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Norm Cates'

# THE Club Insider NEWS

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

DECEMBER 2005

# 2005 In Review

**Paramount Fitness**  
Celebrating 50 Years of Excellence!

**Jim Woolard and World Gym Team**  
Providing Excellence for 30,000 Members!

**Red Lerille**  
2005 Club Insider "Health Club Pioneer of the Year"

**body trainingsystems**  
"NEW & IMPROVED"

**Greg Rowe**  
A Great American Health Club Owner

**The Future of IHSA**  
Wall Street...  
What The Experts Think About The Health Club Industry

**Joe The "Gladiator" Moore**  
IHSA's 27th President Shares His Vision Story and the IHSA Board's Vision for the Future of IHSA!

**Laury Hammel and Longfellow Clubs**  
"Making the World A Better Place!"  
Longfellow Clubs Celebrate 25 Years of Love!

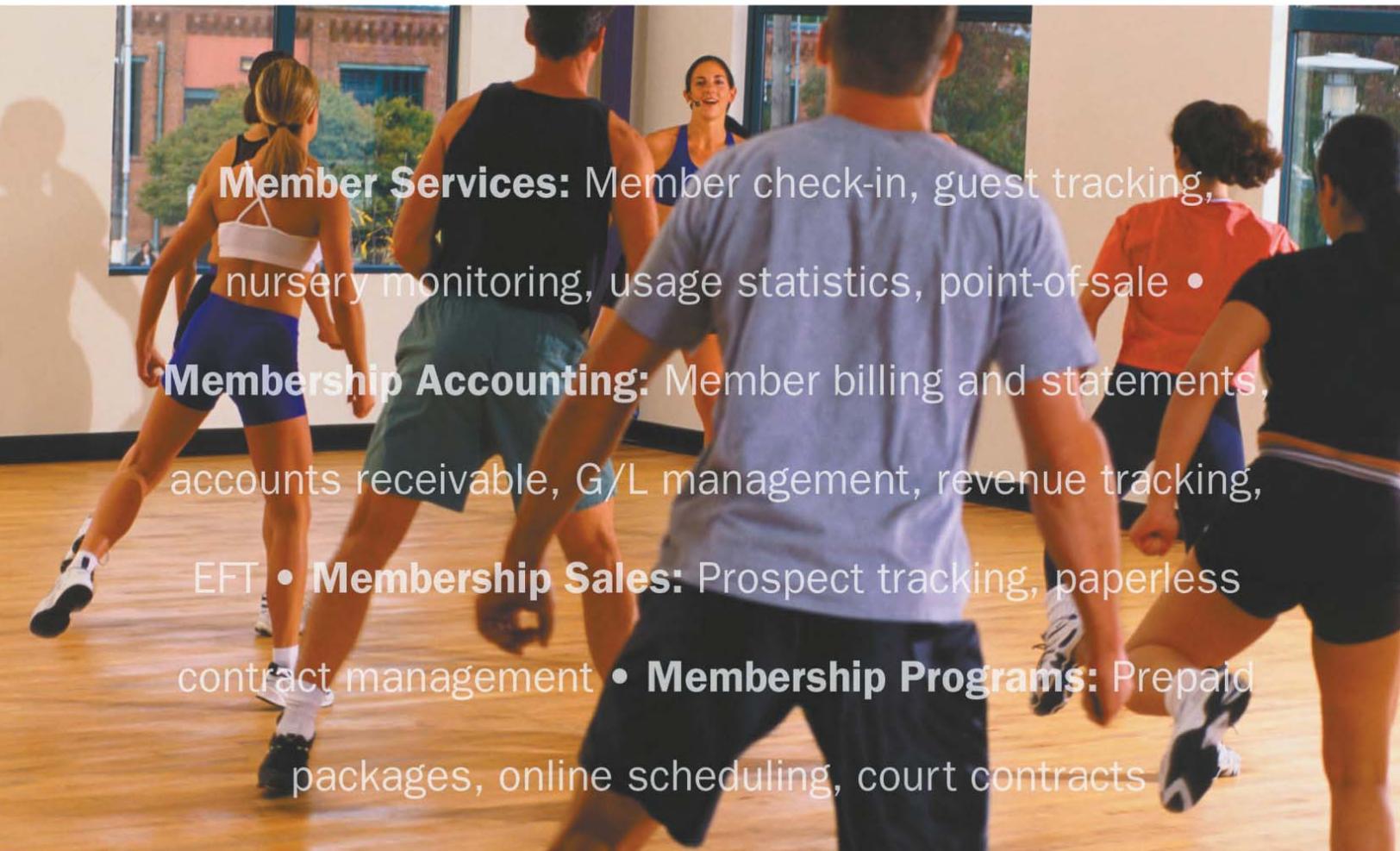
**"Augie's Quest"**  
Raises Over \$1 Million For ALS Research!

**Lyle Schuler...**  
"Making It Fun at the MAC!"

**Market your Club**  
How to Market Your Club

**2005 In Review**

# Manage your whole club with one flexible solution.



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# Norm Cates' THE Club Insider NEWS

## 2005 In Review

### Part I - January through April, 2005



January 2005

Our January 2005 cover story, **Paramount**

**Fitness...Celebrating 50 Years of Excellence!**, chronicled the history of Paramount Fitness, Inc. Bill Hubner founded Paramount in a 400 square-foot space located next door to his Dad's gray iron foundry in 1955. His first products were workout benches. In 1955, Hubner, now a multi-millionaire, was a young man with just an 8th grade education. Today, Bill Hubner and Paramount Fitness are truly great American business and fitness industry success stories. Hubner now owns several homes around the country, travels the world in a big Sabreliner corporate jet, and

graciously entertains his friends and clients in a majestic, 132-foot, five-bedroom motor yacht called the Mirage. Bill Hubner, a great man in our industry and American business in general, is enjoying life to the fullest. A big key to Bill Hubner's long-term success is that he is a "hands-off" owner of all of his businesses. In the case of Paramount Fitness, he enjoys and is very fortunate to have two really well respected, long-time industry veterans run the Paramount show. Jim Trisler, General Manager and Steve Rhodes, Marketing and Sales Director have been with Hubner for close

to a combined 60 years! Hubner also owns a chain of **Fitness USA Super Centers** in Michigan, and he is also partners with **Larry Gurney** in the booming, 5-club **RUSH Fitness Complex** chain in Knoxville, Tennessee (Gurney was a CLUB INSIDER cover story subject in November and December, 2004). The really interesting thing to me about Bill Hubner is his down-to-earth nature...a trait that he mixes extremely well with his wealth. Perhaps he is that way because he has achieved all of his business success with very little formal education. And I know,

from very interesting conversations with him, that he has learned all his life from being in the "game of business" for many years.

Our January, 2005 "Insider Speaks" column entitled: "**Alliances 'Inside' and 'Outside' The Industry Can Help The Health Club Industry Grow!**" chronicled the importance of Alliances in our industry. I addressed the great alliance building success story of **Big John "The Alliance Master" McCarthy**, 24-year Executive Director of **IHRSA**. I suggested to all club (See 2005 In Review page 20)

## Bally Total Fitness Catches Up On Financials Posts Improvements for 2005 – Many Challenges Ahead!

**Company Posts Nine-Month \$1.8 Million Net Profit Vs. 2004 and 2003 Losses.**

- **Nine Month 2005 Operating Income Before Impairment Charges Up \$25.3 Million, 70 Percent, From 2004**
- **2004 Operating Income Before Impairment Charges Up \$18.2 Million, 52 Percent, From Restated 2003**
- **2004 Net Loss of \$30.3 million Vs. 2003 Restated Net Loss of \$106.0 million**

- **2005 New Member Joins Up 4.4 Percent; Total Members Down 1 Percent**
- **2004 Record New Member Joins Up 21 Percent**

**Over Prior Year**

**November 30, 2005** - Bally Total Fitness Corporation (BFT) announced financial results for the nine months ended September 30, 2005 and the year-ended December 31, 2004. The Company also completed restatements for years 2000 through 2003. With November 30th filings, Bally is now current with its federal securities filing and bond indenture requirements.

Paul Toback, Chairman and Chief Executive officer, said, "Our financial results for the past 21 months reflect our

monumental undertaking in literally transforming our entire company, including putting a new management team in place, revamping our financial organization, changing our accounting, implementing strategic initiatives and creating and introducing a new business model that we believe should continue to improve the financial performance and returns of Bally Total Fitness.

"We're also gratified to have completed the arduous and demanding task of restating our financial results. I specifically want to thank our employees, whose focus, energy and time

were taxed with this burden, yet they never took their focus off our primary goal of ensuring the continued improvement of operations in order to enhance shareholder value."

Mr. Toback added, "We're pleased that results for the first nine months of 2005 and the year-end 2004 show revenue and operating income improvement. These results reflect the initial impact of our growth initiatives - including new membership sales strategies such as our Build Your Own Membership Plan and our Family-add-on program, further emphasis on add-on services

such as personal training, and a renewed focus on customer service to improve member retention - as well as stricter expense management."

### Nine-Month 2005 Financial Results

For the first nine months of 2005, net revenues were up 2.3 percent to \$807.5 million, compared with \$789.3 million for the same period in 2004. The increase was driven by a 2 percent increase in average monthly revenue recognized per member to \$19.70 in the (See **Bally Catches Up** page 6)

### Inside The Insider

- **Norm's "Personal" Notes – "I Protest!"**
- **Goodbye Yellow Brick Road**
- **Increasing Sales With Accountability Tools**
- **White Paper – Challenging Views Of The Health Club Industry**

## Lifestyle Family Fitness Acquires CalFit!

**ST PETERSBURG, FL (Dec 2nd, 2005)** - Lifestyle Family Fitness announced today the acquisition of eight California Fitness Centers ("CalFit") located throughout Columbus and Central Ohio. Terms were not disclosed. This is the first expansion for Lifestyle outside the Florida market and increases

their total number of clubs to 36 and their membership base to 170,000.

The eight California Fitness Centers, averaging 25,000 sq. ft., boast amenities similar to the existing Florida-based Lifestyle Family Fitness centers. Each club offers an array of strength and cardio

equipment, group fitness programming including specialty classes such as Pilates and cardio kick-boxing, nationally certified personal trainers, saunas and childcare services.

"On behalf of the entire team at Lifestyle Family Fitness, we are excited about the (See **Lifestyle Centers** page 6)

# •Norm's Notes•

*These Norm's Notes contain some of my views and opinions.*

*I welcome you to exercise your right to free speech here too.*

*Contact me at: 770.850.8506 or by email: clubinsidernews@mindspring.com*

## Thank You

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- **Sherry Robb** - Co-Founder - MarketMyClub.com - 1-888-765-4717

• **HO HO HO!!!** This is your friendly **CLUB INSIDER** Publisher since 1993 checking in on this frosty December morn!

• **CLUB INSIDER's 3rd Annual Health Club Pioneer of the Year Awards** will be presented by yours truly to two very deserving individuals in Las Vegas, during **IHRSA's 25th Annual Convention and Trade Show**. In 2004, our first two honorees were health club industry legends **RAY WILSON** and **DALE DIBBLE**. Last year, our honorees were **RED LERILLE** and **JOE GOLD** (Presented to Joe posthumously with **MIKE URETZ**, World Gym, CEO, accepting on behalf of Joe). The 2006 Health Club Pioneer of the Year award winners are: **RICK CARO**, **IHRSA's Founder** and former President and retiring, 25-year veteran, **IHRSA Executive Director**, **Big JOHN "The Alliance Master"**

**McCARTHY!** The date, time and place of these two special award presentations will be announced later. But, I hope you will be in Las Vegas to join us **March 20-23, 2006!**

• Please check our page #5 ad to your right and don't miss **IHRSA's 25th Annual Con-vention and Trade Show** in Las Vegas, **March 20-23rd!** This will be the **MOTHER** of all health, racquet and sports-club industry events in the history of this business! Go to: www.IHRSA25.org or call **800.228.4772** for information. Also, please note that our page #5 and our Outside Back page are now available for 12X or shorter ad placements.

• **God Bless my friend JEFF RANDALL**, as on Tuesday night, December 6, 2005, his left eye was injured by a hockey stick while he was playing in a game in the Boston area. He was rushed to the nearest hospital, but that hospital



**Justin (L) & Norm Cates, Jr.**

immediately sent him to another hospital in the Boston area that specializes in eye surgery. Our prayers are with you Jeffrey for a full recovery!

• **CONGRATULATIONS** to industry icon and legend, **RAY WILSON** and his protégé and partner, **GREG ROWE** as they have sold their 9-club, **California Fitness chain** in Columbus, Ohio to **Lifestyle Family Fitness (LFF)**, whose Founder and CEO, is **GEOFFREY DYER**. The acquisition gives **LFF 36 clubs**. Check out the full story on page #3 of this edition.

• **LATE BREAKING NEWS!** - **\$505 million** is the reported value of the deal in which **Equinox Holdings, Inc.** will be acquired by **The Related Companies, L.P.** This means that **heavy hitter, STEVEN ROSS**, the Founder in 1972 of The Related Companies, has one heck of a **great club operation** on his hands and a **great operator to boot!** I call him **HARVEY "We're not going to Albuquerque" SPIVAK** in honor of the cute quote Harvey gave a reporter in a story four or five years ago. Harvey was explaining what they were going to do with the investment power that Ross' company provided when he made his, now often repeated by me, quote. Obviously, the Equinox Club markets of choice (New York City, Chicago, Los Angeles, San Francisco and southeast Florida) have done well for them.

• **Good news for con-**

**sumers (and the investors, I hope) in southeast Florida!** Today, I called and spoke to **LARRY LEVY**, an investor in the **About Family Fitness Club** that has been under development and construction in Coral Springs, Florida for the past 3 years. The **good news** is he informed me that the club has **finally opened!** Frankly, I am very relieved, because three weeks ago, **Levy and his Associate, LENNY LOWENSTEIN**, called me from the Fort Lauderdale Airport saying they were doing **"Due Diligence"** on **BRIAN HOMAN**. I told them it was a **"little late"** to be doing that. Levy explained to me that the club was almost finished, but Homan had asked them for an **additional \$1.5 million investment** and they were quite concerned. Today, **Levy told me, "He got some more investors."** So, I can only say that with **good luck the club will stay open and no members or investors will lose their money!** Boy...am I relieved and glad for those members and investors.

• **Congratulations** to everybody at the fabulous **East Bank Club** in Chicago as they are celebrating their **25th Anniversary** on December 10, 2005. 25 years ago, investors **DANIEL LEVIN** and **JIM McHUGH** built what is clearly the most amazing athletic club I've ever seen. It is **450,000 square feet** and truly a magnificent operation reportedly generating \$47 million per year in

(See Norm's Notes page 7)

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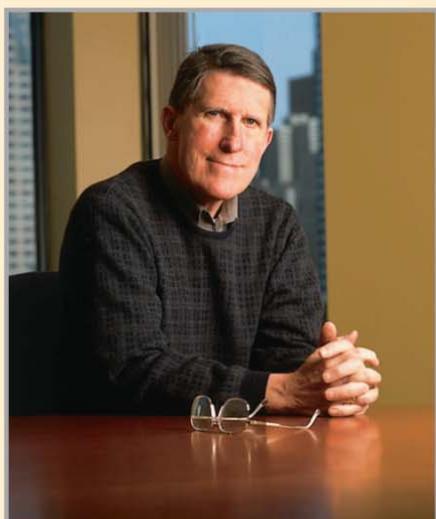
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# “Please join me at an event not to be missed. IHRSA25.”

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



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

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

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

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

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

I am looking forward to greeting you there.

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

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## ...Bally Catches Up

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2005 period. A 4 percent increase in personal training revenue also contributed to the improvement in revenues.

For the 2005 nine-month period, operating income grew 70 percent to \$61.7 million compared with the 2004 period operating income of \$36.4 million, reflecting the Company's continued focus on revenue growth and expense management. For the same period, operating expenses as a percentage of revenues were down 3 percent, primarily at the club level, compared with 2004. The operating income growth occurred despite an increase in general and administrative expenses of \$9.9 million that included a \$6 million charge related to the accelerated vesting of 1.6 million shares of restricted stock resulting from a change of control under the Company's 1996 Long-Term Incentive and Inducement Plans. Because the Company has been in a quiet period resulting from not filing financial statements since May 2004, it is now possible that some mem-

bers of management may decide to sell certain holdings of Company stock in connection with personal tax planning or diversification determinations.

The Company reported net income of \$1.8 million, or \$0.05 per share, for the nine months ended September 30, 2005 versus net losses of \$13.3 million and \$19.6 million, or a loss of \$0.40 and \$0.60 per share, for 2004 and 2003, respectively.

For the nine months ended September 30, 2005, new joining members were up 4.4 percent compared to the prior year period. The total number of members at September 30, 2005 was 3.676 million, down less than 1 percent from the prior year, reflecting a growing percentage of new members joining on a pay-as-you-go basis and the lower retention rate of those members. This member count and comparison to the prior year reflects the Company's current definition of membership, which includes members whose balances are past due by up to 90 days. The Company's previous definition included past due accounts of up to 180 days. The current definition reflects the

results of management's analysis to better understand collection trends by member classification. These results indicated that members with accounts more than 90 days past due were not likely to become current and are therefore excluded from our member statistics.

### Third-Quarter 2005 Financial Results

For the third quarter ended September 30, 2005, net revenues were \$261.8 million, down slightly from \$264.8 million a year ago, primarily as a result of a 2 percent decline in membership revenue based on a 1 percent decrease in the average number of members in the 2005 quarter, as well as a 1 percent decrease in average revenue per member. This was offset, in part, by continued growth in personal training revenue, up 6 percent in the quarter, versus the same period a year ago.

Operating income for the third quarter was \$18.8 million versus \$23.0 million in 2004, primarily reflecting write-downs of retail inventory increased, information technology expenses, and an increase of

\$3.0 million in costs incurred in connection with the restatements and related investigations and litigation. Membership services expense continued on a positive trend, down 1.5 percent from 2004. The company reported a net loss for the quarter of \$1.6 million, or a loss of \$0.05 per share, compared with net income of \$6.8 million, or \$0.21 per share in 2004.

Commenting on the quarter, Mr. Toback said, "Our stringent focus on cost management in the third quarter was, unfortunately, more than offset by a number of costs associated with investing in information technology upgrades and all of the costs associated with restating our financials and complying with the Sarbanes-Oxley Act. Flat revenue for the period reflects the transitional effects on our business model of our new initiatives. However, we believe as our new marketing campaign kicks off and improved service takes hold throughout the clubs, customer satisfaction and retention will improve, as will customer referrals from existing members, driving future revenue growth and, ultimately, greater prof-

itability."

Mr. Toback continued, "While total membership is up only slightly from the beginning of the year, we're encouraged by early indications of our new initiatives, which we believe are beginning to gain traction. Our consumer-friendly Build Your Own Membership program was introduced in smaller markets during the first half of the year, with rollout in larger markets, such as Chicago, Los Angeles, and New York, from August through October. As a result, the expected impact of this new initiative in our largest markets is not yet reflected in these numbers. Improving our membership retention is a top priority and we remain squarely focused on initiatives to achieve this goal."

### Cash and Liquidity

As of November 30, 2005, Bally had \$40 million of borrowings and \$13.9 million in letters of credit outstanding under its \$100 million revolving credit facility. As of September 30, 2005, Bally had \$20 million of borrowings and \$13.9 million of borrowings and \$13.9 million (See *Bally Catches Up* page 10)

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## ...Lifestyle Center

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opportunity to have a presence in Central Ohio," said Geoff Dyer, Lifestyle Family Fitness President and Chief Executive Officer. "Lifestyle is inheriting a wonderful group of members, a quality CalFit staff and a great community. Ray Wilson, Greg Rowe and I have worked together since the inception of California Fitness and we look forward to continuing to build on their success. We plan to grow aggressively throughout the region with the assistance of the leadership group of CalFit."

"I am very excited that California Fitness Centers will be a part of the Lifestyle family," said Ray Wilson, former co-owner of CalFit. "Geoff Dyer and I have worked together in the fitness industry for more than 15 years and I feel confident that Lifestyle will be able to use California Fitness as a base for expansion in the mid-west."

Greg Rowe, co-owner and President of California Fitness comments, "First of all, I want to thank the CalFit staff for helping us to become the premier fitness club chain in Central Ohio. Lifestyle has been

an integral part of this success by providing member service, human resource and accounting support for the Company for the last seven years. This acquisition is a natural progression of our relationship together. Lifestyle will be able to utilize their expertise and financial resources to renovate the CalFit clubs and provide increased opportunities for the employees. Lifestyle will be a valuable addition to the Columbus community."

Over the next several months, Lifestyle will invest over \$3,000,000 in the CalFit group of clubs. Facility upgrades include new cardio and strength training equipment, expanded Group Fitness programming, Cardio Theater wireless entertainment, Lifestyle Music Television programming and tanning. Renovations are expected to be complete by Spring, 2006. Lifestyle will hold a Company-wide grand reopening at that time.

Lifestyle memberships are only offered on a month-by-month basis with no long-term contracts. New members will enjoy a 4-week, money-back comfort guarantee and unlimited use of Group Fitness programming. Kids' Club and tan-

ning will also be available. Lifestyle will honor all existing CalFit memberships under their original contractual terms and conditions.

(Lifestyle Family Fitness was founded in 1982 and currently owns and operates 28 locations in the Florida market, with approximately 130,000 members. Lifestyle's mission is to fulfill members' needs and build lasting relationships through a fun and friendly fitness experience. The International Health, Racquet and Sportsclub Association (IHRSA) currently ranks Lifestyle as one of the top 25 fastest growing fitness companies in the world. All of the Lifestyle facilities include a variety of fitness equipment, group fitness classes, personal training, childcare and related amenities that help "Bring Your Body To Life®." Investment partners include Quantum Capital Partners, Inc., Ballast Point Ventures and The Burton Partnership. Lifestyle's corporate headquarters is located at 140 Fountain Parkway, Suite 410, St. Petersburg, Florida 33716. To learn more about Lifestyle, please call (727) 456-3100 ext. 4076 or visit [www.lff.com](http://www.lff.com).)

**...Norm's Notes**

continued from page 4

revenues! **SIMON MEREDITH**, General Manager, and his entire team have done a great job there, and we wish them many more years of success.

•**Congratulations** to **AUGIE** and **LYNNE NIETO** as they have been named **2006 Co-Chairpersons** of the **Muscular Dystrophy Association's ALS Division**. Augie and Lynne will help raise awareness of MDA's worldwide leadership in the battle against amyotrophic lateral sclerosis (ALS, or Lou Gehrig's disease) through media interviews, public appearances, speaking engagements and public service announcements. "**Augie's Quest**", the fund raising effort in Las Vegas at the **NFTJ Show**, where **Augie received the NFTJ Lifetime Achievement Award, raised over \$1 million to fight ALS. GOD Bless you Augie and Lynne**

•**MANNY BUTERA** is now the biggest **World Gym** owner in the world with **16 gyms**. He recently acquired 5 World Gyms in the Atlanta area. He has plans to develop or acquire **35 more** in the next 5 years. Good luck Manny as you grow your enterprises!

•**Curves For Women International** Founders, **DIANE and GARY HEAVIN**, have done an amazing thing with respect to an alliance with 2,700 of their Franchisees that raised \$1.5 million. Franchisees raised \$1.5 million and that was matched by the Heavins to bring the donation to a total of **\$3 million** to Gulf Coast area victims of **Hurricane Katrina**. The \$3 million was given to the **American Red Cross** and the **Salvation Army** and some other local charities in the region. The Heavins also gave a check for **\$5,000 to each of their franchisees whose Curves For Women Club was damaged! Congratulations on the Heavins for doing great work on behalf of the Katrina victims everywhere!**

•**JOE, "The GLADIATOR"**, **MOORE** forwarded an email alert to me sent by **ROB BEIL**. In Cincinnati, the **University of Cincinnati** is selling memberships to the public to its **big new \$100 million Rec Center!** The Midwest club operators are **up in arms** about this and I expect more news soon. **STAY TUNED!**

•**RICK BENNETT**, 25+ year veteran operator of the **Corvallis Fitness Center** and two other clubs in Corvallis, Oregon, has informed me that he has changed the name of all of his clubs to **WOW! Fitness. Best of luck Rick as you move further into your next 25 years!**

•**JAY DELVECHIO**, the Vice President of Operations for **World Instructor Training Schools** has announced that **ELIZABETH SANTOS** has been added to their **W.I.T.S. Team** in the capacity of **Marketing Director**.

•**The "Battle for Bally"** and the future of the world's largest health club organization is **full on!** Over the past two

months, an all-out battle for control of the publicly held company has developed. During the past four years, since **PAUL TOBACK** and his **Executive Management Team** assumed management of **Bally**, they have had to:

1. **Correct and re-file financial statements** and accounting for the past 3 years.
  2. Move forward with efforts to **reduce Bally's debt load**.
  3. Conduct **day to day operations** of the largest club chain in the world.
  4. And now, fight off a **Proxy fight** by stockholders instigated by **MANNY PEARLMAN** and his various companies as well as **PARDUS CAPITAL** to take over control of Management of the company from **Paul Toback** and his Team.
- There are a lot of industry veterans predicting what's going to happen with Bally. But, my comment that follows here is not a prediction. My feeling is that **whatever happens... needs to happen in a non-bankruptcy, orderly way, which will not disrupt the consumer's use of a club.** We've had enough big club chain shut-downs in the history of this industry with the last being about 10 years ago when **Living Well, Inc. shut down over 400 clubs** at one time, **giving our industry nationwide quite a black eye.** A messy, disorderly publicly reported situation with Bally would hurt all of us...and I do mean **ALL of US.** So, I sure hope everyone involved can avoid that.

•**LifeTime Fitness** has opened its 45th location... this one in **San Antonio, Texas**, giving LifeTime 10 Texas clubs!

•**CHUCK RUNYON** and **JEFF KLINGER** have been busy boys this past year and have sold **214 Anytime Fitness** franchises, bringing their total up to **313** through 2005! **150** locations are now open for business, and they project **500** locations by January 1, 2007.

•I have made references to **God** in my writings in the past, especially at the end of **Norm's Notes** each month. This has caused one of my readers to write an email to me **inquiring if I was a Christian or not?** I responded to his inquiry by informing him that he would have my response to his question soon. So, here is my response my friend: **I wish all of you that are Christians, as I am, a very Merry Christmas. But, if you are not a Christian and do not celebrate Christmas, as millions of Americans do, then I cordially and happily wish you Happy Holidays and a Healthy Celebration of your own faith. And to all, I wish a Happy-Healthy New Year!**

•**GOD BLESS** our troops, airmen and seamen as they fight and give their lives and limbs for our country and our freedom. **GOD Bless everyone of them** and those **IRAQ citizens** trying to survive the killing of the terrorists.

- **Merry Christmas, Happy Holidays and Happy New Year!**
- **MAKE IT FUN!**

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

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

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Jordan Fitness (MA)	Plymouth Athletic Club (MA)
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# Norm's "PERSONAL" Notes

## GOD BLESS Our Troops, Airmen and Seamen

By: Norm Cates, Jr.

• For 13 years now, I have made every possible effort to *stay out of politics in my writing* here in **CLUB INSIDER**. But, I am very concerned with what I see going on in America right now. Thus, I am going to weigh in about it all. First, I don't give a doggone thing about political affiliations here. I am writing this as an **American, not as a Democrat, a Republican or an Independent**. This is what I think. If it offends you, I am sorry.

The **United States of America** is **free today** because of the **sacrifices** made by the **men and women in our Armed Forces since our first Independence Day, July 4, 1776. YOU and I have Freedom of Speech** because of the **sacrifices of our Troops, Airmen and Seaman** over the past 230 years. Those millions that have died in the Revolutionary War, the War of 1812, the Civil War, World War I, World War II, the Korean War and the Viet Nam War **all died to gain, protect and preserve our FREEDOMS as Americans.**

*In IRAQ, a war no-*

*body, including our President, GEORGE W. BUSH, wishes we were in,* we have troops on the ground fighting and dying everyday for our freedom. *They are fighting and dying for you and me...* just like those millions of other American servicemen and women have done. I am writing today because I am worried about the damage that may be caused to the morale of the troops in IRAQ by the disgraceful and discouraging commentary coming from the left in this country.

*If you have not realized it yet since September 11, 2001... the people that we are fighting now WANT US ALL DEAD!* Should we lose in IRAQ, tuck our tails and return our troops home in defeat, it will not be like Vietnam. Just like Senator JOHN McCAIN said on December 7, 2005, "**Ho Chi Min did not follow us home!**"

**I PROTEST!**

I hereby, on behalf of our Troops, Airmen and Seamen in IRAQ and around the world, **PROTEST the public utterances of all anti-IRAQ War and War On Terror**

**activists.** I hereby protest the "cut and run" comments that have come from former Presidents Carter and Clinton and from Presidential election loser John Kerry, as well as Howard Dean, Ted Kennedy and John Murtha, (just to name a few). All of the aforementioned, in my view and the view of millions of other Americans, are **aiding and abetting our enemies** at a critical point in time when our soldiers are being killed daily while finishing this job. They have got to finish it. U.S. citizens everywhere should tell our troops they're doing a great job! Although our troops are now coming close to accomplishing an amazing mission in IRAQ, the left-wingers are all suggesting that we just **QUIT and CUT and RUN** now and bring our troops home. But, when asked to vote on the measure in Congress recently, only **3** of them voted YES! So, I say to Carter, Clinton, Kerry, Dean, Kennedy and Murtha please **HUSH this rhetoric!!!** And instead, **RALLY** for and support our servicemen and women as they risk their lives for all of us in IRAQ! Let them **finish their**

**job** and then come home to us as the **HEROES** they all are.

These people like John Kerry are behaving **just like they did during Vietnam...** but this is **different** than Vietnam in another respect too. The **difference** is in **America** right now. There is a **strong-anti-liberal, anti-left movement and protest that is growing.** To coin that so well known phrase: "**I'm mad as hell and I'm not going to take it any more!**" is how millions of Americans feel right now. In other words, many people like me all across America are calling for the **silence** of these people **right now** and the **removal of them from public service when the next chance comes!**

People like me are calling for the **support of our Servicemen and Women.** People like me are calling for **all citizens in our country to back our servicemen and women that are sacrificing everything for them!** And, people like me are saying to **all of our Troops, Airmen and Seamen: GOD BLESS YOU ALL. FINISH THE DRILL and STAY THE COURSE. WE THANK YOU ALL FOR YOUR DEDICA-**

**TION and SACRIFICES for ALL OF US. We APPRECIATE EACH and EVERY ONE OF YOU and WHAT YOU DO EVERYDAY FOR US!** I wish all of our servicemen and women everywhere a **MERRY CHRISTMAS if you are Christian. Happy Holidays if you are not.** We want you all to know (Christian or not) that you will be in our Prayers until you come home safely someday.

**NOTE:** If you have a loved one or friend overseas please know that my prayers are with them. Please send their email address to me. I will send this message to them right away and with reference to your name if you desire. My email address is below.

*(Norm Cates is the Founder, owner and Publisher of CLUB INSIDER News and a 31+ year veteran of the health, racquet and sportsclub industry. Cates was honored by IHRSA in March 2001 with its DALE DIBBLE Distinguished Service Award. Cates may be reached at: clubinsidernews@mind-spring.com or by phone at: 770.850.8506)*



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## ...Bally Catches Up

continued from page 6

in letters of credit issued under its \$100 million revolving credit facility.

Beginning in August 2005, the Company drew more heavily on its revolving credit facility. This utilization is primarily related to the \$14.9 million payment arising out of an arbitration dispute with Household Credit, \$8.0 million paid for consents to bondholders and banks relating to extending financial reporting deadlines, \$3.5 million paid to professional advisors in connection with the restatements, and the October 17, 2005 interest payment on the 9 7/8% Senior Subordinated Notes.

## 2004 Vs. Restated 2003 Financial Results

For the year ended December 31, 2004, net revenues, bolstered by record memberships sold and record personal training revenue, were \$1,048.0 million, up 4.5 percent, compared with restated net revenues of \$1,002.9 million in 2003, which included a one-time revenue increase of \$11 million from the sales of written-off accounts. During 2004, average monthly membership revenue recognized per member was relatively stable at \$19.17 versus \$19.11 in the prior-year period. The average number of monthly members grew 2 percent to 3.697 million, compared with 3.622 million average

monthly members in 2003. The Company also saw a significant increase in personal training revenue, up 26 percent.

Operating income in 2004 was \$38.2 million, up \$77.1 million from a 2003 restated operating loss of \$38.9 million. The operating income improvement is the result of the aforementioned \$45.1 million increase in revenue as well as a \$58.9 million decrease in impairment charges against long-lived assets and goodwill.

Also, in 2004, operating income before non-cash impairment charges of \$15.2 million was \$53.4 million, up 52 percent compared with the prior year. Impairment charges of \$74.1 million in 2003 were primarily related to the Company's

Crunch Fitness division acquired in December 2001. The Company believes this non-GAAP financial metric more accurately reflects results of operations in 2004 compared to the prior year because of the significant non-cash impairment charges that occurred in 2003. The Company reported a lower net loss of \$30.3 million, or \$0.92 per share, for the year-end 2004 compared with a restated 2003 net loss of \$106.0 million, or \$3.24 per share.

In 2004, the Company had record numbers of new joining members, up 21 percent compared with 2003. The total number of members at year-end 2004 was 3.645 million versus 3.616 million in 2003, with both member counts now reflecting

the stricter delinquency period for inclusion, as explained earlier.

## Strategic Initiative

The Company also announced today its Board of Directors has retained J.P. Morgan Securities Inc., to explore a range of strategic alternatives to enhance shareholder value. Such alternatives may include, but are not limited to, a recapitalization, the sale of securities or assets of the Company or the sale or merger of Bally Total Fitness with another entity or strategic partner. J.P. Morgan Securities Inc. will work in collaboration with The Blackstone Group, which has been advising Bally for the past 10 months, in providing strategic advisory services to the Company. Bally Total Fitness said there can be no assurances that any transaction will occur.

## Restated 2003 and 2002 Results

The Company also completed its restatement of historical results for years 2000 through 2003, which reflects the correction of numerous errors in our previous financial accounting and reporting. The more than two dozen restatement items included corrections related to the recognition of revenue, valuation adjustments of long-lived assets and goodwill and other intangible assets, lease accounting and income taxes.

These restatement adjustments resulted in an increase in previously reported net loss of approximately \$96.4 million for the year ended December 31, 2002 and a decrease of \$540 million in net loss for the year ended December 31, 2003. The decrease in 2003 reported net loss includes the reversal of the cumulative effect of a change in accounting previously reported in 2003 of \$581 million. The Company also increased the January 1, 2002 opening accumulated stockholders' deficit by \$1.7 billion to recognize the effects of corrections in financial statements prior to 2002.

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**STAY  
TUNED!**

# “The Way I See It”

## An Exclusive Column Featured Only In Norm Cates' Club Insider

By Michael Scott Scudder

**GOODBYE**

**YELLOW BRICK ROAD**

*(Author's Note: As I write this final column for Norm's 2005 editions, I thank all of you for your responses, input, feedback and general commentaries on my columns for this year. They are greatly appreciated. I have asked Brother Cates if I might back off a little bit in 2006 and produce an every-other-month article. My intentions are for columns in February, April, June, August, October and December.)*

The Elton John song is ringing in my head today... must be telling me something... so, I'll go with intuition and tell you why I think Oz is over with, why Dorothy ain't gonna find her shoes again and why the Wizard is a myth!

**2006 is going to be the "Year of Change" in the health club industry.** As I submit this piece, the jury is still out on the Bally situation (though the company publicly stated on 11/30/05 that they may not have enough cash to continue operations through 2007), but many more things are pointing to a big shift in the ways we do business by this time next year. I highlight just 5 of many here:

1. **IHRSA** will appoint a new leader, and though it will be extremely taxing to fill John McCarthy's brogans, a new person at the helm (I predict from outside the fitness industry and with an international resume) will obviate a restructuring in that erstwhile organization's foundation, which will likely be good for the industry in the long run.

2. There will be billions of dollars spent by already-established and up-and-coming chain players to captivate more market share in more markets. This is likely to be led by *L.A. Fitness*, *24 Hour Fitness*, *LifeTime Fitness*, *TSI* and *Planet Fitness*, just to name a few.

3. Like it or not, the not-for-profit sector is going to continue to grow and take on

more members. There is presently phenomenal expansion in hospital-based, university centers and community recreation facilities, not to mention the re-dedication to fitness that Y's and JCC's are mustering up. And, it ain't gonna stop!

4. Something that I call "buyer downsizing" is just in its infancy but will likely take hold in a big way in 2006. With an increasingly-inflationary economy, higher fuel costs, escalated consumer-staples prices plus higher interest rates (read that as tighter money) - John Q. and Jane X. Public are going to do the same thing in our business that they have done with other purchases such as electronic equipment, home furnishings and transportation... they are going to shop hard and shop for "value bargains." This bodes really well for low-price players and bigger-box, mid-price operators. Where you don't want to be is in the "middle of the market" with an average-size, average-priced facility... it just won't cut it in the New Year's highly competitive buyer's economy.

5. I believe we will see a lot of clubs go out this year... more than any other year in our history. It's a shame, but it's natural in a consolidating industry that is beginning to approach maturity. It's also necessary, because the law of supply and demand has been catching up with most club operators for most of this decade (The average club has 20% less members than it had 5 years ago. The average club gets 25% less walk-ins from advertising than it did 2 years ago. The average club is suffering 5 points higher membership attrition than it did 3 years ago.). The strong will get stronger and the weak will be eaten. The Law of the Jungle works in our business too.

I believe that economic factors are going to play the biggest single role in determining the near-term direction our industry takes. I'll justify that position by reminding the reader that the second year of a Lame Duck Presidency is frequently accompanied by a sluggish economy, a lousy stock market, higher-than-average

inflation and sometimes a change in the political climate (which often causes consumers to stand on the sideline and wait it out).

My years as a stock broker and statistics analyst show me that we have all the makings of a slow-growth economic year: rising interest rates, record national debt, a now not-only-unpopular-but-too-costly Middle East war, more and more plants shutting down and workers being laid off, and continuing acceleration of jobs leaving the country. Historically, the recessions of the early 80's and the early 90's

were prompted by these same types of conditions.

Now let's add to the above that we, as an industry, are entering a period where two things seem to be happening simultaneously:

1. Our business is now "consumer-driven." Usually, that means downpricing if you're in a business that is highly competitive with the products being offered pretty much the same. That's us in a nutshell. Downpricing eventually signals commoditization. Commoditization generally means low margins.

2. We are on the down-



**Michael Scott Scudder**

side of the buying curve. We long ago passed through Early Adopters stage (*Moore's Curve*) and have since moved beyond Early Majority to what appears (See *Michael Scudder page 18*)

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# White Paper

## Challenging Views of the Health Club Industry

By Will Phillips

### Part III

*(Publisher's Note: This is Part 3 of a 3 Part Series. Last month Will Phillips covered Factor #4: Hypocrisy, #5 System Partnerships and #6: Technology. In this Part III, Will Phillips will cover: Factor #7: The Lost Market, #8: Distribution, #9: Are You In the Manufacturing Or Knowledge Business? and #10: Co-Creating the Experience. This last Factor includes information on the cellular Club Design, a radical and powerful new type of organizational design. We thank Will Phillips for this 3-Part White Paper Contribution to the Health, Racquet and Sportsclub Industry. Please note that throughout this "White Paper", you will see references to Action boxes. Each Action Box is important. Because of editorial Space constraints, the associated Action Boxes are not available here in print.*

*However, we've placed them on our website for you so you may print them out and act on them. Additionally, we've placed the worksheet referenced in Part I on our website: [www.clubinsidernews.com](http://www.clubinsidernews.com) and click on: **THIS MONTH. Under Inside the Insider, click on A White Paper and a printable file will load. We hope you find these Action Boxes and worksheets helpful.***

#### Factor 7: The LOST Market

My sense is that there is a large percentage of the population, possibly 15-20%, who appreciate the benefits of exercise, but have not yet figured out how to connect to the health club world. Some of these people have not begun exercising, some walk or exercise at home and many buy home exercise equipment. But, they don't connect to clubs because clubs do things that keep them away!

Going back to the earlier insight about the increasing amount of competition and the

flattening of club growth (Factor 2), how does a location grow? It grows by learning how to speak to a segment of the market it has not yet connected with. I have no data, but intuition suggests that another 15% of the population in America would join your clubs if you could learn how to speak their language. Yes, the U.S. health club member numbers could be doubled!

Now, let's see if I can point out six barriers clubs create that work against the additional 15% ever joining your club. You can probably add a few more.

**I. WE DON'T SELL WHAT THEY WANT** - First of all, clubs are primarily focused on selling memberships, not servicing members. Clubs have a much stronger sales team, in most cases, than a service team. If you look at the offers that clubs make, they are not the kind of offer that prospective members would design if they had their druthers. Who would want to come in and pay for a year of dry cleaning in advance? I think the kinds of offers we make to members are 100% designed to serve the club owner's needs of financial regularity and security. Rethink your deals! But first, find out what the other 15% really value!

**II. EXERCISE IS WORK** - Except for a small number of people who love to sweat, maybe 2% to 3% of your members, the majority of members don't particularly like to exercise; they just enjoy the benefits. What is needed is to turn exercise into a challenge, to make it exciting and spiritually recharging. Then, people will return again and again because it's fun, healthy and addictive!

**III. EXERCISE IS BORING** - What we've done in our clubs is strip exercise down to purely scientific exercise equipment with all the right angles, cams, positions and levers. We've taken the life out of exercise and made it sterile and boring, so much so that we put in TV screens to numb the boredom. As a wilderness hiker, I have trekked 10-12 hours a day for many days in a row, yet never thought I was exercising.

Yet on a treadmill, I get bored in 30 minutes. Only when we add a personal trainer do we get something that is challenging, interesting, and above all, human in content. The equipment is not enough! If we did the same thing with food, extracting all the wonderful tastes and just leaving the nutrition, it would be like eating sawdust. How often would you want to do that? So, we've changed the nature of exercise and lost something in the process. Once again, I think we misunderstand the human market when we eliminate challenge, uncertainty and engagement from the exercise plan.

**IV. NO TIME TO EXERCISE** - With our fast-paced, high-stress lifestyle, there never seems to be enough time. Adults and children alike are unable to do all the important things they'd like to do because of time restraints. How do priorities get set? I believe there are two ways. The first is urgency, and the second is commitment to another person. I've never missed an appointment with a personal trainer. Even if I oversleep, I get a phone call from the trainer. I'm up and in the gym in 15 minutes where I get in a good 45-minute workout. On the other hand, when I wake up in the morning planning to go to the gym and then get distracted with email and phone calls, all of a sudden it's 11:00 p.m. and I haven't exercised. The concept of having an appointment is critical. Doctors and dentists have learned that if they want to make a profit, they have to schedule appointments and then call a day before as a reminder. With our hectic lifestyles, it's no wonder people don't show up at the health club; they did not have an appointment!

21 Minutes Express Clubs set appointments. Each appointment is served not by a personal trainer, but by a coach who manages five members at a time. All members have specific appointments. I suspect that this unique twist may have extraordinary power.

**V. EXERCISE IS THREATENING** - Clearly, Curves has demonstrated



**Will Phillips**

extraordinary growth. In part, I believe it makes it safe for women in several ways. First, it's less threatening to women because it's women-only, and second, its members are all shapes and sizes. Curves is not a club designed around the stereotypical workout fanatic, thus more women feel welcome.

**VI. CLUBS DON'T RESPECT ME** - The concept of health club prejudice may be widespread. Doubling your membership will only come about when you really start listening to and challenging all your assumptions about the other 15%. Several articles have appeared about industry prejudice against people with high Body Mass Indexes (BMI) in health clubs. Rarely do you find a high BMI instructor or salesperson. Of course, every club has its token heavies and its wonderful weight-loss stories, but I believe these may be unique fringe members of the high BMI obese population who have the courage and the thick-skinned qualities necessary to come into a thin person's arena. Your ads, your staff, your clothes can all carry a message to keep high BMI people away. Most health club professionals have no idea how to relate to the obese person. For instance, how do you modify your flexibility exercises or weight lifting for someone who has a 60-inch waist? Do you know or are you guessing? How about your staff? (See Action Box 10)

(See Will Phillips page 14)

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## Additional References

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## ...Will Phillips

continued from page 12

### Factor 8: Distribution

Health clubs have chosen a very particular kind of distribution that is not an exact match to their marketplace needs. Although 40% of the population is committed to exercise, only 15% show up at the health club because you expect people to come to your location. The distribution problem opens the door to the sale of home exercise equipment. But as you know, it's just equipment and that's not enough! Here is where a combination of home equipment and skin-to-skin could double your revenue.

Almost every other retail service has learned how to deliver; health clubs have not. We can get pizzas, car repairs and dry cleaning delivered, as well as almost any purchase you'd like to make through a catalog or web site. But if you want to work out, you still have to drive to the club. As a result, I think we lose at least 5 to 10 % of the market to geography. Driving 15 minutes may be too much but walking or running around the block is just right. The barrier that clubs have not crossed is figuring out how to help the around-the-block exerciser. Health clubs believe that you have to come into their club to exercise; they ignore the fact that people can walk, ride a bike or do dozens of other things outside the club. If you visit the Cooper Institute's web site, [www.activeliving.info](http://www.activeliving.info), you will see many resources for people in the latter half of their lives exercising in ways outside of the health club. I suspect this is because the Cooper Institute is interested in overall health, not just in selling memberships (See Action Box 11).

### Factor 9: Are you in the manufacturing or knowledge business?

With the emergence of industrial society, there has always been tension between capital and labor. Historically, capital won because the real source of value for most companies was in the hard assets they owned and controlled. Even today, this continues, e.g., the car manufacturing business, where the company's machines,

assembly lines and system of production are the real values; the employee becomes secondary. In this case, it is possible for the organization to put lower emphasis on nurturing its employees because the value of the business is in its hard assets, not its workers. Thus, manufacturing moves its hard assets to low labor locations.

Industries in the knowledge economy have the exact opposite arrangement. In Hollywood, Silicon Valley, Wall Street, and professional sports, hard assets matter far less than the people and their talents. The employees, or knowledge workers, make the difference between success and failure, not the hard assets, such as stadiums, computer systems, buildings and equipment. So what business are you in, hard or soft assets? Do you want to double your membership? You may need to consider the soft side! Yet, can health clubs be a knowledge industry when, to a large extent, they are populated by part-time, temporary workers and are dominated by equipment?

The difficulty, when you are in a knowledge business and don't realize it, is that you may emphasize the wrong assets. As I mentioned earlier, I have some concern about hypertrophy in equipment and clubs that overly depend upon equipment as their "unique selling position". They are acting like old-fashioned manufacturing businesses. If, in fact, we believe that health care is a knowledge business, (which certainly physicians and nurses believe), then health clubs may well be in the knowledge business too, in which case they should be focusing on employees, not equipment. This might require a different approach to the kinds of career paths that are constructed for your staff and the kind of development and training that you invest in. You might even stop thinking of labor as an expense but rather as an asset! I believe that you will find, as Len Schlesinger of the Harvard Business School pointed out when he spoke to IHRSA close to a decade ago, that customer retention is directly related to employee retention and satisfaction.

In his article, "Putting People First" which appeared in the [Stanford Social Innovation Review](#), Jeffrey Pfeffer identifies seven key practices of busi-

nesses that successfully produce profits through its people. These are: employment security, selective hiring of new personnel, self-managed teams and decentralization of decision making, comparatively high compensation based on the organization's performance, extensive training, reduction of status distinctions among employees, and extensive sharing of financial and performance information throughout the organization (See Action Box 12).

### Factor 10: Co-creating the Experience

In our current economy, the concept of experience is becoming more highly valued than the product or service itself, i.e., maintenance contracts and online support. The question is: how do we create experiences for health club members? Most health clubs have realized that simply having the products, facilities and equipment is not enough to stay vibrant. So, they start adding customer service. But, customer service is inadequate if we don't equally construct the experience. One reason why new clubs and refurbished clubs gain so many new members is that they create a new experience. The concept of mass customization has reached full power and is enhanced when customer and company collaborate in the design of the customer's experience. In the old form of business, the company designed a product or service, made it available to the customer, and if the customer liked it, they would buy it.

In the co-creation model, the company creates an environment in which the company and the customer can jointly create an experience that the customer values. This process of course, much more tightly links the customer to the company. A common example of co-creation is the use and growth of e-mail. Everyone reading this has an e-mail provider; a company that provides e-mail services and software to you. Most of you are not aware of them, some of you couldn't even name them, and some of you have no idea how much you pay them. E-mail providers have created a situation, obviously with many constraints and boundaries, within which you and they can create a process of communicating with people who are important to

you. You are the person who grows the e-mail business, not the e-mail provider. As a result of being able to create this experience, an extraordinary network of e-mail connections has been created which almost no one would be willing to break, without a commitment to becoming a hermit. In co-creation, the customer-to-customer relationship can be more important than the customer-to-company relationship. The company stays in the game by creating the environment for co-creation (See Earlier Figures 1 & 2 in our October Edition for visual examples).

So the concept of co-creation enables organizations to create relationships between their customers, and between the organization and their customers, which is more precisely designed to meet customer's needs (Your e-mail address list is yours; it's not your e-mail provider's. It is highly customized to your needs, as it is to each individual user). Another example of co-creation is white water rafting or professional guiding for hunting and fishing. So, we know it's possible to co-create physical activity, but we have not figured out how to do this in the health club setting. Community clubs have solved this however, as have rotary clubs, bird watching groups, cycling clubs, etc.

Another example of co-creation is the possibility of establishing ambassador programs in health clubs. You have members who are committed enough to the concept of exercise, wellness and community that they will spread the word and nurture your membership growth and retention for you. An ambassadorial program might enlist a hundred volun-

teers in a club of 3,000 members to connect, nurture and build community among members, all for no pay. Most non-profit organizations in your city have already figured out how to seriously engage volunteers in order to carry out the institution's mission. Some large metropolitan museums approximate the number of volunteer hours committed during a year at 100,000 unpaid hours. Any money must pay for hours of serious training to be able to deliver high level volunteer services. Perhaps this ambassador concept can work for health clubs, but the conditions must be co-created.

### SUMMARY

The ten challenges outlined in Parts I (October), II (November) and III (this month) of this white paper are considerations for anyone committed to leading their club into the future. You must decide which ones have a natural fit with your philosophies and which will give your club a competitive advantage. What is certain though, is that *revolutionary ideas* are critical to the health club industry to ensure its real growth and success. Hopefully these factors will stimulate you to jump to the next curve.

*(Will Phillips is the Founder of REX Roundtables for Executives which operates twenty-one round-tables for business owners in five industries. Will is the Chair of seven roundtables for club owners. He may be reached at: [will@REXonline.org](mailto:will@REXonline.org). Again, we express our appreciation and thanks to Will Phillips for this interesting White Paper - Challenging Views of the Health Club Industry contribution to CLUB INSIDER.)*



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# Increasing Sales with Accountability Tools

By: Casey Conrad

## Part III

*(Publisher's Note: In Casey's article, you will see references to 2 examples. Because of editorial space constraints, those have been posted on our website, [www.clubinsidernews.com](http://www.clubinsidernews.com). At the main page, click This Month and find the name of her article. Click on it, and a PDF file will load.)*

In the previous articles on sales training, we have discussed the areas of core competency and weekly staff meetings. In this article, the third area, accountability tools, will be covered, leaving daily mini-trainings for part IV.

Everyone has heard the expression, "You must inspect what you expect." Accountability tools speak directly to this concept. Let's face it, although walk-in's are nice, they are not predictable or reliable. Therefore, if a club wants to achieve a certain number of sales, they must have a certain number of scheduled appointments, shows, and presentations. Accountability tools measure key daily tasks salespeople perform that, when done correctly, result in sales. From a management perspective, the key statistics that are tracked are called "KPI's" or key performance indicators.

Measuring the KPI's of all salespeople accomplishes several things. First, it keeps employees focused. Think about it; a professional ball player knows the number of

times he's been to bat, struck out, gotten on base and how many home runs he hit. A salesperson should be no different as it relates to knowing his or her numbers. Second, measuring the KPI's of all sales team members and sharing those statistics will create a healthy competitive environment. In addition, having measured KPI's allows an operator to evaluate the performance of all team members and identify areas of needed improvement. Finally, once both individual and group weaknesses are identified, a specific sales training agenda can be established - one that is going to help in the areas that need it most!

The first KPI to measure is the number of new leads collected by a salesperson each day. A "new" lead refers to the name and contact information of any non-member of the club. Of course, new leads can be obtained from a variety of sources; referrals from members, lead box slips, corporate referrals, joint marketing relationships, or web site inquiries, just to name a few. The reason new leads obtained are tracked is because sales is a numbers game - one that I analogize with a funnel. A funnel has a large opening at the top and a small opening at the bottom. In sales, one needs to put a lot of leads into the top of the funnel in order for a small number to flow out the bottom. The key, of course, is tracking each salesperson's performance to determine how many new leads per day are needed in order to achieve the daily sales goal for memberships.

The next sales KPI to measure is the information call to appointment ratio. This means tracking the total number of information calls each salesperson takes in the course of their day and monitoring exactly how many appointments were booked. Although many clubs don't track this statistic, I believe it is critical for several reasons. First and foremost, club operators are spending thousands of dollars in advertising to make the phone ring. Knowing exactly how many calls were received because of an ad tells the owner what is working and what isn't. Second, an information call is a highly interested prospect; if a salesperson doesn't have the skills to convert a caller into an appointment, they shouldn't be on the phone. Third, and finally, if a salesperson has a low info call to appointment ratio, a training opportunity has been identified.

The third KPI to measure is the number of scheduled appointments the salesperson has each day. Although the reason behind tracking this number is evident, I am amazed at how many salespeople are offended by this. My response to them is, "Can you think of any other job where the boss would keep giving you a paycheck if you didn't show up for work a) prepared and then b) produce an outcome?" Of course not, so why should fitness salespeople come to work unprepared (meaning no scheduled appointments) with only the hope of achieving a sale (if a walk-in shows up)? They shouldn't and that is precisely why this statistic is tracked.

Depending upon the sophistication of the club and the expectation they place on their salespeople, it is also interesting to track a sub-statistic of scheduled appointments; that is self-generated versus club generated. A self-generated appointment is one that the salesperson both prospected and booked. For example, having called and booked an appointment from a referral that was obtained at the point of sale. A club-generated appointment is one that is the result of club advertising, word of mouth or simply location. For example, if someone calls the club and books an appointment after having seen the sign, this is consid-

ered club-generated. Even when someone calls and books an appointment because of a member referral - this is still club-generated UNLESS the salesperson is the one who both prospected and booked the appointment. Although almost no clubs track this statistic, there is a direct correlation between consistent, year round sales performance and a high level of self-generated appointments.

The next KPI to track is number of presentations given in a day. In fitness sales, a presentation is a full tour where prices are discussed. Said another way, "how many opportunities did the salesperson have to get the money!" Tracking presentations is important for several reasons. First of all, when compared with the number of booked appointments (after factoring in walk-ins), it gives a sales manager the salespersons' "show ratio." A low show ratio is usually an indicator of poor skills on the information call and should send up a red flag for training. Second, tracking presentations allows a manager to evaluate overall work productivity for the day. For example, if a salesperson worked an 8-hour shift and only had one presentation all day, can they account for what they did the other 7-7 1/2 hours in the day? Again, if not, a training issue has been identified.

The next KPI to track is number of memberships sold. Obviously, when one compares the number of presentations given to the number of memberships sold, a "closing percentage" is calculated. Like a ball player's batting average, is the salesperson getting their job done? The industry average for closing is around 55%, which I personally think is low. Regardless of my opinion, the more important measurement of closing percentage is comparing salespeople to one another within the company and against their own performance each month.

The final salesperson KPI that I measure daily is number of point of sale referrals obtained. A point of sale referral refers to when a salesperson gets the name and contact information of a friend from a new, enrolling member. Although there is always healthy debate on the issue, I, along with many



Casey Conrad

sales trainers, believe that getting referrals at the point of sale is optimal. First, the member is most excited about their purchase. Second, many people want to justify their purchase and referring others allows them to do that. Third, although the club may have other referral programs, at no other time does a salesperson have such a captive, enthusiastic audience.

With an understanding of what key performance indicators need to be measured, the only remaining issue is how to efficiently track the numbers. Two specific tools can be used, which together will track all the desired activities and outcomes of a salesperson.

The first is a Daily Goals Worksheet, which is exactly as it sounds; this sheet should be utilized by each salesperson throughout the day to track their sales activities (See note at start). Monthly, each salesperson is given a bound packet of 25 sheets of the goals worksheets, with a cover that indicates the month. By utilizing this type of "book" format, salespeople can easily refer back to their goals worksheets.

The top of the sheet tracks outgoing sales and member retention service calls. Underneath each of those call categories are three boxes; # of dials, # of contacts and # of appointments set. These boxes are to be used the old fashioned way with simple tick-marks that represent each appropriate activity. Therefore, if the salesperson dialed the phone 40 times that day (calling non-member leads), there would be 40 "ticks" in the box entitled "#

(See Casey Conrad page 18)

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### ...Casey Conrad

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of dials." If they reached 8 of those dials, there would be 8 "ticks" in the box entitled "# of contacts." Finally, if they made 4 new appointments from those contacts, there would be 4 "ticks" in the # of appts. set" box. Although to some this system may seem archaic, it works. Obviously, the same system is used for the service calls section.

The second section to the Daily Goals Worksheet is for tracking presentations made. This refers to actual tours that were given that day. The reason for this section is simple; when

a good salesperson is giving 5+ tours a day, it is impossible for them to remember all their missed guests. By listing all tours on the Goals Worksheet, the salesperson can quickly flip through the months' pages and easily see who they need to follow up on. Of course, this same concept holds true for the manager, who can also quickly see what type of activity and follow up the salesperson is performing.

The final section of the Goals Worksheet is for incoming calls, which are information calls. This section is used the same way as the outgoing calls section and allows the salesperson to track their info-call to

appointment ratio.

The second tool for tracking sales performance is a Sales Forecast Sheet (See Club Insider Website again). Unlike the Goals Worksheet, that tracks specific activity throughout the day, the Sales Forecast Sheet is an end of the day tool that tracks the daily outcomes for KPI's, but more importantly, it projects what the salespersons end of the month performance will be. And, although the form looks complicated at first, it is rather simple.

Each sheet has 5 major columns; leads, appointments, presentations, sales and cash. Within those columns, each has 4 sub-columns; "Today," mean-

ing what was the total for that day within that category; "MTD," which stands for month-to-date; "Avg.," which stands for average, and; "Proj.," which stands for projection. To the far left of the sheet are the numbers 1-31, which represent the possible number of working days in any given month. Let's run through an example of how the form would be filled out.

Let's assume it is the first working day of the month for a salesperson. They are a full time employee and are projected to work 20 days in the month. They picked up a total of 12 leads from various sources. At the end of the day, they would write "12" under the "Leads"

column in the "Today" sub-column. Since it is the first working day of the month, their "MTD" would also be 12, as would their average. Their projection, however, would be 240, which was obtained by multiplying the average by the total number of working days in the month. The same mathematical equations would be used to fill out the entire row of numbers for the remainder of the categories.

The beauty of the sales forecast sheet, which I suggest salespeople fill out EVERY night before they leave, is that it prevents denial. That is, it prevents a salesperson from knowing exactly what their performance is. (See Casey Conrad page 26)

### ...Michael Scudder

continued from page 11

to be the tardy stages of Late Majority. All of this means that the peak buying times for membership are behind us, not ahead of us like so many want to believe.

As I study business

history of many types of retail-service industries like ours, what keeps surfacing is that these phases frequently foreshadow a significant downturn, even as the industry looks healthy from the outside. It is kind of like a structure imploding upon itself... it can't bear its own weight.

I suspect that what we are going to see in spades in 2006 is the continued consolidation of our industry, with big players getting bigger, more chains coming into more markets to dominate market share of memberships, and the little guys finding it harder and harder to stay in operation in already-sat-

urated club markets. It is not bad that this happens... it is unfortunate... but, it also presents many opportunities. However, that's stuff for another column and my online seminars.

Happy Holidays to you all! -  
 MICHAEL

(Michael Scott Scudder, a contributing author for "Club Insider News," owns and operates "MSS FitBiz Connection" - an online-based club consulting and training service. Michael can be reached at 505-751-4248 or by email at [michaelscottscudder@yahoo.com](mailto:michaelscottscudder@yahoo.com).)

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### ...2005 In Review

continued from page 3

owner/operators that their communities are full of alliance opportunities that could and would build their businesses, should they aggressively make *relationship building* a part of their club operational focus. The truth is.... our industry is still full of opportunity for alliance building.

#### Contributing Authors

**Richard Ekstrom**, Founder and President of **Retention Management, Inc.**; **Karen Woodard**, President of **Premium Performance Training, Inc.**; **Casey Conrad** and **Gary Polic** of **Communications Consultants**; and **Shawn Codd** of **Sales Makers**, all stepped up to the plate in January, 2005 bringing more top flight educational articles to our readers: *Ekstrom's: Member Motivation = Member Retention*, *Conrad and Polic's: Failing to Plan is Planning to Fail... and Codd's: New Year – New Beginnings* articles all brought fresh perspectives and great new ideas to our readers.

#### January 2005 Norm's Notes "Short-Takes"

• The **U.S. Government** issued new guidelines on *exercise and nutrition*. And, as I wrote then, I think the new recommendation of a minimum of an hour and a half of daily exercise is **FINE FOR YOU or Me**, but I think the government should emphasize that for "new exercisers", an easy 20 to 30-minute workout is O.K. That might help avoid turning off some people that may just be "Making the Break!" and preparing to start regular exercise. • I announced that **TONY and GAIL deLEEDE**, formerly husband and wife, had entered into a business partnership and founded **ActiveXL**. **ActiveXL** is doing great as a new company specializing in supplying **CLUB LOGO- BRANDED** backpacks. The backpacks are stuffed with club logo-branded gifts such as water bottles, headsets and caps. These backpacks provide incentive gifts for new members and for those who provide referrals. And, once the member leaves

with the backpack, he is an instant "Walking Billboard" for the club in the community it serves. Check out **ActiveXL's** ad on page #23 • **NERIO ALESSANDRI's Technogym Company** was named **Fortune Magazine's "Best Company to Work For In Italy"** and one of the "10 Best Companies to Work For In Europe!" • **IHRSA** announced that it would honor Chicago's **East Bank Club** with its **DALE DIBBLE Distinguished Service Award**. The fabulous **East Bank Club** was our featured cover story for our November, 2002 edition. Imagine a club that is 450,000 square feet and generates \$47 million in revenue per year! My apologies, as I misstated in a Norm's Notes a few months ago that the **East Bank Club Founders** were **DANIEL LEVINE** and **SIMON MEREDITH**. However, **DANIEL LEVINE** and his partner, **JIM McHUGH** were the men that originally founded, built and own the amazing club creation of 25 years ago. And, they are fortunate to have had such a great GM as **Simon**

**Meredith** and a great **East Bank Team** like the one he has assembled! **CONGRATULATIONS to you all!** • **MIKE MOTTA**, the **Founder and CEO of NYC-based Plus One**, announced that he had just hired **CHRIS CIATTO** as **Plus One's Chief Operating Officer**. Mike also serves **IHRSA** on its **Board of Directors**. • I wrote about **JOHN JANSZEN**, **Founder and CEO of Ohio's Fitworks**, filing a lawsuit to stop a municipally-funded **Parks and Rec. facility** in the township of **Westchester, Ohio**. Guess what... **Janszen** and **Fitworks** **WON!** Last month, **Janszen** was recognized for his efforts by **IHRSA** with a **CBI Magazine cover story!** Chalk up some credit here to "The Gladiator" **JOE MOORE**, **IHRSA President**. Joe greatly assisted **Janszen** and his **Team** in their effort! After all, **Joe has a 15-0** record in Ohio in such battles! • We also reported that our friends and long-time advertisers, **CheckFree Health and Fitness parent company, CheckFree Corporation**, reported an **11% jump in 4th Quarter revenue!**



February 2005

Our February 2005 cover story featured **Jim and Ann Woolard** and was entitled: **Jim Woolard and World Gym Team... Providing Excellence for 30,000 Members!** Jim and Ann own 7 big World Gyms in Southeast Florida and in Philadelphia, PA. Their clubs range in size from 16,500 to 38,000 square feet and thoroughly cover the territory from Boynton Beach to the Boca Raton area. **Jim Woolard**, a family man and father, with his beautiful wife **Ann**, and daughter (See 2005 In Review page 22)

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## ...2005 In Review

continued from page 20

ters Devon, Brooke and Morgan, has been in the health club business since he was 16 years old. He now has 27 years of experience in the health club industry! **Mike Uretz, World Gym CEO** said this about Jim Woolard, "Jim Woolard is one of the most successful World Gym owners in our entire franchise system."

Our second page #3 story for February announced that **Ray Wilson** had entered into an agreement with Quiznos Founder, **Rick Schaden**, whereby Schaden would acquire Wilson's **Healthy Exercise** clubs and concept to launch a new health club chain called **123 Fit**.

I published "2004 In Review" Part III and resolved forever not to let these annual

year in review writings continue to be as long as the "Dead Sea Scrolls! How am I doing?"

Our "Insider Speaks" column for February was entitled: "International Health Club Museum and Hall of Fame Proposed". Yes... that's my idea. Those that I envision someday being honored will include **CLUB INSIDER's Health Club Pioneer of the Year honorees for 2004 and 2005: Ray Wilson, Dale Dibble, Joe Gold and Red Lerille. And, our 2006 Health Club Pioneer of the Year honorees: RICK CARO and JOHN McCARTHY (Announced in this month's Norm's Notes) and many of you reading this!** As I wrote in February, "I have no illusion with respect to whether my Dream described here today will ever become a reality during my lifetime." **But no worries... this is some-**

**thing that I believe will someday be done in a big way.**

We also covered the launch of **Gail and Tony deLeede's ActiveXL Company** put together with the goal of "Walking Billboards" Around the World!

Contributing Authors **Michael Scott Scudder: 2005: Get Rid of the "Same Old, Same Old" – Part I** and **John Brown: "10 Reasons People Aren't Joining Your Club!"** gave you more tools for success in 2005.

February 2005  
Norm's Notes  
"Short Takes"

• **JUSTIN CATES**, my son to be 21-year old son and partner, was mentioned along with comments about his life and his pursuit of his musical dreams. • I informed folks of

our presentations to **Red Lerille and Joe Gold (posthumously)** of **CLUB INSIDER's 2004 Health Club Pioneer of the Year Awards. • Cybex International, Inc.** was recognized by the **American Stock Exchange** as one of its **Top 50 Performing stocks during 2004** with an amazing increase of **235%** during 2004! • It was announced that **IHRSA** would honor **Joe Cirulli** with its **2nd Annual 'Visionary of the Year Award!'** • **MIKE MINTON**, owner of **Minton's Sportsplex** in Texarkana, Texas, announced that his club had been honored with the "Outstanding Business Partner of the Year" Award presented by the **Texas Association of Partners In Education.**

• **JOHN KERSH**, former IHRSA International Director announced he had started a new company called **Health Genius**, a supplement sales company focused on the sale of fruit and vegetable capsules. • **Iron Grip Barbell Company** announced its new **Heart Mind Body Benefit Program** for health clubs. • **Curves International, Inc.** announced that it had entered into an agreement with the **Cooper Clinic** in Dallas, Texas to produce and provide to Curves a "Weight Management Certification Program." • **Sports Club Company** announced that it was going to take the company private again and sell six of its clubs to the **Millennium Partners.**

means folks that this industry icon has been in business for almost 43 years! You've got to see his 185,000+ square-foot club situated on 20 acres in Lafayette, Louisiana to appreciate what this legend has created. But, to get a little 'feel' for his amazing club go to Red's website: [www.redlerilles.com](http://www.redlerilles.com) and check it out. **Congratulations to Red and Emma Lerille and Red's Team on a great run.**

**Joe Gold**, whom **CLUB INSIDER** also honored (posthumously) with our **2005 Health Club Pioneer of the Year Award**, was also featured in an article about the presentation at the World Gym Awards Banquet in Columbus, Ohio.

Contributing Author **MICHAEL SCOTT SCUDDER** sounded the alarm to club owners with his article entitled: "Here Come the Low Priced Clubs!" I also published, for anyone who might have to go through this very tough experience, an article entitled: **Health Club Industry Standards for Closing A Club.** And, I want to remind you all here that there is a "Right way and a wrong way to close a club." Contributing Authors, **Shawn Codd: "How to Inspire and Motivate Your Sales Team"**, **Karen Woodard: Effective Lead Follow Up To Shorten Your Sales Cycle** and **MICHAEL SCOTT SCUDDER: "2005: GET RID OF SAME OLD, SAME OLD" – Part II** provided excellent articles with formulas for success for your club.

March 2005  
Norm's Notes  
"Short Takes"

• In my comments summarizing IHRSA 2005 Convention and Trade Show in San Francisco, I ranked the IHRSA event the best I had ever attended and I have never missed any of the 24 IHRSA Conventions. In short, it was just terrific. But, **I predict IHRSA's 25th Anniversary Convention and Trade Show will top 2005's.** I hope you'll be there. Amongst all the news and happenings, the announcement by **JOHN McCARTHY** that he is retiring in June 2006 was the most significant news to the entire industry. I wrote then and I repeat here: **NO ONE will ever "replace" Big JOHN "The Alliance Master" McCARTHY!** **To compound matters at IHRSA, (See 2005 In Review page 24)**

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March 2005

**Red Lerille**, whom in my view is the single **greatest independent club owner/operator** anywhere in the world, graced the cover of our March edition. The photo shown on this page shows Red holding his **2005 Health Club Pioneer of the Year Award.** Red Lerille, former **Mr. America** in 1960, opened his **Red Lerille's Health Club** on January 10, 1963. That

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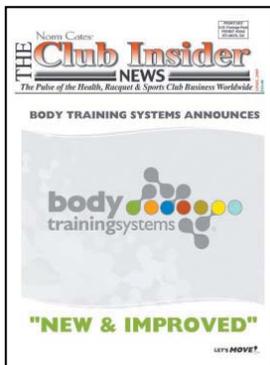
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## ...2005 In Review

continued from page 22

it was announced that 23-year IHRSA veteran and Director of Operations, **RICK DEVEREUX** was retiring soon as well. **JOE CIRULLI** received IHRSA's *Visionary of the Year Award and the East Bank Club* won IHRSA's Distinguished Service Award, marking the first time that award had ever been awarded to a club instead of an individual. **CheckFree Corporation** hosted its *1st Annual IHRSA Technology Summit* that was entitled: *"Generating Profits Through Technology"*. • **STEVEN THARRETT** announced that he had written a 500+ page book entitled: *Fitness Management* The book is being published by *Healthy Learning*, www.healthylearning.com and you may call toll free 888-229-5745 to order it. The book will be available around Christmas, but orders are now being taken. • **MARIO BRAVAMALO, Founder and DARON ALLEN, CEO of Visual Fitness Planner**, announced that their terrific program was now in 300 clubs. • **MIKE MINTON**, in Texarkana, Texas, announced that he had entered into a joint-venture agreement with **FAY J. DURRANT of Fay J. Packaging Company** to develop, in partnership, a large, \$13 million multi-functional sports, aquatic and civic center complex. The new complex would also include a 3,500-seat, multi-purpose arena for hockey, figure skating, basketball, concerts, etc.



April 2005

Our April cover story entitled, *Body Training Systems "New and Improved"*, chronicled the amazing "inside" story about how Les Mills International attempted to shut down *Body Training Systems*

U.S. and Canadian operations by unduly and wrongfully canceling the BTS licensing program. After studying the legal document that was agreed to by both of these parties, I was very disappointed in the Les Mills organization for what I still firmly believe was a breach of "trust". They unsuccessfully attempted to take away all of Body Training Systems North American business developed over 7 years at the cost of \$5+ million invested by Rich Boggs and Ray Irwin's BTS Company. Boggs and Irwin, my friends and former partners here in Atlanta in a club 9-chain called Courtsouth back in the 1970's, are stand up guys. So, those of you who stayed with Les Mills because of your "big investment in marketing and branding of Body Pump, Body Combat, etc.", I can only wish you well. And, I want to remind you that BTS is doing very well and has moved on with their *"NEW and IMPROVED"* programs. I also want to remind you that as the predictions and concerns I expressed in our April edition continue to come true: *Just remember Body Training Systems is NEW and IMPROVED and waiting to serve you!* (See page 27)

Our second page #3 article in April was written by yours truly as well. It was entitled, *"Low Cost Clubs"... How the Competitors Feel... The CLUB INSIDER News - "Counterpoint"*. This was an article I decided to research and write after reading Michael Scott Scudder's article of warning, "Here Come the Low Price Clubs!", published in our March edition. Bottom line of my "Counterpoint" article is that the club operators out there who run well managed, customer-focused clubs can and will compete with these low cost clubs. It's the "bubble" clubs... the marginal operators that are going to experience difficult problems and may go away. And, in the cases where these weak operators are not delivering excellence to their consumers, maybe that is for the better. My strong feeling is that most of you reading this fall into the "well managed, customer focused clubs" category or you would not be reading CLUB INSIDER. Guess what folks... Our industry is coming of age. The "hobby health club operators" in America are dwindling in number and will continue to

depart because the profit margins that had previously allowed less than professionally operated health clubs to survive are shrinking.

*Insider Speaks Entitled: "The Importance of the Article Cannot Be Overstated!" DEAN KACHEL, 26-year owner of Quadrangle Athletic Club in Coral Springs, FL.* and I had a 1.5-hour phone conference with Officials of the Florida Consumers Office about the activities we believed were illegal with respect to the pre-sales of a new club called About Family Fitness. Suffice it to say, there is no room to comment in depth here. But, the bottom line is the Florida Consumer Affairs Officials aren't protecting nor are they interested in protecting consumers in Florida when it comes to health club activities (*There is GOOD NEWS though... See this month's Norm's Notes.*)

Articles by **Gary Polic: 10 Reasons Why Successful People "Get" That Way... Are you one of those people?** and by **Rande LaDue: Fighting Childhood Obesity In Your Club** offered our readers excellent club improving information. We also published an article by yours truly entitled, *World Gym International Hall of Fame Awards Banquet Was "World Class"!*

April 2005  
Norm's Notes  
"Short-Takes"

• I introduced what I now call **Norm's "PERSONAL" Notes**. Once in a while these "PERSONAL" Notes would be published as a separate set of writing in the same edition. They would be about subjects in my heart that needed more space than my monthly Norm's Notes space. The idea really came in handy in July when I wrote about the passing away of *My Dear Aunt Mary*. • Because of the importance of both, I commented on the *BTS cover story* and the *April "Insider Speaks"* column described above. • I commented on the *Bally Total Fitness Conference call conducted by CEO PAUL TOBACK. There is a lot developing on that story...* Check out *Norm's Notes* in this issue. • I wrote about **GREG LAPPIN, IHRSA Board Member**, who had been selected to serve with **JULIE MAIN, Ex-officio**

*President*, as Co-chairs of the *Executive Search Committee* charged with finding a new *Executive Director for IHRSA*. There has been an awful lot going on with that situation and I will have more in January '06. • I wrote about **SANDI GORDON's great job for TROY DEMOND'S club, "Fitness On the Move"**, in Fort Myers, Florida. She developed a Corporate Membership for the **Chico's Corporation**, the manufacturers and sellers of fine women's clothing. She created a program called the *Chico's Fitness Challenge that was a huge success and attracted 329 Chico's employees!* • I wrote about **Michael Scott Scudder's** article in that issue entitled: *"Is Your Club A Maximum-Strength Operation or a One-Dimensional Weakening?"* I also wrote about the \$64 question...

*How many health clubs are there really?* • I welcomed new **IHRSA Board Members: LAURIE SMITH, PHIL WENDEL, GENE LAMOTT and BAHRAM AKRADI**. And, I thanked **MARK SMITH and CAROL NALEVANKO** for their IHRSA Board service. • I commented on the upcoming and new *IHRSA Club Business Entrepreneur Conference* to be held simultaneously with **WALLY and MISHELLE BOYKO's National Fitness Trade Journal Trade Show**, and I mentioned that **MEREDITH POPPLER** was IHRSA's leader for the development of the event. We also encouraged all **IHRSA independent operators to attend (And, many did!)**. Great job **Meredith and Chuck and the IHRSA Team!** • I commented that *24 Hour* (See 2005 In Review page 26)

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**...Casey Conrad**

continued from page 19

ance is going to be on the last day of the month. The only tricky parts about using the form are a) making sure the salesperson only uses pencil, and; b) getting them to understand that the left hand numbers represent the working days of the month, not the actual date of the month (this makes the math a lot easier).

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

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**...2005 In Review**

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*Fitness* had been placed on the Auction Block and that there were four bidders so far. Also, it was mentioned that **MARK MASTROV**, 24 Hour Fitness CEO had done a deal with **JACKIE CHAN** to create *California Fitness Jackie Chan Signature Clubs*. • **JIM GERBER** announced the development of a new \$25 million, 100,000 square-foot club in Carlsbad, California. • I mentioned the impact that *LA Fitness* has been having in the "Low-cost club" story. • I mentioned the long time ongoing discussions about *Personal Trainer accreditation* involving at least 10 organizations. • **Iron Grip Barbell Company**, *Cyber International and Life Fitness* were honored with *Fitness Management Magazines NOVA 7 Awards*. • **TSI's MARK SMITH** was ahead of the curve with the announcement that they were installing new *AED's* in all 130+ *TSI clubs!* All health clubs in the U.S. should follow this lead! • **ROGER WITTENBERNS** sold controlling interest to his 30-year old *Lady of America* chain of clubs to the *Trivest Corporation*. • And Finally, *Gold's Gym International* named **KEITH ALBRIGHT** as its new *Senior Vice President of Franchising*. • **STAY TUNED** for Part II next month covering May through December 2005.

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Pleasant SC, East Shore Health & Racquet - North Charleston SC, Eastlake Athletic Club - Elkhart IN, Elements for Women - NY NY, Empower Fitness - Portland OR, Energy Fitness - Toronto Canada, Energy Fitness - Fadsuhal NY, Energy Sports & Fitness - Elizabethtown KY, Energy Sports & Fitness - Lexington KY, Evergreen Fitness - Fort Townsend WA, Executive Fitness - Santa Esca CA, Extreme Family Fitness - Modesto CA, Extreme Fitness - South Haven MS, Fastrack Fitness - Town & Country MO, Fieldhouse Fitness Center - Justin TX, Fisher Island - Fisher Island FL, Fit & Fabulous - Fairfield IA, Fit For Life Center - Arlington TX, Fit Happens - Allamuchy NJ, Fit One - Chico CA, Fit Systems / Club Energy - Elizabethtown KY, Fitcorp - Boston MA, Fitness 180 - Evesville CA, Fitness Concepts Health Club Gardner - Gardner MA, Fitness Crossroads - St. Anthony MN, Fitness Factory Monticello - Monticello NY, Fitness First - Plantation FL, Fitness First - Eschwege OH, Fitness Forum Florence - Florence SC, Fitness Lady North - Edgeland MS, Fitness Millennium - Eno NY, Fitness One - Fennell MO, Fitness Pro Team - Conway AL, Fitness Solutions - Los Altos CA, Fitness Together - Westwood MA, Fitology - Timonium MD, Flex Fit Energy Club - Lone Beach MS, Flexx Fitness - Napa CA, Focus Fitness - Boston MA, Forever Fit - Watertown MA, Four Court Racquet and Fitness - Cumberland RI, Foxy's Fitness for Women - Eaton Rouge LA, Foxy's Health & Racquet Club - Eaton Rouge LA, Fredericksburg Athletic Club TX - Fredericksburg TX, Free Motion Fitness - Sandy UT, Fuel Fitness - Woburn MA, Fusion Fitness - Natick MA, Fusion Fitness Santa Esca - Santa Esca CA, G Form Fitness - Brockfield WI, Gainesville Health & Fitness - Gainesville FL, Galveston Health & Racquet Club - Galveston TX, Generations Health Club - Auburn CA, Global Health & Fitness - Leominster MA, Gold's Gym - Jupiter FL, Gold's Gym - Miami FL, Gold's Gym - Deerfield Beach FL, Gold's Gym Duluth - Duluth GA, Gold's Gym - Sacramento CA, Gold's Gym of Eurlington - Eurlington NC, Gold's Gym of Deerpark - Edgewood NY, Gold's Gym of Joliet - Joliet IL, Gold's Gym of Laurel - Laurel MD, Gold's Gym of Ormond Beach - Ormond Beach FL, Gold's Gym of Tewksbury - Tewksbury MA, Gold's Gym of Vacaville - Vacaville CA, Gold's Gym of Waldorf - Waldorf MD, Grande Esconde Fitness Club - La Grande OR, Grayton Beach Fitness - Grayton Beach FL, Gym X Fifteen - Filleen TX, Hampton Hill Athletic Club - Columbia SC, Health Unlimited - MA, Airy MD, Highlander Health & Fitness - Fredericksburg VA, House of Fitness - Miami FL, Impact Sports & Fitness - Cordele CA, InnerStrength - Nashville TN, It Figures - Glenn Heights TX, It Figures - Mc Finney TX, It Figures of Hickory Creek - Hickory Creek TX, It Figures of Keller - Keller TX, It Figures of McKinney - McKinney TX, JM Power Center - Eatontown NJ, Juliet Parks District - Joliet IL, Jardia Life Fitness Training - Dana Point CA, Tent Women's Aerobic & Fitness Center - Vent WA, LA Workout - Simi Valley CA, LA Workout - Camarillo CA, Ladies Choice Fitness Center - Summerville SC, Lady Fitness - Sacramento CA, Lifebridge Health and Fitness - Baltimore MD, Lifequest - North Charleston SC, Lifequest Health & Fitness - Charleston SC, LifeStyle Frunelate Fitness - Salinas CA, Living Well Lady Fitness - Coral Gables FL, Lord's Gym of Clermont - Clermont FL, Lord's Gym of Ocala - Ocala FL, Lower Valley Athletic Club - Fresser WA, Mavericks Sports Club - Concord CA, Memorial Hospital West - Hollywood FL, Mendocino Sports Club - Fort Erage CA, Menifee Valley Athletic Club - Sun City CA, Merritt Athletic Club - Baltimore MD, Metropolitan Health Club - Ecstun MA, Mid-Hudson Athletic Club - Finaston NY, Mcreau Fitness - Zachary LA, Motion Fitness & Racquet Club - New Berlin WI, Mount Auburn Club - Watertown MA, New Corp Fitness - Staten Island NY, North Columbus Athletic Club - Columbus GA, North East Sports Training - Warwick RI, North Shore Athletic Club - Ewerly MA, Northwest Athletic

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

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

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OK, Lee Cabell - Charlotte NC, Lord's Gym - Tusculumbia AL, Maria Eudolph, Mark Dagan - Franklin TN, Maximo Salinas - Vieira FL, Michael Cabibbo - Budd Lake NJ, Michelle Turner - Greenville IL, Phil Racicot - Norfolk MA, Dandy DeLue - Poway CA, Range of Motion - Detroit MI, Steve Eryan - Evans CA, Suzan Lumpkin - Columbia MD, Tami Jones - Sunrise FL, Taylor Colvin - Sugarland TX, Trinity Fitness - Rockville MD, Stones Fitness Center - Houston TX, Texas Health & Racquet Club - San Marcos TX, The Athletic Factor - Pompano Beach FL, The Body Mill - Clearwater FL, The Body Shoppe Health - Greenfield MA, The Firm Fitness - Seekonk NY, The Fit Club - Hancock MA, The Group Fitness Center - Northfield OH, The Hills Fitness Center - Austin TX, The Memphis Fitness Club - Memphis TN, The University Club of Houston - Houston TX, The Wellness Center Cape Coral - Cape Coral FL, The Workout Company Normal - Normal IL, The World Bank Fitness Center - Washington DC, TNT Fitness - Port Saint Lucie FL, Total Fitness Springdale - Springdale AR, Total Fitness Westbrook - Westbrook ME, Triune Wellness Center - Menon MA, TRU Fitness - Citrus Heights CA, Tulen Center - Portland OR, Twin Oaks Sports & Fitness - S. Burlington VT, Urban Fitness - Galveston TX, V - Charleston SC, VO2 Maxx - Evans CA, Walter Gallineau - Dallas TX - Wave Health & Fitness - Boston MA, Well Works Sports Center - Memphis TN, Wellness Connection - Starkville MS, Wellness for Life Fitness Center - Laurel MD, West Loop Gym - Chicago IL, Westerville Athletic Club - Westerville OH, White Rock Athletic Club - Dallas TX, Windward Athletic Club - Alpharetta GA, Woman's Workout Company - Hyannis MA, Womenfit Total Fitness Center - Manassas VA, Women's Fitness Studio - Brunswick ME, Express - Woodland CA, World Gym - Guadalajara Mexico, World Gym Express - Upper Marlboro MD, World Gym of Beamount - Beamount TX, World Gym of Bowie - Bowie MD, World Gym of Brunswick - Brunswick GA, World Gym of Castle Rock - Castle Rock CO, World Gym of Delray Beach - Delray Beach FL, World Gym - Fort Washington MD, World Gym of Ft. Lauderdale - Ft. Lauderdale FL, World Gym of Granite Bay - Granite Bay CA, World Gym of Guadalajara - Guadalajara Mexico, World Gym of Harrisburg - Harrisburg PA, World Gym of Leonardtown - Leonardtown MD, World Gym of Paramus - Paramus NJ, World Gym of Port Arthur - Port Arthur TX, World Gym Prince Frederick - Prince Frederick MD, X-Sport Fitness & Tanning - St Charles IL, Xtreme Fitness & Gymnastics - Lees Summit MO, Yang's Fitness - Andover MA, YMCA of Broward County - Ft Lauderdale FL, Your Gym - Concord NC...