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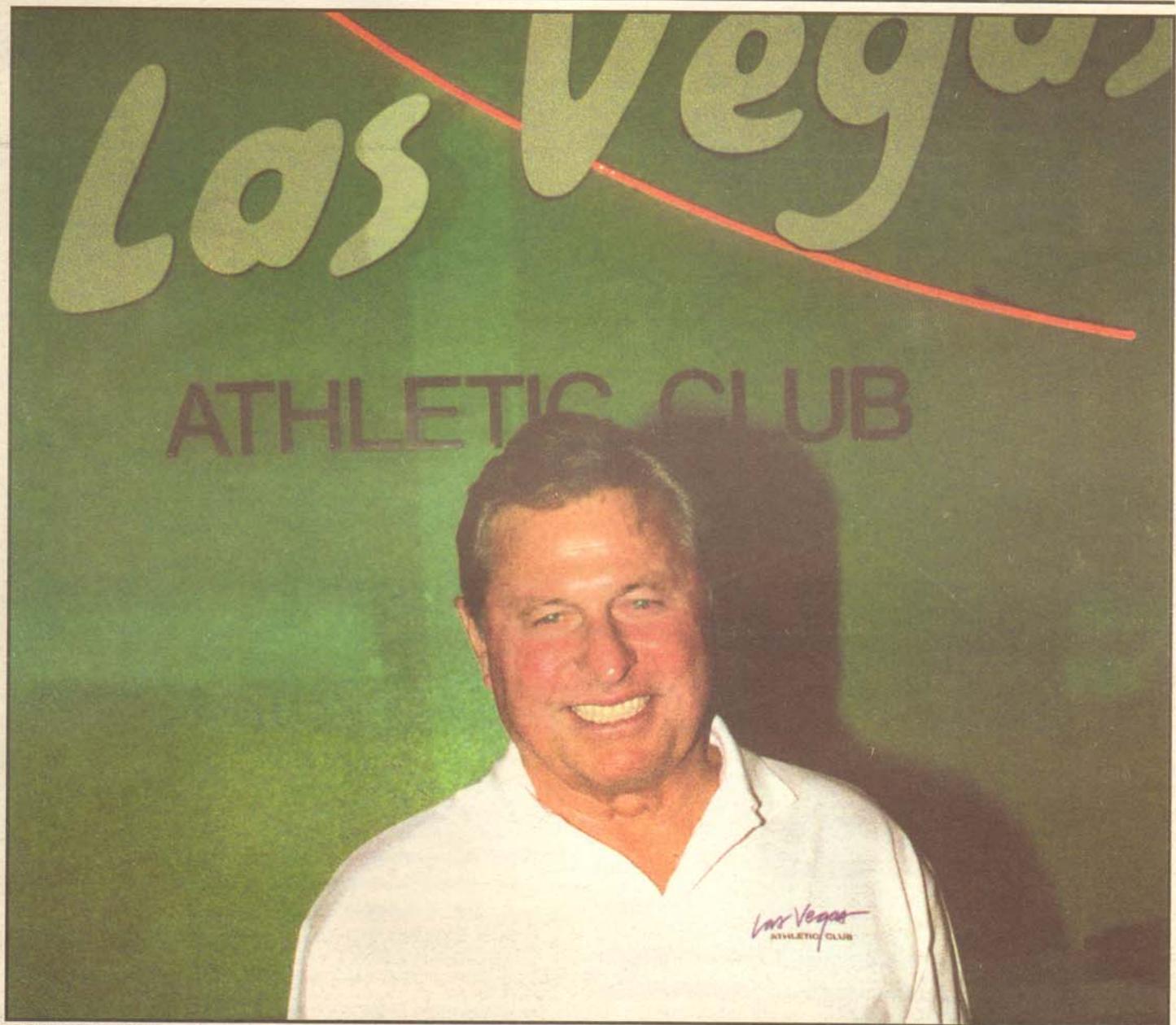
Norm Cates'

THE Club Insider

NEWS

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

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JANUARY 2002
VOLUME 9 NUMBER 1



RUDY SMITH

Rudy and Virginia Smith Celebrating 50 Years of Excellence!

The complete

package.



"RCM Solutions provided us with all the necessary tools to streamline our systems and processes. We found CheckFree's service to be first-rate and their staff responsive, knowledgeable and anxious to help us. We also found all of the RCM product features and modules to be extremely user-friendly.

Because of this, our employees were able to learn the system quickly and increase their comfort level with each passing month. This provides them with more time with club members. It's perfect. CheckFree takes care of everything and the leasing option made it affordable and easy."

Brenda Hildebrand - Owner, Vice President
Gold's Gym
Alexandria, VA; Winter Springs, FL; Altamonte Springs, FL

Getting Connected

In 1993, Brenda Hildebrand of Gold's Gym made the decision to convert to CheckFree's RCM Solutions. In doing so, she was looking for a proven system with solid customer support. What she received was a complete, no money down, leased turnkey system solution. This included a trusted vendor who was there every step of the way.

CheckFree's RCM Solutions furnished Brenda with the needed resources to bring her clubs up to speed. This bundled approach provided all of the essential hardware, software, EFT processing, and support necessary to run her clubs efficiently and effectively. This allowed Brenda to concentrate on her first priority - her members. Today, Brenda continues her relationship with CheckFree and RCM Solutions, and we continue to work together to find additional ways to enhance our leading software and services.

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THE Club Insider[®]

NEWS

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

Rudy and Virginia Smith Celebrating 50 Years of Excellence!

By: Norm Cates, Jr.

Part I

The really fun part of my 8+ years of publishing *The CLUB INSIDER* News has been interviewing and writing about many of our industry legends like Ray Wilson, Jack LaLanne, Dale Dibble, Rick Caro and many more. Were it not for these people, the health, racquet and sportsclub industry would not be what it has become today.

Today I write about another industry legend and icon, the amiable Rudy Smith and his lovely and vivacious wife, Virginia.

Rudy Smith is 76 and

looks and acts like he is 60. His lovely wife, Virginia, is equally youthful and energetic. These are two of the most terrific people I've ever met. They remind me a lot of another legendary couple, Jack and Elaine LaLanne!

Rudy and Virginia Smith met in a health club and have been married for over 46 years. They have four grown children: Todd, Ginny, Barbi and Chad. All four of their children have worked in the club business and Todd and Chad still work in the industry. Rudy Smith has been in the health club business for almost 51 years. Virginia has been involved in the business for 49 years and combined, they have over 100 years of health club experience!

In October, 2001 I traveled to Las Vegas and had a chance to spend a half-day touring Rudy and Virginia Smith's Las Vegas Athletic Club chain. Let me tell you this, if you have never seen Rudy's operation in Las Vegas, you should make plans to go there, spend some time in the city that never sleeps, and visit Rudy's Las Vegas Athletic Clubs. This writer has seen somewhere between 2,000 and 3,000 clubs across North America in my 28-years of club industry involvement and frankly, I can't recall when I've seen a more impeccably clean, better planned or equipped chain of health clubs.

Imagine a four-health-club chain with 459 cardio machines, 365 selectorized

machines and 229 free weight stations. Imagine a club chain that has in 10-years, grown from 4,000 members to 60,000+! Imagine a club chain whose revenues have grown from \$4 million per year to \$16 million a year! Imagine a club chain where even the water fountain areas are decorated attractively and uniquely with colorful tile and lighting. Imagine a club chain whose interior décor was done by a renowned Florida architect and includes a collection of "antique" exercise equipment from the early 1900's attractively displayed high on the walls above the workout areas. Imagine a club chain that services over 10,000 members per day, including 3,500 per day in the awesome 72,000

square foot Las Vegas Athletic Club Central location. Imagine a club chain whose owners have hired and employed a full-time "Director of Fun and Frivolity" to "MAKE IT FUN!" in their clubs. The fact is any club owner and/or up and coming health and fitness club developer should make it his business to go to Las Vegas and visit Rudy and Virginia Smith's Las Vegas Athletic Clubs! To get a better and visual idea go to:

Rudy Smith To Be Honored By IHRSA

Here is a tremendous opportunity for you to see (See Rudy Smith Page 8)

Ground Zero Design Changes Name to Free Motion Fitness

Free Motion Fitness Reflects Company's Founding Philosophy and Focus on Continuing Innovation

Colorado Springs, CO.- Ground Zero Design, a leading provider of cutting-edge commercial fitness equipment, announced on December 27th that it is changing its name to Free Motion Fitness.

Given the tragic events of September 11 and the devastation at the site of the World Trade Center, the company no longer feels it is

appropriate to continue using the Ground Zero name.

"The company has always been proud of the name Ground Zero Design and the innovation it inspired. However, we feel it is in the best interest of our customers, their members and our company to move forward with a new name and corporate identity," said Roy Simonson, Founder and CEO of Free

Motion Fitness. "Free Motion" is a philosophy of training, supported by our flagship line. Our company was founded on this philosophy and we felt it was the most appropriate name for us, and one that captures our essence and communicates who we are and what we do."

The new Free Motion Fitness name and identity continues to reflect the company's dedication to

designing and manufacturing cutting-edge commercial fitness equipment that changes the way people exercise.

"Free Motion Fitness will continue to develop revolutionary products that focus on training the body the way it was designed to function and is required to perform in real life," said Patrick J. Hald, COO of Free Motion Fitness. "We are

confident that with our new name, Free Motion Fitness, we will continue to grow and establish our position as a market innovator and leader."

For information please visit Free Motion Fitness at www.freemotionfitness.com or Call 1.877.363.8449.

Bally Total Fitness Completes Acquisition of Crunch Fitness

CHICAGO, IL. - BFT) announced on January 2, 2002, it had completed its

previously announced acquisition of Crunch Fitness, one of the world's leading fitness and entertainment brands renowned for its innovative group fitness programming and unique marketing and advertising strategies.

Crunch Fitness, with its 19 clubs, is the leader in one of the industry's fastest growing segments -- the young, upscale, urban fitness market.

Bally Total Fitness and Crunch announced acquisition plans on October 15, 2001.

Bally Total Fitness is the largest and only nationwide, commercial operator of fitness centers, with approximately four million members and more than 400 facilities located in 28 states and Canada under the Bally Total Fitness, Crunch Fitness, Bally Sports Club, Gorilla

Sports, Pinnacle Fitness and Sports Clubs of Canada brands. With more than 125 million annual visits to its fitness centers, Bally offers a unique platform for distribution of a wide range of products and services targeted to active, fitness-conscious adult consumers.

For more information, visit www.ballyfitness.com.

Inside The Insider

•IHRSA Convention To Feature Service Marketing Expert With Answers On Pricing -and More

•Michael Scott Scudder...Tells It Like It Is!

•Are You Managing Your Exercise Program? Or, Is It "Mangling" You?

•Executive Summary of The Surgeon General's National Call To Action Plan

•NORM'S NOTES•

•**HAPPY NEW YEAR** to you all! I write these comments to you now having lost 101 pounds on my goal of 120 off by March 6, 2002! It has been quite an experience so far and I am really enjoying not having to carry around the equivalent of two 45 pound plates, plus 10 pounds! But, the most exciting news in my life is my son **JUSTIN CATES'** achievements as a Junior at **WALTON HIGH SCHOOL**. Walton was named a couple of years ago as one of the **TOP 10 High Schools in America** by U.S. News and World Report Magazine and is truly a terrific high school. (97% of a recent graduating class went on to college or other higher education). And, guess what? Justin achieved his 1st ever **4.0 Report Card (6 A's)** for his Fall Semester, 2001. **CONGRATULATIONS JUSTIN CATES!** That was a wonderful accomplishment, coming on the heels of a **3.83 last spring**, especially since he played his 6th year of football last fall. He has now lettered twice in both football and track. Not bad for a 16-year old turning 17 on January 18th! To top it all off, beginning with this January edition, he becomes our new **Computer Layout Specialist**. He replaces Ms. **CATHY BROWN** of Atlanta's **Hudspeth Report** who tirelessly produced

excellent layout work every month without fail for over 8 years! My most sincere thanks and appreciation go to Cathy and my old friend, **RON HUDSPETH** for the huge role they played in my publishing career so far. Check out Justin's photo and Report Card on this page. I just had to share this with you all.

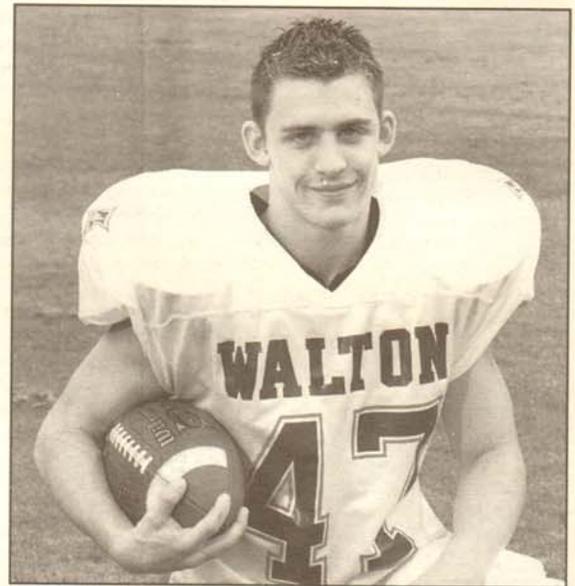
•Also, check out the letter from Decatur, GA. club owner, **MATTHEW HUNT** on page #5. Thanks for your feedback Matthew. It took guts to write that very honest and candid letter and I sincerely appreciate it! And no, Matthew. You do not owe me an apology for reacting to the "Eye Pollution" that I gave that crowd that day I waddled out to receive my IHRSA Award 63 pounds ago!

•We kick off this **Happy New Year** with Part I of a terrific interview with 50-year health club veteran, **RUDY SMITH** and his lovely wife of 46 years, **VIRGINIA**. The Smiths are two of the truest pioneers in our industry and my 90-minute interview with them was just packed full of information, so I'm publishing their article in a Part I format in this edition and Part II next month in our February edition. Rudy Smith will be honored by IHRSA in Phoenix on March 8, 2002, when IHRSA awards him with its **DALE DIBBLE Distinguished Service Award!** I

am highly honored to have been chosen by IHRSA to introduce Rudy and present the Award to him on Friday morning, March 8, 2002, in Phoenix. Be sure to stay tuned for our February edition with Part II of Rudy and Virginia's interview! And, be sure to come to Phoenix for IHRSA's **21st Annual Convention and Trade Show**, March 6-9th. This may just be IHRSA's greatest Convention and Trade Show yet, with over 100 speakers and over 350 trade show exhibitors. So make plans today to join nearly 10,000 club people from around the world that will be there. Be sure to visit and support our terrific advertisers whose exhibit numbers are shown on below this note. Call **(800) 228-4772** for **MEREDITH POPLAR** (ext.129) for IHRSA Membership information or **COURTNEY LYDDY** (ext. 128) for Trade Show attendance information. And, if you have a fitness product company and would like to exhibit your products at IHRSA contact **TOM HUNT**, (ext.152)

•**Congratulations to JOE MOORE** of Moore's Fitness, **GREG LAPPIN** of Rochester Athletic Club and **DAVID GIAMPAOLO** of 24 Hour Fitness as they have been nominated to be new IHRSA Board Members.

•**BE SURE TO VISIT OUR GREAT ADVERTISERS AT THE FOLLOWING IHRSA EXHIBITS:** The **CLUB INSIDER News**-#1384, **Life Fitness**-#510, **CheckFree**-#2312,



JUSTIN CATES

LATE BREAKING NEWS!

Direct Focus, Inc., the company that acquired Nautilus, and Schwinn out of Bankruptcy, announced on Jan.18th that it had won the Bankruptcy bid for Stairmaster and would acquire the company for \$25 million in cash. More next month. STAY TUNED!

CardioTheater-#1936, **Affiliated Acceptance Corp.**-#2720, **Association Insurance Group**-#2646, **SalesMakers**-#433, **Body Training Systems**-#1816, **Free Motion Fitness**-#1110, **Ivanko**-#206, **Thomas Plummer & Company**-#2745, **Healthy Inspirations**-#1935 and **Premium Performance Training**-#1635.

•Oh, by the way. Just in case you felt like **MATTHEW HUNT** (see letter next page) and were "a little upset with me because of my size" when I received IHRSA's **DALE DIBBLE**

Distinguished Service Award, presented by my good friend, **RICK CARO** last March in San Francisco. I want you to know I have lost 63 pounds since March to reach the total of 101. So, don't miss our February 100th **ISSUE Special Edition** as I am going to step up to the plate and publish "before" and "after" photos of myself on the cover of the February, 100th **Issue Special Edition**. In that issue, I also plan to publish **Chapter I** of my upcoming book entitled: **"LEAVING FAT CITY"** (See Norm's Notes Page 5)



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George Walton High School

1590 Bill Murdock Rd, Marietta GA 30062 - January 7, 2002

Final Report Card

Cates Justin S
1548 Princeton West Trl
Marietta, GA 30062

Homeroom 304
Class of 2003

Course Name	Grade	Conduct	Abs	Credits	Teacher
40.4510008 Chemistry I:112A	92	A S	0 .5	Smyser Diane	
36.0540096 Weight Training	100	A S	0 .5	Evans John	
48.0110097 Draft/Design Tech IB	96	A S	0 .5	Pace Larry	
45.0810008 US History 112A	97	A S	0 .5	Goeckel Patrick	
27.0640004 Algebra II:A	93	A S	0 .5	Hakala Terry	
23.0510008 Am Lit/Comp 112A	90	A S	0 .5	Johnson Linda	

Semester Average 4.000 Overall GPA 3.609
Credits Earned 3.00 Total Credits 16.00

Honor Roll

Norm's Notes

Continued from page 4

where I will share a lifetime of experiences I've had in the battle with **OBSESITY**. In that issue we will also feature a special interview with **CASEY CONRAD**, America's newest and I will predict possibly one day the world's greatest weight-loss entrepreneur. Casey is the **Founder and CEO of "Healthy Inspirations"** and her new weight loss company is simply going gang-busters and growing like wild-fire! (See ad on pg #16). So, **STAY TUNED FOR #100!**

•**Life Fitness** continues to be way out front in leadership with the recent donation of 100 treadmills to the New York City Fire Department. The 100 TR 9100 Certified Pre-Owned treadmills will be distributed to FDNY firehouses. In Chicago, **Kevin Grodski**, Life Fitness President, announced that

VOYL DIVLJAKOVIC had joined Life Fitness as the **President of Integrated Operations**. Voyl was previously with **Mercury Marine**.

•**MIKE MOTTA**, the Founder and CEO of New York City's **PLUS ONE**, has been to "club hell and back" since September 11, 2001, as two of his clubs were destroyed during the attacks. But, that is not stopping Motta, from going full-speed ahead! Mike will open three more corporate fitness facilities during the 1st quarter for **Merrill Lynch, Lehmann Brothers and Bear Stearns**. Plus One has also been retained to design and develop the **New York Times' new World Headquarters Fitness Center** and has also been asked by Merrill Lynch officials to develop two more fitness centers for the company that will open in late 2002.

•Get this. The **Las Vegas City Council** voted on **December 19, 2001** to pay the

\$200,000+ utility bill of a **YMCA leisure center!** Our cover subject for this month, **RUDY SMITH**, said this about that, "I think I'll send my utility bills to the City Council and see what they say." I ask you all, what will be next with the **YMCA?**

•**RAYMOND LONG**, 30-year fitness veteran and owner of **Personal Best Fitness Center** in Deland, Florida, has landed himself a TV gig called "**Healthy Lifestyles**" on **WCEU-TV**. Long tells his viewers that **FAT** stands for: "**Fatal, Awful, Terrible**." Good luck Raymond!

•**JON HARRIS** has joined **Bally Total Fitness** as their **Director of Public Relations**. He has joined a company that has gone through and is still in a Renaissance period caused by the terrific and business-like leadership of **Bally Total Fitness Chairman and CEO, Lee Hillman** and his excellent **Executive Management**

Team. Good luck at **Bally Total Fitness, Jon**. Also, right at the end of the year, **Bally Total Fitness** announced that it had increased its credit facility from \$175 million to \$225 million.

•Have any of you out there had any experience with **GARY HEAVIN'S** Waco, Texas-based **CURVES FOR WOMEN** franchise? If so, I would like to know more about the company. In the meantime I am going to call Gary and see what I might learn. **Entrepreneur Magazine** ranked **Curves For Women #3** out of the top "Franchise 500" rankings. They have sold 880 franchises in 2001 with total franchises sold now 1,855. **STAY TUNED!**

•**JOHN AGLIALORO**, Chairman and CEO of **Cybox**, must be one tough cookie! Not only has John fought off tough times at **Cybox** and done many good things to keep from filing for **Bankruptcy**, when bankruptcy seems to now be in vogue for big equipment manufacturers, he has now negotiated a new deal with his bankers. The new banking facility will "enable **Cybox** to meet its aggressive new product introduction schedule for 2002" and the facility will continue until the end of **December, 2003**. Over a year ago John told me about his new product line up and I am looking forward to seeing it all. Apparently **Cybox** is planning a huge new product roll-out in **March** at **IHRSA Phoenix** Word is **Cybox** has reserved more than **96 Booths** at the

upcoming huge **IHRSA Trade Show**, making it the largest exhibit in the **HISTORY** of **IHRSA**.

•Nice to see that another tax-exempt hospital health club has closed! This one was operated by the **Prince William Health System** in Virginia. The club was losing \$80,000 per year. Local officials said this about the closing, "The care provided by the fitness center can be adequately filled by existing health clubs in the area." **AMEN!**

•Great to see that Congress has increased the appropriation to improve the nation's physical education programs by 1000% to \$50 million! This is definitely a good start.

•**ROYCE PULLIAM**, long-time **Gold's Gym** operator, has opened his 9th **Gold's Gym** in Erlanger, Kentucky and is planning to open 3 more **Gold's Gyms** this year.

•Great to see the news right here at press time that it is a "**Done Deal**" that **Dr. Kenneth Cooper** of the **Cooper Clinic** in Dallas has been selected to be our next **Surgeon General!**

•**STAY TUNED** for our **100th Edition** next month with **Part II** of **Rudy and Virginia Smith's** terrific story and **Chapter I** of my new book, "**Leaving Fat City and much, much more.**" **God Bless you all and God Bless America!**



701 Church Street • Decatur, GA 30030 ☎ 404.315.5563 ☎ 404.636.9878 ✉ everybody@nfit.com
Norm Cates
The Club Insider News

Dear Norm,

My name is **Matthew Hunt** and for the past year and half I have read your publication from cover to cover. I enjoy your great publication, as it offers many good articles and information. My business partner **Anthony Hippell** and I are the owners for the past 8 years of **EveryBodies Nutrition & Fitness** in Decatur, Georgia. We specialize in "Motivation & Support" for people who want to lose weight the good old-fashioned way (and proper way) through sensible nutrition and group personal training classes. We have a unique business model, but that's a topic for another time.

The purpose of my email to you is that I just read the December Issue and have been following your weight loss results and without knowing you, wanted to comment on your success. I have heard your name tossed around for the past 5 years within our industry. Our business has only recently (during the past 2 years) become involved in **IHRSA**, and the first time I ever saw you, was on stage at the **March** convention in **San Francisco**.

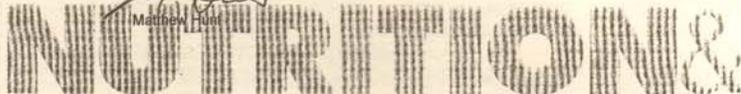
I was extremely impressed that you wrote your apology to yourself, your family, and to those in the industry. Although we do not formerly know each other I must be honest with you. My business is my passion in life and with that statement, I firmly believe that we should practice what we preach and try to live the lifestyle. In fact, our company business model is built around our core principles, which emphasize "personal responsibility". When I first saw you on stage in **March**, I was a little upset with you because of your size. Now keep in mind that I am not trying to criticize you personally, it's that I felt you were a representation of our industry and since you did not look the part, I questioned your integrity at that time without knowing you. At the time, I was also completely unaware of your background, and all of your contributions made to our industry.

Regardless, I wanted to share with you how proud I am for you! I was impressed because what was written was truly from your heart and evident in its style. I commend you for making yourself vulnerable. But individuals truly never grow unless they make themselves vulnerable. You have done the hardest part and whether or not it means anything to you, you are a success and an inspiration in my eyes. You have done a remarkable job and clearly are reaping the benefits.

So I wanted to share with you that I am the one who owes you an apology for prejudging you in the first place. I am sorry! Our business deals with customers who need to lose anywhere from 20 to 150 pounds and I have heard their stories of torment, frustration and loneliness. I can honestly tell you that your actions have been extremely brave in sharing with us and holding yourself accountable by not only publishing your results, but also taking action towards them. In truth, I have never been overweight so no matter how many stories I hear from customers, I will never fully appreciate the difficulties they have experienced, I can only empathize. I am looking forward to the **IHRSA March** convention, where we will have a chance to meet, and hope I get to speak with you sometime soon.

Sincerely,

Matthew Hunt
Matthew Hunt



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IHRSA Convention to Feature Service Marketing Expert with Answers on Pricing--and More

"Price changes the actual experience of using the service: A high price actually improves the experience."

On the topic of pricing, many clubs send mixed signals because they are confused or ambivalent about the value of their product. IHRSA headliner Harry Beckwith is concise and certain with his advice. In his latest book, *The Invisible Touch*, Beckwith deals with pricing myths and realities head on--he'll share this and more in his talk in Phoenix on March 7.

"Price is more than the quid pro quo for the service you provide. Like money, price talks. It changes perceptions." To illustrate his point, Beckwith interprets the success

of a well-known television coffee ad.

The setting for the ad is a five star restaurant. A well-dressed woman dining with her husband is asked about the coffee she is drinking after dinner, and says that it is "fabulous." It turns out to have been Folgers Crystals frozen coffee. Viewers are surprised, but Folgers wouldn't want us to know the real reason for the woman's answer: she was influenced more by her assumption about the quality of the coffee that a top restaurant would serve, than she was by the actual taste of the coffee. Beckwith's point, again: "You

Don't Taste Your Coffee; You Taste Your Assumption."

"Price changes the quality that purchasers can expect. But it does not merely change assumptions and perceptions. Price changes the actual experience of using the service: A high price actually improves the experience. Watch What Your Price Says."

Beckwith wants you to know that--and much more--about how your pricing affects your customers' perceptions and even their experience. These topics are from his book's chapter on pricing (which is followed by a chapter on "packaging," which

is equally important in our industry):

"The Five Dollar Shake" ("Higher prices don't just talk; they tempt")

"The Amazing Case of the Gibson Guitar" ("The higher your price, the higher your perceived quality")

"If They Come for the Price, They'll Leave for the Price--Someone Else's" (Boston Market's disastrous coupon program)

"But What About Wal-Mart?" ("The low price position kills. And the off-price providers usually die first.")

"Sales, Not Prices--

Don't Charge Less. Sell Better."

"Tiered Pricing" ("Build choices into your pricing")

(For information on the IHRSA Convention and trade show, or on how to attend either event this March in Phoenix, March 6 - 9, contact IHRSA at 1-800-228-4772, ext. 128 (Courtney Lyddy) or visit IHRSA's website at www.ihrsa.org/meetings/convention. Attendance packages are available for trade show only (free), as well as one, two, three and four days of education.)

Michael Scott Scudder... Tells It Like It Is!

Trying to predict our economy right now is about on a parallel with trying to predict when snow will come to the mountains around Taos. While I think there are certainly some scary signs (rising unemployment, still-downward trend in spending, corporations not doing much capital investing right now), I also think there are some very positive signs (Consumer Confidence Index going up, new car sales up, new home sales up, interest rates at a 40-year low). My take is that we will have a very mixed 2002, with a strong economic rebound in the 2nd half of the year. For our industry, I think the following will do well:

1) Larger IHRSA clubs with multiple-use capabilities, higher dues, better programming options and discretionary-purchase service offerings.

2) Small specialty clubs with very limited, but very specific services (include in this personal training facilities, group exercise facilities and well-run, well-niched seasoned operators).

3) Rural fitness clubs - I see very steady growth in this sector since the late 90's.

4) Hospital-based operations and some not-for-profit operators. I think the following will suffer:

1) Indistinct, no-spec-

ific-market, middle of the road clubs (including older mid-size racquet sports based clubs), especially those in highly competitive and/or club-saturated markets.

2) Small "Ma-and-Pa" operations in metropolitan, urban, suburban and some exurban locations -- my feeling here is that Bally, 24 Hour, perhaps LA Fitness will continue to dominate the lower-priced markets, putting the squeeze on the independents in the same niche.

3) Some lesser-financed, lower-quality "management companies" will break up, merge, or disappear altogether.

For your info: I have a small "stable" of clubs that have been reporting to me throughout the year (75 clubs in all, but really about 40 giving me accurate, trackable information). For many of these clubs, I have been in a consulting or mentoring position for a long time, so I know them, know the ownership, know that their numbers are not fluffed in any way. What I have gleaned from their stats are: on average, membership sales were up only slightly in 2001 vs. 2000 - about 3%; net income up in the double digits, averaging about 13% (owing to increased efforts in the areas of retention, paid-program-and-

services offerings, and lowering of operational expenses in some areas).

In each of these clubs, a concerted effort was made early in 2002 to get pro-active in the above areas, owing to belief that the economy was going to slump.

I have received DOZENS of calls and emails from clubs all over the country since September 11 (wish I had kept a record so I could report how many - my guess is it numbers well over 100). The initial calls were mid-September "panic" calls, which quickly subsided, replaced by calls in October, November and December. Those calls were more fervent, "reaching out for help" from clubs that suffered a very bad year, exacerbated by the events of early fall.

The GOOD news is that clubs are being responsive and attempting to get pro-active; the BAD news is that there are literally hundreds of clubs in our great industry that are in dire straits and may not make it through this economic malaise. In talking with the latter (some 15 late-November calls in the course of one week stick out in my mind), I have verified personally what I thought to be true: many, many clubs, particularly those that are single-operation, generally small (10,000 to 15,000 square feet), usually in business 4 - 8

years, have not been able to re-capitalize to meet the increasingly competitive scene out there, are in high-club-density areas, and have never sought a "niche," rather tried to be "something for everyone" type operations -- this is the stereotype of the club that is failing now.

Reminds me of the times following the 81-82 and 90-91 recessions. I do not remember the numbers for the eighties economic fallout, but following the recession of the early nineties we lost about 10% of the total clubs in our industry - mostly AFTER the recession had turned. And, you will probably recall, we did not see a serious gain in membership numbers until early 1993.

Anyway, my advice to anyone in the above situation is this:

1. Choose your niche and start to work it soon. (I can help with a lifestyle-matched demographic report which will show a club where its' best markets are.)

2. Don't resort to "panic sales" or "lowball pricing." (That's the final death blow, as far as I am concerned, and usually precurses closing the doors.)

3. Get in touch with a qualified industry consultant or advisor and get help. Many will do some phone consulting with you. (Rick Caro, Sandy

Coffman, Mike Chaet, Casey Conrad, Thomas Plummer, Charley Swayne, Karen Woodard, myself, are a good place to start.)

4. Draw up a brief "action plan" with specific goals for 2002 and get to work on it.

5. Do NOT expect "the market" or a "New Year" to turn your club. (Those clubs that have completed successful turnarounds have not waited for the market to get better, or for people to finally come around -- they have gotten proactive, knuckled down and saved their businesses.)

(Michael Scott Scudder is the President and Founder of FITNESS FOCUS a Taos, New Mexico-based Email: fitfocus@aol.com Web Site:

www.michaelscottscudder.com
Phone: 505-751-4236 Fax: 505-751-4220 The FITNESS FOCUS Health Club Education Tour 2001-2002 -- "TAKING CONTROL: Driving Profits in These Uncertain Times" - next events: TH 2/14/2001 - Arlington, TX; TH 2/28/2001 - Baltimore, MD. For more info about a seminar, and to secure registration for an event near you, email or fax today!! ENROLLMENTS IN EACH SEMINAR ARE LIMITED TO 50 PERSONS.)



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...Rudy Smith

continued from page 3

Rudy Smith in person and hear what he has to say. On Friday, March 8, 2002, Rudy Smith will receive IHRSA's DALE DIBBLE Distinguished Service Award in Phoenix at IHRSA's 21st Annual Convention and Trade Show. This Award is IHRSA's highest honor presented to someone within the club industry. John McCarthy, IHRSA's highly esteemed Executive Director comments, "We are thrilled to honor Rudy this year. This award is given annually to a person who has made enormous contributions to the development of the industry as a whole. Rudy exemplifies this, and the IHRSA Board voted unanimously for him."

Last year IHRSA named the Distinguished Service Award after Dale Dibble (who is retired in Naples, FL.) and as the 20th Anniversary recipient of the Award, yours truly will have the high honor of introducing Rudy and presenting the Award at the IHRSA Convention on Friday, March 8th at 9:00 A.M. This will be a great time to be in the Southwest and Phoenix is an incredible venue for all this action. The weather will be warm and clear. The action will be fast and furious and in addition to over 100 speakers and another mega-IHRSA Trade Show, you will have a terrific opportunity to network with Rudy and Virginia Smith at the Opening Reception and many other IHRSA events. They are great folks and this is going to be a terrific time for

all of us in the industry. Don't miss it! (For information call IHRSA at: (800) 228-4772 or go to www.IHRSA.org)

True-True Health Club Pioneers

When we think of the pioneer days of America the images of covered wagons circled with settlers fighting Indians comes to mind. Those brave people endured enormous hardship to get their families to California and other parts of the far west. As did the early American pioneers, Rudy and Virginia Smith, true early health club pioneers endured many hardships in the early years of their health club involvement.

Rudy Smith began his health club career working for a Vic Tanny gym in Los Angeles in 1951. He rose to the title of Vice President of Operations and General Manager of Vic Tanny's nationwide. Along the way he met Virginia in a San Francisco Vic Tanny location and they were married in 1955. In 1963 Virginia and Rudy Smith opened their own health club, the Sherman Oaks Health Club in Sherman Oaks, California. The club was very successful and the Smiths operated it as a "Mom and Pop" team for 11 years.

In 1970 Don Wildman asked Rudy to join his Sherman Oaks Club in with the Holiday Health Spa club group owned and operated in Southern California by Wildman's Health and Tennis Corporation of America. Under Smith's leadership the Holiday chain was vastly successful and won all sales awards for 15 years running. In short, Rudy Smith's operation style and acumen grew the Southern California Holiday Health Spa chain to \$100 million per year in sales in just 23 locations, a figure that even 30 years later is very impressive.

By 1991 Rudy and Virginia Smith had decided to retire since Rudy had reached the age of 65. Not for long. Just a short year after retiring Rudy Smith learned about the four Las Vegas Athletic Clubs and negotiated to purchase them. Acquiring the clubs in 1991, the Smiths set about a total makeover for the organization. First, they started with the equipment line-up.

Then they began to remodel and overhaul every aspect of each club one at a time. The transition results were and remain amazing.

Consider these numbers. In 1991 when the Smiths took over the LVAC Clubs, they had 80,000 square-feet. Today they have 180,000 square feet. Then, they had 4,000 members. Today they have over 60,000. Then the clubs were producing approximately \$3 million per year in sales. Today, annual sales are in excess of \$16 million annually. Then there were 80 employees. Today, Rudy employs over 300 people.

Rudy Smith's turnaround of the Las Vegas Athletic Club has been wildly successful. Probably even beyond his wildest dreams. But, Smith had the real and valuable benefit of huge growth explosion of the Las Vegas area and the morphing of Las Vegas into not just a center for gambling and nightlife, but a center for family destination travel. This new world-wide family entertainment market identity for Las Vegas has caused the Las Vegas area to be the fastest growing city/county/area in the United States, growing from 3/4 million to over 1.5 million today. It was as if Rudy Smith had a crystal ball because his LVAC chain has been smack dab in the middle of it all and clearly in the right place at the right time!

An Interview With Rudy and Virginia Smith

We had a terrific interview with Rudy and Virginia Smith about their career and here is Part I of what they had to say.

Q. The CLUB INSIDER News- Rudy, where did you and Virginia meet?

A. We met in San Francisco at a Vic Tanny Gym.

Q. Rudy, how did you get into the health club business in the beginning?

A. I went to "Muscle Beach" in Santa Monica, California and I got to know Vic Tanny, Jack LaLanne, Bruce Connors and Harold Zinken. They are probably the most influential people that caused me to get into the

health club business.

Q. Harold wrote a book about Muscle Beach didn't he?

A. Yes, he did. The book is absolutely great and I keep a copy on our coffee table!

Q. So, specifically when did you actually get into the health club business?

A. Next month, February, 2002, I will finish 51 years in the health club business.

Virginia adds, "And, I've got 49 years so that puts the two of us into the century group!

Q. Rudy, describe for me the first health club you ever worked in?

A. My first job was at two of Vic Tanny's Gyms, one on Wilshire Blvd and the other on Vermont Avenue. They both had wall-to-wall red carpet. They had mirrors all around the wall from about two feet off the floor to about 6 feet off the floor. Those gyms were about 2,500 square feet. Underneath that, they had fluted leatherette upholstery. Above that they had lights and valences that flooded the wall above and it had fluted upholstery on it. When you walked into the entrance there was a giant oil-on-velvet painting by Eric Askew with glamorous shots of men and women. And, the equipment was all chrome. Both clubs just rattled the industry for sure!

Q. Would those have been some of Vic Tanny's first clubs?

A. The one on Vermont Ave. was his 3rd club and the one on Wilshire Blvd. was his 4th. He had four clubs when I joined him.

Q. Do you happen to recall where his first two gyms were?

A. Yes, I do. The first two were in Santa Monica and then Long Beach?

Q. Were those gyms operated on alternating days for men and women?

A. No, that was later on. When I began they didn't have women in the gyms at all. No, I thought Tanny was nuts when he first started talking
(See Rudy Smith Page 22)



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ARE YOU MANAGING YOUR GROUP EXERCISE PROGRAM? Or, Is It "Mangling" You?!

By: *Lori Lowell*

I know that it is not unreasonable to say that many of the owners and operators of clubs in our industry know very little about Group Exercise. You can admit that the last thing you want to think about is the "aerobics schedule", the instructors, the classes, the negligence, the problems, the divas, the hostage situations, the petitions from member's when instructors leave for whatever reason,

the "no shows" for classes, the low numbers, etc, etc, etc. Let's face it, in the majority of our clubs' group fitness programs are less-than average, but it is one of the most important aspects of our clubs and we avoid it like the plague. Oh, Oh!

For many of operators, and us owners, group exercise is hard to understand but you have to start because it is a critical component of our operations. It is imperative that we have a strong handle on the protocol of Group Fitness. Please recognize that

our industry is made up of sales, personal training, equipment and group exercise. Group Exercise classes are the only time when we can speak to a group of members at the same time. If your entire staff is not in the mix and attending classes and being a part of the group exercise culture, then there is something wrong with your formula. All departments must work together, end of story. What are your "fly in the club and fly out of the club" instructors doing and saying to your members? Do you know? When was the last time "you" took a class and don't poo poo me on this. Here are some basic guidelines to bring you up to speed; to let you understand how much your program needs leadership, and some helpful tools that you can implement to ensure a more successful program.

You surely know we don't call it "aerobics" anymore. That term is so yesterday. It's kind of like the term "airline stewardess", they now prefer "flight attendant", and aerobics instructors now prefer "Group Fitness" or "Group Exercise Instructor". These guidelines are easy to implement immediately. Take charge, empower your director and guide him/her to develop and implement sound leadership skills.

The role of the Group Fitness Director is a lot different than it has been in the past. This position is a Full-time position and we are no longer hiring "dolly dinkle" aerobic directors who know nothing about the industry, but happen to be pretty good instructors. Those days are over. Your Group Exercise Director needs to get deep into the fabric of your club. Think of how much time and energy you put into your membership director and what they are responsible for. Your Group Exercise Director must take on very similar responsibilities. Think of your group fitness department the same way you think about and handle your membership department.

1. Your Group Exercise Director must prepare monthly reports stating: the

number of participants in classes, what classes need to be added or deleted from the schedule, changes that will be made for the upcoming month, promotions and activities that are taking place, numbers of new members who participated in classes for the month, numbers of guests who attended classes, equipment needs, budget reports and participation increases from the previous months. They must always deliver, in writing, any incident reports.

2. Why do we have a membership tour and a training orientation but not a group exercise orientation? It is the responsibility of the Group Exercise Director to coordinate times when she and her staff is available in the club to give orientations to the group fitness schedule and learn about the needs of new (and old members). A group exercise orientation is simply an opportunity for the member to sit down with an instructor/Director and go over the schedule and educate the member on how to incorporate classes into her week. We all know that the intimidation factor is huge when beginning an exercise program. Let's make it easy for the member and prepare an orientation to the program where the member walks away with designated classes that she will be attending. It would be even more spectacular if the membership consultant actually invited a few new members to take class with her each week. What a great way to follow up with new members, establish relationships and introduce new members to each other. It also looks really good to have your membership consultants participating in the clubs culture. It's also nice to have your Group Fitness Director and your membership consultant tag team and actually intersperse a soft introduction to the program with the Group Fitness Director during the initial tour. It sets an entire new level of professionalism. If your director is there full time, chances are that she will be available during many tours



Lori Lowell

to make an introduction to the program.

3. Group Exercise Directors are responsible for setting up one-on-one meetings with all instructors for evaluations and for the rules, regulations and responsibilities of each department (I will send you guidelines if you contact me). Some of the regulations include: Showing up 15 minutes before each class and staying 15 minutes after, wearing a name tag whenever in the club, e-mailing 2 new members each week and congratulating them on their success and encouraging them to return, abiding by all rules, making necessary changes (like stop stepping at 144 beats per minute - we are so over that). Get rid of the word "advanced class" - if your instructor is good, they can teach any level in every class - case closed. All instructors have to know how to work the equipment, for crying out loud. When interviewing any instructor make them show you how to work the equipment properly and get it up and running before you even exchange words with them.

4. Avoid being held hostage. It is not worth it. PLEASE FIRE YOUR DIVA! It will change your life forever! Every club has a DIVA, get rid of her. All she does is bleed venom into your program and destroy the culture of your club. This "diva" of yours only caters to about 12 regulars who think they rule the club.

(See *Group Exercise* Page 14)

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*Lori Lowell,
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MAKING THE CONNECTION

Linking Clubs, Sports Facilities and Sportsmen/women

By: Anne Batty

Believe it or not there IS something new under the sun, and there's nothing quite like it available anywhere. This something new is an Internet-based application called Club Connect, the brainchild of entrepreneurs Sashi Menon, former tennis touring professional - investment banker, and his partner Jim Dussinger, Software Developer.

Club Connect's premise is to enable sportsmen/women to interact with their club or sports facility on its own website to reserve playing times, sign up for activities and social events, make games with other interested sportsmen/women and obtain pertinent club/sports facility information. Its use can be adjusted and custom designed to be sport specific for any facility.

The eSchedule portion of this application offers participants the opportunity to simply log on to the Internet at eclubconnect.com, provide a password and sign up for any of the programs, facilities, activities or events offered by their club. This feature alone saves front desk personnel valuable time that can now be spent giving club members the more personalized service that they join a club for.

In the eMatch portion of the application those club members looking for others to play with can simply log in their name, enter their level of play, times they are available for play and be notified via

email when someone else, who has also signed up, matches their criteria. Again valuable front-desk personnel time is preserved, eliminating the phone calls, phone tag, and voice mail messages necessary in the past to match members for play.

Leagues, tournaments, lessons, clinics, camps and all other offerings that require pre-sign-ups are also handled via this application. This makes monitoring of participants more manageable and the collecting of revenues more efficient and traceable.

For each of these applications, daily reports can be printed out enabling staff, pros and management to see what is on for each day among the members, and who has signed up for which classes, clinics, leagues, tournaments, lessons, camps, etc.

Club Connect also gives club members access to newsletters, yearly calendars of events and any and all news that the club wishes its membership to have at their fingertips.

Other areas in current development are eOfficeServices, a web based accounting package and eClubExchange a group purchasing program.

In providing this cost-effective venue for participation, club and sports facility owners can expect to benefit with improved operations and efficiency, and added revenue. As in turn participants are made happier, finding more of what they are looking for, facilities can expect to retain memberships

and create a pride in their operations that will encourage new business.

According to Menon, like most new ideas this one was the result of seeing a need and filling it. "Having spent most of my life around clubs and sports facilities," he said, "I have observed first-hand the needs and concerns of owners and participants. One of the main concerns - matching people with games, activities, leagues and social events - is the basis for this new program. With this in mind I approached Jim Dussinger who has over 20 years experience in application development. After numerous interviews and much documentation and planning, Jim and I put our heads together and came up with a web based solution that has the ability to link sportsmen/women of all kinds with clubs and sports facilities worldwide."

Dussinger assures this program to be user friendly for both sports participants and facility employees. He states that the application will supply an automated help wizard, provide online videos and tutorials and offer a help desk with an 800 number. In the future it is his hope to create a user group, designed for users to interact and help one another in program operations. And as the application grows and expands, he explains that clubs can expect to be involved in the process of the development of upgrades.

Cecil Spearman, past President of IHRSA and CEO of Spearman Industries, Inc., is



Chairman of Club Connect's Board of Directors and instrumental in guiding the structure of the Corporation. Says Spearman of this application, "One of the biggest challenges our clubs face is court reservations on a fair and equitable basis. We also face many challenges at the front desk such as - are all playing members in good standing? Using this program to reserve courts is not only fair to all, it also helps us make sure only members are participating at our clubs, enabling us to collect guest fees from non-members. Utilizing it makes us better managers and provides a win-win situation."

(Lincwise Software is Club Connect's technology

partner. Menon and Dussinger bring their ideas for designing and improving the programming to the table, and Lincwise develops the concepts under Dussinger's technological management.

For more information and to connect with Club Connect, visit their website at eclubconnect.com or email them at sales@eclubconnect.com. They can also be reached by phone at (949)661-2097.

(Anne Batty is a freelance writer and editor living in San Clemente, CA. She is an avid tennis player and works as Activities Director for Laguna Niguel Racquet Club, Laguna Niguel, CA.)

The CLUB INSIDER News 2002 Contributing Author Team

We would like to extend our warmest thanks and appreciation to the 2001 Contributing Author Team: Karen Woodard, Dr. Gerry Faust, Ray Gordon, Eddie Tock, Michael Scott Scudder, Casey Conrad, Rick Caro, Bonnie Patrick, Jim Evans, Mike Chaet, Sandy Coffman, Nancy Friedman, Joe Moore, Kim Donovan, Colin Milner, Pat Nocerato, Paul Goldner, Carrie Morrow, Mike Connor, Tom Lincir, John Brown, Arman Eckelbarger, Mike Campetelle and Joy Karley.

The 2002 CLUB INSIDER News 2002 Contributing Author Team is now being assembled and will grow throughout the year as new Contributing Authors share their health, racquet and sportsclub industry experience and expertise through their contributed articles. The benefits of being a Contributing Author include, but are not limited to: A complimentary 1st Class Mailed Subscription to The CLUB INSIDER News. Listing in our Directory in each monthly issue and acknowledgment of the Author at the end each published article. To qualify for the team you must have at least one article published per each year. To become a Contributing Author send an email memo to: clubinsidernews@mindspring.com or call Norm Cates at: (770) 850-8506

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...Group Exercise

continued from page 10

I would sacrifice those 12 members and the diva to bring my program to a healthy existence. The petition and the angry members will blow over in a couple of days - trust me. I repeat - fire your diva!

5. Group Exercise Directors are responsible for attending all managerial meetings and taking part in all activities and promotions that are occurring. The same goes for the other managers in your club; they should be participating in all activities relating to Group Exercise. The personal trainers and group exercise instructors should be meeting regularly and setting up programs that compliment each other for specific needs of specific members or groups that are training in a group setting. The possibilities for enhancing a successful experience for your members are phenomenal when both group fitness and personal training departments work together.

6. Good instructors are hard to find. We are simply not cultivating new instructors. Until we figure out how to get more talent interested, and believe me, I have plenty of ideas for that, we need to breed our own. If you breed your own instructors

it will help ensure a successful program. You'd be surprised how many members are secret "wanna be" instructors. They will give 110%. Some will crash and burn but so do promising fitness consultants.

7. What does your schedule look like? Is it colorful, inviting, clear, fun, helpful and copied professionally? Let's take responsibility for the materials that are sitting at our front desk. Please support your department with a beautiful schedule that your club can be proud of. A nice schedule goes a long way. So do business cards and thank you notes for your group exercise staff, they love that kind of thing.

8. As far as pay is concerned. If you have been paying \$20 per class for the past 10 years for your instructors I think that a good look at your pay schedule for group exercise is indicated. Are you making the same rate that you were making 10 years ago? Be fair and if your group exercise department raises their standard and executes these new guidelines successfully, then they will obviously be worth more money but they must earn it by increasing numbers in classes and following the guidelines. If your classes are not full - cancel them. Sometimes, less is more.

Classes with only 4 participants is bad for club culture and sets a miserable example for someone taking a tour. Avoid small classes it doesn't work for the teacher or the participant and small classes usually have bad energy.

The job role and expectations of the Group Exercise Director and Instructor are changing rapidly. It is time to take it to the next level. Admit it if you need help and get the help you need to address the problems. If you are already doing all the aforementioned, congratulations, you obviously get it. If you are doing some of it and I gave you some helpful hints, congratulations and I'm glad I could help.

(Lori Lowell co-owns with husband Jeremy a 33,000 S.F. Gold's Gym in Woodbridge, Va. She may be reached at (703) 680-7000 or at goldsgymLR@aol.com)

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**The Surgeon General's National Action Plan
On Preventing Obesity And Overweight Executive Summary**

1. Focus on Obesity and Overweight as a health issue, not an appearance issue.
2. Recognize that the issue is sensitive, and that for every individual body weight is the result of "genetic, metabolic, behavioral, environmental, cultural, and socio-economic influences."
3. Today, 61% of American adults are either overweight (34%) or obese (27%).
4. Today, 54 million American adults are obese (BMI = 30+); another 68 million American are overweight (BMI = 26-29).
5. "For the vast majority of individuals, overweight and obesity result from excess calorie consumption and/or inadequate physical activity."
6. During the last 20 years, the number of children (6-11) who are overweight has doubled (7% to 13%) and the number of adolescents (12-19) who are overweight has tripled (5% to 14%).
7. Obesity and overweight are associated with an increased risk for
 - * premature death
 - * high blood cholesterol
 - * type 2 diabetes
 - * complications of pregnancy
 - * heart disease
 - * menstrual irregularities
 - * stroke
 - * hirsutism (excess body & facial hair)
 - * hypertension
 - * stress incontinence (urine leakage)
 - * gallbladder disease
 - * increased surgical risk
 - * osteoarthritis
 - * depression
 - * sleep apnea
 - * psychological difficulties due to social stigmatization
 - * cancer
 - * asthma

The Surgeon General's National Action Plan Includes:

1. Raising Consumer Awareness of the Health Effects of Being Overweight
2. Building Awareness Among School Teachers, Coaches, Food Service Staff and Nurses about the contribution of proper nutrition and physical activity to lifelong healthy weight.
3. Providing All Children With Daily Quality Physical Education.
4. Extending Extracurricular Physical Activity Programs, Especially Inclusive Intramural Programs.
5. Educating the Health Care Community About the Importance of Healthy Eating and Physical Activity For the Promotion of Health.
6. Considering Classifying Obesity as a Disease Category for Reimbursement Coding.
7. Exploring Mechanisms That Will Partially or Fully Cover Reimbursement...for Services Associated With Weight Management, including Nutrition Education and Physical Activity Programs.
8. Conducting a National Campaign To Foster Public Awareness of the Health Benefits of Physical Activity...
9. Creating Incentives For Employees To Join Local Fitness Centers.
10. Changing the Perception of Overweight and Obesity At All Ages. The Primary Concern Should Be One of Health, Not Appearance.

(This Executive Summary was produced and provided by the highly esteemed Executive Director of IHRSA. Our thanks to John for his efforts on making this happen and for providing the Executive Summary.)

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IHRSA's Capitol Report

Capitol Report Reprinted Courtesy of IHRSA

BOSTON-AREA CHINESE- AMERICANS SAY Y LIED TO THEM

The Boston YMCA, which promised to build a Chinatown Y for Chinatown residents, has instead built a \$9 million edifice that charges \$608 for a single adult and over \$1,000 for a family - fees far in excess of what most Chinatown residents can afford.

"This is Chinatown, and this was supposed to be a Chinatown Y," says Ray Chin, Chairman of the Chinese Benevolent Association. Instead, most of the Y members, who can afford the high fees, are office workers who come from elsewhere.

The Chinese commu-

nity has fought this kind of gentrification for years. The Boston Globe reports, and now the Y is accelerating the process of community disintegration. E-mail gr@ihrsa.org to receive the full article.

IHRSA CLUB FIGHTS SIMULTANEOUS BATTLES

Since October, Pennsylvania's Newtown Athletic Club (NAC) has been facing unfair competition on not one, but two fronts.

Less than 3 miles away, in a neighboring township, a \$14.5 million, 86,000 square-foot municipal community center was being pushed through by town supervisors. A bond was

already floated for the financing and taxes are being increased as a result. This sleeping giant was located less than two miles from 600 of NAC's members. In early October, NAC formed a coalition with 2 other IHRSA clubs -- Spring Mill Athletic Club and The Center Club -- as well as several other township businesses that were affected.

"In under 90 days, the coalition succeeded in raising public awareness to the tune of 2 - 1 against the project, were instrumental in having a new advisory committee appointed -- which included one of the club owners -- to re-evaluate the scope of the project and shook up the republican party reaching to the county level," reports Linda Mitchell, NAC's director of marketing and public relations.

On the other front, in

NAC's own township, the supervisors invited the Local YMCA to conduct a feasibility study to consider building on land that would be gifted for a \$1/year lease for 99 years. NAC formed another coalition in its own township -- again with The Center Club and other businesses -- And have mounted a PR campaign to raise public awareness. They received pro-business statements of support from local business groups and chambers, wrote letters to the editor, had dozens of articles printed to fully inform the public, made well-organized presentations to the supervisors, and received support from local homeowner's associations and the local park and open space boards.

It is too early to report results, but the club operators involved are optimistic that

their hard work will pay off.

STATE LEGISLATIVE UPDATE

MARYLAND: HB 11 would require commercial health clubs and public recreation centers to post signs in each locker room stating that nonprescription use, possession or distribution of anabolic steroids or human growth hormone is illegal.

STATE LEGISLATIVE UPDATE

MISSISSIPPI: HB 186 would require public high schools to teach physical
(See Capitol Report Page 26)

US Air Force Lt. Col. Enters Club Business with Flying Colors!

The last place most people would expect Paul DiJulio to be is in the club business, never mind owning a women-only center that specializes in weight loss and lifestyle programs. Not just because he is a retired Lt. Col. and command pilot for 14 years. And not because he was the assistant to the Secretary of Air Force who was personally responsible for a weekly briefing to the President. It's not even because he wanted a place where he could find women because he already has a wonderful wife of 28 years and three great daughters. Perhaps it seems an odd choice for DiJulio because he is 6'2" and holds double black belts in both Shotokan and Tai Kwon Do. Oh, and did we mention that he is a coach to world and national champion speed skaters.

Yes, to some it may seem odd that DiJulio has chosen to open a women's weight loss & lifestyle center that features nutrition, moderate exercise, relaxation and aesthetic treatments but to him it's perfect. "I always knew that when I retired from the Air Force I would get into the fitness industry



in some way where I could help people change their life—I just wasn't sure what specifically that would entail."

In his coaching travels around the country DiJulio began to see a lot of small, women-only, boutique style fitness centers open so he began researching the opportunity. Although very close to signing on the dotted line DiJulio hesitated. "I thought to myself, 'there must be other programs out there.'" That is when he came across an article for HEALTHY INSPIRATIONS on the Internet.

DiJulio was excited to find that there were other business opportunities available but what amazed him was the founder and president of the HEALTHY INSPIRATIONS program, Casey Conrad, lived in the same, small town as he—Wakefield, RI.

What a small world! After making a late night "covert" peak through the windows of the Wakefield HEALTHY INSPIRATIONS, DiJulio called Conrad and set up a meeting. From there it was full steam ahead.

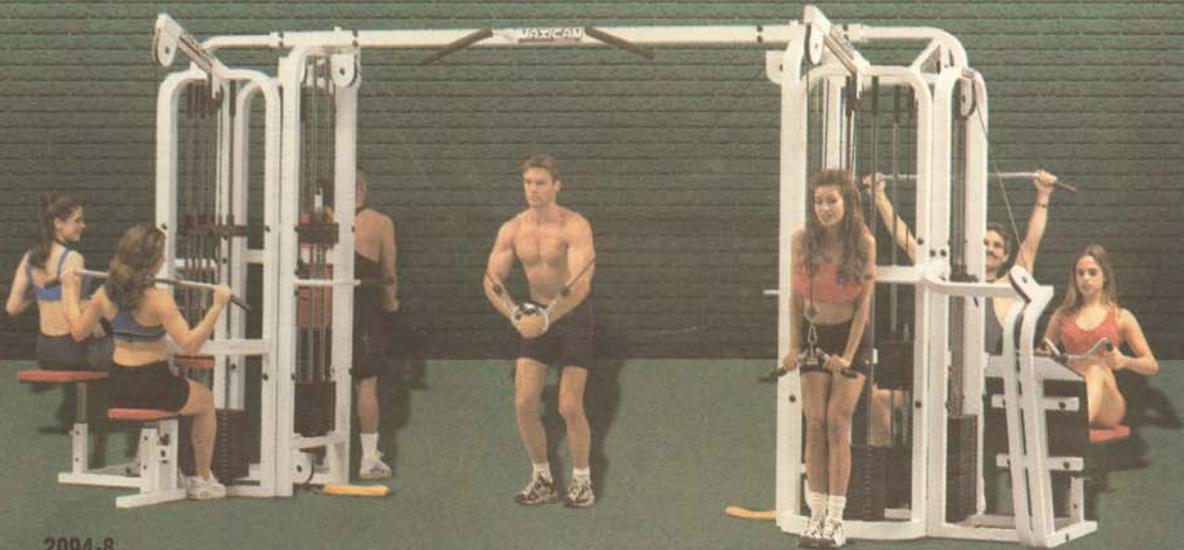
When asked why he went with HEALTHY INSPIRATIONS DiJulio states, "The program was a much more complete package than what I was looking at because it wasn't just fitness but also included common sense nutrition and other lifestyle related offerings to help people really take charge of their health."

After being open for just one week, DiJulio knows he made the right decision. "Everything about this organization is first class and the integrity of the people behind it is top notch. The training was incredible; what we in the military call 'idiot proof.' After one full week at the corporate training center I felt like someone had just handed me a business in a nice, gift-wrapped box." And in terms of results, DiJulio is ecstatic. "We planned for 15 memberships in the first month and in the first week—before we even had our grand opening—we have already sold 10. So, to say that the response has far exceeded my expectations is an understatement. Most importantly, our clients love the program."

HEALTHY INSPIRATIONS is a growing licensed weight loss program founded by industry consultant, Casey Conrad. Licenses are available to existing clubs wishing to add a profit center and provide their members with real, long-term solutions to weight loss. For an information packet call 1-800-725-6147 today.

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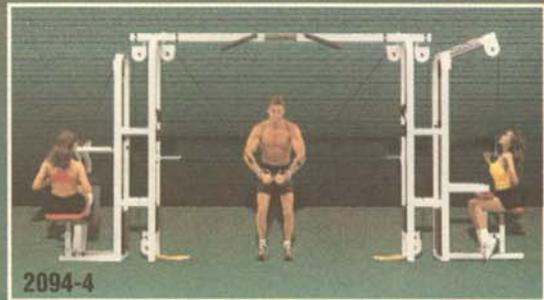
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Promoting and Selling Programs at a Premium

By Joy Karley, MA

In order to ensure your return on investment for specialty programs and services, programs that are add-on services need to be promoted as offering something unique to the customer. The service needs to be perceived as something above and beyond "regular" club services, providing results and benefits that are otherwise unattainable. Since we are in the business of fitness, the program's physical results are the selling points. Keying in on such sought-after physiological benefits such as improving posture, core strength, and performance will make the program attractive to a large percentage of your members. Issues that become more pertinent to the members as they age, such as joint stability, decreasing pain and functional fitness are important selling points as well.

In addition to results,

individualized attention and efficiency are often selling points to the consumer who needs a workout in a hurry that is tailored to their objectives. Busy clients not only need a program that fits into their schedule, but they also need one that will get maximum results in a minimum of time. As with a business meeting, the client should walk away from the workout feeling the time was well-spent - the agenda was tailored to meeting specific goals and that progress toward these goals is on or ahead of schedule.

In order to achieve this level of client satisfaction with a fee-for-service program, clubs simply need to be sure that the service is reputable. In other words, the trainer truly has to have a unique skill for accomplishing the objectives. For all intents and purposes, you are selling knowledge - the knowledge that enables the trainer to give the client the physiological results s/he desires. This justifies the

additional costs associated with the program, giving it an added value above and beyond the basic services offered by the club. This "exclusivity" is attractive to members who want more than just basic service and cookie-cutter programming. Client satisfaction and superior results will create a solid reputation for the program, fostering growth.

Turn-key programs are ideal for clubs looking for add-on services. A recognized, proven program that not only pays for its start-up costs but also generates a new stream of revenue for the club is not just a shortcut, but the first - big - step to success. Rather than investing time and money into research and development to launch a program, choosing a packaged program reduces the risks associated with new programming. Someone else has already sweated through the painful details and learned the hard lessons. What you get is what worked, with the tools

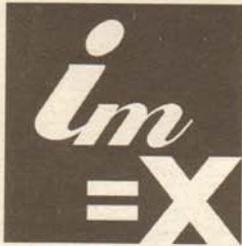
you need to make it work for you.

Before launching a new program, take a good look at what's out there and shop around for a packaged program that will work for you. Use of brand names can help bring in customers -- and also bring power to a good service since it is being offered at other locations. As a club owner, you choose programs that got fiscal results for other clubs; likewise, club members will choose programs that got fitness results for their friends. The strength of a brand will set it apart from other programs, making it attractive to members who are familiar with the brand's reputation.

After choosing the best program for your market, look to the supplier/manufacture for effective marketing strategies. Since the education/technology has been most likely best defined by its creator, clubs need to rely on suppliers for marketing

pitches. Marketing, while key to a program's success, does not need to be unreasonably costly or extensive to be effective. Using the supplier's suggested programs and materials will ensure a consistent, effective message for the program, most likely saving you the time and expense of developing your own.

PR articles, demonstrations and intro specials are good ways to create excitement and involvement. Generating pre-launch excitement will facilitate registration, filling classes/trainer hours prior to launch - avoiding the slow-starting "if we build it they will come" predicament. Posters or other signage strategically placed in the club, handouts available at all desks as well as mailers, and visibility of program's location are all ways of increasing participation. A semi-private location allows a degree of privacy and exclusivity for the client yet
(See Joy Karley Page 20)



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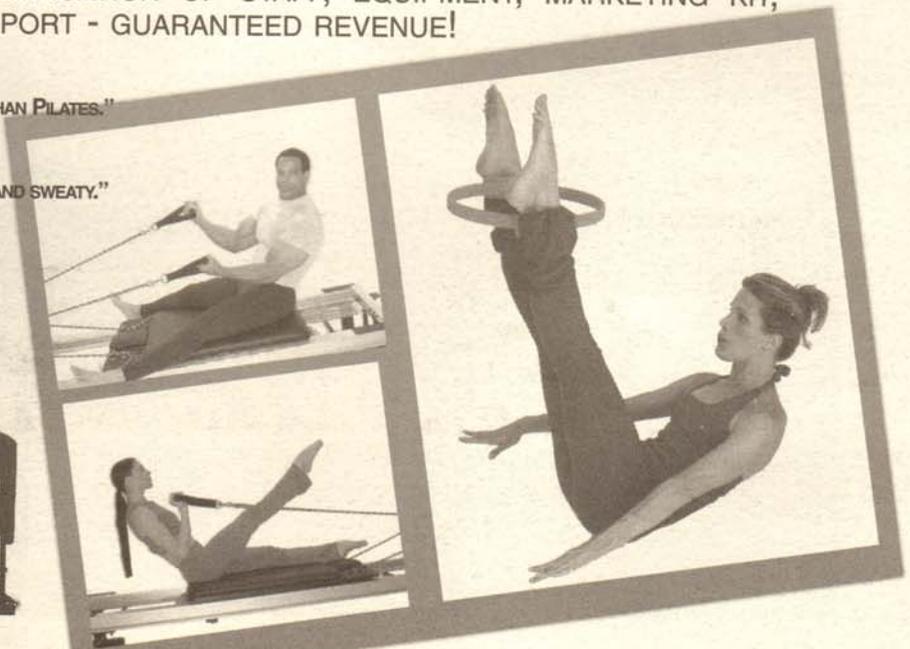
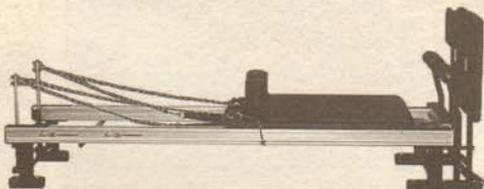
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The Milner Report

News and Views on Aging

New Market Segmentation Research

The American Association of Retired People (AARP) and the Robert Wood Johnson Foundation recently set out to research the many segments and issues pertaining to health behavior in the older adult, particularly in the area of physical activity. The initial findings of the AARP study and, in time, other research will become paramount in how our industry communicates the message of physical activity to older adults.

As the Association dove into this project, it established that the primary distinguishing factor in health behavior was not age, but lifestyle.

Characteristics of the market

AARP found big differences in the attitudes and behaviors of study participants, who were pre-retired, retired and in midlife. These findings could become an important tool in the quest to change people's behavior around physical activity. They could also become the cornerstone of your communications with the mature market.

(Midlife). Forty to sixty year-olds saw midlife as a time of reckoning and change. They were holding on tightly to midlife and weren't prepared to let go. Work had become the centerpiece of their

lives. They felt stretched thin and caught in the middle, as they cared for parents and children. And they weren't sure how to fit exercise into their lives.

(Pre-retired and older than midlife). These people were hanging onto this stage of life and weren't ready to move on. Although still career-oriented, they had experienced changes in their health, which started them thinking about how to battle the aging process a growing concern for them. This information provides a good clue of how to target physical activity messages to this segment of the older market.

(Retired). People in this segment had adopted a new sense of time, as their values and beliefs began to change. Health and disease concerned this group. They also focused on how long they could maintain their independence and functionality, as well as what they would have to do to extend and maximize it. This could explain the massive growth in club memberships within this group, 379% since 1987.

Segmenting the market

AARP then set out to segment the market based on attitude towards exercise, physical activity and the likelihood of being physically active, rather than on age or health status. They derived the following four segments from their research.

(Committed couch

For example, the same basic program can be promoted differently to both clients looking for lean legs and clients looking for functional fitness. While the fundamentals of the program may be the same, the duration, frequency, intensity, focus, total number of sessions, and adjunct services offered in the packages are adjusted in

potatoes). This group was happily sedentary and had thousands of excuses for why they could not be physically active. There was virtually nothing the industry could do to get them off the couch.

(Habitual exercisers).

These people had built exercise into their lives. They were committed to consistent exercise, and they would never think of skipping it. Habitual exercisers represented a very small segment of the population.

(Planners). This segment was further down the behavior spectrum. They had good intentions, but they thought physical activity was too hard. They couldn't figure out how to fit exercise into their lives, how to get started or what to do. Planners considered habitual exercisers mean and self-centered, due to the time the exercisers spent on themselves. This perception created an interesting barrier to entry for planners: they feared they might become like the habitual exerciser. This segment did not really believe the American College of Sport Medicine's (ACSM) minimal guidelines for exercise. To them, 30 minutes a day was way too much. Typical comments from this group included "Nobody should be telling us how much exercise to do," "We should listen to our bodies," and "We know we have done enough when we are tired."

(Triers). This group had built exercise into a part of their lives, but couldn't figure out how to reach the minimal ACSM guidelines. In fact, this group didn't believe the

guidelines—a major hurdle. Triers didn't see how they could possibly do more exercise, and they looked to others to see how to fit exercise into their schedules. Even though they were further along on the spectrum, triers exercised only one to two times per week for maybe 20 minutes at a time, so they had a long way to go to meet the ACSM guidelines. Triers relied on information to help them decide what to do, and to figure out what difference following the ACSM guidelines would make in their daily lives.

The key to penetrating the hearts and minds of older adults is to speak their language, as AARP discovered early in its research. The Association tested a variety of words and term to assess their effectiveness in communicating the message of physical activity to planners and triers. The feedback they received was illuminating. If you would information on these terms, email me at Colinmilner@icaa.cc or call toll free 1-866-335-9777

AARP discovered that each group displayed a certain set of characteristics, regardless of age, lifestyle, gender or perceived health status. But planners and triers had something in common: they looked for information tips, tools and strategies to help them become more physically active. Simply stated, they were open to the message. AARP intends to focus its efforts on these two groups. AARP's valuable research reinforces the need to do your homework before setting out



Colin Milner

on a communications campaign aimed at the mature market. Learn what these group barriers are and how to speak their language. Encourage them to be physically active. And focus on your low hanging fruit: the planners and triers. Your success could depend on it.

(Colin Milner is the CEO of the International Council on Active Aging. He has 19 years of industry background including club management, consulting, and publishing, and is the former President of IDEA Health and Fitness Association and Chief Operating Officer of the Keiser Institute on Aging. He has authored over 60 industry articles and has been interviewed extensively in leading publications such as, The New York and Los Angeles Times and The Wall Street Journal).

...Joy Karley

continued from page 18

also the opportunity for limited observation to generate interest.

With a good, versatile program, you can target various segments of your membership by tailoring your message to match their goals

accordance with the goals of the client. If your trainers have a solid base of knowledge and receive ongoing education and advanced training in specialty programming, they can go beyond basic fitness to reach clients that have the time and money to address special needs.

In the end, although packaged marketing materials

are powerful - especially with brand-name services - NOTHING replaces the "word of mouth" promotion which is created only by a service that really accomplishes its goal through skilled trainers and sound programming.

(Joy Karley is Executive Vice President of The Xercise Corporation - creators of IM=X(c) (Integrated Move-

ment eXercise) innovative, new Pilates-based programming and equipment that capitalizes on the demand for the Pilates exercise system, enhances its benefits, and introduces a lucrative new source of revenue for club owners. Joy can be reached at 212.997.5550 (800.IMX.1336 outside New York) or jkarley@att.net.)

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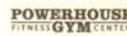
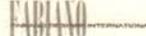
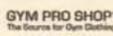
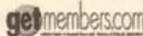
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...Rudy Smith

continued from page 8

about that. But, we found out later that he wasn't nuts, to say the least!

Q. How long were in you in the business before women started to come to the gyms?

A. Rudy- It was about two years. Virginia adds, It was two years because when I started it was two years later. Rudy- We made it alternate day clubs. Virginia- I worked at the Wilshire club which is where I signed up Jayne Mansfield! She was just becoming a big star then. She was an eye-stopper, but she wasn't known well at that time.

Q. Rudy, how long were you with Vic Tanny and what was your role?

A. My first 3 years with Tanny I was a relief manager and a full-time manager. In those days you had maybe 1 1/3 employee at each club. So, I would spend 2 days at one club and 2 days at another. When I was assigned a club then I worked 5 full days per week. After 3 1/2 years Vic Tanny promoted me to General Manager in 1954. I worked for 8 years as a General Manager of Tanny's clubs. When I became a General Manager we had 13 locations. By the time I went out on my to build a business for myself we had close to 100.

A Rough and Tumble Entry Into Club Ownership

Q. When did you develop your first club and become a club owner yourself?

A. After 12 1/2 years with Vic Tanny I built my first club around the end of 1963 in Sherman Oaks, California.

Q. Describe that club?

A. It was a small, alternate-day club. We equipped it like very few you've ever seen. That was our big forte. It was cash and carry, instead of contracts like Tanny's. Virginia and I worked there as "Mom and Pop" for 8 years. After the first year we

even had a day off now and then. Norm, one of the questions you sent us on your pre-interview list was "What the most difficult and anxious time I've ever had in business?" Well, that was it. That first year we never knew if we would have enough money at the end of the month to even eat! With four kids it was very tough and we often just scrapped by. With a single club operation in a big market and with competition all over the place it is a tough deal. You can't advertise in the market, the market is just too big. Now, in Southern California if you want to advertise in the L.A. market you've got to have over 30 clubs! Virginia added, "It took us 3/4ths of the year to pay up the last year's taxes! Rudy- It was tough in the 1st quarter when they say you owe \$1200 bucks and here you haven't had a paycheck for 9 months. But, you're building the business, building the club and installing equipment. And, here they want to take all kinds of money that you don't even have! You're quarterly financial statement makes you say, "Oh, my God! What are they trying to do to me?"

Q. In 1970 you brought your club into a relationship in Southern California with the Holiday Health Club chain owned by Donahue Wildman, Jack Clark and Roy Zurkowski's. Tell us about that.

A. Initially, I brought my Sherman Oaks club into the chain and continued to own it. I didn't change the name or anything. It just became one of the clubs we handled. I later sold it to Wildman, Clark and Zurkowski and it became part of the Holiday group. The local operators had five clubs and had run into some trouble factoring their contracts. They had gotten behind in paying their vendors. They got Wildman and Zurkowski to partner with them in the operations. They gave the Wildman group a significant interest in the clubs and made the decision to bring me aboard to run the operations. I was approached and made an equal partner together with the six of them. From that point

we began to work our way out of the hole. Over a period of 20 years we went from 5 clubs to 23 clubs. The last few years we were grossing over \$100 million. Those Southern California Holiday clubs were the most successful chain I've ever heard of. Health and Tennis was a collection of all kinds of independent chains under different names. For example there was the PacWest clubs in the Northwest, the President's clubs down in Texas, Vic Tanny's in the Midwest, Chicago Health Clubs in Chicago and others. It was a conglomerate of many different companies. There was a collection of people. Harry Schwartz had Jack LaLanne clubs in New York, there was U.S. Swim and Fitness in the Minneapolis area, of course, Holiday Spas in Southern California was my territory. We had a constant comparison going on. We would compete in areas such as profitability per square foot per dollar investment. We won that the last 15 years and in the last two years our 23 Southern California clubs did over \$100 million, per year. Bally manufacturing bought Health and Tennis in 1983 and I stayed on board until they changed the name to Bally's in 1989. In my Southern Cal operation we did so well with our volume business and low cost that we did not borrow money to operate on. Our monthly payments on our memberships was enough to pay all of our bills and then some. Everybody else in the industry at that time on monthly dues was either borrowing on their contracts or selling their contracts at discount. We started on monthly dues right from the beginning in Las Vegas and it has been working ever since. That has made it easy to reach profitability. In Las Vegas we don't have to answer to Chicago. All we have to do is answer to our members, our employees and ourselves and that's it.

(Editor's Note: Next month in Part II of Rudy and Virginia Smith Celebrating 50 Years of Excellence we will hear from Jack Lalanne, Donahue Wild-

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man, and we will hear more from Rudy and Virginia as they share many of the secrets that have made the Las Vegas Athletic Clubs some of the most successful clubs in North America or the World, for that matter. STAY TUNED!)

(Norm Cates, Jr. is the Publisher and Editor of The CLUB INSIDER News. Cates is a 28-year health, racquet and sports club industry veteran. In 1981 Cates was a Co-founder and the 1st President of IHRSA. In March, 2001, Cates was honored by IHRSA with the DALE DIBBLE Distinguished

Service Award and in June, 2001 he was named the International Journalist of the Year by the Italian Fitness Federation.)

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Do You Know Your Negligence Potential?

By Carrie Morrow, MBA, JD

As any industry continues to evolve, so does the seriousness of potential lawsuits. You've heard the phrase "it's nice to be noticed". Being noticed also involved being responsible. It happened with automobiles, hospitals, computers, and now the fitness industry. As more of a product or service is made available to the public, more accidents happen. It is just the law of averages. As more people began to operate automobiles, more accidents occurred, people were injured and lawsuits arose. The same thing happened to medical centers and physicians. As more people were treated, more people were eventually going to be treated poorly. Currently, we are witnessing the beginning of much litigation over the computer industry. As most of us are computer consumers, more and more of us will have legal battles over privacy, use and censorship.

So, why would the fitness industry be any different? Health and fitness is always in a state of evolution due to research and developments as well as trends and the state of health, or poor health, in our country. We add more and more programs based in wellness and rehabilitation while constantly increasing fitness club memberships and personal training clientele. More and more of our clients are battling with serious medical concerns and/or post-rehabilitative injuries. This greater percentage of the population engaging in fitness activity will consequently lead to more and more fitness-related injuries.

However, there is a way that we can protect ourselves from potential liability. We just need to act responsibly and become more proactive in our administration of medical-fitness and fitness prescription.

Over the past few years I have had the opportunity to study risk assessment in many fitness and wellness facilities around the country. It has become apparent to me that there are several areas of recurring liability in many facilities. Many of these

occurrences can easily be avoided with more attention being paid to specific concerns. Of course, we will never be able to protect ourselves 100% from lawsuits, and still function in society. However, there are small changes that can be made that will help to eliminate several areas of potential injury to fitness center members and clientele.

Potential Areas of Liability

Below are listed the areas of potential liability in order of the most common occurrences that I have witnessed or assessed.

I. Faulty Equipment.

This is probably the most likely source of injury to members. Heavy weights left on racks for the next person to remove results in many dropped weights and injury. This can be avoided by making sure members know to remove weights after use and having a staff member checking the equipment on a regular basis and removing all weights after use.

II. Premises.

Probably the most common, and easiest to change is premises liability. Look around you. Is there a dumbbell lying on the floor? Is there a water leak causing slippery conditions? Are your shower temperatures adjusted properly? Are your electrical cords plugged in and out of the way of potential tripping? Are your weight stacks safe and secure? Are the seats and handles on your weight machines tight and in place? Is the equipment being used in the manner in which it was intended? These items seem simple, however members can become injured on your premises; some can be very severe, with the facility at fault and responsible for paying damages to the individual.

III. Medical History

Forms. Generally, less than 50% of fitness centers require members to fill out a medical history form. This is a practice that absolutely must be part of your initial assessment of the member. Attach the medical history form as part of the Release of Liability Waiver, or

have a personal trainer meet individually with the member in order to gather this important information. Without knowledge of a member's medical history, fitness professionals should NEVER prescribe an exercise program. Be aware of your client's past illnesses, medications, surgeries, injuries, complaints, etc. If you fail to inquire into this information, the trainer as well as the facility can be found negligent if the client becomes injured as a consequence.

IV. Waivers.

Every member or client that enters a fitness facility should ALWAYS CONSENT TO SIGNING A RELEASE OF LIABILITY or WAIVER OF LIABILITY. I cannot emphasize enough the importance the protection these forms provide. When a member enters your facility, he has the option of participation. Upon choosing to utilize your facilities, the member should be made aware of ALL POSSIBLE DANGERS THAT MAY OCCUR FROM HIS OR HER ACTIONS ON THE PREMISES. The Release of Liability Waiver has, as of this writing, been upheld in courts across the country to protect the fitness center facility. However, this does not mean that it will always protect in every situation. The tides are starting to turn. As more and more lawsuits arise over negligence of fitness center personnel, the waivers may become a question of law rather than a question of fact. Meaning the importance of whether the document exists is outweighed by its application to the current situation. Therefore, it is important to adhere to the guidelines above rather than rely on your waiver. This does not discount the importance of the waiver. There are many instances in which a member or client is at fault and the waiver serves as a form of "advance notice" or warning for potential injury.

V. No CPR or Emergency Response System in Place. With the increase of cardiac rehabilitation programs, and the addition of Automated External Defibrillators (AEDs) into fitness centers, staff members must be trained in CPR and proper

emergency response techniques. These systems should be in place and practiced on a regular basis for all personnel. Liability claims made over improper or untrained emergency response systems have included several serious injuries and even deaths.

VI. Lack of or Insufficient Training of Staff.

Lawsuits are filed regularly against alleged untrained personnel who cause injury to a member. You can argue this one until you are blue in the face, however currently without standard accreditation, personal trainers and staff members will have a fierce battle proving proper training. If personnel injure a club member due to an act, chances are the club will be paying a settlement to avoid this lawsuit. Make sure your personal trainers and all fitness staff are educated, certified and accredited by the National Fitness Therapy Association.*

VII. Non-Accredited or Uneducated Personal Fitness Trainers.

Personal trainers are more at risk of potential liability than any other fitness personnel are. Due to lack of national standards for these professionals, it is nearly impossible to attach a standard of care to which they must adhere. In essence, anyone familiar with fitness equipment can call themselves a "personal trainer", and this is the critical area in which fitness centers and the general public need to become more informed. Trainers work one-on-one with clients and engage in close contact during sessions and in consultations and fitness assessments. The potential for injury due to negligence or improper conduct is immense and only an educated and trained fitness professional should be working in this capacity. It is also important to have regular monitoring of your professional staff to stay informed of any questionable situations.

VIII. Unauthorized Nutritional Supplement/ Dietary Counseling. Recently, there has been attention drawn to fitness professionals engaging in unauthorized nutrition counseling and/or supplement prescription. Trainers and professional

fitness staff are often very tempted to prescribe to a member or client a particular diet and/or dietary supplement. It is important to note that unless the fitness professional is a registered dietitian or nutritionist, he not authorized to engage in one-on-one nutrition counseling. Although it may seem harmless to counsel a client on the benefits of fresh fruits and vegetables, dietary counseling should be kept separate from most fitness training regimens. A thorough medical history should be taken prior to any discussion of nutritional intake and supplement prescription. A personal fitness trainer without education and certification in nutrition counseling engaging in prescription of these things, is a focus of legal liability.

Although this is not a complete list of potential negligence issues, it will serve to educate fitness professionals on ways to avoid lawsuits. I encourage anyone to consult with an attorney specializing in Fitness Center and/or Personal Trainer Negligence to address any specific concerns regarding your facility.

Relieve yourself of liability before it happens. Become proactive in the day-to-day operations of your facility and you will spare yourself, your professional staff and your members the heartache of injury, damages and litigation.

*National Fitness Therapy Association provides accreditation standards for professional personal fitness trainers. To contact them see their website at www.nfta.org.

(Carrie Morrow is a Legal/Fitness Consultant and the Fitness Director at the YWCA of Greater Pittsburgh. She is also a freelance writer for several local and national sport and fitness publications. Carrie is conducting research and outlining standards on liability issues surrounding personal trainers and medical-fitness facilities for the National Fitness Therapy Association. She can be reached at CarrieMorrow@aol.com.)

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...Captiol Report

continued from page 16

education on a daily basis. HB 164 would increase the state's minimum wage to 115% of the federal minimum wage.

**SENATE PASSES
SMALL BUSINESS
PAPERWORK
RELIEF BILL**

The Senate voted unanimously on Monday to pass The Small Business Paperwork Relief Act of 2001 which would help small business owners by reducing the regulatory burden of paperwork.

The House of Representatives passed a similar bill earlier this year, and now the legislation moves

to a conference committee where lawmakers will hammer out the differences between the two versions before sending it on to President Bush for his signature.

Sponsored by Sen. George Voinovich (R-OH), the Senate's version of the Bill would require the government to compile a paperwork resource list each year, establish a contact person in each agency to assist small business owners, establish a task force to look at reducing paperwork and require agencies to provide Congress with information about the penalties they assess from small businesses.

"Hopefully, the regulatory road map created by this legislation will soon become a reality so Washington can eventually focus on the creation of a giant shredder for

some of these paperwork regulations," said National Federation of Independent Business Senior Vice President Dan Danner.

**VICTORY:
ANOTHER TAX-
EXEMPT
HOSPITAL CLUB
SURRENDERS**

The Board of Directors of Virginia's Prince William Health System has elected to close their tax-exempt fitness center, which was losing \$80,000 per year. The hospital is embarking on an \$80 million expansion of its emergency center, operating rooms, and birthing center.

Hospital officials stated that the care provided by the fitness center can be adequately filled by existing health clubs in the area.

Access the full article at <http://www.washingtonpost.com/wp-dyn/articles/A49605-2001Dec15.html>

**STATE
LEGISLATIVE
UPDATE**

FLORIDA: HB 117, which would repeal the sales tax on fitness memberships, has been approved by the House Business Regulation Committee. Florida Health Club Association (formerly "SEHRSA") lobbyist Amy Young reports, "Representative Gayle Harrell did an excellent

job presenting the bill and we did not have to provide any additional testimony after her introduction." The Senate version of the bill (SB 152) is still in committee.

**WISCONSIN CLUB
OWNER TO
APPEAL
DISMISSAL OF
LAWSUIT**

The attorney for Lake Country Racquet & Athletic Club has vowed to appeal the dismissal of a lawsuit involving the YMCA.

Club owner John Gebhard has fought for years to block the town of Hartland from selling 23 acres to the Waukesha Family YMCA for a new facility.

Gebhard has said the YMCA would unfairly compete with his business because it doesn't pay property taxes. He has questioned why a YMCA -- with a mission of offering services to lower-income families -- should operate in affluent central Waukesha County, where homes list for more than \$400,000.

Christopher Becker, executive director of the Waukesha Family YMCA, said The proposed facility -- which would include a fitness center, indoor pools, A gymnasium and a day care center -- would not directly compete with Gebhard's club because it won't have tennis and racquetball courts or a bar.

In two lawsuits, Gebhard has challenged the village's right to sell the 23-acre parcel in a village tax-incremental financing district to a non-profit organization.

In tax incremental financing districts, municipalities use property tax revenue from development to pay for public improvements. Until a district's debt is paid, property taxes based on the district's growing value are used to pay for the improvements.

James Hammes, Gebhard's attorney, said a developer had dedicated that 23-acre parcel to the village for public park purposes only, and it could not be sold to the YMCA. But a judge ruled Friday that the land could be sold as long as the money the village derived from the sale was used for park improvements.

**TAXATION OF
SEWICKLEY YMCA
UPHELD**

As you may recall, in 1997, Pennsylvania's Allegheny County Board of Property Assessment, Appeals and Review revoked the Sewickley YMCA's tax-exempt status from 1993 on.

In 2000, the Court of Common Pleas of Allegheny County affirmed in part and reversed in part that decision. The Court affirmed the denial of the exemption for 6,519 square feet of YMCA property but reversed the denial of exemption for 74,031 square feet.

This year, the Commonwealth Court of Pennsylvania, upon appeal, agreed With the Court of Common Pleas of Allegheny County and affirmed the decision To tax 6,519 square feet of YMCA property. Visit <http://www.ihrsa.org/publicpolicy/industryissues/taxexempt.html> to download the Sewickley YMCA decisions, or contact gr@ihrsa.org to receive them via e-mail.

The Club Insider is seeking Contributing Authors. Call: (770) 8506-8506 or Email clubinsidernews@mindspring.com



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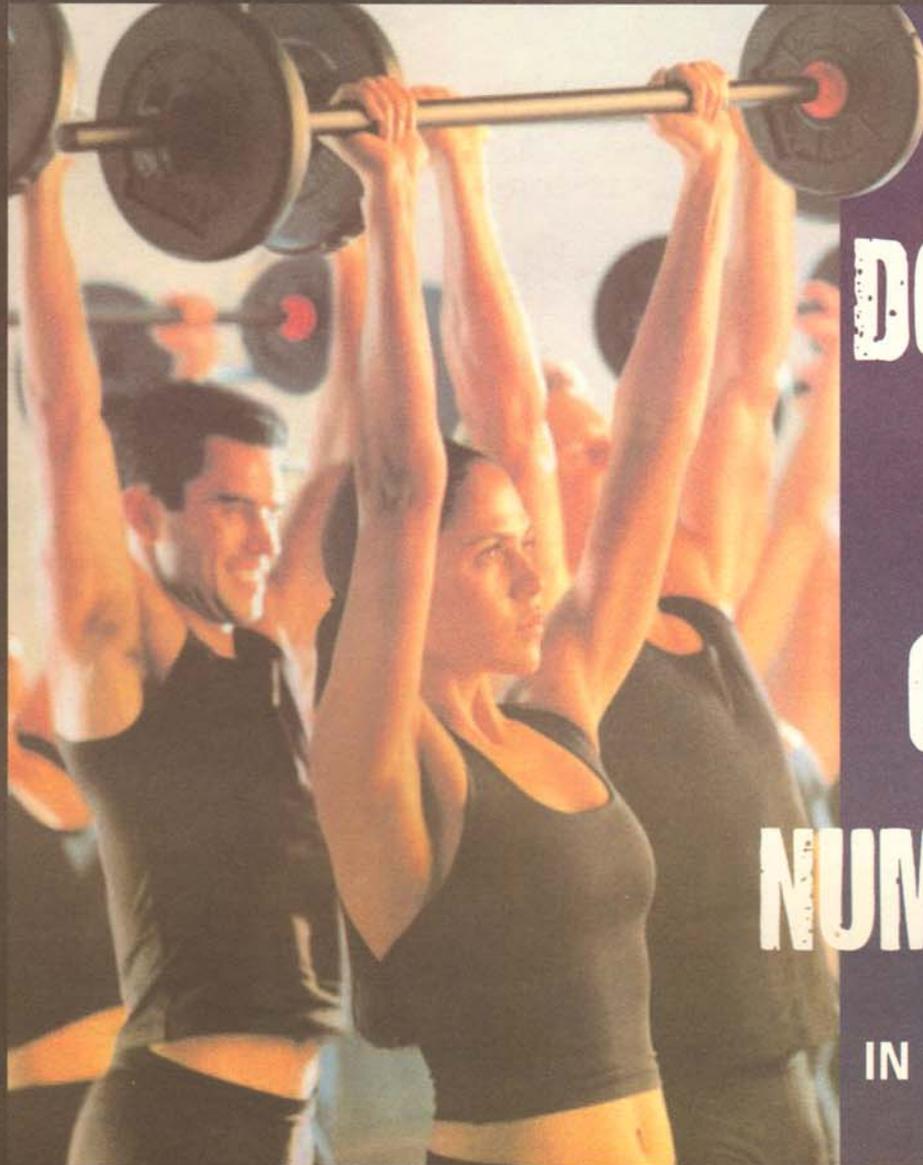
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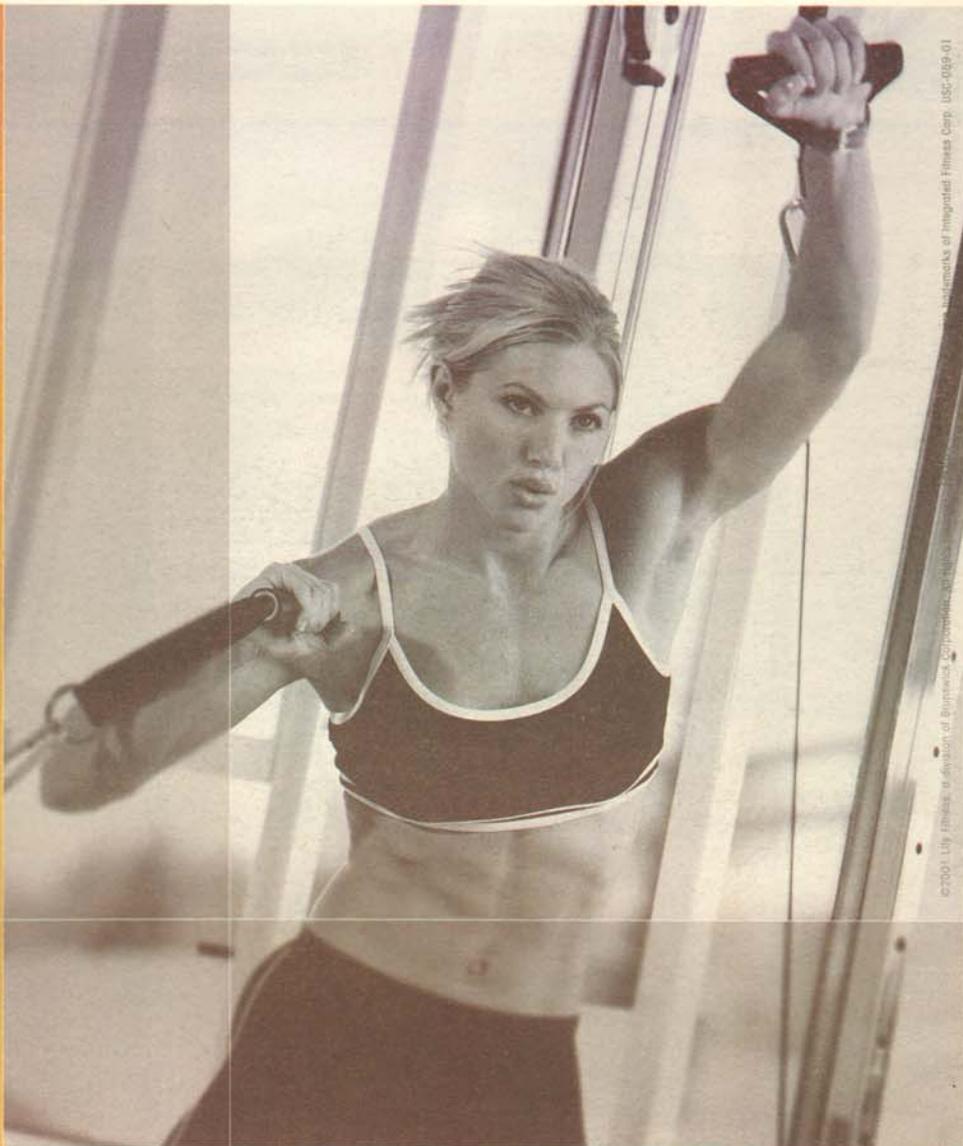
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