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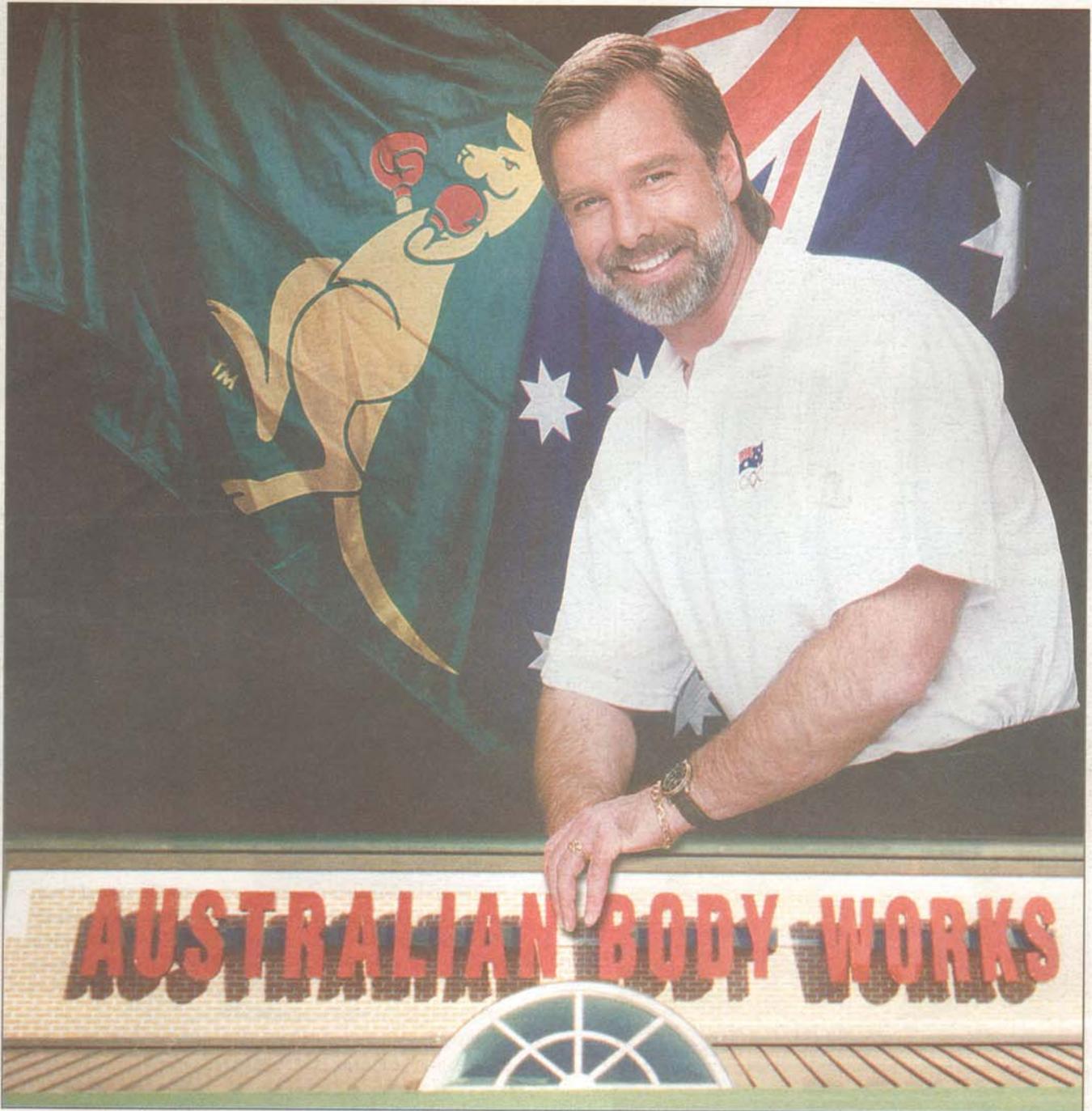
# THE Club Insider

NEWS

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VOLUME VI NUMBER 11

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



**Tony de Leede**  
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# THE Club Insider

NEWS

The Pulse of the Health, Racquet & Sports Club Business

## TONY de LEEDE Club Industry Super Star!

By Norm Cates, Jr.

Atlanta, GA.- One great thing about the health, racquet and sportsclub industry is the wealth of truly terrific entrepreneurs in the business. Of all of the success stories in the club industry, Tony de Leede's story is clearly one of the most interesting.

There are a number of factors that have entered into de Leede's portfolio of accomplishments. A

summary might read like this: "Tony de Leede has what I call 'The eye-of-the-tiger' when it comes to business; he is 'cordially intense' and very dedicated to his businesses. He is one of our industry's visionaries and thrives on the variety of challenges of successful growth. De Leede is also one of the few in the industry that 'play on both sides of the ball', competing as both a successful club developer/operator/owner and as a successful supplier for the industry. And, de Leede is

very well connected with the industry not just in the U.S., but globally. He is always in touch with what is going on worldwide and has his ear to the ground for new ideas and opportunities at all times."

And, it doesn't hurt that Tony de Leede is a personable fellow who 'talks-the-talk and walks-the-walk' of our industry, day in and day out.

Tony de Leede was born in Sydney, Australia in 1953. He became a businessman

at age 12, as a stamp dealer buying and selling stamps. After that beginning, at age 19, he started what he describes as his first 'real business,' importing clothing from Asia to Australia. He started that business with his Mother, Yvonne. He operated their apparel business from age 19 to 27 and, after having done very well, he decided to take a year off to travel. In 1981, de Leede was touring America when he came to Atlanta, Georgia for a couple of weeks. As many of us in At-

lanta have done, de Leede fell in love with 'the Southern style of life' here and, as they say, the rest is history. One year after arriving in Atlanta, he opened his first Australian Body Works, an aerobic studio, in March of 1982. De Leede recalls, "We were told Southern women didn't like to 'sweat' or 'glow,' as they called it, but we decided that sweating was good for them. So we introduced 'high-energy' aerobics, instead of just the leg-lifts and other fluff that they

(See de Leede page 4)

## McCown DeLeeuw Announce \$900M Recapitalization

McCown DeLeeuw, a New York based investment firm, announced yesterday a recapitalization and consolidation of Fitness Holdings, Inc. (FHI), Fitness Holdings Europe (FHE), and Fitness

Holdings Asia (FHA) d/b/a 24 Hour Fitness under the new name of Fitness Holdings Worldwide (FHW). The new arrangement was valued at \$900 Million.

As part of the arrangement, FHW acquired Frank

Leonesio's 18 Q Clubs in six different states.

Mark Mastrov, President and CEO of FHW, noted: "Our mission is to change lives in the communities we serve by helping people incorporate health

and fitness into their lives. With FHW, we will be able to pursue our mission on a global scale."

Under the new arrangement, FHW will own and operate 352 clubs serving 2.4-million people with revenues in excess of

\$650 million. FHW clubs include 254 in the U.S. (132 in California), 92 in Europe, and six additional clubs in Singapore and Hong Kong.

### Inside The Insider

- Thanks To You All For 6 Great Years!
- Creating The Team Of The Future
- Club One Acquires Frogs And Fitness Advantage
- Club Doc's Corner
- A Can-Do Customer Service Attitude Is Key To Success On Web
- Stairmaster Acquires Quinton

## ClubCorp Raises \$300 M For Expansion

On Friday, October 28, 1999, Robert H. Dedman, Jr., Chief Executive Officer of ClubCorp, announced the sale of 15% of the company to The Cypress Group for \$300-million. The purpose of the transaction, said Dedman, was "to proactively take advantage of the trend (toward industry consolidation) through the growth of existing properties and the acquisition of

others."

The transaction is expected to close in 1999 and is subject to customary regulatory approval.

ClubCorp is the world's largest owner and operator of golf clubs and resorts with assets of \$1.5-billion and an international collection of 230 premier properties, including Pinehurst, Mission Hills, the Firestone and the Homestead. ClubCorp operates

approximately 100 athletic and fitness centers worldwide, many of them integrated with their premier resort and golf club facilities.

The Cypress Group is a New York-based private equity firm that manages two funds with more than \$3.5-billion in commitments. Cypress investments include: Cinemark USA, Amtrol Holdings, Scotsman Holdings, FNC Holdings and WESCO International.

## de Leede...

continued from page 3

were doing. We did okay but we did experience losses in the beginning because I thought, 'if we build it, they will come,' which they didn't. It took me a few years to really figure out how to market properly. I spent more money on that club than any I've built in the 18 years since then! Shows you how much you learn. Our first year we did less than \$200,000 in sales. I was teaching eight to ten classes a week, (Tony still teaches 3 classes per week) selling memberships, basically doing it all."

De Leede now has 22 locations, has signed 5 leases for new clubs to be opened in early 2000 and aspires to have 50 Atlanta locations by the time he is 50 years old (2003). De Leede's Australian Body Works chain will have nearly \$18 million in revenues from nearly 40,000 members in 1999. 95 percent of the ABW revenue is derived from EFT monthly dues collections. One very innovative thing de Leede did a few years back was to split his monthly dues accounts from monthly to bi-weekly. He did that for two reasons: (1) to respond to the highly competitive Atlanta market's largest competitors who were selling deep-discounted memberships and (2) to generate more revenues from his existing membership base. DeLeede is now converting his memberships back to monthly dues as the local competitors like Bally Total Fitness and Crunch Fitness are increasing their rates and are no longer deep-dis-

counting their dues as heavily.

The Australian Body Works clubs are typically 15,000 square-feet in size and now feature double CardioTheater® systems. They are all upscale and very extensively equipped with state-of-the-art cardio and strength equipment, group exercise classrooms with The STEP and BODYPUMP, child care, massage therapy, comfortable locker rooms and a very unique member service offering that de Leede calls the 'Video Wall.' The Video Wall is a free video movie service that members receive as part of their membership. ABW members take home a video movie after working out, and as long as the video is returned by the next day, there is no charge. A \$1 per day rental is charged after the first free day, and de Leede has found that the extra fees cover all ongoing costs for video replacements for the Video Wall. De Leede describes his Video Wall offering as the second big WOW factor in his clubs, just behind CardioTheater.®

### INNOVATIVE HUMAN RESOURCE and MEMBER APPROACHES

**T**ony de Leede does a lot of things very well, but what he probably does the best is manage his staff. Over the years he has developed a number of innovative approaches to staff management that have paid off.

De Leede facilitates employee team building by holding

three "open discussion" management meetings per week and three "Steak & Beans" club team competitions per year. Employees and instructors receive recognition and gifts/bonuses at an annual awards night. And deLeede has been successful in establishing and retaining a strong "ownership mentality" team of employees by sharing monthly increases in revenues with a large number of employees.

In 1995 de Leede created an "At-home Membership" as a service for members who had decided to cancel their memberships. This membership allows the member to remain on a semi-active status for a small monthly fee. He also created a 'Matinee Membership' to provide reduced-fee membership for club use during early afternoon hours.

De Leede has built his 22-club chain with the help and skills of a dedicated team of seasoned managers. David Gould, Vice President Finance has been with de Leede for 7 years. Janie Wilson, Director of Public Relations, was Tony's first member 18 years ago. Donna Riley, his first employee, is now back with the company. Ken Shook has been with ABW 14 years; Mindy Strich has 12 years with the company; David Morris, the key construction man, has been on board 12 years; and Area Directors, Brian Evces and John Carsillo, have six to eight years with deLeede. Barb Froh the Human Resources Director, has been with ABW for 8 years, and Wanda Sheets, in the accounting office, has been with ABW for 12 years. All of these key people have stock and share in ABW profits.

### BUILDING A GREAT CLUB CHAIN IS NOT ALL TONY de LEEDE HAS BEEN UP TO!

**B**ut that's not all Tony de Leede has been up to. In 1990 deLeede viewed the first CardioTheater® exhibit at the IHRSA Convention in Reno, Nevada. Seeing Cardio Theater caused deLeede to begin to think keenly about the potential and value of entertainment in health clubs. He began to ask himself, 'what do we need to do to make

the medicine [exercise] taste better?' De Leede contacted the owner, David Tate, of the fledgling CardioTheater® company, which at the time had only 12 installations. De Leede struck a deal with Tate and began to rapidly install CardioTheater® in all of his Australian Body Works facilities in Atlanta, becoming CardioTheater's® largest customer. He visited the manufacturing facility of CardioTheater®, which, at the time, was David Tate's garage in Portland, Oregon. In late 1992 de Leede acquired 50 percent of the production company of CardioTheater® from Tate and 100 percent of the worldwide sales and distribution. De Leede set up the CardioTheater® sales and distribution offices in Atlanta in 1993. Since that beginning, CardioTheater® has been installed in nearly 4,000 locations worldwide. (Approximately 2,600 are in the U.S.) Two months ago deLeede acquired controlling interest in CardioTheater® and he and his partner, David Gould, now own 94 percent of the business.

CardioTheater® has impacted the health club industry dramatically and de Leede deserves credit for being the visionary that taught the health club industry that entertainment while exercising would be a key to the future. Tony de Leede has the distinction of being first in a number of club industry endeavors. John McCarthy, Executive Director of IHRSA, made the following comments in his 'Memo From McCarthy' article in the June, 1998 CBI Magazine: "De Leede was the first to put a fitness center in the Olympic Village. He was the first to open a club in a supermarket. He was among the first to launch The STEP and circuit training and BODY PUMP. His is the lead club in "Get Active Atlanta," the first metropolitan, total-community effort to get everyone more physically active. He is the fitness provider for Kaiser Permanente, the largest HMO in the metro-Atlanta marketplace."

McCarthy continues, "But none of these achievements, as impressive as they are, contributed to de Leede's nomination for induction into the IHRSA Associate Member Hall of Fame. In this case, he was honored not for his achievements as a club owner or community leader, but rather for the contributions he has made to the industry in his role as a sup-

plier. For deLeede is the maestro of CardioTheater® and even more, of the CardioTheater® concept. He is the principal protagonist of the belief that entertainment is a central dimension of the industry's future."

Beyond the standard CardioTheater® offerings of TV, FM Radio, CDs and cassette play, CardioTheater® is moving aggressively into programming for members that will provide for tracking of workouts and production of reports detailing the workout history of the member as well as other programming initiatives, including lifestyle advertising.

### The CardioTheater® Olympic Village Health Club -- The First In Olympic History

**A** few years before the Olympic Games came to Atlanta, deLeede was in close touch with the Atlanta group that had acquired the Olympics for Atlanta. (ACOG-Atlanta Committee for the Olympic Games). He was named the U.S. Envoy for Australia for the Olympic Games. De Leede parlayed that deal into another arrangement, one that made history. He convinced the folks at ACOG that the Olympic Village needed a health club. They agreed to let him proceed, provided that it cost ACOG nothing. A 5,500 square-foot space was provided in a ballroom in one of the buildings in the Olympic Village. De Leede needed \$200,000 to build out the space, not to mention the many pieces of cardio equipment and machines required. Although deLeede funded \$80,000 of the build-out himself, the balance was funded through contributions from Star Trac, Powerade and Reebok. In addition, Cybex, Star Trac, CardioTheater®, Heart Rate, Icarian, Polar, Reebok, StairMaster, Technogym, Tectrix and Sport Specific donated 60 cardio and 30 strength training pieces valued at more than \$300,000 to the Olympic cause.

Here was a guy who was already as busy as he could be taking on yet another very big challenge. Many wondered why anybody would build a health club that was going to be free for the users and would not produce any revenues! But, deLeede answered that question loud and clear when he was quoted in the October, 1996

(See de Leede page 8)

Norm Cates'  
**THE Club Insider**  
NEWS  
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# • NORM'S NOTES •

## Thanks To You All For 6 Great Years!

Let Us Hear About Your NEWS!

E Mail - clubinsidernews@mindspring.com

**6 YEARS!** Yes, this edition marks the end of our 6th YEAR OF PUBLICATION of The **CLUB INSIDER** News! I am very **THANKFUL** to be able to write this commentary. It is really hard to believe that time has passed so fast. It seems like yesterday that I was mailing our 1st edition in December, 1993. That issue had a story and photo of my good friend **RED LERELLE** and one of his antique airplanes on the cover. And, it was just 12 pages! As we move into our 7th year of publication there are a lot of people I want to thank. But, I want to thank **GOD** first for letting me do work that I really have a passion for and work that I am told helps our great industry and our country. I feel very fortunate for the timing of The **CLUB INSIDER** News because in the 6 years since we began publishing more newsworthy events have happened in the club industry than in the 20 years before! I want to thank all of you that take your valuable time to read The **CLUB INSIDER** News. My heartfelt thanks goes to all of our **ADVERTISERS** that have supported this **CLUB INSIDER** News effort over the years. Many of our advertisers have been with us since we began selling advertising and I am very proud of that. Many thanks to all of our **CONTRIBUTING AUTHORS** over the years. They provide the meat that mixes so well with our **NEWS FIRST** thrust. I want to thank **MS. CATHY BROWN** and **RON HUDSPETH** of Atlanta's **Hudspeth Report** for all they have done with the start-up and continued publication of our newspaper. I want to thank the great folks at **Walton Press**. My account reps over the years, the guys in **Camera and Plate**, the folks in the **Electronic Press Room**, **RONNIE BUTLER** and the other **Pressmen**, **LINDA MCGINNIS** and **KELLY PARHAM** and all the team in the **Mailing Department** and all of the **Drivers**. Thanks to my Dad, **NORM CATES, SR.** and his wife **LOUISE**. Thanks to my fine son **JUSTIN CATES** for all of his computer and mailroom work. Special thanks to **RICK CARO** and **DR. GERRY FAUST** and all of the members, past and present, of the **Faust Executive Roundtable #1** for their support and guidance. And, sincere thanks to **JOHN McCARTHY** and his great team at **IHRSA** for all of their help and support. I promise to continue to publish the latest club industry **NEWS FIRST**, while it is still news, to continue to provide enlightening articles to help your club operations and to "Tell-It-Like-It-Is" when it comes to issues that are important to our industry. When I think about the passion that I have for my business, I think about all of you. For it is you all, the people out there working with our millions and millions of members, that are changing the world. Your **LEGACY** will be a **GOLDEN ONE** because you are helping your members improve and enhance the quality of their lives and in turn, that enhances the quality of their families' lives. And the beat goes on. Just never forget that your work should be a labor of love and as long as your passion for what you do, you will always do well. We are all lucky to be in this great industry and we should all be thankful. **HAPPY THANKSGIVING** and **STAY TUNED!** (Gosh, you'd have thought I had just received an Academy Award or something!)

**Sport & Health in Washington, D.C.** has announced the promotion of **CAROL HIMES** with her appointment as General Manager of **Regency Sport & Health** in McLean, VA. She will continue in her roles as General Manager of **Skyline Sport & Health** in Falls Church, VA. **JAN HAWK** has been promoted to General Manager of the recently acquired **Old Town Sport & Health Club**, formerly owned by **IHRSA** Board Member, **MIKE MYERS**. Jan had previously been Assistant General Manager at **Regency Sport & Health**. **KIRK ST. GELAIS** has been promoted to Membership Director of **Woodbridge Sport & Health**. And, **MARTY THOMAS** has been named General Manager of the new **Tyson's Fitness Equation Club** and **DENNIS OVERTON** will now serve as Assistant Manager at the **Tyson's Club**. Congratulations to all!

**•BRUCE GOUIN**, one of the top club operators in the South and an industry veteran, has opened a 5th large hospital club in Alabama. The clubs are owned by the **Babst Health Systems** and are operated as **FOR-PROFIT, TAX-PAYING** subsidiaries of the hospital group. He now has 4 in Birmingham and 1 in Montgomery (**MIKE KOLEN's**, aka **Captain Crunch's**) former club in Montgomery.)

•It is great to hear that our friend and **Faust Roundtable #1** member, **JILL STEVENS KINNEY** and her husband John

have got their company, **Club One** going gangbusters! In just this past year **Club One's** sales volume has increased by 500% from \$12 million to \$60 million and membership has grown from 15,000 to 500,000! This includes all of the employees at many of the corpo-

rate fitness centers they manage. Now those are some numbers! **Jill** and **John** have recently acquired **ROGER BATES' 4 Frog's** clubs and **RICHARD MEYERS'S 3 Fitness Advantage** clubs in the San Diego area. **Club One** now has 20 clubs and 23 corporate fitness cen-

ters. **Club One** has opened a regional office in San Diego under **Richard Meyer**, Regional President.

\*Ah yes. Massage. Ever since my son **Justin** and I were involved in a car crash where a drunk driver rammed us from behind (we were sitting still) while going 50 MPH, my back has been hurting. While I was at the **Trade Show of the Medical Fitness Association**, I had the great pleasure of experiencing a piece of equipment that I think just might take the club industry by storm. It is called the **Hybrid Massage Chair** and provides what the makers of this terrific

piece of equipment call "**Tranquility Training**." Since my car accident I have had a number of massages to try to help with the pain and I can tell you that the 12 minutes I spent in this chair was amazingly effective. The **Hybrid Massage Chair** is manufactured in Japan and is being imported to the U.S. by **NOBUO TOGAMI** of **TOSA TRADING INC.** I view this chair as a tremendous cash generating opportunity for club owners. If you were to install just two chairs and charged \$10 per 12 minute session, your potential hourly revenue is \$40. Based on a 16-hour club day and with the chair booked at just 30% (I'm sure it will be much more), the earning potential is (See *Norm Notes* page 11)



The **HYBRID MASSAGE Chair**

Norm Cates'

# Club Insider

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# Creating The Team Of The Future

By Bonnie Patrick

## HOW TO HIRE THE NEXT MARK MCGUIRE

In this series of the future of business relating to our industry, we have looked at organizational structure and what makes for strong leaders. In our final part of the success equation, we take a look at our staffs and how to find and keep the best people.

Stanley Marcus said the dollar bills the customer gets from the teller in four banks are the same. What is different are the tellers. We can have the greatest facilities in the world, with the latest state-of-the-art equipment and programs. Without the right people, that facility and equipment will become great dust collectors.

Let's face it. We'd all like to hit home runs every time with our new hires. Reality is, we gamble our decisions on gut instinct and coincidence. And we've all had those people who do an awesome interview, start in a position and become the opposite of what they portrayed.

As with sales, the answer is in developing relationships. Instead of waiting for people to appear, or happen to be reading a classified ad right at the time when we are advertising, hiring should be a continuous process. It's better to hire em-

ployed, happy people.

Think of talent or athletic scouts. They're always out there looking for the next great find. Our Managers and Department Heads should always be on the lookout. They know best what will work for their departments and clubs. Network at the places where you'll find the type of person you're looking for. Then get to know those people.

The next trick is getting them to leave their current position to join your team. There's a story that talks about a company who was recruiting a senior official. When the company analyzed the person's previous performance and attributed a dollar value of profit to that performance, the number was in the multi-millions. Immediately, the CEO wrote a check for \$1 million to the recruit if he/she were to come on board. The return on that substantial investment was equally substantial. We can drill down and do the same for a top performer in our industry, from a phenomenal reception person to a top club operator.

Money is not the only motivator. In fact, growth opportunities including training, development and promotion, support and recognition are equally weighted.

And, as the final clincher, to get a really good person, have the CEO or Club Manager call the person you're trying to hire. Offer exciting unparalleled opportunities. Who could say no?

## THE INTERVIEWS OF THE PAST ARE JUST THAT!

More clubs and businesses these days are re-looking at the interview process. What happens with an interview is two-sided: the person doing the hiring is trying to figure out what this person can do and if they will be able to be successful in the company. The person being interviewed is trying to decipher what it is they'll be doing and with whom.

There's a couple of ways to make this process more realistic, scientific and measurable. The first is through analysis. Hotels and even some clubs go through specific interview

training, where a list of questions or qualities are given to the person being interviewed. This person answers the questions or ranks the qualities. A personality profile is developed from the answers. The answers are ranked, and the person is scored scientifically on whether they would be a suitable person for the position. Reebok Sports Clubs has invested a great deal of time and money in this type of hiring process with great success, resulting in increased staff and member retention. Hotels also use various rating forms, such as the Predictive Index, Myers-Briggs, etc.

Another way of analyzing whether the person is cut out for the position is through active participation. When I was an actress on Broadway, I would go to auditions all the time. They put you "through the paces" of a specific type of dance steps, singing and acting. There would be hundreds of people at the audition. Ten hours later, after one and two and eight series of cuts or eliminations, if you were really what they were looking for, you got the job.

Why not have a reception person work at your front desk for an hour with another staff? How about having a Fitness Person take staff or yourself through a workout? Have a Sales Person make some calls, present the club. Present specific cases or scenarios to Managers, to see how they would handle conflict, pressure, organization, etc. Sure, "soft skills" are important. Technical skills can be taught, if the person has the right attitude. So look for the attitude in action. Observe and make a judgement from their real situational responses.

And finally, there are recruitment agencies out there who will do most if not all of this groundwork for you. They've already scouted out the top people, and have reviewed their talents. Look for this method of recruitment becoming more prevalent in our industry.

## FINDERS KEEPERS

Congratulations. You're already there. Your club is



Bonnie Patrick

continuously in the "World Series" of the fitness industry, and your staff performs beyond expectations. Pipe dream? Maybe to some, but it can be reality. Here's a few thoughts on how to retain good people:

- 1) Clearly identify who you want to keep. The process starts with the end result in mind.
- 2) Let them know you want to keep them. Communicate your plan.
- 3) Give people recognition. The number one reason why people leave a job is because of a bad manager or lack of recognition and support from that person. The greater the accomplishment, the recognition should come from higher within the organization.
- 4) Provide opportunities for growth and development. It's not always about the money. If only our mind growled like our stomach does when it's hungry.
- 5) Develop a challenging compensation plan. Get the person's input on what works and shoot high.
- 6) Get them off on the right foot. Just like our members, our staffs become de-motivated and frustrated without support and proper attention to their needs. Take the time to be directive in training, which should be a three month to one-year process for a new hire.
- 7) Provide intrapreneurial opportunities. At The Fitness Company, we've just completed a company-wide "Best Practices" initiative. Each club is part of a network yet able to independently operate a

(See Bonnie Patrick page 11)

# FRIDAY REPORTS

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For The Club Industry

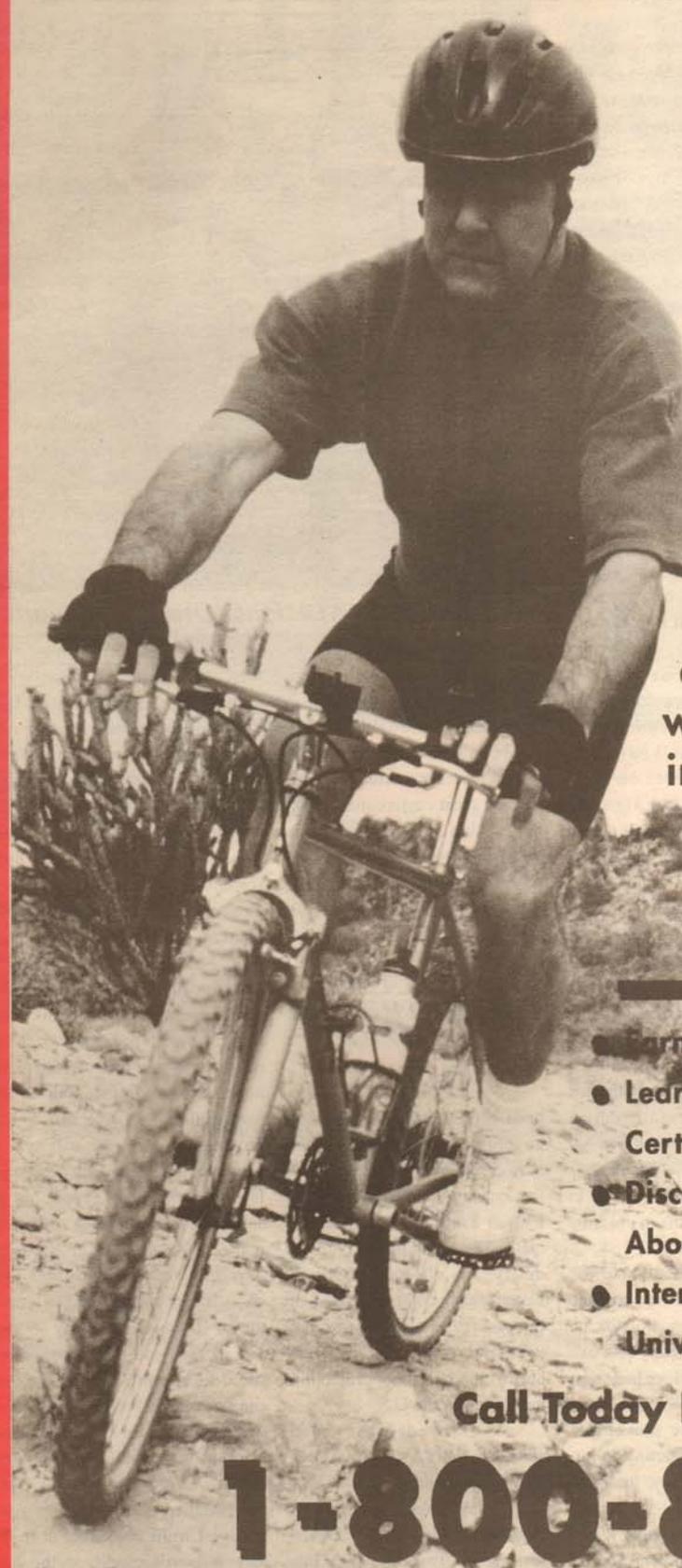
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## ...de Leede

continued from page 4

edition of CBI Magazine. De Leede's response? "If you're presented with an opportunity to be the FIRST person to accomplish something, to be a pioneer in some way, you'd better seize it. When you're 'first,' it's an achievement - a fact that can never be erased. And I was fortunate enough to have just such a chance, not only to create the first Olympic Village Health Club, but also to provide a valuable resource for Olympic athletes and others affiliated with the Games. From a business standpoint, my primary objective was to continue to brand the CardioTheater® name. That's why I called the facility the CardioTheater® Olympic Village Health Club!"

The build-out and equipping of the CardioTheater® Olympic Village Health Club was accomplished in an unbelievable 12-days! De Leede admits that he sometimes has a tendency to operate on a 'wing-and-a-prayer.' But ACOG stipulated that he provide a very specific and detailed construction and assembly plan eight months in advance, requiring him to put details on paper for construction, equipping, staffing and tear-down and restoration.

The CardioTheater® Olympic Village Health Club opened on July 6, 1996 and operated for 33 days. During that run the club served over 10,000 athletes and other Olympic Games personnel from over 100 countries! DeLeede staffed the club with over 40 Australian Body Works employees headed by team leaders David Gould and Mindy Payne (Stitch). All told, CardioTheater's total contribution to the Olympic Village Health Club exceeded \$700,000 in cash, goods and in-kind services and staffing costs.

Now, Tony deLeede is preparing to take off for two months to Australia in the Summer of 2000. He has been named the Manager of VIP Protocol for the 2000 Olympic Games. In that role he will have contact with all of the VIPs who come to Australia for the Olympics. We asked deLeede how, with all that he already has to do, can he take off for two months to do volunteer work at the Olympic Games? His

response, "It won't be real easy. But actually, 70 percent of what I do is by voice mail. On any given day I run between 50-100 voice mails. The company operates fine without me. It is just the growth that requires my time."

### *Involvement In IHRSA, IDEA, Club Industry and Faust Roundtable Helps deLeede*

**T**ony deLeede has been a member of IHRSA for years and has contributed greatly through regular convention presentations on his true specialty, **MARKETING**. Tony has also spoken at many IDEA and Club Industry Conventions for years, does a terrific job and unselfishly shares his expertise and materials with the convention attendees.

De Leede and Australian Body Works have earned a number of honors over the years, including being named "Best In Atlanta" each year from 1982 to 1999. De Leede received IDEA's 10+ Award in 1991 for his continued commitment to and promotion of professionalism in the fitness industry, the Mayor's Award in 1993 for "strong community involvement and leadership in helping the people of Atlanta lead healthier lifestyles" and 10th Anniversary ACE Award in 1995 to recognize his long-time service to the fitness industry.

DeLeede comments on IHRSA: "I think IHRSA does an outstanding job. I think they have become the pool of so many good resources, but unfortunately I, and a lot of others, don't take advantage of much of what they have developed. Recently, I wanted to obtain information to prepare for a meeting with Ed Baker, the Editor of the Atlanta Business Chronicle. We contacted Helen Durkin of IHRSA and she sent all sorts of materials that I could use to prepare for my meeting. My hope is that Ed will put a focus on how the non-profits are getting into fitness. IHRSA is a great resource."

De Leede has been a member of The Faust Roundtable #2 for seven years now. The roundtables were created 14 years ago by Dr. Gerry Faust of Faust Management Corporation in San Diego, CA. There are now four roundtables with 15-18 members

each. The members are club owners and operators who gather together three times per year in a selected city. While there, the roundtable members go on club tours of local facilities and then usually have two days of meetings where each roundtable member may bring challenges and issues to the attention of the other members. In effect, the roundtables serve as unofficial Board of Directors for some members as most club owners do not have Boards. De Leede comments on the Faust Roundtable #2: "Great people. It is good to have this quasi-Board of Directors because most of us don't have Boards of Directors. It is confidential. There is no fear [at our roundtable] about telling people what you really think. A lot of your staff aren't going to tell it to you like it is.

Because we are good friends on the roundtable you may hear stuff that you won't like to hear sometimes. I have been shot down in flames on some hair-brained idea I had. My thinking is that if I can throw out an idea and stand the scrutiny of my roundtable, I feel much better about moving forward.

We asked DeLeede to look forward and review his goals for Australian Body Works and he commented, "I have this fun thing about having 50 clubs by my 50th birthday. [January 11, 2003] I don't know if I will have 50 when I turn 50, but hopefully during that 50th year I'll reach number 50." As far as CardioTheater® is concerned, De Leede expects to have 10,000 systems in place by the time he turns 50.

When asked about the future of the industry deLeede commented, "These are still the way-early days. I really feel like the awareness out there [amongst consumers and corporations] that we represent true preventive healthcare is just starting to hit. At the end of the day, the most important thing, bar none, is your health. You can lose money, you can have other problems, but if you lose your health you're done. I think HMOs, corporations, government, everybody are realizing more and more that we need to get people to take better care of themselves. And we are the best answer out there. Health clubs represent the easiest answer. The awareness that we are very im-



**Tony de Leede At Atlanta Olympic Stadium**

portant to people's lives is increasing. Wall Street is recognizing it. As the numbers of health club members grow with the aging population, all these businesses out there are thinking 'what a great captive market we have.' That is why other businesses are jumping into our industry, trying to get their messages in front of our captive members.

### **CORRECTING THAT BAD HEALTH CLUB IMAGE**

**D**e Leede has also been very active in the area of government relations and has been a leading proponent of positive consumer legislation in the United States to enhance the credibility of the health club industry. His efforts in Georgia have influenced and assisted in the passage in Georgia of what is currently some of the strongest health club consumer protection legislation in the U.S.

DeLeede has also served on IHRSA's Positive Legislation Committee.

We asked de Leede to comment on his view of the evolution of the health club industry's image with consumers. He responded, "I think that part of the reason that our industry has had a bad perception is because of owners locking people into long-term deals and either going bust and leaving them hanging, or not going bust but having people perceive that

they got ripped off because they were convinced to enter into a contract for 3 years. Then, either they didn't get what was promised or they just got lazy. But they still blamed the product [long-term contract.] A lot of clubs that claim to have better retention do so because they bought it. When you lock somebody in for two or three years, most members will honor their obligations and say, 'I made a mistake,' but they still are not going to have a good feeling about the health club industry. So, I think that straight month-to-month or at the most, a one-year limit, would make huge headway in cleaning up the perception. The perception is improving, but there are still tons of clubs out there that lock people up for years and bend people out of shape. People are going to start to realize that they are going to be paying more money for memberships. Think about going to a doctor for 10 minutes and pay \$80 for him to give you some pills, compared to a health club where you can go for two hours, four or five times per week for half that money. I believe that evolution of thinking is still moving along. Geoff Dyer just switched totally to pay-as-you-go. Joe Cirulli is looking at it. To Ray Wilson's credit, at the last IHRSA Convention he admitted to the error in his ways in the past saying that he had invented the 'Life Time' membership and came to realize that it was a mistake. Now he is a huge proponent of monthly dues on EFT. It takes a big man to own up and say he had screwed up

(See de Leede page 14)

# Club One Acquires Frog's And Fitness Advantage

## Leading Health-Club Provider Enters San Diego Market, Integrates Area's Leading Health Clubs Into Club One Network

**SAN DIEGO**—November 8, 1999—Club One, a San Francisco-based provider of high-quality, convenient health clubs, announced that it has acquired seven leading San Diego health-club facilities as it expands into its second market.

Club One is acquiring Frog's, a four-club company known for its innovative fitness programs, Boot Camp and Eco-Adventures, and its eclectic, fun atmosphere, as well as Fitness Advantage, a three-club company known for its exceptional aquatic centers, including The Plunge at Mission Beach, and The Splash, at Carmel Mountain Ranch and Rancho San Diego.

The acquisitions give Club One seven clubs in the Southern California area and a total of

43 corporate and commercial clubs in the United States. The acquired clubs will be known as Frog's Club One.

"We've found the perfect partners to grow our business in Southern California," said Jill Kinney, Club One President and Chief Operating Officer.

"Both Frog's and Fitness Advantage share our commitment to exceptional customer service and innovative fitness services. We've gained not only some terrific facilities and members, but a strong group of experienced club professionals that will allow us to improve and expand this new region."

Since its inception in 1991, Club One has been nationally recognized as a leader in the health-club industry by building customer-service-driven health clubs that are strategically located in dense urban areas.

With several high-quality fitness facilities in the Bay Area, Club One's goal is to provide smart, convenient fitness solutions for aging baby boomers, who must balance a fitness routine with the constraints of a busy lifestyle.

Within the last eight years, the company has grown from two sites and \$1 million in revenue to 43 sites and \$40 million in revenue.

Club One has applied the same urban business model to the San Diego market, strategically acquiring a regional cluster of club locations that bridge the distance between downtown San Diego and the outlying areas to maximize convenience.

## New Integrated Services

Club One will be initiating a capital-improvement program throughout the new clubs, including a wide array of new fitness equipment, high-tech entertainment systems and facility enhancements that will make the San Diego clubs consistent with the Club One brand identity and add value for club members.

Simultaneously, members of the San Diego staff will begin integrating their Eco-Adventures and aquatics programs into the Bay Area clubs.

All members of the

Frog's and Fitness Advantage management teams and staff will be staying with the company, including Richard Meyer, Regional President (formerly President of Fitness Advantage); Roger Bates, Vice President of Business Development (formerly Chief Executive Officer of Frog's); Pete Peterson, Vice President of Integration (formerly Chief Financial Officer of Frog's); and Stacy McCarthy, Regional Programming Director (formerly Chief Operating Officer of Frog's).

Although many of the administrative functions will be performed in the San Francisco office, a new central office at Governor's Circle has been established to serve the base operations, including customer service, marketing, accounting and administration. "I'm very enthusiastic about this opportunity," said Richard Meyer, the new Regional President of Club One.

"Both Frog's and Fitness Advantage have built a reputation over many years for innovative, customer-service-driven clubs. With the help of Club One's nationally recognized management

team and resources, we can further develop our business and grow as part of a leading brand in quality fitness."

## About Club One

Founded in 1991 by John and Jill Kinney, Club One's health and fitness centers target corporate and individual consumers seeking a convenient quality fitness solution. Club One fitness facilities offer state-of-the-art equipment; innovative, results-oriented programs; and certified fitness professionals who help members achieve a healthy lifestyle through programs in exercise, nutrition and relaxation.

Club One centers are positioned to serve the aging baby-boom generation with easily accessible facilities and inviting professional programs so they can make a long-term commitment to health and wellness. For more information about the company, visit its Web site at [HYPERLINK "http://www.clubone.com"](http://www.clubone.com) or call 415/477-3000.

# ACE and IHRSA Announce Partnership

## Two Leading Fitness Industry Groups Announce Alliance to Promote Physical Activity Worldwide

**Boston, MA**—The San Diego-based American Council on Exercise (ACE) and the Boston-based International Health, Racquet & Sportsclub Association (IHRSA) have established a formal, long-term alliance to promote exercise and grow the total number of health club members to 100 million people worldwide by the year 2010.

IHRSA's executive director, John McCarthy, notes that "both sides are committed to a

cade of reaching out to tens of millions of people from all walks of life, who are not yet exercising. This alliance will be a win-win relationship for all parties involved. What's more, the partnership is particularly timely in that recently published medical evidence now provides compelling proof of how physical inactivity contributes to the onset of disease and increased morbidity."

"The alliance between the American Council on Exercise and IHRSA is a natural," explained Ken Germano, Executive Director of ACE. "IHRSA works to set standards for clubs and we set standards for fitness professionals. Basically, we're working together for a common goal to motivate people to exercise and to ensure a

safe and effective fitness environment for all."

Through IHRSA's member clubs — totaling more than 6,000 in over 70 countries — and the more than 85,000 fitness professionals ACE has certified in 77 countries, the two groups intend to develop a grass-roots campaign that will expand the size of the international fitness movement, help millions more people live health-ier lives, and create greater opportunity for

fitness professionals and clubs.

IHRSA is a nonprofit industry association dedicated to growing, protecting and promoting the health club. ACE is the

world's largest nonprofit certifier of fitness professionals with a population of current ACE-certified professionals numbering over 40,000.

Norm Cates'  
**THE Club Insider**  
NEWS

Seeks  
Contributing Authors

Contact: Norm Cates, Jr.  
770/850-8506

# CLUBDOC'S CORNER

By Mike Chaet Ph.D.

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

**Q.** You have been a guest at conferences all over the world. What is the major challenge facing managers everywhere?

**A.** The major challenge managers face within our industry regardless of where they are located is personnel. Hiring the right people that have a strong work ethic is the greatest challenge. We can train people, but they must want to work hard and have a strong service mentality. It is most important that we find people who are willing to put their work and careers at the top of their priority list. All too often people do not take their jobs seriously and consider working in clubs just simply a fun place to work for the time being. I

like to 'underhire' which means finding a person that is not over qualified, but rather a bit underqualified, and they are hungry to work and are looking for an opportunity. I like to give them a chance, train them well and give them the opportunity they are looking for.

**Q.** How do you see the outside consultant fitting into the club operation today?

**A.** A club consultant is much like a doctor. He or she must assess the strengths and weaknesses of a club operation, help the owner and manager build a plan to improve the operation and then help them implement the plan. Helping the club owner is probably the most important part of this formula. In this way the consultant becomes accountable for his or her recommendations. The consultant must become an integral part of the team, and must not be considered an outsider.

**Q.** What do you see as the future of the fitness market?

**A.** The future of the fitness market is very strong for at least the next ten years. Fitness has become part of people's lifestyle.

The medical community is just now recognizing the importance of fitness, but better late than never. The fitness club industry must be careful so as not to turn fitness into a commodity. What I mean by this is if all we sell is price, then the customer will simply buy the cheapest club membership possible. We must maintain a standard of high level of service so that we can charge more for our memberships. It simply becomes a question of value to the consumer.

**Q.** What do you see as the differences between the American and the European markets?

**A.** The difference between the American and European market is mainly one of size and service. Many of the American clubs are much larger and have more to offer. Therefore socialization becomes an important factor to the members. This is mainly due to available real estate and funding available.

The Europeans however have shown me that they care a lot about their members and give them a high level of personal customer service. In

America the national move rate is almost 20%. This means every 5 years the entire market turns over. In Germany for example the move rate is less than 5%, which means the market may turn over every 20 - 25 years. In a low turnover area you had better keep your members happy because they are not leaving the area, just your club and no one is moving in to replace them. You can exhaust your market if you are not careful.

**Q.** What type of service can an \$18 per month club offer?

**A.** An \$18 per month club does not offer good service. They offer simply the facilities. If people are willing to pay \$18 simply to use the facilities and do not require a high level of service than this type of club actually fills a need and may be quite successful. I find it best not to be judgemental in this situation for someone must be at the bottom of the market as well as at the top. Each may fill a need for their customers. The problem of course is when the higher price club does not truly give a high level of service, they will then find themselves in a dog fight.

**Q.** Do clubs with a low standard hurt the club industry? How do you compete with these clubs?

**A.** Clubs with a low standard should not be confused with low price clubs. A low price club may fill a need as we just discussed. A low standard club that lies to its customers, keeps a dirty facility, is deceptive in its advertising will eventually go out of business for I believe the customer is smart and will in the long run recognize unscrupulous op-



Mike Chaet, Ph. D.

erators. The problem of course is that these people hurt the entire reputation of our industry. We should police ourselves and try to rid our industry of unscrupulous operators.

**Q.** Would you suggest setting prices high or low?

**A.** Your pricing should match the marketplace and the type of facility you are offering as a product. As I stated before there is room for both types of clubs in the market. Either way you price I would suggest a high level of honesty and integrity in your operation.

(MIKE CHAET is President and CEO of Club Marketing & Management Services Inc., a club consulting company located in Helena Montana. Mike is considered by many to be the leading consultant in the industry and has received many awards for this work. To contact Mike, you may call him at (406)- 449- 5559, fax at (406) 449-0110, or visit his website at [cms-clubweb.com](http://cms-clubweb.com). To receive Clubdoc's free monthly newsletter simply send your email address to [clubdoc@cms-clubweb.com](mailto:clubdoc@cms-clubweb.com))

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CLUB INSIDER

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## ...Bonnie Patrick

continued from page 6

successful facility. Strengths, focus and club personality vary somewhat from club to club. The Managers have shared those strengths, so that now we can roll out the "Best of" as a Brand Standard in all TFC clubs, providing consistent exceptional experiences.

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Zig Ziglar says, "The ladder of suc-

cess works like any other ladder. Very few have climbed it with their hands in their pockets." Lead your teams up the ladder, from in front, from behind, from the sides. Catch them when they fall. Fix the ladder, make it shorter; make it longer. Learn to make it work... together.

*(Bonnie Patrick is the National Director of Performance and Leadership Training for The Fitness Company. A member of the American Society for Training and Development, she encourages your feedback on this series of articles. You can reach Bonnie at (732)548-0970 ext. 111.)*

## Norm's Notes

continued from page 5

\$384 per day X 30 days per month = \$11,520! That is quite a return on investment when you can buy a two chair package for \$8,400 or lease the package for 5 years for around \$200 per month! Even if you do have some massage therapy services in your club now, I think you'd do well to call Nobu Togami and get a brochure and check the Hybrid Massage Chair out at IHRSA Orlando, Dec. 1-4 or IHRSA San Francisco in March. To call Nobuo Togami dial: 1-(877) 902-8672 (TOSA).

•**GERRY ALLES**, President of the Southern Region for **Crunch Fitness**, has announced that Crunch will be getting out of the tennis business at their **Crunch Club Cobb** and replacing that facility with a new club without tennis about four miles away in the Akers Mill area of Northwest Atlanta. This should prove to be a real boost for **ALAN** and **STEVE SCHWARTZ's Sporting Club At Windy Hill** as they have the closest tennis facilities.

•Check out the **Bally Total Fitness** financial results for the 3rd Quarter reported on page #16!

•**The Medical Fitness Association**, a Chicago-based Association for hospital health clubs held its convention in Atlanta November 4, 5 & 6th. I contacted the organization in Chicago to arrange for a Press-Pass and was told by a sweet young thing on the phone, "We are not issuing any "Press-Passes" this year. So, I went anyway. I ran into some of my old friends there: **MIKE DUPUIS** and **JEFF STOKES** that were at the Trade Show representing **TBG Development** and **GREGG HINTHORN** of the **Health Resource Center**. And, I had a chance to spend a few minutes with **DONALD DeMARS**. Donald told me an incredible and true story about a hospital health club project he is working on in Southern California and his personal involvement there as child when he was fighting Polio. We are going to do a feature on Donald and that project once it is further along. If I had been given the chance with a press pass, there was one big question I wanted to ask the hospital big-wigs at the Medical Fitness Association. That question is: "Why

would a \$600 million dollar hospital risk its 'Not-for-profit' community status by building a \$15 million 'Not-for-profit' health club which could end up jeopardizing the hospital's non-profit financial status?"

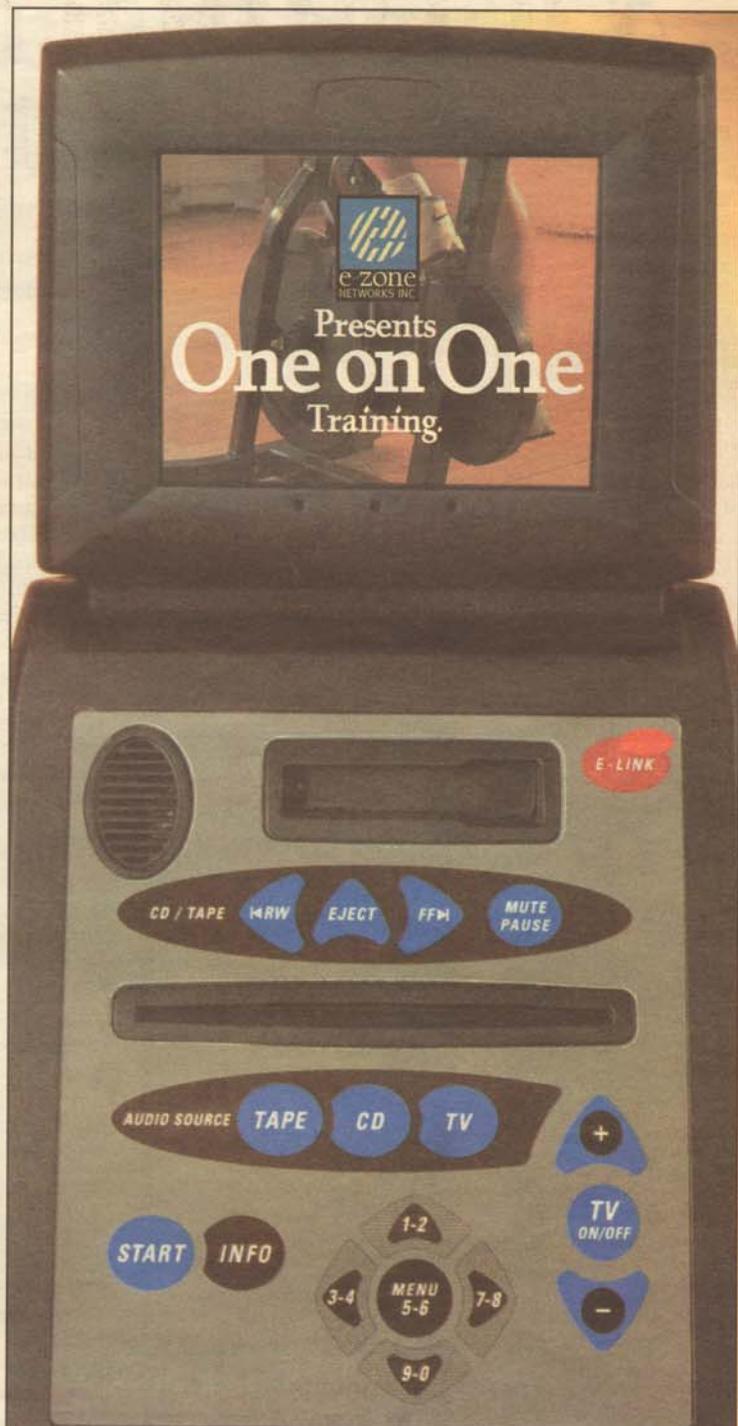
•**CheckFree Corporation** has named **MARKS. JOHNSON** as Vice President of Operations for the Health and Fitness Division.

•If you haven't made plans to attend the **IHRSA/Athletic Business Club Business Conference and Trade Show** December 1-4, 1999, you ought to. The Conference will feature **Lou Holtz**, Head Football Coach at South Carolina as a Keynote Speaker and a great agenda of training sessions on Sales, Marketing and Programming. Plus, the Trade Show will have over 300 Exhibitors showing their goods and services. And, the Granddaddy of them all, **IHRSA's 19th Annual International Convention and Trade Show** is coming up in San Francisco, California, March 22-26th. Call 1-800-228-4772 for more information. Also, I received some figures on the recent **Club Industry '99 Conference and Exposition in Chicago**. There was total attendance of 6,786 and 235 suppliers exhibited in more than 930 booths.

•Great to see that my old friends **TED TORCIVIA** and **KEITH NYGREN** have teamed with **RAY O'CONNOR** to open three new clubs in the greater Milwaukee area. **TED** and **KEITH** are old pals from **National Court Club Association** days and early **IHRSA** days and **Ted** served as President of **IHRSA** in the early 1980s. Congratulations guys!

•**HOGGAN HEALTH INDUSTRIES** has announced of the appointment of two new Regional Sales Managers. **KYLE WILLARD** will handle the Eastern U.S. and **LAYNE EVANS** will have the Northwest. Good luck gents!

•**CardioTheater®** has announced a deal with **StairMaster** to link into the **FREECLIMBER** consoles making it easier than ever to have **CardioTheater** in your cardio room.



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# A Can-Do Customer Service Attitude Is Key To Success On Web

By Jere Matlock and Klaus Hilgers

(Includes experts from *The Power of Agreements* by Klaus Hilgers and Jere Matlock)

In our book, "The Power of Agreements," Klaus Hilgers and I summarize what customers want: "In a recent survey done by the Marketing Institute of Cambridge, Mass., on a variety of customers of service businesses, they wanted to find out what created

customer satisfaction. This gives you a list of the implied agreements with your customers, that you or they may never come right out and state but which underlie all transactions.

1. Reliability: This topped the list of what customers expect. A major source of customer dissatisfaction is the 'unkept promise'.

2. Responsiveness: Be helpful and provide prompt service.

3. Assurance: Employees should be knowledgeable and courteous and should convey con-

fidence in the service they provide.

4. Empathy: Customers want individualized attention and people who will listen to them.

5. Tangibles: Physical facilities and equipment should be attractive and clean. Employees should be dressed and groomed well."

Think of these points as implied agreements between your customers and you. Once we know these agreements, we can organize and train ourselves and staff to meet our customers' desires.

Periodically survey your customers to find out what they really expect from you. What should you be delivering to actually satisfy them?

Each of these points is relevant to the design of club websites (including what you keep track of for each customer and how that gets used). Here are just a few ways to improve real marketing through your website:

1 - Reliability: How reliable does a website make your company look? Is it chock full of ads for other sites? Is there a testimonials section? Some previous customers they can contact? Is there a street address anywhere? A phone number they can call? Is there any way at all to contact the people behind the website? Personally, it bends me out of shape when I have a question to ask, and there's no way to contact anyone. In a large company in which everyone has email addresses, how hard is it to put their names or at least the positions they hold, down on a contacts page? Reliability implies accountability in the event of problems. Yet, too often, web pages are designed to obscure all lines into the staff of the company, accepting only the order line.

2 - Responsiveness: Auto-responders are just not enough. A company's attitude toward its web customers shows how hard or easy it is to get an answer to a tough question. Recently I tried to buy a network card for my Dell laptop. Going through their web page (very well designed and very useful as it was) and emailing someone who

should have known got me the unsatisfactory answer "No, we don't carry them. Here's the name of some third party vendors who might." Yet I called Dell's order line and within one minute I had located and ordered the network card I had asked about. Of course they had it — the guy who emailed me was just brushing me off—he wasn't willing to make the same call I made, inside the company. This can only be solved by training the individual staff member to be more responsive to customers. Try this on your own

website—ask a tough question by email and see how long it takes to get an answer, if you get one at all, and if that answer is correct.

3 - Assurance: Does your website convey to its visitors the impression that you know your business? Is it all buzzwords and glitzy graphics or can they get the specs? It's a turn-off to visit websites where no one can figure out WHAT they're about. Don't forget about all the slow computers and slow modems out there that can't download a meg a minute. Can they turn off the images and still find out what you do or what you're selling in text-only mode? Do you have so much Java script and so many extra pop-up screens that you'll blow somebody away from the site? One of the reasons for Amazon.com's amazing success is that their site exudes assurance. You know they know what they are doing.

4 - Empathy: Something an auto-responder cannot give is empathy. If someone emails your staff (or you) with a valid complaint or some kind of critical remark, do they get a form letter brushing them off or do they get a phone call or email from quality control? Does your company have a quality control person who is responsible not only for the quality of the product or service you provide, but also for the quality with which that product is presented, marketed, promoted and talked about by staff to customers? Is



Klaus Hilgers

there an incentive program in place inside the company to ensure that the staff actually do care what happens when someone has a problem? Is anyone in the company verifying that your tech support person actually answers his or her emails, and that the answers he or she gives are correct?

5 - Tangibles: In a website, the only tangibles are what you see on each screen. So each screen had better be clean, clear, legible and actually HELP the person get closer to buying or getting what he/she wants. Do all the links work? When were they tested last? Is there a "no frames" button somewhere? Do the pages all work with ALL the browsers?

My point: If the visitor to your website has an agreeable experience, he or she is more likely to buy (especially on an impulse item). But if that experience is disagreeable, you've most likely lost them, and you've defeated the purpose of having a website in the first place.

(Jere Matlock is a writer and professional web marketer living in Clearwater, Florida. His non-fiction works include "The Power of Agreements—Harmony or Upset in the Workplace—Your Choice" (with Klaus Hilgers) and "Confronting Diabetes" with Frank Davis, DPM. Both books are available from Epoch Consultants at (727) 447-1773.)



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## ...de Leede

continued from page 8

and now believes that this is what the whole industry needs to do. Ray is very well respected and deserves credit for that."

### A VETERAN'S ADVICE FOR UP AND COMING CLUB ENTREPRENEURS

We asked de Leede to give advice to up and coming club developers, and this is what he had to say: "First, a lot of it comes down to hard work. You know, I'm a big believer if you only have to work half days, you should just chose which 12 hours it is going to be. You have also got to have that fire in your belly, that passion for what you are doing. You have to live it, eat it and breath it. You should also try to learn where the 'puck' is headed as the 'Great-One' Wayne Gretsky used to say, "I don't skate to where the puck is, I skate to where it is headed. You should try to learn from companies that are out there leading the charge, then try

and figure out where the charge is headed and try to head in that direction as well; and that will lead to more success."

### WOULD YOU SELL IF THE RIGHT OFFER CAME ALONG?

We asked de Leede, "What if one of the big consolidators out there such as 24 Hour Fitness, Bally Total Fitness, Town Sports International or the new Caro-Brentwood Associates were to approach you, would you sell Australian Body Works?"

De Leede responded, "Under the current traditional multiples like between three and five times EBITDA, no. Even if somebody offered me 10 times EBITDA I would think long and hard, because what is 10 times EBITDA today will only be for me three times EBITDA two or three years from now. I think I would be selling myself short right now because we are becoming more dominant in this marketplace. We are the longest player. Our name recognition is very

high. We are on people's mind-shelf in a very positive way. We have been so involved in the community for so long. We do so many different things out there at the grass roots level in so many different places. Our name and our reputation is what's really carrying us a lot stronger than ever, and we are capitalizing on that by opening as many clubs as we can. In addition to the tangible assets of the business, you have the intangible assets such as name and reputation. And, I have acquired other intangible assets, such as the 1-800-EXERCISE phone number. The name is very important and I anticipate that should someone buy Australian Body Works, I expect it to be someone from outside the industry as is happening over in England, where the big beverage companies are getting into the health club business in a big way."

We asked de Leede, "what would you attribute your success to if you could pick just one thing?"

His response was, "I think it is the key to every busi-

ness. That is your ability to go out and market and create your presence. I think one of the things we have been very successful at is beating our own drum. I said to you earlier that I thought they would just come after I built my first club. I thought people would just find out. Well they don't. You have to beat your drum. We have to always, always, always be out there beating our drum. In marketing and promotions and PR and community, you can't just do it for a while and just stop. You have just got to keep doing stuff constantly, and you just cannot stop. If you are in the club business or any business, you have got to spend enough money and resources in your marketing area. You have got to rep yourself and you've got to promote yourself."

In closing our interview de Leede shared a couple of new things he is doing. One is that he is working on a deal with Delta Air Lines to install exercise equipment in Delta's Crown Rooms. Another is that he is continuing discussions with the Kroger Corporation that has 6,000 stores with more Kroger grocery store health clubs as his

target.. He confided that selling off of Australian Body Works would allow him to "pursue some of the fun things that I want to do to change the shape of fitness." In closing, de Leede shared the philosophy that has driven him so far. He said, "My philosophy is that if it ain't broke, break it. It used to be if it ain't broke, don't fix it. Now, these days if it ain't broke, break it, because if you don't, somebody else will! So, you have just got to keep looking for where business is going to be, because it certainly isn't going to be where it is today."

The Tony de Leede story is truly a great one and offers aspiring club entrepreneurs a terrific model for the future. De Leede has a special tenacity that when mixed with his other many skills, it is easy to see why and how he has done so well.

(Norm Cates, Jr. is the Publisher and Editor of *The CLUB INSIDER News*. Cates is a 26-year veteran of the health, racquet and sportsclub industry. Cates was the 1st President and a Co-founder of IHRSA in 1982.)

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"I Bought My Equipment From Worldwide For my second Club. I Saved Over \$25,000 And Used These Savings To Increase My Advertising Budget. This Extra Advertising Money Allowed me To Hit My One Year Sales Goals In My First 90 Days." Stephen Priest, MS, Fitness Health Club.

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# BALLY TOTAL FITNESS ANNOUNCES THIRD QUARTER RESULTS

*Operating Income Improves 82% - Earnings Per Share \$.45 Versus \$.16 a Year Ago*

CHICAGO, October 26, 1999 - Bally Total Fitness Holding Corporation (NYSE: BFT) announced third quarter 1999 results - with fully diluted earnings per share of \$.45 versus \$.16 in the prior year and operating income of \$25.1 million - an improvement of 82% over the 1998 quarter. Earnings before interest, taxes, depreciation and amortization for the 1999 quarter grew to \$38.4 million, a 49% improvement over the 1998 quarter. The strong, positive trend of growth in operating cash flows continued with a \$15.8 million increase in cash flow from operations compared to the same quarter a year ago.

Commenting on the continuing strong performance of the Company, Lee Hillman, President and Chief Executive Officer of Bally Total Fitness, said, "Earnings and cash flows continue to grow in line with our expectations, consistent with the plan we presented over two years ago. Given the success of our expansion efforts to date and the many growth opportunities we have

developed, our intention is to continue investing in new clubs, facility upgrades and expansions, and new product and service offerings to drive results even higher." Mr. Hillman concluded, "We believe the growth we have seen during 1999 in new membership sales, coupled with our continued improvement in member retention, demonstrate our investment and service initiatives are being well received by those who matter most - our members. Over the past two years, our results have shown tremendous improvement, notwithstanding our operating investments in new club openings and new product introductions. As these aspects of our business begin to mature, we believe the Company will enjoy sustainable growth in long-term value."

### *Comparison Of The Three Months Ended September 30, 1999 and 1998*

Operating income for

the third quarter of 1999 was \$25.1 million compared to \$13.8 million in 1998. This increase of \$11.3 million (82%) was due to a \$29.2 million (15%) increase in revenues partially offset by a \$16.7 million (10%) increase in operating costs and an increase in depreciation and amortization of \$1.2 million (10%). The operating margin before depreciation and amortization increased to 17% from 14% in the prior year period. Operating income from new product and service offerings, reported net of development, pre-opening and startup costs related to such offerings, grew to \$6.5 million from \$2.5 million in the 1998 quarter on a more than doubling of revenues to \$17.4 million from \$8.6 million during the prior year period.

Net revenue for the third quarter of 1999 was \$219.5 million compared to \$190.3 million in 1998, an increase of \$29.2 million (15%). The weighted average number of fit-

ness centers increased to 348 from 323 in the third quarter of 1998, including an increase to a weighted average of 27 centers from 13 operating under the Company's four upscale brands. Net revenue from comparable fitness centers increased 9%. New membership units sold during the quarter increased 1% over the prior year period while the weighted average selling price of membership contracts sold increased 10%. This increase was attributable to the sale of higher margin, multi-club membership plans coupled with a significant strategic reduction in the scope of summer discount programs that, historically, resulted in slightly higher unit sales at significantly lower prices and yields. As a result, membership fees originated increased \$11.4 million (10%) despite the loss of more than 1% of club sales days (over 300 club days) during the quarter due to inclement weather and other unusual conditions. Dues collected increased \$6.9 million (13%) from the 1998 quarter, reflecting continued improvements in member retention and pricing from strategies implemented during prior periods and the increase in the number of fitness centers operating under the Company's four upscale brands which charge higher dues.

Finance charges earned during the third quarter of 1999 increased \$1.5 million (11%) compared to the 1998 quarter, due to the growth in size and consistent higher quality of the receivables portfolio. Average interest rates for these finance charges were substantially unchanged between the periods.

The total provision rate, inclusive of the provision for doubtful receivables and the provision for cancellations, which is reflected in the financial statements as a direct reduction of initial membership fees on financed memberships originated, was 41% of the gross financed portion of originations during each of the periods.

Deferral accounting was less favorable to earnings by \$1.9 million for 1999 compared to 1998, reflecting the combined impact of a decrease in revenues and

a decrease in the expense offset.

### *Comparison Of The Nine Months Ended September 30, 1999 and 1998*

Operating income for the first nine months of 1999 was \$64.6 million compared to \$37.4 million in 1998. This increase of \$27.2 million (73%) was due to \$81.9 million (15%) increase in revenues, offset, in part, by a \$52.9 million (11%) increase in operating costs and expenses and an increase in depreciation and amortization of \$1.8 million (5%). The operating margin before depreciation and amortization increased to 16% from 13% in the prior year period. Operating income from new product and service offerings, reported net of development, preopening and startup costs related to such offerings, totaled \$14.8 million on revenues of \$42.3 million, a substantial increase from the prior year totals of \$7.9 million and \$23.8 million, respectively.

Net revenue for 1999 was \$638.1 million compared to \$556.2 million in 1998, an increase of \$81.9 million (15%). The weighted average number of fitness centers during 1999 increased to 338 from 319 during 1998, including an increase to a weighted average of 19 centers from 9 operating under the Company's four upscale brands. Net revenue from comparable fitness centers increased 10%. New membership units sold increased 5% over the prior year period while the weighted average selling price of membership contracts sold increased 6%. This increase was attributable to the sale of higher margin, multi-club membership plans coupled with a significant strategic reduction in the scope of summer discount programs that, historically, resulted in slightly higher unit sales at significantly lower prices and yields. As a result, membership fees originated increased \$37.2 million (11%). Dues collected increased \$24.0 million (16%) from the 1998 period, reflecting continued improvements in member retention and pricing from strategies implemented.

(See BALLY page 19)

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# DINNER IN THE FAST LANE

By Nancy Clark, MS, RD

**B**etween soccer, swimming, basketball, and baseball, as well as music lessons, Girl Scouts, and PTA meetings, dinner has all but disappeared from our family. I'm not sure my kids know what a cooked vegetable looks like anymore."

"When I get home at night, I rarely feel like cooking dinner. I just graze, starting with crackers, ending with frozen yogurt." "I only eat real dinners in a restaurant. I don't cook for myself."

Dinner time has disappeared from the schedules of many active people, including athletes who arrive home too tired to cook, and sports kids who have team practice in the midst of family dinner hour. If this sounds familiar, you may wonder how you can improve the healthfulness of your evening eating, given the craziness of your busy lifestyle. The following tips are designed to help you eat well, even in the midst of chaos.

Tips for non-cooks. If you don't cook but simply graze throughout the evening, you should at least try to eat a variety of foods (as opposed to just one box of crackers). Target choices from three different food groups. For example, this could be: cereal, milk & banana; bagel, peanut butter & yogurt; crackers, lowfat cheese & apple; sandwich bread, turkey & tomato. These are nicely balanced choices and a fine alternative to a cooked dinner.

One key to healthful evening grazing is to have the right kinds of food around.

Clearly, good nutrition starts in the supermarket. Be sure to schedule in food shopping—

perhaps every Sunday or Monday evening after you have eaten. Do not shop hungry—too many goodies jump into the carts of hungry food shoppers!

Tips for minimal cooks. While food shopping, take time to explore the frozen food section. You'll likely find some healthful meals. This might include: Swanson's Hungry Man turkey dinner, frozen bean burritos, frozen ravioli, frozen veggies (including the meal starters such as Green Giant's Create-a-Meal). Other nonperishable items include cans of hearty bean soups, tuna, and refried beans, and even packets of instant oatmeal.

Tips for active people who work long hours: One trick to eating better at night is to stop coming home starved. Don't wait until 9 p.m. to have your biggest meal; fortify more by day! Athletes who arrive home ravenously hungry commonly lack interest in cooking—or even in eating healthfully. Rather, they simply eat the first foods they see—chips, cookies, ice cream, and "junk."

Active people tend to get hungry at least every four hours. That is, if you eat breakfast at 8:00 a.m., you'll be ready for lunch at 12:00 noon, and snack (or a second lunch) at 4:00. Honor your hunger rather than try to "hold off" until dinnertime. Why wait to eat when your body wants and needs the energy now?

Fueling adequately by day provides the energy you need to 1) cope with a hectic lifestyle, 2) fuel your exercise program and 3) control your weight. Plus, fueling by day allows you to arrive home with enough energy to make reasonable food choices. You will be less cranky and less frantic to "stuff some food into your mouth." You will eat less, spare yourself the discomfort of

overeating, and simultaneously keep the scale from creeping upwards.

Athletes who are trying to lose weight should be particularly careful to fuel appropriately during the day so they will then be able to "diet" at night. After all, the evening is the best time to cut calories. This contrasts to the standard pattern of dieting at breakfast and lunch, then blowing the diet at night—a vicious cycle that gets dieters nowhere and leaves them feeling out of control.

Tips for take-out. Today, you can easily eat well balanced take-home meals. Most quick service restaurants have healthy options. Boston Market has turkey and veggies. Shrimp with vegetables and steamed rice from the Chinese restaurant is a good choice. Roast chicken, salad, and whole grain bread from the grocery store is also convenient. A grilled chicken sandwich, orange juice, and a milk from McDonald's passes inspection, as does a bagel, soup, and juice from Dunkin' Donuts, and veggie pizza from Domino's. Again, the trick to making wise food choices is preventing the hunger that makes the nearby treats more appealing.

Tips for health protection. The biggest nutrition problem with missed dinners is a reduced intake of vegetables. To help compensate and boost your intake of these health protectors—

- \*buy packages of baby carrots and snack on a daily handful. Munch on tomatoes and green peppers, as you might munch on an apple.

- \*serve extra tomato sauce on pasta.

- \*enjoy generous portions of vegetables when you do eat a traditional cooked din-

ner. A big pile of veggies three days per week helps compensate for the veggie-free days with lackluster meals.

- \*take advantage of frozen vegetables. A freezer well stocked with broccoli, spinach, winter squash, and carrots offers nutrient-dense choices. Frozen veggies are a simple alternative to "fresh" and have more nutrients than the wilted gems you might otherwise pull from your refrigerator.

The bottom line: Be responsible! "No time" is no excuse for a poor sports dinner.



Nancy Clark, MS, RD

(Nancy Clark, MS, RD offers personal nutrition consultations at SportsMedicine Brookline in the Boston area. Her popular Sports Nutrition Guidebook, Second Edition is available at your local bookstore or by sending \$20 to Sports Nutrition Services, 830 Boylston St., Brookline MA 02467. Or visit [www.nancyclarkrd.com](http://www.nancyclarkrd.com))

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## ...Bally

continued from page 16

mented in prior periods and the increase in the number of fitness centers operating under the Company's four upscale brands.

Finance charges earned increased \$7.6 million (21%) in 1999 due to the growth in size and consistent higher quality of the receivables portfolio. Average interest rates for these finance charges were substantially unchanged during the periods.

The total provision rate,

inclusive of the provision for doubtful receivables and the provision for cancellations, which is reflected in the financial statements as a direct reduction of initial membership fees on financed memberships originated, was 41% of the gross financed portion of originations during each of the two periods.

Deferral accounting reduced earnings by \$13.8 million for 1999 compared to 1998, reflecting the combined impact of a decrease in revenues and decrease in the expense offset.

## Cash Flow

Cash provided by operating activities for the nine months of 1999 was a positive \$27.2 million compared to a use of \$26.2 million in the 1998 period. The period over period improvement of \$53.4 million (\$15.8 million for the third quarter) principally reflects the continued growth in overall collections from installment contracts receivable and monthly dues and is net of the timing (See *Bally* page 20)

# IHRSA's Capitol Report

## Capitol Report Reprinted Courtesy Of IHRSA

### VOTERS REJECT 3 OF 5 REC CENTERS

At the polls in November, IHRSA clubs were successful in convincing voters to reject costly municipal fitness centers in Idaho and in two Michigan suburbs. Voters approved rec centers in Missouri and Ohio.

The biggest margin of victory was in Madison Heights, Michigan, where opposition led by Madison Athletic Club saw voters squash a \$19 million recreation center by a whopping 4,011 - 886 vote. In nearby Oak Park, voters defeated a \$4.4 million fitness center by a slim 1,829 - 1,769 margin.

IHRSA's Fund contributed to the victory in Madison Heights.

Perhaps the most hotly debated contest was in Coeur d'Alene, Idaho, where despite the strong support of both newspapers in town, 61% of voters rejected a \$6.3 million recreation center.

The Ironwood Athletic Club led a coalition that successfully argued that the proposed Coeur d'Alene facility was too expensive for what the community really needs. IHRSA provided extensive public relations assistance to this victory.

In Columbia, Missouri, a \$10.5 million rec center won approval by a mere 191 votes, despite the efforts of area club operators.

In Ohio, Liberty Township voters approved a \$6.3 million multi-use facility that will be owned

by the township but leased and operated by the YMCA of Central Ohio. The opposition dissolved when the Y pledged money to build a six-lane, 25-yard outdoor pool and toddler area.

#### MILWAUKEE YMCA'S GET CITY TAX NOTICES

Emboldened by a recent state Supreme Court decision, Milwaukee city officials issued tax notices to three area YMCA's. In April, the court ruled that the burden of proof for determining tax-exempt status is on the organization claiming the exemption, not on local governments.

"It gives assessors a lot more confidence," said Kathie Isleb, past president of the assessor's statewide trade group.

The issue has been a hot topic among assessors, according to Isleb, who is the Wauwatosa assessor. She is considering whether all or part of the Y in that town should be taxed.

Milwaukee city officials contend that if the Y were to remain exempt, every property owner will have to pay a little more in taxes. The Y doesn't see it that way.

"We intend to pursue

this aggressively and do whatever is appropriate to maintain our tax-exempt status," said Michael Schmitz, chairman of the Metropolitan Milwaukee YMCA. The Y has hinted that it will call on its high-powered Board of Directors to put pressure on the city.

"The Y's are so well-connected," said one city hall source, "This is going to be a major, major, major fight."

The Milwaukee Y has applied for a tax exemption for its new downtown health club. The facility, which cost more than \$6.5 million, includes a juice bar and an indoor running track. The city hasn't ruled on this facility's status yet but this latest action suggests that the city may pull the exemption on the workout facilities.

"I compete directly with the Y in Wauwatosa, Greenfield, downtown, West Allis and Waukesha," said Ray O'Connor of the Wisconsin Athletic Clubs.

"If you look at our pricing, you'll see we're generally within a buck of each other," O'Connor said.

#### DATA SHOWS TAX-EXEMPT & TAXPAYING CLUBS SERVE SIMILAR INCOME GROUPS

American Sports Data, Inc. reports that the average

annual household income of members of tax-exempt fitness centers is \$65,000. For commercial clubs, the average is \$71,400.

This data shows that there is no significant difference between the income levels of members of taxpaying vs. tax-exempt facilities.

Tax-exempt clubs serve a slightly higher percentage of lower-income members (those with annual household income of less than \$25,000) — 16% vs. 11% for taxpaying clubs. Taxpaying clubs serve only slightly more of the most affluent (those with annual income of \$75,000 or more): 40% vs. 34% for tax-exempt clubs. A closer look at the highest income levels reveals that 16.5% of members of tax-exempt clubs have household incomes of \$100,000 or more vs. 18.8% of members of taxpaying clubs.

These statistics were reported in the 1998 IHRSA/ASD Health Club Trend Report. Other demographic comparisons in the report include:

Forty percent of members of taxpaying clubs are ages 18-34, and an equal percentage are ages 35-54. In comparison, 35% of tax-exempt facility members are ages 18-34, and 29% are ages 35-54.

#### FOUR DENVER AREA YMCA'S TO CLOSE

The YMCA of Metropolitan Denver has announced that it will sell four of its 12 locations in order to avoid repair and maintenance costs. The closures will affect more than 9,000 suburban gym users and participants in YMCA programs.

"We're decreasing our investment in our facilities to increase our investment in our programs," said Thomas Craine, President and CEO of the YMCA of Metropolitan Denver.

"We can fulfill more need through programs if we're not spending so much on our buildings."

Repairing the Littleton and Jefferson County YMCA buildings would cost \$2.8 million. The two will be closed within two years, and Chatfield operations will move to the Southwest YMCA. The Y facility in Thornton will also be sold.

"We're no different than any other large organization making budget adjustments these days," Craine said. "Most people look at the Y as a gym-and-swim, but it's a lot more than that. Our mission is to put Christian principles into practice through programs."

## ...Bally

continued from page 19

of other working capital changes which were seasonally low at September 30, 1999. Additionally, during August, inventories of the Company's private-labeled nutritional line were grown by nearly \$3 million to support rapid sales growth in view of the nearly tripling of the number of products offered and to support the rollout of new membership programs that include these products. Net installment contracts receivable grew \$58.2 million during the nine-month period. Exclud-

ing the growth in receivables, cash provided by operating activities grew to \$85.4 million, a \$39.8 million improvement (\$10.8 million in the third quarter) over the 1998 period. Consistent with the Company's plan, during the first nine months of 1999, \$82.7 million was invested in property and equipment, including approximately \$58.0 million related to new fitness centers and major upgrades and expansions of existing facilities and \$7.5 million to purchase existing leaseholds. As of September 30, 1999, the Company has drawn \$28.5 million on its \$90.0-million revolving credit

facility. The Company has used the credit line to facilitate growth through both the acquisition and construction of new fitness centers.

Bally Total Fitness is the largest commercial operator of fitness centers in North America, with approximately four million members and 360 facilities located in 27 states and Canada. With more than 120 million annual visits by members to its fitness centers, Bally Total Fitness provides a unique platform for distribution of products and services to active, fitness-conscious adult consumers.

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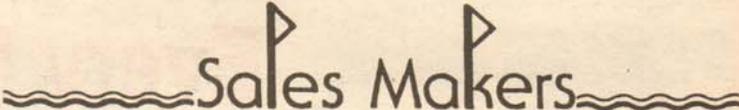
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# Jazzercise Recognized For Raising \$630,000+ For Susan G. Komen Breast Cancer Foundation

**Carlsbad, CA.** - Jazzercise, Inc. was recently honored by the Susan G. Komen Breast Cancer Foundation for its generous contributions and support to the Foundation at an award luncheon in Dallas, Tx.

Since 1995, Jazzercise instructors and students have raised more than \$630,000 for the Susan G. Komen Breast Cancer Foundation and over \$3.1 million for

breast cancer causes.

Jazzercise, created by Judi Sheppard Missett, is the world's largest dance fitness program with 5,000+ instructors teaching 19,000 classes weekly to over 450,000 students in 38 countries around the globe. For information on Jazzercise go to: **HYPERLINK** <http://www.jazzercise.com> or call: 1 (800) FIT-IS-IT.



(Left to Right) Jan Kinney, VP of Sales, Dee Dee Kovacevich, VP of Marketing, Kelly Wilson, National Program Manager for Susan G. Komen Foundation, Joan Baldwin, District Manager for Georgia and N. Florida and Sue Catalano, National Sales Director

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# Life Fitness Expands And Enhances Cross-Trainer Offering

*Self-powered equipment offers effective, comfortable total-body workout*

**CHICAGO** - Life Fitness, the leading manufacturer of a full line of cardiovascular and strength training equipment for commercial and consumer use, unveiled at Club Industry the next generation of heavy-duty commercial total-body Cross-Trainers that offer additional features that benefit both the fitness facility owner/operator and the end-user.

"As we have witnessed the rapidly increasing popularity of elliptical machines, Life Fitness is proud to introduce the next generation of total-body rear drive Cross-Trainers," said Augie Nieto, president of Life Fitness. "This new family of performers reflects tremendous innovation and provides unmatched versatility and effectiveness."

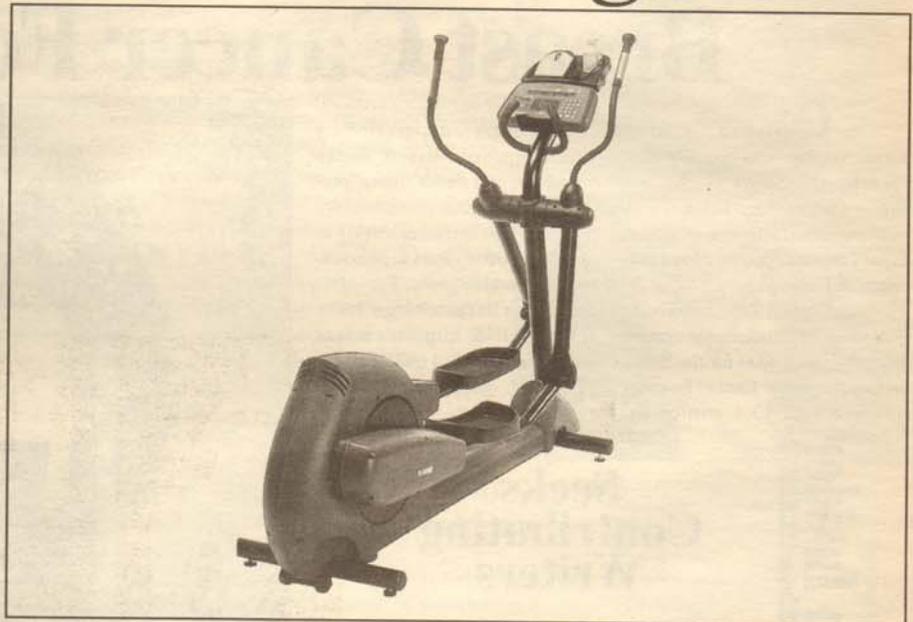
The new Cross-Trainers — the CT 9500HR, the CT 9100 and the CT 8500 — Total-Body Rear Drive System models join the existing product line of the CT

9500HR and the CT 9500L Front Drive Cross-Trainers. Several features in the new models provide additional benefits to fitness facility owners/operators and enhance the user's workout experience.

"Our three-year history in the elliptical market and our extensive cardiovascular heritage puts us in a great position to offer all the features that customers told us they wanted in these new units," said Chris Clawson, director, product management, cardiovascular products at Life Fitness. "With this new line, we are delighted to provide the most advanced total-body products that meet our customers' needs."

### *Additional Benefits for Club Owners/Operators and Managers*

**A** tremendous advantage of the new Life Fitness Cross-Trainers is that they are self-powered and do not require access to an electrical outlet, which greatly expands equipment



*Life Fitness Cross Trainer 9500 HR - Total Body System*

layout options for fitness facilities. The new models also boast a sleek design with side entry access.

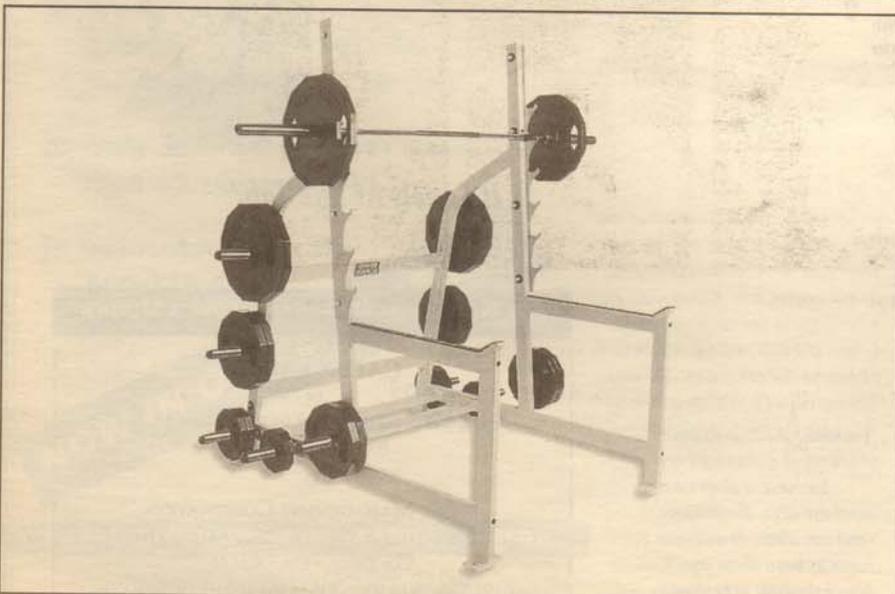
Various price points on the new models provide greater options for different types of facilities. While the new CT

9500HR (\$4,699) and the CT 9100 (\$4,199) are designed specifically for high-use commercial markets, the CT 8500, priced at \$3,699, is an ideal option for lower traffic use in vertical markets, such as hotels and corpo-

rate fitness centers.

Life Fitness also will offer a new one-year labor warranty and a two-year parts warranty for the entire Cross-Trainer line - both the new and the existing units. The CT 8500 (See *Cross-Trainer* page 26)

# Life Fitness Expands Hammer Strength Benches And Racks Line To 25 Pieces



*Hammer Strength Olympic Squat Rack*

**CHICAGO** - Life Fitness unveiled six new products in the Hammer Strength benches and racks line at the Club Industry trade show. The initial line of 19 Hammer Strength heavy-duty benches and racks was introduced in March at the International Health, Racquet and Sportsclub Association (IHRSA) convention in San Diego.

"We are delighted to expand our new Hammer Strength benches and racks line," said Augie Nieto, president of Life Fitness. "The response to the initial pieces has been tremendous, so we want to add to our free weight category to continue offering our customers everything they need in this very

popular strength-training modality."

Featuring a sturdy, bolt-together design, the benches and racks are constructed of the same durable components as Hammer Strength plate-loaded equipment. The new products add to two categories of the Hammer Strength benches and racks line - the Olympic family and the Free Weight family.

Joining the current Olympic family of three benches are the Olympic Squat Rack and Olympic Military Bench. The Military Bench is designed to provide the user maximum safety and comfort, including dual cushion back pads for optimal lumbar support, front and rear racks for racking the bar in front of or behind the body and a spotter's platform.

The Free Weight family in- (See *Hammer Strength* page 26)

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## Cross-Trainer

continued from page 24

has a one-year parts warranty.

### Biomechanical Features Benefit Users

The rear drive design of Life Fitness' new Cross-Trainers offers users a different size, shape and angle of the ellipse than front drive models. This creates a comfortable, extremely smooth, fluid movement that already has won rave reviews with users in field testing. At 17.7 inches, the stride length accommodates users of all sizes.

The new models also of-

fer a closer distance between the pedals that reduces torquing the torso. Based on a biomechanical study at Concordia University, River Forest, Ill., a close pedal distance minimizes lateral shifting of the hips, reducing lower back stress. With a width of 2.8 inches between pedals on the new models, Life Fitness offers the closest pedal spacing in the industry.

An additional biomechanical advantage of the new Cross-Trainers is the redesigned arms that can accommodate a wide variety of user sizes and still ensure a challenging upper-body workout. The new units also include a bullhorn handlebar for stabilization during mounting and dismounting.

### Variety of Workout Features

Another user-friendly feature of the next generation CT 9500HR, CT 9100 and CT 8500 models is the Auto Start function, which allows users to start the machine by pedaling. Users also can remain stationary during workout selection by simply pressing the start button on the console. Consistent with the current Cross-Trainer models, the new units offer 20 levels of resistance and seven workouts, including the interactive Heart Rate Zone Training Cardio and Fat Burn programs. Heart Rate Zone Training programs are optional on the CT 8500.

Exercisers will enjoy the forward and reverse motions and

total-body involvement using the machine's synchronized, dependent arms that create an easy-to-use, natural motion. The total-body Cross-Trainer employs complimentary, opposite movements of arms and legs to help provide muscular balance, stability and a natural rhythm. The total-body workout is superior in that it provides increased caloric expenditure with lower perceived exertion, which can help users to achieve results faster.

Polar telemetry heart rate monitoring, an accessory tray and a reading rack come standard on the new CT 9500HR and CT 9100 and are optional on the CT8500. The CT 9500HR includes the patented Lifepulse digital heart rate monitor as well.

Life Fitness' new CT 9500HR and CT 9100 models will be available in the United States in the fourth quarter of this year, and the CT 8500 will be available in the first quarter of 2000.

### About Life Fitness

Life Fitness, a Brunswick company, is the global leader in designing and manufacturing a full line of reliable, high-quality fitness equipment for commercial and consumer use. Its cardiovascular and strength training products, including the renowned Lifecycle exercise bike, are used in health, fitness and wellness facilities, as well as in homes, worldwide. The company is headquartered near Chicago and distributes its equipment in more than 120 countries

## ...Hammer Strength

continued from page 24

cludes four new products: a Barbell Rack, Beauty Bell Rack, Decline Bench and Lumbar Flat

Bench. The Lumbar Flat Bench integrates the same angled back pad philosophy as the other free

weight benches to provide optimal lower back support.

All the new Hammer

Strength benches and racks currently are available at list prices ranging from \$249 to \$949.

# LATE BREAKING NEWS!

## StairMaster Acquires Quinton Fitness Acquisition Fulfills StairMaster's Strategy To Offer A Full Line

**Kirkland, WA.**- Tom Bryant, President of StairMaster and Michael Blomeyer, President of Quinton Instrument Company (also known as Quinton Medical), announced on November 12, 1999 that the companies have reached an agreement whereby StairMaster will acquire Quinton Fitness, Inc. a subsidiary of Quinton Instrument Company.

Mr. Bryant said, "The marriage of these two preeminent fitness brands is an important step in StairMaster's strategy to offer a full line of premium brand aerobic and strength fitness products for commercial customers worldwide. Quinton is one of the oldest and

most respected treadmill companies in the commercial market having produced their first treadmill in 1953. The acquisition culminates a four-year distribution relationship between two industry leaders. The strength of StairMaster's worldwide distribution network and Quinton's heritage will allow both brands to expand aggressively."

Mr. Blomeyer said, "We are delighted with the StairMaster agreement for the same reasons as Mr. Bryant. The acquisition allows Quinton Medical to focus our full attention on expanding our offerings in the healthcare market, specifically in the cardiology arena. Quinton Medical

will also be a customer of StairMaster, offering their medical treadmills as an integral part of our healthcare product line. This will enable us to continue to maintain a leadership position in cardiac stress testing and rehabilitation."

Quinton's fitness and medical treadmill support personnel will be incorporated into StairMaster's organization in Kirkland, Washington. Quinton's treadmill manufacturing will remain in its facility in Bothell, Washington.

Kirkland, Washington-based StairMaster Sports/Medical Products, Inc. is a leading manufacturer of fitness equipment addressing the needs of a diverse array of customers. StairMaster offers a full family of fitness products including stairclimbers, elliptical striding systems, treadmills, exercise bikes, Crossrobs trainers, strength training equipment as well as group exercise programs. StairMaster has a long history in sports medicine and is committed to helping people stay health, control weight, live longer and have fun while exercising.

## Norm Cates' Club Insider

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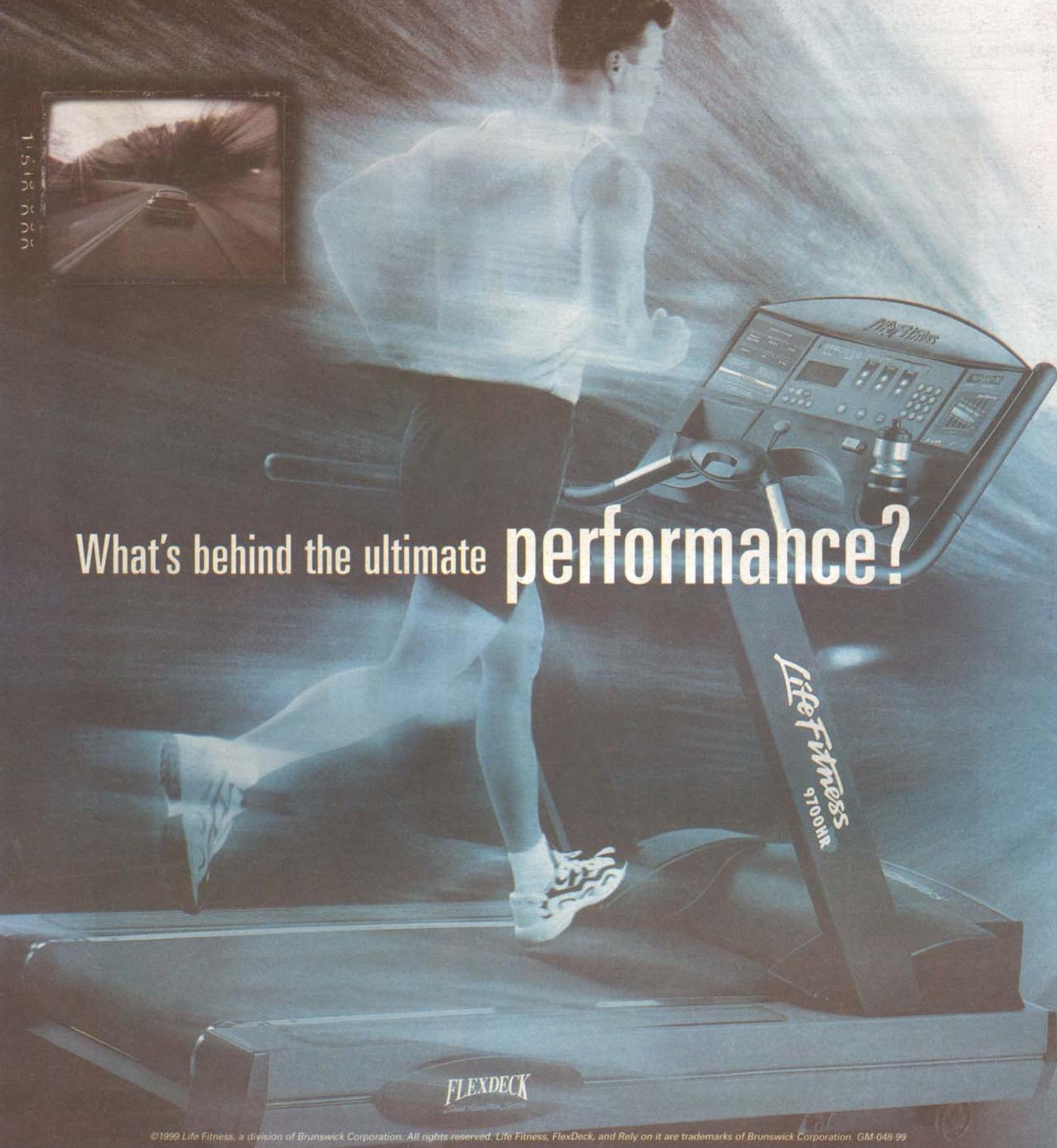
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