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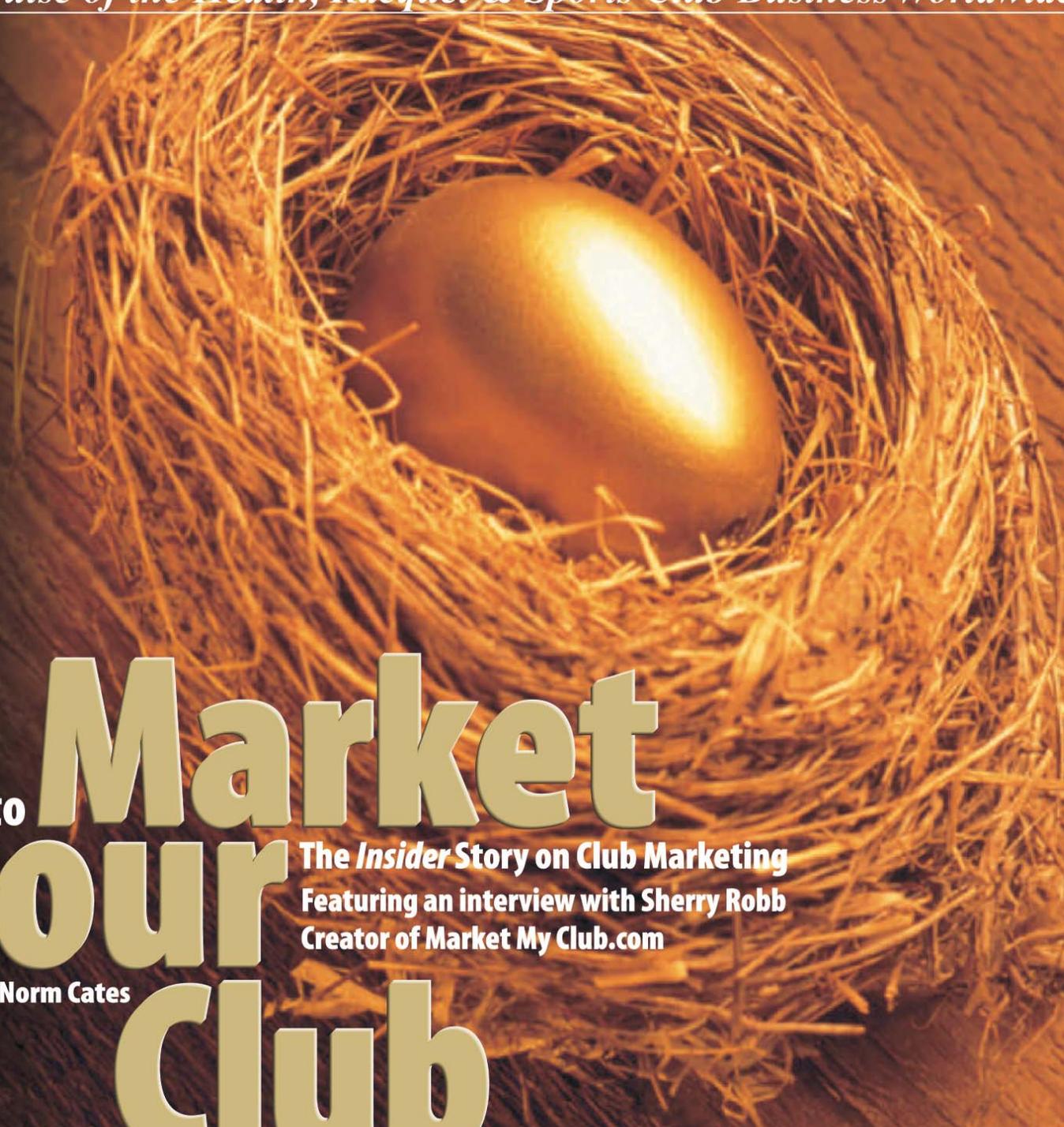
Norm Cates'

THE Club Insider

NEWS

November 2005
\$10.00

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

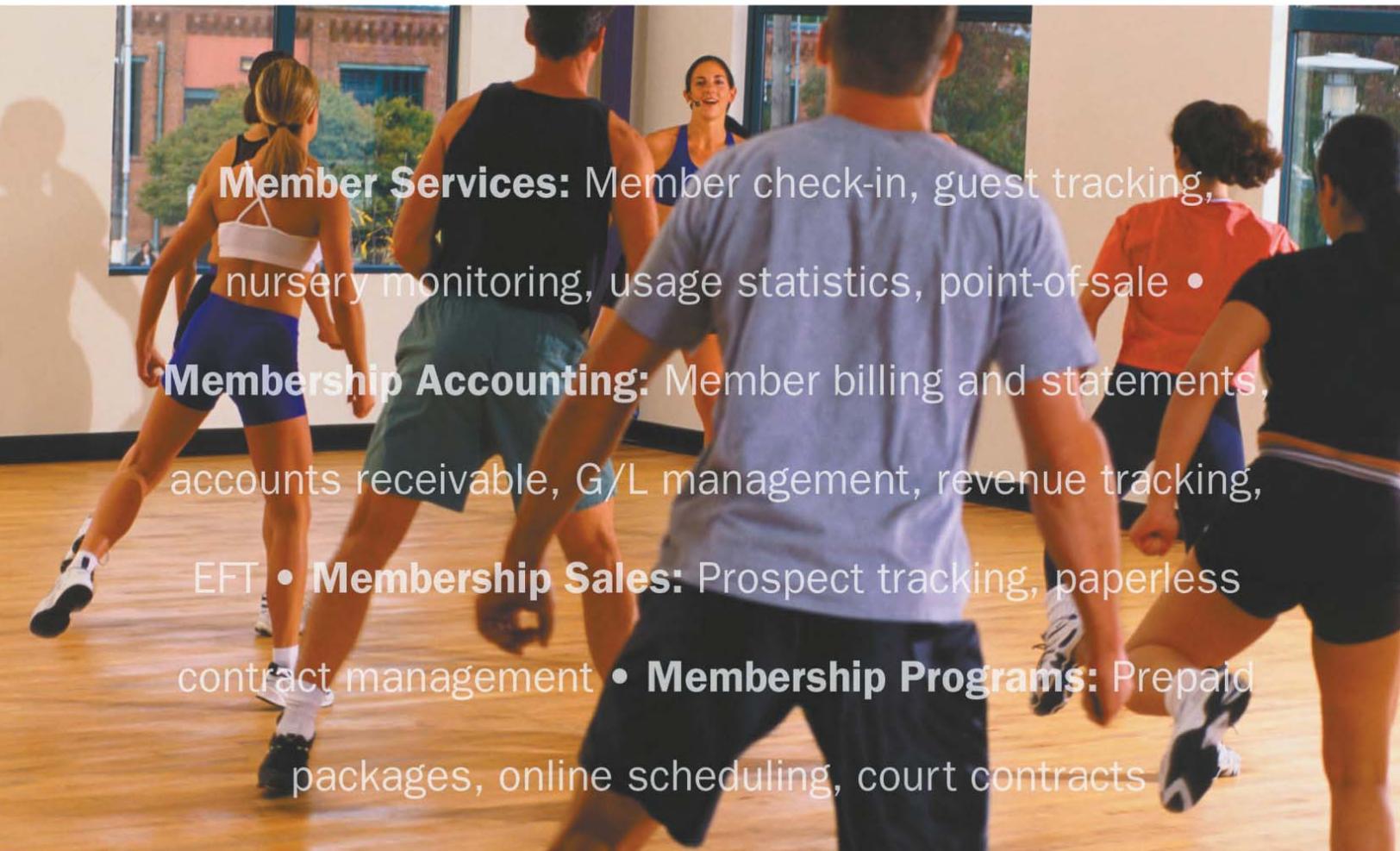


how to Market your Club

The Insider Story on Club Marketing
Featuring an interview with Sherry Robb
Creator of Market My Club.com

by Norm Cates

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Health & Fitness

Norm Cates'

THE Club Insider

NEWS

CheckFree Strengthens Health & Fitness Leadership with Acquisition of Aphelion

ATLANTA, Nov. 1 - CheckFree Corporation (Nasdaq: CKFR) today announced the acquisition of substantially all of the assets of Aphelion, Inc., a leading provider of health club management software and services, for \$18 million in a cash transaction that closed on October 31, 2005. The combination of two pioneers in the health and fitness industry creates an organization that will provide high-quality services and products for health and fitness clubs of all sizes, and assure continued technology advancements for the entire market. CheckFree's 25 years in electronic commerce began with the automation of monthly health club dues in 1981.

The addition of Aphelion expands the number of clubs that CheckFree serves, strengthens the Company's presence in the mid-size and independent club markets, and brings CheckFree prospective electronic funds transfer customers. Aphelion also establishes CheckFree's Health & Fitness presence internationally in Europe, Canada and Asia-Pacific with club management

solutions in multiple local languages, and round-the-clock customer support.

Both CheckFree and Aphelion have been innovators in the health and fitness industry and are credited with advancements in electronic funds transfer and club management software, respectively. The acquisition brings the resources of a large organization to Aphelion customers and prospects, while CheckFree expands its expertise with the continued service of Aphelion's founders and its base of associates.

"With the acquisition of Aphelion, CheckFree is reaffirming its commitment to technology leadership in the health and fitness industry," said Matt Lewis, Executive Vice President and General Manager of CheckFree's Electronic Commerce division. "The addition of Aphelion brings CheckFree a strong, complementary customer base with opportunities for continued growth and innovation in processing and management solutions for health clubs of all sizes."



(L to R) Bill Nichtberger, Ron Polisen, Matt McKernan and Reg P. Berka

CheckFree Investment Services provides a broad range of investment management solutions and outsourced services to thousands of financial service organizations, which manage more than \$1.2 trillion in assets. CheckFree Software

develops, markets and supports software applications that are used by financial institutions to process more than two thirds of the 12 billion Automated Clearing House transactions in the United States. The division also provides operational risk

management, financial messaging, corporate actions, and regulatory compliance software to more than 1,500 organizations across the globe.

How To Market Your Club

By Norm Cates, Jr.

There are club owner/operators that have spent their entire careers operating their clubs with half-baked marketing planning. Are you one of them? I was!

I know how it is folks. It seemed that I was always running late getting this crucial club marketing planning job done. And, if you're reading this in late November or early December and your club marketing plan for 1st Quarter of

2006 is not done, then you're running late too. But, it's *NOT TOO LATE!* From my experience as a club owner/operator years ago, I know it is not easy to force yourself to do this crucial club marketing planning work in advance, especially if you're not trained in marketing. But, club marketing planning must be done well and in advance to produce the best results.

I wish I had read an interview like the following one with Sherry Robb during my club owner/operator career. I think it would have helped me

understand marketing better. It also would have helped me plan better club marketing campaigns.

But...that was then and this is now. I missed that boat. But you don't have to!

Introducing
Sherry Robb of
MarketMyClub.com



Sherry Robb, Co-Founder, MarketMyClub.com

I am pleased to introduce Sherry Robb. Sherry is the co-founder, with Ron Buddo, of MarketMyClub.com, a division of Lunapress, Inc.

I invite you to share Sherry's 17+ years of marketing

(See Market Your Club page 10)

Inside The Insider

- A White Paper – Challenging Views Of The Health Club Industry
- "The Insider Speaks"
- Training Your Sales Team Year Round
- Improving Personal Trainer Sales

•Norm's Notes•

*These notes contain some of my views and opinions. I welcome yours.
 Contact me at: 770.850.8506 or email: clubinsidernews@mindspring.com*

• *Hello everybody!*
 This is your friendly **CLUB INSIDER Publisher Since 1993** checking in!

• I must sadly report today that **NORMAN DABISH**, the co-founder of **Powerhouse Gyms** and brother of **Powerhouse Gyms** co-founder **WILL DABISH**, passed away on October 21, 2005. See page

Thank You

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• **Will Phillips** - President - REX Executive Roundtables (858)515.7835)

#30 for Norman's Obituary. May Norman Dabish Rest In Peace.

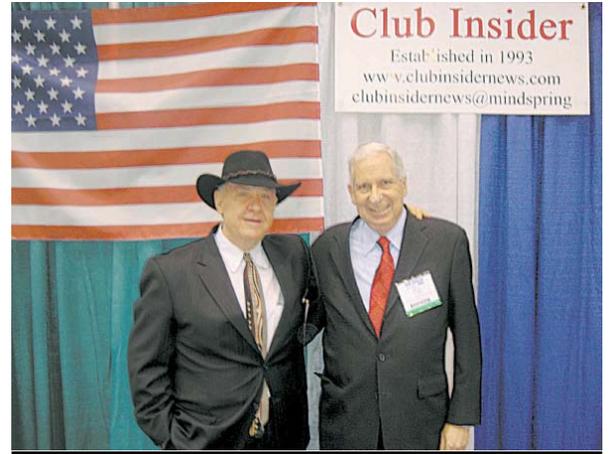
• Grab your pen or pencil and **mark your calendar** for **March 20-23rd, 2006**, and make your reservations for **IHRSA 25th Anniversary Convention and Trade Show**. Call **IHRSA** at: **800.228.4772** or go to: **ihrsa25@org**. This event will be incredible. Check out the **IHRSA** ad on our new Ad Page #5 to your right. **Also advertisers... Note that this PRIMO AD page #5 and our outside back page are NOW AVAILABLE for some company for a 12X ad placement.**

• **SHERRY ROBB** and **RON BUDDO** are the co-founders of **MarketMyClub.com**. Sherry is the subject of our cover story interview this month, and she has provided us with a terrific interview for our article entitled: **Market Your Club**. She also produced the **Golden Egg** artwork that appears on our cover and on the interior pages this month. I want to thank Sherry and Ron for their contribution this month. I also want to direct your attention to their four-color ad on **page #15**. **Last, but very importantly... Ron and Sherry have offered, at no charge to**

our readers, their terrific downloadable Manual, valued at \$49 and entitled: **Market My Club.com - the First Year and Beyond Volume II**. You may call **Ron or Sherry** at: **1.888.765.4717**.

• Welcome to new advertisers **Blends-4-You** headed by **LLOYD COLLINS**, formerly with **City Blends** and **Fitness Management and Consulting**, headed by **JIM THOMAS**. Please check out their ads on pages: 27 (**Blends-4-You**) and 22 (**Fitness Management and Consulting**).

• **20 years ago**, a nice fellow named **MARC ONIGMAN** created a club business magazine and trade show called **Club Industry**. Marc made a huge contribution to this industry with that creation. He later sold **Club Industry Magazine** and moved on to other things. But, **Club Industry** lived on. **Congratulations to everyone at Club Industry's Fitness Business Pro Magazine and Conference and Trade Show on their 20th Anniversary!** This organization is staffed by some really great people. It is a **HUGE ASSET** to our growing health, racquet and sportsclub industry, and I am very thankful for their 20 years of service to



Norm Cates (L) and Rick Caro Club Industry Chicago – November 2005

our industry. **Thanks to PAMELA KUFAHL**, the new editor of **Club Industry's Fitness Business Pro Magazine** for the great job she is doing. Thanks **HOWARD RAVIS** for your 20 years of hard work producing world class educational offerings for your Conference attendees. Thanks **SAM POSA** for putting together year after year another world class trade show. Thanks **HERB GREENBAUM** for doing such a terrific job of marketing to attract attendees. Thanks to **ZARI STAHL**, Executive Director for Expositions, for the great job you do on both **Club Industry Chicago** and **Club Industry East** each year! **We wish Club Industry 20 more great years!**

• **Congratulations** to the beautiful **JUDI SHEPPARD MISSETT**, the **Founder of Jazzercise**, as she was honored by **Club Industry** with its **Lifetime Achievement Award**. Her acceptance speech was brief, but beautiful, as she shared three keys to her life journey with the 300+ standing room only crowd. In particular, her acknowledgement of **ROSA PARKS'** contribution to **America** was very moving. Immediately following Judi's acceptance speech **JOHN GRAY**, author of the book entitled: **"Men Are From Mars...Women Are From Venus"** spoke. Gray dazzled the crowd for over an hour with his **explanation of what makes women tick**. Additionally, as always, there was a world class

lineup of great speakers and that list is too long for this piece. One other very interesting item was the Panel Discussion entitled: **Demystifying the Accreditation Certification Controversy** with panelist: **DR. SAL ARRIA, DR. TOM BAECHLE, BOB ESQUIRE, KEN RENNIG** and **DR. WALT THOMPSON**. **PAM KUFAHL, Editor of Fitness Business Pro** was the **Moderator**. The Trade Show was very busy for most everyone (except Saturday) and as always, I look forward to next year in Chicago and to next summer in Philadelphia, where **Club Industry East** will take place **June 7-10th, 2006**.

• I want to **THANK** all of you whom I've seen in person in **New York City** in June, in **Las Vegas** in September and in **Chicago** last week for your **wonderful words** of praise and compliments about my new physical condition, as many of you have seen me for the first time in years. Check out my writing on our **"Insider Speaks" page #6**, as I have an update for you.

• **Congratulations** to **GINGER COLLINS**, as she has been selected to serve as the first ever **Executive Director of the Gold's Gym Franchisee Association (GGFA)**! Ginger is a former 10-year **Gold's Gym** franchisee and has worked with **Gold's GORDON JOHNSON** since 2003. In her new position, she will oversee all **GGFA** membership activities and drive
(See Norm's Notes page 7)



13 Years and Counting!
 Established 1993

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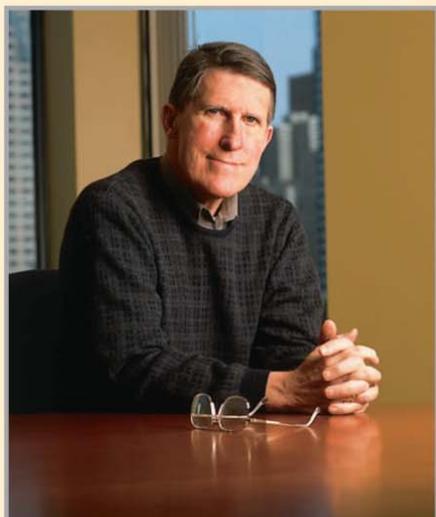
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“Please join me at an event not to be missed. IHRSA25.”

The 25th Anniversary International Convention and Trade Show.
March 20-23, 2006, in Las Vegas, Nevada



John McCarthy will attend his final IHRSA International Convention and Trade Show as Executive Director, having announced his retirement after twenty-five years of service.

I invite you to join me at IHRSA's 25th Anniversary International Convention and Trade Show that will be held in Las Vegas, March 20-23, 2006.

The keynote and featured speakers this year are “the best of the best,” including Jim Collins (*Built to Last and Good to Great*), Ken Blanchard (*Raving Fans*), Deepak Chopra (*The Spontaneous Fulfillment of Desire*), Steve Lundin (*Fish!*) and, Steven Blair (*The Surgeon General's Report on Physical Activity*).

All of the speakers will be focused on providing you with immediately actionable messages that will drive your business forward as we go for gold...the next twenty-five years of our vibrant industry.

The Trade Show will be, once again, bigger and better than ever, with all the major companies presenting new products and services not to be missed.

I am looking forward to greeting you there.

Don't wait, register for IHRSA25 by January 15, and pay only \$575 for a four-day pass. That's \$100 off the on-site IHRSA member registration rate. Register for the trade show only and pay only \$20, a 50% savings. To register, visit IHRSA25.org or call 800.228.4772 (US/Canada) or +1.617.951.0055 (international)

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"The Insider Speaks"

US Baby Boomers Hit 60!

By Norm Cates, Jr.

A "Birthday Boy", Norm Cates, Jr., will turn 60 on January 17, 2006! I am proud to be one of the first of the 78 million American 'Baby Boomers' who will hit the big 60!

As I write here on Veterans Day, 2006, I want to be sure to say "Thanks" to my Dad, Norm Cates, Sr., to my Uncle Sam Ingram, and to millions of other veterans who went "Over there" to fight for and preserve the freedoms we still enjoy in America today. Had it not been for these brave men and women English might not be the primary language in America today. For you 'youngsters' who may not have connected on this, it was the end of World War II, when millions of soldiers, airmen and sailors returned to their beloved America that caused the 'Baby Boom'. Waiting for them were millions and millions of wives and girlfriends. Thus, many of us are Blessed to be on this earth today.

"Younger Next Year!"

And, you know what? Many of us 'Baby Boomers' in America will be "Younger Next Year!"

In case you don't know, that's the title of a really terrific book written by Chris Crowley and Harry S. Lodge, MD.

Chris, 71 and Harry, 48, have recently teamed up with PAT LAUS' of the amazing Atlantic Club located near the Jersey Shore for a membership promotion tied to this wonderful book. We will have a report on those developments at a later date. If you have not purchased and read "Younger Next Year" yet, I urge you to do so! This book is simply **MUST READ** material for everybody who works in our health club industry! And, it is an absolutely terrific book for your members to read. Properly introduced and promoted in your club, the book "Younger Next Year" will 1) **increase** your NEW membership sales; 2) **increase** your membership

renewals; and 3) **increase** your daily member activity! Don't let another day go by without getting a copy of "Younger Next Year" and reading it cover to cover!

"Leaving Fat City" Update!

As the Author of my soon to be finished new book, "Leaving Fat City!" I was thrilled to read many things in "Younger Next Year" that I've been doing for 5 years now! Five years ago, on November 26, 2000, I made a pledge to **GOD, myself, my family and to you all, my friends out there in this industry that I love.**

I pledged to **make and keep a 180 degree lifestyle change.** I've done it. I vowed to **lose over 110 pounds** and **keep it off.** I've done it. I vowed to **make a difference in the lives of others that were suffering from obesity.** I have begun that work. And finally, I vowed to **write my book, "Leaving Fat City!"** to chronicle the experiences I've lived through battling obesity, and I am writing that book.

In February, 2002, in a CLUB INSIDER cover story entitled, "Leaving Fat City!" I published the introduction to "Leaving Fat City!" Justin Cates, my son, and I appeared on the cover of that issue for the first and only time ever.

And, you know what happened? A number of people in our industry across the U.S. and here in my hometown of Marietta, GA. who read that introduction have **ALSO CHANGED THEIR LIVES and have lost weight amounts ranging from 30 to 150 pounds!**

So you may ask, and I've already heard this from several people, including my fine son Justin: "What the heck are you waiting for? WHY have you not written the book already?"

Here is my answer: **I cannot passionately write about any subject until I have carefully and thoroughly studied it.** But, **much more importantly,** I view the book "Leaving Fat City!" as a book that is not just going to help a few of my

friends. I view my book as a work that will help the 175 million or so obese or significantly overweight Americans to save their own lives. Therefore, I wanted to be, NO, I HAD to be completely ready... **BOTH mentally and physically** to write this book. **I am now ready.**

I am convinced **deep** in my heart and soul that when I weighed **343 pounds at 5'11"** tall that I already had one foot in the grave! I am convinced that I have been spared from death by our stronger power to do this work and to produce this book. I was in a sad physical condition for a human being to be in. And, I was not alone! **I was painful to look at, a walking, talking case of "EYE POLLUTION" five years ago!** Yeah, I know... that's a mean way to describe oneself or anyone whom may be suffering from obesity! **But now, over 110 pounds lighter and with 18 inches off my waist, I really enjoy this newly renewed and reborn vessel for my messages. And, I have a deep, intense desire to help others who are suffering.**

A 3-D Solution!

The **MedX Lumbar Machine** therapy appointment **BIG JIM FLANAGAN** arranged for me over 5 years ago allowed me to get back to regular exercise. I had an awful back injury from a car wreck that had contributed to my 10 pound per year weight gain. Thank God I was able to change my lifestyle to include **DAILY** exercise! Read on for a nutshell report on how I did it.

I have been asked hundreds of times what I had done to lose this weight and keep it off. It all boils down to my **3-D's:**

D#1- I dropped consumption of pasta, bread, potatoes, rice and sweets for 18 months (except occasionally once or twice a month).

D#2- I dropped drinking my favorite whiskey, Jack Daniels, and all beer and wine... Forever. In my case, I made the final decision to eliminate alcohol from my life forever because I am of Scotch, Irish and Cherokee Indian

descent. By age 54 (5 years ago), it had become clear to me that to eliminate alcohol consumption from my life was a smart permanent lifestyle change.

D#3- Without a doubt, the MOST IMPORTANT permanent change I made is that I Dropped my sedentary lifestyle. I exercise every day now. One year ago I added what I call "incline pushups" to my **daily 3.2 mile walk.** I do these push ups while leaning against a 42" to 48" high metal bar. When I started, I could only do just a few. Now, I do **10,000 incline pushups per month!** You read that right! 10,000 per month as follows: 3 days a week: I do 5 sets of 100 IPU's for 500 per day. 4 days a week: I do 5 sets of 50 IPU's for 250 per day. When you add them all up, you get 2,500 per week and actually over 10,000 per month! **At almost 60 years old, I feel younger, stronger, more energetic and more alive now than when I was 21!**

You most likely will be

reading this in late November or very early December, 2006. By the time you read our next edition of CLUB INSIDER, our "Annual 2005 In Review Special Edition", **I PROMISE** I will be finished writing my book "Leaving Fat City!" **I have lived in a world of deadlines for 12 years now, and now, I have set this deadline for myself to complete my new book. The good Lord and my heart and soul will bring this message to the world. STAY TUNED!**

(Norm Cates, Jr. is the Publisher, Founder and owner of CLUB INSIDER and a 32-year health, racquet and sports club industry veteran. Cates was the 1st IHRSA President and a Co-founder of the Association in 1981. Cates was honored by IHRSA in March 2001 with its DALE DIBBLE Distinguished Service Award. To contact Cates call: 770.850.8506 or email: clubinsidernews@mindspring.com)

FRIDAY REPORTS

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...Norm's Notes

continued from page 4

the future growth of the organization. Best wishes to Ginger as she embarks on this new challenge! And, congratulations to **JOHN BURRIS, President of the GGFA** and his **Board of Directors** for such a smart choice.

• **The YMCA of Birmingham, Alabama** has acquired **Sports First, Inc.**, a Birmingham, AL. chain of four free standing clubs with approximately **11,000 memberships** (Estimated 17,000 total members). **BRUCE GOUIN, a real credit to our industry**, was the **CEO** of Sports First, Inc. for 22 years and a 28-year industry veteran. Gouin had previously worked for the **Sports Illustrated Court Clubs** in Michigan back in the late 70's before moving to Birmingham. When the **non-profit hospital Board of Directors** decided to divest its for-profit chain of free standing clubs of **24, 48, 50 and 65,000 square-feet respectively**, they employed the services of Atlanta-based investment banking firm, **Shattock Hammond Partners, LLC (SHPL)**. We spoke with SHPL's **RICH BAYMAN** who confirmed that the sale closed on August 31, 2005 and indicated **"no comment"** to our inquiry about the selling price reported by another of my sources to be **\$18 million**. This acquisition gives the **YMCA of Birmingham** total dominance of this 1.2 million+ market. Also, included in the deal for the YMCA was a management contract for the fitness center located in the **Mercedes Benz** factory not far from Birmingham. Not included in the sale and soon to close, was the Sports First operated facility in Montgomery, Alabama, formerly owned by **Auburn U.** and **Miami Dolphins** football star, **MIKE KOLEN**, formerly known as **"Captain Crunch"** for his bone crushing tackling skills as a legendary defensive back. Bruce Gouin received a severance package that will allow him some time to contemplate his future. But, **at age 48, Bruce Gouin will be a really great find** for some growing club chain that needs an **excellent veteran CEO**. We wish Bruce and his family well, and I want to pass on his email as he is also going to be available immediately for consulting assignments or new full-time employment. **Email Bruce at: bgouin@charter.net.**

• **Congratulations to JIM MIZES**, who has served as **COO** at West-Coast **CLUB ONE** for the past 3 years, as he has been named **President and CEO**, by **ROBIN KLAUS, Chairman of Club One and Star Trac. JILL KINNEY, Founder of CLUB ONE**, commented on Mizes. "He has brought a fresh perspective to our organization along with a passion for fitness and service that is unmatched in our industry."

• I met a gentleman in Chicago who is the **most passionate guy about physical fitness for youngsters** I have ever come across. His name is **PHILLIP LAWLER**, and I was introduced to him

by his son **TODD LAWLER**, who works for **STRIVE Enterprises**. He has agreed to become a **Contributing Author** for **CLUB INSIDER** and will share his expertise in the field of physical education for kids. Check out his website in the meantime at: **pe4Life.org**. In essence, this dedicated man is **leading a one-man fitness revolution for kids**, and I am really looking forward to sharing more about him and his pe4Life programs!

• Speaking of **PASSIONATE PEOPLE** I met in Chicago at Club Industry, let me mention **NFL Pro Football Hall of Famer, JOE DELAMIPELL-EURE**, the **President of Fitness and Flexibility**. Basically, Fitness and Flexibility offers an advanced rubber band training program like nothing I've ever seen. It dates back to the days of towel stretching and earlier methods, but it looks particularly good for athletes that depend upon leg flexibility and resilience in games such as football...

This program has huge potential for any training organization. **STAY TUNED** for more! Check out his website: **www.lqhw.com** or **contact Joe at: Joe68d@yahoo.com**

• **More about the YMCA here.** **IHRSA's Capitol Report**, dated November 9, 2005, carried a report on a ruling by the **Virginia Supreme Court** that a YMCA may not be sued for negligence relating to a sexual assault that allegedly occurred in one of its bathrooms because the YMCA is operated as a charitable organization (despite the YMCA's inability to demonstrate a single expenditure for charitable services). **In its opinion, which makes me want to get sick, the Court ruled and wrote: "Under generally accepted accounting principles, the YMCA is required to record its expenses according to function. The practical effect of this GAAP requirement... is that charitable expenditures are embedded in every expense line."**

So, let me get this straight. **It appears that the Virginia Supreme Court has basically ruled that the YMCA is not liable for anything that happens inside its doors!** But, when you think about it, the **AMERICAN HEALTH CLUB BUSINESS FARCE**, also known as the **YMCA's of America**, have enjoyed an **unfair 30%+ cost advantage over their commercial health club competitors for decades and decades** as they have not been required to pay **federal, state or local taxes and other expenses their competitors must pay**. So, this Virginia Supreme Court ruling is not surprising when viewed from that perspective. To me, this is **just another chapter in the YMCA of America book on deceit** where they continue to **play off and benefit financially** from their **150+ year old charter: "to help the youth and underprivileged children of America!"** There are a lot of **high-ups at the YMCA's of America getting very wealthy while hiding behind a charter that they have not**

(See Norm's Notes page 8)

SalesMakers
IHRSA BUSINESS OF THE YEAR

Greenville Racquet and Fitness	109% Increase
Aspen Hill Club (MD)	20% Increase
The Gym (England)	Pre-Sale Sold Out
Atlantic Club (NJ)	31% Increase
Lynne Brick's Womens Only (MD)	Pre-Sale
Bel Air Athletic Club (MD)	20% Increase
PACE Fitness (Australia)	Pre-Sale Sold 2065
Club at Woodbridge (NJ)	32% Increase
Solaris Sports Club (NY)	Pre-Sale
Padonia Fitness Center (MD)	23% Increase
Club Fit (NY)	69% Increase
Spartanburg Athletic Club (SC)	24% Increase
World Gym (NY)	42% Increase
Pinnacle Health Clubs (England)	Pre-Sale
Sportivo Fitness (St. Lucia)	Pre-Sale
Court House Athletic Club (CA)	37% Increase
Ronny Barnes Fitness & Nautilus	29% Increase
Gold Coast Fitness (NJ)	Pre-Sale
Genesis Health & Fitness (KS)	27% Increase
Westside Club (SC)	62% Increase
Maryland Athletic Club (MD)	Expansion
Court Sports I & II (NY)	30% Increase
Shulas Athletic Club (FL)	Expansion
Evanston Athletic Club (IL)	24% Increase
Spa at Fountainbeau (FL)	31% Increase
Gold's Gym (IN)	104% Increase
Sportset (NY)	31% Increase
Welshback Squash & Health Club	40% Increase
Lifestyle Health & Fitness (NC)	58% Increase
Westbay Athletic Club (FL)	Pre-Sale
Millennium Health & Fitness (NC)	32% Increase
Hudson Athletic Club (NJ)	31% Increase
What a Racquet Athletic Club (CA)	27% Increase
Westchester Health & Fitness (NY)	41% Increase
Westlake Sport House (CA)	30% Increase
Apple Athletic Club (ID)	44% Increase
The Ridge (MT)	34% Increase
Gold's Gym (VA)	34% Increase
Sports Club (Sweden)	44% Increase
Gold's Gym (CA)	23% Increase
Gold's Gym (GA)	17% Increase
Gold's Gym (NY)	38% Increase
Viva! (England)	Pre-Sale Sold Out
Evolution, Salt Lake City, UT	93% Increase
Sportsclub Simpsonville (SC)	PRESALE
Lakeview Golf Resort & Spa (WV)	34% Increase
Pikecreek Fitness (DE)	37% Increase
Cherry Hill Health & Racquet Club (NJ)	EXPANSION SALE
Better Bodies (KY)	20% Increase
Silverlake Family Center (KY)	42% Increase
The Clubs at Rivercity (IL)	16% Increase
Huntsville Athletic Club (AL)	18% Increase
Towne Athletic Club (OH)	23% Increase
Wimbleton Sportsplex (TN)	16% Increase
Mercy HealthPlex (OH)	56% Increase
Cornerstone Health & Fitness (PA)	28% Increase
Aerofit Health & Fitness (TX)	64% Increase
Premier Athletic Club (NY)	32% Increase

Sportsplex Bethel (CT)	↑↑↑↑↑↑
Sportsplex Stamford (CT)	↑↑↑↑↑↑
Sportsplex New Windsor (NY)	↑↑↑↑↑↑
Mt. Kisco Athletic Club (NY)	↑↑↑↑↑↑
Saw Mill Club (NY)	↑↑↑↑↑↑
Sportsclub Greenville (SC)	↑↑↑↑↑↑
Gold's Gym Belleville & Whippany (NJ)	↑↑↑↑↑↑
Spring Valley Tennis and Fitness (PA)	↑↑↑↑↑↑
Memorial Herrman Hospital and Wellness Center (TX)	↑↑↑↑↑↑
Equinox New York (NY)	↑↑↑↑↑↑

This is only a partial list of SALES MAKERS SUCCESSES!

↑↑↑↑↑↑ Your Club could be here ↑↑↑↑↑↑

Onsite Seminars

Quest Fitness (MD)	Midwest Athletic Club (IA)
Universal Athletic Club (PA)	Court South (TN)
Westmoreland Athletic Club (PA)	Creative Health and Fitness (CT)
Matrix Club (CO)	Worcester Fitness (MA)
Jordan Fitness (MA)	Plymouth Athletic Club (MA)
Worcester Athletic Club (MA)	Printing House Fitness (NY)
Club One (PA)	RDV Sportsplex Orlando (FL)
Lynne Shores Tennis & Conditioning Center (CT)	

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...Norm's Notes

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lived up to for decades. Need I say more?

• **Congratulations to SUE PEMBERTON**, owner of the Norton Pines Athletic Club in Norton Shores, Michigan, who has reopened her club that burned to the ground approximately one year ago! The fire broke out in the Sauna in the men's locker room and the raging fire consumed the central portion of the facility **causing \$4 million in damage** to the lobby, locker rooms, offices, snack bar and child care areas. The few people who were working out in the club at the time were safely evacuated and no one was injured by the fire, thank God. Sue not only celebrated the re-opening of her rebuilt and upgraded club, but she celebrated the 10th Anniversary of her purchase of the facility with a special open house for the membership and their guests. Sue gave back a lot along the way, **investing an additional \$2 million** on amenities and details in an effort to provide **"the comfort of home"**.

Way to go Sue!

• Aforementioned **MICHAEL SCOTT SCUDDER**, to whom I affectionately refer to as **"Brother Scudder"** continues to sound the **health club industry alarm bell and I think, rightfully so**. Recently "Bro Scudder" wrote in his Monthly email newsletter: 1) Most of the dozens and dozens of clubs reporting to me on a regular basis say that they are **behind on new membership sales for the year**; 2) Most of these same clubs report **yet more competition coming** into their markets, thus a **dissipated share of prospective new members**; and 3) Some clubs are already feeling the effect of higher gasoline prices and a tighter economy... reporting that **cancellations for September are up** from previous years. Check out Bro Scudder's comments in this issue and **STAY TUNED!**

• **The Sports Club Company** has entered into a signed agreement to sell **six of its nine sports clubs** to an Affiliate of **Millennium Entertainment Partners for \$65 million**. Sports Clubs in **New York, Boston, Washington,**

D.C. and **San Francisco** will be sold. Millennium Partners has hired one of the **top executives in the entire sports club industry**, veteran **DR. ART CURTIS**, to serve as CEO of the new sports club operating company. Joining Art and serving as the **new COO** will be **SMAIYRA M. MILLION**. We wish Art and Smaiyrta all the best in their new roles!

• **ERIC LEVINE** has made a public offering of **25%** of the shares of his new company called **The California WOW Experience** in **Bangkok, Thailand**. **STAY TUNED!**

• In **Denmark**, a merger between the largest club chain, **fitness dk** and the third largest, **Hard Work** gives the fitness dk brand the dominant market position in the country with 36 operational clubs serving 85,000 members and employing 1,800.

• This news hot off the phone from **DEAN KACHEL**, **26-year owner of the Quadrangle Athletic Club**, in Coral Springs, Florida. Seems that **BRIAN HOMAN** has published a **four-page, four color info/ad announcing his About**

Family Fitness Club is NOW OPEN. But, according to Kachel, the club is not complete and the employees are being told to plan on reporting in **January, 2006!** I called the club and asked when I could come workout and was told by some woman that: "We're not finished or open yet?" I said, "What? I see your ad in this publication saying you're open now!" She said, "That's not an ad." Looks like more of the

same from this guy Homan. **STAY TUNED!**

• **God Bless our Troops, Airmen and Seamen serving in Iraq as they fight for our Freedom, the families of our servicemen for they too sacrifice greatly for all of us and the poor citizens of Iraq as they try to survive the relentless attacks by the insurgents. GOD Bless you all and GOD Bless America! STAY TUNED!**



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...Market Your Club!

continued from page 3

expertise. Her comments in the following interview will:

1. Help you evaluate your club marketing plan from past years.
2. Advance your thinking at a crucial time of the year with respect to marketing your club in 2006.
3. Help you come to grips *NOW* with the work that you need to do and when you need to do it.
4. Prepare you to start work today on preparation of your 2006 1st Quarter club marketing plan.
5. Once that's done, continue your work until your entire 2006 marketing plan is completed.

You should plan to get it all done by not later than January 1, 2006. Because, as we all know, once the New Year turns you won't have any time to effectively plan for at least 3 months. So, begin your work and do it now! Remember, those "New Year Resolutioners" will

be coming into your clubs and time for marketing planning after the New Year will be scarce. *Make it happen now, and make 2006 the best year ever for your club!* With *planning now* and *focused execution*, you can do it!

I want to ask you this question: "If you do this planning for the 1st Quarter right away and then follow-up by completing your entire 2006 club marketing plan by January 1, 2006, will this be the first time in your club career that you've done a complete annual marketing plan in advance?" If you're answer is: "Yes", then I ask: "Don't you think it's about time?"

This Is YOUR "Golden Egg!"

Our cover this month, produced by Sherry Robb, depicts a beautiful Golden Egg. The symbolism of this egg should not be lost to your mind as you read this. In essence, through this in-depth cover story and interview, we've placed a "Golden Egg" in your

hands. *It is now up to you to hatch it. READ ON...*

An In-Depth Interview With Marketing Veteran Sherry Robb

Q. What Is Marketing?

A. Marketing is the commercial processes involved in planning, pricing, promoting and distributing products and services to create and maintain consumer relationships to satisfy your company's objectives.

If you're in business, you're in the business of marketing. There is no way to separate the two practices because marketing is so fundamental that it can't be considered an individual function of your business. Simply put, marketing IS your entire business as seen from your customer's point of view.

Q. What Are The differences between "marketing" and "advertising"?

A. There are, in fact, huge differences between the two.

Marketing is the mix of activities designed to position your business in the marketplace. It takes time and involves strategy. An effective marketing plan considers how people perceive your business. Are you forward thinking and fun? Charitable? How about socially and environmentally conscious? Those are just some of the factors by which the public judges you. Some marketing strategies might include initiatives that develop community alliances, member retention programs and a club culture.

Advertising is the act of publicizing your business to potential customers. It is but a single component of the marketing process and involves strategies like ad placement and frequency in such media as newspapers, Yellow Pages, direct mail and the Internet.

In a nutshell, marketing is the message while advertising is a vehicle.

Q. Tell our readers about "placement", "targeted groupings", and "focusing on the consumer".

A. These terms refer to positioning or developing a brand image based on your target market's core values and needs. How you position your club will forever determine how your business is perceived, so it's imperative you

get it right at the starting gate. It's nearly impossible to change someone's mind once they perceive you in a certain way, so in marketing, trying to change your positioning midstream is probably the single most wasteful thing you can do.

Most people think marketing is a battle of products, when in fact it's a battle of perception. You won't win just because you're better than your competition. You must discover the essence of your competition, and then, try to be *different*, not better. Exploit your points of separation.

By trying to be all things to all people, you succeed only at watering down a message that speaks to no one. To achieve real success, you must narrow your focus and target certain groups.

Consider this: Research has shown that 70% of women ignore marketing campaigns because they don't "speak" to them. Nowhere is this more evident than the health club industry. If clubs would learn to identify and profile their primary prospects based on their core values and needs, they would benefit from a strengthened position and ultimately, a greater response ratio. We call this "authentic marketing".

Q. How does authentic marketing work, and how does a club use it to influence a potential buyer?

A. Authentic marketing is a studied art form. It's an interesting and ever-evolving process that involves far more than assuming demographics based on age, income levels and zip codes. To market authentically to a specific group, or to motivate and influence them to buy, you must profile the group's members and get an accurate snapshot of who they really are *inside*.

The best way to do this is to survey people who fit into this group. Knowing what to ask is key. Without violating their privacy, you need to ask questions that will illuminate their hopes, dreams, concerns, fears, aspirations and needs. This process will provide crucial clues about how best to reach them.

Recognizing the group can change and evolve is another key factor in authentic marketing. As people move out of your circle of influence, they're not necessarily replaced by peo-

ple with identical needs. What was hip and successful with one group probably won't be as relevant with another. You must stay alive to this.

Q. If a club has not paid for an independent market analysis recently, how can it know how big its potential market is, what strengths and weaknesses it has and what its points of differentiation are?

A. Analyzing the market is a prerequisite when starting, buying or expanding a business. Yet, many business people have no clue how to do it. There's a science to conducting and evaluating market research in ways that don't create bias. Many entrepreneurial programs and self-employment agencies offer this type of training, and club owners can certainly learn to do it themselves. It's far better, however, to defer this task to a professional marketing analyst who knows not only how to ask the right questions, but what to do with the answers.

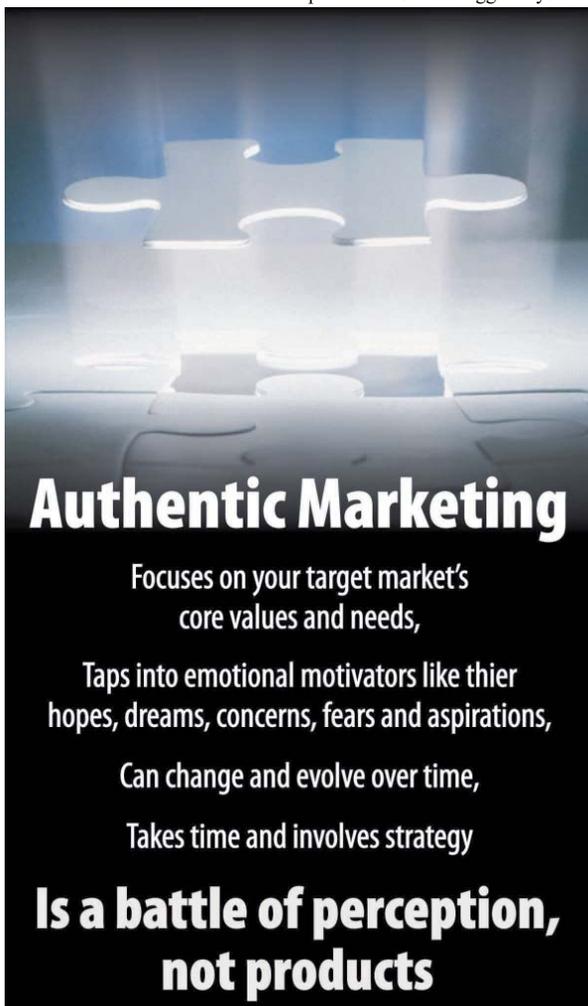
Q. Why do clubs do so much "menu marketing"?

A. Menu marketing is practiced by clubs that don't know any better. They factor every possible amenity into their advertising, assuming that's what motivates people to join a health club when, in fact, it couldn't be farther from the truth!

Most facilities have cardio equipment, group exercise classes and tanning. It isn't those amenities that connect with people's core values and motivate them to act. Instead, it's the fact that you understand your customer's needs and strive to meet those needs. The questions your marketing needs to answer are: "What makes us different?" and "How can we meet people's needs better than the competition?"

Q. What about price-driven marketing? Where is it effective? Where is it not effective? What are the marketing traps with price-driven marketing?

A. Price-driven marketing plans should come with a caveat: Use at your own risk! In the short term, advertising price points can increase business, but in the long term, you risk teaching your customers not to buy at "regular" prices. If you constantly run membership price-off sales, you are effectively telling your prospects your reg- (See *Market Your Club* page 12)



Authentic Marketing

Focuses on your target market's core values and needs,

Taps into emotional motivators like thier hopes, dreams, concerns, fears and aspirations,

Can change and evolve over time,

Takes time and involves strategy

Is a battle of perception, not products

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...Market Your Club!

continued from page 10

ular prices are too high. This sets off a chain reaction and you end up running discounted prices just to keep your sales from dropping off.

Price-point marketing has its place. Some clubs, especially the no-frills, get-in, get-out warehouse facilities rely on volume sales and discount pricing to generate constant turnover.

The average mom and pop operation with a multi-purpose facility, a range of amenities and a need for greater operational revenues just can't compete with low-priced clubs. Neither should they try! Many clubs fall prey to the price-driven marketing trap, figuring if they're the cheapest, they'll sell more memberships, or at least, outsell their competition. In fact, they are simply positioning themselves as a cheap gym.

Having said that, there are times when a club can benefit from discounting membership prices, such as with pre-sales or to generate volume sales, but it must be done sparingly and astutely so as not to devalue the business in the eyes of the consumer in the long run.

The truth is that customers will buy from you if they perceive your product to have value, and in marketing, that has more to do with positioning than price.

Q. What do most clubs do WRONG in their marketing?

A. We've already covered the fact that many clubs insist on advertising amenities and price points. They figure to make greater gains they need to cast a wider net to catch more people, when in actuality, focus is key. They also fail to conduct proper market research and profiling to learn how to authentically market to their primary audience.

In addition to these critical mistakes, clubs simply don't budget enough for marketing, and they aren't consistent with their efforts. The effects of marketing take place over an extended period of time, so you can't rely on one campaign to effectively position your club. Consider the amount of planning, time and money it takes to build a club from conception. Many club owners mistakenly believe, "If you build it they will come." The reality is, in order to achieve success, just as much

time and effort that goes into starting a club needs to be invested in marketing. It should also be well funded.

It never ceases to amaze me that clubs try to do their own marketing instead of seeking out a professional fitness-marketing specialist. Many try to save a couple of bucks by relying on cheap service providers who give them only slightly better designed versions of the same old marketing that never worked in the first place.

A poorly executed advertising campaign that markets the wrong message to the wrong audience can be deadly. I'm not being dramatic here. If you're lucky, a prospect will just ignore your poor marketing efforts. If you leave a negative impression, however, you'll never recover because you can't change a person's mind once it's made up. It may look easy, but marketing is not a game for amateurs.

Q. How does a club create an effective annual marketing plan that maximizes marketing dollars?

A. When we develop annual marketing plans for clients, we examine all aspects of creating a club culture. We look at building marketing programs that focus on member retention and referrals, developing strategic alliances within a community and building cross-promotional programs into win/win situations for multiple businesses and their consumers. We look at combining meaningful charitable work with public relations strategies. We also factor in external advertising backed with internal components, based on seasonality and special occasions. We break all these strategies and components down into an action plan based on the calendar year and peak selling times, and we implement these programs at times when they're most likely to get an ideal response. This might sound complex, but we've managed to simplify the procedure using a business formula that allows us to generate organizational charts and action plan calendars.

Q. How much should a club spend annually on marketing and advertising?

A. We like to see new clubs spend at least 8% of their gross in their first year, 6 to 7% in their second year and 4% at maturity. If a club grosses a mil-

lion dollars a year, it should be spending at least \$40,000 a year on marketing.

Most clubs don't spend nearly as much as they should, and they don't direct enough money into proven marketing methods. We see clubs put out direct mail advertising without backing up the efforts internally because they don't want to spend the extra money. We also see a lot of clubs skimp on quality without thinking how this affects the public's perception of their business, and ultimately, their bottom line.

Q. Please address the benefits of more concentration on "internal marketing" and not just "external marketing".

A. We never put out an external advertisement without backing it up with plenty of internal posters, staff badges and window banners. Raising campaign awareness amongst members will result in referrals that can account for as much as 85% of all membership sales. It reinforces your promotion to visiting guests and during club tours. It's also the least expensive way to advertise, not to mention one of the most successful member retention tools. Let's face it; a member is far less likely to jump ship if her friend joined as a result of her referral.

Internal marketing allows you to get really creative with campaigns that focus on upselling your profit centers so you can justify spending extra dollars on external campaigns during the seasons when you'll benefit most. We've developed many fun and rewarding programs for this purpose and they work! Members love contests and games that require their participation, and they're usually more than happy to purchase additional merchandise and personal training if they can get a good deal or win a prize.

Q. What makes a good ad?

A. A good ad sells. Period. If you want your ad to stand out, it must authentically target your prospects with a clearly communicated, *specific* message built around a theme designed to sell your benefits rather than your features. It should include some sort of persuasive hook or offer and have a sense of urgency that is supported by good customer service on your front end, backing the advertisement's call to action.

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Connect authentically with your customers,
Create and strengthen your brand and appeal,

Force top-of-mind awareness,

Introduce a new product or service,

Elicit a direct call to action,

Sell merchandise,

Encourage discussion and referrals,

Create a club culture,

Outshine & outsell your competition,

Raise campaign awareness internally,

Reinforce your promotions to visitors,

Aid member retention,

Affirm your member's purchase,

Nurture pride and ownership

Increase & maintain consistent profitability

contributes to the development of your company's personality, inciting instant brand recognition through quality and differentiation. A beautifully designed ad marries color and movement with relevant imagery, stylish type, proportion, balance and white space. Ads packed with too much information are too much work and quickly lose the reader's interest.

Headlines get five times the readership of ad copy and should promise your strongest and most distinct benefit. Charming photos and witty copywriting may please your sense of style, but if they don't sell, there's little point. Stay away from humor or sex appeal in advertising at the risk of offending someone. Avoid (See *Market Your Club* page 14)

This is just a partial list of some of the best gyms and talented owners who have attended a Thomas Plummer Company seminar this year..

All looking for that edge in a tough market:

Absolute Fitness - Pensacola FL, ACAC Fitness & Wellness Center - Charlottesville VA, Amelia Wellness Center - Amelia Island FL, American Fitness Center - Ingleside IL, American Health & Racquet - Myrtle Beach SC, Anastasia's Club Fit - Pacific Grove CA, Anatomies of Fattiesburg - Fattiesburg MS, Answer Fitness - North Attleboro MA, AIA Blackbelt Academy - Monroe NJ, Athletic Club of Naples - Naples FL, Attitudes... Fitness for Women - Deltona FL, Balanced Health and Fitness - East Falmouth MA, Basic Training Fitness Club - Menlo Park CA, Beamount Health & Fitness - Beamount TX, Bolly Eusters - Ludington MI, Benefitness - Houston TX, Ebianc's Fitness Center - Finesford MA, Dia Sky - Newington CT, Dia Vanilla Athletic Club - Arnold MD, Jill Eurnett's Success Studio - Charlottesville VA, Elation Sports - Alameda CA, Eddy Principal - Rochester Hills MI, Eddy Zone Sports and Fitness - Weymissing IA, Eddyworks - Lubbock TX, Eddyworks for Women - Durham NC, Erenda Athletic Clubs - Turlock CA, Erevard Racquet Club - Erevard NC, Erick Eccles - Cocksylvia ME, Euilf Solid - Columbus OH, California Family Fitness - Carmichael CA, Calla's Health & Fitness - Tampa FL, Cardiac Club Fitness Centers - Desrehan LA, Carmel Fitness & Racquet Club - Carmel NY, Carolina Woman - Cornelius NC, Cascade Gym - Cascade MI, Castle Hill Specialized Fitness - Austin TX, Centerfield Sports and Fitness - Griffin GA, Central Park Athletic Club - Lisle IL, Channel Island Workout Sport - Oxnard CA, Chicago Fitness Center - Chicago IL, Christi's Family Fitness - Vero Beach FL, Clare Health and Fitness - Clare MI, Club Corp - New York City NY, Club Fit of Steven's Point - Stevens Point WI, Club Fit of West Ridgeview - West Ridgeview MA, Club Fitness SS - Jackson CA, Club Fitness - Hoboken NJ, Club Legends - Tallahassee FL, Club Nutrition and Fitness - Springfield MO, Club One Inc. - San Francisco CA, Columbia Basin Racquet Club - Richland WA, Contours Express - Houston TX, Contours Express - Costa Mesa CA, Contours Express - Houston TX, Contours Express - Ann Arbor MI, Contours Express - Cape Coral FL, Contours Express - Middlebro MA, Contours Express - West Exbury MA, Contours Express - St. Augustine FL, Cordova Athletic Club - Cordova TN, Core Fitness - Truckee CA, Cybex Midwest - Worthamton CT, David Square Fitness & Spa - Providence RI, Debi's Personal Training - Crafton OH, Desoto Athletic Club - South Haven MS, Eucle Diamond Athletic Club - Eno NY, Downtown Athletic Club - Marion OH, Doylestown Hospital - Doylestown PA, Eagle Fitness - Kansas City MO, Eagle Fitness, Inc - Carson City NV, East Fishkills Sports - Wappingers Falls NY, East Shore Athletic Club - Mt. Pleasant SC, East Shore Health & Racquet - North Charleston SC, Eastlake Athletic Club - Elkhart IN, Elements for Women - NY NY, Empower Fitness - Portland OR, Energy Fitness - Toronto Canada, Energy Fitness - Fadsuhal FY, Energy Sports & Fitness - Elizabethtown KY, Energy Sports & Fitness - Lexington KY, Evergreen Fitness - Fort Townsend WA, Executive Fitness - Santa Esca CA, Extreme Family Fitness - Modesto CA, Extreme Fitness - South Haven MS, Fastrack Fitness - Town & Country MO, Fieldhouse Fitness Center - Justin TX, Fisher Island - Fisher Island FL, Fit & Fabulous - Fairfield IA, Fit For Life Center - Arlington TX, Fit Happens - Allamuchy NJ, Fit One - Chico CA, Fit Systems / Club Energy - Elizabethtown KY, Fitcorp - Boston MA, Fitness 180 - Evesville CA, Fitness Concepts Health Club Gardner - Gardner MA, Fitness Crossroads - St. Anthony MN, Fitness Factory Monticello - Monticello NY, Fitness First - Plantation FL, Fitness First - Esceburg OH, Fitness Forum Florence - Florence SC, Fitness Lady North - Edgeland MS, Fitness Millennium - Eno NY, Fitness One - Fennell MO, Fitness Pro Team - Conway AR, Fitness Solutions - Los Altos CA, Fitness Together - Westwood MA, Fitology - Timonium MD, Flex Fit Energy Club - Lone Beach MS, Flexx Fitness - Napa CA, Focus Fitness - Boston MA, Forever Fit - Watertown MA, Four Court Racquet and Fitness - Cumberland RI, Foxy's Fitness for Women - Eaton Rouge LA, Foxy's Health & Racquet Club - Eaton Rouge LA, Fredericksburg Athletic Club TX - Fredericksburg TX, Free Motion Fitness - Sandy UT, Fuel Fitness - Woburn MA, Fusion Fitness - Natick MA, Fusion Fitness Santa Esca - Santa Esca CA, G Form Fitness - Brockfield WI, Gainesville Health & Fitness - Gainesville FL, Galveston Health & Racquet Club - Galveston TX, Generations Health Club - Auburn CA, Global Health & Fitness - Lecminster MA, Gold's Gym - Jupiter FL, Gold's Gym - Miami FL, Gold's Gym - Deerfield Beach FL, Gold's Gym Duluth - Duluth GA, Gold's Gym - Sacramento CA, Gold's Gym of Eurlington - Eurlington NC, Gold's Gym of Deerpark - Edgewood NY, Gold's Gym of Joliet - Joliet IL, Gold's Gym of Laurel - Laurel MD, Gold's Gym of Ormond Beach - Ormond Beach FL, Gold's Gym of Tewksbury - Tewksbury MA, Gold's Gym of Vacaville - Vacaville CA, Gold's Gym of Waldorf - Waldorf MD, Grande Esconde Fitness Club - La Grande OR, Grayton Beach Fitness - Grayton Beach FL, Gym X Filleen - Filleen TX, Hampton Hill Athletic Club - Columbia SC, Health Unlimited - Mt Airy NC, Highlander Health & Fitness - Fredericksburg VA, House of Fitness - Miami FL, Impact Sports & Fitness - Cordele CA, InnerStrength - Nashville TN, It Figures - Glenn Heights TX, It Figures - Mc Finney TX, It Figures of Hickory Creek - Hickory Creek TX, It Figures of Keller - Keller TX, It Figures of McFinney - McFinney TX, JM Power Center - Eatontown NJ, Juliet Parks District - Joliet IL, Jardia Life Fitness Training - Dana Point CA, Tent Women's Aerobic & Fitness Center - Vent WA, LA Workout - Simi Valley CA, LA Workout - Camarillo CA, Ladies Choice Fitness Center - Summerville SC, Lady Fitness - Sacramento CA, Lifebridge Health and Fitness - Baltimore MD, Lifequest - North Charleston SC, Lifequest Health & Fitness - Charleston SC, LifeStyle Frunadate Fitness - Salinas CA, Living Well Lady Fitness - Coral Gables FL, Lord's Gym of Clermont - Clermont FL, Lord's Gym of Ocala - Ocala FL, Lower Valley Athletic Club - Fresser WA, Mavericks Sports Club - Concord CA, Memorial Hospital West - Hollywood FL, Mendocino Sports Club - Fort Erage CA, Meniffee Valley Athletic Club - Sun City CA, Merritt Athletic Club - Baltimore MD, Metropolitan Health Club - Ecston MA, Mid-Hudson Athletic Club - Finaston NY, Mcreau Fitness - Zachary LA, Motion Fitness & Racquet Club - New Berlin WI, Mount Auburn Club - Watertown MA, New Corp Fitness - Staten Island NY, North Columbus Athletic Club - Columbus GA, North East Sports Training - Warwick RI, North Shore Athletic Club - Ewerly MA, Northwest Athletic

2 days... new ideas... more money...

Club - Itasca IL, One Fit Life - Greenwood IN, One on One Personal Fitness - Belleville Ontario, One With Heart Portland - Portland OR, Optimal Fitness Center - San Carlos CA, Paradium Sports Club of Del Norte - Sacramento CA, Parisi's Sports Clubs USA - Midland Park NJ, Peak Performance Fitness Center - Broadview Heights OH, Perfect Shapes - Webster MA, Performax Gyms - Kaysville UT, Philbin's Athletic Training Center - Gaithersburg MD, Pine Grove Health & Country Club - Camillus NY, Pleasanton Athletic Center - Pleasanton TX, Plus One Fitness - Jacksonville FL, Powerhouse Gym - Kokomo IN, Powerhouse Gym Columbia - Columbia TN, Powerhouse Gym Hudson - Weeki Wachle FL, Powerhouse Gym Jackson - Jackson MS, Powerhouse Gym of Benton Harbor - Benton Harbor MI, Powerhouse Gym of Berlin - Berlin CT, Powerhouse Gym of Cranston - Cranston RI, Powerhouse Gym of Houston - Houston TX, Powerhouse Gym of Sylvania, Powerhouse Gym of Wixom - Wixom MI, Premier Fitness - Nanuet NY, Pro Fitness Health & Exercise Clubs - Lexington Park MD, Pro Fitness USA - Mt. Vernon OH, Professional Wellness Associates - Portland ME, Punch Fitness - Del Ray Beach FL, Pure Austin Fitness - Austin TX, Pyramid Fitness Center - Lubbock TX, QLS Family Fitness Center - Humble TX, QM2 - Daway CA, Queen of the Valley Hospital - Napa CA, Quest Fitness - Ellicott City MD, Rehab Results - Redland Bay Australia, Reshape Fitness - Collierville TN, Richmond Fitness/American Family Fitness - Glen Allen VA, Riviera Country Club - Coral Gables FL, Rock Hill YMCA - Rock Hill SC, Schimmel Fitness - Zanessville OH, Sim's Health & Racket Club - Charlton MA, Simply Fit - Melbourne FL, Solid Impact Fitness - Caledonia MI, South Austin Gym - Austin TX, South Florida Exxing - N Miami Beach FL, Southlake Nautilus Health Merrillville - Merrillville IN, Sporthaven Health Club - Paradise CA, St. Vincent Sports Performance Center - Indianapolis IN, Stan Bennett's Health & Fitness - Sonoma CA, Body and Soul - Findlay OH, Charles Chehardy - Baton Rouge MS, David Kress - Timley Park IL, Dr Charles King, Jaime Llopis - Citrus Heights CA, World Gym Trinidad - Trinidad West Indies, 4 minutes 2 Fitness - Scotts Valley CA, Al Stockwell - Clinton Township MI, Een Quist - Whitefish Bay WI, Blake Brockmeyer - Ft. Worth TX, Capital Club - Richmond VA, Che-Sheng Lin - Erick NJ, Dan Lerma - Houston TX, Dawn Burkhart - Indianapolis IN, Dawn Leughlin - Crete IL, Ed Dipp - Greendale WI, Frank Nunez - Lisle IL, Greg Anderson - Portage IN, Gregg Lewis - Buffalo NY, Jeff Drus - Indianapolis IN, Fathy Costas - New Hyde Park NY, Kevin Smyth - Cleveland OH, Kristin Lawson - Oklahoma City

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...Market Your Club!
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superlatives and embellishments. They sound phony. Instead, try real-life testimonials that increase your credibility.

As far as imagery is concerned, it's a myth that you need to show images of people in a gym to sell club memberships. In many cases happy, healthy people enjoying life or participating in outside activities can be more effective because they demonstrate how a fitness lifestyle can positively affect a person's life outside a club, a message that hits their motivators more accurately. Take a woman who wants to retain her youthfulness or an aging gentleman who's concerned about developing heart disease. You can communicate the benefits of exercise succinctly and effectively by using

images of them in authentic lifestyle situations.

Q. Who should most clubs market to these days?

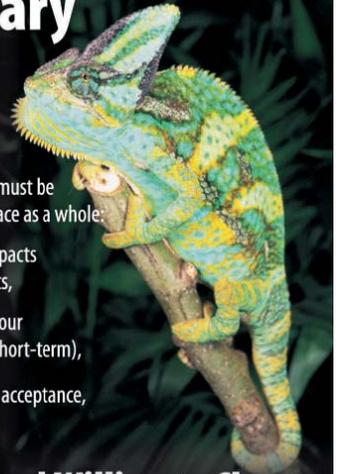
A. There are two key groups that should not be ignored:
1. The most powerful demographic group is actually a gender, and it should come as no surprise because 51% of the population is women. The statistics on women's economic power are staggering. Women make or influence 81% of all purchasing decisions. They make 75% of general household decisions, they purchase 80% of all health care, and they account for 88% of all retail customers. How does this translate to the health club industry? Women are more likely than men to invest in user-pay programs, they will invest in nutritional counseling and personal training, they make more pro-shop

purchases, they are comfortable talking openly about their experiences, and they're more likely to refer new members. In a nutshell, women participate, and they attract men! If you're not marketing to women, you're missing the boat.

2. Baby Boomers are people born between 1946 and 1964 who are now between 41 and 59. They constitute 28% of the population, or 78 million people. They hold more than 50% of the world's discretionary spending power and are in their peak earning and spending years. Boomers don't just define our economy, they ARE the economy! They're typically empty nesters that care about their health and are willing to spend big dollars to preserve it.

Q. What kinds of marketing vehicles are working for clubs right now?

Evolutionary Strategic Planning



To be current and relevant you must be alive to the changing marketplace as a whole.

The economy which directly impacts shifts in consumer buying habits,

Changing needs and wants of your target market (long-term and short-term),

Shifts in style that affect public acceptance,

Trends in creative design

Be adaptable and Willing to Change

A. Being first is about being different and smart clubs are realizing they have to be really creative for their marketing to have long-reaching effects.

New marketing technologies such as html-based newsletters are finally starting to catch on. While most clubs now have some sort of web presence, they don't know how to maximize this tool to its full potential.

We're seeing more cross-promotional strategies where clubs partner with other non-competing businesses to offer value-added savings to their members. Also popular are retention and referral-based contests and games designed to encourage a member's involvement and heighten the overall club experience. We're also seeing clubs build specialized programs around their member's interests outside of the facility. Organized, guided walking clubs, for instance, are very popular with women who enjoy participating in fitness activities centered around their natural inclination to human connection and friendships.

Looking to the future, I see advanced clubs taking advantage of web-based seminars to generate sales leads while educating prospects about all aspects of fitness, training and nutrition.

Q. Why don't more clubs do e-marketing and use the Internet for marketing to prospects?

A. The Internet is still a relatively new technology, and the potential of this medium remains widely unknown to many business owners. The learning curve for e-marketing can be steep and intimidating

for someone who isn't versed in Internet protocol. You would be surprised by how many club owners still don't use email! Yet, if more clubs knew how to draw information from these sources, they could use it to better serve their members with more meaningful programming and retention strategies.

The Internet is the world's fastest growing marketing medium. By utilizing email, internet marketing and online public relations strategies, business owners can open up entirely new channels of communication, allowing them to reach the widest possible audience and engage prospects in ways they couldn't afford to do otherwise. A well-designed website can create trust in your brand like no other medium, allowing customers to browse your services at their convenience, accessing the information they need to make an educated decision.

Electronic marketing, using email and html-based newsletters, allows club owners to regularly connect with, educate and promote to prospects and members in a highly personal way. By directly encouraging them to forward your message, you can take advantage of what is called "viral" communications, the transmission of information between friends (you tell two friends and they tell two friends and so on).

A professional website and a matching electronic newsletter require a certain amount of work and investment, but many club owners are surprised to find they can usually get both of these developed for less than the cost of distributing a direct mail piece. Once the site (See *Market Your Club* page 15)

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Pro-Urethane
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...Market Your Club!

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is operational, it's an extremely cost effective marketing tool because the cost involved in maintaining a site and sending electronic documents is minimal. This is one technology that should be a significant part of every club's marketing plan.

Q. What is the benefit to suburban clubs in marketing outside the typical 12-minute drive-time radius?

A. Suburban clubs can definitely benefit from advertising outside of their market area in order to attract the people who regularly travel inside their market area to work or shop. In this case, keeping within limited boundaries restricts your reach to potential members who are likely to use your services while they're in your area. Also, a club may benefit from advertising with media such as radio, newspaper and magazines, whose boundaries are less defined.

Q. In a true marketing plan where clubs decide how much to spend on each marketing vehicle 12 months in advance, how should clubs track the results each month in case they need to make mid-course corrections?

A. Tracking is a smart and methodical way of measuring your marketing footprint. We do this by recording every type of response we receive including calls and inquiries, visits and tours, newsletter subscribers, guests at special events, member referrals, and of course, closed sales. By understanding our numbers, we gain insight into what is working and what isn't. This is very important, especially when we're trying new media. If you do a lot of "top-of-mind-awareness" advertising, and you don't ask for a direct response, it's more difficult, but not impossible to keep score. You can always run a community survey and inquire about the public's awareness of your marketing efforts. If you see something isn't working as well as you had hoped, you can change your methods before you waste more money on ineffective advertising.

Q. Why don't clubs' direct mail campaigns work as well as they used to? What is a normal % response from such a campaign?

A. Direct mail is very costly and most clubs still don't know how to run this type of campaign effectively. Many clubs simply don't budget for appropriate distribution, and in most cases, they don't know how to use purchased mailing lists to their full advantage. They don't use the laws of authentic marketing and aren't consistent with their message or frequency. The artwork is poorly designed, the message is diluted and the focus is on amenities, not benefits.

If done well, direct mail can be a very effective marketing option. Marketers can pick and choose recipients based on any number and mix of demographics. They have greater control over the timing of their marketing and there is less competition for the reader's attention than with other print advertising. Plus, unlike radio, where a listener needs to hear an ad at least 20 times for it to be effective, direct mail response can be immediate.

Perhaps the most satisfying business benefit of direct mail is that its effectiveness is self-testing, meaning it can be accurately measured. A typical "cost to response" ratio from a direct mail campaign can range anywhere between 1/2% up to 2%, depending on the strength of the mailer, illustrating this type of marketing is truly a numbers game. On average, a direct mailer costs about \$0.24 each. Using the lowest response ratio on a 50,000-piece mail out, you can expect around 250 responses. If you can close 50% of these, you're looking at 125 memberships at a cost of \$96 per new member.

I'm convinced if clubs were to invest more time and money into developing professional direct mail campaigns, they'd generate a far greater response ratio.

Q. What is "Cost to Response"?

A. It's the cost per qualified lead. If we take the previous direct mail example, the total cost of the campaign was \$12,000. If we received 250 responses, the cost to response would be \$48 per qualified lead. These numbers are important!

Q. How many direct mail campaigns should a club do in one year?

A. This really depends on a club's marketing plan and the strategies they have decided are most appropriate for their club.

Some clubs find they have more success with newspaper and radio advertising and do no direct mail whatsoever. We base our campaigns seasonally with six naturally occurring sales cycles per year. If we determine a club would benefit from direct response advertising, using our annual marketing model, we would recommend no fewer than twice per year combined with a mix of other media and marketing strategies.

Q. For urban clubs whose market may be a 4-block radius from the club, what marketing is recommended?

A. The demographics in the four-block radius will determine how we recommend marketing within this area. If the area is mostly made up of businesses, we would definitely recommend business-to-business with customized corporate and membership rewards programs. If it's mainly residential, direct mail might be an excellent external advertising vehicle. There are plenty of options. Sometimes we have to try other advertising vehicles to really know what works best in any given market.

Q. For large multi-purpose clubs, what are the opportunities they have that smaller clubs don't?

A. I consider both as equal opportunity marketers with the main difference lying in their profitability. A small club might be far more profitable than a large club, and subsequently, more capable of a wider marketing scope than a less successful large club. Bigger doesn't automatically mean better, and both should strive for quality.

Having said that, and with all things being equal, large clubs have a greater opportunity to solicit volume sales externally and through referrals without sacrificing customer service. Large clubs can hold promotions involving team contests that require the support of a greater membership base. Large clubs might be more likely to secure a greater number of corporate memberships because their size might be perceived as a bonus to employers. Large clubs can benefit from employing membership coordinators, or sales staff, where a small club might place the general manager in this role.

Boutique clubs will always have the upper edge on larger clubs in one-on-one mar-

Motivate Them with Value, Not Prices

Prizes that Build Your Brand,
 Free Time: Trial Weeks and Free Months,
 Introductory Lessons,
 Regular Product Sales,
 Free Services from Partners in Health,
 Corporate Seminars,
 Grand Prizes



keting. Small clubs are more able to focus on intimate member retention tactics such as sending out personalized birthday cards and the development of meaningful relationships between members, staff and management.

Q. How do you explain to off-site owners why we spend our marketing dollars the way we do when we then tell them that our most important weapon in delivering prospects is member referrals via word-of-mouth?

A. While a happy, satisfied member is our greatest sales tool, opinions are highly subjective. Referrals and word-of-mouth advertising rely on a member's ability to reinforce your status. The fact is, however, they'll likely miss important key messages required to build your brand and market position. Members might not have all of the facts about your club or the promotion you're running. In addition, you can't target a specific population segment as meaningfully and thoroughly as you need to stay competitive with other facilities in your area. It's very difficult to set sales goals based solely on referrals because you simply have no control over your reach and fre-

quency.

Q. Sherry, please tell us about how you came to be in this industry?

A. I started my marketing career 17 years ago as a graphic designer in Vancouver, BC, working with a wide range of businesses in the private and corporate sectors. I designed everything from silk clothing lines and parade floats to props, sets and window displays. I worked with top-level corporate management, sat on a government committee that analyzed the viability of numerous business plans, and for about two years, was the chief administrator for a national transport union. I also spent seven years in the publishing industry, designing magazines and advertisements before publishing my own, widely-distributed, upscale health and fitness magazine.

Through the course of my career, I've produced marketing for more than a thousand clients, designed more than 100 published magazines, written a dozen or so business plans and devoted countless hours to helping my clients achieve the success they deserve.

(See *Market Your Club* page 19)

20th Anniversary Club



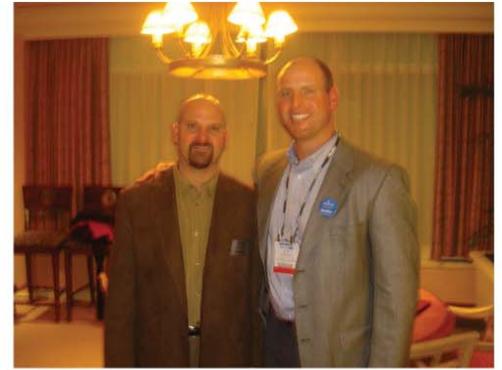
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Training Your Sales Team Year Round

By Casey Conrad

Part II

If a club wants to maximize its financial success it must have well-trained salespeople who convert 60-70% of their tours into new dues paying members. In Part I of this article-series, core competency training was discussed and outlined in great detail. In this article, Part II, the second key element to successful year-round sales training will be covered; weekly staff meetings.

Weekly staff meetings are exactly what they sound like: a meeting that happens either once a week or once

every other week (at minimum) whereby the entire sales team comes together for a set period of time to accomplish a specific agenda designed to make the team more effective and efficient. Although having a weekly meeting sounds easy enough, it is perhaps one of the most under-trained and most poorly executed areas of management. The result is that, all too often, employees feel as though meetings are a waste of time and either sabotage mandatory meetings or simply fail to attend. Either instance can be disastrous for management because it diminishes authority and jeopardizes the respect of the team manager.

This article will:

1. List five reasons why sales meetings are so important.
2. Outline general rules for running effective and motivating meetings.
3. Identify key meeting mistakes to avoid.
4. Provide a specific agenda to follow for club sales meetings.

Five Reasons Why Sales Meetings Are So Important

1. Meetings keep everyone up-to-date as to goal attainment, marketing campaigns, club changes and all other areas of the operation. Having "fully informed" employees results in more dedicated and loyal employees who convey confidence to club members.

2. Meetings create a team environment but also provide a forum for sales competitiveness among the staff.

3. Meetings also create accountability through role-playing and sharing of individual numbers.

4. Meetings provide the ideal environment to motivate the sales team.

5. Meetings allow for sales training to take place with everyone hearing the same techniques. For all of these reasons, and probably many more, *sales meetings are a must.*

Six Important Rules For Conducting A Sales Meeting

As was mentioned earlier, running a good meeting is more difficult than one would anticipate. By following six important rules, managers will be on their way to having consistently successful sales meetings. Let's outline the six meeting rules:

Rule #1 is that meetings must be mandatory. No exceptions. In addition, the meeting should be held on the same day and the same time every single week (or every other week). This allows for people to put this into their schedule and helps to prevent last minute excuses. Although not necessary, it is great if the meeting can be held before normal sales hours (like 8AM),

which ensures that no one is called out of the meeting to handle a walk-in or appointment. Further, it is better if the meeting happens towards the beginning of the week, allowing everyone to get on track and focused early. For clubs that do not currently have mandatory meetings, achieving full attendance may be challenging at first, with some employees stating it is impossible for them to get to the club at that time. Expect this and simply deal with it. In the long term, make the hiring process for new employees contingent upon the ability to attend the weekly meeting. Before long, the entire sales team will be in attendance and productive meetings will be part of the club's culture.

Rule #2 is that there can be no interruptions during the meeting, even if there is a walk-in! (Have another department head take the tours if the meeting is during non-peak club hours.) This rule can be challenging for some operators to embrace but the reality is that what is lost in productivity from an interrupted meeting isn't usually worth the tour itself. The fact is that interruptions kill the momentum of any meeting. That means that, in addition to no club interruptions, all cell phones and pagers must be turned off. Finally, in order to prevent loss of focus and potential interruptions, limit the meeting to one hour and start and end on time. Ensuring uninterrupted meetings will allow for the greatest level of energy, enthusiasm and focus, resulting in a better trained and motivated staff.

Rule #3 is that a planned, pre-printed agenda should be given to each of the participants at least one full day before the meeting. Having a pre-printed agenda sends a message to the employees that the meeting is important, that you aren't going to waste time and that you are prepared. Further, it allows employees to prepare for the meeting so they can shine with their skills during the sales training portion. In addition, giving out the agenda a day in advance allows management to get feedback from employees prior to the meeting, allowing for tweaking of topics or pre-handling of any potentially



Casey Conrad

volatile situations. Finally, the agenda actually acts as a base of minutes in the event that an employee is absent due to illness. For all of these reasons, a pre-planned and printed agenda is both important and necessary.

Rule #4 is that the manager (or whoever is running the meeting) must stay in control at all times. This means only discussing items that are on the pre-planned agenda. One way this can be achieved is by actually using the pre-printed agenda. Then, if someone tries to get off the agenda (particularly if they are complaining about something or someone), the manager can simply say, "That is important, BUT it's not on the agenda for this meeting. Let's put it aside and evaluate it for next meeting." This technique is wonderful and allows the manager to stay in control and often prevents strong salespeople from sabotaging the meetings.

Rule #5 is that everyone in attendance should get involved in the meeting. Often, meetings that consistently involve the same participants end up with one or two strong personalities talking or answering all the time. Involvement by everyone, however, is important for several reasons. First, multiple people increases the creativity for ideas and suggestions. It also allows others in the group to learn from their peers. In addition, when people are involved they feel part of a team and important. Finally, from a management perspective, watching the level of staff involvement, knowledge and leadership abilities allows future
(See Casey Conrad page 19)

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...Market Your Club!

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I've always been drawn to the health and fitness industry. While studying for my personal training certification through the ISSA, I began working part-time at a local World Gym as a way of getting some fitness business experience. While I was there, I began developing advertising campaigns for the gym, work that eventually caught the attention of World Gym International, who chose my client to receive the Best Marketing Award.

Realizing I had finally found a niche where I could use my extensive business and marketing experience, I set out to help other fitness clubs by creating a comprehensive marketing manual, a matching line of marketing products and an online resource for innovative ideas and concepts. The result is Market My Club (www.marketmyclub.com), a one-stop shop for everything any fitness club needs to build its brand and get the edge on the competition.

...Casey Conrad

continued from page 18

managers to be identified.

Rule #6, the final rule, is that regardless of what happens, no participant should ever be belittled or harassed in a meeting. Putting down an employee in front of others creates a very bad vibe for the entire team, even when others know the person deserved a calling down! *Therefore, any poignant discussions with an employee should happen after the meeting has ended and in private.* In addition, if an employee says something out of line during a meeting (either to the manager or another employee), simply suggest that the meeting isn't the time or the place for such comments and move on. This way of dealing with potentially difficult situations will earn the respect and admiration of all other employees.

Avoid the Classic Meeting Mistakes

By following the six basic rules for giving effective meetings, a manager will be on their way to establishing a meeting format that will be both productive and fun for the entire team. Not following the basics, however, often leads to classic "meeting mistakes." Although some of them are merely the inverse of giving a great meeting, identifying the classic meeting mistakes is a good idea.

The Classic Meeting Mistakes are:

1. Not letting salespeople know ahead of time what will be covered. This creates anxiety and a feeling of being unprepared.
2. Making meetings too long. When this occurs, salespeople can't see

Thank You Sherry Robb

In closing, I would like to thank Sherry Robb of MarketMyClub.com for sharing her extensive knowledge and expertise in club marketing with us.

The "Golden Egg" you folks are now charged with hatching could be full of increased marketing leads and then increased sales revenues for your club. Or, it could be empty. It all depends upon you. Your dedication to club marketing planning and the effort you put forth will determine your success. Best of luck for a fantastic 2006 in Marketing Your Club!

(Norm Cates, Jr. is a 32-year veteran of the health, racquet and sportsclub business. Cates was the 1st President and a Co-founder of IHRSA in 1981. Cates was honored by IHRSA in March 2001 with its DALE DIBBLE Distinguished Service Award. Cates may be reached at: 770.850.8506 or by email at: clubinsidernews@mindspring.com)

the value for the time spent.

3. Allowing the meeting to run over the scheduled time. This sends a message to participants that their time isn't valued.

4. Not making meetings fun. Some ways to make meetings more fun is by bringing food, occasionally having the meeting somewhere other than the club, bringing in a guest speaker, give away small gifts for involvement or right answers and having other sales team members run a portion of the meeting.

A Time Tested Format For A One Hour Sales Meeting

With a good understanding of general rules behind running a meeting and the key mistakes to avoid, let's now turn to the specifics of running a club sales meeting. Although you are in no way held to this agenda, experience over the years has generated the following successful format for a one hour sales meeting:

1. **Review of numbers - 10 minutes.** This refers to reviewing of the weekly and month-to-date numbers for both individual and club totals. Reviewing of the numbers prevents denial and fosters a more competitive environment for achieving goals.
2. **Skill development - 10 minutes.** This refers to the manager training on one specific sales skill, strategy or tool that is utilized in the clubs' sales system. Rarely is this time designed to bring in a wholly new concept or skill, which will require much more time to do properly. When possible, handouts of scripts, tools or strategies should be provided or have employees bring their training manual for
(See Casey Conrad page 27)

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White Paper

Challenging Views of the Health Club Industry

By Will Phillips

Part II

(Publisher Note: This is Part 2 of a 3 Part Series. Last month Will Phillips covered Factor #1 - Skin to Skin Retention; Factor #2 - The Club Industry Plateaus on the "S" Curve; and Factor #3 - Hypertrophy of Equipment.

In this Part II, we will cover *Factor #4 - Hypocrisy; Factor #5 - System Partnerships; and Factor #6 - Technology*

Please note that throughout this "White Paper", you will see references to **Action Boxes**. Each Action Box is important. Because of editorial space constraints, the associated Action Boxes are not available here in print. However, we've put them on our website for you, so you may print them out and act on them. Additionally, we've placed the worksheet referenced last month in Part I on our website. Go to: www.clubinsidernews.com and click on: This Month. Under *Inside the Insider*, click on A

White Paper, and a printable file will load. We hope you find these Action boxes and worksheets helpful.)

FACTOR 4: HYPOCRISY

I see *five hypocrisies* in the health club industry. Each of these five has had its CBI cover and its IHRSA keynote speaker. Each show up in club ads and sales pitches, yet clubs continuously fail to implement these visions in their actions.

I. Weight Loss? Club owners tell me that one of the primary reasons why people join clubs is to lose weight, yet all that the majority of clubs offer is exercise equipment. We all know that weight loss is a combination of exercise, diet, and support, yet few clubs provide this triumvirate. We would rather deal with a simpler system than an effective one. Yes, we provide personal trainers, equipment and some nutrition advice, but then we don't balance these for the client. I suspect the real goal, in many cases, is to sell supplements. Some clubs track supplement sales but many do not track weight lost! Whose side are you on? Customer service means siding with the customer. Customer service is a lot more than a smile or a towel. It is built on a foundation of understanding and respecting and responding to the customers' needs and wants.

II. Third Place?

Another inconsistency occurs when clubs claim to want to be the third place in people's lives; the first being home, the second being work, but the third place is a question mark. Yet clubs repeatedly fail to fully address the concept of a community center, and thus, don't develop the skin-to-skin connection that would turn them into true clubs. It is much more accurate to describe them as an exercise site or a gym; not a club with all its connotations of friendship, connections and community. Many local museums are working to become the third place. What are clubs offering? Permission to exercise! Is that really what the customer wants? If you have

the slightest worry about low priced competitors who offer lots of equipment, you can become a true club and offer higher value at higher prices.

III. Stress Reduction?

Many clubs talk about the mind/body relationship, and the cutting-edge literature in wellness and weight loss repeatedly refer to this relationship as well. *Yet, by and large, clubs focus mainly on the body; the mind is an afterthought.* If I wanted to learn more about the mind and meditation, I would not choose a health club. Dr. Andrew Weil and Dr. John Kabat-Zinn explain the relationship between stress, health, and meditation in their book/CD, *Meditation for Optimal Health*. They state that our body's control system comes in two forms:

1. Voluntary: This system controls our normal movement and enables us to walk, run, lift weights, and talk.

2. Autonomic: We have much less control over this system. It runs on automatic and it has two opposing elements; one that speeds things up; the other that slows things down. It is the root source of our physical energy.

- Parasympathetic - this speeds us up and controls our fight or flight response.

- Sympathetic - this slows us down; this is where our relaxation response exists.

The challenge in life is that our ordinary living triggers the speed-up system "24/7". Such a fast-paced, high-energy lifestyle generates stress. This type of energy can be observed in many group exercise classes where it is driven by the music that is played in clubs. We seem to be naturally attracted to this stress-inducing environment. People like high energy.

So, if your club is committed to health, and part of good health includes stress reduction, what do you do to trigger the slow down or sympathetic part of the nervous system? Music and meditation can do this, so can dim lighting, color, and skin-to-skin contact. If you're not seriously addressing the drivers of the sympathetic system, you may not be truly



Will Phillips

addressing stress, health and wellness.

Combining the right music with physical activity may yield high exercise and stress reduction. One example is from the South African entrepreneur Warren Lieberman who has spent the last eight years developing an international business based on drumming. In his corporate programs in Johannesburg, anywhere from 15 to several thousand participants, each equipped with their own djembe drum, develop team building skills by drumming in unison. Aviva Nash, who runs the New York City branch, says it breaks down barriers and becomes a unifying activity. The New York branch has worked with BMW, J.P.Morgan, Chase and Red Bull. A recent program for 1,200 managers charged \$35,000. This has now become a Broadway show called 'Drumstick', each seat shares a drum and the audience drums with the on stage drummers.

IV. Service Cycle. Len Schlesinger (Harvard Business School) spoke to IHRSA about how staff satisfaction and retention relates directly to customer satisfaction and retention. Yet clubs continue to use high-turnover, part-time, minimum-wage employees and provide few real career paths.

V. Health Clubs? Health is more than doctors and more than exercise. It includes diet, addiction reduction, wellness, mental health and commu-
(See Will Phillips page 26)

(In your day-to-day club operations battleground)

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Company Background

Inter-Images, Inc. was founded in 1999 by physical therapist Mario Bravomalo and former health club manager, Daron Allen, who noticed the consistent challenges of attracting prospects, producing new membership sales and retaining existing members in the health club industry. Their creation, the Visual Fitness Planner™, has proven to be the ideal solution to this industry issue.

Additional References

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Improving Personal Training Sales

By Karen Kirby

Through the years of teaching personal trainers to sell, I have noticed a consistent problem. The trainers have an easy time explaining to members the benefits of exercise. Trainers are also good at explaining why using a trainer will give them much better and faster results. The problem is members are very educated on health and fitness these days and know the general benefits of exercise. Most are also convinced that they would probably do better working with a trainer, but for a variety of reasons, mostly price, they are going to try it on their own. Something that will help is showing your trainers how to

get more specific with their information.

Recently I heard my friend, Tony Berlant, call this the "funnel theory", and I like the image of a funnel very much. Training, using the concept of a funnel, will show them how to start with general information and end up with specific information that applies perfectly to a specific member with a specific goal.

For the funnel concept to work, the interview or information gathering *must be extremely thorough, using your very best listening skills.* The more specific information you can get equates to the more specific the information you will be able to give. After you have

gathered information, congratulate them on their decision to exercise and tell them some of the general benefits of exercise. Whether their issue is elevated cholesterol or back problems, be sure to mention that exercises, done correctly, will absolutely improve their condition. *Good general information will reinforce their decision to start a program, but be aware that it is information they may already know. To win the sale, you must get much more specific.*

For example, if they experience discomfort from sitting at a desk for hours at a time, you must talk very specifically about things that contribute to that and the steps you will take to show them how to adjust their chair, their computer, and

improve their posture so that they will not have pain at work. If your prospective client is experiencing sciatica, you must be able to identify and verbalize what muscles might be weak or tight, describe how the piriformis weaves through the hip, often being the culprit in sciatica. Taking time to show them one or two piriformis stretches will even bring you closer to closing the sale.

There are many other steps to the sale which can benefit from the funnel concept. It is great to explain the benefits of using a personal trainer, but can you specifically say why you are the best trainer for them? Share examples of clients that you have helped whose issues were identical. Paint a verbal



Karen Kirby

picture of what your commitment to your clients involves. In most cases, if you can genuinely convey care, show enthusiasm and be very specific with examples of exercises that will bring them toward their goal, clients will not only hire you, they will also tell their friends.

A great way to teach these concepts is using role play. Have the trainers in small groups come up with some really good general statements about the benefits of exercise. Use a role play for them to use their new verbiage in a mock situation. Do the same, encouraging them to come up with very specific information for specific individuals (or scenarios) about the benefits of exercise. Spend considerable time getting them to brainstorm for the best specific wording to convey to members why they are the right trainer today. I think we all have a hard time explaining to a member why they should buy us specifically. Trainers will learn a tremendous amount listening to each other practice the right words and body language. It is amazing as you listen to others role play the exact situations that you come across every day, how many good phrases and verbal cues you can pick up. Many times, students learn more from each other than from the teacher.

Good luck learning to take general information and turn it into just the right wording that makes it applicable and convincing for the prospect. We are all so fortunate to be in the business of changing people's lives through exercise.

(Karen Kirby is the President of Health Style Services. She can be reached at (210) 884.2620)

A Message from Fitness Management & Consulting...

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

With over 25 years of experience owning, operating and managing clubs of all sizes, Mr. Thomas lectures and delivers seminars and workshops across the country on the practical skills required to successfully build teamwork and market fitness programs and products.

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...Will Phillips

continued from page 20

nity building. What you most likely have is an exercise (not health) gym (not club). Clubs seem to be stuck on a narrow definition of health, an important dimension, but narrow (See Action Box 5).

**FACTOR 5:
SYSTEM
PARTNERSHIPS**

Aristotle wrote of problems occurring in three distinct worlds:

- 1. *Logos* - the logical, rational world.
- 2. *Pathos* - the emotional world.
- 3. *Ethos* - the ethical world.

In my article "Aristotle's Insights" (go to www.rexonline.org under Management Briefings for a copy), I identify a fourth aspect of any problem, which I call *Cosmos - systems thinking or "the big picture."* For clubs, the system includes the health care, schools and medical insurance. It seems like some progress is being made in this area, but these outside factors are still not being fully exploited. For example, if the water in an area is contaminated with bacteria, it is hard to solve the infant mortality rate by treating only the sick children. It is only when we deal with the full system that we realize the full benefit. In order for the tremendous benefits of exercise in a health club to be fully manifested, both the insurance industry and the health care industry need to be in sync and on board. Curves and Gold's are reported to have developed membership reimbursement programs with medical insurance companies who contribute close to the full membership fee on a monthly basis. Large chains have the negotiating power. Your national or regional alliances can do the same for individual owners if they were inclined.

At the 2005 IHRSA convention, I was excited to learn about www.fitinsurance.net, which sets up relationships with insurers to impact the cost of club membership by producing healthier insured. I'm also concerned about the gap between clubs and physicians. A recent article in CBI pointed out that the doctor's office has access to the 85% of Americans

who don't belong to clubs. As reported in this article, "*Partnering with Physicians*" many doctors are reluctant to counsel patients about exercise for several reasons:

- 1. They're not confident in how to do it.
- 2. Their own poor fitness and lack of time to improve it.
- 3. Inadequate reimbursement.
- 4. Preconceptions that fitness counseling won't have an impact. Of course, the actual research suggests quite differently. Even casual exercise counseling could help improve the health of the 85% of people who do not belong to clubs. Some action items mentioned in this article make sense.

Professional firms such as management consultants, CPA's, attorneys and bankers have long practiced *Center of Influence Marketing (COIM)*. They don't market directly to potential clients. Rather, they market to a COI who already has/serves clients, but with a different service than theirs. Thus, CPA's can build relationships with attorneys and bankers in hopes of a steady stream of referrals from them, paid for by reciprocating referrals (See Action Boxes 6 and 7).

**MAJOR OPPORTUNITY/
THREAT APPROACHING
THE CLUB INDUSTRY**

CFO Magazine recently reported on major U.S. company health care concerns leading to the use of new intermediaries to enable and encourage healthier employees. Why are they collaborating?

- A 325% Return on Investment (ROI) at Florida Power & Light Company.
- A 150% ROI claimed by other companies.
- Fairview Health Services, a Minneapolis health care system, began in 1996 and now involves 80% of its 13,000 employees in their own annual health assessment and improvement program. The system is happy to spend 2.3 million dollars annually on this effort. Their results?
 - A 25% reduction in the health risk of its employees, equivalent to a \$464/year savings per employee.
 - A \$75/employee reduction as a result of an average reduced absenteeism.
 - A \$107/employee per

year reduction in worker's compensation.

- All of this totals \$5.6 million in savings per year to the employer.

Who else is doing this? Pepsi-Cola, IBM and Sears. It is expected that close to 25% of the major companies in the United States will engage in a pro-active collaboration with intermediary firms to assess and improve their employees' health. Who are these providers or intermediaries? Mostly organizations you haven't heard about.

- **S T A Y W E L L HEALTH MANAGEMENT** administers annual Health Risk Assessments. It's interesting to see that they are actually measuring what health clubs just talk about.
- **WHOLE HEALTH MANAGEMENT**, Cleveland, OH.
- **THE NATIONAL**

BUSINESS GROUP ON HEALTH (NBGH), a Washington, DC profit, www.nbgh.com

- **REVOLUTION** (more about them later)

None of these intermediary health providers are in the health club industry, although they are serious about measuring wellness and reducing risk. They may well fill the gap between health clubs, doctors, and insurance. Helen Darling, President of NBGH says, "Every major corporation is in the process of adopting some form of health improvement program."

Remember, the most serious competition always originates outside your own industry. There is a new trend on the horizon that could take the 'health' out of health clubs. And, since you're probably not a true "club," what are you? A gym! There is a huge opportuni-

ty for entrepreneurial leaders who want to jump on the next wave and truly get involved in delivering health improvement. This means measuring it and providing a broad range of services in addition to the typical health club facilities and programming (See Action Box 8).

Revolution is a new company founded by Steve Case, who also founded AOL. It was launched in April 2005 and its focus is on health care, wellness and resorts. Steve Case says of health care, (the largest industry in the U.S.), "it is monumentally complex, confusing, inefficient, and everybody hates it." As the baby boomers (the so-called pigs-in-the-pipe) move into their 60's and 70's, huge amounts of money and interest arrive on the wellness scene. Health Savings Accounts (HSA's) and their sister Health Reimbursement Accounts (HRA's) potentially put con- (See Will Phillips page 30)

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...Casey Conrad

continued from page 19

a reference (Remember, they know in advance what will be covered).

3. Role playing - 10 minutes.

After the skill development has been completed, it's time for role playing. Although many managers and employees hate role playing, it is a must for successful skill integration. Role playing allows everyone to "see" and "hear" the skill level of team members. Further, it allows management to determine areas where employees may need more one-on-one training.

4. Review all lead sources - 15 minutes.

This refers to a process by which the manager walks through the appointment book, the guest register and any Needs Analysis Sheets of prospects that did not join and receives an update from the appropriate salesperson as to the status of the lead. Although this process is allotted more time than any other part of the meeting, it is critical to ensure that leads are not falling through the cracks and that salespeople are doing their job with respect to follow up.

5. Review weekly marketing/advertising - 5 minutes.

Fairly self explanatory, this is where the manager covers any new ad campaigns and discusses the various forms of marketing and advertising that are happening so the salespeople are prepared for phone inquiries and walk-ins. There is nothing worse than a salesperson getting a phone call about an advertised special that they know nothing about; such situations make both the club and the salesperson look foolish and unprofessional.

6. Weekly goal setting, kudos and motivation - 5 minutes.

The final five minutes of the meeting is designed to

send the team off on a positive note. By going around and establishing weekly goals with each team member, social pressure is created. Finally, recognizing and rewarding excellent performances from the previous week or month get the team feeling good and then excited to hear any potential incentives or bonuses for the week to come.

Weekly sales meetings are a key component to successful, year-round sales training. Bad sales meetings, however, can have a disastrous effect on employee attitudes and productivity. Therefore, proper preparation is necessary to administer a meeting that both accomplishes the goal at hand and creates an environment of learning and motivation. By following the basic rules for running a good meeting and applying an agenda that is proven effective for club sales teams, you will be on your way to having power meetings!

(Casey Conrad is the Founder and President of Communications Consultants, Inc. and a long-time industry consultant. Casey is also the Founder and President of Healthy Inspirations, Inc. Casey may be reached at: (800) 725-6147 or by email at: casey@healthyinspirations.us)



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By Michael Scott Scudder

*All The Plates
Are Spinning...
For Now*

If you've ever been to a circus, there's always a "fill act" in which a juggler-type does some phenomenal contortions that defy human understanding... keeping as many as ten plates on top of thin sticks spinning at the same time, and you sit there and wonder how that's possible.

Well, to my mind, the "health club business" is like that right now (Please note that from now on, I am going to refer to the "health club business" and the "health and fitness industry" to differentiate them. They are two different entities and most clubs don't get that yet. More about that in future columns). There are a lot of plates spinning, and one wonders how many more can go up before the inevitable... some plates just stop rotating and simply drop, crashing down on the ground.

What Plates Are Spinning Now?

While this is probably not the most comprehensive list I could make (I'm sure I'll get a reader or two that let's me know one I have missed), it gives you many examples of what I am talking about.

- Large "athletic club" facilities, predominantly older racquet-based clubs which are well-financed, offer substantial variety in amenities, services and programming, and are still sound players in their markets. Prices range in the upper end, usually \$1000 or more annually for membership dues.

- Emerging "big box" facilities, often over 100,000 square feet, based on fitness activities but offering variety for all the family. Prices are in the annual range of \$600 to \$900 for an individual.

- Not-for-profit, "institutional" facilities, generally program-based with appropriate fitness offerings as a secondary emphasis (YMCAs, JCCs, community recreation centers and

many college/university facilities fit into this category). A wide range of pricing, from quite low to nearly-high-end.

- Mid-size clubs, varying from fitness-only to multi-services facilities. This is the broadest category, encompassing clubs in size range from 25,000 square feet to about 50,000 square feet. Price range is \$500 to \$750 per year.

- Small clubs, approximately 10,000 - 20,000 square feet, usually fitness and group exercise, limited programming, price range from \$250 to \$500 annually. This is the largest grouping of facilities in the club industry, comprising probably 60% of all clubs.

- Mini clubs, under 10,000 square feet, also includes "express clubs" and Curves-type facilities. Usually fitness-only, pricing from \$350 to \$700 per year.

- Studio facilities, generally limited to one offering (personal training, group training, group exercise classes, yoga only, Pilates only, etc.). Pricing usually by program or service, not membership-based.

- Condo, co-op, gated community, retirement community, hotel, resort, apartment complex clubs. These facilities are generally value-added to augment the purchase of real estate or as a cash-generating side business. Size ranges from 2,000 square feet to as much as 10,000 square feet, usually priced as part of a realty purchase or activity-fee-based.

What Plates Are Likely to Keep Spinning?

- Athletic clubs... although competition in high-population, excellent demographic areas will be increased by "big box" players.

- Some small clubs... depending on population/demographics mixes, but more importantly on their service capabilities, excellence in delivering core competencies, and ability to "niche out."

- Condo, co-op etc. clubs... as real estate developers continue to innovate with "lifestyle-based" offerings, this segment will keep growing and

take some market share from conventional fitness facilities.

- Some not-for-profits... particularly college/university facilities and community recreation centers.

- Most studio facilities... these are not membership-dependent and generally develop much higher per-square-foot revenues than conventional clubs, with lower operating expenses.

What Plates Are Wobbling?

- Mid-size clubs... they are being surrounded on every side - by quality low-price players (like Planet Fitness), by "medium box" national chains (like LA Fitness), in some communities by "big box" national organizations (like LifeTime Fitness). This market segment includes clubs with no distinction in their marketplaces and often older, somewhat-tired offerings ripe for competition.

- Some not-for-profits... particularly older, institutional-types (like Ys and JCCs in many areas), have not capitalized on fitness and have probably missed the "window of opportunity." In large-population areas, they are likely to be eclipsed by big-box players on one side and by quality low-pricers on the other.

What Plates Are Likely to Drop?

- Older, racquet-based mid-size clubs.

- Ma-and-pa mini or small clubs, from 8,000 to 18,000 square foot, particularly in densely-populated and/or rapidly-growing communities. Newer-and-better offerings are coming into these marketplaces at a rapid rate.

- Curves-knockoff franchise clubs. They have generally not been able to sell enough memberships to generate enough revenues to keep going on a long-term basis. Look for this segment to get hit hard in 2006.

I believe it is appropriate to offer a special note here, in regard to traditional-chain operations. It looks to me like

Gold's Gym, World Gym, Powerhouse and Bally Total Fitness will undergo some massive re-structuring and/or some re-positioning in the national club marketplace. Many of these chains' "licensees" will disappear within the next two to three years. It is also possible that acquisitions may consolidate this sector with a major franchise-gym player emerging as a leader. Presently, this is a somewhat-outdated market segment that is ripe for the picking if left unchanged from present modes of operation.

Will There Be New Plates?

Undoubtedly, as the health and fitness industry continues to expand, more effect from these to-date "vertical market players" will be felt in club sectors. Look for unique offerings from these segments:

- Medical-wellness and hospital-based operators. They possess tremendously-leveraged advantages compared to conventional clubs, particularly when it comes to older boomers, seniors and unwell populations, which clubs have not traditionally served.

- Online offerings. It is likely that more and more Americans will turn to the Internet for exercise and wellness advice. Several players are already ramping up for a suspected boom in online market-



Michael Scott Scudder

ing of wellness services.

The next couple of years should be the most exciting yet in the health and fitness industry... accompanied by the most challenging in the health club business since our modern inception in the mid-1970's. How it will play out is anybody's guess, but look for some of the entities above to have great influence on the circus.

Until next time,
MICHAEL

(Michael Scott Scudder, a contributing author for the "Club Insider News," offers online, telephone and on-site education, training and consulting through his "MSS FitBiz Connection" services. For particulars, go to www.michaelscottscudder.com, email Michael@michaelscottscudder@yahoo.com, or call the MSS Hotline at 505-751-4248.)

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NORMAN K. DABISH

February 19, 1959 - October 21, 2005

Norman K. Dabish, co-founder of the Powerhouse Gym chain of health clubs, passed away on October 21, 2005, at the age of 46.

Mr. Dabish, affectionately known as "Hulk", was an avid student of the martial arts, boxing and the fitness industry. He was a U.S. Powerlifting champion and earned a black

belt in Koei-Kan Do karate from Master Brian Frost. He and his brother, William, started the Warrior Martial Arts supply store on Woodward Avenue in Highland Park, Michigan while they were in their mid-teens. This evolved into the first Powerhouse Gym in the back room of their father's grocery store in 1975.

The Powerhouse Gym spawned many bodybuilding world champions, including Mr. Olympia, Samir Bannout, Tom Platz, and Ron Love, as well as many NFL and NBA athletes. Norman's love of boxing led to a boxing gym within the gym, which quickly became "the place to train" for boxing champions Thomas "Hitman"

Hearns, Roberto Duran, Leon Spinks, Tony Tucker, and Hector Comacho.

Through Norman's vision and dedication to customer service, Powerhouse Gyms grew to become the world's fastest growing gym chain, with over 300 gyms in 15 countries around the world.



Norman Dabish

...Will Phillips

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sumers in control of up to \$5,000 each in medical insurance funds. *Organizations like Revolution may be poised to take advantage of this, whereas*

health clubs may be behind the curve on true health/wellness improvement.

FACTOR 6: TECHNOLOGY

Technology continues

to be a dominant activity in many industries, although often overly innovative and gadgetry and not truly designed to connect with the customer's needs. Using the Internet and on-site electronics - ideally wireless - for staff to keep in touch with members and to track members' progress seems like it still has potential although no program stands out at this time. Have you found one? (See Action Box 9)

In Part III, Will Phillips will cover: Factor # 7 - The Lost Market; Factor #8 - Distribution; Factor #9 - Are You In the Manufacturing or the Knowledge Business? and Factor #10 - Co-Creating the Experience. This last factor includes information on the cellular club design-a radical and powerful new type of organizational design. STAY TUNED.

(Will Phillips is the Founder of REX Roundtables for Executives which operates twenty-one roundtables for business owners in five industries. Will is the Chair of seven roundtables for club owners. He may be reached at: will@REXonline.org)

Norm Cates:
THE Club Insider NEWS

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