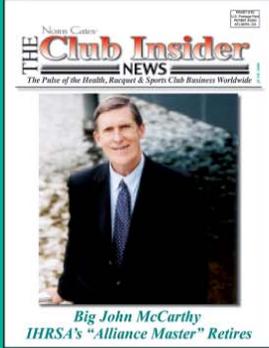
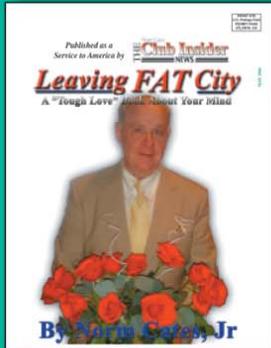
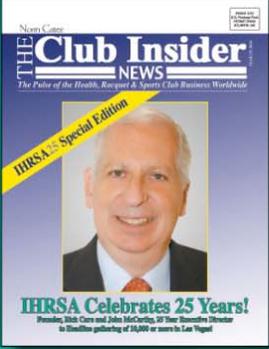
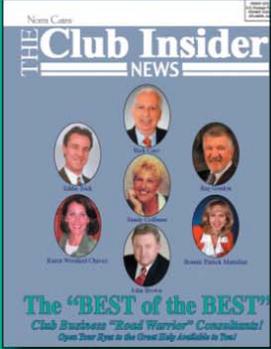
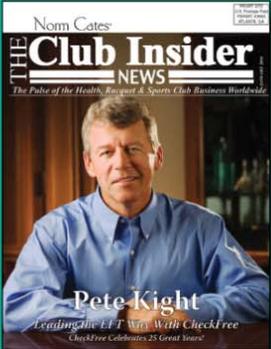


Norm Cates'

THE Club Insider NEWS

DECEMBER 2006

2006 In Review



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Norm Cates' **THE Club Insider** NEWS

“2006 In Review”

Part I – January through March, 2006

By Norm Cates, Jr.

January, 2006

Cover Story - Pete Kight, the Founder and Chairman of the giant CheckFree Corporation was our featured cover story person for January, 2006 issue. His

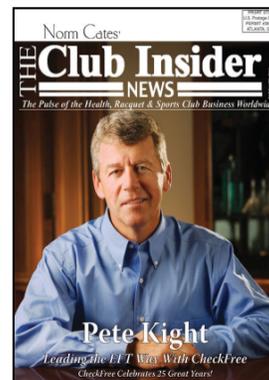
story is truly one of an amazing American entrepreneurial success. A former triathlon athlete and health club operator, Pete Kight started CheckFree in his grandmother's basement with an investment of just \$777. Today, CheckFree Corporation is the world's largest financial

services provider and moves between \$2 and \$3 billion in funds each night.

The CheckFree Health and Fitness Division is one of many divisions in the giant CheckFree Corporation that now serves a variety of industries around the world.

CheckFree Health

and Fitness Division has been a strong CLUB INSIDER supporter and advertiser for many years and we are thankful for and greatly appreciate their support. Peter Kight, IHRSA's first ever “John McCarthy Entrepreneur of the Year” award winner at (See 2006 In Review page 14)



Peter Kight - January 2006

The CLUB INSIDER News

From the Beginning in 1993 to 14 Years and Counting!

By Norm Cates, Jr.

My, my, my ... how time does fly! This December “2006 In Review” Special Edition marks the beginning of our 14th year of publication of *The CLUB INSIDER News!* This milestone is clearly proof for any of you doubters that there is a God!

It seems like yester-

day that I was standing in a Chicago hotel conference room with the Faust Roundtable #1 group seated around the table. It was January, 1993. Listed on a flip chart were eight or ten potential new business ideas I was considering for development. I shared my list of ideas with this group of good friends and industry veterans who

were members of the health, racquet and sportsclub industry's first formal and regularly meeting roundtable group. The RT#1 Group had been assembled by Rick Caro and meetings were facilitated excellently by Dr. Gerald Faust. We would meet 3 to 4 times a year in a different city to discuss our business opportunities, issues and challenges.

Most of the folks Rick Caro and I had worked with while creating what is now IHRSA, were present. Curt and Jane Beusman, Red Lerille, Todd Pulis, Dick Trant, Cecil Spearman, Carl Porter, Mitch Wald, Jill Stevens Kinney, Tom Lyneis, Jim Farrell, Mark and Debbie Eisenzimmer, Jay Kell and Bruce Hendin, (See *The Beginning* page 27)



Red Lerille, Lafayette, LA

A Personal NOTE from Norm Cates

• **Hello everybody!**

I sit here today in anticipation of a cold front that will hit Atlanta tonight that will bring our temperatures down to 10 degrees just 18 days before Christmas.

While I sit at this keyboard, I am thinking and caring about you all and your well being, and I do that every day of my life.

But, at the same

time, on this cold morning in the ATL, I can't help but think about our troops, airmen and seamen in Iraq, Afghanistan and around the world. And, I can't help but think about their families. I hope you will join me right now in a little prayer for all of them.

All of our servicemen and women deserve our prayers and our thanks. Our brave and dedicated volun-

teer servicemen and women, and yes, their families too, all SACRIFICE greatly for each of us. They all pay a huge price in their lives for us. Most of them come home from “over-there.” But, some of them, I guess over 3,000 now and a million over America's history, have not come home. Beyond that, thousands of those who've returned from “over there”

have life threatening and personally disabling injuries that they will live with and suffer from for the rest of their lives. Let God's grace and help be with them all.

Today is December 7, 2006. 65 years ago, President Franklin D. Roosevelt said, “Today, December 7, 1941, a day that shall live in infamy, the United States of America was suddenly and

deliberately attacked by the naval and air forces of the empire of Japan.”

I am very lucky, because as I peck on this keyboard, I can say THANKS to my Dad, Norm Cates, Sr. for his service in the skies of the South Pacific during World War II and on the ground in Okinawa during the Korean War. I am lucky my Dad went (See *A Personal Note* page 6)

• **Inside The Insider** •

- Staffing and Strategy – the Calamity In Health Clubs – By Will Phillips
- Behind the Scenes Secrets for Successful Weight Loss Coaching – By Donna Krech
- “ON SPECIAL ASSIGNMENT” – By Michael Scott Scudder

GOLD'S GYM ANNOUNCES RESIGNATION OF GENE LAMOTT AS PRESIDENT AND CEO: BOARD APPOINTS DAVID SCHNABEL AS CEO

DALLAS, TX - November 28th, 2006 - Gold's Gym International announced today the resignation of Gene LaMott, Chief Executive Officer. The company's board of directors has appointed David Schnabel to serve as the new CEO. “On behalf of our entire board of directors, I want

to thank Gene LaMott for leading Gold's Gym through one of the greatest transitions in its 41 year history,” said David Schnabel. “We appreciate his efforts and wish him well in future endeavors.” LaMott began his association with the Gold's Gym family as an 8 unit franchisee in the late '80's & early '90's.

He transitioned into corporate leadership at Gold's when he was named COO in 2000. He has served the corporation and the system as CEO since 2001. He helped guide the company through its sale to TRT Holdings in 2004 and oversaw the corporate move to Dallas in 2005. During (See *Lamott Resigns* page 6)

Norm's NOTES

Thank You

To The *Club Insider* News 2006 Contributing Author Team Listed Below:

- Rick Caro - President, Management Vision, Inc - (212) 987-4300
- Michael Scott Scudder - President - MSS FitBiz Connection - (505) 751-4248
- Donna Krech- Founder & President-Thin & Healthy's Total Solutions® - 419-991-1223
- Casey Conrad - Communications Consultants - (800) 725-6147
- Colin Milner - V.P. Sales/Marketing - Founder & CEO International Council on Active Aging - (866) 335-9777
- Bonnie Patrick Mattalian - Principal - The Club and Spa Synergy Group - (732) 236-2273 or bonnie patmat@aol.com
- Rande LaDue - President - Pace Fitness - 1-888-604-2244
- Karen Kirby - President - Health Style Services - (210) 884-2620
- Richard Ekstrom - President - Retention Management - (800) 951-8048
- Dale Dibble - Retired - Bentley Village - Naples, Florida. Email: dwdibble@hotmail.com
- John Brown - President - PCM Fitness, Inc. - (281) 894-7909
- Gary Polic - Communications Consultants - XSPORT Fitness GPolic@communication-consultants.us 866-825-8501
- Stephen Tharrett- Consultant &- Author-Fitness Management 1-888-229-5745
- Bruce Carter- President-Optimal Designs Systems Intl. 1-954-385-9963
- Jim Thomas- President-Fitness Management USA 1-800-929-2898
- Amy Hyams, Ph.D. - World Instructor Training Systems (W.I.T.S.) - (888) 330-9487

• Hello everybody! This is your **CLUB INSIDER News Publisher Since 1993** checking in! Stand by for news ... as we begin our **14th Year of Publication!**

• **JUSTIN CATES**, our almost 22-year old son, now a **Senior at the University of Georgia**, was recently honored by his peers at the **Phi Kappa Theta Fraternity**

in Athens, Georgia. He was elected to be the **Vice President of Finance and Treasurer**. Justin has served you all too, as he has been my **Information Technology Director** and **Webmaster** since we went digital about 10 years ago. He did our layouts for 4.5 years and now is our Webmaster for www.clubinsidernews.com and

www.leavingfatcity.com. Justin is a good man. He is an enormously talented young man and we're very proud of him. **CONGRATULATIONS** to you, **Justin Cates, a/k/a Dawg Dude** and the other officers elected at **PKT!**

• In **January, 2007** I will publish a cover-story interview with **GOVERNOR MIKE HUCKABEE** of Arkansas for our January, 2006 edition. That book will feature information and comments from him on his 2005 book, "**Quit Killing Yourself With A Knife and Fork**" and his new book to be released in January, 2007 entitled: "**From Hope to Higher Ground: 12 STOPS to Restoring America's Greatness**". And, he will comment on the issues America faces with the ongoing obesity pandemic. Moreover, the January, 2007 **GOVERNOR MIKE HUCKABEE** cover story will introduce you to someone who truly is a great American and is studying carefully a run for President of the United States in 2008. Check out my writing in: **A Personal Note From Norm Cates** in this issue on **page #6**.



Norm Cates, Jr.

When I called ABC from the fabulous **PEABODY HOTEL**, one of the homes of the "**Famous Ducks**", before driving to ABC Headquarters, I got Heather on the line. Now get this. I've been to thousands of clubs and other businesses over my almost 61-years and **NEVER** have I ever **been given better directions**. For the final turn I had to make a left turn. *The lovely Heather gave me not 1, not 2, not 3, but 4 landmarks to look for ...one on each corner.* I found my way without a hitch and say, "**Thanks Heather!**"



Heather Girdler

ABC Financial Services, Inc.'s Headquarters is quite (See Norm's Notes page 10)

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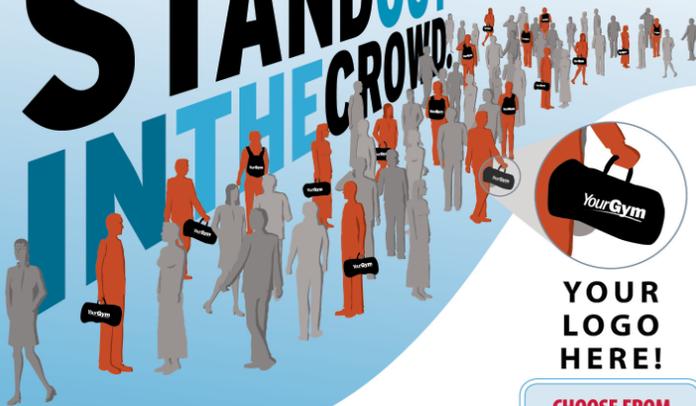
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www.clubinsidernews.com

• The day before my visit with **Governor MIKE HUCKABEE** at the **Governor's Mansion** in Little Rock, AR., I had the pleasure of making a surprise, "**drop-in**" visit on **PAUL SCHALLER**, President of **JIM BOTTIN's ABC Financial Services, Inc.** While waiting for Paul to finish a meeting I had the pleasure of meeting a **young lady who may be the world's best direction giver!** She is **HEATHER GIRDLER** and is receptionist at ABC Financial.

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...A Personal Note

continued from page 3

to this terrible war World War II and came home from war. Yes, I am lucky to be here on this earth.

I am happy that I can say "THANKS" to my Dad and to my Uncle Sam Ingram for serving our country so well. And, I can say, congratulations Dad and Uncle, for surviving war.

And, I say now to my Uncle Sam, a former U.S. Navy carrier landing, fighter pilot and retired Commander, who is now recovering from a severe stroke, **GET WELL UNCLE SAM** and **DON'T GIVE UP THE SHIP!**

May God continue to bless my Dad and his wife Louise. And, may God Bless my Uncle Sam as he recovers, hopefully quickly, from his stroke. And, may God bless all of our men and women of our "Greatest Generation" the surviving men and women from World War II. The high price of the loss of 600,000 of the members of the "Greatest Generation" America paid, hopefully, will never-ever have to be paid again in America's future. I think that is all up to those in Washington, D.C. who've been elected to represent all Americans to decide if we're gonna fight "over-there" or if we are going to let the fight

come "over-here." God bless President Bush and our legislators as they all face times that will define America's security from now on. Sadly, this is truly NOT a war that is just "over-there" anymore. This is in fact, a World War III and you and I and our families are in it whether we like it or not. It has just not yet accelerated in America, except in New York City.

Let me tell you briefly about my terrific 88-year old Dad. My Dad still exercises on his **NuStep** machine regularly. And, Dad is just a few days from his **89 birthday on December 27th, 2006**. Dad, I wish you a **Happy Birthday in advance!** Overall, my Dad is doing really well with his health. I hope he and his wife Louise live to be 100! It seems to me the older my Dad gets, the stronger he is getting. I think it is because of his strong mind and his exercise. My Dad and his wife of 15 years now, Louise, give me a huge amount of personal motivation. Watching them deal with getting older inspires me. I was so happy and enjoyed so much being with my Dad, his wife, **LOUISE**, my **AUNT MELBA KELLEY**, my cousin **JIMMY KELLEY**, my brother **DAVE** and Dad's great cook, **REBA**, for Thanksgiving. I was totally amazed on **Thanksgiving Day** when my Aunt Melba,

from Fort Worth, Texas, exercised three different times for 30 or more minutes on Dad's NuStep machine. Then, she went to the new **Super WalMart** in the small north-west Louisiana town where they live and walked the store for 40 minutes! She is Dad's sister and the sister of my **DEAR AUNT MARY**, whom we all greatly miss. Especially, Uncle Sam.

The Governor of Arkansas, Mike Huckabee Is an Amazing Man!

I was also happy to have been able to travel two days before Thanksgiving to Little Rock, Arkansas for an amazing interview with an amazing man: **MIKE HUCKABEE**, the 10-year **Governor of Arkansas**. The reason I traveled to Little Rock to interview Governor Huckabee is that this man has done something extraordinary that our industry is benefiting from and will continue to benefit from.

While serving as Governor he had gained a lot of weight. He did what I have done. He lost 110 pounds. And, he wrote a book about it. An amazing book entitled: **"Quit Killing Yourself With a Knife and Fork"**. His book chronicles many of the same experiences I've chronicled in my book, **"Leaving FAT City"**. But, his book is in print and has been since 2005. My book will be in print, come hell or high water by April, 2007. I urge you now to buy Governor Huckabee's book, read it and apply what you learn from him in your club business thinking. There is a lot there to apply. Importantly, Governor Huckabee established what he called the **Arkansas Health Initiative**

and is achieving great results in that state for the citizens. Amazingly, because of Governor Mike Huckabee's leadership and work with the public school system, Arkansas has actually **STOPPED the childhood obesity growth** in his state and has actually turned the obesity statistics for the children of Arkansas around. Reports are now showing childhood obesity is now dropping in Arkansas! I am doubtful any other Governor in America can make that claim.

Importantly, Governor Huckabee has spread his experiences and shared his wisdom with 43 other Governors and States. Now in play is the movement of Governor Huckabee's Arkansas Health Initiative blueprint to what is now called the American Health Initiative. This is a very important nationwide movement. *This can be a movement that can be the grass-roots beginning of America's true stand and winning fight against obesity.*

When you read Governor Mike Huckabee's very illuminating interview next month in my January, 2007 cover story, you will come to realize much more fully that America actually and truly is in a relatively unheralded fight now that FEW POLITICIANS PAY A DARN MINUTE OF TIME THINKING ABOUT. In contrast to all other politicians I've seen or heard about, Governor Mike Huckabee, *I believe is the most advanced thinker and doer on the obesity pandemic that there is in the American political realm.* Governor Huckabee, in my opinion, *has such an advanced state of caring, knowledge and action on the obesity subject* because he, as have I, has **LIVED IT.** Like

I have written to you all over and over, **UNLESS** you've actually **LIVED** with obesity and defeated it yourself, there is **NO WAY** you can truly understand it as well as someone who has lived it and beat it. Governor Mike Huckabee is **LIVING PROOF** of what one person can do after living with obesity and defeating it. Congratulations to him for all of his achievements and his excellent 10 years of service as Governor for the good people of Arkansas.

A Proposal To "Our Group and All of YOU"

In the past few months I have made a move that will some day result in a unification of certain people in our industry who have a keen eye on and direct focus on America and the world's obesity pandemic. I call the group of 11 of us that met last Fall at Club Industry in Chicago, "Our Group".

My ideas have been incubating since the Chicago meeting. My ideas are set forth here for "Our Group" and for YOUR consideration now. There are a number of items to get the ball rolling with "Our Group".

I PROPOSE THIS PLAN

#1) To start "Our Group" without any **MONEY** involved from *anybody*. It is my belief that to succeed, we **MUST** have people involved in this great American fight against the obesity pandemic that are *participating and helping for the right reasons.* I believe *all must truly want to help. I feel the test of that truth will come from uncompensated volunteer workers.*

#2) To start "Our Group" (See A Personal Note page 8)

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...Lamott Resigns

continued from page 3

LaMott's tenure the brand evolved substantially as the company saw increases in system sales, franchising and product licensing while corporate owned gyms grew to over 50 locations. He will be returning to his home in California to spend more time with his wife, children and young grandchildren.

"I am proud of what we've been able to accom-

plish during my time at Gold's Gym and feel that the company is well positioned for future growth," said LaMott. "After spending the past two years commuting back and forth between Texas and California, I'm looking forward to spending more time at home."

David Schnabel was the Vice President of Acquisitions for TRT Holdings and has served as a member of the Board of Directors for Gold's Gym International since its acquisition by TRT

in 2004. He was responsible for sourcing the acquisition of Gold's Gym for TRT Holdings and has been actively involved in the strategic planning of the company since that time. Schnabel has worked at some of the nation's most recognized firms, including Goldman Sachs and McKinsey & Co., and holds both an undergraduate degree from Stanford University and a graduate degree from the Harvard School of Business.

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...A Personal Note

continued from page 6

Group" via the internet only for the first year. I don't know about you, but I can get more work done in one day on this keyboard than I can get done in a week of trying to be places by traveling on airplanes and staying in hotels. *Internet communications, website work and video conferencing activities are all in my thinking for this effort.* I also think there are many of you out there who wish to help, but *TIME is a huge issue for all of us.* I know because I have heard from a number of you since my early "Our Group" meeting announcements. Your personal work schedules in many cases are prohibitive and will keep many from being involved due to travel time and cost, accommodations, etc. So, *the cyber world could eliminate those big travel issues.*

#3) That we link with the American Health Initiative that Governor Huckabee has led the way in creating and building. He has done amazing grass roots work and I want "Our Group" to ally with Governor Huckabee and those 43 Governors and states and help the Governor bring in the other states for this important movement. A link between the American Health Initiative and "Our Group" feels to me like a true win-win-win thrust from the get-go.

#4) That we link with IHRSA. This, to me, is a 'no-brainer.' IHRSA has, for years, been working on the obesity issue. However, because IHRSA has such a broad scope of thrusts ... resources, people and time have not been, in my opinion, yet significantly allocated by IHRSA to take this fight to another level, a level beyond IHRSA's annual "GET

ACTIVE" and "I LOST IT AT THE CLUB." initiatives. Importantly, my objective of building "Our Group" from scratch with no money and on the internet has been specifically thought through by me after conversations with some of the folks in our original Chicago group.

Specifically, by eliminating MONEY from our start-up, we will back up with proper intent and action, my previous and sincere statements about how I intend to build this new alliance. This will NOT be a competitor to IHRSA in any way, but instead, a *complement and help to IHRSA with its current and any new obesity pandemic initiatives.*

I personally intend to be in this fight for the rest of my life, a long and healthy life, *I fully intend to earn through regular exercise, proper nutrition and a fully balanced lifestyle.* And, a life I expect to last for 30 more years. So, I say to the IHRSA Board and Staff, we're with 'YA, not AGIN 'YA!

#5) That we conduct a contest to name "Our Group" permanently: I like "America's Group", but have learned that name is taken. STAY tuned for the "Our Group" name contest information in our January, 2007 edition.

#6) Through "America's Group", the American Health initiative and IHRSA, I hereby propose that we do something that has never ever been done before in America.

I propose that the #1 objective of "America's Group" becomes the establishment of a nationwide service organization.

It should be a service organization that resembles, in structure only, the Boys and Girl Scouts of America. An organization of UNCOMPENSATED VOLUNTEERS ... volunteers who will participate in a nationwide, Boy Scout like, team of obesity solution communicators.

I envision the volunteer obesity solution communicators going 'door-to-door' across America. I envision these volunteers saying to whomever answers the doors at America's homes something like this: **"Hi. My name is Norm Cates. I am not here to sell you some-**

thing. I am a here as a volunteer member of "America's Group" I am here to give you this small "4" X "8" card. The information on the front and back of this card will help anyone in your home or anyone you know anywhere who is fighting a battle with his weight and wants and needs new ideas to begin to win his own battle. Thank you very much for your time today. Have a wonderful and healthy day." From there, the volunteer would simply move on down the street, unless the person at the door asks questions or seems to immediately wish to receive help. The roles the volunteers in "America's Group", the American Health initiative and IHRSA would play are as follows:

- "America's Group" - through thousands and thousands of health club industry and other volunteers from across the land, individuals just like you, people who will volunteer to give just 10 hours per month to serve, we can build a huge on-the-ground organization to get out and knock on America's doors. This will be an all-out guerilla war against obesity and will employ gorilla marketing distribution tactics. I have done PLENTY of guerilla marketing in my 19-year club owner/operator career and I am sure many of you have as well. So, if you have, you know it works.

- The American Health Initiative now involving Governors and 43 states- would, through the Governor's Press Secretary Offices in each state, provide the **advance Public Relations** necessary to build awareness of our organization, well in advance, of the arrival of our volunteers who will knock on doors all across America. In essence, it will be each State's Governor's Press Offices who will "soften" those who may or may not open their doors. This phase of our battle against obesity would be a lot like a real war where the U.S. Air Force and the U.S. Navy jet fighters and bombers "soften-a-target" before sending in the ground troops to secure the objective.

IHRSA - through the leadership of the club owners

who become part of this massive, on-the-ground- American door-to-door movement, each of your clubs ... would be a big part of the next step.

That next step would be to be sure your club is ready for any overweight/obese person who might come to your clubs as a result of our volunteer canvassing. By being ready, I mean being "Obesity/overweight Counseling" certified. I am going to ask three leaders in this field in the U.S. to work on development of a generic Obesity/overweight Counseling Certification for this purpose. They are Tasso Kiriakes, Donna Krech and Casey Conrad.

The names of selected clubs, the club address, website and phone number would appear on the bottom of one side of the 4" X 8" cards that were handed to each person who opens the door of their home or who would receive the card as a door-hanger, if they are not home or elected not to open their door to a stranger.

The Market IS There ... We Must Go Get It!

By now I have written on a number of occasions that of America's 196 million obese/overweight there are 9 million morbidly obese individuals.

This on the ground, door-to-door guerilla marketing effort will reach some of those people and may result in getting some of them to do something.

But, very importantly, there are 187 million American people who are not YET morbidly obese, but are significantly overweight or obese. Our health club industry is NOT getting most of these people into our clubs. And, many industry vets I have spoken to agree that, at best, we're getting 4% of them into clubs now. That means 96% or roughly, 182 million Americans who are overweight or obese have yet to do business with us.

This plan will change that. But, it is going to take a TRUE TEAM of volunteers ... people like many of you, who REALLY CARE and are willing to give up 10 hours a month as volunteer door-to-door communicators (See A Personal Note page 30)

JLR Associates announces the placement of Melissa Simpson Sales Director Aspen Club

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...Norm's Notes

continued from page 4

a place ... with a huge customer service center with a hundred or so operators on phones and computers there to help you. Check out the legendary Jim Bottin's photo on ABC Financials' new and terrific ad on our outside back page. You will see Jim's photo on my cover in our April, post-IHRSA San Francisco cover, as we help Jim and Paul and their ABC Team celebrate 30 years as a health club owner and for years now, ABC Financial Services, Inc. owner. I enjoyed my visit. **Thanks Paul and SAL CORRENTE.**

I went to **Body Training Systems Headquarters** here in my hometown recently and really enjoyed the visit when my wife, **ILENA** and I, participated in BTS' new **Group Active** class. Let me just say this. This new program has been in development for the last 9 months, is perfect for its targeted market: the deconditioned market of all ages. It featured three - 20-minute segments: the **cardio warm up** segment using **THE STEP** with easy going moves even I could keep up with; the **strength** segment using adjustable weights and employing **THE STEP**, and the final 20 minute segment containing **balance, stretching, flexibility** and a **cool down**. Amazingly, in this class there were **30, 40, 50 and 60 year olds** all actually enjoying exercise! It was **NOT** overtaxing. And, it was **NOT** intimi-

dating. And, very importantly, my wife and I were **NOT** sore at all the next day. I am **100% sure** that had I been a member of a **BTS club** offering **Group Active**, I would be excited about getting back to the club asap for **another GO!** And, I would have invited some friends, too. Look for release information on **Group Active** in the near future.

• **The IHRSA 2007 Convention and Trade Show** will be held in **San Francisco March 28-31, 2007**. Contact IHRSA at **800.228.4772** for membership, registration, hotel and airfare details or to book an exhibit at the Trade Show. This will be IHRSA's 26th annual convention and the agenda looks terrific. Importantly, please note on page #4 the current list of our advertiser's exhibit #'s for IHRSA San Francisco. This list will grow dramatically next month and the two following months as IHRSA's **TOM HUNT** continues to complete the 2007 exhibitor bookings with our great advertisers.

• **Great news** these last two months about the elimination of trans fats in public restaurants. The news this month is that New York City has become the first city in the U.S. to ban trans fats. That's the good news. The bad news is the restaurants have until 2008 to get it done! **STAY TUNED.**

• **JERRY NOYCE**, the man who has led **Health Fitness Corporation** from a den of obscurity to a position of high national prominence

in our industry, has been elected **Vice Chairman** and **GREGG O. LEHMAN** has been named HFC's new **CEO** and **President**. Best wishes to both my friend Jerry and to Gregg Lehman.

• **Gold's Gym International, Inc.** and the **Gold's Gym Franchisee Association (GGFA)** has announced a 10-year agreement and formation of the **National Franchise Council (NFC)**. This has been described as a groundbreaking steering committee designed to discuss and resolve matters of interest to the Gold's Gym system. Based on what I've heard from a few Gold's Gym franchisees, this should be a good and welcome development. **KEITH ALBRIGHT, Sr. V.P. of Franchising for GGI, Inc.** said, "The National Franchisee Council reflects the increased spirit of collaboration between GGI and its franchisees. As we continue to grow our franchise operations, we believe that it is critical to have the support and input of the GGFA." GGFA's franchise attorney, **ANDREW SELDEN of Briggs and Morgan** in Minneapolis, observed, "The NFC structure catapults Gold's Gym to the front of the pack in terms of modern 'best practices' in American franchising."

• **GENE LaMOTT'S** departure from **Gold's Gym International, Inc. (GGI)** as it's **CEO** is a surprise to me. I don't know Gene well. What I do know is that **IHRSA President, JOE MOORE**, and several of **Gene's fellow IHRSA Board Members**, have had **nothing but great things** to say about Gene LaMott and his service to IHRSA and this industry. Gene is a veteran in this business and based on what I have learned, I think GGI, Inc. has lost a really good man. I wish you well Gene, with whatever your next leadership role in our industry will be!

• **ALEX and NORMA JONES** of **Canada's Alliance Fitness Corporation** and creators of **Family Fitness Centers, Exclusively Women's Fitness Centers and EasyZone Weight Loss Centers with over 100,000 members**, have recently opened a new 16,000 sq.ft. **Exclusively Women's Fitness Center** in Oakville,

Ontario. They are **cranking some real nice numbers** as in 23 days after opening with 1350 members, they sold 270 memberships, \$69,500 in personal training and 166 - **EasyZone Weight Loss Programs**. Check out their outside back page **EasyZone** ad in our November, 2006 edition. Or, for **EasyZone** info contact **NORMA JONES** at: EasyZone@cogeco.ca

• Hopefully, the giant, **#1 world-wide fast food purveyor** will follow-up with the **transfat** exodus announced by **some of the other great American obesity creators**. I searched their golden website for 10 minutes, but could not find any comment about trans fats on it. So, I can't confirm they are on the **transfat** ban bandwagon. But, if they're not, they should be! If this company really wanted to do something to help America, **they could install small little 100 square-foot obesity/overweight counseling clinics in all of their stores**, while at the same time changing even more of their menu selections to healthy food targeted, not just at the parents of the children with salads and other items, but targeted to the kids with healthy food. But, the **market always rules and the rulers of the market are driving carloads of kids to this #1 fast food giant everyday**. So, **education of those drivers is one big key to the obesity pandemic fight**. Me thinks that since this giant fast food outfit has been helping make millions of American people fat since the 1950's, it is about doggone time they **really step up and take a world class swing** at the American and world obesity pandemic they've been very helpful in creating. That done, the rest of the **great obesity creators** would be forced to follow suit.

• **DON KONZ'S Sport & Health Clubs**, in the Washington, D.C. area, has acquired Stafford County, Virginia's **Fitness University** in a move that enlarges their presence in the rapidly growing Fredericksburg City and Stafford County corridor.

• My friend, **FRANK ANDERSON, Founder and President Computer Outfitters**, has sold his company after 25 years, to Silver

Springs, Maryland-based **KI Software (KIS)**. Frank will stay on as **Vice President of Technology and Development for KIS**. Congratulations Frank!

• **BRIAN EVANS' American Family Fitness** group of 7 **really top-drawer clubs** in Richmond, Virginia, keeps on raising money for this good cause. Recently **800 people** participated in their **4th Annual Family Fitness 10K Run/5K Walk** and raised **\$50,000 for Children's Hospital** in Richmond. This brings the total to **\$150,000** that has been raised for **Children's Hospital and the Children's Hospital Foundation** since 1997. Evans has one of the **finest groups of clubs** I've seen in America. **Congratulations to you and your Team, Brian!**

• **JIM THOMAS**, veteran Texas-based club consultant, **CLUB INSIDER Contributing Author and advertiser**, has announced an investment opportunity in a public fitness organization. This model is designed to serve a market niche, the 78 million **"Baby Boomers"**, by providing health, fitness, lifestyle and nutritional education for the adult man or woman. Check out Jim's ad on **page #16** and contact him toll free at: Toll free: 800-929-2898 or go to: www.fmconsulting.net

• I met **DR. CRAIG WENBORG** at one of our industry trade shows a few years back. Since then, Dr. Wenborg has been working on his new company and product, **Oxyvital USA**, a product that provides consumers and health club members with **oxygen boosted exercise, thus allowing them to burn more calories in less time**. Check out Dr. Wenborg's ad on **this page**.

• **Fitness First**, a past **CLUB INSIDER** cover story subject, has hit 500 locations, making it hands down the **world's largest health/fitness big club organization**. (Not counting the giant small club operator **CURVES** with 10,000 locations) Currently spearheading the most growth in the **Fitness First** chain is our mate from "down under", **TONY deLEEDE**. Six years ago deLeede made a deal with **Fitness First Chairman, MIKE**

(See Norm's Notes page 12)

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TESTIMONIAL

“The Greenmaple Wellness product has become one of the most important assets that we have! The Online Fitness Magazine is the most reliable and complete source of quality articles, research, videos, inspiration, and health tools in the industry. And what makes that particularly useful is that I don't have to do a thing to put it together! As a 15 year industry veteran, I know how important it is to stay focused on what we do best.

We have just recently begun utilizing the expanded features – Member Connect and Trainer Connect – and we have received a tremendous response. Readership of the Magazine, now emailed directly to our database on the first of each month, has skyrocketed. And, they even make links back to our site for products and services!

We believe that we must do everything that we can to help transform our clients' health and keep them on track. This regular communication is seen as a real value by our clients and let's them know that we truly care about them. I have actually received calls telling me how great the magazine is!

The team at Greenmaple is a pleasure to deal with. They have a positive, helpful, responsive culture that makes you feel like you are part of the family. And, they truly care about your business and customizing solutions to meet your needs. The initial setup was easy and ongoing support has been perfect. Using this tool is a no-brainer.”

Jimmy Page

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...Norm's Notes
continued from page 10

BALFOUR, to go into Australia and take over 9 failed and shut down locations, convert them to Fitness First clubs and re-brand, remodel and reopen all of them. Now Tony deLeede, whose son **EVAN deLEEDE**, parks his car in my driveway while he goes to Walton High School up the street from my home, is rocking Australia. Enjoying 30% per-year-on year-growth, and annual capital expenditure of \$70 million on domestic reinvestment, **Fitness First Australia's Managing Director**, Tony also now serves **IHRSA** on the **Board of Directors** and is in partnership with his lovely former wife, **GAIL deLEEDE** in **ActiveXL Promotions**, one of our ter-

rific advertisers. (See the ActiveXL ad on page 5) Good on 'ya mate and thanks for your advertising support Gail and Tony!

• Do you want to find a great source for pre-owned, reconditioned equipment? Check out our new advertiser, Jacksonville, Florida-based, **Fitness Venture's** ads this page and on page #'s: 22, 24 & 26.

• **MIKE MOTTA**, a good friend, former CLUB INSIDER cover subject and **Plus One CEO** and **Cofounder**, announced recently that **Plus One Health Management, Inc.** has assumed management of the private fitness centers of **Fitcorp**, a provider of workplace fitness and wellness services in New England. Motta commented, "The acquisition of

Fitcorp's private fitness center contracts gives Plus One a significant presence in New England. This presence will enable Plus One to bring our integrated health and wellness solutions to new clients and venues. We welcome Fitcorp's loyal clientele into the growing Plus One community, and look forward to providing them with our industry-defining services and programs." Long-time friend, **GARY KLENCHESKI**, **Fitcorp Founder** and **President** added: "We are very pleased to transfer management of our prestigious roster of private sites to **Plus One**, a company synonymous with exceptional quality. Fitcorp will continue to manage our commercial sites and our new configuration will sharpen our focus as Boston's leading commercial

fitness company."

• **About Family Fitness, (AFF)** a new, 37,500 square-foot club that opened last January in Coral Springs, Florida after three years in development and presales by **BRIAN HOMAN**, has officially changed hands. Last January on the day the new club opened, eviction papers to toss Homan out of the club had already been filed by the landlord. The club struggled through the first year, while Homan stayed on before the legal eviction process was completed. Reportedly, from a source who had been there, the club was very well done, but had never really been completed inside. It is good news to report that the Personal Training operation owner for the AFF, **TOM FLYNN**, has acquired the club.

The history of this club under Homan, as is the history of Homan before this, is a dark and bad one. I believe investors will attempt to document and confirm what happened to the reported reported many millions that Homan brought in from a group of investors and from 3-year deal, all cash-out pre-sales. A big problem remains. Although the club has close to 2,000 members, because most of them were cashed out for three years, only a few of them are paying monthly dues. This leaves a huge monthly cash gap between income, rent and CAM and expenses for the new owner/operator, Tom Flynn. I wish Tom all the best of good luck dealing with this challenge. He appears to be the best option for AFF now. **RAY GORDON**, the **Founder** and **President** of **Sales Makers**, had been called in to review and assess the situation about two months ago. Gordon said to me in a recent conversation, "Tom Flynn stepping in is the best possible outcome for a really tough situation. I think Tom was, for the club members, for the landlord and for our industry, clearly the best option." Ironically, AFF opened just about the same time **DEAN** and **M.J. KACHEL** completed the sale of their 27-year running **Quadrangle Athletic Club**, located about 6 miles away from the AFF, for **\$4.3 million**. But, AFF did not benefit greatly from that because Kachel had made a deal with **LA Fitness**, located three blocks from the Quadrangle, to transfer his members there after he sold the land and real estate for his club and the Quad was closed. The Quad is now being converted into a big animal hospital for the community. *If there is anyone out there that knows of investors who lost money to Homan in this deal, I would love to hear from those folks: clubinsidernews@mindspring.com* **STAY TUNED!**



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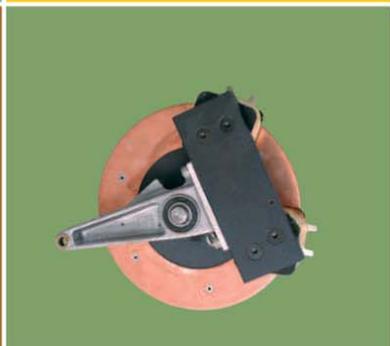
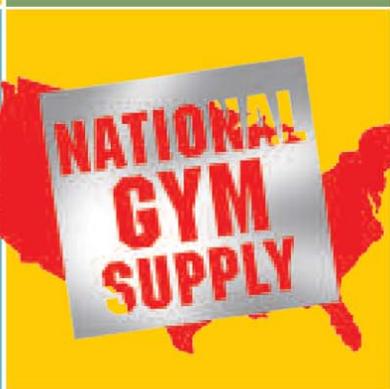
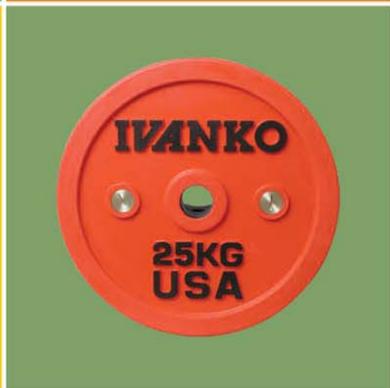
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If there is anyone out there that knows of investors who lost money to Homan in this deal, I would love to hear from those folks: clubinsidernews@mindspring.com **STAY TUNED!**
God bless our troops, airmen and seamen and their families. God bless the people of IRAQ. God bless all of you. And, God bless America!

Norm Cates, Jr. – The CLUB INSIDER News – Publisher Since 1993

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...2006 in Review

continued from page 3

IHRSA25, brought electronic fund transfers (EFT) to our industry over 25 years ago. Pete Kight got a big boost for his fledgling company at the first IHRSA Convention (then it was called IRSA) in 1981 when he made a presentation at the first convention about electronic funds transfers (EFT). He received a mailing list from the Association to thank him for his service as a speaker. To make that list more valuable, he went to a Radio Shack, bought a mini recorder and recorded the names and club names of those he encountered on the trade show floor. He mailed a letter introducing himself, his fledgling CheckFree Company and EFT to them. He experienced an amazing 38% response rate to his 1981 IRSA mailing. As they say, "The rest is history."

Just in case you are amongst those who do not now collect your membership dues via EFT, consider this comment by Rick Caro, IHRSA Founder and top-dog club industry consultant. Caro, President of New York City-based Management Vision, Inc., in response to a CBI Magazine interview question last year: "What do you think is the single most important development in the industry over the last 25 years?" replied, "The concept of electronic funds transfer (EFT). It's made it easier for people to join clubs by breaking down the fee, and the commitment to join, into monthly installments, and by offering the option to cancel at any time."

Our January edition also included an "Insider Speaks" article by yours truly entitled: "Protect EFT!"

I, and others, have a strong belief that everyone in our entire industry has a big stake in protecting EFT. Club owners, manufacturers, vendors and service providers all have a lot on the line here. That means that in every state in this union ethical and honest club owner/operators should stay on the alert for competitors that are seedy and dishonest club operators, particularly seedy and dishonest in the back office. Because of your club's

daily contact with consumers in your community, you most likely already know if there are any bad and dishonest guys in your community. You should compile written reports from consumers you encounter in your club or community who've been abused by illegal or dishonest health club back office activities. You should identify the operators with illegal back office activities, document all you can about those bad actions and report them to your State's Attorney General's Office and your State Consumer Affairs Office.

And, report them to me. I will investigate their activities with consumers and make every effort I can to help change the behavior of these health club industry reputation damaging operators.

You must know and realize that "Protecting EFT" on a state by state basis is vitaly important to the future of our industry. That is because *new legislation targeted to restricting or prohibiting EFT in just one single state in the U.S. could also trigger new legislation in many other states.* Theoretically, new, bad legislation for our industry could spread like wild fire across the U.S.

In my opinion, a nationwide movement by state legislators to restrict or prohibit EFT collections by health/fitness clubs could end up closing 40% or more of the health clubs in the U.S. *That calamity for our industry would be a huge step back for all of us. EFT restrictions or prohibitions from state legislation in any state in this union could hurt all of us in our industry across America.*

As I move on here, I say once again to all club owner/operators, equipment manufacturers, service providers and all industry vendors alike: "Protect EFT!"

I Am Proud to Do Business With These Great Companies!

For years now CLUB INSIDER News has had the true blessing of trust and advertising support from CheckFree Health and Fitness, Affiliated Acceptance Corporation and ABC Financial Services, Inc. We greatly appreciate

the friendship and advertising support of these three great companies in this field.

I am proud and honored to be able to write here that **Affiliated Acceptance Corporation** has advertised in CLUB INSIDER in every edition since we began selling advertising in June, 1994. (CLUB INSIDER News was subscription only, with no ads at all from November, 1993 to June, 1994. But, that didn't last long and CLUB INSIDER News began to offer advertising in June, '94.)

Thanks to a terrific fellow named Bert Monson, a key man at AAC at the time, because he led the way by making AAC one of our first two advertisers. My friend, Sid Nelson, another long-time AAC friend, grabbed the AAC torch and ran with it when Bert left the company back in the mid-1990's.

ABC Financial Services, Inc., led by my friends Jim Bottin, Founder and Paul Schaller, President, have also been advertising with CLUB INSIDER News for many years. I am pleased to note that beginning this month, ABC Financial Services' ad will grace our outside back page each month.

One huge asset to this industry for almost 30 years is the man ... Jim Bottin. We will feature Jim in our April, 2006 edition cover-story case-study, to help Jim and Paul and their ABC Financial Services Team celebrate his amazing 30 years in this industry.

CheckFree Corporation, Affiliated Acceptance Corporation and ABC Financial Services, Inc. are operated by *honest people who are very significant assets to our industry.* You should make one of these *great companies a very significant asset to your club(s).*

Words of Care From Me to You...

For all of you in this business, I hope you will read the following words with care and will become truly concerned, if the shoe fits. I wish to tell any and all of our readers, but especially the rookies in our industry, that if you are currently producing your club's back office work "in-house", please, for your

club's own good, contact our advertisers: CheckFree, Affiliated Acceptance Corporation and ABC Financial Services to find out how these great companies may help you make MUCH, MUCH MORE MONEY with professional, systemized, well executed and time-tested back office services.

I write this, especially to you club business rookies, with a deep hope that you will listen to me and will pick up the phone and call all three companies. I can honestly and remorsefully tell all of you that in the 19 years of my club owner/operator career before my now 14 years in publishing for this industry, I truly wish I had obtained these professional services in my own clubs. Truthfully folks, that is because my four clubs lost untold sums of money due to inefficiency, the lack of proper systems and back-office personnel management problems. (My back office inefficiency, lack of proper systems and personnel problems were caused by ME, as I was the "Boss from Hell" for years!)

Folks, I know many of you became involved as owner/operators of the health/fitness/sportsclubs because of your love of exercise and your desire to help people. But, please do not allow your love of and focus on the front end delivery of a great club providing exercise, health and fitness services ever cause you not to really focus on your back office operation. That does happen to some people. I was so focused on trying to provide the best possible facilities and equipment that I could afford that I actually badly neglected the most important area: *the back office!*

All three of these terrific companies mentioned here have super people and are significant assets to our industry. If they are not yet assets of your club business now, then make your move! *Just please do not fail to realize that the back office area is the SINGLE most important aspect of your health, racquet or sportsclub survival and success ... whether you know it or not.* And, if you are a Mom and Pop club operator, the back office area is one of the easiest ways in the world

to ruin your valuable and all important marriage to the one you love! So, get help today! Contact CheckFree : 800.506.9050, Affiliated Acceptance Corporation : 800.233.8483 and ABC Financial : 800.622.6290 Ext. 3.

January Contributing Author articles featured **Stephen Tharrett** with: "The Commodity Trap and How to Escape It?"; **Casey Conrad** with: "Sales Training with a "Personal Touch"; and **Rande LaDue** with "The "Intimidation and Embarrassment" Factors. Thanks folks.

January 2006 Norm's NOTES • I announced that **RICK CARO** and **JOHN McCARTHY** would be honored by The CLUB INSIDER News with our 3rd Annual "Health Club Pioneer of the Year Awards." • **IHRSA** announced that **RICK BEUSMAN, LYNNE BRICK, BOB SHOULDERS and DAVID PATCHEL- EVANS** had been nominated for confirmation as IHRSA Board Members to be done at the Opening Session of IHRSA25. All four were confirmed in March, 2006 at **IHRSA25** and serve well now. • Long time friend, industry brain and former IHRSA President and all around good guy, **MITCH WALD**, joined **TIM** and **LIZ RHODE's** fantastic **Maryland Athletic Club** as the Chief Operating Officer...that's one heck of a team! • **The Salvation Army** announced it was getting into the health and fitness business along with the help of an \$80 million grant from the great American obesity creator, McDonald's. The \$80 million is to be used to build an 85,000 square-foot mega center in **Boston's Upham's Corner** area. • **DON KONZ** and some associates took back control of D.C.'s **Sport and Health Company** that serves 80,000 members in 27 D.C. area clubs. • **AUGIE NIETO** announced that **LANCE ARMSTRONG** would be in attendance at **Augie's Bash to Defeat ALS** at **IHRSA25**. • **STEVE THARRETT**, former **IHRSA President** and **JAMES A. PETERSON, Ph.D.**, wrote and published a book entitled: "**Fitness Management ... A Comprehensive Resource for Developing, Leading, Managing and Operating a Successful**" (See 2006 in Review page 16)

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Mark and Karen Steinfield

Gold's Gyms of Howell, Point Pleasant, and Long Branch



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Association Insurance Group

...2006 in Review

continued from page 14

Health/Fitness Club. Steve also provides consulting services to the industry and can link you with his book. He may be contacted at: steve_tharrett@comcast.net or www.clubindustryconsulting.com • **Health Fitness Corporation CEO JERRY NOYCE** announced an agreement to acquire **HealthCalc**, a web-based platform that provides customers with a variety of tools and resources to identify opportunities to impact health care costs through lifestyle improvement programs for individuals. HFC is way, way ahead of the curve in this realm having worked with many corporations in the development of wellness-based programs since the early 1990's. • **JAY DELVECHO** was promoted to **CEO and President of the W.I.T.S. (World Instructor Train-**

ing Schools.) • **"BRO" MICHAEL SCOTT SCUDDER** launched his **MSS FitBiz Connection** e-mailed newsletter. To become a subscriber contact Scudder at: mss-michaelscottscudder.com • A new total health club number was released by **InfoUSA** and as of 1/1/06 there were **29,069 health clubs** listed in America's Yellow Pages. This was an *increase of 620 clubs in the six months since July 1, 2005.* It may well also be an indicator of a U.S. industry that is *overbuilding*, during a period that has seen the total number of health club members in the U.S. *go flat-line at 41.3 million* for the last two years: 2004 and 2005. The point is this is a *formula for a shake-out.* Can someone out there explain to me exactly *WHY our industry is still putting up new clubs at the pace of 1,200 per year* when membership numbers have flat-lined for two years running?

• **COLIN MILNER**, the smart young man I have nicknamed **"The Surfer Dude"** in honor of his learning, at age 45, to surf, was our November cover story subject. In the January, 2006 edition I likened Milner to the **Energizer Bunny** because *Colin just keeps on going and going and going.* He's doing a *great job* in developing help for the 50+ segment of the world population and your club would benefit a lot, with respect to attracting this segment to your membership base, by learning from his now 5+ year old association, the **International Council On Active Aging. (ICAA).** Go to: www.icaa.com • **JOE CIRULLI**, the Gainesville, Florida *health club legend*, saw his **Gainesville Health and Fitness Club** reach a *single club 1 million member visit milestone in January, 2006.* **STAY TUNED!**

agement Vision, Inc. based in New York City - (800) 778-4411, **Ray Gordon** and **Ed-die Tock**, the key men of **Sales Makers** - (800) 428-3334, the best membership sales consulting company in the business, the one and only, **Sandy Coffman**, President of **Programming for Profit** - (941) 756-6921, **Bonnie Patrick-Mattalian**, President of the **Club & Spa Synergy Group** - (732) 236-2273, based in New Jersey, **John Brown**, President of Houston, Texas-based **Pro Club Management** - (281) 893-7909 and **Karen Woodward-Chavez**, the President of **Premium Performance Training** - (303) 417.0653, a Boulder, Colorado-based company.

Conspicuously absent from my list of seven of the "Best of the Best" were three other longtime health club industry consultants, **Casey Conrad**, Founder and CEO of **Communications Consultants**, **Michael Scott Scudder**, Founder and President of **MSS FitBiz Connection** and **Mike Chaet**, Founder and President of **Club Marketing Systems Global, Inc. (CMS).** These three were not featured in this February cover story for a specific reason. That was because over the past 20+ years they've built their businesses to *focus on group training seminars and services, educational materials and products sales and web-based training*, rather than a specific focus on "one-on-one" consulting. But, even though they still take on less "one-on-one" consulting assignments these days, they are still the really amongst of the **"Best of the Best"** in this industry, without any doubt.

These three **"Best of the Best"** consultants, with the broader focuses, may be reached as follows: **Michael Scott Scudder** (501) 751-4248; **Casey Conrad**, (800) 725-6147; **Mike Chaet**, (424) 449.5559.

Two other page # 3 articles included: **"Bally On the Mend"** with an update on the **Paul Toback** led effort to right the difficulties at Bally Total Fitness and an announcement article entitled: **Podfitness** announcing that Podfitness had selected **Body Training Systems** to be the exclusive Podfitness distribu-

tor for the health club industry. Podfitness is the world's first customized audio workout where your members do their training through www.Podfitness.com

February Contributing Author articles included excellent work by **Will Phillips** – "Powering Up Your Business – Powering Up Your Management Team" – Part I; **Stephen Tharrett, M.S.** and **James Peterson, Ph.D.** – "Characteristics of Great Fitness Club Managers"; **John McCarthy** – Nothing But the Best For the Best (That's You!) – IHRSA25 Will be IHRSA's Best Convention Ever. Here are 36 reasons to attend IHRSA25"; **Michael Scott Scudder** – **"The Way I See It" – Where Will Membership Pricing GO? WHAT Can You Do?**

Two writings by yours truly were included in the February issue along with **Norm's NOTES** and my occasional **Norm's PERSONAL Notes.** They were: "Kachel's Sell Quadrangle Athletic Club for \$4.3 Million! ... The "Moral" to this story is and my writing entitled: **"The Thomas Plummer Company ... "In A Class All By Itself!"** Dean and M.J. Kachel got rich by surviving 26 years in the health club business while their real estate appreciated. I urged all of you whose clubs are tenants and subject to landlords, to seek and find a way to buy your own land, build your own building or buy an existing building and land and convert it and then grow your business there so you're working for yourselves and your families and not a landlord. With respect to the Thomas Plummer article: "The Thomas Plummer Company In A Class All By Itself!" my article title says it all. Plummer's terrific new alliance with IHRSA (see page 21 ad) is a really good thing and I would recommend that you attend one or more of Plummer's *National Fitness Business Alliance's* many U.S. stops during 2007.

February 2006 Norm's NOTES – Our February edition was the only 40-page edition in the history of CLUB INSIDER News. • **RICH BOGGS** and **RAY IRWIN** the Founders of **THE STEP Company and Body** (See 2006 In Review page 26)

A Message from Fitness Management & Consulting...

When The Going Gets TOUGH The Smart Get Help™

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

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

Since forming Fitness Management, Mr. Thomas has been turning health clubs around at an amazing rate and garnering a reputation as a producer of change...a sharp-eyed troubleshooter, a brilliant sales trainer, and a motivator. Fitness Management provides programs that show measurable results and Jim's team is proud of their ability to glean profit from every square foot of a client's investment.

A dynamic, articulate motivator, Mr. Thomas exudes confidence without artifice and accomplishes wonders without the bruised feelings that can so often accompany change. "We pride ourselves in reaching people and motivating change in a way that encourages self-esteem on the part of the players."

Whether you operate a health club, fitness center, gym or other type club, Fitness Management and Jim Thomas have a program to fit your need, expand your market base, and keep your members and staff productive and enthusiastic. Jim Thomas may be reached at 800-929-2898, jthomas@fmconsulting.net or www.fmconsulting.net.



Jim Thomas



"Best of Best" - February, 2006

Cover Story – The "Best of the Best" – This Valentine month included a cover story report of seven of the "Best of the Best" club consultants in the industry. While there are many other club consultants that have served our CLUB INSIDER News as excellent Contributing Authors and our industry extremely well, CLUB INSIDER singled these seven individuals out because of their *one-on-one* consulting focus, their excellence and their length of service to this industry, as well as their work focus on specific consulting niche areas.

CLUB INSIDER'S "Best of the Best" Club Business Consultants that we featured follow, along with their phone #'s: **RICK CARO**, President of **Man-**

Is your club's nutrition program starving for attention?



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We all know that exercise and nutrition are both extremely important to our members achieving successful outcomes. Well, imagine your health club had no treadmills! That's what it's like when you don't offer at least basic nutrition tracking/meal planning for your members.

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Behind the Scenes Secrets for Successful Weight Loss Coaching

By Donna Krech

Once upon a time there lived a woman (she also had an exact counterpart who was male) who got very excited at the idea of a program that would help her lose weight. She'd carried the excess pounds and inches for more years than she cared to admit and just hadn't been able to take the weight off. So, she was always intrigued at the opportunity of something new. Upon making the decision to go with a new weight loss or fitness program, enthusiastically the thoughts would run through her mind, "This is the one! This is it! THIS time I'm going to get results! This time I'm going to achieve my goal!" She'd begin only to look up a couple of weeks later to discover she had stopped. She wasn't even following her new program!

Time and time again she'd try the next new program. She counted calories, she cut back on carbs, she drank protein shakes and she quit eating at a certain time of day. She added certain combinations of foods, she 'ate for her type', she bought the newest book and followed the latest craze. She also joined the newest gym in town and then she joined the next fitness facility when it opened. She bought exercise videos, books and pod casts. She joined walking clubs and strapped a pedometer on her ankle. STILL... she'd find herself not following through with the plan, not losing the weight and certainly not feeling motivated! What was she to do? Was there any hope at all?

She'd tried multiple diets. The solution obviously wasn't just about the food. She'd joined many exercise endeavors. The answer was clearly not only about exercise, either. What was it? Why was it that she'd become revved up and excited and then look up and not be doing anything at all? It was that her motivation would

get zapped. To be blunt, it would just come up missing. You know her... good heavens, you may actually BE her! The key to helping her is as follows. She needs to be coached. Handing her another diet to follow, selling her the most recent product your facility has decided to carry, or encouraging her to join the newest 'fat-burning' class will NOT solve her endless dilemma. She needs you to ask her the right questions so to help her tap into the answers that already lie within her. She needs help with her motivation. Coaching does that.

The biggest difference between coaching and consulting (which is what too many of us do) is that coaching pulls the correct solutions for an individual out of the individual personally. It's precious common sense that tells us humans are far more willing to do something that was their own idea, as opposed to something that was 'told' to us. When we *consult* we *prescribe the answer, system or solution we believe is best*. When we *coach* we ask questions so the person we're coaching *comes up with the solution himself*. For example, someone comes to you and says, "I just haven't been able to lose weight. I've tried everything. What should I do?" A consulting-type answer would be, "We have this great new program here at the club. Follow it and you'll lose." A coaching answer would more sound like, "What other things have you tried? What type of program did produce results for you? Are there certain types of foods you just don't want to give up?" These questions help you to help the person. You know whether or not the program you're prescribing is the right one for them. Other questions would be, "What are the specific reasons you want to lose? Why do you think you're carrying the extra weight?" These coaching questions result in you helping your member understand

WHY they want to lose. Our *Powerful Why®* is the most incredible tool we have in our arsenal for defeating the *Motivation Assassinator®* and achieving the goals we long to achieve... any and all goals. We use tools like our *Powerful Why®* when tapping into the motivation that lies within each of us to help us achieve our business goals. Let's not forsake our member who longs to lose weight and use motivational coaching to help them the same way.

There are numerous systems out there, not all of which offer coaching. One is to have the member sit in a group and listen to a speaker. This is *consulting*. To turn this into a result-producing experience we *simply need to look at the curriculum and add questions so to engage the member*. People learn what they say out loud TEN TIMES more than just what is said to them! There is also the model where the member does sit with someone one-on-one, but all that takes place is a food diary review. Simply circling the 'wrong' foods on someone's food journal does not help them. Instead begin asking them how they think they might eat the food in a healthier way or how they could have, perhaps, had less of it. This is over 25 years of experience talking; they *KNOW the answer, so allow them to go inside themselves and pull it out*. You'll begin producing members who not only achieve their goals but maintain them as well, because they learned while going through the process. Finally, as I've mentioned in other articles, there is the internet model for carrying weight loss in your facility. It is tough to get a real coaching experience from auto responders. *Tips* can be delivered this way, but *accountability* and *inward reflection* are what will make coaching successful and that can't be done with automatic messages. Email or phone coaching simply needs to be added to your internet model

and the unsurpassable benefits of coaching will be had by you and your members.

When we saw in our own facility the kind of retention and weight loss success was achieved with the addition of coaching, through alliances with professional coaches we created a coaching certification that is now recognized internationally. There are numerous associations through which you can attain certification. In addition to ours, Coach U, Coachville and The International Coaching Federation, are a few. To equip you, let's review exactly what effective coaching is so you can get on the right track.

THE COACH MUST:

1. WORK ON HIS OWN DEVELOPMENT BEFORE HE CAN COACH EFFECTIVELY, EFFECTIVE COACHES GET COACHED;
2. MOST IMPORTANT ELEMENT IS RAPPORT-BUILDING & TRUST ENRICHMENT;
3. UNDERSTAND CLIENT'S GOAL;
4. ASK THE RIGHT QUESTIONS;
5. HOLD HIM ACCOUNTABLE;
6. COACHING IS ASKING QUESTIONS TO SEE HOW THE MEMBER IS LOOKING AT THINGS!!!

Imagine you're in the shoe business and are promoted and transferred to a new town where no one wears shoes. You open a shoe store... in a town where no one wears shoes. One new manager says, "Help it's horrible! No one has shoes! No one will buy!" The other says, "It's so great! No one has shoes!! They ALL need what I have!" A good coach realizes that we don't know how people are looking at things, so we have to ask questions.

Use this information with enthusiasm and just watch the retention, results and product sales numbers grow exponentially! Please



Donna Krech - Sept. '06

realize your member needs help with tapping into and maintaining his or her motivation. They need your assistance with igniting it in such a way that lasts, truly achieving it and maintaining it.

Norm always says I give step-by-step how to's. Thanks, Norm. Along that line, here's one more free, yet utterly invaluable, tip. If you're interested in adding a coaching component to your personal training or full fitness facility, contact us and we'll provide you with a complimentary link to two conference calls that you can listen in on as well as offer your members to determine if the *Motivation Assassinator®* are what have come against them. I guarantee they are. You can then identify how your members can benefit from coaching. *Just mention The Resolution Solution when you contact us*. If you have any other questions, call on us. We're here to help with whatever you need.

(Donna Krech is the Founder and President of Thin&Healthy® Total Solutions, Inc. Donna may be contacted at: (419) 991.1223.)

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Staffing and Strategy – The Hidden Calamity In Many Health Clubs

By Will Phillips

It isn't that they can't see the solution. It is that they can't see the problem.
 –C.K.Chesterton

Executive Problem Solving

Every club owner and manager solves problems. In fact, if you didn't solve problems in your club, you would soon be in serious trouble. Since problem solving is so important to the health of a business, let's take a deeper look at how executives solve problems.

Problem solving occurs in at least three levels. The first level is best called Fire Fighting or Arresting the Problem. As an example, when a person has a heart attack, the very first thing we do is have the person lie down and administer treatment to get the heart, injured as it may be, working somewhat normally so the patient does not die. When this is done, you have saved a life. But, is the problem solved? Of course not. We simply kept it from getting worse, and also removed the immediate pain and danger.

When the patient arrives at the hospital, additional drugs, rest, and treatment further alleviate the pain and provide symptomatic relief. If the patient is lucky, a few days later, he or she feels much better. Question: have we solved the problem? Of course not. Any good physician knows that now is the time to start talking to the recovering patient about the underlying long-term conditions which nurture the occurrence of heart attacks, such as exercise, diet, stress, and genetics. *Fast Company* magazine reported in an article on change that three years after a cardiac incident, fewer than 10% of the patients had stuck with any major changes in how they manage exercise, diet, or stress in their lives. This illuminates the stunning fact that **most of us never truly solve problems; we simply deal with the symp-**

toms.

There are several reasons for this:

1. Once the pain is reduced, there is less, or even no, motivation to further problem solve.
2. The underlying causes are not as clearly linked to the problem as the intermediate causes.
3. All human beings and all organizations have built in defenses to protect them against the emotional discomfort of their own view or behavior being challenged. Such challenges, if taken seriously, often require you to abandon what you once believed or habits you had.
4. There is often a sense of comfort in supporting the root cause factors. Even if we rationally know they are causes; they are not experienced emotionally as causes.

Two other 'truths' about how we operate as humans and thus as business owners or managers are relevant to complete the picture. Once again these are based on looking at myself, observing several thousand managers in action over thirty years and the research of business academics like Adizes, Argyris and Henry Mintzberg. Here they are:

I. All decision making is emotionally driven.

Of course, we like to think we are rational, but the history of good and bad business decisions shows that the decisions we make have a strong emotional driver. For case histories of bad business decisions and how to overcome them see *Confronting Reality* by Larry Bossidy and Ram Charan. Think how easy it would be for people to stop smoking and start exercising and eating well if we were truly rational.

II. Pain, or fear of it, largely sets our priorities.

Napoleon observed that all men are moved by fear or love and that fear was a more reliable motiva-

tor. This principle is largely at the root of why so many business owners work IN their business and so few work ON their business. In leading some three dozen major organizational change efforts, it became clear that most were initiated by pain of poor performance or fear of poor performance. These were great motivators until enough improvements were made that the pain/fear dropped significantly. Then, the client typically lost interest, focus and commitment to the changes. Only by understanding this tendency and by creating structures to prevent it, would the change and improvements continue.

The Line of Pain indicates the level of discomfort from low to high. Running to Catch a Plane – Heart Attack
 Lack of Exercise – Poor Diet
 Family – Genes
 Trigger – Event
 Symptom – Root Causes
 What we see; and commonly call the problem. – What we do not 'see' or experience emotionally.

Thus, we find this frightening perspective in how we treat our own health, in how medicine and public health operate and in how all businesses address problems. We vigorously attack the symptoms and rarely attack the underlying causes.

With this perspective of how you make decisions, let's now look at the health club industry, specifically at three of the most significant issues facing clubs: Why don't clubs penetrate the market more deeply? Why don't members stay longer? How can I compete successfully?

A Spectrum Among Health Clubs

I'm going to define an emerging spectrum of different kinds of health clubs. I believe your club lies somewhere along this spectrum. On one extreme, we basically have the warehouse club where membership gives you access to machines and the

focus on your fitness. The primary staff in such a club, focus on attracting new prospects and selling them. Additional staff is employed internally to clean, repair, open and close the facility. These are generally very low cost facilities to operate because little additional staffing is used. They are very similar to a fast food restaurant where the focus is all on the equipment, technology, procedures, training and manuals to produce the food. There is very little focus on service beyond the basics.

When I'm talking about service beyond the basics, I mean building long-term connections between staff and customers, or between customers. In fact, one of the characteristics of the fast food industry is the ease with which a franchisor can provide specialized equipment, procedures, and training so that regardless of whether McDonald's or Starbucks is producing in Toronto or Taiwan, the product is similar and uniform. The staff doesn't really count except as they are trained, machine-like to run other machines.

Now, let's look at the other end of the spectrum. This is a deep service club where membership provides you with entrance to a community where the focus may be more on wellness than fitness and where the emotional connections between people are nurtured and valued. These include the connections between staff and members, but also the connections from member to member. In fact, in such a deep service-oriented health club, a sense of community is actually built among members and staff. In the extreme of these deep service oriented businesses, there is a level of intimacy built between top staff and front line staff, between staff and members, from member to member, and between the whole organization and the community that is unique. Many of you experience this level of intimacy or deep service sporadically



Will Phillips

in a spinning class or with a special front desk person. I believe that it is impossible to regionalize or franchise a deep service club.

The personal touch, the intimacy that occurs in Zingerman's Deli or Danny Meyers NYC restaurants typify deep service businesses. Neither try to be the most expensive; neither are the Four Seasons. Deep service means intimacy and community, not typically seen as high end restaurant service. Both these businesses opted not to expand to other cities, because they knew they would lose their edge and become one more chain—no matter how well run (i.e. systematized). In each case the owners also wanted to be able to walk to work!

3 Warehouse Clubs are similar to warehouse retailers like Costco and Sam's Warehouse: large space, large selection, and little service. Even the check-out machines are automated so its likely this will happen in the Warehouse Clubs, also.

4 To read more about the extraordinary success of businesses which focus on building community, read *Small Giants* by Bo Burlingham.

Caught in the Middle?

The evolution of the health club industry along this spectrum is making it harder to stay in the middle, with a little bit of warehousing and a
(See Will Phillips page 22)



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Life Fitness	\$1,295 ea
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Free Motion	\$1,595 ea

... Will Phillips
continued from page 20

little bit of service. In fact, Michael Porter, the guru of strategic thinking at Harvard University, points out the difficulty of being caught in the middle for a business in any industry. If you decide to warehouse, you know how to continuously improve your success in the warehouse club – more and better equipment, fewer and fewer staff, lower and lower costs – so that you can sell, at a very low price, with a very good market. These are very profitable businesses.

- Warehouse Club
- Deep Service
- Caught In The Middle
- Importance of Staff
- Importance of Equipment

At the other end of the spectrum, which is the deep service club, you know also what you're building. And that is, people-to-people connections. By investing in that, you build a unique type of club, which, yes, of course, has beautiful facilities and equipment. But, the thing that is unique and powerful

about the strategic position of this club is not its equipment, which may be the exact same pieces as in the warehouse club. It is the human, person-to-person intimacy that occurs. If your club is in the middle of the spectrum, it is difficult to know whether you should increase staff or decrease staff, invest more in staff or invest less in staff. And maybe we need to upgrade equipment to match the new warehouse club. Whatever your decision, you're likely to be stuck in the middle and have an unclear position in the marketplace. As a result, you will not have as well a targeted market or as well crafted a competitive strategy. You end up without having the strong bonds of the deep service club and having a high equipment cost/facility cost-caught in the middle. Just think of the playground game of keep away with you in the middle.

Staffing and the Service Based Club

By thinking of the above spectrum, it becomes

obvious that staffing is critical to the deep service-based club. You must have staff that have a special set of qualities in their ability to become intimate, close, connected, and build communities with one another and its members. This is not the staff training that comes with the technology of exercise physiology degrees or business management and accounting degrees.

These are staffs who are more able, ready and will-

ing to use their own judgment and take initiative than those who might fall in the warehouse club who are better off following procedures in a manual in a hierarchical system, which punishes them for errors and non-compliance. These are staffs who have a natural talent and reward in building relationships---and not just one-to-one connections but the cross connecting skills of a good hostess combined with the ability to shape an environment which

nurtures community connections and a sense of community in each person.

My First Shock From the Club Industry

Some 16 years ago, I started my first Club Owner Roundtable, which is still in existence. In the very first meeting of that group, it became apparent that customer retention was important. I immediately accessed the (See Will Phillips page 29)

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IRON GRIP
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“ON SPECIAL ASSIGNMENT”

(an exclusive column featured only in “Norm Cates’ Club Insider News” – by Michael Scott Scudder)

I’ve been writing this column for over four years. During that time, *Club Insider News* owner and publisher Norm Cates has graciously printed darn near everything I’ve written...in its original format. Sometimes he disagreed with my thoughts. Sometimes, he had a totally opposite opinion. Frequently, he had to defend me because of some controversy I created. Oftentimes, we’ve been in accord. But always, he has practiced *freedom of the press*. And I, for one, am mighty grateful for that. So Norm...a just plain big ol’ THANK YOU for letting me tell it the way I see it!

I’m saying all this because I’ve asked Norm if he would consent to letting me go “on special assignment” like so many veteran reporters do after “pounding the beat” for many years. I want to be less stressed by constant monthly deadlines and having to come up with something new and fresh every month. (If you’ve ever written a steady column, you know what I mean.)

I also want to bring something different to our industry...something that perhaps hasn’t existed before. John McCarthy, the recently retired Executive Director of the *International Health, Racquet and Sportclubs Association* just emailed me and said: “Michael, you’re

looking at the whole playing field....and no one else in this industry is doing that.”

I have long thought that there needs to be an “outside the industry perspective from inside the industry.” In other words, someone who would research, root around and find out stuff that isn’t normal, everyday reporting...a voice that would bring other alternatives to the table...one that perhaps might marry what’s going on in our business with what’s happening with consumers in the “big world.” Perhaps that even means looking at somewhat off-the-wall ideas, things that are happening in other businesses that could apply to our industry. Certainly it means coming up with independently-gathered statistics, data and relevant facts that could assist in modern benchmarking for health clubs across North America. I intend to do that...and much of what I learn will find its way into *Club Insider News* as a “scoop.”

I have stated on several occasions that I believe that we no longer run the health club industry, but rather that consumers do. The problem, as I see it, is that all of us are so busy doing what we do day-to-day that no one has time and energy to devote to digging into consumer habits, finding

out what their buying patterns are and translating that to the health and fitness business. That’s what I will do.

Furthermore, I think that it’s time that somebody reported on ancillary health and fitness businesses, those that might be called “vertical markets” that are not yet mainstream but are about to be. Things like condo/coop fitness facilities, medical market offerings, alternative activities programming, the growing 50+ market – its habits, capabilities and trends. That kind of stuff...and more. To do that will take time and study...time to investigate the “influencers” that we don’t even know about today... study to delve into how they may relate to our business and open up the desperately-needed new markets that we’ve got to find if we are to continue to grow this industry.

Allow me to share a premise with you, as a way of introducing the kinds of things that I will be reporting on in the future. I believe that what has gone on in the past 30 years of our business – the growing of health clubs from a “freak fad” to a “mainstream entity” – is just a precursor of what is to come. I think that we are at the end of a long era. I truly imagine that what is coming next may only vaguely resemble what we

have done in the past. The health club of 2012 may not even look like the health club of 2006.

- What if clubs one day don’t offer nearly as much in the way of equipment, but have many more “studios” to offer group programming that is more conducive to social integration and physical well-being?

- What if the “membership paradigm” that we have so long revered is already in the process of giving way to “activity purchases” that create a bigger marketplace for every operator?

- What if the fitness facility business is “partitioning” at an even more rapid rate than we can imagine? What will thousands of independents do if, like the video business of an era gone by, our industry is suddenly taken over by a dozen or so giant conglomerates?

These are not nightmarish posturings, nor brain-dead fantasies of a jaded mind. These are very potential realities...realities that, in fact, many savvy players are quietly looking at and talking to me about today. To be listened to, to be integrated into our business, to be viable will require facts and systems and statistics that people can put their arms around. I don’t think anybody



Michael Scott Scudder

is seriously doing that right now. I intend to.

‘Til my first “special assignment” in *Club Insider News* – keep your business strong.

- MICHAEL

(Michael Scott Scudder, a contributing author for “Club Insider News,” owns and operates “MSS FitBiz Connection”—an online-based club consulting, training and education service. He offers online workshops, phone conferencing and specific industry information that present solutions to health club business problems. Michael can be contacted at 505-751-4248 or by email at mss@michaelscottscudder.com.)

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Publisher’s Note: I call him “Brother Michael Scott Scudder” for a real good reason. That is because he and I are “Brothers” in concern for each and every one of you. He and I have spent lots of time on the telephone and in person discussing and seeking positive help for YOUR futures. He and I have a love for each of you that you will never understand until we are gone and we are no longer here for you. He and I share a small segment of this world that ties us both together in the universe...a segment of the world that induces and causes us to think “outside the box” while you are in your club somewhere. He and I will keep on communicating, finding new ideas, maybe good ones maybe bad ones, but finding NEW ideas outside the box for you. Although “Bro Scudder” is stepping aside from his once monthly and in the second half of last year, every other monthly column, I will be staying in close touch with him and reporting to each of you. My upcoming new column entitled: “What Scudder Thinks” will feature an interview by me with Bro Scudder. My interview questions will be crafted for these upcoming reports to reflect developments in our industry and will, I am sure, also be crafted to reflect my own personal observations about this world we all share and how those events might impact your business in the short and the long haul. To say that “Bro Scudder” and I have been a Team for these past four years would be wrong...the truth is we have been a true “Brotherhood” for club excellence. I won’t let up. He won’t let up either. But ... when “Bro Scudder” comes back in print here, hold onto your hat. And, when I deliver my first ever “What Scudder Thinks!” column in the 1st quarter of 2007, rest assured it won’t be ordinary reading as his or my writing have never been ordinary and we’re not gonna start now! Thanks “Bro Scudder” ... you’re a great man with a great heart and a mind like a steel trap. Keep on trappin’ ‘em Bro!

- Norm Cates – CLUB INSIDER News – Publisher Since 1993

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...2006 In Review

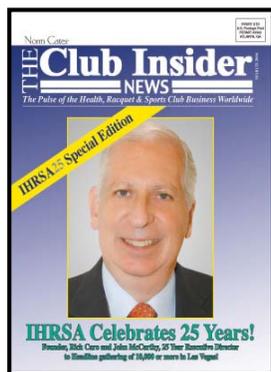
continued from page 16

Training Systems and my former partners in Court-south here in Atlanta and the Southeast, announced they had launched **Podfitness**, a new tool for your members to improve their workouts and workout regularly, thus improving their membership retention and also causing new member referrals.

- Commented on the just announced plans for **Augie's Bash to Defeat ALS** to be held at IHRSA25 in Las Vegas and to feature **The DOOBIE BROTHERS Band** and an appearance by **LANCE ARMSTRONG**. My comment here and now is please go to: www.augiesbash.com and make a contribution of any amount you might be able to afford to this very important cause!
- Commented on **24 Hour Fitness** and the similarities to Bally Total Fitness's big lawsuit days back in the mid 1990's. Comment was triggered by news from California where 24 Hour Fitness was dealing with a class action lawsuit with 30,000 former employees who allegedly had not ever been paid for overtime and did not get breaks as required by California law.
- Commented on news out of Southeast Florida, specifically in Coral Springs, where **Fitness Funding, LLC**, (FFLLC), a Florida limited liability company owned by **DAVID ORTIZ**, had filed eviction proceedings to get the now infamous **BRIAN HOMAN** out of the new **About Family Fitness**. Homan is the same person who personally threatened me and **DEAN KACHEL** via a voice mailed message.
- I wrote about **IHRSA25** to be held in Las Vegas in March. It was awesome. Now, I remind all about signing up with IHRSA for the event and booking your hotel and airfare early to save moola.
- Commented on the multi-million dollar world class creation **ROGER RALPH and BOB CARPENTER** have partnered-up to build and now have under construction. It is called the **Hockessin Athletic Club** and knowing Rog and Bob, it's gonna be one lulu of a place.
- **CheckFree Corporation** announced it would host the **2nd Annual**

Technology Summit at **IHRSA25**. There **PETE KIGHT, CheckFree Founder**, would be honored with **IHRSA's 1st Annual John McCarthy Entrepreneur of the Year Award** and Pete gave a terrific keynote acceptance speech. IHRSA could not have picked a more perfect person to name it's Entrepreneur of the Year honor after: **BIG JOHN McCarthy**. Nor could IHRSA have chosen a better or more deserving recipient for this grand award presented at **IHRSA25**.

- The five owners of **Courthouse Athletic Clubs** in Salem, Oregon, sold their land and buildings in a lease back arrangement. They walked away with **\$22.5 million in cash** from the real estate sales and CAC rolls on under the continued excellent leadership of General Manager, **JOHN MILLER**.
- Shared the news that **DONNA KRECH**, Founder and President of **Thin&Healthy® Total Solutions, Inc.**, would appear this year on **OPRAH WINFREY'S Oxygen Network** with the new show entitled: "Fitness Insider."
- **DAVID FOWLER** was named Chief Operating Officer of **Crunch Fitness**.
- I urged our readers to contact and do business with our terrific group of **CLUB INSIDER News advertisers** whose exhibits were listed on our IHRSA25 exhibitor directory on page #4. I urge you to do the same this month by checking out all of our advertisers messages and our new **CLUB INSIDER/ IHRSA 2007** exhibitor list shown on page #4.
- **STAY TUNED!**



**Rick Caro –
March, 2006 Cover**

Cover story – RICK CARO – Flash back to 1980. The health, racquet and

sportsclub industry, as we know it today, did not exist. Back then, there were *three unlinked segments* in the industry: health clubs/spas, tennis clubs and racquetball clubs. None of those three segments cooperated in any way. None shared their *knowledge and expertise*. None shared their *resources*. **Rick Caro changed all of that.**

Caro's idea to bring together the **National Tennis Association (NTA)** and the **National Court Club Association (NCCA)** was for racquetball clubs) into one organization of *caring and sharing*, changed the club business world very dramatically.

Rick Caro's idea resulted in the creation of IRSA, the International Racquet Sports Association. IRSA evolved and is now called IHRSA. IRSA became known as IHRSA when the word: **HEALTH** was added to the Association name in June, 1994. This name change did not come easily, but it led to huge growth in the Association, as it opened the doors to thousands of health/fitness center clubs, who, prior to 1981, were not in a trade association that offered extensive educational and career advancement education and a trade show. There was the IFPA, headed then and now by my good friend, Jerry Kahn. But, IFPA was and is primarily, an alliance for reciprocal memberships in the U.S.

IHRSA has grown from the tutelage of RICK CARO and a couple of hundred of other dedicated, uncompensated serving Board Members over 25 years that have helped John McCarthy and Rick. IHRSA was very fortunate to have had the leadership of JOHN McCARTHY, who led the Association for 25 amazing years, to become the world's leading health, racquet and sportsclub organization. Under new, but highly qualified and deep-in-his-heart dedicated, JOE MOORE, IHRSA moves on to its 26th Annual Convention and Trade Show in San Francisco, March 28-31, 2007. Contact IHRSA at 800.228.4772 to enroll your club, obtain IHRSA 2007 Convention information or if you are a manufacturer or

vendor, to become an Associate Member and/or sign up for Trade Show exhibit space.

Rick Caro, a former co-owner of 8 Upstate New York and Connecticut multi-sport clubs followed his IHRSA Founding days with a very distinguished club consulting career with his primary focus on the financial side of the industry. He, in the opinion of this author, is America's #1 club consultant in the realms in which he engages clients for services. He has provided hundreds, if not thousands of club owner/operator expert advice over a broad range of topics. Rick Caro is one the most trusted guys in this business and a truly great American.

March Contributing Author articles included excellent work by: **John McCarthy** – "A State of the Industry Message Courtesy of IHRSA and John McCarthy;" **Will Phillips** – "Powering Up Your Business" – Part II and **Jim Thomas** – "Create a Plan that Works".

Yours truly published a "**Norm's PERSONAL Notes**" entitled: "**I have a dream ...the 'FAT Friendly Health Club!'**" Folks, I still have that dream and I am taking steps to help move our industry in that direction.

Remember this please. The term "**FAT Friendly Health Club**" that I use means: "A health/fitness club where the facility, the staff, the equipment, the services and the club's corporate culture are crafted for and very compatible with serving the obese/overweight population."

A population, I might add, that has 196 million overweight/obese Americans and even after removal of 9 million morbidly obese who can't use clubs from this list, you still have 187 million. The best guess I, or anyone I've spoken to about it, can make is that our industry currently attracts no more than 4% of the 187 million of this population. That leaves 96% of 187 million that should be on this great American health club prospect list.

BUT folks ... you're not gonna get them to drive or walk to your club UNLESS it is a "**FAT Friendly Health Club**" and they REALIZE that is true, because you've wise-

ly targeted a portion of your annual marketing budget and efforts *directly to them*, making SURE your ads and promotions **NOTIFY** them that you *understand their plight, you DO care about them, you DO have trained and caring people who WILL serve them professionally*, make them **FEEL comfortable** and they **WILL get RESULTS ... if they will just walk into and join your club, get to work and stick with it.**

That is precisely why I devoted our August, September and October editions to helping you reach this American and world obese/overweight market by featuring three of our current industry leaders in the overweight/obese realm: **TASSO KIRIAKES**, the owner and operator of **Bodez By Tasso** in Ormond Beach, Florida, **DONNA KRECH**, the Founder and President of **Thin&Healthy® Total Solutions, Inc.** in Lima, Ohio and **CASEY CONRAD**, the Founder and President of **Communications Consultants, Providence, Rhode Island** provider of **Healthy Inspirations, the Take It Off Weight Loss Program** for clubs and author of a new book entitled: "**Winning the Struggle to Be Thin.**"

Norm's NOTES – March, 2006 – Announced IHRSA news that **AUGIE NIETO** would be honored at **IHRSA25** with the Association's **Person of the Year** award, **JULIE MAIN** would receive the **DALE DIBBLE Distinguished Service** award and **CheckFree's PETE KIGHT**, would receive **IHRSA's first ever JOHN McCARTHY Entrepreneur of the Year Award**

• Announced that **BodyMasters' RAY BOUDREAUX** had released news that his company successfully emerged from its Chapter 11 Bankruptcy, just 14 months after filing. Great company! • **Fitness Management Magazine's CHRIS BALLARD, Publisher**, announced the winners of FMM's **NOVA7** annual awards: **Fitness Plus**, Cape Girardeau, MO.; **LifeStyleRX**, Livermore, CA.; **Choosing Health Fitness Center**, Nutley, N.J.; **Merritt Athletic Clubs**, Baltimore, MD.; **MediFit – Nokia Wellness** (See 2006 In Review page 29)

...The Beginning

continued from page 3

were all there.

My mission that day was clear. I had much more than my own club business future in mind. I had the future of my then 8-year old son, Justin, in the front of my mind.

I explained to the RT#1 group that because my Wildwood Athletic Club lease was expiring the next month (February, 1993) I intended to step away from future day-to-day club ownership and operations after spending 19 years in Atlanta and the Southeast U.S. developing, building, owning and operating as a partner and solo, a number of clubs. I told the group it was my intention to create a home-based business so I could become a full-time, stay-at-home "Mr. Mom" for my son Justin.

I explained that my wife, Ilena, and I had opened a 6,500 square-foot antique store called "The Shops of Distinction" in Roswell, Georgia. I shared that this retail business was going to require virtually all of her daytime and early evening hours to operate successfully. I explained that my wife and I did not want Justin to have to come home from school without a parent to greet and be with him each day of his young life.

As I reviewed the different possible business ideas on the flip chart with the group I also share my selection criteria with them.

#1) I wanted to stay involved in the health, racquet and sportsclub industry for the rest of my life. I stated that any new business must help my friends in this industry. I had gotten to know and care greatly about many of you really great people from across North America and around the world during my years in the late 1970's as NCCA's last President of the Board of Directors (National Court Club Association served racquetball club owners) and as IRSA's (now IHRSA) 1st Board President and a co-founder of the Association. I explained that if my new business would not be a great help for my good friends in this industry I would not pursue development of that business.

#2) I explained that money would not be my primary focus, but that doing the right things for our industry would be. I explained that in my view, no matter which business we selected and I developed, focused on and gave my heart and soul to ... that I felt in my heart that someday the money and financial compensation would come my way. I emphasized that money could not and absolutely would not be my only reason for being in whatever new business I might launch. I've have worked extremely hard and have lived day in and day out with that mind set. I have never forgotten that vow and have based every single action I've taken and word I have ever written for 13 years in CLUB INSIDER News on this important premise.

I did not know which business this group and I would choose for me to pursue, but I did know that my passion for it, my dedication to it, my hard work in it and having my heart and soul deeply, deeply immersed in it, would be the true measuring sticks for my success or failure ... not money.

And, guess what? I was right and that has happened. CLUB INSIDER did struggle financially for a long time ... for the first 10-years. But during our past 3 years we've achieved much better financial success than we did in the first 10 years. It has not been easy. But, most importantly ... we've done, as best as my resources have allowed, good things overall for our industry.

#3) I made it clear that I would never divert from my choice to work at home and be at home for my son Justin, no matter how hard it was to be successful and to even survive in the business. And, let me tell you all now folks ... these first 13-years "ain't been no picnic." Please forgive that old saying with a double negative and a word many never use: *ain't*. But know this too ... this statement flat out best describes my first 13 years of publishing The CLUB INSIDER News.

The result of that meeting came when the group narrowed down the choices from many to one: a newsletter for the health, rac-

quet and sportsclub industry. The lovely woman, Jane Beusman, wife of "Brother Curt Beusman", said it best when she described the results the newsletter selection should produce. Jane said, and her words still ring in my mind now, "Our industry needs a new publication that is irreverent, outspoken, goes after problems no one else will attack and that truly 'tells-it-like-it-is.'"

I felt very blessed by the good Lord above to walk out of that room with the vision I departed with. I began to work on it the day I got back home. I did not own a computer at the time. But, fortunately, I had a good friend, Ron Hudspeth, who published an Atlanta area nightlife newspaper that was and still is distributed in restaurants and bars around the metro Atlanta area. Ron had a wonderful lady, Cathy Brown, as his key person for the Hudspeth Report. Ron and Cathy are now in their 20th year of publication! I contacted and told them about my new business. Cathy sold me a used Apple computer for \$100. (Thanks for the good deal Cathy!) She even gave me a couple of floppy disks to go with it. And, the lovely Cathy Brown was my CLUB INSIDER layout person for an amazing 8.5 years. I would never have made it without her and Ron's help and I will be forever grateful to them both. Thanks Ron and Cathy! Fortunately, I actually DID know how to type, as I had taken a Summer school typing course in high school at Rome Free Academy in Rome, New York.

I went to work. Assisted by funding from my Dad, Norm Cates, Sr. and from six of our Roundtable #1 members, I worked for 9 months without income. In the Spring of 1993 I went to our second 1993 Roundtable #1 Meeting. This time it was in DelMar, California. In that meeting I shared the development work I had done so far and I asked the group to help me finally name this new, irreverent, outspoken publication. I also remember this segment of the session ... as if it was yesterday. There were 14 of us in the room. At one point during the naming of the publication brainstorm-

ing session, 9 out of the 14 people were rapid firing possible names, all at one time. All of a sudden, Brother Curt Beusman said, "INSIDER ... no ... CLUB INSIDER ... no ... The CLUB INSIDER News!" That name hit me right between the eyes and I excitedly responded: That's IT!" And, it was.

I went back home and back to work. In November, 1993, I published our first edition of The CLUB INSIDER News. It had only 12 pages and featured our good friend, Red Lerrille, now 44+-year owner/operator of Red's Health and Racquet Club in Lafayette, Louisiana, in a photo of one of his restored vintage bi-wing aircraft (see photo pg. 3). I distributed 2,500 copies of that first edition by hand in the lower lobby of the 1993 Club Industry Trade Show to conference and trade show attendees as they were boarding the buses to take them back to the hotels. In February, 2006 I published my first and only 40-page edition of CLUB INSIDER News. It featured seven of my industry consulting friends in a cover story I call the "Best of the Best".

Although the CLUB INSIDER News was launched with just 12 pages and no color, we publish 32 to 36, mostly full-color, pages each month and have been at that number for years. That page # makes CLUB INSIDER a must and easy read each month. But, you know that already.

But ... the TRUTH is: a deep labor of love was launched. You may wonder why I write "a deep labor of love was launched." Let me explain why.

I spent 19 amazing, very rewarding and gratifying years in this industry before becoming Publisher of The CLUB INSIDER News. During those years I made a good living. But, the only time I ever made what I would describe as a significant amount of money was when I sold my Lenox Athletic Club in Atlanta in 1984.

And, I lost a lot of money. Mainly because I was a dumb-ass dealing with a couple of really bad real estate deals. Another reason I lost money was that I was really "The BOSS from Hell!" for

all of my 19 club owner/operator years. I even wrote an article about myself for CLUB INSIDER about 10 years ago entitled: "The BOSS from HELL!"

There were many reasons I was able to earn a good living in the club business for most of my 19 active years. But, the primary reason was what I learned from my great friends in this industry across America. That is precisely why now, after 13 years of publication of CLUB INSIDER, I continue to be totally 100% PASSIONATE about my work for you.

But ... what I came away from 19 years in this industry before publishing was a very deep understanding and appreciation of what each of you must do each day of your club lives to just survive and keep on fighting for your goal of making your club financially successful, an asset to your community and a great helper of others.

I know how hard it is folks ... because I have been there and done that. That is precisely WHY I work so hard and fight so hard for you and your family and your club(s) ... to help you be successful.

Folks, I have done it all in my club career. I have been a morning opener, a night closer, an overnight janitor, an emergency plumber, a sweaty, dirty construction worker, a swimming pool/spa maintenance man, a group exercise manager, a membership sales person and sales manager, a bookkeeper, a marketing manager, an advertising production person, a special event creator, producer and coordinator, a real estate negotiator (a crummy one), a racquetball instructor, a racquetball tournament promoter and director, a club designer, a classroom curriculum creator and classroom instructor, a pro-shop buyer and stocker, a franchise salesman and coordinator, a snack bar manager and operator, a PR creator and manager, a personal trainer, a psychologist and a general manager, a newsletter writer, creator and publisher for my clubs, a corporate membership salesman, and even back to my original profession, a corporate pilot for my club partners. Along the way, (See The Beginning page 28)

...The Beginning

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while doing all of the above, beginning in 1978 when my industry life-time great friend, Rick Caro and I were elected to the National Court Club Association (NCCA) Board of Directors, I began to serve all of you in this industry. First in NCCA, as a Board Member and then it's last President, then IRSA (IHRSA now) as a Co-founder, 1st President and an almost 26-year run of caring and serving all of you who are involved in IHRSA and really, all others in this industry as well.

A Deep-Deep Appreciation for All You Do!

From all of my experiences in this industry during my 19 active years I developed a deep-deep appreciation for all you must do as a day-to-day, year-to-year club owner/operator. Along the way I developed a deep appreciation and dedication to you all. I also developed a very clear focus on and dedication to the great importance of learning in our industry and its direct relationship to the success of your club business. I have dedicated my life for the past 26 years to your learning, first in the associations I served and for now a completed 13 years of CLUB INSIDER publication.

So ... if you could picture my tombstone someday, perhaps in the year 2036 or later, I can tell you now that these words would suit me just fine: "NORM CATES, JR. ... a Passion for Learning ... a Passion for Teaching ... A Passion for Caring."

I learn everyday from everyone and everything I am in contact with in our industry and from my own reading and watching everything I can inside and outside of the club world. I do have a deep passion for learning. I have my passion for learning because without that, I could not have my PASSION for teaching. I teach what I learn to anyone I possibly can in our great industry through this vehicle: The CLUB INSIDER News. I also learn and teach through one-on-one conversations with anyone in our industry who may call here or anyone I may encounter in a club or

at a club conference or trade show. I do have a deep passion for learning. I do have a deep passion for teaching. I do have a deep passion for caring.

I care about everybody in this industry ... everybody, even if, in my opinion, you've screwed up in this industry and I was forced to bring that to the attention of this industry in CLUB INSIDER to fulfill my vow and promise to this industry. Really, really do not like that part of my job. But, from time-to-time, I must do what I must do to protect all others.

I greatly care about YOU and YOUR FAMILY. I care about YOUR CLUB BUSINESS and its day-in and day-out, year round success. And, I care deeply in my heart about these wonderful United States of America.

YOU, YOUR family, YOUR club business and our wonderful America are all linked. I know each time I touch this keyboard that I am helping YOU, YOUR FAMILY and AMERICA. It is a good, pure and happy feeling to have deep in one's heart. And, it is deep-deep in my heart.

So, I thank you for reading CLUB INSIDER News. Your mind is my target each month. Your improved future is my goal in life. It is as simple and as complicated as that. But, this is the truth and you can take this truth to the bank.

Many, many THANKS!

Before I roll into writing our month-by-month "2006 In Review" Special Edition cover story Part-I, I must say many thanks.

THANKS to all of our advertisers in this edition and in all past editions for the last 13-years. Rest assured that were it not for their dedicated and caring support ... CLUB INSIDER would not be coming your way each month. Please view their ads. Read and study their offerings. Go to their websites. Call their phone numbers. Buy their products and services. Do business with them. Support their efforts. Improve your clubs with their products. Please.

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13 years of CLUB INSIDER publication. There are a lot of you or I would name you all! Thanks to all of you who've purchased subscriptions this past year. Please stick with us when your renewal time comes around. I won't let you down. You and our advertisers are the folks our contributing authors and I work for.

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THANKS to our wonderful CLUB INSIDER Contributing Authors. Their names are listed each month on page #4, my Norm's NOTES first page. If you would like to become a Contributing Author I welcome any and all article submittals for review and publication consideration. Please email your article submittals and business experience summary to me at: clubinsidernews@mindspring.com

THANKS to my good friend, Rick Caro and all of the Faust Roundtable #1 group of CLUB INSIDER co-founders. Thanks to all of the members and staff of IHRSA. Thanks to the folks at Club Industry Magazine, especially Howard Ravis, Sam Posa, Zari Stahl and Pamela Kufahl. And, thanks to Wally and Michelle Boyko, 25+ year publishers of the National Fitness Trade Journal.

THANKS to Ron Hudspeth and Cathy Brown of Atlanta's now 20-year running Hudspeth Report.

THANKS to my

amazing, hard working and very patient son, Justin Cates, for his now 13+ years of teaching me about computers and how to use them and for his 4.5 years of layout work and his excellent website work for CLUB INSIDER. (Justin started teaching the computer world to me when he was 8 years old and a great teacher he is!)

THANKS to Walton Press in Monroe, Georgia, the company that has printed every edition for 13 years. I can tell you all that were it NOT for this absolutely wonderful and amazing 106-year old full service web press printing company, I doubt that I would have been publishing CLUB INSIDER for 14 years now. I want to thank Ms. Linda McGinnis, Ms. Nancy Shumake and Ms. Judy Harrison and all of the day and night shift team in the pre-press department, all of the pressmen who print CLUB INSIDER on their \$4.6 million high-tech web press, Ms. Kelly Parham and Ms. Alisha Rogers in the mailing department and all of the drivers who deliver my extra CLUB INSIDER copies here after our mass mailing is prepared and mailed to you. I can also tell you this about Walton Press. I have been self-employed for 32 years after I left my former profession as an airline pilot. And, I have NEVER, EVER done

business with a company as great as Walton Press. I've had a lot of great experiences in my life as a customer of great companies, but our 13-year run with Walton Press is clearly and unequivocally the single best experience I have had of them all. If you EVER need newsletter production and printing services I could not recommend Walton Press more highly. Go to: waltonpress.com for contact information or call: 770/267.2596 and ask for Ms. Linda McGinnis. Walton Press is a totally digital printing company and they will treat you right. Thanks from deep in my heart to all at Walton Press.

Last, but hugely important, special THANKS and TOTAL APPRECIATION to BEN PEARSON, our layout man, for his dedicated and EXCELLENT work during 2006!

I have just one more comment. That is my new CLUB INSIDER News pledge: "I hereby pledge to give YOU, from my heart and soul, all I've got every single month." That's ALL I've got!

Merry Christmas and Happy New Year to you all. If you don't celebrate Christmas as I do, then Happy Holidays. God bless our troops, airmen, seamen and their families who also sacrifice so much for all of us. God bless you all. God bless America!

**Sincere Thanks, Gratitude
and Appreciation to:**

**All who have advertised,
purchased subscriptions
and pitched in as
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of publication!**

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makes CLUB INSIDER**

**We will be grateful to you
forever.**

I appreciate and LOVE 'ya!

Very sincerely, Norm Cates, Jr.

...2006 in Review
continued from page 26

Center, Irving, TX, **Pulse Fitness and Weight Loss Center**, Dallas, TX., **TELOS Performance**, Dallas, TX. and **SportsArt**, Best Cardio Equipment award winner.

Next month we will cover

... Will Phillips
continued from page 22

information I had on expensive studies about retention in other service-based industries that had been conducted by a member of the Harvard Business School who ten years before that had been a collaborator with me in the emerging quality of life movement studying how to improve the relationship between management and labor. Dr. Len Schlesinger had studied service cycle failure. His research showed the level of customer retention, or loyalty, is directly related to the level of employee retention. He emphatically demonstrated, as an academic and as

April through June in Part II of our "2006 In Review" **STAY TUNED!** - **Norm Cates, Jr.**

(Norm Cates, Jr. is the Founder of CLUB INSIDER News and publisher since 1993. Cates is a 32-year veteran of the health, racquet and sportsclub industry. In 1981

CEO of AuBonPain franchise sandwich shops, that staff cannot create conditions that will build the highest level of customer loyalty if, in fact, the staff have low levels of loyalty to the business.

The United National Bank & Trust of Palo Alto, California was created based on an insight that local banks consistently had higher rates of profitability than the large regional or national chains. The founder of UNBT consciously designed the working conditions to nurture and respect staff as this was the key difference seen between the local and the chain banks. Their staff had almost zero turnover among its tellers, whereas in most banks,

Cates was the 1st President of IHRSA and a co-founder of the Association with Rick Caro and five others. He was honored by IHRSA in March, 2001 when he was presented with its DALE DIBBLE Distinguished Service Award ... an honor that was the greatest of his life. Norm Cates may be reached at: 770.850.8506

the turnover is about 50% a year. Hmmm (sounds like some clubs). The UNBT also reduced the attrition of its customers to one-third of the normal rate in banks!

Well, I couldn't wait to call my former collaborator, Len Schlesinger, to tell him I'm working with some health clubs and am really interested in his perspective on the relationship of customer retention and staff retention in that industry. As we spoke on the phone, I was shocked to find out he had been a speaker at an IHRSA convention some years ago. And, I said, "Oh, that's wonderful because you're just what this industry needs." He said, "Well, it was not wonderful, and I'm not

or at: clubinsidernews@mindspring.com or at: normcates@leavingfatcity.com Look for Norm Cates' new book in print in the first quarter of 2007 as Cates is now beginning the process of revising and updating the book before printing after the New Year. Go to: www.leavingfatcity.com to view

just what this industry needs because, based on the questions I was asked from the audience, it was clear to me that no one in that room had any interest of solving the retention problem at the root cause." I was shocked and disappointed.

It is now some 20 years later and I am ready to try again. If you want to solve the customer-member retention problem, you must solve your staff retention problems. In succeeding articles I will outline the elements in selecting and retaining staff so that they provide a strategic advantage to you. On the other hand if you are in the Warehouse Club business, save

the "**Leaving FAT City**" chapter list and information about the author. To communicate directly with respect to your own suggestions for this book's content email your thoughts and suggestions to: normcates@leavingfatcity.com

your time and do not read the articles. And finally, if you are caught in the middle between being a warehouse club and a deep service club, consider choosing a competitive strategy and not straddling a strategy.

(Will Phillips, the Author, is the Founder and CEO of REX Roundtables for Executives which operates 24 industry roundtables including 10 for club owners and GMs in the US, Canada, Australia and New Zealand. Downloadable copy of this article will be on www.REXonline.org under Management Briefings.)

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...A Personal Note
continued from page 8

of this material.

So folks, this is my proposal to "Our Group." And, it is my proposal to YOU in our industry. I hope you all will study it, consider the plan and just send me an email saying that YOU would like to become involved in it. And, feel free to make suggestions on how to improve my plan for this nationwide idea.

Next month, I will publish the amazingly illuminating interview with 10-year Governor Mike Huckabee. When you've read that report you will have a clear view of where and how I've gotten even more motivation for fighting this great American fight against obesity. I will fol-

low this writing with a follow-up writing on "Our Group's" activities and the responses to these ideas from these original 11. And, I will follow up with YOU.

And, you will realize that Governor Mike Huckabee, a very successful and highly respected Governor nationally, who formerly was the Chairman of the National Governor's Association, is now truly an excellent potential candidate for a successful run for President of the United States of America.

Meanwhile, I am a man on a Mission. That mission is purely and simply to cause a huge reversal of obesity in America and to beat it down, down, down.

Dreamer here? You bet. But, this is America,

folks. America needs a madman to attack this obesity pandemic. I volunteer! I am now your bona-fide madman on this subject. I am mad about fighting my weight. I am mad about my fellow Americans losing the fight I am winning overall now with my weight. I am someone with the intensity to fight obesity with his mind and his actions with enormous dedication to the challenge deep, deep in his heart and soul. I will be America's man for the obesity fight.

And now, we have a man, **Governor Mike Huckabee of Arkansas**, who is highly qualified to run for President, who knows obesity and who knows how to whip it. I do hope he does run for President of these United

States. When you see him, read his words and someday meet him in person or on TV, if he does run for President of the United States, then YOU will know what I mean.

I plan to focus on publishing CLUB INSIDER News and fighting obesity in my own body and in America for the rest of my life. God works in mysterious ways. I believe he allowed me to live through weighing 343 pounds so I could help America, too.

Merry Christmas and a Happy, Healthy New Year to you all. Or, if you are not Christian, as I am, Happy Hanukah, Kwanza or Ramadan to you all!

GOD bless our troops, airmen and seamen and their families. God bless the people of Iraq.

Please keep our servicemen and women in your prayers. On this December 7, 2006 anniversary of **Pearl Harbor attack**, please never forget the sacrifices my Dad, my Uncle Sam and millions of American men and women and their families have made for you and all of us Americans.

Special thanks to **BEN PEARSON** for his dedicated and EXCELLENT 2006 layout work!

God bless you all!

STAY TUNED!

Norm Cates, Jr. - The CLUB INSIDER News - Publisher Since 1993

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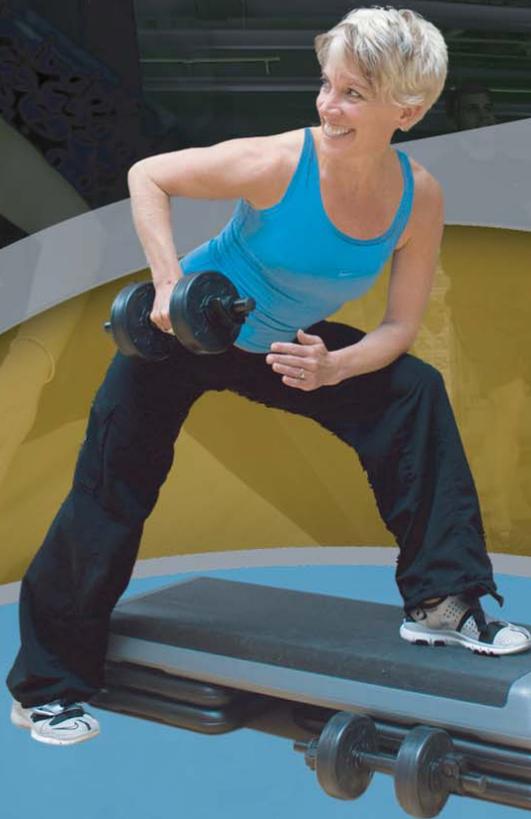
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