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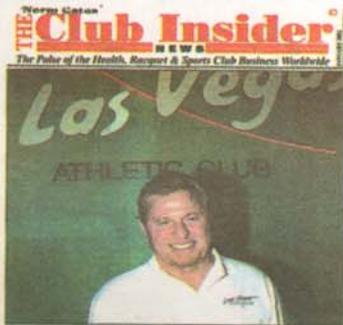
THE Club Insider

NEWS

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

DECEMBER 2002
VOLUME 9 NUMBER 12

2002 In Review



Rudy and Virginia Smith
Celebrating 50 Years of Excellence!



Norm Cates
"Leaving Fat City?"



Alan and Steven Schwartz
TCA
Tanks Corporation of America's Father and Son Team



Health Fitness Team Rolling
With Jerry Noyce!



Thomas Plummer
The Man. The Mission. The Message.



Gale Landers and Hazel Giltz
Chicago's Fitness Formula Owners - A Real Credit To Our Industry



Clive Caldwell
A "True" Club Man



Bill Pearl
"The Father of Modern Bodybuilding"



Avoiding The "Geriatric Ward"
What Is The Club Industry To Do?



Avoiding The "Geriatric Ward"
What Is The Club Industry To Do?
How Can We Stop The Vast 50s, 60s, 70s, 80s Market?



Chicago's East Bank Club
The Club World's Greatest Wonder!



2002 In Review



CheckFree RCM Solutions

Not just **hearsay.**
[what our customers are saying]

customer service



"The RCM product has always been strong, but their support structure is what initially appealed to us and continues to champion our relationship today. The bottom line is that service sells and CheckFree delivered."

Tim Harper, IS Director
 Little Rock Athletic Clubs, AR

room to grow



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John and Jill Kinney, CEO and COO, Co-founders
 Club One Fitness, California

no surprises



"The best surprise was finding out there were no surprises. There's always a performance difference between 'showroom' and actuality, but not so in our experience with CheckFree. Everything CheckFree promised was delivered - on time and on cost."

Dan Tilley, CIO
 Spectrum Clubs, Los Angeles/San Antonio

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Norm Cates' **THE Club Insider** NEWS

Lee Hillman Departs As Bally Total Fitness Chief!

By: Norm Cates, Jr.

Lee Hillman has earned the respect and admiration of many in the health club industry. Over a 6-year period as its CEO and for the past two years as Chairman, CEO and President, he has accomplished what many have viewed as the impossible.

The following quote is from a letter from John McCarthy, 22-year IHRSA Executive Director of IHRSA, to Lee Hillman on the day of Hillman's announcement:

Dear Lee,

In behalf of all of us here at IHRSA, in behalf of the IHRSA Board and in behalf of the industry as a whole, I want

to thank you for your service to Bally and your contributions to the industry as a whole."

In your years at Bally, you successfully transformed the culture and personality of your company. You developed countless community service programs in every major market that you served. In terms of diversity, both in staffing and in membership, you set the standard for the entire industry. You raised and elevated the standards of practice for your entire company. You involved your company, as a colleague and leader, in every aspect of industry progress and industry development. Your financial and operating results consistently strengthened the image of the industry as a whole. You have much to be proud of, and we have much to be thankful for.

Wishing you the best, and hoping to stay in touch.

Happy Holidays,
John McCarthy
IHRSA

A Tough Ship To Turn!

In December, 1996, Lee Hillman was named by the Bally Board of Directors and stockholders to replace Mike Lucci as the Bally Total Fitness CEO. Hillman inherited a 375+ club, 20,000+ employee health club chain that to say the least, was not held in good favor by consumers and health club professionals nationwide. Prior to Hillman's arrival, Bally Total Fitness, an assemblage of regional club groups branded and directed by Mike Lucci the CEO, was making lots of news.

Bad news. Across the country, the Bally club chain found itself in State courts, defending itself for violations of State laws. For example, in the Boston area, the Massachusetts Attorney General, Scott Harsbarger, had taken the 5 Bally Total Fitness clubs to court and was making every effort to have them shut down. Harshbarger's effort was prompted by BTF's racking up of over 1,000 different complaints in violation of a Court order. This State Court legal activity had been happening all across the country.

Upon Lee Hillman's arrival, the first thing he did was to begin efforts to establish BTF as a reputable company. One that stayed out of the courts. He established new rules and standards for all of the 20,000 employees in the company. He issued directives to

his entire senior management team that individuals that were found to be in violation of BTF company rules or in violation of State laws would be dismissed. And, fire the offenders he did. This change in leadership standards and focus was a huge first step in Hillman's thrust to move Bally Total Fitness forward in a professional, reputable manner. Beyond that, Hillman assembled what this writer views to be one of the best top level club management teams in the country. That BTF Executive Management Team included: Paul Toback, COO, John Dwyer, CFO, Bill Fanelli, Operations, (and now Finance), Cary Gann, General Counsel, John Wildman, Sales and Marketing and Harold Morgan, Human Resources.

(See Lee Hillman Page 4)

Part I

2002 In Review

By: Norm Cates, Jr.

The **CLUB INSIDER** News coverage for 2002 included 11 terrific cover stories and those covers photos appear on the front page of this edition. We also published lots and lots of terrific articles to help your club's bottom line. And, we continued to "Tell It Like It Is."

Before getting into our annual month-by-month review, I want to congratulate you on completing another year at your club! I also want to thank you

very much for reading The **CLUB INSIDER** News. By reading The **CLUB INSIDER** News every month you will stay abreast of what's happening in the industry and you will benefit from our articles contributed by our Contributing Author Team. For example, in this issue we have another terrific article from "Mr. Cost Control", Rick Caro. (Reprinted courtesy of Jim Smith of Club Success). I want to suggest to you that if you will use Rick Caro's guidance provided in his article on page #8 while working on your 2003 club

budget, you can definitely save a lot of club expense money. Money that should fall to the bottom line. Also in this edition, we've reprinted some quotes and excerpts from some of the articles from 2002 that were the most outstanding, just in case you might have missed them.

So, thanks for reading The **CLUB INSIDER** News. We wish you all Happy Holidays and a Happy, Healthy New Year!

JANUARY 2002

The one and only

Rudy Smith graced the cover of our January, 2002 edition. Rudy and Virginia Smith's career now spans over 50 years and we had such an in-depth report on Rudy that it extended over into our February issue. I wrote about Rudy and Virginia, "Rudy is 76 and looks and acts like he is 60. His wife, Virginia, is equally youthful and energetic. These are two of the most terrific people I've ever met. They remind me of another energetic couple, Jack and Elaine LaLanne. Rudy and Virginia Smith own and operate the awesome Las Vegas Ath-

letic Club group and have grown the four former struggling clubs into a \$16 million+ club business with 60,000+ members! Rudy Smith was honored by IHRSA at its 21st Annual Convention with the DALE DIBBLE Distinguished Service Award, in March, 2002 in Phoenix, AZ, and I was very honored to present the Award to Rudy at the IHRSA Convention.

As a sign of the times, the giant ICON Corporation announced that they were changing the name of their (See 2002 In Review Page 14)

YMCA of the USA Reports \$349 Million Net Profit!

By: Norm Cates, Jr.

The average YMCA of the USA enjoys at least a 33% advantage over commercial health and sports clubs! This 33% advantage is the edge the Y's have around the country because the YMCAs of the USA don't have to pay federal,

state or local taxes, plus they generally operate debt free facilities, due to the donations from fund raising and organizations such as the United Way. They also receive special postage and advertising rates, often favorable publicity, as well as often decreased rates for key expense categories.

While the YMCAs of the USA rack up profits such as

the \$349 million surplus reported in the December 9th issue of Forbes Magazine, they continue to search for ways to fight the commercial club sector. For example, in Chicago, the YMCA had opened 9 shopping center storefront YMCA facilities, spending, on average \$800,000 per facility for start up cost. After playing with this experiment in the highly com-

petitive Chicago market for a while, the YMCA announced

earlier this year that it was (See YMCA Page 13)

Inside The Insider

- *Fitness Through The Eyes of the Prospect*
- *Participate. Learn. Develop and Succeed*
- *"Ten Steps To A Successful Lead Box Program"*

●Norm's Notes●

• I am sitting here at year's end in front of the fire thinking back on this past year and thinking of all of you out there. I want to wish you and your family and your "club family" the **Happiest of Holidays** and a **Very Happy and Healthy and Prosperous New Year**. Beyond these Holiday Greetings my thanks and appreciation goes sincerely to all of you that made **The CLUB INSIDER News** happen every month for the past 9 years and 2 months. It is hard to believe that we are now in our **10th year of publication!** Thanks to all of our terrific advertising sponsors for their support as they know the importance of this work for our industry overall and they vote in favor of our efforts with their dollars every month to keep this important work in production. The **ladies and gentlemen** behind the scenes in our advertiser/sponsor group are the salt of the earth and as far as I am concerned, the best in the business. We ask you to support their businesses by contacting them and giving them the opportunity to compete for your business.

They will treat you well and they will take care of you after the sale. Thanks to our wonderful **Contributing Authors** as they make the value of **The CLUB INSIDER News** huge each and every month. There is not a month that goes by that we have not published articles that could help your club significantly if studied and applied to your operation (s). I have heard from countless many of you that **The CLUB INSIDER News** has become a "MUST READ" each month. Maybe one of the most gratifying comments I hear is when someone calls for a replacement copy and they say the words, "Somebody here at the club got my latest edition and I need to replace it!" I want to thank all of those of you that have sent in your subscription investment, for it is also that investment that keeps **The CLUB INSIDER News** presses rolling every month. Special thanks to my awesome son, **Justin Cates**, for his terrific efforts. Justin is our **Computer Layout Director** he has done an outstanding job every month

of 2002. And, long before he assumed that role, he has guided his computer "DUH" **Dad** on these contraptions since he was 11 years old! Thanks to the 104-year-old company, **Walton Press** in **Monroe, Georgia** for the consistent and excellent performance and customer service they turn in each and every month. Thanks to **Rick Caro** for his help as we would be nowhere without his wisdom and guidance. And finally, thanks again to all of you that read **The CLUB INSIDER News** and give us your tips, news and happenings that we share with the club world. **HAPPY HOLIDAYS, HAPPY NEW YEAR and STAY TUNED!**

• Best wishes to **LEE HILLMAN** and his family as Lee has departed as the **Chairman, CEO and President of Bally Total Fitness**. I think our article on page #3 briefly sums up the terrific work that Lee did for Bally and really, for the industry at-large. I can only add that it took a man with the vision, the talent and the dogged determination to accomplish in just six years

what **Lee Hillman** accomplished with the giant club organization that now has over 400 clubs. Now stepping up to the plate is the talented and creative **PAUL TOBACK** as he has been named as the **Bally Total Fitness CEO**. I wish all of the **Executive Management Team** at Bally the best of luck as they continue with their challenges and many opportunities. They can continue the legacy that **Lee Hillman** leaves and I believe they will.

• A couple of months back I told you about the new magazine and trade show that **MARK ONIGMAN** had put together. In my editorial entitled: "**We Have More Trade Shows Than We Need!**" I explained that I was not taking a shot at **Onigman's** new magazine and trade show because it was targeted to a totally different club market, the country club market. I learned recently from **Mark** that he is also launching a new magazine and a new trade show for the commercial health club market. I should have asked **Mark** if he realizes manufacturers are already compressing



Norm Cates & Laurie Cingle

marketing and trade show dollars in order to keep pace with the current economic environment? The idea that **Mark's** new health and fitness magazine and trade show will be helpful to companies that already strain to be in all the trade shows and publications might be reconsidered. I welcome comments and feedback from any of you out there that have an opinion, in opposition or agreement, on this subject. You may call me at:

(See Norm's Notes Page 5)

...Lee Hillman

continued from page 3

Together, the **Bally Total Fitness Executive Management Team**, under the direction of **Lee Hillman**, began to turn the huge company in the right direction. This writer will

never forget **Lee Hillman's** words in an interview with him early in his **BTF CEO** tenure when he said to me (and I am paraphrasing here now) "Norm, I pledge to you and (the health club industry), that I will enforce our new policies and I will do the necessary difficult things as far as discipline in this

company from this point forward." And, **Lee Hillman** has lived up fully to that pledge to me and the industry.

After a few years with **Lee Hillman** at the helm, this writer and many industry leaders, began to see what I had described as the "Big Bally Ship" really starting to turn. In fact, that turn was moving along so well that by late 1999, 3 years after **Hillman** took the **BTF** helm, I and the "elders" of **IHRSA** (The International Health, Racquet and Sportsclub Association) became convinced that admission of **Bally Total Fitness** into **IHRSA** was the best thing for the industry at large and the Association in particular. **Bally Total Fitness** was invited to join by **IHRSA** President, **Joe Cirulli**, and **E.D. John McCarthy**, and they accepted. **Bally Total Fitness** became **IHRSA** members in January, 2000. Since then, the **Bally Total Fitness** clubs have been exemplary **IHRSA** members. We asked **John McCarthy** if **IHRSA** had received any complaints about **Bally** at **IHRSA** since their membership at **IHRSA** began and he said,

"No, we've not received one single complaint that I am aware of."

Paul Toback Has Huge Hillman Shoes To Fill

Paul Toback, formerly the **BTF Chief Operating Officer**, has now been named as **President and Chief Executive Officer** of **Bally Total Fitness**. **Toback**, 39, a talented and multi-dimensional, rising star, has been with **BTF** since 1997 and has served as the **VP of Corporate Development** and as **Chief Operating Officer**. During his tenure as **BTF COO**, **Toback** has directed day-to-day operations of the business, including sales and marketing, fitness services, media development and the management of the Company's 430 fitness facilities throughout **North America, Asia** and the **Caribbean**. As **COO**, **Toback's** entrepreneurial contribution to the income growth of **BTF** has been huge as he has launched successful initiatives such as the **Personal Training** business, now generating \$93 million

through the third quarter and the 380 retail stores, just to name a couple.

Lee Hillman had this to say about **Paul Toback** and the **BTF Executive Management Team**, "As a major stockholder in this Company, I have an enormous amount of confidence in **Paul Toback**, **John Dwyer** and the **Senior Management Team**. **Paul** and **John** are dynamic professionals, and I know they will bring **Bally Total Fitness** to the next level and help the Company reach its full potential."

This story broke just 48 hours before this December issue deadline. So, next month we plan to bring a complete interview with **Paul Toback**, the new **Bally Total Fitness President and CEO**. Until then, **STAY TUNED!** (Norm Cates, Jr. is the publisher and editor of **The CLUB INSIDER News**. Cates is a 29-year veteran of the health club industry and in 1980 was the 1st President and a Co-founder of **IHRSA**. Cates may be reached at: clubinsidernews@mindspring.com or (770) 850-8506.)

Norm Cates'®
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 NEWS

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...Norm's notes

continued from page 4

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• **MICHAEL SCOTT SCUDDER** is one of the "truly-good-guys" in our industry. Michael has just announced that he is retiring his 12 year-old company, **FITNESS FOCUS** and merging it into a new company with two new partners, **ROBERT DYER** and **KEN HOOVER**. The name of the new company is **Southwest Club Support Services (SCSS)**. SCSS is described by Michael as: a club advisory, educational team to provide training, guidance and limited management services to health clubs, principally in the States of Texas, Louisiana, Oklahoma and New Mexico. Michael will be the managing partner for SCSS.

• I was speaking of publications and here is one I DO support. It is **JIM SMITH's Club Success**. Jim and I are the only publishers I know of in this industry that

actually were in the club industry before we began publishing. And, Jim has done terrific work for the industry for years and years. I would like to thank Jim for his permission to reprint "Mr. Cost Control", **RICK CARO's** article in this issue on page #8. And, thanks to you Rick for writing this important cost control article and for the many years of help and amazing contributions to this wonderful industry. I think Rick's greatest idea ever was when he dreamed up what now is known as **IHRSA**. **IHRSA** will celebrate its 22nd Anniversary in San Francisco at the **IHRSA Convention and Trade Show, February 26, 27, 28 and March 1**. Mark your calendar and contact **IHRSA** for Membership information and attending the convention and trade show call: (800) 228-4772 or go to: www.ihrsa.org

• **BRIAN COOK** the Founder of the **Nautilus Group, Inc.**, the company that now owns **Nautilus, Stair-Master, Schwinn and Bow-Flex**, has announced that he has retained the services of J.

Walter Thompson Public Relations, for media relations and **Integrated Corporate Relations, Inc.** for investor relations.

• **DAVID PECKER'S American Media, Inc.** has won the bid for **Weider Publication's** seven magazines with a \$330 million bid. The sale represented an 11+ multiple of **Ebitda**. I'll be sure to keep that 11 figure in mind when someone comes along to buy **THE CLUB INSIDER News** one day! (That was supposed to be funny folks!)

• Looks like **MIKE TALLA** and his partners may be planning to take the **Sports Club Company** private. **Sports Club** hired L.A.-based **Hankin and Co.** to help raise up to \$50 million in private equity.

• "PATCH" a.k.a. **DAVID PATCHEL-EVANS** has now moved his expansion tear for his Ontario-based **Goodlife Fitness Clubs**, into French Canada. His clubs in the province of Quebec will be named "VitaVie". "Patch" now owns and operates 70 clubs and has plans to have 100 locations by the end of 2004.

• Congratulations to **JOHN BLACK**, owner of the 4 **Courthouse Clubs** in Jackson, Mississippi. He joined forces with other business owners and homeowners to defeat a plan to deed city property to build a new **YMCA!** Congratulations to John and everyone involved!

• In the last three weeks, the **Health and Fitness**

Corporation, under the able direction and leadership **JERRY NOYCE**, CEO, has landed two really sweet deals. On Nov. 20th, **HFC** announced that it had been chosen to develop and manage the **Best Buy Co. Inc.** employee fitness center. On December 5th **HFC** announced that it had been selected to operate **The Athletic Club at One Cleveland Center**, a 45,000 sq. ft. facility located in the heart of downtown Cleveland, Ohio. **HFC** is getting close to having 200 locations now.

• **The Amer Group**, the Helsinki, Finland-based company that owns **Wilson Sporting Goods** and recently acquired **Precor, Inc.**, has announced that it will divest itself of its tobacco business, **Phillip Morris**. Good idea!

• During a recent 9.6 mile walk with my friend and **Sales Makers Founder and President, RAY GORDON**, we discussed the common ground that so many people that have lost significant amounts of weight share. Guess what we concluded it was? **EXERCISE!** Then this note from the **Weight Watchers** website arrived: "Research shows that 90% of people who lose weight and keep it off have made physical activity a regular part of their lives." And, here is some more information on "Obesity" as reported in the 'Vital Signs' New York Times e-report: the **World Health Organization (WHO)** now lists **Obesity** as one of the world's 'Top Ten Global

Health Risks.' The memo noted increases in Obesity in both developing countries and industrialized nations and WHO has expressed concern that the 'greatest increases (in obesity) have taken place in the last 10 years. I can't tell you how happy I am that I am one of those that has changed his lifestyle to make exercise adherence a lifestyle habit. And, here is more. With at least 16 million Americans killing themselves with the most common form of diabetes—and millions more to acquire it in coming years, **The National Diabetes Education Program** and the **U.S. Department of Health and Human Services** is launching one of its most aggressive campaigns to educate Ameri-cans about their health. "Small Steps, Big Rewards" is the name of the campaign.

• Congratulations to **JARED LEVITT**, a young Atlanta entrepreneur, as his **L & L Fitness Group** has bought a club called **Planet Fitness**. I met him two or three months ago and he told me about his new venture. He is a sharp guy and I predict that he will succeed. I also pointed him toward greater success when that night I told him about **Body Training Systems** and Jared informed me he is bringing in **BTS** along with a new personal training company called **HealthTek**. Best of luck Jared!

Have Safe and Happy Holidays. Happy New Year and **STAY TUNED!**

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Participate. Learn. Develop and Succeed.

By: *Cindy Given*

It is thrilling and rare to discover a company that willingly invests a significant amount of time, money and effort into thoroughly training their associates. The Wellbridge Company is one of those companies; *Participate. Learn. Develop and Succeed* is the credo of their new training program - WellbridgeUniversity.com.

With 44 athletic clubs and spas spread across 12 states, Wellbridge needed to develop an innovative, efficient, cost-effective way to consis-

tently train every employee in every position, with the same message. As a result of an extensive search, The Wellbridge Company has partnered with Dr. Gerry Faust of Faust Management Corporation. Dr. Faust specializes in providing methods, tools and systems that help create insights that ultimately allow businesses and their leaders to succeed. Also part of the team are MentorU.com and Club Performance Network. These two online learning companies are providing the online Learning Management System, and some of the production services program content from world-class

faculty members. Together, Dr. Faust and The Wellbridge Company are developing this comprehensive online training program that will absolutely raise the bar in the health and fitness industry.

"We've made a commitment as a company to develop our associates in the best way we can," said Ed Williams, CEO of Wellbridge, "WellbridgeUniversity.com will do that."

WellbridgeUniversity.com is an interactive, web-based learning center designed to provide basic functional training as well as specific career development for all Wellbridge associates. It is divided into two collegiate areas: The Associate Development University and Wellbridge Management University.

The Associate Development University offers training tracks for every position in the company - for Regional Managers, General Managers, Sales, Hospitality, Aquatics, Group Exercise, Maintenance, House-keeping and everything in between. "Every single employee will have access to some online learning components," said Tracey Ross-Shannon, Director of Strategic Planning. "When associates log on to the site, they are greeted with a list of tracks appropriate to their job code."

Staff training, associate orientations, management training and customer service training are just a few of the topics being integrated into the curriculum. Some lessons will be limited to specific positions while other lessons will be presented to everyone, such as:

- Customer Service Basics
- Introduction to Creating a Customer Driven Club
- How to Deliver Five Star Service

The Customer Service Basics lesson is described online as follows:

In this series, Dr. Gerry Faust presents a summary of the most powerful concepts in customer service. He begins by providing a thought provoking perspective on why businesses exist and why the focus on the customer has always been key to a business' success. The sessions look at how organizations build their reputations in the market-

place and why each customer interaction is a moment of truth for the company and the staff members involved. You will learn how to create service magic, handle difficult customers and manage cycles of service from the first interaction through the last.

Imagine the impact this will have on the confidence level of Wellbridge's associates and the bottom line of their business!

"This is the most exciting program we've had in a long time," said Art Curtis, COO of Wellbridge, "and we are dedicated to the continued growth and education of our associates in order to further facilitate their career paths as well as build the foundation for our success."

As if it couldn't get any better, the second collegiate area of WellbridgeUniversity.com is Wellbridge Management University. A significantly more intensive training program, WMU is specifically designed to prepare qualified associates to become club general managers. There is an application process to be accepted, and once the associate completes the program, he/she is ready to take on the responsibility of running a Wellbridge club.

When selecting from the applicants, The Wellbridge Company weighs not only their experience, but also what kind of person someone needs to be. There is a wealth of education and training, simulations and projects, issues and problem solving and tricks and techniques that build this program and ultimately develop great people. However, it is certain inherent, personal traits that enhance what they learn and make them successful; it is those traits that are also considered.

Wellbridge Management University's thorough curriculum consists of live coaching sessions, presented by the Faust Management Team throughout the year, supplemented by online lessons with quizzes and tests, projects and activities, crisis of the week assignments and more. There is a timeline for completion of each lesson, yet each person sets his/her own pace in between. Examples of lessons

include:

- Leading and Managing People and Organizations
- Leading and Managing a Business for Profit
- Leading and Managing Change
- Managing Member Relations

"Wellbridge Management University's curriculum is being developed by the industry's leading club managers," said Ross-Shannon. "It also incorporates internationally recognized management philosophies via MentorU.com." Dr. Gerry Faust has referenced and consolidated the best learning devices to develop an online WMU resource library. This library highlights articles, briefings and other materials that support the WMU curriculum and the learning process. Resource topics touch on job satisfaction and retention, customer loyalty, problem solving, empowerment and greatly more.

The experience of completing Wellbridge Management University will feel like you earned your masters degree in club management. "Our history has proven that strong GMs produce profitable, successful clubs. We are proactively taking the steps to develop those strong GMs with this program," said Ross-Shannon. WellbridgeUniversity.com is a long-term project that will continually be changed and updated as the company grows.

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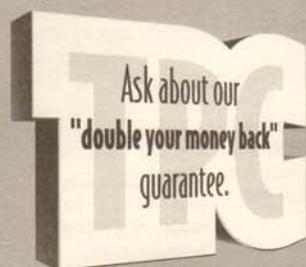
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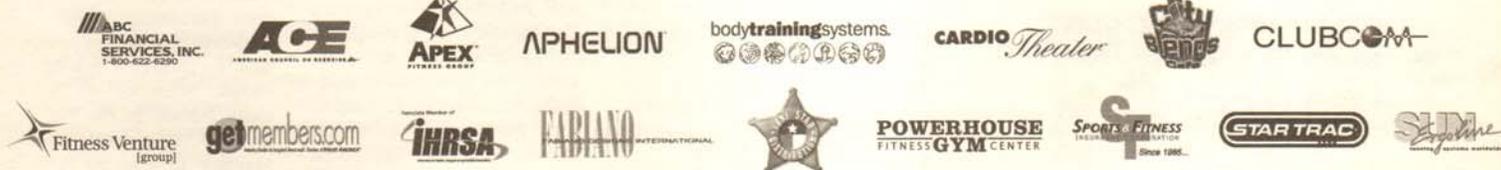
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The Latest Cost-Saving Successes For The Club Industry

By: Rick Caro

Given the oldest business truism that \$1 saved becomes \$1 of incremental bottom line profit, the club industry needs to turn its focus inward to address ripe opportunities for cost controls. The U.S. government has officially declared that the country is in the midst of another recession, the first in a decade. Although it is predicted to be a short one, it is nevertheless an ideal time to focus on expense management.

The Current Industry Outlook

When this industry confronts a recession, typically revenues become less predictable. New member sales drop, ancillary revenue grows

but at a lesser rate and owners are reluctant to raise prices as they did previously.

Adding to the uncertain revenue signals is the spiraling expense story. Over the past four years, the club industry has been guilty of expense "creep" as payroll as a percentage of gross revenue has grown 2%, general and administrative expenses increased 2%, rent was up 4% and real estate taxes grew 2%. Certain expense categories are slated for very substantial increases over the coming months, including business insurance, health insurance, utilities (especially on the West Coast) and security (somewhat triggered by 9/11 and some industry crime). There are also certain mandated expense increases (as the minimum wage levels were just raised in five states).

The end goal is to focus on expense management without decreasing the member experience.

I recently embarked on a rigorous study of successful cost saving ideas based on a survey of 150 club companies, representing over 1,000 clubs. These clubs were from several countries and included fitness-only, multi-sport, spa, hospital-based, tennis-only, indoor-outdoor and women-only clubs, and ranged from urban to suburban to rural locations. This research was supplemented by gathering success stories from other analogous industries.

Staffing and Salaries

The #1 focus for clubs in the study was on their main controllable expense category: salaries and benefits. Over the last year, all clubs in the study changed their mix of staffing (full-time vs. part-time and in-house vs. outsourcing) to save dollars and be more productive. Many spent time analyzing the member usage patterns and allocated staff specifically to meet them, often reducing staff during off times, holiday periods and summers. Several clubs re-did their organizational structure completely to eliminate positions or at least reduce total hours of staffing. Typically, clubs did not replace a department head when he left; they shifted the hours among other remaining department heads and benefited from a net payroll decrease. Some used a department head to oversee more than one function at a single club or the same function at multiple clubs.

In order to be more effective, clubs in the survey terminated underachievers quickly, outsourced failed functions (e.g., information technology, human resources, etc.), implemented job sharing, created more team projects rather than taking on new hires and consolidated regional/corporate positions. Better recruiting led to attracting back some former club employees, using the Internet, and hiring "star" university interns.

The compensation structure minimized merit increases (e.g., 3%) and emphasized performance-based incentives (amounting to as much as

20%-25% of salary). For cost savings, several clubs limited wages or even froze them, some offered new hires lower starting wages. Some re-did the sales compensation system and the packages for personal trainers, massage therapists, instructors and program directors. Many eliminated all overtime pay.

With pressure on the bottom line, clubs cut the employee benefit side. To control rising health insurance costs, club management created stricter eligibility requirements, increased staff co-pays, eliminated certain medical benefits (e.g., vision care, dental), increased staff deductibles, increased prescription drug co-pays, extended the waiting periods to join the program and eliminated the club's contribution for family coverage. Some club companies imposed a cap on the total company contribution per employee. A few even eliminated the entire health insurance benefit. All clubs shopped their health insurance coverage annually (HMO, PPO and private indemnity companies) and a few adopted self-insurance plans with stop-loss insurance for catastrophic coverage.

Many clubs implemented non-health benefits such as 401(k) retirement plans, quarterly attendance bonuses, staff contests/celebrations/events/awards (monthly and quarterly) and unique gifts/bonuses, including a free cleaning service for the home, a membership card to a warehouse club, tickets (sporting event, theatre, concert), a free oil change, a free chair massage in the office or a gift certificate for a choice of items from a local store or an online gift company.

Staff Development

In leaner times, clubs have chosen to reduce their commitment to investing in staff professional development. This has led to using equipment manufacturers to do more training of club staff, combining with other local clubs to attract key speakers to the area, training certain key staff to be the "club trainers" of others (and eliminating a full-time training department), using more e-learning and online training and instituting a train-



Rick Caro

ing allowance overall. Some clubs have streamlined their new staff orientation process to save money.

Maintenance and Repairs

Several clubs are projecting to hold expenses flat in this category for the coming year by using a variety of tactics. Some are outsourcing more than in the past (e.g., HVAC machinery repair) while others are bringing more functions in-house (e.g., cleaning, housekeeping, HVAC filter changes, typical handyperson activities). Club owners are negotiating longer warranties with manufacturers, are doing more preventative maintenance and are delaying major repairs. Clubs are bidding their vendors more regularly, including even garbage removal services.

Security has become a rising issue, so at many clubs, alarm systems have been enhanced, photo IDs are now required for new members, membership agreements are secured in a locked space and more computer protections have been installed.

Supplies

Obviously, all businesses seek out multiple bids in their purchasing efforts and, wherever possible, try to buy in bulk to maximize pricing discounts. Some of the lessons clubs learned in the last year included using the General Manager to sign all purchase orders, and implementing a purchase card system or

(See Cost-Saving Page 12)



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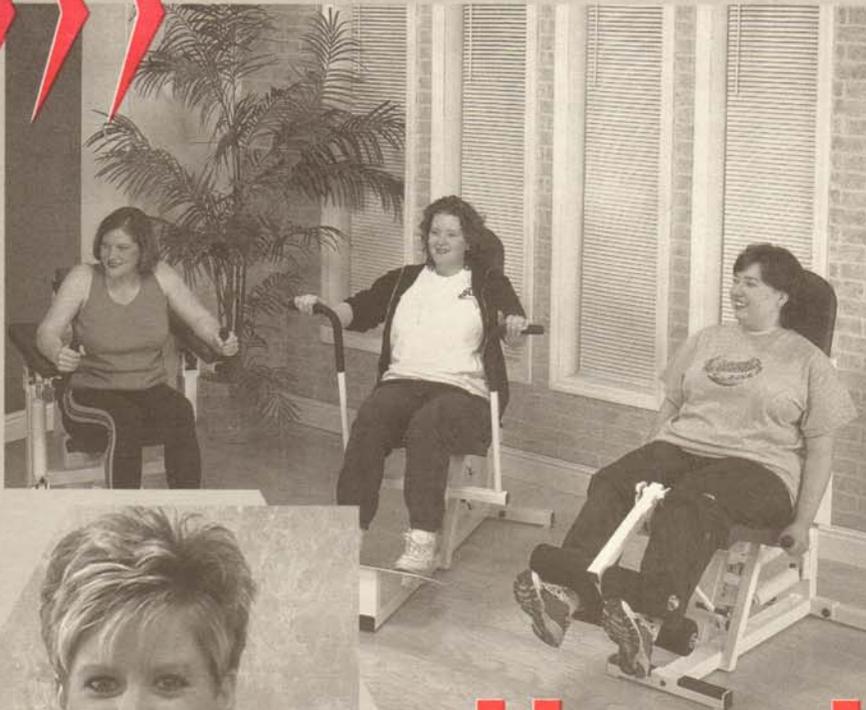
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Fitness Through the Eyes of the Prospect

By: **Bonnie Pfeister**

When you have been in the health club industry for a while, it's easy to forget what it feels like to walk in a club for the first time. I often compare this experience to going to a new church. The first-time guest is in an unfamiliar environment, nervous and feels like everyone is looking at him. Just like people feel like they need to get "cleaned up" for church, so many feel they need to get "leaned up" for the gym. It is easy as club operators for us to see that is ridiculous and that the health club, or church, is the perfect place to start

improving your life. How many times have you heard someone say, "I want to loose a few pounds before I join any fitness center"? That shows me that people still lack education about what the health club really is.

Just for kicks, start asking people who have never been in your club before how they would define your health club. They may say it's a country club for the fit, a pick-up joint, a place for body builders or, if you're really lucky, they may be able to actually define your target market. I am still amazed of the number of people who are unsure exactly what goes on at our club, Club Legends Fitness.

Despite being in the newspaper all the time and heavy advertising, it still seems like one of my biggest obstacles in the fitness industry is convincing people that fitness is for *everyone* and not just for the body builder, athletes or only the pretty people who like to look at themselves in the club mirrors. No wonder people are nervous wrecks walking in the door. I would bet that clubs operators all across America find the same challenge.

So, how can we get it across to the prospect that a health club can be a safe place instead of something to fear? In addition to how you handle the guests that walk in the door, the next thing is how you handle people outside the club through your public relations efforts. You need a spokesperson, someone who can represent your club and the character of the club. Involve your club in community service events, corporate marketing and sales, and even simple things like handing out complimentary guest passes. It is so important for people to be able to put a face and personality with your club business. But, here is a strong word of caution. Unfortunately, you can do more damage than good by sending the wrong employee out to represent your club. For example, let's say you want to contact and attract the women in your area in an effort to get away from your current "body builders only" reputation. The last thing you want to do is send out your beefy weight room floor guy to hand out guest passes. Although some women will enjoy his presence and even flirt with the young man, in the back of their mind, they are thinking that every person there is going to look just like him. I actually would rather miss an event than to send out the wrong person for the event.

The third way to communicate to the public is through advertising. Even though I feel some of the most effective advertising was through the community service events and newspaper articles, paid advertising has been very effective too. It is important to note that success in your club will, and must come from a "balance" if you will, between your community PR efforts, your local advertising campaigns and your internal marketing to your existing members for referrals, etc. How can you add personality to your advertising? This isn't as hard as you think. The first bad advertising habit I tried to break was to quit trying to tell everyone everything that we had to offer. I wanted so bad to list every aerobic class, the number of cardio machines, and all the wonderful fitness-related perks in our ads. Then, I started advertising *personality*, instead of *machines*, and it started working. If you have a racquet club, there is no need to show a picture of a person playing racquetball because people expect you to have racquetball courts. Instead, tell them something they don't know. Club Legends is known for its high-energy ads, which always advertises free child care and that we are open 24 hours because that is something people don't expect in our area. This may force us to be more creative, but the truth is the public expects us to have quality machines and service, but there are plenty of things they don't know and it is your job to tell them.

The good news is that getting started on a balanced PR program, outside advertising and internal inside marketing plan is easier than you think. You should frequently remind your staff to always remember how uncomfortable it is for the



Bonnie Pfeister

first-time visitor. Teach your people the importance of that prompt, friendly, warm, smile-filled greeting anytime a member or prospective member walks in the door. Get out there in the community and make contacts with organizations such as your Chamber of Commerce and the American Red Cross and offer to become involved in helping them. And, you may need to change your advertising content and focus. Have a club meeting with your employees and run ideas by them. Many times we try to do everything ourselves when our staff are capable and willing to help. Examine your target market, do a little brainstorming, set some goals, and go to work! It may be a lot of hard work, but you will find that it is *so* worth it.

(Bonnie Pfeister and her husband, Steve, co-own and operate Club Legends in Valdosta, GA. Bonnie and Steve have grown their 12,000 sq.ft. club from 100 dues paying members to 3,249 in the past two years. Bonnie may be reached at: email: clublegends@earthlink.net or by calling: (229)259-0500).

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

...Cost-Saving

continued from page 8

identifying one person on staff to conduct all purchasing. A number of clubs have availed themselves of the Internet, some are using a computerized purchasing system and others have created a predetermined list of items which individual clubs in a multi-club company can access for their specific needs.

Some clubs are doing an excellent job of locking in annual prices in advance, while others simply are locking up the storage area and keeping records of the inventory. Some clubs are limiting the number of suppliers per category. Finally, several have analyzed each supply category and eliminated underutilized items.

Utilities

The utility and telephone category is one in great turmoil. As a given, clubs have enforced their opening and closing checklists and done a better job of turning off unneeded lights. Many clubs hired an energy consultant, who conducted a free audit with a split of future savings. Such audits often pinpoint measures the club can take to save dollars and identify rate category changes to lower the billing. With deregulation, clubs hired brokers to buy energy on the open market. Many switched to gas and several entered into multi-year deals. Unfortunately, a few did so with Enron.

Some of the obvious winning solutions involved the installation of energy-efficient electrical fixtures, investing in an energy management system with timers, implementing a cogeneration system, securing utility company rebates and installing motion detectors in

offices and back-of-the-house areas. Some clubs manually reset HVAC levels, increased the room temperature during warm months, or reduced the hot water temperature. A few renegotiated their cell telephone contracts, shopped their long-distance rates for 1-year deals and switched from cost-per-call billing to cost-per-minute billing.

Business Insurance

This industry is going through a hard cycle with 15%-25% rate increases likely. Almost all categories are effected (property, liability, umbrella, workers' compensation, employee practices and directors and officers).

Several suggestions for clubs emerged from my study, including revisiting key assumptions (lowering levels of coverage, increasing deductibles, etc.). All clubs advised shopping early (90-120 days ahead of the expiration date) and getting a copy of the club's claims history. This could lead to protesting excessive reserves (which affects premium calculations) for incidents and claims not yet closed out. Some club companies are actually training the adjusters in how to handle the claims and offering staff bonuses for minimizing claims. A few created a staff safety committee. To lower workers' compensation rates, some clubs have created an early return-to-work program for injured employees.

Fixed Charges

Many clubs have been successful in controlling the landlord's pass-alongs. Common area maintenance (CAM) charges are now being capped. Some clubs have actually hired an outside company to audit the landlord's calculations, while others have re-negotiated the CAM lease language. A few intentionally renegotiated the overall lease in Year 4, even for a 10-year lease.

Some clubs have found great success in protesting real estate taxes. A few lowered their personal property taxes by reducing the useful lives of their assets (e.g., cardiovascular fitness equipment). Many clubs have refinanced their debt given lower interest rates. Some have found leasing company deals attractive, while others used

bank loans to finance equipment purchases.

IT/Back Office/Banking

Many clubs have invested in information technology (IT) and reaped major benefits. Paperless membership contracts, automatic deposit of employee paychecks, elimination of secretarial staff, use of digital photography, installation of an intranet for all employee communication, elimination of all manual checks and institution of online staff timesheets have become common. Some clubs installed T1 and ISDN networks.

More clubs are holding payables longer. Some have successfully shopped payroll processing service rates along with credit card/EFT processing fees. Some clubs are finding regular errors in their banking statements and are actually creating a report card to evaluate the bank's performance. More club companies are maximizing the bank float and nightly sweep accounts. Some have been able to satisfactorily renegotiate banking fees. Many are intentionally using more than one bank to create some competition.

Marketing

Given the recession, marketing has become increasingly important. Some of the cost savings lessons include emphasizing more member referral programs, narrowing direct mail campaigns to a 3-mile radius, only advertising during peak months, reducing Yellow Pages ads, renegotiating transit advertising contracts, eliminating "image" ads, engaging in co-op advertising, developing retail tie-ins and bidding out printing costs for the year in advance.

Other recommendations featured posting newsletters online, hosting more promotional events, using more freelancers than full agencies, better tracking of leads to eliminate less productive techniques and entering into more trade-out relationships.

Other Categories

A few clubs have had success with reducing postage costs. This has led to more planned bulk mailings, the use of Zip+4 on the envelopes, coordinating with a mailing

house and a local printer and switching to postcards as direct mail pieces—especially since the anthrax scare.

Some club owners have controlled their professional fees by negotiating a fixed fee and contesting any overruns, reducing audit fees through bidding and more advance work by the club staff, monitoring all billings and expense reimbursement and creating a cap for all professional categories.

Other recommendations vary from soliciting sponsorships to underwrite costs, entering into trade-outs for items that the club would normally have eliminated in a recession, renegotiating independent contractor deals, implementing pass-alongs for sub-lessees, rating vendors quarterly, creating employee cost savings contests, eliminating under-utilized club programs, classes or services and using the Internet for new applications (e-billing, selling used equipment, e-mail and Internet).

One of the themes of my study was for clubs to benchmark. First, they should do so internally with year-to-year comparisons, specific departments vs. others or one club vs. another in the same company. Benchmarking in our industry using trade association annual data (for example, data from IHRSA) is effective. Another option is benchmarking against data from companies in related service industries.

Club owners and managers should clearly recognize that cost saving is the most efficient and effective way to improve their bottom line, especially in uncertain economic times.

(Rick Caro is President of Management Vision, Inc., a consulting company to clubs and an expert in club feasibility studies, member research, club finances, valuations and club sales, expert witness testimony and operational analyses to improve existing clubs. Management Vision, Inc. can be reached at 800.778.4411.)

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...YMCA

continued from page 3

closing those facilities because they were not performing well enough financially.

So, we ask: "What happened to the Charitable Mission of the YMCA of the USA?" What happened to the YMCA focus on helping youth and underprivileged citizens? In the mega clubs that the YMCAs build today, the cost of membership virtually eliminates the needy. But, that apparently doesn't matter, because the typical YMCA mega-club is now built in the tony suburbs, such as the amazing YMCA located in an office park in Alpharetta, Georgia, about 30 miles north of Atlanta or the one in an upscale section of Northwest Atlanta. (Where the average home selling price within 3 miles is \$750,000 or

more.) The average income of the people frequenting the Alpharetta YMCA facility is in the \$70,000 range while the income of those in the Northwest YMCA market is estimated at over \$100,000. Needy, they are not. Charitable, the YMCA is not.

So, here comes the Forbes Magazine report of December 9th that says that the average consolidated revenues of the YMCA's 2,200 tax-exempt facilities totaled \$4.1 billion with a surplus of \$349 million! (\$8.4% margin). It also says that the government contributed \$440-million to the Y coffers, and private tax-deductible contributions added another \$791-million!

Where do we go from here as we wrap up another year? We keep fighting for what is right! And, what is right is that all YMCA facilities in

the USA should be stripped of this 33% advantage over their commercial counterparts. The YMCA of the USA should be playing on the same-level playing field as commercial clubs. And, you may ask, how is that going to happen? Let me answer that question this way. I can tell you how it is NOT GOING TO HAPPEN. It is NOT going to happen if commercial club owners don't wake up and realize that the ONLY organization in the world that is going to help them fight the unfair tax-free advantage of the YMCA's is IHRSA, The International Health, Racquet and Sportsclub Association.

For 22 years now, IHRSA has been fighting for all of you commercial club operators nationwide, even though your club may not be an IHRSA member nor are you contributing IHRSA dues to the

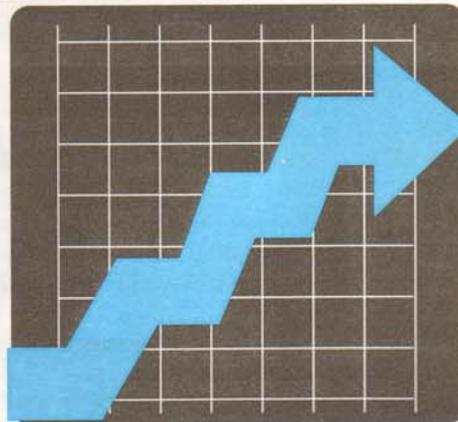
cause. And, IHRSA has slowly, but surely begun to win victories around the country getting some YMCA's placed on the tax rolls where they belong. The truth be known though, at the pace we are going and without your membership support of IHRSA, this fight will continue for decades before we finally arrive at the promised land called "The level playing field."

So, if you are a commercial club owner operator, just remember this. At any moment your very successful health and fitness club could be destroyed financially by a new, "charitable" mega YMCA. Are you just going to sit there and wait for that to happen? Or, are you going to take that all important first step and join and support IHRSA, the only organization that is on your side? I urge you to contact IHRSA at (800) 228-

4772 and become a member of the IHRSA team. Beyond its 22-year battle with the YMCA's of the USA, IHRSA is the premier club industry educational organization in the world. Frankly, the list of reasons why you should join and support IHRSA is extensive. Just remember, it will cost you about the amount of a one year membership at your club to become an IHRSA member and to enjoy the many benefits of this world class Association. Don't delay. Pick up the phone and call IHRSA. (800) 228-4772. Don't wait any longer because you are needed on the IHRSA Team!

(FYI you may go to the IHRSA Website to get a much better update on many IHRSA initiatives. Go to: www.ihrsa.org) Join IHRSA today. One day you may be really glad you did!

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...2002 In Review

continued from page 3

Ground Zero equipment to Free Motion Fitness, Inc., with respect for and response to the 9/11 Ground Zero casualties. Bally Total Fitness acquired Doug Levine's Crunch Fitness chain of 19 clubs, a move to attract more young, urban, upscale members.

Life Fitness donated 100 TR 9100 treadmills to the New York City Fire Department to provide those brave men and women with more opportunities to get and maintain their highest level of fitness. Mike Motta owner of New York's Plus One Fitness, announced that he was going strong even through the adversity of 9/11 and was opening new corporate fitness centers for Merrill Lynch, Lehman Brothers and Bear Stearns. John Agliodoro, Chairman and CEO of Cybex, continued his turn-around of the company without the use of court protection already sought by Nautilus, Schwinn and StairMaster. Direct Focus, Inc., which had already acquired Nautilus and Schwinn out of bankruptcy, announced that it had won the bid to acquire StairMaster for \$25 million in cash. We reported from "sources" that the new Surgeon General was going to be Dr. Kenneth Cooper, the creator of the term Aerobics and Founder of the Cooper Clinic in Dallas, Texas. Our sources were wrong and the nod for Surgeon General went instead to: Dr. Carmone, a fitness devotee in his own right.

FEBRUARY 2002

Our February, 2002, edition was our 100th Issue Special Edition and yours truly and my son Justin Cates appeared on our Cover that month in celebration. Actually, the celebration was about our 100th edition and my personal rebirth to fitness. On the lower right corner of the photo you will see me at my "Before" weight of 343 pounds. In the photo with my son, I had lost 106 pounds at that point on my goal of 120. So, I guess you may be thinking right now, but did he reach his goal and did he keep it off? I am happy to report that although I lost only 110 pounds, I've kept most of it off, thanks to my new exercise adherence. I now walk 32 miles

per week and that, along with the changes I've made in my eating habits, have helped me keep my weight close to where I want it to be. In that Special Edition I also announced that I am writing a book about my lifetime battle with my weight. The name of the book is: "Leaving Fat City", and no, it is not finished yet, but I am working on it.

We continued in our 100th edition with Part II of Rudy and Virginia Smith's terrific career story. What a story! We lost one of our loyal readers when Bill Grantham, the GM of the Little Rock Athletic Club passed away unexpectedly. May Bill Rest In Peace. The latest club industry studies showed that there are now 17,807 commercial health clubs in the U.S. On page #4 I predicted trouble for the European health club scene due to runaway club building, and in my estimation, growth without careful study. And, guess what? My prediction came true as in the last year there have been a number of reports from across the pond indicating that the financial markets are tightening for the club industry there due to the same concerns. Jerry Janda, the Editor of Club Industry Magazine announced his departure and he was united with his former boss, Terry Moffatt, at the SAP Corporation, a large developer of business software. Derek Barton, one of our industry's two greatest branding experts, along with Doug Levine, announced that Gold's Gyms had been named by Franchise Magazine as being in the Top 200 franchise organizations in the U.S. Joe "The Gladiator" Moore was instrumental in leading the Ohio Health Club Association in a fight that stopped dead in its tracks a \$5-million YMCA fitness center proposed to be built on community park land. Jerry Noyce continued his great

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*Barry Smith, Director
Fitness Connection*

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leadership in the turnaround of the Health and Fitness Corporation in Minneapolis, MN. And HFC is now approaching 200 locations! Mike Talla and Rex Licklider sold their Las Vegas Sports Club to Steve Gilmour's Leisure Sports Group. Casey Conrad's terrific new Healthy Inspirations weight loss company had reached 23 locations and in an interview with Casey, she predicted that she would have H.I. at between 50 and 75 locations by the end of 2002. Well, it is the end of 2002 and

Casey has grown Healthy Inspirations to over 50 locations! If you want a new club business profit center to install in your club, check out the Healthy Inspirations ad on our outside Back Cover, and call now!

MARCH 2002

Alan and Steven Schwartz, the Father and Son Team that heads the Tennis Corporation of America, were our cover subjects for March. The company was then and is

now almost totally operated by Steven Schwartz as Alan Schwartz has just been confirmed as the next Chairman, CEO, and President of the United States Tennis Association, the 650,000-member governing body for tennis worldwide. Alan Schwartz' career now spans 6 decades and he has made his mark all along the way. He was instrumental in developing the National Tennis Association (NTA). He was one of our most prominent founding members back in 1980
(See 2002 In Review Page 18)

The Sports Club Company

Town Sports International

David Lloyd Leisure

Virgin Active

Multiplex

Work Out World

Pure Fitness

Lifetime Fitness

Lifestyle Family Fitness

Cal West Athletic Clubs

Athletico

Ivanko introduces the new colored E-Z Lift plates to rave reviews at IHRSA

At the recent IHRSA trade show in Phoenix, Arizona, Ivanko achieved another milestone in our 35 year history by introducing the industry's first colored Ivanko E Z Lift rubber plate.

This new product introduction has proven to be the most successful new product introduction in our 35 year history! We have heard nothing but compliments on the vibrant colors, the fresh look, and the classic design of these new colored plates.

One of the most amazing things that we heard was how positive the reaction was from people who saw the plates on display on machines in other booths...your members will have the same reaction.

Join the excitement...try the colors and see what happens....you'll be glad you did....see the difference 35 years of experience makes! For more information, call or e-mail your Ivanko rep today and "Color up your weight room " with Ivanko E Z Lift plates.



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email chet@ivankobarbell.com
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IHRSA's Capitol Report

Reprinted Courtesy of IHRSA

YMCA REVISES FEES IN RESPONSE TO HEALTH CLUB CRITICISM

In response to claims it is unfairly competing with private health clubs, Wisconsin's YMCA of the Fox Cities is streamlining its fee structure.

Beginning January 1, four area Y's will abandon a two-tier membership structure and charge one price for access to the entire facility. Currently, the Y offers separate prices for its fitness centers and general membership.

In a letter to members, the YMCA of Fox Cities cited national challenges to its non-profit tax-exempt status by IHRSA. "There are two reasons for doing this," said Fred Hauser, president and CEO of the YMCA of the Fox Cities. "One is the result of the tax challenge and making our services and facilities available to everybody, that is really the driving force. And, from a practical standpoint, marketing the memberships as a single price will be better for the organization."

An adult membership including the fitness facility now costs \$46/month and a general membership is \$30. Under the new price structure, all members will pay \$38/month plus a \$50 initiation fee and a locker fee of \$10/month.

While this is good news, it doesn't appease Janet Bergner, Manager of Holiday Health Club in Grand Chute. "They have a lot of wonderful programs, but the health club facilities are equal to ours. So why don't they pay taxes? We are not asking that the whole YMCA be taxed, just the health center."

ONTARIO ADOPTS 10- DAY COOLING OFF PERIOD

A law aimed at protecting Ontario consumers was passed unanimously at the legislature Tuesday.

Among the beefed-up protections provided in Bill 180 is a provision that lets consumers cancel any deal with

businesses that don't follow the new rules and get back any deposits.

Under the law, contracts must specifically disclose details of goods or service being offered and state cancellation policies. Consumer rights apply even if a waiver is signed giving them up. Ambiguous language in a contract will be interpreted in the consumer's favor.

Consumers will get a 10-day cooling-off period to let them reconsider their decisions in deals involving health clubs and other businesses.

The law also outlaws "negative-option" billing, where consumers must specifically opt out of a service to avoid payment, offering refunds in such cases.

RESERVIST CALL-UP AROUND THE CORNER

Pentagon officials are making their final decisions on whether to callup reservists before or after the holiday season, according to the New York Times.

Reservists usually receive 30-day warning before they are called to active duty, allowing them time to plan for their departure and giving businesses a chance to temporarily fill their positions.

However, with U.N. inspectors currently surveying Iraqi weapons plants and the international reaction still unclear, officials have been reluctant to name a date, even when that date may fall within the month.

The Times reports, "[Defense Secretary Donald] Rumsfeld is so concerned about the impact of any call-up that he recently ordered aides to review all potential mobilizations to ensure they are truly needed. One defense official said this week that if the Pentagon does not announce its expected call-up of 10,000 reservists in the next few days, Mr. Rumsfeld will probably postpone it until after Jan. 1."

For small business owners who might lose key employees when the reserves are called up, the

Small Business Administration is currently processing applications for Military Reservist Economic Injury Disaster Loans (MREIDL). Further information regarding the loan program can be found at www.sba.gov/disaster

YMCA TURNS DOWN \$25,000 OFFER

Opponents of the YMCA's plan to build a facility on the East Side of Evansville, Indiana offered Tuesday what they thought was a compromise plan. The Y, however, declined.

A coalition of private fitness clubs, calling itself the Allies for Rational Taxation, suggested that it work with the YMCA to fund a \$5,000 independent study. It would determine whether the Y's plan for the \$6.6 million facility would harm Evansville's tax-paying fitness clubs.

If the study showed that the new facility would not harm existing businesses, then the opponents said they would make a \$25,000 donation to the YMCA.

The YMCA, however, turned down the offer. Crystal Watkins, the Y's director of membership/marketing, said, "The Y is going to decline. We've already done our (needs) study two years ago."

The Y's study by the Atlanta-based independent firm, The Winfield Group, polled more than 900 area households on the Y's programs and desired locations. Watkins said the Y wasn't interested in "duplicating" a survey.

The heart of the proposed survey would have been the question of whether a new Y would take business away from taxpaying fitness clubs. Watkins said the Winfield Group survey didn't ask that question.

The study offer was aimed primarily at getting the Y to open up, said IHRSA member Bill Butterfield, owner of the Tri-State Athletic Club and a leader of Allies for Rational Taxation.

"If they aren't in competition, they'd be willing to jump at it. If not, they're in competition."

Del Rudd, owner of Fitness World, said he hoped the Y would want to be part of the "fair and unbiased research."

After learning that the Y declined the offer, Willie Schuette, manager of Tri-State Athletic Club, said the coalition will regroup and plan its next move.

"By reacting the way they did, the YMCA shot themselves in the foot," said Mark Robinson, Vice President of SAVVY Incorporated, the communications firm that has been consulting with the Evansville clubs. "We will now go to the business community and Indiana's political power structure. Using their own words, we'll prove that the YMCA doesn't care about the economic damage its upscale health club will inflict on taxpaying businesses. We think we have a real chance of derailing their fundraising campaign."

HOLIDAY PARTIES AND LIABILITY

Does your club serve alcohol at the annual holiday party? Unfortunately, if you do, you run the risk of legal liability if a drunken employee harms himself or others.

Despite increased litigation, employers generally are shielded from liability in many states. However, the employer is a tempting legal target and is often considered the "deep pockets" when damages are incurred.

If you plan to serve alcohol at this year's party, there are some steps you can take to help prevent problems, or at least to limit your liability exposure when they do occur.

Respondeat Superior

One of the biggest concerns for employers, where alcohol is involved, is the potential for liability for injuries to nonemployees. Most often, third parties injured by an organization's intoxicated employee claim employer liability on the theory of "respondeat superior." Under this legal doctrine, the employer may be liable for its employee's acts if

they were committed within the scope or course of employment. For this and other reasons, be sure that employees are informed that attendance at your holiday party is optional and their decision not to attend would in no way affect their job, compensation, benefits, or opportunities for advancement.

Workers' Compensation Laws

Workers' compensation laws deal with employer liability to its own employees or their survivors. In general, these laws cover all work-related injuries regardless of fault, but typically exclude injuries incurred at employer recreational events where attendance is not required.

Wrongful Death and Survivorship Statutes

Employers may also be sued for alcohol-related incidents under state wrongful death or survival acts. Under these laws, the personal representative of a deceased person may file suit, on behalf of the surviving spouse or next of kin, against any party whose actions caused the death. However, survivors have had little success suing employers for wrongful death claims based on the intoxication of employees.

Negligence

Persons injured by intoxicated employees sometimes claim employer negligence. These claims often arise in the context of the office party where an employee becomes intoxicated, leaves the party, and injures another person on the way home. The theory behind this claim is that the employer owed a duty to the injured party to exercise reasonable care and breached that duty thereby causing harm to the injured third party.

Courts have been hesitant to find that employers have a duty of care to third parties except in situations where, for instance, an employer continues to serve drinks to an obviously intoxicated employee. In these situations, the

(See *Capitol Report* Page 22)

ACE OFFERS 10 TIPS FOR SURVIVING THE HOLIDAYS

SAN DIEGO, Calif. - As the festive holiday season is upon us, many Americans find it stressful to keep up with often-unrealistic demands and expectations of family, friends and events. The solution to an enjoyable celebration is to relax and take good care of ourselves, which in turn will increase energy and reduce stress levels. To keep happy and safe this season, ACE offers 10 tips for surviving the holidays.

1. Take time for yourself. Although spending time with friends and family is essential, it's also important to set aside at least five minutes for yourself to relax. Try practicing deep breathing exercises when you feel stressed out.

2. Don't set unrealistic exercise goals. Aim to exer-

cise 30 minutes a day instead of an hour. You'll be sure to get at least 30 minutes of physical activity per day without feeling disappointed if you do not complete an hour.

3. Enlist a friend or family member to exercise with you. Walking and talking with a friend can be a great way to burn extra calories and reduce your stress level.

4. Create new, more active traditions. Instead of throwing a dessert or cocktail party, try snowshoeing or ice-skating as an alternate holiday event. Play powder puff football or build a snowman.

5. Don't try to lose weight or stick to a restrictive diet this holiday season. If you enjoy your favorite foods in small portions, you'll feel more satisfied. Trying to stay away

from certain foods may leave you feeling deprived, which may cause you to eat more than you planned.

6. Drink plenty of water. Although the cold weather may make you less inclined to grab a glass of water, it is just as important in the winter as it is during the summer. Water helps counter the dehydrating effects of travel or drinking alcoholic beverages, and it may also help satiate your appetite since thirst is often mistaken for hunger.

7. Spread out meals. Don't feel like you have to eat everything at once. Try eating dinner early and then taking a walk before sitting down for dessert.

8. Don't overdo it with alcohol or caffeine. These stimulants will only cause you

more grief in the long-run by adding to your feelings of stress. Try drinking hot herbal tea instead of coffee, and keep the number of alcoholic drinks to a minimum.

9. Don't aim for perfection, and enjoy the imperfections. There is no such thing as the perfect party or the perfect decorations or the perfect way to spend the holidays. Don't set yourself up for disappointment by placing unrealistic demands on your-self.

10. Laugh. Laughing is a great tension reliever. It burns calories, reduces stress and usually means that you and those individuals in your presence are having an enjoyable time.

The American Council on Exercise (ACE), America's Authority on Fitness, is a non-

profit organization dedicated to promoting the benefits of physical activity and protecting consumers against unsafe and ineffective fitness products and instruction. As the nation's "workout watchdog," ACE sponsors university-based exercise science research and testing that targets fitness products and trends. ACE sets standards for fitness professionals and is the world's largest nonprofit fitness certifying organization. For more information on ACE and its programs, call (800) 825-3636 or log onto the ACE Web site at www.acefitness.org.

"TEN STEPS TO A SUCCESSFUL LEAD BOX PROGRAM"

By: Jimmy Mack

The "outreach" "lead box program" is an integral part of a club business' external marketing system. In our industry, it is, quite simply, the difference between success and mediocrity. Marketing and sales consultants have traditionally used it to provide prospects or to augment other referral methods.

The dynamics of the lead management system differ from traditional marketing efforts in that this program is primarily dependent upon a continual supply of fresh leads. This system can be a very effective means of increasing sales by attracting new people to the facility. It is a simple system but requires attention, professionalism and a systematic approach.

A typical business owner has many worries and responsibilities from staff training, to office maintenance. Often, he will hire experts to handle accounting and his legal needs, but never consider an expert for his marketing, wrongly assuming he has the time and expertise to do so. Getting permission to put a box

in a specific location requires some experience. If you never have done it before, it is very important that you consult with a veteran who has, so you can listen and learn their presentation.

It is likely you are marketing the same way all your competitors are (same old stuff: Val-pack, newspapers, expensive radio, with less than luke warm results.) You can get 5, 10, & 15 percent improvement in what you are doing by doing the same thing, only a little bit better. Nevertheless, your competition will go for improvements in multiples. To attain 100, 300 & 500 percent improvements, you cannot do the same thing better. You have to do something fundamentally different and, in the process, your business will be fundamentally transformed. With the lead box program, you have a lead with a name and phone number. Not only that, but you have a mini-billboard in over 60 locations with 500-1000 people per-location seeing it weekly at no cost. Are any of your competitors doing that?

If your intention is to engage an expert or develop the route yourself, the following are ten guidelines you can follow.

1. DESIGN AND BOX ALLURE

Ordering supplies i.e.: boxes, pens, pads and design of the header.

The box can either be cardboard or acrylic. I suggest the acrylic box, as the header can be changed in conjunction with any marketing campaigns currently running. Additionally, an acrylic box is aesthetically appealing to the eye, so the likelihood increases a merchant will want it in his establishment. (however, many acceptable cardboard boxes can serve this purpose as well) Pictures of happy, smiling people, using the equipment your facility has to offer is widely accepted. I also recommend that your web site be displayed on the box or header, as you would with any other stationery. Information on your entry form should request an e-mail address as well.

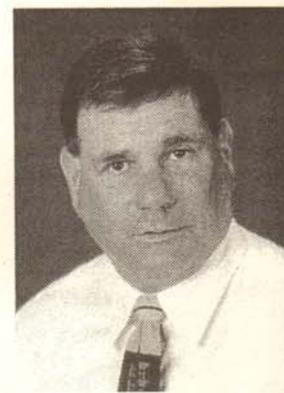
2. THE OFFER

Next, there needs to be the right offer that will entice local citizens to fill out the entry form. If you own a Martial Arts school or a health club, then offer a generic trial

membership; do not state any time allotment as far as the length of the membership is concerned. This way a contest fish-bowl drawing can be created at the club. My experience has convinced me that show ratios improve dramatically installing this method. (An actual phone script for this method is furnished upon request, in addition to explaining the drawing and the contest.)

3. EFFORT

The Ambassador must be willing to allocate time and effort for set up. When a health club owner or manager decides to initiate a box program, what's the first thing they do? That's right! Have a sales meeting and ask all sales personnel to place six each. At that point, the stage is being set for potential failure. The first thing that comes to an instructor's mind is, whom do I know? At no time does demographics play a role in the placement strategy. When it comes time to service them, the locations are miles apart, taking them away from the club or school for an unacceptable amount of time. In



Jimmy Mack

addition, never are they armed with a pen or pad. Each passing week a resentful sales force services the route with less vigor. What to do?

This is the best-case scenario I've ever seen for the so-called "cold call" to work. The first thing that should be done is to acquire a local road map and select the main business arteries. Choose one, and start knocking on doors. If this is done consistently, the route will take on a very organized character, especially when it comes time to service it.

(See Ten Steps Page 20)

...2002 In Review

continued from page 14

when the International Racquet Sports Association (now IHRSA) began. We wish Alan Schwartz all the best as he takes the helm of the USTA right after the first of the year. Steven Schwartz now leads an international organization, as TCA has 47 clubs in the U.S. and Canada.

Although the 2000 IHRSA Convention was the 20th Anniversary of the Association and was truly fun and really special in San Francisco, I rated IHRSA's 21st Annual Convention and Trade Show in Phoenix, Az. the best ever and I've been to them all. The primary reason I did so was the amazing quality of the keynote speakers: Gary Heil, Robert Cooper and Dr. Kenneth Cooper. These guys were outstanding. And, Gary Heil was really something as a member of the audience lost consciousness right in the middle of his presentation. He waited for help for the man who seemed to recover and he continued on without missing a beat. But, it would not be a complete report here if I failed to mention that my lovely Aunt Mary opened the first session in front of 3,000 people by singing our National Anthem and waving our beautiful American Flag as she ended the song. Thanks Aunt Mary! Look for another world-class Convention and Trade Show put on by IHRSA in San Francisco this February 26,27,28 and March 1st. For information on IHRSA and the upcoming event, call IHRSA at; (800) 228-4772.

April 2002

Our April 2002 Cover story was about Jerry Noyce and the Health Fitness Corporation. Jerry Noyce, a highly respected 20+ year industry veteran had been the head of the Northwest Athletic Club group prior to being tapped for the highly challenging leadership role of CEO of HFC. Jerry Noyce was handpicked in November 2000 by the HFC Board of Directors to continue a turnaround of the company that was already in progress. Noyce has done an amazing job and now HFC continues to grow and show positive financial results. HFC is nearly the 200 location mark. Before taking the helm at HFC, Jerry Noyce

had already made his mark in the Minneapolis/St. Paul, MN. area with his community work and work with the Northwest Athletic Clubs. He was affectionately nicknamed by Ed Williams of the Wellbridge Corporation as "The Real Mayor of the Twin Cities."

Mike Motta, CEO of New York City's Plus One Clubs announced that he is moving his company back into Lower Manhattan after his Plus One Corporate offices were destroyed in, the 9/11 attacks. Brian Evans Colonial Heights, VA. American Family Fitness Center was named by the local Chamber of Commerce as the 2002 Business of the Year! 24 Hour Fitness announced that it had allocated \$25 million to the continuation of ad campaigns featuring Cindy Crawford and Magic Johnson. Steve Roma's Workout World reached 18 facilities and has continued expansion since April. American Sports Data announced that health club membership in the U.S grew 3% from 32.8 million to 33.8 million reminding me of the dilemma our industry faces. The 33.8 million number represents a dismal penetration level for health clubs in America and is something we can all attribute to the American consumers not trusting health club operators. And, it is not the current new-line club operators that we owe the distrust to, it is the pioneers in the business who did things 30,40, 50 years ago that they admittedly would not do today. For example, Ray Wilson recommends monthly dues to club owners everywhere he goes now, but he also admits that he was the inventor of the "lifetime" membership. He declares candidly that it was the wrong thing to do. So, I say that our industry is still an "infant", if you will, at maybe 60 years old. Others, for example the hotel industry, are thousands of years old. So, it seems normal that our pioneers made moves that we today characterize as mistakes. But, we were not there and we were not in their shoes. We were not the pioneers like Jack LaLanne, Ray Wilson and Rudy Smith. So, none of us will ever know what it was like selling fitness like Jack LaLanne did when people looked at you as if you were a freak if you exercised and worked out with weights. But, one thing is for sure and that is our industry is the most wonderful industry there is in terms of helping people lead

better lives. In Virginia, Phil Wendel, the owner of the Atlantic Coast Athletic Club, won the American Heart Association's highest award for promoting the role of exercise in fitness. My friend, Tom Ficorelli of Ithaca, N.Y. continues his long-time preparation for his new career in fitness after he retires from the New York State penitentiary system. Good luck Tom!

May 2002

The one and only Thomas Plummer graced the cover of our May, 2002 edition. Plummer is without a doubt one of our industry's top training gurus and puts on information filled, two-day and three day club business seminars that I can only describe as outstanding. I mentioned in the intro to this 2002 In Review that I'd have a few quotes from our Cover Subjects and here is a good one for you from Thomas Plummer:

"How has our health club industry gotten itself into such a market identity position that we have become the last place a deconditioned person would turn once they have looked at their body and decided they want to change it?" Plummer was responding to the ongoing challenge that club operators everywhere face and that our industry does not seem to have the faith of the deconditioned in America as they seem to turn to weight loss centers and other possible solutions for help, and they do not turn to America's health clubs because of the lack of faith in us to have the solutions we need. Plummer is right. So, the question is what to do? My suggestion is to look at your club environment. If you don't have a weight loss operation look at Healthy Inspirations Ad on our back cover and for the deconditioned certainly look at Fit Express whose ad appears in this issue on page #9.

The Concourse Athletic Club, one of America's top mega-clubs located here in Atlanta held a Grand Reopening party after completion of a major remodeling project and parking deck expansion. Ed Williams and Art Curtis, the CEO and COO of the Wellbridge Corporation have continued to improve their already world-class group of clubs and Concourse is just one good example of the excellence of

the WellBridge Club Group. Tom Lincir of Ivanko informed me that the lawsuit filed by Iron Grip Barbell Company against Ivanko was dismissed and Iron Grip was ordered to pay legal fees and court costs in the case. Gold's Gym International's CEO, Gene LaMott announced that GGI, Inc. had acquired Greg Atwood's 8 World Gyms in Austin, Texas. Brian Cook, the magician at Direct Focus, Inc., announced that the company name was being changed to the Nautilus Group, Inc., playing on the brand power of Nautilus. This story continues throughout 2002 as Cook names Kevin Lamar as CEO of the Nautilus Group, Inc., and the company stock continues to soar. Mark Smith and the TSI Management team in New York City continued to turn in growing revenue reports with a 20% surge in revenues as they had grown by May to 124 locations. Paul Byrne of Precor reported the best-ever sales results in 21 years for the company.

JUNE 2002

Our June, 2002 Cover photo was of Gale Landers and the lovely Hazel Gitlitz, Gale's partner in Chicago's Fitness Formula. Gale, a former IHRSA President and Board Member and Hazel operate upscale, highly successful Fitness Formula Clubs in an intensely competitive Chicago market. They now have 9 clubs ranging from 25,000 sq.ft. to 100,000 sq.ft. serving 24,000 members that pay monthly dues ranging from \$65 to \$125. Fitness Formula employees over 700 people. The second story on our page #3 in June was entitled: "Norm Cates On Fighting Skin Cancer." This was a reprint of an article published about 4 years ago after I had successfully battled and defeated skin cancer. The article apparently caused a number of people to go for checkups that resulted in treatment of skin cancer issues they didn't even know they had. I am happy to have been able to help those that read it and sought medical attention.

Also in our June, 2002 edition. David Chapman, the Founder and President of Fit Express, contributed Part III of his terrific series entitled: "6 Keys To Convert Inactive People Into Members." If you missed those articles, be sure

and see our April, May and June editions and don't miss the Fit Express ad on page 9 of this issue.

Mike Arteaga, a 30-year club veteran and owner of the highly successful All Sports Health and Fitness Club in Poughkeepsie, N.Y. announced that he was going to pass on the newly created 4th year of Board service, a newly announced term for IHRSA Board Members. Rich Boggs and Ray Irwin, my former partners back in the 70's with a club chain called Courtsouth, continued with their terrific efforts with Body Training Systems. If you have not taken a look at the Body Training Systems ad and called BTS for information, I urge you to do so. Gordon Johnson, owner of 3 Gold's Gyms in Douglasville and Marietta, GA. has experienced huge success with the Body Training Systems group exercise programs as has John Bonica at his Global Fitness Club in Leominster, MA. Bally Total Fitness made peace with the New York Post, the newspaper that had trashed BTF in a series of New Year, 2001 articles. Bally teamed up with the Post to communicate a gift by Bally Total Fitness of a one-year membership to Bally clubs for every active New York City fireman. David Patchel-Evans the Canadian "Good Life" health club icon, announced that he had obtained a \$150 million dept financing commitment for his very aggressive expansion plans. Patchel-Evans is one of our terrific industry's true characters and got his start after darn near killing himself on a motorcycle as a youth. Business Week mag rated the Nautilus Group, Inc. #2 on the list of "Hot Growth Companies." My boy, Justin Cates, brought home his second 4.0 G.P.A. of his Junior year in high school and we were proud to share that with you all.

That wraps Part I of 2002 In Review. Happy Holidays and Happy New Year! And, thanks so much for reading The *CLUB INSIDER* News!

**Make
It
Fun!**

IHRSA's 22nd Annual
International Convention & Trade Show
February 26-March 1, 2003 | San Francisco, CA

64 countries in attendance | 10,000 plus attendees | 400 exhibitors



**Pre-Register
 Now for
 FREE!**

IHRSA 2003

**AS THE LARGEST SHOW
 IN THE FITNESS INDUSTRY WORLDWIDE, WITH 400
 EXHIBITORS AND 10,000 ATTENDEES, YOU WILL:**

- see NEW lines of equipment from ALL the major suppliers and test each piece when you WORK OUT on them during Early Morning Workouts
- see the BEST PRICES of the year on new equipment and services
- have the chance to WIN NEW EQUIPMENT by entering in drawings from the top suppliers in the industry

YOU SHOULD ATTEND IF YOU REPRESENT

- Indoor sports facilities
- Health clubs
- Tennis, golf and swim clubs
- Physical therapy centers
- Weight loss centers
- Hospital fitness centers
- Military fitness programs
- Spas
- Universities, colleges, schools
- Ys and JCCs
- Residential complexes, senior centers
- Studios (aerobics/dance, kickboxing /martial arts)
- Fire, police, correction centers
- Park and Recs
- Developers, distributors, retailers

TRADE SHOW HOURS

Thursday, February 27

1:00pm-6:00pm Trade Show

Friday, February 28

6:30am-8:30am Early Morning Workout & Exercise Classes

11:00am-6:00pm Trade Show

Saturday, March 1

6:30am-8:30am Early Morning Workout & Exercise Classes

10:00am-2:00pm Trade Show

For more information or to register, visit
www.ihrsa.org/meetings or call 800-228-4772



...Ten Steps

continued from page 17

Just remember that there is a price to pay.... It's called "WORK", but with effort and diligence, your program will be a success.

4. QUANTITY

To make a real impact it is important to get out as many boxes as possible. Volume is what makes the program work. Depending on the size of your community, one hundred locations should be a realistic goal. Seventy-five or more boxes are about when the program really begins to pay for itself. The engagement of the Ambassador and a part-time appointment setter will allow you to simply manage the

system, and start to realize a substantial profit margin.

5. BOX PLACEMENT AND CONTRACTING MERCHANTS:

Placing the boxes within a six-mile radius of the facility provides the staff with prospects within the immediate community, and serves as a mini billboard. The following types of merchant stores have historically demonstrated higher levels of success.

**CAR WASHES
 CHINESE REST.
 CINEMAS
 DELICATESSENS
 WAITING AREAS (JIFFY LUBES ETC.)**

It is imperative for the

long-term success of a contest box that you are in personal contact with the owner, manager, supervisor or whomever has the decision-making ability at each location. A personal phone call or a thank-you card from the P R department a day or so after the box is placed is a good idea. Make clear the benefit they receive is the privilege of exercising at your club or M.A. school at no expense.

Before entering the business make sure you look professional. Wear your staff uniform and name badge.

There is always the owner or manager who will object to the placement because they believe they just don't have enough time to workout. Some traditional incentives may be offered in lieu of the "merchant pass" membership.

A. Present every employee with an award certificate acknowledging their help and participation. (Contact me for sample) Not only is this a benefit to the merchant, but also some of their employees may ultimately join the club, or use your service.

B. Set-up an employee-of -the -month incentive program.

C. You may want to offer a special discount or corporate rate to the merchant's employees. However, first discuss it with your consultant before you make the offer.

D. The last incentive you may want to consider that works very well is letting the merchant place his coupons in your business. If he makes the coupons you will give them to your members, patients etc. The printing is at their expense. Everyone wins! The merchant gets some exposure, and your members enjoy savings at a local business.

6. SERVICING THE ROUTE

It is critical to the success of your campaign that you service your route once weekly. This is best done during off prime-time hours. Upon the completion of route development, it is advised that you wait a week before the first servicing. Break the route into demographic sections. Always keep supplies in your vehicle, and always be on the look out for a new location. When entering a location don't take anything for granted. Make

contact every time, and thank someone. Make sure of the following:

Be sure the box is in the agreed upon location

Proper supplies are available

Vandalism has not destroyed or defaced the box

All registration forms are collected.

After scooping out the box, sort and discard any undesirable leads, i.e., graffiti, children, jokes, and jerks.

If the box has been moved to an undesirable spot, this could be an ideal time to offer the employees a one or two week pass, "schmoozing" your way back to the spot that is most prolific.

7. ORGANIZING

One of the first things that should be done is to acquire a loose-leaf notebook. Before going out on the route, record all locations by company. Get the manager's name and record it as well. Phone, etc. Record the day the leads are scooped from the box at the appropriate location under "DATE". Record exact numbers of leads scooped from the box at each location under "AMOUNT OF LEADS". At this time sort and dispose of the undesirable leads.

When you return to the office, the leads should immediately be entered into the contact software system. (More later) The day's leads will now be ready for the appointment setter to call when she comes in later that evening.

8. SOFTWARE

Now you're ready for software that will allow you to build a profile summary. The goal is to assist the salesperson in building a prospect profile for each lead by tracking various items such as health concerns, facility interests, objections, and the origin of the lead.

9. TELEMARKETING

Telemarketing, when done properly, is a complex discipline, which combines technology and marketing methodologies with skillful human resources to increase

sales, profits, and productivity. The nature of telemarketing tends to attract part-time, mobile and less career-oriented individuals. However, there are competent, successful individuals that excel in this capacity placing them in high demand. The difficulty in the hiring process is to find the latter and realize you are dealing mostly with the prior. Normally, most managers seek career-minded personnel, as the hiring process is tedious and the ensuing training time-consuming and highly repetitious. Which explains why telemarketing sometimes is a dilemma for the unfocused or inexperienced manager.

10. GOALS

The final key to a successful lead management system is to set and meet goals. Establish quotas for yourself starting with the amount of business locations you find and place a box into. If your goal is 100, for example, stay at it until you reach that goal. The next goal to consider is route losses. You will likely lose five locations the first week with a route this size. The goal is to find five new locations every week. This may be as easy as picking up the telephone directory, calling, asking to speak to the manager or owner, and explain the program. Another quota or goal to be aware of should be the amount of boxes your route contains, and the amount of leads you expect to generate. The ratio of leads you generate to amount of appointments that should be set, the ratio of appointments to shows, and the shows to sale ratio.

(Jimmy Mack is a managing partner in healthclubexperts.com. healthclubexperts, is an Association comprised of specialists in their fields. Jimmy's expertise is all forms of lead generation and database management. He has well over twenty years experience in the health and fitness industry, and has worked with Martial Arts schools for years as well. Prior to being self-employed, Jimmy has served the Q. The Sports Club chain as National Vice President of their lead generation and telemarketing division. Jimmy may be reached by e-mail or telephone. Jimmy mack@tina.tional.net or 864-972-1139)

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"ActivTrax is great to get members involved in a program and maintain the variety in their exercise routines. We feel it is really going to assist us in retention."

Bill McBride, Senior Vice President of Sales and Business Development, Sport & Health Clubs

I believe that the ActivTrax program addresses the need of the general fitness club member in a safe and well thought out manner."

Tony Verde, PhD, Chair, Department of Sports Science, Cabrini College

"The program is great for those members who are tired of doing the same old routine every time they come to the club. The variety and direction provided by the ActivTrax program will help them achieve a whole new level of fitness."

Joel Schlossberg, Director, Wellness Division, LifeBridge Health

"It's a fact that clubs know how to get members through their front door. The real problem is keeping them from "exiting" through the back door. ActivTrax helps clubs "connect" with their membership before it's too late."

Bob Esquerre, International Fitness Consultant, MA, MES, NSCA-CPT



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...Capitol Report

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deciding factor may be the employer's authority to deny alcohol to the inebriated employee. Therefore, it's a good idea to hire a bartender for a party, even if it takes place at the club, so that he or she can monitor guest consumption and deny alcohol to anyone who is on their way to inebriation.

Harassment

Besides personal injury claims, employers are also vulnerable to harassment claims when inebriated employees make inappropriate advances toward coworkers. This is yet another reason to deny alcoholic drinks to an employee who shows signs of becoming

intoxicated.

Social Host Under "Dram Shop" Laws

"Dram Shop" laws, enacted in many states, may actually protect employers from liability. These laws allow persons injured as a result of their own or another person's intoxication to sue individuals or entities licensed by the state to sell or serve alcoholic beverages.

In general, courts have not extended liability under state Dram Shop laws to social hosts, and an employer usually is considered a social host when it sponsors an event at which alcohol is served. However, an employer may lose the protection of "social host" if it serves

alcohol to a minor, so know which employees are under 21 and don't allow them -- or any guests who are under 21 -- to drink alcohol.

(Parts of this article were excerpted from HR Matters, a registered trademark of: Personnel Policy Service, Inc.)

STATE LEGISLATIVE UPDATE

Montana: Draft Bill 981 would eliminate the prohibition against the sale of fitness services by the government. This bill is being drafted, and has not yet been introduced. IHRSA will keep Montana members updated on this measure and will vehemently oppose it.

California: California Clubs of Distinction, led by Executive Director Lin Conrad, held its leadership conference last week. The event was considered a tremendous success

by operators and suppliers. Among the many sessions was a roundtable discussion on the increased emergence of hospital and government-run recreation centers. Kim Fuller of Livermore Valley Tennis Club, attorney Anthony Ellrod, and Kevin Buckley, IHRSA's Government Relations Manager, facilitated the discussion, which included the challenges that clubs face operating under the state's antiquated health club statute. Although the overall economy may be slowing down, it is clear that park & recreation and hospital facilities are continuing to evolve. Clubs in California and across the country should continue to watch out for tax-exempt competitors entering their market.

Pennsylvania: HR 735 was adopted. The measure commends Monroe County as the state's first "Heart Safe County" to promote heart safety and awareness of the lifesaving

capabilities of automated external defibrillators, encourage their installation in businesses and public buildings throughout the county, this Commonwealth and the country and recognize the achievements of those persons who have helped make Pennsylvania a national leader in heart safety and the placement of defibrillators in schools, public buildings and emergency vehicles.

Texas: House Bill 260 has been prefiled. It would require each health club to post any certificate that a personal trainer has earned through completion of a training program offered by a nationally recognized entity.

IOWA TOWN SCRAPS PURSUIT OF AQUATIC/FITNESS CENTER

The potential for an aquatic and fitness center in Asbury, Iowa apparently has run dry.

The committee exploring the possibility of the facility has shelved plans to pursue the project further. "As far as the committee was concerned, the cost was too much for us to do anything with it," said Bob Blok, a committee member and city councilman. Blok said the committee was forced to put the project "on the back burner" for now.

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