liked the idea and joined Dibble and George in their quest for funding of the new tennis facility. Dibble recalls, "Groveland had been a great success and after a short period, we were seeing other tennis clubs coming into towns in the surrounding areas. We asked ourselves, 'How can we beat that?' I said, 'Well, if we build another Groveland, but one with indoor tennis courts, lockerrooms, a 50-meter pool and a gazebo, we can appeal to our Groveland members year round because the members have become friends and will want to play with their friends. The problem was we didn't have any money. No money. After awhile they found a bank that

made a commitment to provide \$250,000 out of the \$350,000 necessary for the new facility. So the partners had to come up with \$100,000 in cash. They found 5 acres of land that suited their needs. Dibble recalls, "I told the fellow that owned the land 'we don't have any money!' I explained we had a \$250,000 loan commitment, but we also had to come up with \$100,000 in cash and we don't have any money. So we've got to be able to use the land as collateral to borrow the \$100,000." The fellow said, "That's all right, I'll take back a second mortgage." I responded, 'Abe, it won't help because people that take second mortgages want a whole lot of interest.' He said, 'Well, how about 7% for 10 years?' And, we were off and running! We built that whole club on borrowed money! We had one important rule that made all the difference over the years. We would always take 10% of revenues and put it back in club improvements each year. What a deal! We didn't have to put any personal money in, the club was paying for itself all along and we were making a living. That's how we got started. That business compounded from \$169,000 to \$5,800,000. That was a compound rate of 23.5% per year until I retired in 1989! We started with four indoor courts, small lockerrooms, a 50-meter outdoor pool and gazebo serving 200 members. We grew to 16 indoor courts and ultimately to 8,000 members after we converted many of the indoor

courts to a myriad of facilities including an indoor pool, two restaurant/bar areas, group exercise rooms, weight rooms, basketball courts, etc."

Amazing Business Growth

Dibble recalls, "Then racquetball came and tennis went down! When tennis started to drop off, we began to ask ourselves 'what are we going to do now?' We had always been seeing Dick Trant reaching 93% occupancy in his club with his flextime on a 16-hour day, 7 days a week. We couldn't do that. So we started taking out tennis courts. We took out two indoor tennis courts (about 15,000 square-feet) and we installed a new addition with 18 racquetball courts. So, now we have 12 indoor tennis courts and 18 racquetball courts. There is a little thing that happened here financially that is very interesting through this whole play of things. Here tennis comes up and it goes down. Here racquetball comes up and it goes down. Here multi-sport comes up as we began to add other facilities and services and instead of seeing the cumulative income drop off after awhile, we saw an ongoing progression of growing income. There was an ongoing stair-stepping process of income growth up to \$5.8 million and 8,000 members. Importantly, by that time, over the 14 years from when we began in 1971 until 1985, we had paid off all of our debt. We were footloose and fancy free. Everything was paid for and that club was

making a return of 27.5% profit after depreciation! And, remember we were setting aside 10% each year for reinvestment in the club's new amenities and ongoing upkeep. It was going great."

Dibble continues, "But, I had gone through two open-heart surgeries. By 1985 I was 65 and I wasn't sure at the rate I was going, how much longer I was going to last. (Editor's Note: Over a year ago, Dibble almost died when his heart condition worsened. However, terrific open heart surgery by the doctors at the Cleveland Clinic in Cleveland, Ohio has made Dale Dibble as good as new. He looks and acts very healthy and he is very energetic). So, Olive Mae and I retired from active involvement. I was President, so I asked Ed Veasey to become the new President. In 1993, we sold our interest to Ed and Zoe Veasey. We set a price of \$7.2 million and I gave Ed and Zoe a choice. I told them they could buy my half of the club or they could sell their half to me and if they did that, I would give them \$500,000 more. But, they elected to buy my share out. It was an ideal arrangement for them, because they had their four kids coming up. It was a job for them and it was a good outlet for them."

CEDARDALE INCOME GROWTH CHART

1972-	\$123,993
1983-	2,886,385
1986-	4,535,290
1992-	5,482,512

We contacted John McCarthy, Executive Director of

IHRSA, Sandy Coffman, President of Programming For Profit and Rick Caro, Chairman of The Spectrum Clubs and President of Management Vision for their comments about Dale Dibble and this is what they had to say:

John McCarthy- "Like so many others, I learned more about the club business from Dale Dibble than from any other person. To me, he will always epitomize the ideal club owner/manager. I could fill a book with what I learned from him. It has always been an inspiration simply to observe him in action. Everytime I met him I learned important things about life and about business."

Sandy Coffman- "I had the pleasure of spending a day with Dale Dibble, his wife, Olive Mae and David Lahait at the Hyatt Classic Bentley Village. Just being around Dale is inspirational and educational. He has shaped, molded and influenced this industry from Day One. And now, even in retirement, he is still one of the most progressive innovators of programming, participation and retention in the industry. He is the true personification of mind, body and spirit! Dale is an icon in the industry and understands people and the word "wellness" better than anyone else that I know of. Dale has been my mentor for over 20 years. He is a master at giving encouragement and recognition and he knows how to create an environment that makes people want to challenge themselves and realize a potential they only dreamed of reaching. Dale Dibble is a leader, a teacher, a role model and a master who has planted more seeds to nurture my

(See Dale Dibble page 10)

INDUSTRY LEADERS VIEW LEISURENET BANKRUPTCY AS ANOMALY

Key Indicators Continue to Support Long-term Health Club Industry Success

BOSTON - The International Health, Racquet and Sportsclub Association (IHRSA) continues to find evidence of the growing financial strength of the health club industry, despite South African health club operator LeisureNet, Ltd.'s move to seek a winding up order (October 6, 2000). Amidst allegations of an undercapitalized expansion and accounting procedures that did not comply with generally accepted accounting practices, LeisureNet's struggles stand in direct contrast to the performance of health club industry operations throughout North America, Europe, and Asia.

"While all of the details have yet to be made clear, it appears as if LeisureNet failed to heed lessons that the rest of the industry learned over a decade ago," said John McCarthy, Executive Director of IHRSA. "LeisureNet did many things brilliantly, but a few fundamental miscalculations put them in a tailspin from which they have not yet been able to recover."

"If initial reports prove accurate, it appears that LeisureNet made commitments to expand far in excess of their capital capacity. This situation was exacerbated by their utilization of revenue recognition practices that impaired their credibility in the financial community," continued McCarthy. "In hindsight, it appears that

LeisureNet, like aggressive companies in other industries, may have been so focused on market share that they failed to establish a profitable business model."

In the United States and the United Kingdom, industry watchers continue to be optimistic about health club operators. A March 2000 report out of Granville Baird Equities research, reported, "The outlook for the sector continues to look positive and we remain confident of the long-term fundamental attractions of the health & fitness club industry." In the United States, an annual survey of more than 230 IHRSA member clubs found that club revenues grew by an average of 10%, net membership growth averaged just over 9%, and average earnings before in-

terest, taxes, depreciation and amortization improved from 20% to nearly 23% of revenues in 1999.

"LeisureNet was an anomaly in the market and not reflective of the quality and integral operators that are helping to lift the health club industry to a new level, by increasing the number of exercisers through a quality product with valued services at a fair price," commented Hans Eschenbacher, honorary President of the German Fitness Federation and Managing Director of FIT-PLUS Holdings GmbH. "We feel that there will be little fallout from this development and are confident that consumers will continue to support the growth of our industry."

"This is the problem of one particular organization and not of the fitness industry," observed

Ian Grainger, Chief Executive of Fitness New South Wales, an Australian counterpart to IHRSA. "The fitness industry is alive, well and growing as quality fitness businesses provide a wide range of health and lifestyle services to an enthusiastic, consuming public of all ages."

The International Health, Racquet & Sportsclub Association (IHRSA) is a non-profit association dedicated to the growth, protection, and promotion of the health club industry, and represents more than 5,600 clubs worldwide. IHRSA is an international leader in health club industry education, research, and advocacy. IHRSA will celebrate its 20th anniversary with its annual international convention and trade show held March 21-24, 2001, in San Francisco, CA.

• NORM'S NOTES •

8 YEARS and COUNTING! Yes, we begin our 8th year of publication of **THE CLUB INSIDER** News this month! Check out the story on page #3 just in case you didn't read it.

The 2000 Club Industry Conference and Trade Show came off without a hitch, but traffic on Saturday at the Trade Show was a little slow. Thursday and Friday traffic was good. A couple of terrific new companies exhibited opportunities that I think you will be hearing more about. My old friends **JANET LOSSICK** and **BOB CHAIKEN** have teamed up with new partner, **KELLY HERRIN** to establish a new company called **Club Performance Network**. The Club Performance Network is a state-of-the-art club employee training program that will provide your staff with well done training on a variety of topics. We'll have more on CPN later. The other product that caught my eye is called **The Pole Dancer**. Now, this is not what it sounds like. What it is is a chrome pole mounted on a platform adjacent to a weight stack. The weight stack is attached with cable to a belt which is worn by the exercise to do squats in a very safe and controlled manner. Check out pages 22 and 23 for photos of the Club Performance Network folks and the Pole Dancer.

Nice to see **MR. RAY WILSON** in Chicago for The Club Industry Trade Show. He had back surgery a few months back and is almost fully recovered. His birthday is coming before long and he looks great! Ray also told me he is going to start a new chain of clubs in Canada in the near future and decided to hold off on his plan to enter South America because of the long flying times required to do that.

It was sad to hear that **Bally Total Fitness Chairman, ARTHUR GOLDBERG**, had passed away. May he rest in peace. On October 25, 2000, the Board of Directors of Bally Total Fitness met to mourn Goldberg's passing and voted unanimously to name **LEE HILLMAN** as the new Chairman of Bally Total Fitness, replacing Mr. Goldberg. Hillman has done an amazing job with Bally Total Fitness since taking the helm over three years ago. The third quarter financial results were excellent (as the year to date figures have been) with net income for the quarter up 16% and for the year to date up 18.5%. In early October, **Bank of America Securities** issued a "Buy" recommendation setting a 12 month target of 33. Also, on October 5th, Chicago-based **William**

Blair & Co., L.C., also issuing its first report on BFT, forwarded a "Buy" recommendation on Bally T.F. stock. Now, the BTF stock is rising again and was up to around 28 at press time. When Hillman stepped in to replace former CEO and President, **MIKE LUCCI**, the stock was trading at around 4. In short, Bally is on a 'roll!' (Pardon the pun.)

Life Fitness is also on a roll and continues their winning ways after **KEVIN GRODSKI** assumed the CEO role replacing founder and former CEO, **AUGIE NIETO**. (Now Chairman) On two separate occasions in his third quarter earnings report, Brunswick Chair, **GEORGE W. BUCKLEY**, credited Life Fitness for its significant contribution to the company's third quarter 20% EPS gain. Said, Buckley, "Life Fitness continues to produce double-digit sales and earnings growth and is entering its strongest quarter. Sales growth for the recreation segment was led by fitness equipment, which is benefiting from a strong health club market in the U.S. and Europe, higher sales in the military market and the success of new product launches. Also, Life Fitness announced in October that its Hammer plate-loaded equipment helped Olympic Sprinter, **MICHAEL JOHNSON**, Swimmer, **JENNY THOMPSON** and Wrestler, **TERRY BRANDS** in their quest for Olympic medals in Sydney. Johnson won gold in the 400 meter, Thompson won 3 golds and one bronze medal in wimming and Brands won bronze in men's freestyle wrestling.

It was terrific seeing my long-time friends, **DALE and OLIVE MAE DIBBLE**, at the **Hyatt Classic Bentley Village** in Naples, Florida last August. Interviewing and writing the Cover Story about Dale was great fun for me as the

man is such a pleasure to know. And, it was nice to meet **DAVID LAHAIT**, the Director of the Wellness Center at the Bentley Village. Check out this cover story. Not only do we cover the story of one of the greatest club operators in American history, Dale Dibble, we give you a lot of information on a new market segment that you should consider serving, the over 75 population.

Wellbridge (formerly CSI), under the leadership of industry veteran **ED WILLIAMS**, acting CEO, set a company record with over 2,700 pre-opening membership sales at their newest club, **The Maple Grove Athletic Club**, a 71,000 square-foot facility that opened in mid-October in Maple Grove, Minnesota. Pre-sale buyers paid a joining fee, plus the first and last months dues. The company wrapped up October with nearly 3,000 memberships. Way to go Ed and team!

It is good to see that **IHRSA** has selected the PR firm that will develop and roll-out an aggressive industry image campaign. This will be the first ever campaign to alter the industry image. Year 1 of the 3 year campaign will budgeted at \$300,000. At Club Industry in Chicago the announcement of the choice of a public relations firm to first draft the message that the industry wants to communicate and second, to design a delivery system for it, was made. The firm of **Ketchum Public Relations**, based in San Francisco, is an international full-service company. The next step after the above will be the official launching of the campaign at IHRSA's 20th Anniversary International Convention and Trade Show in San Francisco in March. **STAY TUNED!**

Speaking of IHRSA, don't miss **IHRSA's 20th Anniversary Convention and Trade Show, March 21-24, 2001** in San Francisco.

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This health, racquet and sportsclub [and spa and corporate] Convention and Trade Show will be the Granddaddy of them all! If you attend the educational seminars and spend as much time as possible at the Trade Show, you will come away reenergized, renewed and ready to go for years to come. For information on attending the Convention and Trade Show for members and for non-members, just call: (800) 228-4772.

JEFF BENSKY, the President of **TBG Development**, announced on October 10, 2000 that his company had been acquired by **Znetix**, a company specializing in the development and implementation of preventive health and fitness technologies.

Gold's Gym International has acquired the official training site for "Baywatch!" **GGI** acquired **The Gym** in Honolulu, the official training site for Baywatch. The Gym was formerly owned by veteran bodybuilder, **MIKE SEPP**, who helped train **ARNOLD SCHWARZENEGGER** for his 6th successful defense of the Mr. Olympia contest. The Gym is only five minutes away from the famous Waikiki beach. Boy, this really looks like an important report that needs further investigation by **The CLUB INSIDER!**

The **Ohlson Lavoie Corporation** has been selected by **The Atlantic Club** in Monmouth, New Jersey, to be the architect for an over 16,000 square-foot renovation with a budget of \$2.2 million. The reception area, retail area will be remodeled. And, there will be an additional of 7800 square-feet for a high-end day spa as well as the addition of

space for fitness and spinning. Also, it was announced that **Ohlson Lavoie** will be the architect for the new **Atlantic Club Red Bank** where a new 30,000 square-foot facility including a 4,700 square-foot day spa will be built. The Atlantic Club, developed and owned by industry veteran and former **IHRSA** Board of Director, **PATRICIA LAUS**, has long been one of the premier clubs in the world. It looks like this investment will insure a continuation of that status.

Tennis Corporation of America has named **GREG SNOW** to the newly created position of **National Recruiting Director**. His responsibility will be to implement a comprehensive recruiting program to enhance TCA's ability to attract top-level talent. **ALAN SCHWARTZ**, Chairman of the Board of the 31 year old company, commented, "We are pleased to have Greg as part of the TCA family. His creative approach to recruitment will create a presence in our industry." Also, TCA has added **KATHY NEILS** as Assistant Head Tennis Pro and **CHRISTIAN MORENO** as a Staff Tennis Pro at the **Willowbrook Athletic Club** in Willowbrook, IL.

And, speaking of **ALAN SCHWARTZ**, **IHRSA** will offer a forum for tennis professionals at the **IHRSA** Convention in March. The forum will feature **KURT KAMPERMAN**, President of the Tennis Industry Association (USTA), **ALAN SCHWARTZ**, First Vice President of the United States Tennis Association (USTA) and **TIM HECKLER**, Chief Executive Officer of the United States Professional Tennis Association. For more information, call **IHRSA** at: (800) 228-2772.

(See Norm's Notes page 14)

Norm Cates' **THE Club Insider** NEWS
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Responsible Problem Solving

By Dr. Gerry Faust

Problem solving is generally seen as a reactive tactical process. A problem pops up and we attack it. In this way problem solving becomes the ongoing guerilla warfare of business. We are learning, however, that all too often the problem solving has to be repeated time and time again. "We keep solving the same problems." or "Problems never go away" are common laments. Here are two suggestions that can improve your problem solving activities.

1. Make problem solving a strategic proactive process.

Regularly do an assess-

ment (diagnosis) of your business by asking, "What are we doing now that we could do better?" Getting the team involved in the event will make it more productive and will help build understanding, perspective and teamwork. As part of this activity select one or two priority problems and create an action plan for solving those priority problems.

This can be a once a month activity with the assessment being "what are the two priority problems this month?" Many companies are finding that combining monthly assessments with an annual in depth diagnosis where input is collected more broadly has tremendous value. These annual check-ups often integrated with an executive retreat can provide renewed energy and

focus and have been for many a turning point for their businesses. How often or deep you do the diagnosis, it should result in priorities and action plans.

Follow-up to the diagnosis is a key to its effectiveness. Three keys to follow up are:

a) Manage action plans to deadlines. When developing a plan to solve a problem, remember it should answer four questions: Who will do? What? By when? And How?

b) Make the problem solving a serious effort. Realize that it's part of the work that must be done, not something extra.

c) Solving important problems often requires a team effort. If you need a team, be sure to assign the right team. Don't assign the "people who are available." Assign the people who understand the problem, have authority to create a solution and some who will be involved in the implementation of a solution. Remember: put Doers, Deciders and Experts on a team to ensure success.

2. When solving difficult problems use an orderly problem solving approach.

We find that most problems don't get solved well because people "shoot from the hip" or miss some key step(s) in the problem solving process. Following is the Lyles Problem Solving Process, a process that, when followed can significantly improve the results of your problem solving efforts.

* Define the Problem.

Take the time to identify what is really wrong, what is not happening or what is happening that we don't like.

*** Set the Objectives.** Take the time to define what you want your problem solving to produce. What will tell you that you have been successful? Clear objectives for the problem solving effort will help you select and refine the alternative solutions.

*** Develop Alternatives.** Brainstorm to identify possible solutions. Don't just jump on the bandwagon of your first thought. Force yourself to come up with 3, 4 or 5 different ways to solve the problem. Even if you don't use them, they will help refine the solution you choose.

*** Complete An Action Plan.** Choose an alternative and then work out the details of the action plan. Decide who will do what by when and how.

*** Troubleshoot the Process.** People often get so excited about a solution they don't take the time to ask, "What could go wrong here?" "What could be the side effects?" "How can we ensure this plan will work?" In this step you ask the questions and refine the plan.

*** Communicate.** Once you have a plan ask, "Who needs to know about this?" or "How will I communicate the plan to others?"

*** Implement.** Don't leave implementation to chance. Manage it. Follow through. Be ready to step in if the plan is having trouble.

The most successful organizations make problem solving a strategic process, see problem solving as an on going important part of responsible management, and who use a systematic process on



Dr. Gerry Faust

the tough problems. Increasing the focus and power of your problem solving can, over time, help you get better results for less. Initially it takes extra effort, but it pays by dividends.

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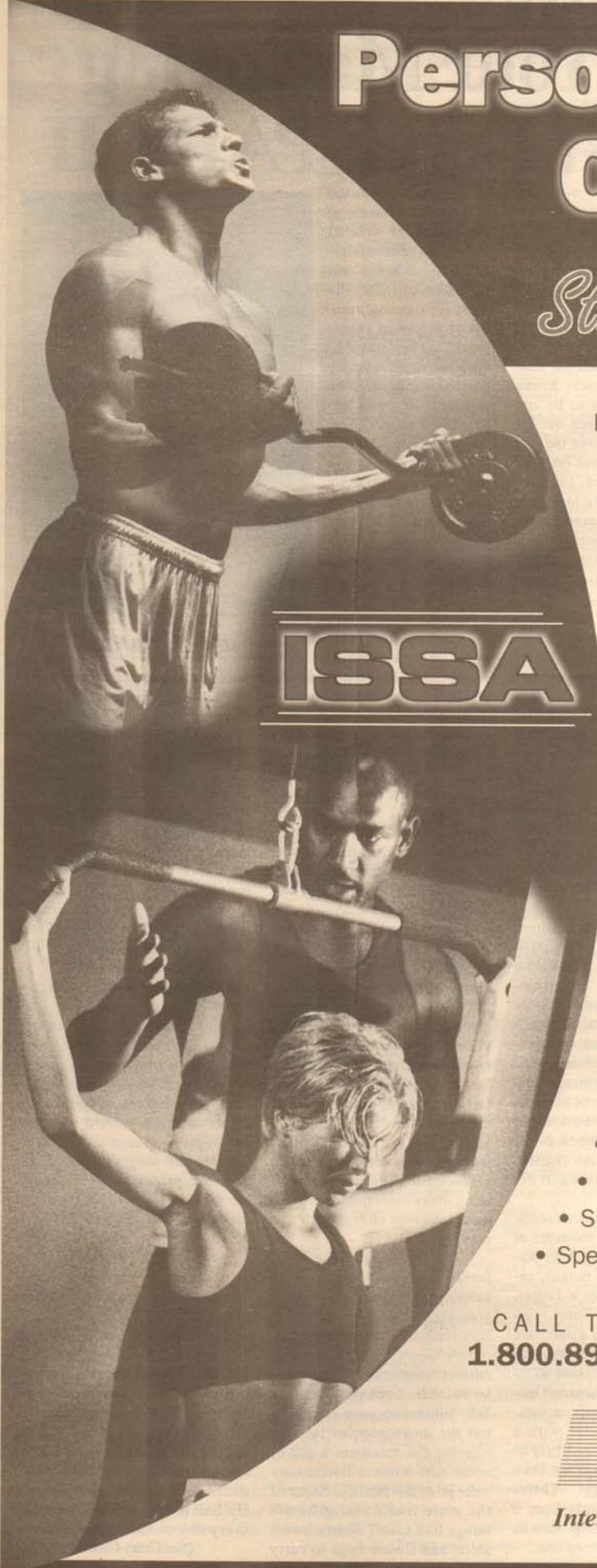
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More On Taking Your Marketing Efforts To The Next Level: PART II

By Casey Conrad

In our last issue, Part I of this article discussed the need for auditing your club's marketing efforts and took a look at three important aspects of the marketing equation, offering you some tools and techniques that would help you improve your promotional efforts and ultimately bring more prospects through your club doors with the same amount of effort. In Part II we will continue the audit questions, getting into more advanced marketing issues that will not only improve what you are presently doing but offer you new revenue possibilities as well.

QUESTION # 4: Are you using a "Direct Response" philosophy with all your advertising efforts?

When creating any type of marketing piece, although a generalization, there are basically two different types that can be created; institutional ads and direct response ads. An institutional advertisement is one that is done primarily for awareness and image building. This means that the ad does not ask the customer or prospect to take any action and simply informs the reader about something in the hopes that it will eventually influence them to buy or continue doing business with that business. Although health clubs use less institutional advertising than big corporations (simply because of economics), most Yellow Pages ads and brochures that clubs put out are institutional in nature. This is very unfortunate because these two forms of advertising are traditionally the most expensive yet rarely ever make an offer that would entice the reader to take action immediately.

On the other hand, an advertisement that follows a direct response philosophy ALWAYS gets the reader to take an action that would mean contacting the club. Notice, I did not say an action that meant buying; the action might be something as simple as calling for a free brochure, a piece of literature, a free report or to sign up for a seminar or lecture. The goal being to get interested prospects to call the club and get on a

mailing list, thereby giving you the opportunity to then focus future marketing efforts on a smaller, more interested group. This is a significant shift in thinking for most club operators, as the norm is to only put out ads that ask prospects to buy. This IS NOT to say you don't want advertisements to get customers to buy, it is suggesting that for a variety of reasons and depending upon the medium, sometimes it is better to take a "lower barrier" approach to marketing and just get the phones ringing with prospects that can later be marketed to with offers to buy now.

The good news is that you do not have to choose between having an ad that creates immediate sales for one that is a lower barrier approach. You can combine both strategies into one ad. This is called a two-tiered approach that has both a primary and a secondary offer. For example, you might have a newspaper ad that offers a discount on current enrollment fees for a limited time to create urgency for people to want to buy now. Within that advertisement somewhere you could also have a secondary offer enticing all readers to call for a free report on how to exercise at home. This would accomplish both goals: get people to buy right now AND build the database with interested prospects that can be marketed to in the weeks and months ahead.

The key is to go back and evaluate all your marketing efforts. First of all make sure that each piece, whether it be the Yellow Pages, newspapers, television, flyers or brochures, reaches out to the reader and asks them to call or visit the club now. Further, look for ways to incorporate secondary offers into your marketing, allowing you to build a strong database for future efforts. Remember, having the name, address and/or phone number of an individual who has shown a certain level of interest in fitness is much more valuable than a name from a general mailing list.

QUESTION #5: Do you have a formalized referral program for both new and existing members?

Referrals are the lifeblood of the fitness industry. Statistics show that anywhere between 60-80% of all health

club sales come as a direct result of a referral. Interestingly enough, in the scheme of dollars spent, most clubs spend less than 5% of their marketing budget on referral programs—the very source that brings in a majority of new members! Of course, part of this is due to the fact that the referrals are happening on their own; hence there doesn't seem to be any burning need to reach out for them. That said, given the fact that referrals are not only an easier sale to make, but also cost the club nothing to obtain, just think of how much more revenue could be brought in if a formalized referral system was incorporated into your club.

The first imperative type of referral program is with new members at the point of sale. As it sounds, a point of sale referral program is one that is done with a brand new member at the time they are filling out all their paperwork. Where many salespeople are reluctant to ask a new member for referrals, getting them at this stage of a sale is important for a number of reasons. First of all, the point of sale is when a prospect is most excited about his purchasing decision. It is an emotional moment for him where he is usually feeling very good about deciding to embark on a regular exercise program. When in an excited, friendly state, an individual is much more likely to give a salesperson referrals. Of course, once a member begins coming to the club, if he has any type of negative experience or if he does not use the facility as much as he thought he would, the chances for obtaining referrals will decrease.

Another reason for obtaining referrals at the point of sale is that people want to justify spending their money, especially when it is a larger, lifestyle purchase. There is no better way to justify a purchase than getting another person you know to make the same decision. Further, the Surgeon General has stated that those individuals who exercise with a friend are 150% more likely to stick to their program than those that go it alone. Therefore, getting referrals from a new member will help them in both the short and long run.

A final reason to ask for referrals at the point of sale is purely an administrative one. When a new member enrolls, he must fill out any number of pieces of paperwork. The member does not question such documents, because he assumes the items are necessary to get them started. By making the referral presentation part of the paperwork process, the member is much more likely to comply because he is in the paperwork mode anyway.

There are only a few items necessary to establish a good point of sale referral

program. First, you need a New Member Referral Form that explains the program to the new member and then allows for a fill in the blank area for them to place the names and contact numbers of the people he wishes to refer. This form should be laid out nicely and printed professionally, as are all your other pieces of new member paperwork. The second thing one needs is the guest passes that will be given to each of the referrals. Such guest passes should be of a higher value than regular guest passes, should reflect that this is a new member privilege and have a monetary value placed on the pass. (For more information on exactly how to set up a point of sale referral program, please refer to the chapter on "Prospecting" in *Selling Fitness*.) The result is spending very little to establish a powerful program that will bring many more qualified prospects into your club at no or low cost.

The second type of referral program happens with existing members. Specifically, your club should be having at least three different referral programs every year that entice current members to refer friends to the club. Such programs are only limited to your creativity but the more popular involve offering the members a gift of some sort when a friend they refer joins the facility. Some of the more traditional gifts are things like club T-Shirts, sweat shirts and fitness bags to carry



Casey Conrad

one's workout gear. More creative ideas, that also require a bit more planning and organizing include larger prizes like weekend getaways, televisions or bicycles. These larger item gifts revolve around a program that rewards the individual with the most referrals in a given period, usually three months. Important to note, however, is that with such larger item programs where it is the "winner" who gets the prize, some sort of individual incentive is a good idea (like a simple T-Shirt) as a way to keep all members actively referring friends throughout the entire promotion.

The bottom line is that happy members are constantly telling their friends, family members and co-workers about the club. Why not encourage them to do so and then reward them for helping you obtain a new member. In the long run, no matter what the prizes are, it is usually much better money spent than traditional advertising.

QUESTION #6: Are you using "Up-Sells" and "Cross-Sells" to increase club revenue?

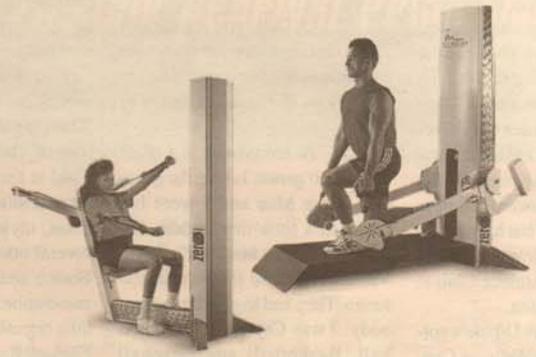
Up-Sells and Cross-Sells are ways to increase your club's revenue without necessarily having to increase the number of products or services you currently offer. An Up-Sell is when you get the customer to buy a larger amount of an item or a higher cost item. Perhaps the most famous Up-Sell is done millions of times every day at McDonald's, where (See Casey Conrad page 26)

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...Dale Dibble

continued from page 3

career and the careers of hundreds of others than anyone in the industry. The world and the health, racquet and sportsclub industry is a better place because of Dale Dibble."

Rick Caro comments, "I remember Dale Dibble back in the 1970s as the most inventive, innovative and infectious man in the club industry. He took chances —knew he had to make changes and did. But, he often went into uncharted territory. He took out tennis courts when the demand was no longer there. He always was telling the local marketplace of the new, better club story —before any other club locally (or, in some cases, nationally) was doing it. He led the market and brought the staff team along with two concepts: he literally was so enthusiastic that his cheerleading of a concept was infectious to all around him and he truly empowered the staff. He believed in sharing all the information with the staff. I was there on a Sunday, the first day of a new month, when department heads literally came into the club on their day off to see how their department and the overall club did."

"I remember Dale would innovate and then tell other club owners what he did —both his successes and failures. No one had a computer system until Dale led the way. No one understood real Seniors' programming (not even the YMCA) until Dale led the way. No one understood how to change out aspects of the physical plant when the early signals and trends were there like Dale did. He was a futurist instinctively who could rally both members and staff to see his vision. Then, they all executed superbly. He was a role model for all and continues to be at Bentley Village."

Hyatt Classic Bentley Village Providing A Great Retirement Environment

Dale and Olive Mae Dibble moved from their single-family home in Naples to Bentley Village a couple of years ago. Since that time, Dale and Olive Mae have truly enjoyed the lifestyle there. Dale has gotten involved on a voluntary basis in the operation of the Wellness Center at Bentley Village. Bentley Village offers its residents lovely views of the private golf course, sparkling lakes and lighted walking paths. The impressive array of amenities include a Wellness Center, tennis courts, swimming pools and two well-appointed clubhouses. An expansion of Bentley Village has just been completed and brings the complex to 155 acres and adds new apartment and coach homes, a second nine holes of golf, a 400-seat auditorium, native plant and wildlife preservation area and a state-of-the-art residential center that provides assisted

living services as well as Alzheimer's care. Residents of Bentley Village pay a one-time entrance fee that is determined by the size of the living quarters and a monthly fee which entitles them to receive long-term care at the Bentley Care Center. A significant percentage of the Bentley Village residents are physically active and enjoy a busy lifestyle which includes use of the wellness center, golf course, arts and crafts center, wood shop and auditorium. Excellently prepared meals are served for residents each day. Importantly, family members are always welcome and may be lodged at the quarters provided on the property or may stay with their family member at their home. Importantly, in the event that the status of a resident's health changes, the Hyatt Class formula at Bentley Village provides increased levels of care as might be required. Those include the Assisted Living Residence, a special memory support/Alzheimer's care center and the Bentley Care Center where skilled nursing, a private home health and physicians' clinic and an inpatient/outpatient rehabilitation therapy department.

As Dale Dibble provided this writer with a guided tour of the entire Bentley Village Hyatt Classic property, it seemed as though we were once again walking through the Cedardale Complex together as Dale actually knew the first name of every person we encountered (including the maintenance people) and greeted them all by first name. What an amazing guy!

Dibble has led the way in the development of the Wellness Center's Computer Center where he teaches residents how to use computers and establishes e-mail addresses for them to communicate with their families and friends.

What is amazing about the Wellness Center is the level of attendance that has been generated. The average age of the 850 Bentley Village residents is 80. An amazing 62% of them are regular Wellness Center users! That does not include those who participate in tennis, golf, croquet or walking on the 7 miles of walking trails. The 2,000 square-foot Wellness Center had 3,134 visits to exercise in October. Another 1,000+ attended separate aqua exercise classes, Tai Chi and related group exercise classes conducted in rooms outside of the fitness center. That total is over 4,000 visits for a standard oper-

ating week of 7 a.m. to 4 p.m. five days a week and a half day on Saturday.

We asked Dibble why the attendance percentages were so high at Bentley Village Wellness Center and he commented, "If ever there was a time in our lives when residents need regular exercise to keep fit, it is this age group of 75+. They need to keep physically, socially and mentally fit. The saving in health care costs are enormous. And, the improved lifestyle of feeling good and enjoying life to the fullest is the most important benefit. Show me a Bentley Village resident who is keeping physically, socially and mentally fit and I will show you somebody who is having a lot of fun!"

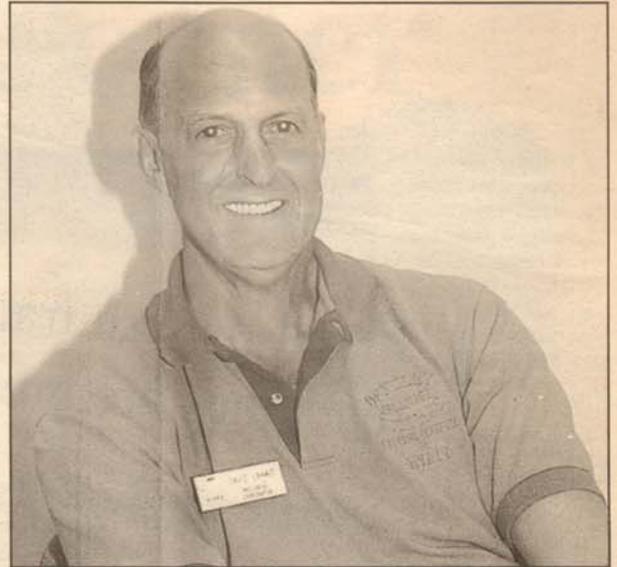
Dibble adds, "We have a lot of wonderful volunteers here. We have a wonderful carpenter shop. It is run by two volunteers with a great background in that area. We have a volunteer dance band run by Doc Thomas. They love it and play all around the area. As much as Hyatt can do, they want it to be resident driven. The residents need something to do. To me it was very important to get involved in something I enjoy and have fun doing."

David LaHait, the Director of the Wellness Center added, "These days doctors can fix almost anything that is wrong with the human body. But, as they patch folks up, they can't build up the muscle around the affected body part. Muscle that is vital to a healthy and active life."

Dibble comments on David LaHait, "Dave LaHait knows the business really well and has done a great job here. It has been a pleasure knowing and working with him at Cedardale and for the last couple of years at the Wellness Center. Although the Wellness Center is very successful, we are just scratching the surface in the wellness area for future developments like Bentley Village."

The atmosphere and spirit in the Wellness Center is uplifting and gives one the clear impression that everyone there is enjoying themselves, getting a lot out of life and in general, having fun. It is no wonder that the Bentley Village Wellness Center, under the Direction of LaHait, was named runner-up in IHRSA's 2000 Keiser 50+ Senior Programming award competition in San Francisco last March, finishing second to Ron and Sandy Franco's - Franco Athletic Club in Mandeville, Louisiana.

Under Dale Dibble's volunteer tutelage, the Wellness Center has expanded rapidly into the third phase of Wellness, the mental phase. The goal is to involve at least



David LaHait - Director Bentley Village Wellness Center

50% of the residents in the computer world so they can easily send and receive e-mail and feel comfortable using the Internet for such transactions as purchasing airline tickets, tracking incoming flights of their visiting relatives, buying prescription drugs or even automobiles. A number of the residents are buying and selling stocks on the Internet. Computer classes are offered at the Wellness Center 4 days a week. Of the 600 households in Bentley Village, 310 have an e-mail address. The new Wellness Center PC Bug Computer Club now has 130 paid memberships that includes over 200 residents.

The Hyatt Corporation is in the process of developing 17 Hyatt Classic Residence retirement communities like the award winning Bentley Village. The \$1.2 Billion plan calls for residences in Arizona, California, Florida, Illinois, Maryland, Nevada, New Jersey, New York, South Carolina and Texas.

An Interview With Dale Dibble

Q. Dale, you are famous in the club industry for both your enthusiasm and your boundless energy. How did you get that way Dale?

A. Everybody is a product of their genes. Taking the genes out, Olive Mae and I were big ducks in a little tiny puddle. We graduated in a class of 17. I was Valedictorian and she was Salutatorian. They had to give it to somebody! I was Captain of the Football, Basketball and Baseball Teams and President of the class. But remember, this was a little pond, a class of only 17 students!

While in high school I put together a fund raising event to raise enough money to buy football uniforms so our high school could have a football team. We raised enough money to buy equipment and uniforms for 22 players. But, we lost every game but one! I had a wonderful life as a youth.

Q. You are also well known in the club industry for your generosity in terms of sharing information and trade secrets with others. Your philosophy of "sharing it all" is remarkable and has helped many up and coming club operators. How did you adopt that philosophy?

A. My dad sometimes accused me of not being able to keep a secret. Somehow, when something really good happened to me, I couldn't wait to tell people. The thrill of my life was when people from other clubs around the country would come to Cedardale and say, 'Hey Dale, can you spare some time?' It was thrilling to me to give them a tour of the club and then to take them into see Judy in the bookkeeping department and say to her, 'Judy, show them the books and how you can pull up our figures in a heartbeat!' That was real fun. What really saved the day as we got to making good money, was when Todd Pulis said, 'Dale, we should form an organization of clubs. I didn't even know Todd at the time, but I listened and became interested. So, Todd got Dick Trant, myself, Walter Bloville and several other club owners from the Boston area to join together into an association. Away we went with this little organization we called the New England Racquet Sports Association. Pretty soon, more and more clubs were springing up in New England (See Dale Dibble page 12)



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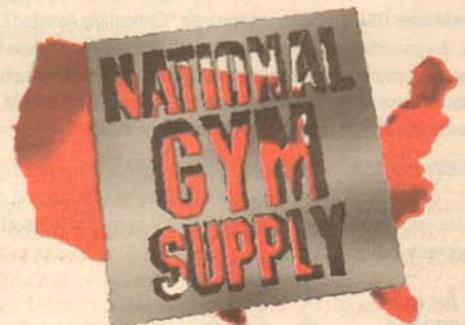
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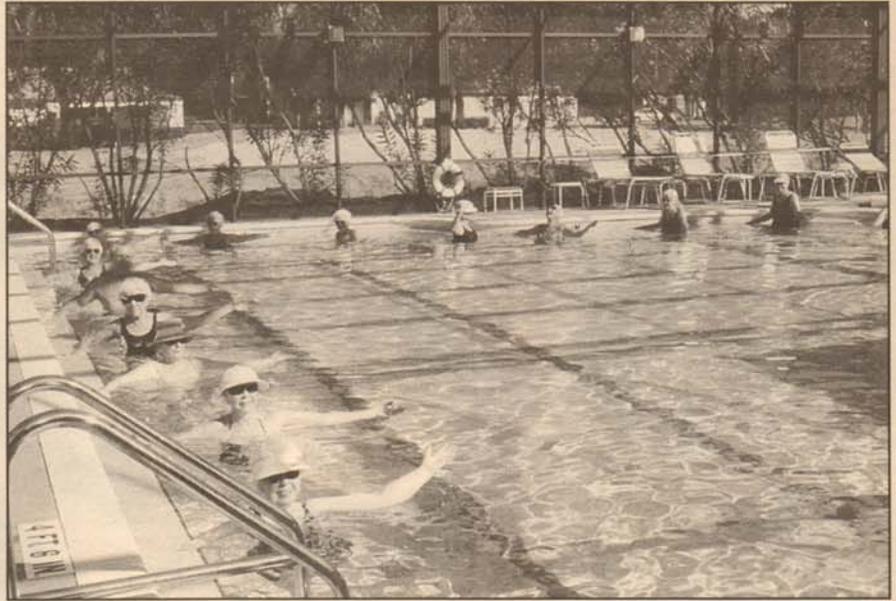
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and we recruited many of them to join our Association. We each were contributing \$1,000 per year for the Association dues. Dick Trant came in one day and said, 'Guys, I've got this really terrific guy to work for the Association that I think we can hire for \$12,000 per year. His name is John McCarthy. That was in 1971. We hired John and wow, he started getting new memberships and did a great job. John is a really a class act and has worked out extremely well at IHRSA.'

Dibble continues, "A few years later a lot of us began to install racquetball courts into our clubs so we began to copy you guys in the racquetball business. Our involvement in the New England Racquet Sports Association, the National Tennis Association and IHRSA paid huge dividends to us over the years. I'll never forget one

time when Mike Chaet wrote an article about things people should look at that was published in the IRSA news or some other publication. One item he put in there was, 'If you have an outdoor swim club, you should consider joining the outdoor swim club association.' I was always grateful for what Mike had written. So I joined. I'll never forget when I was at one of those swim club association meetings and a couple that owned Breezy Point in Philadelphia stood up and said, 'The order of money making ability in the outdoor business goes like this: (1) Day camp. (2) Day care. (3) Outdoor swimming. That really shook me.'

Dibble went on to ultimately convert his Groveland outdoor swimming and tennis complex into a Corporate Retreat and Party Facility. His son John and partner Jack and their wives now operate the Groveland complex along with other family members and the club generates \$1.7 million



Aqua Exercise Class At Bentley Village

annually on the 3-month summer operation! Each of the four family members are netting \$150,000 each per year!

Q. As you and the Veaseys were 'growing' Cedardale, how did you gather information for each phase of your growth?

A. We went to IHRSA meetings and traveled to other's clubs around the country. Take for example that terrific guy, Red Lerille in Lafayette, Louisiana. He allowed us to send one of our key people, Sandy Heally, down to his club in Lafayette for two weeks to learn his operation inside or out. One day I said to Red, "Red, aren't you a little afraid of giving out your trade secrets?" He replied, "Dale, while you are catching up with me, I'll be another mile ahead!" I love his confidence.

Q. What advice would you give up and coming club owners/developers/operators?

A. First of all, you've got to have a lot of energy. Second, if you are not a 'people person', avoid this business like the plague! This business is based on 'making it fun.' If you aren't a people person, you won't really, really succeed. If you've got money and your are going into the business, for God's sake, hire those kind of people and very importantly, give them a piece of the action. It doesn't matter what it is, give them a piece of the action. You don't have to give them stock. In fact, I would advise against that because that can end up in a big mess. But, give them

some of the profits through a profit sharing plan.

Q. Who are some of the people that have been instrumental to your career?

A. My partners Ed and Zoe Veasey for sure. And, surely Dick Trant, Todd Pulis, John McCarthy, Red Lerille, Bob Petersen, Alan Schwartz, Rick Caro, Dean Wallace and Jennifer Harding should be on that list. Man, I learned a lot of important things from each of them. For example, Bob Petersen taught us about EFT in the early 1970s. He had been in the insurance business before he developed his club and he knew all about EFT because that is how the insurance industry collects most of its income. And boy, Sandy Coffman! She can motivate people better than anyone I've seen in my life. She worked with us up at Cedardale toward the end of my run there. And, when she came down here to visit Bentley Village she gave her chair class to a group of our Wellness Center Members and they just were wild about it. She just ignited them! And, how about that John McCarthy! He is truly remarkable and has done a fabulous job at IHRSA over the years. Man, that Rick Caro is amazing too! God bless him. He dreamed up IHRSA. It was Rick's idea! Looking at everything across the board, what a tremendous asset Rick Caro is to our industry!

Q. We asked Dibble for his forecast for the health club industry over the next 20 years.

A. "What I think is going to happen is that over the next 20 years many people are going

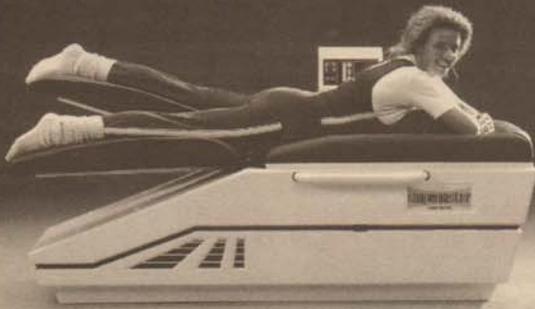
to reach retirement age just like Olive Mae and me. I see the biggest boom you ever saw for wellness services for the over 75 group. There will be huge opportunity for existing clubs to install wellness centers for the over 75 set and for small-niche wellness center operators all across the land. For people of our age, keeping fit and active is our life blood. The doctors can repair everything on you these days, but they can't make the muscle over. They can't make the mind stronger. They can't give you social interaction with others. Let's look at a prototype wellness center like our 2,000 square-foot here. To get results for the over 75 set, you don't really need expensive things like showers and lockerrooms. They will come from home and return home. You just need space to contain a limited amount of strength equipment, cardio equipment, a small social gathering area and space for a computer operation. I predict that this segment of the market is going to explode. The guy that does it best is the one that will fill up his place like they have here at Hyatt Classic Bentley Village."

Dale Dibble will go down in history as one of the true pioneers of the modern health, racquet and sports club industry. His vision, his leadership, his enthusiasm and his very generous sharing will be greatly appreciated and honored for ever. We wish Dale and Olive Mae all the best at their wonderful retirement community, Bentley Village, Naples, Florida.

(Norm Cates, Jr. is the Publisher and Editor of *The CLUB INSIDER News*. Cates, a 27-year club industry veteran was the 1st President of IHRSA and a Founding member in 1981.)

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“Deck the halls with boughs of holly, Fa-la-la-la-la... la la la la-a-a-a!” MAKE IT FUN

By Sandy Coffman

There is still time for more holiday programming and there is holiday programming that goes beyond the Christmas party.

Remember, the goal of programming is retention, so the month of December is especially important. Nearly all clubs experience a drop off in usage in December, and we certainly know that a drop off in usage is the first step to dropping out altogether. Here is a simple program designed specifically to keep those members coming into your club, and guess what, it's easy to MAKE IT FUN!

DECK THE HALLS

The goal of the program is to get members to use the club at least twice a week for 5 weeks.

The program should begin Friday, November 24th, the day after Thanksgiving.

That day is one of the busiest days of the year for every business in the country, let's make it our busiest day as well.

The program should end on Friday, December 29th. This would be a great opportunity to celebrate the completion of the program at a New Year's Eve Party on December 31st, or a pre-New Year's Eve Party on Friday, December 29th.

The participation can be targeted to a specific activity area such as the fitness center or group exercise studio, or it can be an open invitation to get credit within the program by using any part of the club.

First we have to create the initial interest. Huge cardboard Christmas trees, four to five feet high, should be placed up on the walls in the club. Christmas garland, holly, tinsel, lights, and ornaments should outline the areas. I would suggest putting musical notes and the words "Fa-la-la-la-la" all over as well.

Construction paper ornaments of all colors will decorate the trees. Each ornament should represent a member who will be participating in the program. The name of the member, of course, is on the ornament. Can you visualize this? How exciting! How bright! A huge promotion creates the initial interest, more importantly it sends the message that participating in this program will be FUN!

Whenever the member uses the Club during the five weeks he or she gets a star stuck on his or her ornament. The goal is to get 10 stars pasted on your ornament. Everyone can win. Just use the club ten times in five weeks and win a prize at the party.

You could have different colored trees to represent the various activity departments if you would like. Another idea would be to have each tree represent a staff employee. That employee would be the "angel"

at the top of the tree that gets the members on his/her tree to participate in and complete the program.

You do have a choice in how you would like to run this program. You could put out a flyer and put up a sign-up sheet and track the member participation over the computer, or you could make it visible, memorable, and exaggerated. You could have a card for each member filed in box with dates of the program printed out, or you could take the time to put up the trees, cut out the ornaments, and buy the stars. It depends on if you want to MAKE IT FUN, or not.

DECK THE HALLS can be a fantastic retention program, a great usage program, an incredible tracking program, and a valuable program for holding



Sandy Coffman

your staff accountable for its success. Oh yes, "success." This program is guaranteed to be successful... as long as you MAKE IT FUN!

Norm's Notes

continued from page 5

•**ANNBETH ESCHBACH**, formerly an IHRSA Board Member and President of the Association, has

been with CSI (now called the Wellbridge Company) as their Director of Marketing and Spa De-

velopment for 12 years. She announced in late October that she was leaving the company to launch her own day spa brand. Annbeth will be backed financially by McCown DeLeeuw, the company that has financed the growth of 24 Hour Fitness worldwide. Best of luck Annbeth.

•**RICHARD SINNOTT**, Executive Director of the Weymouth Club in Weymouth, MA., announced that Phase I construction of a \$5 million expansion which will add a \$1.1 million seven court indoor tennis facility with new locker rooms and upper viewing area.

•Good to see that **Cybox** revenues increased 22.3% to \$30 million for their 3rd quarter. **PETER HAINES**, is making progress with both the cardiovascular and strength divisions at Cybox.

•**J.D. HOLMES**, owner of two **Gold's Gyms** in the Peachtree City area south of Atlanta, has signed a lease for a third facility in Fayetteville, Georgia. The new Gold's Gym will be built in a former WalMart building and will include 24,700 square-feet of space and an additional 7,500 square-feet of space outdoors. J.D. and his lovely wife, Varner, have two of the nicest facilities you will see anywhere that they converted to Gold's Gyms several years ago. J.D. Holmes, a long time businessman in the area and his wife are a real credit to our industry and to Gold's Gyms International.

•**PAT PINE**, the Execu-

tive Director of the **National Fitness Therapy Association (NFTA)** wants you to know he has a new phone number and address: NFTA, P.O. Box 522, Winter Park, CO. 80482. New phone #: (970) 726-0697.

•**ELYSE McNERGNEY**, the President of the **Xercise Corporation** in New York showcased new Pilates equipment and a program at Club Industry in Chicago. The new machine is called im=X.

•**ROBERT MacPHEE** is a fitness advocate that is doing something about helping new exercisers stick with their program. His new product, "**Heart Set On Fitness**" is an audio program with a new approach. According to MacPhee, it "unlocks the secret to losing 20 pounds everybody wants to lose. This is NOT another exercise tape!"

•**MIKE MOTTA'S Plus One Holdings** operates 3 clubs and approximately 30 corporate, hotel, spa and fitness centers in the New York City area. Motta has announced that his company will launch its on-line personal training program in January, 2001.

•And they call the **YMCA of the USA a "Charity!"** The YMCA's 1999 IRS Form 990 revealed that the YMCA Executive Director, **DAVID MERCER**, was paid (excluding benefits) **\$298,292.00!** It is nice to see how much they get paid for doing "**God's Work**."

•**Happy Holidays!**
 •**Stay Tuned.**

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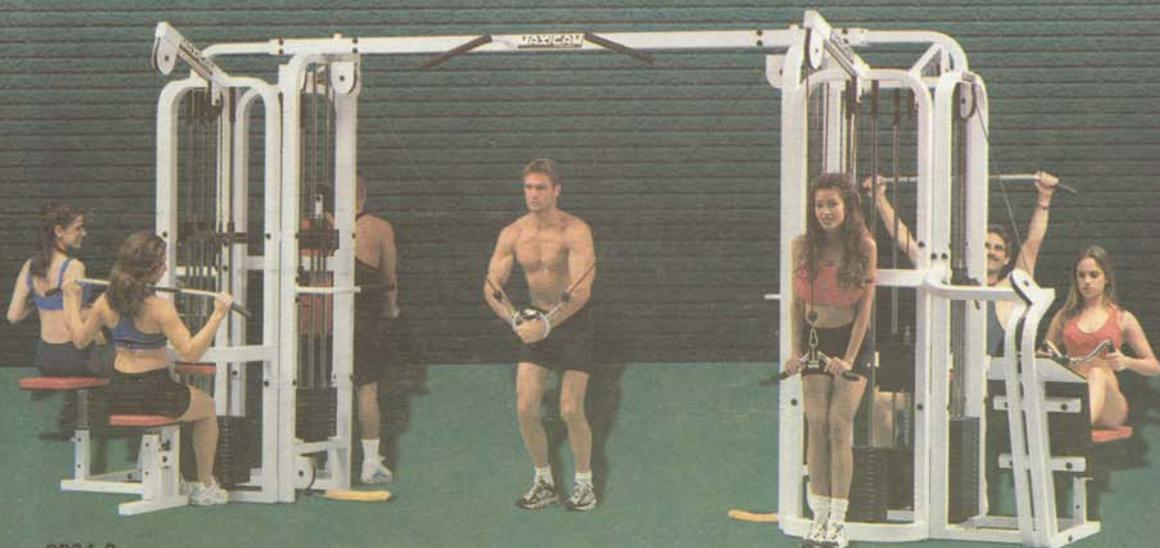
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DIFFERENTIATE... DISTINGUISH YOUR INDEPENDENT CLUB... or DIE!

Michael Scott Scudder

A few years ago, when I first heard that Bally was going to restructure their health club operations, I observed many independent club owners across the country snicker and harrumph and then go about their daily business (or what they think is their daily business). I took it as the first sign that the gym industry was in for a major change.

A short while later, 24 Hour Fitness secured private financing and began an aggressive acquisition plan. A year or so after that, LA Fitness announced a nationwide expansion scheme. The health club business was in for a scrap!

If you look at our industry now, you realize an astounding fact; while "chains" and multi-club companies account for less than 10% of the total facilities in our U. S. health club marketplace they have captured over 30% of the membership market already! What is the independent operator to do? How is he or she going to compete?

First, I believe you must recognize that the fitness industry is consolidating AND segmenting at the same

time. I perceive four (4) distinct segments that have emerged:

* **CHAINS:** mid-market and mid-price; 24 Hour, Bally, LA Fitness, etc.; low to mid price "bundled"; big advertising dollars; national branding.

* **MULTI PLEX:** IHRSA-type large facilities, also includes not-for-profits; bundled higher-end prices; wide choice of services and amenities.

* **SPECIALTY:** personal training studios, aerobics-only studios, women's-only, co-ops, condos, hi-rises; particular populations with particular needs.

* **RURAL:** smaller population areas; one-of-a-kind, non-competitive ventures; fairly exclusive markets.

Next, I think you'll have to accept that your club must fit into one of these categories. You can't be "everything for everybody" (as gyms have tried to be for years - successfully at first, and unsuccessfully in current markets). You're going to have to differentiate your facility in your marketplace - or you're likely headed for a very tough road ahead!

It will be very hard for you to compete with the mass-marketing, big-budget advertising, volume-sales-at-low-prices positioning of the chains. You don't have the cost containment of the chain players nor the dollars to spend (nor the sophistication of the sales process). You also cannot offer the service and variety levels of the larger multiplex clubs...you don't have the size of facility and the depth (nor training) of staff to deliver that kind of product.

So you will be left with just two alternatives: specialty or rural. If you are rural in nature (meaning under 20,000 people in your town), you likely have a high competitive advantage; and as long as you stay on top of your business, don't get complacent, and continue to seek out what your customer wants, you'll probably be okay...another player is not likely to enter your market. (Plus rural gyms tend to price higher than suburban or metropolitan clubs, anyway - so they start off on a better footing. I think there's huge potential in the "rural club" environment today).

If that leaves you in the

specialty category, then here's what to start doing:

o Who (age demographics) is your "core" market? Is it the right core market, or do you need to change it?

o What's your pricing? If it's low, you need to raise it! (However, you must make sure that your facility and staff are sufficient to warrant a price hike.)

o Are you offering what you want to sell, or are you selling what the marketplace wants? (It better be the latter, or you're already in trouble!)

o Are you wasting space with limited-appeal, no-additional-income programming (for example, traditional aerobics)? Would you be better off converting space to smaller, paid-program oriented studios (group training, personal training, stationary cycling, progressive circuit, soft exercise, mat work, Eastern physical arts)?

o Have you embraced the concept of the-more-the-member-invests-in-membership-and-programs...the likelier he or she is to stay? Or do you still believe that low entry and low price is the way to go?

o Have you trained your staff for hospitality and service...or

are you still turning employees over month after month?

I believe that club operators around the country face a "window of opportunity" to differentiate themselves from the masses, and move up to a better standard of operation - and higher profitability. I believe if they do not embrace modern program marketing and socio-demographic understanding, that many are doomed for failure...and that will be a shame if it happens. I think that exposure to as wide a variety of ideas and systems, and differing opinions, is absolutely essential to success in the fitness industry...and in the very near future. It appears to me that "crunch time" has already begun...where will YOU be when the smoke clears?

(Michael Scott Scudder is a fitness industry veteran, consultant and management trainer, who speaks regularly at major conventions. His regional educational seminar tour, "FITNESS FOCUS Seminars," highlights major and second-level cities each year. He can be contacted at 505-751-4236, or via email at fitfocus@aol.com.)

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CREATING POSITIVE EXPERIENCES FOR OUR TEAM MEMBERS: THE "HOW" OF THE "WHAT"

By Bonnie Patrick Mattalian

In the first part of this series, we looked at how industry leaders create exceptional experiences in their clubs for their members. Now let's take a look at the most integral part of the service puzzle: your people.

Again, it's easy to say we want friendly, happy people servicing our members. How do we do that consistently without fail?

Industry veteran Joe Cirulli is the current President of IHRSA and owner of two clubs in Gainesville, Florida. He creates positive working environments for his staffs with recognition and support. His members are encouraged to recognize staff and their efforts. Once a month, Cirulli takes about 20-30 of his staff out to dinner including department heads as well as front line staff. There they tell stories. They tell the good stories about what has happened in the club. And he hears what they need to work on. Because he listens and acts on their suggestions, his staff takes pride in their work and care about the members and each other.

It is said that "what gets measured gets done". In the case of the Ritz-Carlton Company, it results in the Malcolm Baldrige National Quality Award. Each hotel compiles daily reports covering

720 work-related tasks. Every staff person carries a notebook, and records guest comments, preferences and complaints. This information is given to a supervisor who follows up on every issue. Then this information is added to the company's database for inspection and correction, as well as individualizing services for guests. If a housekeeper hears a wish relating to finding an area restaurant, they note it, and deliver the information to the concierge who follows up. That guest's preference in restaurants is carried through the database to all Ritz-Carltons. The experience the guest receives every time is special and catered to their needs.

It seems tedious, but when you think about it, this system can easily be adapted to your club:

*** Observation/Listening/Asking**

*** Outlined responsibilities for Follow-Up**

*** Accountability to achieve goals/customer satisfaction**

*** Support and Recognition**

A study by Andersen Consulting last year said that asking for feedback is the #1 quality of the Leader of the Future. Why? Because it shows you care about the people who

deliver your product.

Danielle Bouchard is General Manager of the sprawling Aspen Hill Club in Silver Springs, Maryland. She leads a very successful large team. As a member of The Fitness Company Network of Clubs, Danielle has seen the power of team input in meetings. That way, everyone takes ownership in change. She also takes the time to meet with key individuals a few times each month. "I take the opportunity to share with them where they are from an actual to budget perspective", Bouchard explains, "which gives me another opportunity to pat them on the back, coach, and encourage." Whenever she can, Bouchard springs a surprise bonus on a team member, ranging from \$25 to \$500. Bouchard says, "They don't expect it, but they sure do appreciate it. Morale is up, team members are happy and we're producing more than ever. Memberships are up, attrition is down, and the members are happy too. What more can I ask for?"

In the Pine and Gilmore book "The Experience Economy," work is compared to the theatre. Your audience (the members) see your every move on stage (in the club). Sometimes we have to assume a certain character, or play a role in a task or an exchange with a cus-

tommer. We know that everyone wants to be treated with respect, to have support, and to be recognized. Not everyone wants these things delivered in exactly the same way. With proper "characterization", everyday service tasks can become memorable performances. Yet too many workers behave no differently on stage than in their private lives. Staff body language, gestures, appearance, actions and words need to match the vision our clubs want to deliver.

Have you ever planned a wedding? I just finished planning mine. What a project! I became preoccupied with many details that were important to me, so that at times I was nervous about the delivery of those items. Everyone was saying to me, "Don't sweat the small stuff!" It's the small stuff that made a difference, that made the day special for me, my husband, my family and my friends.

Try something small for your staff. Have them try some small improvement or change in what they do. An upbeat greeting, a few positive words, a small gift. This is a good start to help charge your staff up, and to deliver the



Bonnie Patrick-Mattalian

vision that's important to you and your members.

(Bonnie Patrick Mattalian is a Project Manager for The Fitness Company specializing in Organizational Development and Performance Learning. A recipient of the Club Industry/Life Fitness Distinguished Business Woman's Award for Industry Enhancement, Bonnie welcomes your feedback and can be reached at (732)548-0970 ext. 111.)

IHRSA's Capitol Report

Capitol Report Reprinted Courtesy Of IHRSA

JURY FINDS FOR Q THE SPORTS CLUB IN DEFIBRILLATOR CASE

A Florida jury has returned a verdict in favor of Q, The Sports Club, which was sued for negligence for not having a portable defibrillator or oxygen present when a member suffered a medical emergency.

Poh Saik Hooi, a 42-year-old engineer, was exercising at the club chain's Plantation, Florida branch when he collapsed and became unconscious, said plaintiff's attorney Howard Pomerantz.

Paramedics arrived four minutes later. According to Pomerantz, "The paramedics found no pulse... His pupils were fixed and dilated, and he had no blood pressure." The paramedics revived him, but Hooi suffered permanent brain damage, Pomerantz said.

Hooi's wife sued the club chain, charging that it was negligent

in not having a portable defibrillator or oxygen present. "The American Heart Association has recommended that defibrillators be available in public places," Pomerantz said.

The jury found in favor of the defense, who denied any negligence, countering that no regulation or health club industry standard required defibrillators and that the equipment would not have saved Hooi.

Contact Member Service (info@ihrsa.org) for your free copy of IHRSA's legal briefing paper on defibrillators.

IHRSA PAC CONTRIBUTES TO 7 MEMBERS OF CONGRESS

So far this fall, IHRSA's Political Action Committee has contributed to seven members of Congress who are up for re-election in November.

These legislators have each been our industry's ally in at least one of the following areas: promotion of the PEP Act, reasonable revisions to the Americans With Disabilities Act, and the fight for a level playing field:

Sen. William Frist (R-TN)
Sen. Kay Bailey Hutchison (R-TX)
Rep. Michael Castle (R-DE)
Rep. Mark Foley (R-FL)
Rep. Gerald Kleczka (D-WI)
Rep. Anne Northup (R-KY)
Rep. James Sensenbrenner, Jr. (R-WI)

Update: All 7 candidates were re-elected.

"ADA NOTIFICATION BILL" INTRODUCED INTO SENATE

A bill has been introduced into the U.S. Senate that would allow businesses an opportunity to correct alleged violations of the Americans with Disabilities

Act before they can be named in a related civil lawsuit.

The "ADA Notification Bill" (SB 3122), which was introduced by Sen. Tim Hutchinson (R-AR), is now in the Senate Committee on Health, Education, Labor, and Pensions.

The House equivalent (HR 3590), which was introduced earlier this year by Rep. Mark Foley (R-FL), has 22 cosponsors and is in the House Committee on the Judiciary.

Please call (202) 224-3121 or visit the public policy section of www.ihrsa.org, click on "take action," and choose "compose your own message" to urge your Senators and Representative to support these important bills!

ILLINOIS INVESTIGATES WHETHER FITNESS CENTER PROPOSAL SKIRTS LAW

A state health-care advi-

sory board is investigating an allegation that Palos Community Hospital may be planning to join a list of Illinois hospitals that have built fitness centers without the required state approval, the Chicago Tribune has reported.

The Palos Heights hospital allegedly is bypassing a state law that requires health-care facilities to get approval for fitness centers priced at more than \$2.7 million.

A spokeswoman for the Illinois Department of Public Health confirmed that her department's staff is investigating the connection between a 1998 proposal by Palos Community Hospital to build a \$14.5 million fitness center and an identical plan that was recently announced by St. George Wellness Center, a not-for-profit corporation that was formed two months ago.

Both Palos Community Hospital and St. George Wellness Center are subsidiaries of St. George Corp., a Palos Community Hospital (See Capitol Report page 21)



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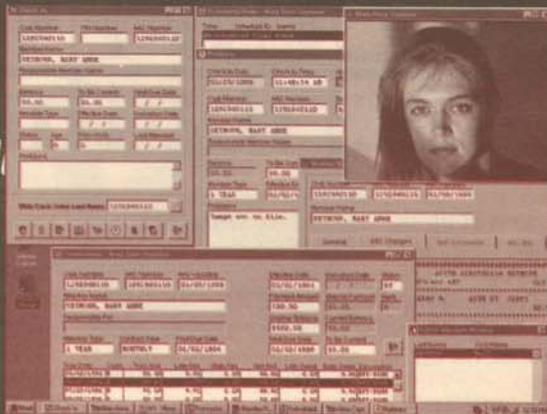
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A F F I L I A T E D A C C E P T A N C E C O R P O R A T I O N

Clubdoc's Corner

By Mike Chaet

The following questions, issues and situations are commonly brought up during my visits with clients and clubs around the globe. The Clubdoc's Corner is designed to share my solutions with you as well as to challenge you to come up with solutions of your own.

Q: We're a service-oriented club in the midst of a saturated marketplace. We just came out with a \$29.99 Super Blowout Special that undercuts all the competition's discount rates by 10%. Yet prospects are drying up. What's wrong?

A: "Killer \$29.99 Special"? It's a killer, all right. This is a classic example of "Hunt & Kill"-a classic marketing mistake also referred to as the "Scorch & Burn". It's almost always a direct result of out-of-control price competition in an over-saturated marketplace. Too many clubs in a limited area causes a reflexive marketing response of discounted fees and membership specials. Everybody is offering a deal on price. Soon,

unrealistic \$99-a-year dues and special 2-year \$149 bargains define your the marketplace price.

Despite using your professional advertising tools, competing on price along with the rest of the herd is a dead-end. The answer is to differentiate YOUR club from all the rest. You might consider upgrading service and even raising your price. People are not afraid to pay for quality service. Outclass all your competition by, in this example-becoming the first \$50 club around a crowd of \$19.99 discounters. Dollar-Mart or Nordstrom's... let your market decide.

If you deliver the best service, that higher rate will translate into an ever-increasing capability on the club's part to provide a wider range of unique customer service opportunities, programs and perks to your discriminating membership. All in tandem with increasing profits.

You create bad will as well by scorching and burning. So now the next year, or the next season-it could be only 3 months later-people are crowing, "Well, my friend has this, that and the other package at 99 bucks a year. What will you do for me?" Say-

ing you don't do that any more doesn't ride well. Say it yourself: We don't do that anymore. That was just a promotion. We're not doing that. Doesn't sit very well in any business, does it?

Consider this philosophy: You can educate people to do, within reason, almost anything.

Within reason and logic, of course. So let's educate people to believe your club's membership is worth-I'm going to pick an arbitrary number-\$50 a month in a \$30 market. You've taken enough time and enough energy to demonstrate principal-based decisions, good facilities, good service, to justifiably educate people this is a \$50 membership. That has become your tradition.

Now, all of a sudden, you come up with a 9 dollar and 95-cent membership special. You're sending out a mixed message. You're scorching the market. You undo all the credibility you've built, leaving your potential customers confused. They're trying to decide \$9.95... \$50... \$9.95... \$50... \$9.95... \$50... ? "Wait a minute.

What's this guy's message? I'm suspicious. Somebody's getting the short end of the stick and it ain't gonna be me. I'll just avoid it altogether."

Q: None of my print ads seem to be doing the trick. I'm really starting to take it personally-after all, I designed them myself on the latest hi-tech Macintosh available. Our aerobics instructor works part time at a local art gallery and agrees they're fantastic... why aren't people responding?

A: Sounds like you have quite a collection of masterpieces on your hands. Also sounds like you're stuck with 'em. Regardless of their high value to you, your aerobics instructor, and art critics everywhere, it's too bad your master creations aren't working. If they're not working, they're worthless.

Look at the slick layout of the magazine in your hands. Check out some of the eye-catching ads. These professional styles were produced by people who knew what they were doing. There's more in their portfolio than first place in the Middle School Safety Week poster com-

petition.

Forget the prettiest ad awards. Forget what it looks like. Just make sure it works. That means NO relatives, friends, neighbors or ill-advised personal delusion that just because you just bought a fancy new Macintosh, you're now suddenly a professional designer. Find a professional-someone who knows what they're doing. Don't do it yourself. Definitely involve yourself as part of the process, but don't try to be your own graphic artist and marketing director. Find somebody who knows what's going on. The ultimate test is how well your ads make the phone ring.

(Mike Chaet, "Clubdoc", is President and CEO of Club Marketing International, Inc., a club consulting company located in Helena, Montana. Mike is considered by many to be one of the leading consultants in the industry and has received many awards for this work. To contact Mike, you may call him at (406) 449-5559, fax at (406) 449-0110, or visit his website at cms-clubweb.com. To receive Clubdoc's free monthly newsletter, simply send your e-mail address to clubdoc@cms-clubweb.com)

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MAKE
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Capitol Report

continued from page 18

spokesman acknowledged. "But St. George Wellness Center is a separate corporate entity from Palos Community Hospital. No hospital funds are going to be used for the [fitness center] project," he said.

From the viewpoint of Mike O'Donnell, owner of Riviera Country Club in Orlando Park, the hospital is circumventing the law when it creates a new corporation to resurrect a project that was rejected by the state.

The first proposal, which was presented by St. George Corp. and Palos Community Hospital, was rejected by the Illinois Health Facilities Planning Board in January 1999 as an unnecessary expense that was outside the realm of patient services.

The hospital has maintained that the fitness center would provide medical services such as cardiac rehabilitation and physical therapy, which are now contracted out to private fitness centers.

For the last year and a half, Palos Community officials were appealing the decision, but in July, the hospital withdrew its appeal. The plans, however, were not shelved. Instead, a new corporate entity was established to control the fitness center and keep its operations separate from the hospital.

The project calls for an 80,000-square-foot health and fitness facility in Orlando Park. Last week, ground was broken for the center, which will feature state-of-the-art cardiovascular fitness and weight-training equipment, an indoor pool, a physical therapy pool, a running track and an aerobics room.

As the State examines the relationship between Palos Community Hospital and the proposed fitness center, the Illinois Health Facilities Planning Board has already compiled a list of 13 other fitness centers that are owned or operated by entities that are related to hospitals in Illinois.

The Board is tackling the thorny question of how to regulate these projects, which come under separate corporations. So far, the board has not taken punitive action against any hospital, even though the evidence in those cases suggests that the separate corporations were capital expenditures made by or on behalf of a health-care facility.

NEW IHRSA FACT SHEET: ACCOMMODATING TRANSEXUAL PEOPLE IN HEALTH CLUBS

Several IHRSA members have reported that a club member or employee is going through or has completed a "sex change." This can present a dilemma as far as which locker room an individual should use, or even whether someone should be allowed to join a club, if the facility is single-sex. IHRSA's newest fact

sheet, "Accommodating Transsexual People in Health Clubs," helps club operators handle these tricky situations.

Contact IHRSA Member Service (info@ihrsa.org or 800-228-4772) with your request to receive this free paper either by e-mail or fax. Or visit http://www.ihrsa.org/auth/publicpolicy/trans.html to read it on-line (you'll need your six-digit IHRSA member number and your password, which is the city where the club is located, all lowercase.)

"MEMORANDUM OF UNDERSTANDING" DEVELOPED BETWEEN CLUBS & CITY

Club operators in Roseville, California, have found a way to curb their concerns about unfair competition from the city's new \$6.5 million sports facility.

Earlier this year, the city came under fire from private health club operators who contended that the 27,000-square-foot Roseville Sports Center might put them out of business. After all, the center will have weight machines, treadmills, stationary bicycles, a basketball and volleyball gymnasium, aerobics, kickboxing and a rock-climbing wall.

Gene Endicott, a Roseville parks and recreation commissioner, told the Sacramento Bee that he is sensitive to the private clubs' perception that the city center might unfairly compete.

Roseville has since entered into a "memorandum of understanding" with the local clubs. The city has promised not to charge below-market fees at the center and has agreed not to furnish personal trainers or free weights in its fitness room.

IHRSA congratulates Roseville-area club operators on this important victory!

IHRSA FUNDS TEN MORE CONGRESSIONAL CAMPAIGNS

IHRSA, the industry's only Political Action Committee, contributed to ten more members of Congress who were up for re-election. All have been our industry's allies in at least one of the following areas: promotion of the PEP Act, reasonable revisions to the Americans With Disabilities Act, and the fight for a level playing field. They are:

Sen. Jeff Bingaman (D-NM)
Sen. Mike DeWine (R-OH)
Sen. Jim Jeffords (R-VT)
Sen. Richard Lugar (R-IN)
Rep. Joseph Crowley (D-NY)
Rep. Lindsey Graham (R-SC)
Rep. James Greenwood (R-PA)
Rep. George Miller (D-CA)
Rep. Patsy Mink (D-HI)
Rep. John Sweeney (R-NY)

Visit the Public Policy section of www.ihrsa.org for more in-

formation about any of these efforts or IHRSA recipients. Contact Kristen Adams (kma@ihrsa.org) for information about IHRSA.

IHRSA MEMBERS MAKE STRONG CASE AGAINST GOVERNMENT COMPETITION

To taxpaying health club operators, the issue of the proper role of government is nothing new. The question has received an unprecedented amount of press coverage this year and has even been raised in the presidential debates. Several IHRSA members have raised this issue in their own communities as it applies to the operation of taxpayer-funded, multi-million dollar recreation centers.

Cities all across the country are building extravagant recreation centers as status symbols without considering all of the implications. Don Weller, owner of Wellness Works in Solon, Ohio, recently told the Cleveland Plain Dealer that he is convinced that Solon's plans to build a recreation center will cripple his business. "I pay taxes to the municipality that's now putting me out of business," he said.

No where are taxpayer-funded health clubs more extravagant than in Chicago, Illinois. Gale Landers, president of Fitness Formula, described the city's expansive recreation facilities as "Taj Mahal-style facilities that are monuments to the people building them." He told the Tribune, "There's no need for a suburb to enter into a commercial venture when the service is more than adequately being provided privately."

There is some good news to report. Thanks in large part to club operators' education of the public and lawmakers on this issue, some recreation center proposals have been defeated. In Mentor, Ohio, for example, voters defeated a \$9 million bond proposal for a recreation complex. The key to defeating these proposals is early intervention. Take the first rumblings of a proposed local recreation facility seriously, and contact IHRSA for help.

COULD YOUR WAIVER USE SOME WORK?

One only needs to skim IHRSA's chart called "Liability Cases Affecting Health Clubs" to discover the importance of an effective release of liability. A signed waiver can protect clubs in

most states from liability for simple negligence. There are many steps you can take to help ensure that your waiver will be upheld should it ever be challenged in court.

If you haven't done so already, order the newly updated edition of "Waivers & Releases for the Health and Fitness Club Industry." It includes:

- An overview of waiver laws in each state;
- The important factors to consider when writing a waiver in any state;
- An explanation of why waivers sometimes fail;
- A section on alternatives to waivers (such as agreements to participate) for use with minors; and
- Sample waiver clauses.

While every liability waiver used in a health club should be approved by an attorney, this book can help minimize your legal fees associated with the drafting of a waiver.

The cost for IHRSA members is only \$25 (non-members \$50). To order your copy, call 800-228-4772 or visit the publications section of ihrsa.org. You can also request a free copy of "Liability Cases Affecting Health Clubs," which summarizes dozens of cases involving injuries in recreational facilities.

IHRSA MEETS WITH NATIONAL RECREATION AND PARK ASSOCIATION

Last month, Joe Cirulli (IHRSA's president), Gale Landers (IHRSA's last president), Tom Scanlon (IHRSA's lobbyist), Helen Durkin (IHRSA's director of public policy), and John McCarthy met with leaders of the National Recreation

and Park Association (NRPA) to hammer out principles of fair play between publicly financed fitness centers and privately financed, tax-paying facilities.

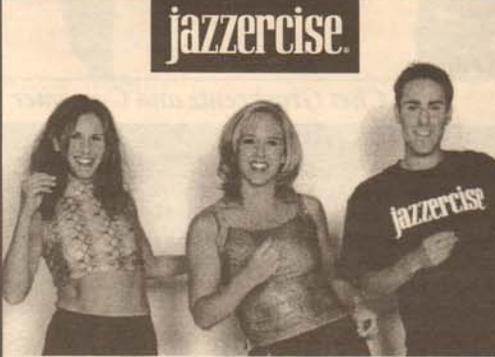
IHRSA asked for 4 things when the development of such centers is proposed:

1. Early notification. Club operators have often been the last to hear about such projects. As IHRSA subsequently wrote to the NRPA, "All taxpaying fitness businesses within a community in which a publicly financed fitness center is being planned shall be notified in writing by registered mail at least six months prior to the execution of an agreement to develop such a facility."

2. An objective economic impact statement. Public officials often claim that public facilities have little or no effect on taxpaying businesses. IHRSA submitted that those proposing that a publicly financed facility be built in a market that is already served by taxpaying clubs "shall submit to the public an economic impact statement that objectively assesses the economic harm that the public facility will have on preexisting tax-paying facilities."

3. Full disclosure of all development and operating costs. In fairness to the public that pays for these centers, IHRSA asked that those proposing them be required to submit to the public "a report that itemizes all revenues and expenses associated with the development and operation of the facility for at least the first five years of its operation."

4. Public hearings and, wherever local law permits, a properly publicized and determinative (See *Capitol Report* page 24)



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CLUB INDUSTRY CONVENTION PHOTOS



(L to R) Kelly Herrin, Janet Lossick & Bob Chaiken



(L to R) Ray Gordon, Lyle Schuler, Katie McCullough & Eddie Tock



(R) Chet Groskreutz and Customer



(L to R) Sandy Coffman, Laurie Cingle & Pam Germain



(Top to Bottom) Janet Lossick, Jack Dennison, Laurie Helmick, Karen Woodard & Laurie Cingle

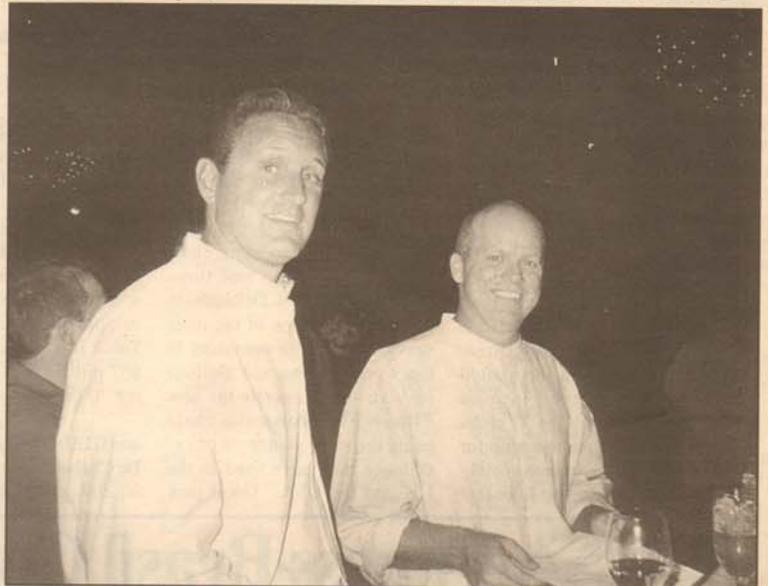


(L to R) Petra's Greg Williams & Glenn Cavanaugh

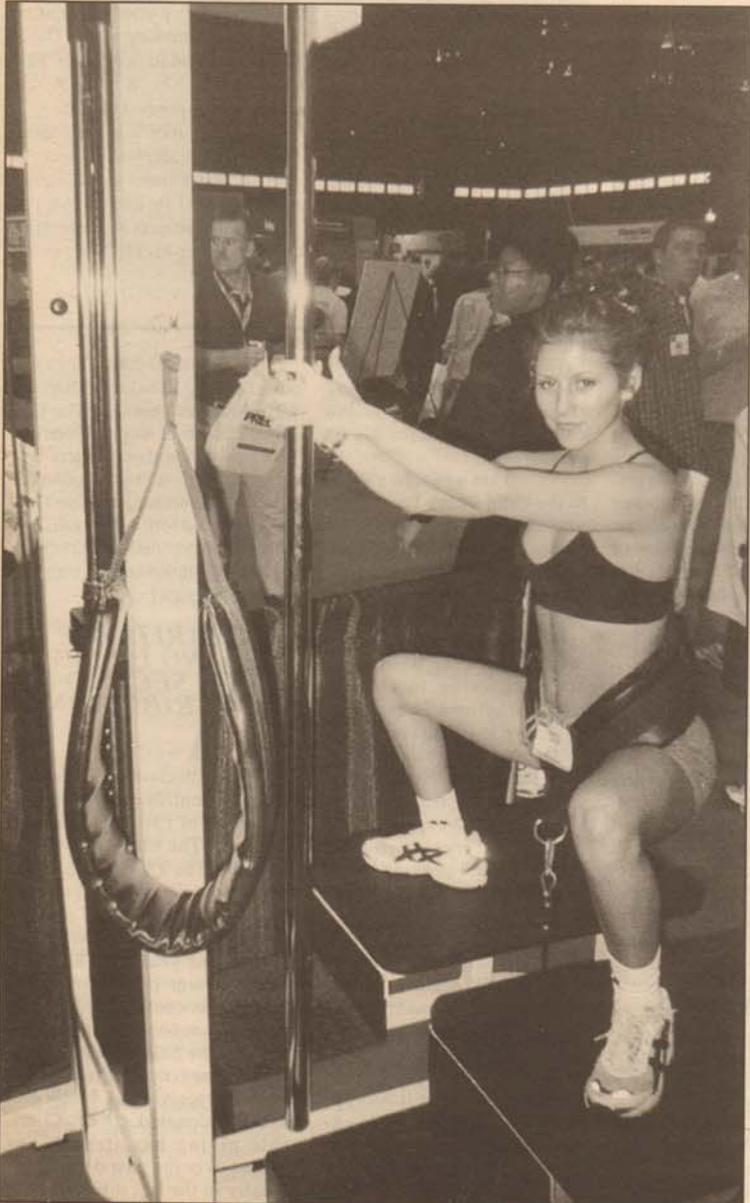
CLUB INDUSTRY CONVENTION PHOTOS



Ken Reinig of Association Insurance, Rockin' at Opening Reception



(L to R) Andy Schall & Bruce Painter of Club Runner



"Pole Dancer" Model Draws Crowds



(L to R) Janice Darymple & Ground Zero Man



"Blender Guy" Chillin' Out at C.I.

The CLUB INSIDER News World View

•Well, it didn't take the club business 'mover-and-shaker' from 'Down-Under', **TONY deLEEDE**, long to find his way back into the health club business. DeLeede had sold his 24-club Atlanta-based Australian Body Works chain to LA Fitness a few months back. Now, deLeede, the principal owner of Cardio Theater, has bought into the newly acquired chain of 11 former Healthland Health Clubs in Australia. **MIKE BALFOUR**, the Managing Director of Fitness First in the United Kingdom has entered into an agreement to acquire the 11 clubs in Australia out of receivership for \$6.2 million. That is approximately \$572,000 per club for facilities that

have been described as "upscale and a lot like the Q Clubs or a miniature Concourse Athletic Club." HealthLand was a subsidiary of LeisureNet, a South African chain of over 80 clubs that filed for bankruptcy last month. DeLeede has taken an ownership position of 15% and is off and running, (as is usual for Tony) with two more clubs under construction and three more leases signed. DeLeede, in my opinion, is one of the most savvy health club operators in the world and he and Balfour have vowed to operate the new **Fitness First Australia** chain using the same standards of excellence they have used in the UK and the USA. Good luck

guys!

•**Central Sports Co.** in Japan announced on November 15, 2000 that it will begin to be traded publicly on the Tokyo Stock Exchange. **MR. GOTTO**, a former Olympic swimming champion, the President and CEO and Founder of the company, now own over 90 facilities and manages another 60.

•**FRED TUROK**, President of **LA Fitness** operates 25 clubs with 8 more in various stages of development in the United Kingdom. Turok is soon to have an additional \$37 million and plans to be operating 70 clubs by July, 2003.

•**FERNANDO STORCHI** and **GUIDO MIQUEZ**, owners of **Red De Clubes**, one of Argentina's leading club groups, have announced that

three new properties are under way.

•**Whitbread PLC**, the giant UK company, announced plans to sell their 3,000 pubs in order to take full advantage of Whitbread's leadership role in hotels, restaurants and the leisure club business. Whitbread owns approximately 45 **David Lloyd Leisure Clubs** in Britain, Scotland and Ireland.

• **RICHARD BILTON's** upscale Sao Paulo, Brazil-based **Companhia Athletica** will open its 10th in Brazil before the end of the year. Bilton plans on having 20 upscale facilities by 2005.

•Also in Brazil, Sao Paulo's **Runner Health and**

Fitness clubs now with 9 clubs and 24,000 members, projects to open 5 more clubs in 2001 and 12 clubs in 2002, all in Sao Paulo.

•Be sure to check out the article below about IHRSA's new 5-year agreement with Fitness Brazilia.

•Cannons in the United Kingdom plans to open 27 clubs in the next 27 months. Currently with 32 clubs and 14 Courtneys Gyms, will open 22 more clubs in the UK by the end of 2002, plus 4 more in Holland. Cannons has acquired access to \$160 million for its development.

(The **CLUB INSIDER** News World View information provided courtesy of IHRSA.)

IHRSA/Fitness Brasil Conference and Trade Show

Anticipating enormous growth to both clubs and suppliers in Latin America, The International Health, Racquet and Sportsclub Association (IHRSA) teamed up with Fitness Brasil for a first-of-its-kind major conference and trade show designed specifically for club operators in that region. Both organizations thought it was time for the Latin American fitness industry to reach their next level of business sophistication and cater to an

untapped audience.

IHRSA made the decision to hold the event in Brazil because of the size and long-term potential of the market there. The choice to partner with Fitness Brasil was made based upon Fitness Brasil's strength and reputation in the area of fitness industry event planning.

Currently, the number of commercial health & fitness clubs in Brazil is approximately 3,500, with an additional 15,000

public social and/or recreation clubs.

"The Brazilian fitness market is poised for very strong growth in the next few years," says John W. Kersh, Director of International Development for IHRSA. "Indications are that there will soon be an increase in private investment in the club industry, both from sources inside and outside of Brazil. Our goal at IHRSA is for this event to become the premier meeting point in Latin America for club owners, investors and suppliers."

IHRSA already has a proven track record for successful trade shows, attracting thousands of people from all over the world to conferences and conventions. In keeping with this trend, IHRSA and Fitness Brasil attracted 2,100 buyers, 410 of which also attended the informational seminars. Additionally, 50 companies participated in the show, including national Brazilian brands and all of the main international

equipment suppliers. Participants included club owners, managers and decision making staff. The 3-day event, held in Sao Paulo, Brazil, October 17, 18 and 19, was closed to the general public.

As proof that the conference and trade show was a success, IHRSA and Fitness Brasil signed a 5-year deal to partner on this event, with the next one scheduled for September 11-13, 2001, in Sao Paulo, Brazil.

Capitol Report

continued from page 12

ballot whereby citizens can vote on the development of the new facility.

IHRSA made it clear to the NRPA that, in general, the health club industry supports the provision of ample parks, baseball diamonds, swimming pools, basketball courts, soccer fields, playgrounds, outdoor tennis courts, walking trails, and so on. We only ask that when public officials propose publicly financed fitness centers, everyone has a chance to be informed, everyone has a chance to be heard, and everyone has a chance to vote.

See December CBI's "Memo from McCarthy" for more information about the IHRSA/NRPA meeting.

PILATES TRADEMARKS OVERTURNED

The Pilates method, currently one of the hottest fitness trends in America, was the subject of a landmark decision handed down on October 20 in Manhattan's federal court. In a case pitting Sean Gallagher, owner of the Manhattan-based

Pilates Studio, against IHRSA member Balanced Body, Inc., a Sacramento-based company and the world's largest manufacturer of Pilates equipment, a U.S. District Court judge ruled that Pilates, like yoga and karate, is a type of exercise, not a trademark.

The Court's opinion invalidated Gallagher's trademarks for Pilates exercise services and Pilates equipment, and established that Pilates is a generic term. Since "consumers identify the word 'Pilates' as a particular method of exercise," the Court found, "plaintiff cannot monopolize (it)."

The Court rejected Gallagher's argument that only his teachers were qualified to teach the Pilates method, citing testimony by one of Gallagher's own witnesses that there were many other qualified Pilates instructors around the United States. Some of those teachers had studied decades ago with Joseph Pilates, the founder of the Pilates method. The Court noted that during his lifetime Joseph Pilates had "promoted his method of exercise and attempted to increase its use by the public" and "never did any-

thing to prevent others from using (the) name to describe what they taught."

The decision affects several thousand Pilates teachers and studios and about a dozen manufacturers across the country who had been prevented from using "Pilates" in any form, including in their advertising.

Ken Endelman, president of Balanced Body, refused to buckle during the five-year long litigation. In a company press release, Endelman explained, "The public benefits from this decision because it will be easier to locate studios which, until now, have been prevented from saying that they teach Pilates. This decision gives the public greater access to Pilates."

[REMINDER: While "Pilates" is now a generic term, "Tae-Bo" is still a trademark. E-mail gr@ihrsa.org for a copy of IHRSA's free fact sheet entitled "Tae-Bo: A Registered Trademark." Or visit <http://www.ihrsa.org/auth/publicpolicy/taebo.html> and enter your IHRSA i.d. and password.]

FLORIDA D.O.R. TO RULE ON APPROPRIATENESS OF TAXPAYER-FUNDED EMPLOYEE WELLNESS

A St. Lucie County,

Florida, property appraiser has come under intense scrutiny and criticism for using taxpayer dollars to buy health club memberships for his 53 employees.

Last week, in a letter to the Palm Beach Post, Douglas Putnam explained the reasoning behind the \$12,455 wellness program. "If healthcare claims can be reduced through an employer-sponsored wellness program, the taxpayers are the winners. A 10% reduction in claims, which I believe is realistic, will save the taxpayers considerably more than the cost of the program. Healthy employees work harder, miss fewer days, have fewer insurance claims, feel better about their jobs and provide better service to the taxpayers...Given the opportunity to succeed, I am confident the wellness program will achieve the desired results," Putnam wrote.

Putnam has asked the Florida Department of Revenue to review the purchase to determine whether it was appropriate. A ruling isn't expected from Tallahassee for at least a week, according to the Port St.

Lucie News.

[Call 800-228-4772 or visit www.ihrsa.org to order IHRSA's updated brochure entitled, "The Economic Benefits of Regular Exercise." This publication demonstrates how major corporations have experienced reduced absenteeism, improved employee productivity and morale, and reduced turnover and medical claims as a result of implementing a corporate wellness program.]

CHARITABLE GIVING UP 13%; YMCA SECOND IN CONTRIBUTIONS

America's leading charities collected more than \$38 billion in contributions last year, an increase of 13% over 1998, according to The Chronicle of Philanthropy. The YMCA of the USA ranked second with \$693 million in donations. [You will remember that the Y ranked first in total revenue last year with \$3.5 billion — a large portion of that is from fitness center memberships and program fees.]

The Salvation Army led the 1999 survey of the top 400 charities, receiving \$1.4 billion in cash and donated goods. Charitable giving has steadily increased over the past decade, especially in the last three years.

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BODY PUMP TESTIMONIALS

"I LOVE BODYPUMP. Thanks for a fabulous workout." Email - September, 2000

"I recently moved from Baltimore where I became 'addicted' - in the healthiest way - to BODYPUMP. I'm one of those people who never lifted weights, and, to tell the truth, was a little intimidated at the prospect of taking the classes. But the instructors at Brick Bodies are wonderful, and soon I couldn't stop myself from going." Email - September, 2000

"I would like to say that I have been a BODYPUMP instructor for over 2 years now and have never felt so much gratification from a workout before. I have been teaching in the industry for 22 years and this is the first program that actually gave results as promised and has been the only one to change my body definition fast. I encourage all ages and genders to take this

class and let them see the results they can achieve. This is actually a class that we all enjoy and do not dread. I try to change up my music selection on a daily basis so that the class never gets bored with the same songs. I also encourage my class to work on a personal basis and only use the weight that is comfortable for them and have to say have kept the attendance numbers going up. Thanks for an awesome program." Email - September, 2000

"BODYPUMP changed the shape of my body in the quickest amount of time unlike any other exercise I have tried before." Email - August, 2000

"I think BODYPUMP is the most exciting thing that has happened to my body in a long time. I like it because I see results fast and it motivates me to keep doing more." Email - August, 2000

"I've been taking BODYPUMP classes for about 2 months now and it's been great! I really hate to miss a class and have made great improvements since starting out." Email - August, 2000

"I absolutely love BODYPUMP! I had never lifted weights before this class, but I'm seeing the toning that I always wanted." Email - August, 2000

"I've been doing BODYPUMP exercise for over two months now. It is a great workout and I'm getting the most of it." Email - August, 2000

"I am a member of a class in Siloam Springs, Arkansas. I absolutely love BODYPUMP! I had never lifted weights before this class, but I'm seeing the toning that I always wanted. Thank you for your help and your awesome program!" Email - August, 2000

"Hello - and may I just say thank you right off the bat! As a former resident of Atlanta, GA and former aerobic instruc-

tor I have come to love Body Pump." Email - August, 2000

"I have been taking your class for over a year now and I am hooked!" Email - August, 2000

"I have been doing BODYPUMP at my health club and I am now hooked." Email - August, 2000

"I am 53 years old. I have been taking BODYPUMP classes at Lifestyles Family Fitness Center in Brandon, FL for over a year now. I have seen so many positive results happening to my body, self esteem and confidence level. My body composition has changed. By doing Body Pump 2-3 times a week and walking on the treadmill 2-3 times a week, I have gone from a size 12 to a size 5. My eating habits have not changed and I still have experienced positive results. Also, By blood pressure changed 170/90 to 140/80." Email - July, 2000

"I have been taking the

BODYPUMP classes at Harbor Athletic Club in Middleton, WI for a month and love what it does for me. I feel like I can take on the world when I have finished the classes. I haven't ever really been into lifting weights (I am an avid walker-about 30 miles a week) but I know that strength training is important for overall fitness and BODYPUMP is a really fun way to accomplish my fitness goals. I attend classes 3 times a week. In what time frame can I expect to see some major changes. I have seen them in my gluts already. Thanks and keep it up!!!!" Email - July, 2000

"I have been doing BODYPUMP since March and love it. The wonderful results and feeling of accomplishment after each workout is addicting." Email - July, 2000

"Just finished training in Module 2. Had a BLAST. The class is great, the music is great...thank you for making it so much fun and especially for the great results I have seen in my life." Email - July, 2000

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Casey Conrad

continued from page 8

they get people to "Super-Size" their meal for just .39 cents. That might not seem like a big price change but when you multiply that by thousands of people per day it adds up.

One good example of getting the customer to buy a larger quantity of an item would be to offer them a longer term membership at a discounted rate. If the average customer only stays 6 months with the club, giving you total revenue of \$450 (at \$75 per month), it would be advantageous to offer customers a 12-month program at a discounted rate of \$750, increasing your customer value by \$300. Of course, the same principle can be used for any products or services you offer at the club. The key is to first figure out what the value of that sale normally is, then offer an incentive to push the average value higher.

Another type of Up-Sell is to get the customer to buy a similar but more expensive item. For instance, instead of just offering a regular membership, always offer a more exclusive, higher priced membership that would include things like towel

service or a permanent locker rental. Many customers who want the "best" available will take these packages and now you have increased your revenue immediately.

Different from Up-Sells are Cross-Sells. A Cross-Sell is when you get the customer to buy a related product from you. For example, although your club is primarily selling memberships, you also offer things like tanning, personal training, massage, and body testing services. Instead of waiting for the customer to potentially buy these items sometime during their membership, why not formally introduce them at the time of the initial sale. Studies show that when someone makes a major purchase, when asked to buy a related product he will agree over 30% of the time, simply because he was asked while in a "buying mood." The great thing about Cross-Sells is that even if a customer doesn't take advantage of the offer at the point of sale, he can still be marketed to at a later date. Therefore, there is absolutely nothing to lose! And when you run the numbers, getting both Up-Sells and Cross-Sells are very compelling. If your club

makes an average of 100 sales per month and you could increase the value of the sale by just \$50 that would mean an additional \$5,000 in revenue per month.

As you can see, when it comes to marketing, there are lots of tools, techniques and concepts that can easily be added to your club's marketing efforts. By taking the time to assess what you are doing and find simple ways to incorporate some of the strategies covered in this two-part article, you can dramatically improve your offers and get more new prospects and members from the investment you are already making.

(Casey Conrad is President of Communication Consultants, a company dedicated to providing high quality sales, marketing and management seminars to the health and fitness industry worldwide. She has authored over 20 different publications and tapes for the industry and runs the Health Club University training center in RI. Most recently she created and opened a national chain of weight loss centers entitled "Healthy Inspirations Weight Loss and Lifestyle Center." Casey may be reached at 800/725-6147)



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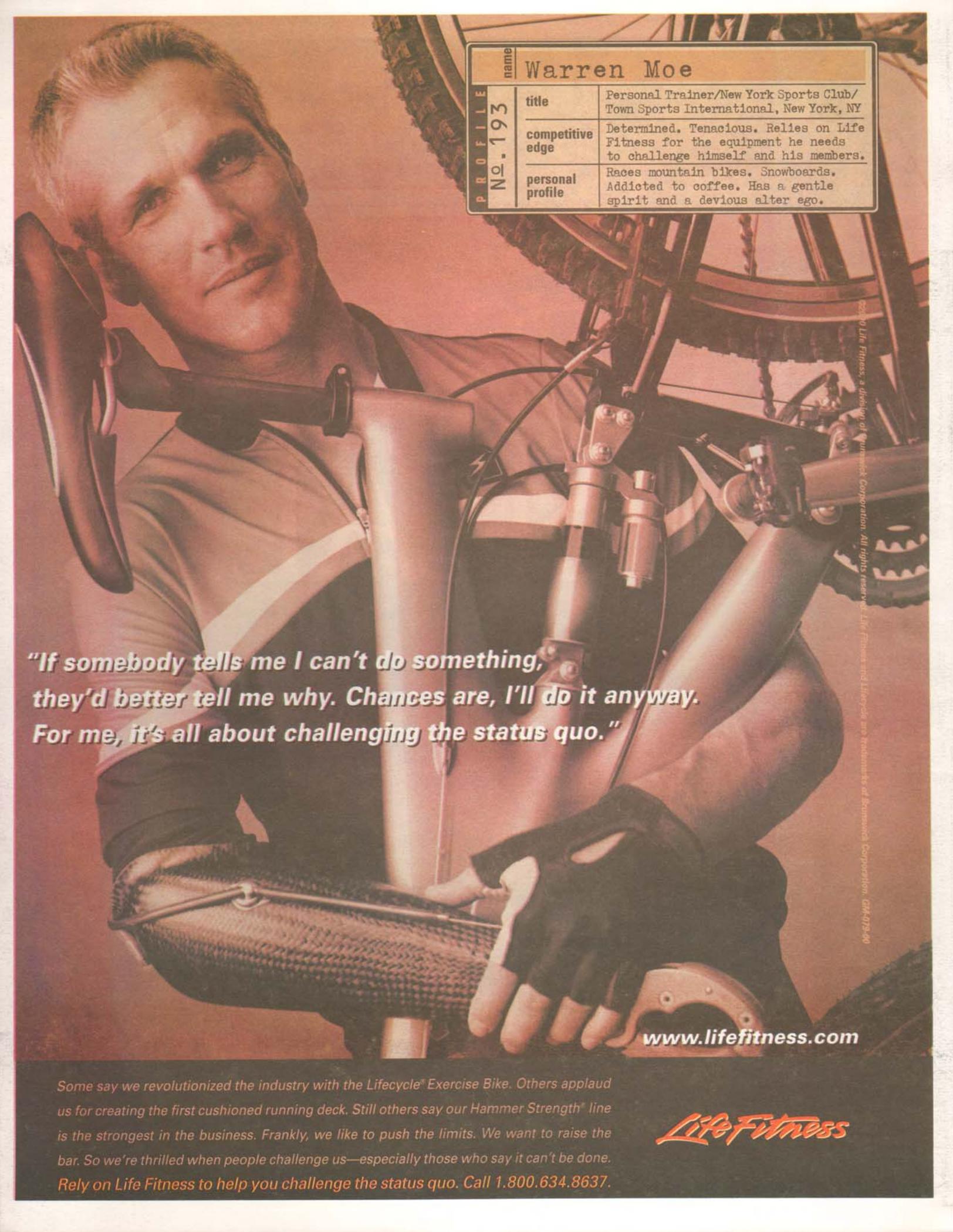
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PROFILE No. 193	name	Warren Moe
	title	Personal Trainer/New York Sports Club/ Town Sports International, New York, NY
	competitive edge	Determined. Tenacious. Relies on Life Fitness for the equipment he needs to challenge himself and his members.
	personal profile	Races mountain bikes. Snowboards. Addicted to coffee. Has a gentle spirit and a devious alter ego.

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