

PRSRT STD
U.S. Postage Paid
PERMIT #3592
ATLANTA, GA

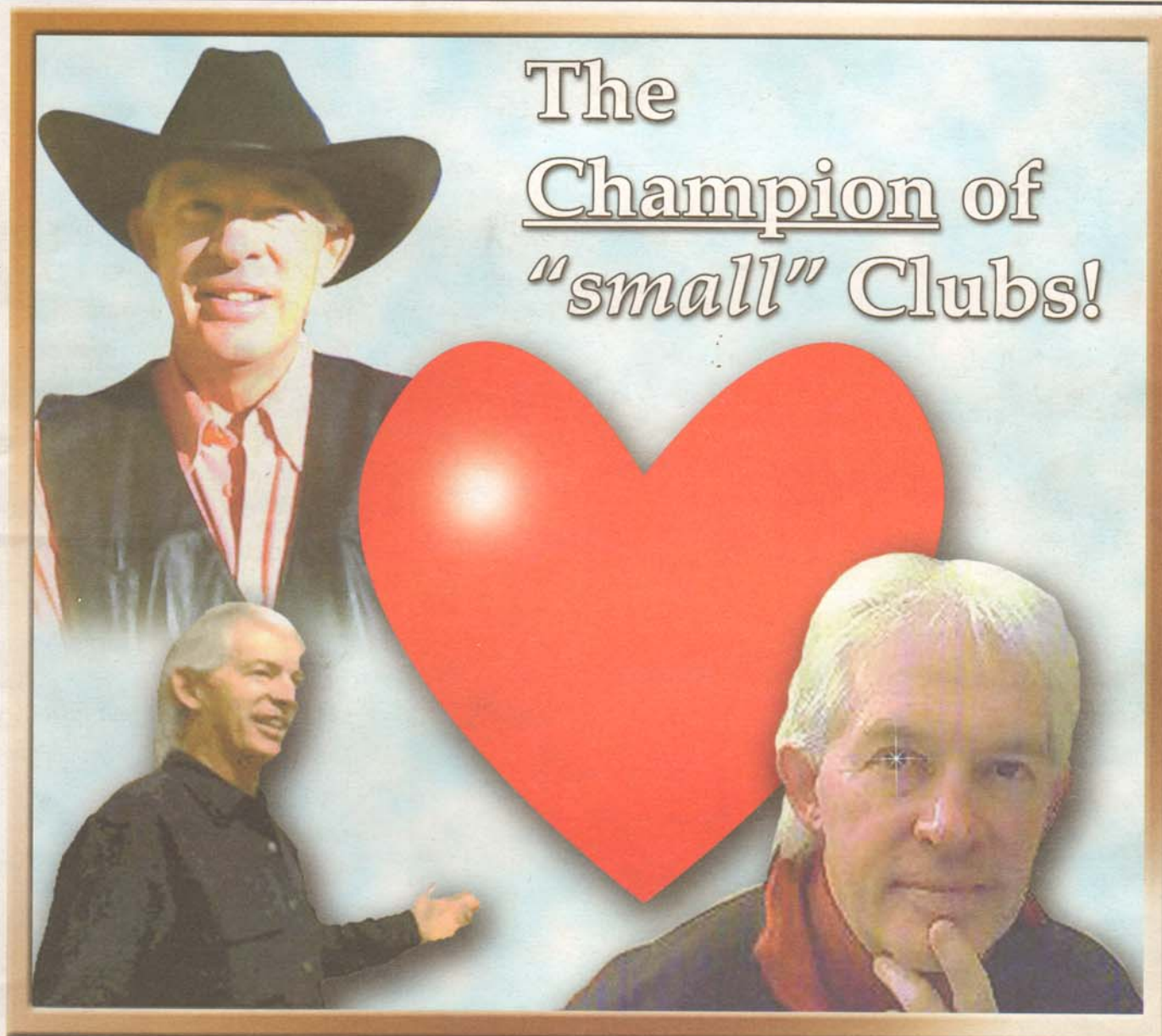
Norm Cates'

THE Club Insider

NEWS

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

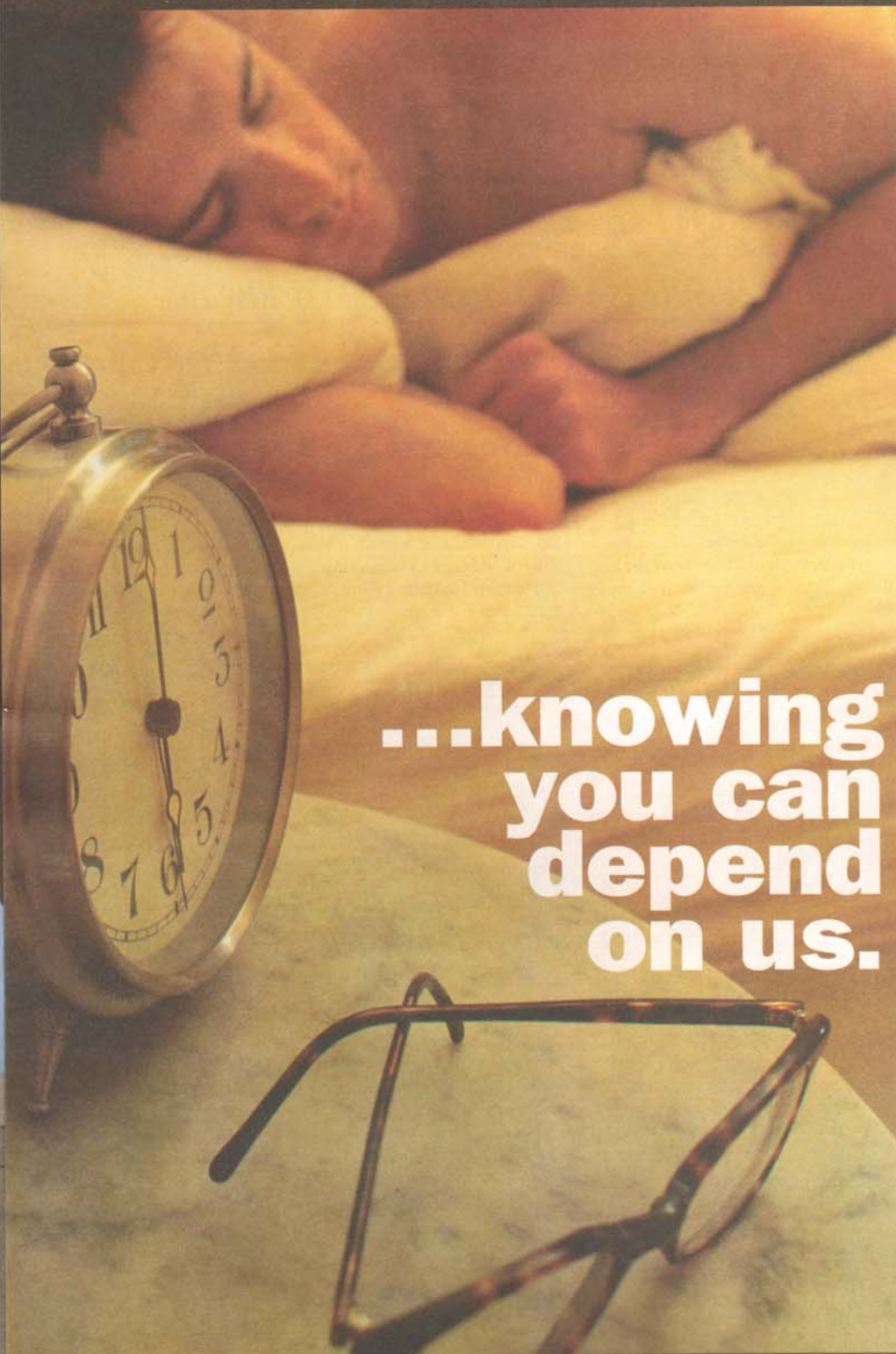
JANUARY 2004
VOLUME 11 NUMBER 1



Michael Scott Scudder

"From The Heart!"

Sleep well...



**...knowing
you can
depend
on us.**

For more information call 800-242-9522 or
visit us at www.rcmsolutions.com

With more than twenty years of experience in the Health & Fitness industry, we know what it takes to run a club. We provide all the necessary hardware, software and EFT services you need in one complete club management solution.

CheckFree's RCM Solutions modules are fully integrated to give you all the information you need. Managing your finances, operations and memberships has never been more simple, efficient or cost-effective. Combined with our world-class support, you can rest easy knowing that we are working for you.

Let CheckFree help you achieve true peace of mind. The nation's leading clubs rely on us — shouldn't you?

CheckFree®
RCM Solutions™

Complete Club Management. Total Control.

Norm Cates' **THE Club Insider** NEWS

Michael Scott Scudder

"From The Heart!"

By: Norm Cates, Jr.

"That's not the beginning of the end. That's the return to yourself. The return to innocence. Love.... Devotion.... Feeling.... Emotion.... Don't be afraid to be weak. Don't be too proud to be strong. Just look into your heart my friend. That will be the return to yourself. The return to innocence. If you want, then start to laugh. If you must, then start to cry. Be yourself, don't hide. Just believe in destiny. Don't care what people say. Just follow your own way. Don't give up and use the chance to return to innocence. Don't care what people say. Follow just your own way. Follow your own way. Don't give up, don't give up. To return, to return to innocence. If you want, then laugh. If you must then cry. Be yourself, don't hide. Just believe in destiny."

The words above from the beautiful Indian song, "Return To Innocence" by Enigma, summarize the wonderful career and contribution one

Michael Scott Scudder has made to the health club industry during his 30-year career. This man has followed his heart, and he has believed in destiny.

Michael Scott Scudder DOES come "From the Heart" and because of that, he, as a teacher, brings the most important ingredients, there are to his club business clients. Those ingredients? LOVE... DEVOTION.... FEELING... EMOTION. And, Michael follows his heart at all times.

Take for example over 20 years ago when Michael was working in a club on a Saturday night and was just about to close for the evening. A large, significantly overweight woman entered his club, obviously to him, hesitantly. She said to Michael, "It looks like I may be here too late." His response, "Why no, how may I help you." She said, "I am way overweight. I am tired all the time. I am embarrassed to go out in public. I don't feel good anymore. I don't have any confidence in myself and I want to try to do something

about my condition." Her name was Elizabeth. Michael invited Elizabeth into his office and for the next hour he heard her life story. It had been a sad life and she truly poured her heart out to him. But, at the end, Michael enrolled her as a member in the club and the next day she began her comeback. She became devoted to her daily exercise and began to show results as the weeks went by. She persisted and lost a significant amount of weight and was getting a feeling of success as she was evolving into that different person she wanted to become. One day, months later, Michael saw Elizabeth at the door to his office. She came in and said to him, "Michael, I just want you to know how much I appreciate what you have done for me and how much my exercise has done for me. I have lost 35 pounds and 3 dress sizes and I feel so, so much better! People I know everywhere are remarking about how good I look now. I met a man here at the club, and he and I are seeing each other regularly. Michael,

you truly changed my life and I just wanted to thank you."

The "Story of Elizabeth" is one that Michael told one day at the World Gym University that he conducted at Wally's Boyko's National Fitness Trade Journal Conference. It was such a moving story that it stuck with this writer as if it was yesterday.

The truth is, "The Story of Elizabeth" is one that should be and is repeated all over the world as people who have succumbed to the despair, depression and sadness of being obese and out of condition. Those that do "Make the Break" are the winners. And, YOU out there are the winners too, because there is no amount of money, no material thing on this earth that is more valuable, more of a treasure than saving and changing a life. You all are helping people change their lives to include happiness, joy, renewed energy, productivity and accomplishment. You are helping their families and their employers as well. No other person working in any business

in the world receives the honor and the satisfaction that all of you working in the health club industry receive. And, don't forget this. This article was entitled "From the Heart" in honor of Michael Scott Scudder's deep dedication to helping people succeed. And, we entitled "From the Heart" in YOUR HONOR TOO. We selected this title in YOUR HONOR for it is "From Your Heart" that you get out of bed everyday and go to work at your club. If you ever have a tough day in your club and the Good Lord knows we all do, just remember this. You all are BLESSED to be doing what you are doing for people and they are BLESSED to have you and your club in their lives. Go forward everyday with that joy....that confidence....that reward in life. Because you are a member of a very small segment of the world's population. You are a member of a fraternity that brings joy, happiness, confidence and renewed energy to millions of (See Michael Scudder Page 6)

"2003 In Review"

Part - II

By: Norm Cates, Jr.

Our December edition contained "2003 In Review" - Part I and covered the months January through June, 2003. This Part II contains reviews of July through September. In Part III next month next we will review

October through December. Happy New Year and enjoy!

July 2003

The cover of our July, 2003 edition read: "GYM WAR RAGES!" and displayed the cover-page of a lawsuit filed in Ohio with Moore's Fitness World Cincinnati, Inc. as the Plaintiff. We published a summary of the

Moore's Fitness lawsuit. Joe Moore, the owner of Moore's Fitness Centers based in Dayton, Ohio, a 30+ year health club industry veteran owner, IHRSA Board Member and member of the IHRSA Ethics Committee, filed suit against Royce Pulliam's various Gold's Gyms Corporations in the State of Ohio. The four count lawsuit was an action sought by Moore to force Pulliam to comply with Ohio State membership contract laws and sought compensatory and punitive damages. In the preliminary round of the lawsuit, Warren County Common Pleas Court Judge James Flannery ordered Pulliam to immediately

begin using membership contracts that contained the statement required by Ohio State Law regarding the 3 day right of cancellation language. A portion of Moore's complaint argued that membership contract cancellation language had been omitted on thousands of Gold's Gym membership contracts sold during the first 1½ years of Pulliam's Ohio Gold's operations. And, a subsequent Stipulation entered by Pulliam's side confirmed that membership cancellation rights language had been omitted from thousands of membership contracts sold by Pulliam's Ohio Gold's Gym.

Late Breaking News!
Judge Rules In Ohio!

(See 2003 In Review Page 20)

Inside The Insider

- Membership Growth- Using Exercise Adherence Strategies
- How To Attract The Overweight Population
- Body Training Systems Update
- World Class BTS Facilities Go Platinum!



●Norm's Notes●

●ALL ROADS LEAD

TO IHRSA LAS VEGAS! As we move into 2004, I hope you have already made plans to be in Las Vegas, Nevada, March 22-25th for IHRSA's 23rd Annual Convention and Trade Show. If you want to make **MORE MONEY** in your club and better prepare your club to succeed in the competitive environment in your market, **IHRSA's Annual gathering is a DON'T MISS!** If you are a club owner and/or manager, you could look for a hundred years and not find a more important event to attend. Here are just a few reasons why you should make this very wise investment of your valuable time and money to attend: 1) **NETWORKING** - translated, this means you will meet other club owners from literally around the world and guess what? You will be amazed at what you will learn from other experienced people. Making connections with other club people that face the same challenges you face in your club and then STAYING in touch with those new friends by phone and the Internet, will broaden your club business horizons. You will

meet and have new "buddies" out there that you can turn to when you are considering new ideas or what to do about challenges your club faces. I have friends dating back four decades now, including my good friend, Rick Caro, that I met "networking" at IHRSA Conventions and before IHRSA at National Court Club Association conventions. You can't go wrong meeting and staying in touch with others around North America and the world. 2) **The IHRSA educational opportunities** at IHRSA 2003 are excellent and vast in variety and number. Your biggest challenge will be to figure out which seminars to attend. 3) **The IHRSA Trade Show will feature hundreds of club business manufacturers and vendors** and they will be offering new products and show specials for you to consider for your club. Simply put... the health club industry needs **YOU** there because **YOU ARE THE HEALTH CLUB INDUSTRY!** Go to www.ihrsa.org and click on Conventions and make plans to attend. 4) **IHRSA is conducting a new and special "Networking Forum"** where you will be able

Happy-Healthy New Year!

sit down and talk face to face with IHRSA Board Members, and IHRSA Executive Director, **JOHN MCCARTHY**. I know there are some of you out there (including some of **MICHAEL SCOTT SCUDDER'S** clients) that have issues related to your view of what IHRSA is doing. I know there are some of you that feel or have felt that IHRSA is not of GREAT VALUE to your club business. But, trust me on this. John McCarthy and his Management Team and the IHRSA Board of Directors care about how you feel about IHRSA past, present and future. They want to hear what you have to say. The date, time and place of this meeting in Las Vegas will be announced soon by IHRSA and I will publish it in our February and March editions. Don't miss this opportunity to shape and influence IHRSA for the betterment of your club. If you stay away, none of your passion, beliefs or ideas will have any impact on the future of IHRSA. I urge you to be there. Call IHRSA at 800.228.4772 for convention and trade show information or go to: www.ihrsa.org. And, remember you don't necessarily have to join IHRSA to attend some of the events, including the Trade Show. But, I promise if you are not an IHRSA member and do attend, you will want to join IHRSA right there at IHRSA's Trade Show Booth. If you find the hotels on the IHRSA website already booked, I have a hotel booking contact in Las Vegas for you. Call Joanna Rios at:

866.395.7065, Ext. 282. She can assist you **ON THE PHONE** in finding accommodations at a very reasonable rate. And, don't forget to book your airline tickets asap because there are some very affordable deals for flights to Las Vegas if you book early! Please make plans to come by **The CLUB INSIDER News Booth #1950**, where we will be distributing past issues and hearing your "War Stories!" I really hope to see you in Las Vegas so I may hear what you have to say! The very best way to make this a **Happy-Healthy and Profitable New Year** is to be in Las Vegas, March 22-25! I will look forward to seeing you there!

●LATE BREAKING

NEWS! JUDGE JAMES FLANNERY in the Warren County Ohio Court of Common Pleas, ruled on Christmas Eve, that Moore's Fitness World, Inc. **DID NOT HAVE STANDING** in its lawsuit against **ROYCE PULLIAM's Ohio Gold's Gyms**. The extremely peculiar decision may go down in history as one of the strangest rulings ever by a judge. Flannery set on this case in his Courtroom from June 2003 until December 24, 2003. GET THIS: Flannery issued a COURT ORDER in June 2003, making Pulliam's Gold's Gyms rewrite their membership contract to comply with Ohio Health Club Laws and to immediately begin to use the new contract. Then, he conducted the first hearing on the case on September 11, 2003 and post-poned it after a couple of hours of arguments between



Norm Cates, Jr.

the parties. Then, a couple of months after that ruling, Flannery **heard arguments from the parties again and entered into the Court record certain stipulations (admissions) by Pulliam's attorneys**. Then, out of the blue, after having ruled on this case for **SIX MONTHS** as if **Moore's Fitness World, Inc. HAD STANDING**, Flannery did a **full 180-degree ABOUT FACE and RULED** that Moore's Fitness World, Inc. **DID NOT HAVE STANDING TO BRING THE ACTION IN HIS COURT and THUS DISMISSED THE CASE!** At press time, Joe Moore and his lawyers are seriously considering appealing this decision. Beyond the actual legal case, Pulliam's Gold's Gyms have at least two formal written complaints to IHRSA about ethics violations, etc. and the decisions IHRSA makes on these complaints and enforcement of IHRSA Standards and Code of Conduct, is clearly on the line. To enforce IHRSA Standards and Code of Conduct and throw Pulliam's Gold's Gyms out of IHRSA or NOT is the QUESTION. The right or wrong decision here will define IHRSA forever. IHRSA has had two other pivotal crisis points in its 23-year history. This one, however, will determine if IHRSA leadership wants the Association to be known for standing for something such as obeying the laws of our States and country or not. And, whether the Association will **stand for ethical club operations or not, STAY TUNED.**

●MORE LATE BREAKING NEWS! Precor acquires Icarian Fitness. PAUL BYRNE, Precor (See Norm's Notes Page 5)

Norm Cates' THE Club Insider NEWS

11 Years and Counting!
Subscribe Today!

Here Is Why:

- Norm's Notes With Latest Industry News First
- Great Articles To Help You Improve Your Club's Profit
- "Tell-It-Like-It-Is" Editorials

Name (s): _____

Attach List For Additional Subscriptions

Club Name: _____

Address: _____

City, State, Zip: _____

Telephone: _____

___ \$89 (U.S.) - 12 Issues (Includes Canada)

___ \$119 (U.S.) - 18 Issues (Includes Canada)

___ \$199 (U.S.) - International (One Year)

___ Check Enclosed or

___ Charge To:

___ MC ___ Visa ___ AMEX ___ Discover

Card# _____ EXP. _____

P.O. Box 681241, Marietta, GA 30068-0021 or Fax: (770) 933-9698

Call (770) 850-8506 or E-Mail: clubinsidernews@mindspring.com

Norm Cates' THE Club Insider NEWS

Established 1993

11 Years and Counting!

The Club Insider News is published in Marietta, Georgia.

Those wishing to reproduce any portion of The Club Insider News may do so provided it is not for resale in other publications. Reprints for commercial use will be provided upon request.

PUBLISHER AND EDITOR: Norm Cates, Jr.

COMPUTER LAYOUT SPECIALIST: Justin Cates

COMPUTER OPERATIONS/WEBMASTER: Justin Cates

PRINTING AND MAILING SERVICES: Walton Press

www.waltonpress.com

Box 681241, Marietta GA 30068-0021 • (770) 850-8506

Fax (770) 933-9698 Or Email: clubinsidernews@mindspring.com

www.clubinsidernews.com

...Norm's Notes

continued from page 4

CEO and 18-year Precor veteran, has announced the acquisition of Icarian Fitness. Precor paid \$11.4 million for Icarian. With this important acquisition, Precor finds itself poised to better compete with giant Life Fitness and Cybex, two companies that have already been aggressive in consolidation during the last 10 years. The question now becomes, "Does this Precor move (that had been in the works for most of 2003) signal more possible consolidation for the fitness vendor segment? I think it does. STAY TUNED!

●GOT PROFITS?

Would you like to increase your club's total revenues and profits? How about member referrals and membership sales? How about improve your member retention? Is your old "aerobic studio" languishing under cob webbs? If you answer 'yes' to any of these questions, then the **Group Fitness Management Seminar (FM) by BODY TRAINING SYSTEMS** is something you should plan on attending at the Las Vegas IHRSA Convention. The Group Fitness Management Seminar will be conducted on **Monday, March 22nd** from 11 am to 7 pm. (The seminar adjourns just in time for you to attend and enjoy the IHRSA Opening Reception.). For information, go to www.bodytrainingsystems.com or call: 800.729.7837. Also, check out the **BTS Update** in this issue on **page #30** and you will see why Body Training Systems can truly be an opportunity for you to increase your club's profits by \$200,000 per year or

more. There are increasing numbers of club owners who've accomplished such success with the implementation of Body Training Systems!

●**MITCH WALD** and **JAY KELL** are two of America's greatest club operators ever and it does my heart good to see that they are both "back-in-the-saddle" again! Mitch was recently named as the new CEO of the 29 - Washington area **Sports and Health Clubs**. Jay Kell has been named by **ED WILLIAMS, Wellbridge CEO**, to be the new COO. Jay replaces the steady-veteran, **ART CURTIS**. Both organizations are fortunate to have these veterans on board and we wish Mitch and Jay the very best of luck in their new endeavors.

●**MIKE MINTON** is the owner of **Minton's Sportplex** in my at-one-time, home-town of **Texarkana, Texas**. Minton is proving to be one of the top programming talents for kids in the nation. In **Texarkana**, a small town of 60,000, Minton has seen **ALL OF THE COMMERCIAL HEALTH CLUBS IN HIS TOWN GO AWAY**. Said a different way, Minton only has "not-for-profit" competition in his market and this bright guy has even figured out a way to work with this non-profit competitor. The non-profits are the local college health and fitness center and a local hospital fitness center. Minton's terrific 35,000 square-foot Sportsplex has offered a terrific, very profitable and successful after-school program for kids for years. He has now stepped up the pace in his programming for kids with his "Healthy Family Initiative" Program. Look for an article on

Mike Minton's kids programming in the February issue of **IHRSA's CBI Magazine**. In case you did not know, **CBI Magazine** is available to **non-IHRSA Members** through paid subscriptions. Call 800.228.4772 to subscribe.

●Soooooo000000000000, it says here that **Time Magazine** says that **SEX is good exercise!** Alrighty then!

●Very interesting news out of Indiana where **TOM KELLY**, a major league nationwide auto dealer, has **DONATED** a 20,000 sq.ft. **Gold's Gym** he owns to the **YMCA!** Word from my source is **Kelly sold the gym to the YMCA for \$400,000 and then donated that cash back to the YMCA.** How nice... Stay Tuned.

●News from **24 Hour Fitness** is that they are installing "Xpress Zone" cardio and strength 30-minute circuit workout areas in all of their 300 plus clubs in 16 states. **24 Hour** has 2.7 million members and is the second largest U.S health club chain behind **Bally Total Fitness**.

●**MANNY BUTERA**, the CEO of Tennessee-based **Total Fitness Systems, Inc.**, has announced that he intends to build **20 World Gym Express** locations. Butera opened 4 in 2003 and has 3 new World Gym Express facilities planned to open in 2004.

●**Crunch Fitness** has announced the opening of a new 51,000 sq.ft. facility in Chicago at the corner of North and Sheffield. This will be the 6th **Crunch Fitness** facility in Chicago and may be one of the most interesting health club facilities in the world with all they plan to install in the new club.

●**JOHN AGLIALORO**, Chairman and CEO of **Cybex**, continues to succeed with the **Cybex** turnaround and has announced the acquisition of worldwide rights to **Trazer Simulator Technology**. Here is a guy who has done his company's turnaround the hard way... he has worked for it, spurning for years, the benefit of the Courts. John is a terrific guy and greatly experienced entrepreneur. He is making it work for **Cybex** by cost control, innovation and total dedication to his Mission and his people.

●**DAVID "PATCH" EVANS**, Canada's "King of Clubs" and one of the world's biggest club chain operators with **75 GoodLife Clubs**, (on his way to 100) has announced that he has **pledged \$750,000 to fund research to defeat autism.** Way to go "Patch"! God Bless and Good Luck.

●**DAVID PICKERING**, the undisputed "BIG KAHUNA" of corporate membership sales with his **IFCN Network** organization, has announced a really big deal with the **Agere Systems Corporation**, where the company will subsidize **80% of health club memberships for all 3,900** of their employees. Pickering is one of America's "unsung heroes" and true pioneers of fitness to corporate-rations around the world. He now has over 7,000 health clubs in his **IFCN Network**.

●**Bally Total Fitness** has announced that its recently announced plan to use 'average people' in their ads to attract 'average people', has taken the form of a new campaign they are calling "Every Body Needs Something" that is now rolling

out with 8 different television spots. I am really looking forward to seeing this campaign and this is such good news that I want to again congratulate **PAUL TOBACK** and his **BTF Executive Management Team** which includes new Vice President of Marketing for **Bally**, **MARTIN PAZZANI**.

●Last month I wrote a brief comment about the **Iron Grip Barbell Company** having its U.S. Patent on its 3-hole barbell plate being revoked. I have learned that I inaccurately described the **Iron Grip** owners as being "lawsuit happy" and I apologize for that error in communication. **MICHAEL ROJAS**, (See Norm's Notes Page 7)

The Club Insider News Contributing Author Team

The 2004 **CLUB INSIDER** News 2004 Contributing Author Team is listed below. Our thanks to all of our authors for sharing their expertise and taking the time to write for The **Club Insider** News.

●**Karen D. Woodard** - President - Premium Performance Training - (303) 417-0653

●**Dr. Gerry Faust** - Founder and President - Faust Management Corp - (858) 536-7970

●**Michael Scott Scudder** - President - Southwest Club Services - (505) 690-5974

●**Casey Conrad** - Communications Consultants - (800) 725-6147

●**Rick Caro** - President, Management Vision, Inc - (212) 987-4300

●**Colin Milner** - V.P. Sales/Marketing - Founder & CEO International Council on Active Aging - (866) 335-9777

●**Rudy Fabiano** - President and Design Director - Fabiano International - (973) 746-5100

●**Tom Lincir** - President - Ivanko Barbell Company - (310) 514-1155

●**Pete Moore** - President - FitnessInsite - Pete@FitnessVentureGroup.com

●**Paul Goldner** - President - Red Hot Sales (914) 282-4682

●**Bonnie Patrick Mattalian** - Principal - The Club and Spa Synergy Group - (732) 236-2273 or bonniepatmat@aol.com

●**Ronda Gates** - President - Lifestyles - (800) 863-6000

●**Donna Krech** - Founder/CEO Thin & Healthy, Inc. - (419) 991-1223

●**Karen Kirby** - President - Health Style Services - (210) 884-2620

IHRSA 2003 Exhibit Numbers

ADVERTISER Exhibit

ABC Financial Corp.-	#1239
ActiveTrax-	#1609
Affiliated Acceptance Corp.-	#2126
CheckFree Corporation -	#1039
CLUB INSIDER News-	#1950
Fabiano Design International-	#2515
Fair Financial Corporation -	#1748
Fitness Management Mag.-	#1348
Iron Grip Barbell Company-	#1139
Ivanko Barbell Company -	#1109
MedX Core Spinal Systems-	#1201
Ray Wilson Ventures, Inc. -	#2925
Sales Makers-	#2614
Thomas Plummer Company-	#2048
Thin and Healthy, Inc.-	#2502

JMC & Associates

●Creating Profitable Health Care / Health Club Business Relationships

●Growing Your Personal Training and Fitness Assessment Business Through Medical Referrals

●Developing Sales and Marketing Strategies to Attract the Deconditioned Member

Our staff have closed over 200 contracts between health clubs and health care providers valued at over 60 million dollars.

Let us help you!

JMC & Associates 847-242-0635

...Michael Scudder

continued from page 3

people around the globe. And, you should always have a deep sense of pride and satisfaction in what you do. Because no one can ever take this deep sense of satisfaction of what you do for your people away from you.

It is with a great sense of "Love... Devotion... Feeling... Emotion..." that I bring you this in-depth interview with a man who has "just listened to his heart." A man who "returned to his innocence." A man who believes in destiny. The one and only Michael Scott Scudder.

An Interview With Michael Scott Scudder- "From The Heart"

Q. Michael, share with us your background. Where were you born? Where did you grow up? Where did you go to High School? How about college? Did you participate in sports as a youth? If so, what sports?

A. Norm, I was born and raised in Upstate New York, Oneonta, not far from where you lived and went to High School in Rome, New York. I am from Irish-American Indian heritage. I graduated Oneonta High School and Hartwick College with honors. My high-school "letter" sports were basketball, baseball, volleyball, cross country and golf. In college, I lettered in Freshman Basketball and four years of golf, captaining the golf team for my last two years.

Q. Michael, you mentioned being paralyzed and told you would never walk again. Tell me all about that.

A. I was a passenger in a bad auto accident in my senior year of high school. I was treated for back spasms, severe low back and leg pains for the next five years, all through college. In 1964, a year out of college, I got out of bed one July morning and fell to the floor. My right leg had become totally numb and I couldn't walk. Several physicians all diagnosed the same thing: ruptured L4 and L5 discs which were cutting into my spinal column; and all said I wouldn't walk again, but one, bless him, Dr. Robert Weiss, from Vassar Hospital in Poughkeepsie, N.Y., said there was a 40% chance of my walking again if I had this "new surgery." It was the early form of laminectomy. But I made it through and not only walked

again, I played three sports professionally after that (golf, downhill skiing and Nordic skiing).

Q. Michael, please share with us how and why you got into the health club industry?

A. Following my back surgery, recuperation required physical therapy. But, there really wasn't any such animal around for your back at that time. So I joined a local YMCA and constructed my own rehab, using Dr. Hans Krauss' "Healthy Back" book as a guideline. That gym experience impressed me and I never forgot it, though I was a dozen more years in the insurance and investment industry before I acted on it.

In 1976, Lake Mohonk Mountain House in New Paltz, NY, hired me as their golf pro...something I had wanted to do since I was a kid. So I signed on, took an immediate 60% decrease in income...and had no "winter job!" But I created my own "position" and a very prosperous cross-country ski area for them in my first year there. I was fortunate, did very well from the start, and in my six years at Mohonk managed all sports and recreational activities for over 60,000 guests per year, 5000+ acres, and got my feet wet with a small hotel fitness center.

From there, Marc Tascher of the old Town Sports International (forerunner to the New York Sports Clubs) hired me as the manager of the Fifth Avenue Racquet Club in 1982. That was the beginning of a series of adventures in "turn-around clubs" throughout the 80's, culminating with my partnership in and Executive Director of the (then) 5-club Player's Gold's Gyms chain in Connecticut and Upstate New York. So I guess you would say I cut my teeth taking on somewhat successful but dysfunctionally-managed clubs and righting them. I had some great support along the way from owners like Tascher, Bob Baff, Val Santucci and Bill Austin...as well as "pushes in the right direction" from Howard Ravis of "Club Industry" and John McCarthy of IHRSA.

Q. Let's discuss your consulting company, Southwest Club Services, Inc. Trace your experiences in the industry prior to the launch of your new company. Review the main thrusts of your company for 2004.

A. In 1991, after doing 15 years of managing clubs from 10,000 square feet to over 75,000 square feet...and a 5-club chain, I was ready to do something else in the fitness business. I didn't know what. Two people - Bill Austin and my wonderful life companion, sweetheart, confidant, partner, friend and wife, Phyllis Landis - said I was a "natural consultant" with all of my business experience in various types of fitness facilities. So I hung out my shingle in September 1991, and in my third prospect phone call on the first day a club hired me! Some 350+ clients, 13 years, hundreds of seminars, thousands of owners and managers, and a LOT of travel later...I'm still around and thankfully, helping club operators, prospering personally, doing what I love and getting paid for it! And, I hope making a contribution to our great health and fitness industry.

My first company was "Michael Scott Scudder's FITNESS FOCUS." I ran FITNESS FOCUS out of Woodstock, NY. Phyllis and I moved to Taos, NM in 1998, and I found myself able to spend more time with my top client, Robert Dyer, at Fit For Life Center in Fort Worth, Texas. Robert invited me in as a partner, asking me to help him strategically plan to grow the company. In doing so, we developed a new office suite with a beautifully functional corporate training center, and a collaborative effort known as Southwest Club Services emerged in 2001. While I head that company, I get great input and support from my Fit For Life partners - Robert, his wife "Pinky", Ken Hoover - and from our key management personnel - Eleanor Hisey and Ken Stone.

The thrust of Southwest Club Services is five-fold:

- Develop and deliver one-day management training seminars in 12 to 15 regional cities per year.

- Develop and deliver four 2 1/2 day "Intensives" on the businesses of Personal Training and Group Fitness in our Fort Worth training center, utilizing our clubs for the "hands-on" segments of the workshops.

- Mentor and coach fitness facility operators by scheduled phone calls and utilization of email. This will be extended in 2004 to include chat groups and live "webinars" on my web site, www.michaelscudder.com.

- Do strategic planning,

business evaluations for purchase/sale and business plans for select clients.

- Continue to seek out trends (in AND outside of the fitness industry) and new offerings, and bring them to Fit For Life for possible inclusion in our clubs' offerings.

Q. Let's discuss some of your "pet" issues: -the issue of low pricing and how it hurts our industry?

A. First off, we've ALL - you and I included - made the mistake of pricing too low in our membership offerings. We either honestly didn't believe that our "product" was worth X number of dollars per month, or we were scared that the public would not buy unless it was dirt cheap.

That philosophy has really outlived itself...yet I still see players like 24 Hour Fitness,

Bally, LA Fitness and some regional Gold's Gym chain operators going backwards and actually promoting low prices from \$9 a month to around \$32 a month!

Here's the problem: many unsophisticated club operators, particularly in proximate market areas to one of the above chains, think that they have to compete by offering the same low prices! First of all, they can't compete with mass-market specialists and big advertising budgets. Second, they can't compete in terms of facility size and offerings. And finally, they simply drag down the public's perception of the value of "health and fitness" by low pricing. They forget (or don't even understand to begin with) that they will have to sell hundreds of more memberships just to stay

(See Michael Scudder Page 8)

MICHAEL SCOTT SCUDDER Events/Workshops/Appearances Schedule 2004

- **WED 1/21 - FRI 1/23:** Intensive Workshop on "Personal Training and Group Fitness - Your Club's Best Profit Centers and Retention Builders" - Fort Worth, TX (workshop sold out).
- **TH 2/12:** One-Day Seminar - "Building An Outrageously Profitable Personal Training Business" - Boston, MA (with NEHRSA).
- **TH 3/4 and FR 3/5:** World Gym University - Columbus, OH.
- **WED 3/10:** One-Day Seminar - "Building An Outrageously Profitable Personal Training Business" - Tulsa, OK.
- **FRI 3/12:** One-Day Seminar - "Building An Outrageously Profitable Personal Training Business" - Dallas/Fort Worth, TX (with THRSA).
- **WED 4/21 - FRI 4/23:** Intensive Workshop on "Personal Training and Group Fitness - Your Club's Best Profit Centers and Retention Builders" - Fort Worth, TX.
- **TH 4/29:** One-Day Seminar - "Building An Outrageously Profitable Personal Training Business" - Birmingham, AL.
- **WED 5/5:** One-Day Seminar - "Strategic Thinking: Positioning Your Club for Maximum Profitability" - Mahwah, NJ.
- **FRI 5/7:** One-Day Seminar - "Strategic Thinking: Positioning Your Club for Maximum Profitability" - Albany, NY.
- **WED 5/12 - SAT 5/15:** "Club Industry East" (various workshops) - Baltimore, MD.
- **WED 6/9:** One-Day Seminar - "Strategic Thinking: Positioning Your Club for Maximum Profitability" - Portland, OR.
- **FRI 6/11:** One-Day Seminar - "Strategic Thinking: Positioning Your Club for Maximum Profitability" - Seattle, WA.
- **WED 6/16 - SAT 6/19:** "FILEX Conference" (various workshops) - Australia.
- **WED 7/14 - FRI 7/16:** Intensive Workshop on "Personal Training and Group Fitness - Your Club's Best Profit Centers and Retention Builders" - Fort Worth, TX.
- **TH 8/19 - SAT 8/21:** "CanFitPro" (various workshops) - Toronto, ON, Canada.
- **TH 9/9 - SAT 9/11:** World Gym University - Las Vegas, NV.
- **TH 9/23:** One-Day Seminar - "Strategic Thinking: Positioning Your Club for Maximum Profitability" - Newark, DE.
- **WED 10/13 - SAT 10/16:** "Club Industry 2004" (various workshops) - Chicago, IL.
- **TH 10/28:** One-Day Seminar - "Strategic Thinking: Positioning Your Club for Maximum Profitability" - Hatfield, PA.
- **WED 11/10:** One-Day Seminar - "Strategic Thinking: Positioning Your Club for Maximum Profitability" - Short Hills, NJ.
- **FRI 11/12:** One-Day Seminar - "Strategic Thinking: Positioning Your Club for Maximum Profitability" - Newburgh, NY.
- **WED 11/17 - FRI 11/19:** Intensive Workshop on "Personal Training and Group Fitness - Your Club's Best Profit Centers and Retention Builders" - Fort Worth, TX.

(For particulars, descriptions of content, fees and/or registration - either call Michael Scott Scudder at 505-690-5974 or email scuddertour@directway.com.)

...Norm's Notes

continued from page 5

one of the partners in Iron Grip, called me and it is clear to me now that they are not "lawsuit happy". But, instead, they are unhappy about having to enforce their expensive to get and hard-earned **U.S. Patents**. Rojas assured me that in every case where they have had to pursue legal action to enforce their U.S. Patents, they first have contacted the potential Defendants and attempted to negotiate affordable "Licensing" agreements for the other company to continue to produce and sell their products that infringe on their 40 U.S. Patents. The world of U.S. Patent law is a tough and expensive world to operate in and I get a clear picture that they would actually be **MUCH HAPPIER** if they did not have to enforce their U.S. Patents through legal means.

• **TODD BECKMAN**, apparently a hell of an entrepreneur in the St. Louis area, heads an organization called "The Tanning Company" that operates twenty St. Louis area tanning centers and has sold 600 "Tanning Company" franchises.

He also is a **Gold's Gym** owner with four Gold's Gyms and 20 more planned. There seems to be a problem though and Beckman is the target of competitor, **ROGER SEMSCH**, owner of a **World Gym**, who argues that Beckman is opening the Gold's Gyms without escrowing pre-sales funds and operating without bonding. You would think this would be an easy thing for Semsch to check on and confirm, but Semsch continues to report to me that he **SIMPLY CANNOT** get Missouri Assistant Attorney General, **KIM HADDIX**, who is in charge of enforcement of Missouri Health Club laws, to return his telephone calls or respond to his letters, faxes or emails. I am going to call her soon to see what I can. **STAY TUNED.**

• **Club One** has announced the opening of its **87th location** on Santana Row in San Francisco. Club One was Founded by club business veterans, **JILL and JOHN KINNEY** and has **AOL, Motorola, GE, Chevron, Netscape** and many more big corporations as clients.

• Congratulatoins to

Detroit, Michigan as it has replaced **Houston, Texas**, as the "Fattest City of America!" Speaking of fat, it was recently reported that **43% of American teen boys** and **46% of American girls** are either obese or significantly overweight. This adds great substance to the terrific work that **MIKE MINTON**, mentioned previously, is doing in his **Sportsplex** in **Texarkana, Texas**. We need to find out how to "clone" Minton!

• I have written about the need for the health club industry to begin to regulate itself before it is too late. Last month I published a terrific article by **World Gym International CEO, MIKE URETZ** about the danger of the health club industry losing **EFT Collections** due to state and Federal Regulation. Now this. In Arizona, Senator **MARK ANDERSON**, (R-Mesa) has prefiled legislation to amend Arizona's health club consumer protection act. He is seeking to: 1) give customers the right to cancel their membership contract if their income drops 25% since the date of the contract; 2) cancel their contract if the customer loses his/her main

source of employment; 3) if a person enters into a contract on behalf of his/her children or spouse, the children or spouse may be removed by providing the club with a 30-day written notice. So, there you have it. If you club owners in Arizona are not burning up the phone and fax lines and email wires protesting these absurd proposed changes, you better get started. These changes will basically render you health club memberships to be worthless if passed!

• It is great to see that **IHRSA** is launching its "GET ACTIVE AMERICA" Campaign this spring on May 17-23rd. **IHRSA** is projecting that at least 1500 clubs nationwide will open their doors to the public during this seven day period. It should be 15,000 clubs, but 1,500 is a start and hopefully this great event will grow every year. This is precisely the kind of initiative that I suggested to a group of **IHRSA** leaders that included **IHRSA'S President, TOM BEHAN, IHRSA E.D. JOHN MCCARTHY, RICK CARO, BTF Chairman, PAUL TOBACK, MARK SMITH, TSI CEO and President** and others

at a meeting held at the San Francisco **IHRSA** Convention last March. This just in: **IHRSA** and **Blimpie's Subs** have teamed up to provide nationwide distribution in **Blimpie Sub** stores of **TWO WEEK GUEST PASSES** for area participating **IHRSA** clubs. **GREAT NEWS... WAY TO GO CHUCKLEVE!**

• So, off we go into **2004** and beyond. You heard it first here... **2004 is going to be a GREAT YEAR** for the health, racquet and sportsclub industry and **YOU** are going to make it happen! **GOD BLESS** our troops, airmen and seamen and our Veterans that have served this great country of ours. **I LOVE YOU ALL.** And, I wish you all a **HAPPY-HEALTHY** and **PROFITABLE NEW YEAR!** **STAY TUNED!** And,

Make
It Fun!

NO MORE EXCUSES... ...TO MISS SALES GOALS

Sales Makers is a marketing and sales training consulting firm specializing in 3-day on-site seminars & performance based consulting agreements.

Over the past five years Sales Makers clients have averaged a 28% increase in sales. We have worked with over 845 clubs and 163 pre-sales and expansions.



IHRSA Business of the Year

www.sales-makers.com

info@sales-makers.com

800.428.3334

...Michael Scudder

continued from page 6

even; that they will attract the wrong kinds of people for membership by low-pricing; and that low prices demand low service (the death blow for membership retention) because of budgetary restraints. I am beginning to believe that the "biggie" mass-marketers love that...because the independents are playing right into their hands!

Ultimately, it hurts and continues to hurt our industry because we will not be able to deliver what is really needed – professional service and ongoing support of members, the critical elements to retention for over 60% of our members – by adhering to low prices as a "market leader." It simply won't work in the long run.

Advice On Low Price Competition

Q. Michael, with the above said what exact advice do you give your clients who are caught in what I call "the WalMart syndrome" (in this intense world of low-priced club competition?)

A. Norm, I look at consumer trends. They are possibly more important now than anything I would normally look at inside our industry. So, I look at both of them. Right now consumer trends are telling us two major things: 1) generally speaking, consumers are not in love with health clubs. And, perhaps, not in love with exercise. The obesity epidemic notwithstanding, there is a lot of proof that we are fighting an uphill battle. According to American Demographics Magazine, about 15% of the population is planning on increasing their exercise this year. 2) it is pretty clear that consumers are generally in love with discount pricing. That leads me by logical process to think clubs have either got to go on discount pricing and *count on volume* to get by – NOT a likely success scenario...or seek out specific consumers – target market – and look for quality members who will spend additional dollars on personal training, programs, classes pertinent to their needs, etc.. But, I don't think the former is a very likely success scenario for independent clubs (15,000 sq. ft. or under) because they are not

well financed to do that. But, when you look at the major players, Bally, 24 Hour Fitness, LA Fitness and lately some of the regional GGI, Intl. (Gold's Gyms have resorted to very low pricing with multi-year contracts). I think they are the ones that are going to be able to dominate the larger population segments. These are 150 cities that we have to call major population markets. So, my question is can the small independent operator count on discounted volume to get by? The other thing is, if the consumer trends are correct, then clubs have to seek out specific consumers, not general consumers, which means target markets. They must look for quality members in higher demographic standing who will spend additional dollars on personal training, programs, classes pertinent to their needs. So, this means to me that most of the smaller independents must get on the ball with two areas of their operation: one of them Norm, you talk about constantly, service to customers and the other, ramping up their program offerings and personal training departments. Right now, maybe

10% of all the clubs in this country are really sufficient on both areas. That is a sorry statement on the current condition of our industry.

And, there is another comment about relevance I want to make. The downhill skiing industry has by count, just under 11 million participants. It has 490 ski areas to support those 11 million. We, on the other hand, have 36 million users by latest count and easily over 30,000 suppliers: clubs, not for profits, colleges, studios, military installations, etc. So, if one looks from economic deduction, it may be we must have to have a "shake-out" because we have an increasing number of suppliers, but not an increase in users. We are getting a higher percentage of new facilities than we have new users being created.

So, the small clubs must get into personal training, they've got to get into small group training, they must get into VIP upgrades for specialty classes or charge class fees, they've got to get into nutritional services, massage therapy, etc. to raise revenues and to get away from the sole dependence on

membership fees and dues to survive.

What I just said is not good news to many. But, it can be very good news to some. I am going to go on record with this. I've been scared to say it, but I am going to say it now. I don't believe that in high density population areas, independents other than very large, well established clubs can compete on price. I think the handwriting is on the wall. Just like the WalMart you mentioned a few months ago in the little town that offered the same merchandise as the local merchants. WalMart captures a major market share, driving dozens of independent merchants out of business. So will Bally, 24 Hour Fitness, LA Fitness, etc. and other "biggies" do the same thing in that segment of our fitness facility market place. Why does the WalMart syndrome come about? Because the big players in any industry, including ours, see an opportunity. Why do they see that opportunity? Because the local retailer doesn't get the job done. They don't improve their business over time and they (See Michael Scudder Page 10)



SPRINGFIELD CORPORATION

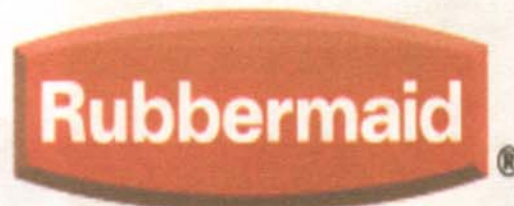
Full Line Stocking Distributor Providing Quality Sales and Service for the Club and Hospitality Industries Since 1981

THE SUPPLIES YOU NEEDED ...
YESTERDAY!!

Towel Purchasing & Resupply

- ✓ Health & Athletic Clubs
- ✓ Satisfaction Guaranteed

- ✓ Quality Products
- ✓ Competitive Prices



Commercial Products
 Authorized Distributor

** Look For Upcoming Specials from Springfield Corporation in Club Insider **

iHRSA

Associate Member

Call (800) 241-2081

David G. Smith x122

For Answers and Current Products List

SPRINGFIELD CORPORATION
 ATLANTA, GA
 (770) 729-0700 x122
 FAX: (770) 246-4455
 DSmith@SpringfieldCorp.com



Your Partner in Success.

EFT
Electronic Draft

25¢

PER PAYMENT

Mastercard/Visa
Electronic Debits

45¢

PER PAYMENT

"Mail-In" Payments
from Coupons

\$200

PER PAYMENT

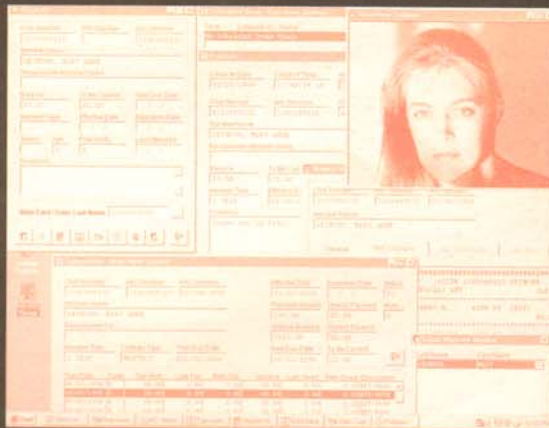
FrontDesk®

INTERACTIVE SOFTWARE

*The management system with **ALL** the options!*

Complete Control!

- ✓ Real-time Management Software
- ✓ True Flat-Rate Billing
- ✓ Full Collection Services
- ✓ Flexible Renewal Programs



Call BUSINESS DEVELOPMENT Today!

1-800-233-8483

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

...Michael Scudder

continued from page 8

don't upgrade their service levels. And, they are content to sit on their duffs and get their share of the business until that share ain't as big anymore. It is an absolute analogy to the fitness club industry.

Retention Advice

Q. Discuss your views on Membership Retention and how to really go about it?

A. We continue to hover around 60% overall retention as an industry...according to some industry publications...I don't believe it, I think it's more like 50%. And despite our vast exercise-technology advances and more certifications than ever, we can't seem to make a real dent

in member attrition. So something is wrong in the way we approach retention. At Fit For Life and SCS, we believe we've figured it out. This one is so simple it's scary.

- Create professional, courtesy-oriented "reception areas" rather than "front desks." Emphasize the greeting and farewell to every user - member or guest. Pay receptionists good wages and offer incentives, too.

- Adapt a realistic assessment or counseling session into the very front-end of the possible membership discussion. Discuss the client's needs, wants and personal makeup...DON'T talk about your weight room, your classes or your great price specials.

- Stay with the new exerciser longer. Develop a step-graded learning system wherein

the new exerciser has periodic guidance for minimally the first month and preferably for the first 3 months.

- Stop over-emphasizing "membership" and start concentrating on "usage." Develop Personal Training, Small Group Personal Training, Group Fitness and Weight Management as essential components of more frequent participation - by members and non-members alike.

- Track usage through your computer software system. Develop an email capability to stay in touch with non-users (preferably as early as 21 days of no use)...and work it.

- Orient and train your entire staff around "the member experience." At Fit For Life, we call it "Members First." Ascertain what the users want...and deliver it at every level.



(L to R) Robert Dyer and Ken Hoover

Q. Let's discuss the Fit For Life Centers and your partners, Robert Dyer and Ken Hoover. (See photo to the right). I really enjoyed visiting the City View Center and meeting with both of them. (Ken for a second time).

It's both an honor and a hoot to be associated with them! Robert and his wife "Pinky" started Fit For Life Center at our Fort Worth Cityview location 14 years ago. Somehow they decided early on that I was going to be their consultant (1992) and we have had a relationship since.

From a 9,000 square foot facility in 1990, Cityview has graduated by steps into a 12,000 square-foot, with a soon-to-be-opened Group Fitness annex four doors down in the same shopping center. That will be called "Fit For Life Group-Ex Center" and we have registered it as a franchise in the State of Texas.

The Dyers operated Fit For Life as a single location until 1998, at which time they bought the old "Body Shop For Women" in Arlington. We transformed that 16,000 square-foot money-loser into a 12,000 square-foot "Fit For Life For Women" which we sold in late 2002. We learned a great deal about Group Fitness and real service in that club, and sold it primarily because it didn't make sense with our developing model... keystone co-ed locations of 12,000 to 15,000 square feet, principal target markets 35-plus, with strategically-located smaller satellite "express clubs" which makes it easy for members to use one, or several facilities, as members of the Fit For Life Centers.

Presently, we have Cityview (12,000 sq. ft.), Camp Bowie (a 7,200 square foot express club), Weatherford (a 16,000 square footer in a southwestern suburb of Fort Worth), and the soon-to-open Group-Ex (6,000 square feet). Our marketing play is really sort of a "quadrant" or "limited cluster" approach, and it's working very well.

A couple of years ago, Ken Hoover and I joined on as limited partners, with eyes towards the future. I'm happy to say that we now have over 6,000 members; that we have raised monthly dues in seven years by 70%; that 35% of our income is from non-dues sources like Personal Training, Group Fitness, Weight Management and programs; that our retention rate is almost 65%; and that we have a super group of dedicated managers and supervisors that will enable us to grow as we see opportunities.

As for our partnership: imagine a West Texas long-haul driver, a Connecticut-raised female power lifting champion, a Texas-by-way-of-Georgia-back-to-Texas master of conversation, and an Irish-Indian adopted New Mexican renegade! That's us. Go figure!

World Gym University

Q. Tell me about the World Gym University.

A. World Gym University happened because one day in 1995, Mike Uretz, CEO of World Gym International, called me and asked me: "How come you've

never worked with us?" My answer was: "You never asked." He replied: "I'm asking. Would you come and speak at our convention?" That was 8 years ago, and we have had a tremendously enjoyable relationship since. From the humble beginnings of a kind of rag-tag Las Vegas conference to the present two-a-year comprehensive educational events, we have developed a great learning format for new and veteran World Gym licensees.

Last year, we enjoyed nearly 70% attendance from the gym owners at the two shows; and this year we are targeting 75%. We have received acknowledgment from dozens of licensees about the quality and relevance of the programming, and we will continue to make it more and more pertinent as time goes by.

This year's "World Gym Boot Camp" offerings are at The Arnold Schwarzenegger Classic in Columbus, OH on Thursday, March 4 and Friday, March 5; and at The National Fitness Trade Show in Las Vegas, NV on Thursday, September 9 through Saturday, September 11. By the way, the Vegas event is open to non-World Gym club operators. Interested parties can get information from me.

Q. Discuss your views on our industry consolidation.

That word consolidation is interesting...it means to "merge," "unite," "fuse," "join," or "combine." As I look at it right now, I don't think our industry is (See Michael Scudder Page 12)

JLR Associates announces the placement of

Daniel Potnik
General Manager
Global Fitness Holdings, Inc.

Whether you are seeking employment or are in need of qualified candidates to fill your vacancy, JLR Associates can meet your needs. We specialize in executive recruitment for the fitness, health and wellness industry.

For all your employment needs, contact JLR Associates!

Jeff Randall
781-431-0868
jr@jlassoc.com

www.jlassoc.com

JLR
associates

Two great new resources from National Gym Supply.

Parts Resource Book 2003

**Your #1 Source for Replacement Parts
and other gym essentials!**

**GREAT
PRICES!**

New:

- * Lifeslide Nextgen
- * Expanded Ellipticals
- * Expanded Electronics Repairs
- * Complete E-Commerce Service

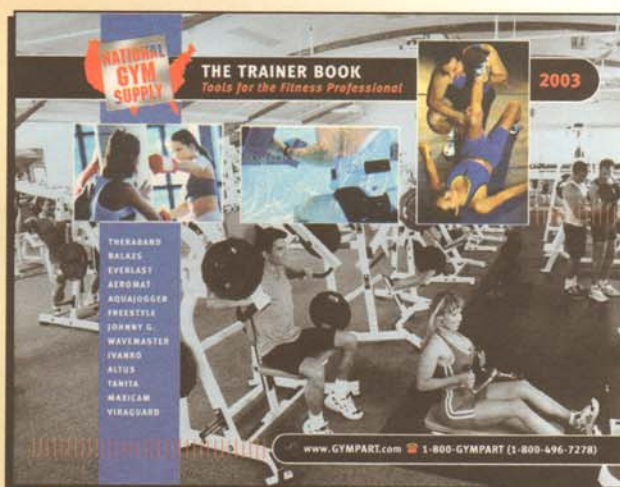
Your tried and true source for:

- * Replacement Parts
- * Electronics Repairs
- * Top Technical Support
- * Invaluable Schematics



The Trainer Book

Designed for you, the fitness professional!



**Includes the finest
product accessories for:**

- * Aquatics (AquaJogger)
- * Fitness Boxing (Balazs, Everlast)
- * Body-Weight Resistance Training (Balazs, Everlast)
- * Rubber Resistance (TheraBand)
- * Stability Exercise (TheraBand Slow Deflate System)
- * Group Exercise & Yoga (Aeromat)
- * Group Cycling (Polar, Team Schwinn, Blast)
- * Fitness Watches (Freestyle, Timex)
- * Weight Room (Ivanko, Platamate, Maxicam)
- * Locker Room
- * New! Charts & Signs

AQUAJOGGER

BALAZS

EVERLAST

IVANKO

FREESTYLE

TANITA

TANITA

Thera-Band

Check 'em out online – www.gympart.com

Or call today to order your copy of our 2003 Parts Book and 2003 Trainer Book!

☎ -800-GYMPART (1-800-496-7278)

...Michael Scudder

continued from page 10

consolidating. I'm going to say that our industry is "fractionalizing." As near as I can decipher, that roughly means "split up," "incomplete," "half-done" or "not finished." I think that more aptly describes what is going on.

Twenty years ago we had two types of members: fitness enthusiasts or racquet sports players, and all others. Today, we have at least seven different age-and-demographic types of members and prospective members. Yet, we still persist overall in trying to serve huge diversity with basically the same product that we did in the 1980's! So what's bound to happen is niche markets, mass marketers to the younger age

groupings, more competition from inside and outside of the fitness facility industry, and more diversity of offerings and prices.

As I see it, our industry is finally beginning to mature...and usually, in the maturation process of a service-based industry, there is a shakeout. The "bigs" get bigger and the "smalls" scrape and fight for every dollar. Every Tom, Dick or Mary thinks that they can – and should – open a fitness center. Despite what anybody says to the contrary, that's what's happening right now.

The eventual result will be a better and stronger industry, but it will not come without some real pains and even some horror stories. I fully expect that one of the biggies will merge with another of the biggies within a

couple of years, and then the game will really be on!

The sad things to me personally are:

- We do not have enough management talent at this point in time to support a bigger club industry.

- New club growth is outpacing new member growth... more supply than demand...and that has to mean that many, many independent players will simply not be around in a couple of years.

- As an industry, we are not growing our revenue-per member fast enough, which means we are still concentrating on member dues as the basis for a club. Likening that to a restaurant, most clubs are selling the unprofitable meal and not getting the appetizer, drinks, dessert and coffee...which are the real profit-makers and the entities that keep customers coming back!

- Other than Thomas Plummer, Mike Chaet, Sandy Coffman, myself and a couple of others, nobody is teaching anything really new as far as club management is concerned! We are still a vastly under-educated industry!

Trends To Consider

Q. Discuss "trends" in the industry now and how they will play out in 2004 and beyond.

A. Norm, I've recently changed my thinking as far as trends are concerned. Now, I concentrate on national consumer trends and realize that they will drive the fitness industry. I'm not nearly as concerned about trends within the club industry as I used to be...and frankly, most of those developed as "reactionary" measures, not because of innovation!

I think the Number One Trend is obesity. According to American Demographics Magazine, one in five children under 16 are obese (meaning 30% or more above recommended body weight); and one in ten adults are obese. If this tragic epidemic continues, it is predictable that, by 2040, over 60% of all Americans will be obese.

I really believe that clubs that adapt true weight management programming will be the biggest benefactors in 2004 and beyond. It is why we at Fit For Life took on the Apex system of weight management, and why we are building a "captive"

weight management center into our new Group-Ex club. We wanted to serve an expanded population (no pun intended!) and create another profitable business-within-the-business.

I also think that federal and state governments will soon be looking en masse to health and fitness providers as one answer to the obesity crisis in this country. Those clubs which are professionally run, program-oriented, upscale, demographically suitable and have established standards of high quality will stand to benefit most when governments finally turn to us for help.

Hand-in-hand with the above goes the Trend Number Two, that of constantly-escalating costs of medical care and insurances. I believe that we are going to see major breakthroughs very soon, with insurers, HMOs, PPOs and other health care providers turning to us for assistance in curbing rising claims and rising costs by making insureds healthier through partially-reimbursed exercise programs. Again, I believe the quality clubs will lead the way in this area.

I think the other trend developing, which I will call Trend Number Three, is a discouraging one and issues us a real warning: recent surveys show that, despite a warming-up economy predicted for 2004, only 15% of adult Americans plan to make a New Year's Resolution to exercise more! That says to me that exercise is rather low on the priority list of things to do for the average citizen, and that more time with the family, balancing work and home obligations, paying off debt and even getting more sleep are of more importance to most Americans! The same survey reported that 60% of the population will not even make New Year's Resolutions this year, which tells me that we are becoming a somewhat despondent country.

Fitness facilities around the U. S. will really have to step up their efforts to keep current members, and to provide attractive and appropriate offerings to possible prospects, with the full recognition that "business as usual" "just don't fly" anymore!

Q. Discuss your Personal Training/Group Fitness intensive workshops.

A. SCS offers four "Intensives" in

2004: January 21-23 (already sold out), April 21-23, July 14-16 and November 17-19. These workshops are held at our facilities in Fort Worth, and are limited to 12-15 persons for assurance of quality and interactivity.

The workshops are hands-on, in that participants go into a Group Fitness class and also observe our Personal Trainers at work. Additionally, they experience over 16 hours of classroom time with myself, Robert, Ken, Eleanor Hisey (our Group Fitness Director) and Ken Stone (our Personal Training Director).

Past participants have said that they really got a great practical training by being with us for the better part of three days, and I'll let the results speak for themselves: no facility has done worse than increase their PT revenue by minimally 10%, reduce their expenses of Group Exercise by better than 10%, and increase their Group Fitness attendance. We have several outstanding success stories, the best of which is a gym in Upstate New York which has increased its Group Fitness attendance by over 20% while at the same time reducing its GF payroll...and they have increased their PT revenue to date by over 500%! Interested persons can contact me for particulars.

The Future

Q. Predict the "Future of the Industry" for our readers?

A. Wow. Let me say it this way: our "industry" is really a lot of separate industries: clubs, not-for-profits, manufacturers, suppliers of goods and services, and many vertical markets. So I think overall that "the industry" will continue to grow.

- The tremendous growth in clubs will soon subside, with more attention paid to smaller clubs, express facilities and the like.

- The underfinanced, poorly-run independents are doomed in many areas of the country.

- The old, mid-sized, originally-racquet-based facilities will also see hard times.

- Memberships in not-for-profits will continue to outpace memberships in commercial facilities.

- A "new model" will emerge, and while I'm not sure of (See Michael Scudder Page 15)

FRIDAY REPORTS

Weekly Marketing Insights
For The Club Industry

**8 Great Years
Subscribe Now, Call
800-778-4411**

► **Immediately-usable marketing action ideas in each issue — in your hands every Friday morning by Fax!**

► **Only \$179.00 per year (Less than \$3.50 per week).**

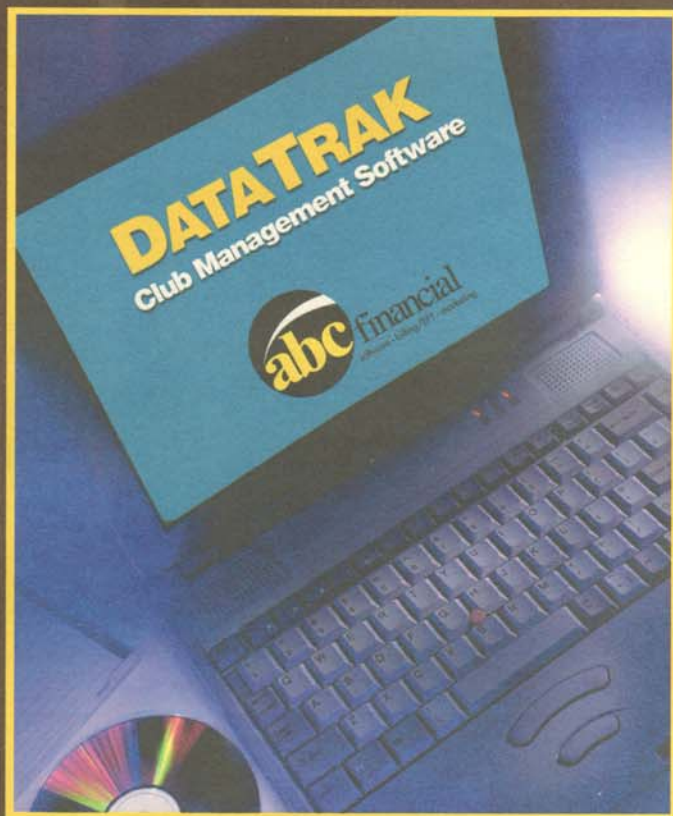
► **Fax to: 212-987-4227 (Ask for a sample issue)**

A PUBLICATION OF CLUB MARKETVISION

177 EAST 87TH STREET, SUITE 301, NEW YORK, NY 10128
mgmtvision@aol.com

Place Your Club On The "Fast Track" For Success.

With the "Complete Club Management Solution" from ABC Financial.



P.O. Box 6800 • Sherwood, AR 72124

Toll-Free 1-800-622-6290 (option 3)

Fax 501-515-5001

www.abcfinancial.com

ABC Financial Services makes it easy for you to streamline the overall operations of your club with our "complete club management solution".

DataTrak Club Management Software.

DataTrak, our proprietary browser based club management system has been built using the concept of centralized data and provides our clients a wide range of services to efficiently operate their club. DataTrak gives club owners the real-time data they need when they need it.

OnLine Club Management Center.

You can log on to ABC's Club Management Center interactive web site at anytime to view reports and update member account information. Plus, your members have immediate access to view their account balance and make payments.

Billing And Payment Processing.

Our processing division offers full service accounts receivable processing - EFT, credit card and monthly payment books. From start to finish we monitor every aspect of your members account.

Customized Marketing Programs.

Our Club Enhancement Division offers a wide range of customized sales and marketing programs designed to enhance club operations. Club marketing services include "Friends are Free", a customized referral program; "VIP Preferred Program", our exclusive member retention program, and our comprehensive membership renewal program "Renewal Plus".

How Do I Service All Of
My Members?

- 10% Using A Personal Trainer
- 25% Participating In Group Exercise Classes
- 15% Self-Guided/Self-Motivated

-50% ????

How Can I Serve These Members?

ActivTrax provides customized fitness plans to ensure that all of your members are being served. To learn how ActivTrax has helped hundreds of clubs like yours, call us today. Mention this ad and receive our free introductory offer.

866-TRY-TRAX
(866.879.8729)
www.activtrax.com
info@activtrax.com

ActivTrax

ATX0903

...Michael Scudder

continued from page 12

size, type or offerings, I do know that the emphasis on "members only" has seen its better days.

• Various demographics groups will gravitate towards smaller, private, limited-membership, service-oriented, higher-dues facilities.

• Personal Training will continue to grow.

• Organized Group Fitness will flourish in capable clubs.

• Weight management programming will take hold in quality facilities.

• Several equipment manufacturers will disappear, either by bellying up or being bought out.

• And...here I go out on a limb...I think a new club association will emerge, geared towards the smaller independent operations (which, by my estimate, are 75% of the clubs in the country).

Comments On IHRSA

Club Insider- So Michael, it sounds like you've decided to "throw in the towel" on IHRSA in respect to "independent" clubs. Explain exactly why that is.

Scudder- Well, I'm not sure that "throwing in the towel" is exactly the term. But, I'll use your analogy. Norm, I am on the top rope of the ring with the towel in my hand and I am just about ready to fling it. Because, the fighter is in there and he is getting knocked around big time, but he doesn't even know it. He's still standing and throwing occasional punches. As I have traveled the country over the last four to five years with my seminars and at the conferences where I speak, club owners have repeatedly questioned me about the worth of IHRSA. What they have said to me, and if I may be specific so that those at IHRSA will know what my clients are saying to me- they think that CBI Magazine is WAY overbalanced and skewed toward stories about the big club operators and the chain players. The only value they see now are the IHRSA Reports and they are really doubting those now because they think those reports are unduly influenced by the large clubs. So, they ask me, what the hell do I get out of IHRSA?

Club Insider- Michael, let me refocus on one fact here. IHRSA

consists of the big independent clubs like the awesome East Bank Club, RDV Sportsplex, Cedardale Athletic Club, etc. the chains, and the independent "small" and many other constituencies. So, in respect to your comments here about IHRSA, I want to point out to our readers that they must remember...you are speaking here from a narrow, if you will, viewpoint focused on your clientele of 20,000 sq. ft. independent clubs. And, in fact, you are doing IHRSA a favor here by relaying the messages to them that your clients are giving you about their concerns. The fact is, it is a hugely challenging chore for IHRSA Executive Director, John McCarthy and his great IHRSA Team, to make all constituencies happy. That is PRECISELY why in my December edition, I suggested to the IHRSA Board that it might be a good idea to in effect, divide IHRSA into three functional divisions: Independent clubs, chain clubs (3 or more) and international clubs. Moreover, I also suggested that it would be possible to segment CBI Magazine along those same divisional lines, thus being sure to have a segment in the Independent Club section for articles that tell about and/or educate the smalls.

Q. So, let's not drop the IHRSA questioning here just yet. In your comment above, you predicted that a new club Association would emerge to serve the small, independent clubs. Of course, you already know that Mike Chaet has started such an Association already, the Independent Club Operators of America. Are you suggesting that there is room for another such independent club Association?

A. Oh, boy. I hope I can do this with my intention of serving and being fully understood by "The Club Insider News" readers and by esteemed executives and members of IHRSA.

First off, John McCarthy has been a friend for over two decades. I believed in IHRSA in the early 80's and I'd still like to. I think IHRSA has done some tremendous things for our industry and was a foundation stone when we really needed one.

That said, I liken IHRSA today to the old story of the two fruit farmers. Both had excellent land. Both had good help. Both had ample water. But one flourished and the other slowly deteriorated. When asked why his farm prospered, the

successful farmer replied: "I continually nourish the land around my trees." The unsuccessful farmer answered the question this way: "I watered the fruit and forgot about the trees until too late."

From my humble perspective, I think that IHRSA has forgotten its original and primary mission: to help health clubs. It seems as though IHRSA is about IHRSA these days...the Association seems to be for the Association, much like the federal government seems to be for the federal government. While I greatly respect what IHRSA attempts to do in the "fair competition" area, their efforts seem to have called more attention to not-for-profits, almost like those copier ads of a few years ago that said: "It's as good as a Xerox!" I'm not saying that they should ditch this effort, but they should spend much more time on getting to, and providing appropriate educational services to more domestic independent clubs.

I am confused by IHRSA's recent-years embracing of low-price operatives like Bally and 24 Hour Fitness. I simply can't understand that. I have personal experience in over a dozen instances of real low-ball, sleazy, almost bait-and-switch tactics from both of these operators in several markets; yet IHRSA supports them! What's that about?

Club Insider- Let me tell you what that is about Michael. It is about the word "INCLUSION". Five or six years ago, the duly member elected IHRSA Board of Directors decided to drop the IHRSA Motto of 17 years, "The Association of Quality Clubs" and at the same time, change the Mission Statement. The new Mission Statement is: "To Grow, Protect and Promote the fitness industry." Keep in mind, the fitness industry is INCLUSIVE of EVERYBODY. The "small", the big Independents, the chains and a whole lot of other constituencies as well. Also, please note. The IHRSA Mission Statement does not include the following words: clubs, quality or ethics. So, the path IHRSA is following now is to do things that relate to the entire fitness industry, not necessarily focused on clubs like it was back when our Association was called the International Racquet Sports Association. (IRSA) and our motto was: The Association of Quality Clubs.

Scudder- I also personally know of recent instances where the executives of IHRSA have "looked the other way" in situations of unethical practices by IHRSA member clubs. I also know that YOU, Norm, have taken up the slack in several circumstances, on your own time, for no pay...on things that IHRSA should be doing to "Protect" the fitness industry.

I have no idea of the direction IHRSA wants to take, but I can tell you this: there are a LOT of disgruntled IHRSA members out here, particularly among, we believe, the poorly-served smaller independents. I fear that, like a club which gives only well-intended lip service to its constituents, IHRSA is doing the same thing and is in danger of losing hundreds more member clubs in the near future. I don't want to see that happen, but at this point it seems likely to me. That is also why I said that I believe a new club association may soon emerge.

Club Insider- Well Michael, as I have said to you before. I hear you. I know the issue exists. I am PRO IHRSA all the way, but the beauty of the Association is that we have terrific people serving both on the Board of Directors and we have a 23+ year Executive Director, Big John McCarthy, who has assembled a really deep, dedicated and long-standing team of great people who are extremely dedicated to their jobs. My money is on IHRSA. I think, as in the past, as we have worked through Association issues, IHRSA will hear you and most importantly, your clients, and they will "adjust". It is not simple.

But, at the same time, it is not so complicated that positive initiatives cannot be created. In fact, IHRSA is planning a member "Networking Forum" at the Convention in Las Vegas where the entire Board of Directors will be present to sit down at round-tables and hear person to person how your clients feel. Be sure Michael, to urge your folks to attend this Las Vegas Convention so their voices may be individually heard.

Q. So Michael, let me summarize here for the record. You and your clients feel that IHRSA is paying too much attention to the big independent clubs and the chains and not enough attention to their needs. So, how about helping us "fix" IHRSA by providing some very specific suggestions to the IHRSA Board and Executive Management Team. Frankly, this is a very important question for you to answer Michael, because we need to get YOU and YOUR CLIENTS back on board the "IHRSA Band Wagon" so that your clients actually do take advantage of the many, many terrific opportunities IHRSA provides them to improve their clubs. Michael, I hope you and your clients will remember that all roads lead to Las Vegas for the IHRSA Convention, March 22-25th and we need you all to be there at the IHRSA Member "Networking Forum!"

Scudder's Suggestions On IHRSA

So, what are your suggestions to IHRSA to better serve the "small"?

(See Michael Scudder Page 18)

HealthandWellnessJobs.com

Find the Fitness Pros!

We post jobs specifically for health and fitness clubs

- Group Exercise Leader
- Exercise Specialist • Club Managers
- Personal Trainer • Pilates Instructor
- Membership Sales • Nutritionist/Dietitian
- Massage Therapist • Yoga Instructors

HealthandWellnessJobs.com

Phone: 281.794.7879 / Email:
 scott@healthandwellnessjobs.com

Join Ray Wilson's



Over the course of my fifty year "plus" career in the Fitness Industry, I have managed to stay ahead of the pack by recognizing the needs of the people and the times in which they live.

In the 1950's, Vic Tanny and I created gym chains. In the 60's and 70's, I created spas which the majority of the industry copied for over 20 years. In the 70's, I also designed the world famous Lifecycle Exercise Bike, which has been used by more people in fitness centers than any other exercise bike. In the 1980's, I created and developed Family Fitness Centers of Southern California and Western America. In the 90's, I created Ray Wilson's California Fitness Centers in Asia. The whole fitness industry has pretty much catered to the intimidating "hard body" market, leaving 80% of the market really wanting fitness, but no place to go! My new half hour, 30 second workout will now bring fitness to this huge market.

So, in this new Century, I believe we will lead the fitness industry with Figure Magic Express and Ray Wilson's Healthy Exercise. Join us in the next phase of the evolution of exercise.

If you are interested in Brokering, Franchising or a Fitness Equipment Distributorship,

Please contact us at www.rayawilson.com or call Toll Free at 888 437 0001.

Franchises Now Available Two Concepts...Two Opportunities

Figure Magic™
Express

Reducing and Exercise Studios for Women



Women's Only Franchises

Rancho Bernardo, California
1,000 to 1,200 Sq. Ft.

FIGURE MAGIC EXPRESS

- Figure Magic is an exclusive women's exercise studio.
- The newest and most complete 16 station interval circuit training system.
- An organized program, removing all the guess work that normally exists with a traditional health club in 30 minutes or less.
- Studio size varies between 1000 and 1200 square feet.
- The studio is open during the most popular workout hours:

Monday-Friday 8:00am-1:00pm and 4:00pm-7:00pm

Saturday 8:00am-Noon • Closed Sundays

Hours may be increased at the option of the operator.

Franchise fee - \$19,995

Includes 16 Stations

Monthly Royalty fee - \$395



Healthy Exercise™



Co-Ed Franchises

Temecula, California
1,500 to 3,000 Sq. Ft.

RAY WILSON'S HEALTHY EXERCISE

- Ray Wilson's Healthy Exercise studio is for both adult men and women.
- The workout program focuses on total muscular and cardio development, completely eliminating the need for aerobics and personal training in 30 minutes or less.
- The newest and most complete 24 station interval circuit training system.
- Packages up to 55 stations, *additional equipment cost*
- The studio size can vary from 1500 to 3000 square feet.
- The size of your studio varies to your local market and investment criteria.
- The studio is open the most popular workout hours.

Monday-Friday 8:00am-1:00pm and 4:00pm-7:00pm

Saturday 8:00am-Noon • Closed Sundays

Hours may be increased at the option of the operator.

Franchise fee - \$29,995

Includes 24 Stations

Monthly Royalty fee - \$395



Latest Ventures

Franchising, Licensing, entering a Joint Venture, purchasing or just buying Exercise Equipment...



Healthy Exercise



Figure Magic Express

Debbie

"I needed a gym that I could feel comfortable enough to go to on a regular basis. After only a month, I lost 14 lbs and 19 inches."

No longer intimidating.

Dulce

"One year ago, I weighed 215 lbs. and was a size 18. Today, I weigh 150 lbs and a size 8. The key to my success has been the support I get at Figure Magic."

Barbara

"I lost 22 lbs and 17 inches in 5 months.

I feel like I have my own personal trainer at Figure Magic. I feel a lot of encouragement each time I work out."

There's no confusion, you'll know exactly where to begin and where to stop.

Our Franchise Exercise Studios are Designed for Maximum Results in Minimum Time.

OWN YOUR OWN BUSINESS

Turn-key Exercise Studio... Where

- You can control your earnings
- You can make a difference in people's lives
- You can promote healthy lifestyles to women and men through our "1/2 hour - 30 second interval circuit workout"

Receive the Following Support and Services

- Guidance for site locations
- Design guidelines for constructing a studio
- A multi-station exercise equipment package
- 5 Day Training program
- Complete Operations Manual

90% of Franchises remain in business. (US Department of Commerce)



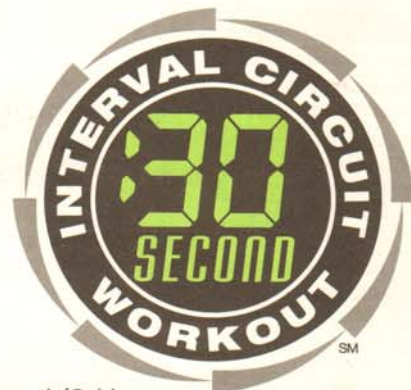
Charles and Nancy

"After the cardiologist told me "you're in poor shape, you need to exercise, and you need to lose weight", we joined a week later and my body fat dropped over 7% and I lost 10 inches. We now look forward to waking up and getting to Ray Wilson's Healthy Exercise each morning."

It's quick and easy!

Ron and Mindy

"Over the years, we have experimented with different fitness programs, and have found yours is the most impressive and produces the best results. We have both lost inches, weight and improved our muscle tone. Our results are due to the ability to come in, get on the circuit and get the workout finished."



1/2 Hour

30 Second Workout!

Don't Compromise...
Healthy Exercise
"Ray Wilson"

If you act right now, you can be open for January's New Year's Resolutions!

For a complete list of our equipment & prices please check our website at www.exerciseexpressintl.com

**All Pricing in US Dollars & Does Not include freight charges, broker's fee, customs, duty, taxes, etc.*

Limited Time Only - Prices Subject to Change Without Notice

1 (888) 437-0001 • +1 (619) 437-1883 • Fax +1 (619) 437-4110 www.exerciseexpressintl.com

| OFFERING BY PROSPECTUS ONLY |



...Michael Scudder

continued from page 15

1. I would suggest that IHRSA appoint a person to be a "liaison" for the "small-independent" club sector that is composed of many of my clients. This person's job would be to facilitate interaction between this giant Association and this important health club industry constituency.

2. Develop and provide educational content delivered at the IHRSA Show that is specific to and pertinent to the independent small club operator. For this purpose I would define the "small club" as 20,000 sq. ft. and under.

3. I urge IHRSA to recognize that a small club is not just a cut down version of a bigger club. They must understand that the layers of management simply are not there, as there is in a 25,000, 50,000 or 75,000 sq. ft. club. Small club operators must successfully wear many hats in their operation. The owner may be the manager, the sales manager and perform a whole lot of other jobs besides. So, information has to be pertinent to the small club operator, not to the general

problems of the industry. That has been a factor I believe that has been missed over all these Conventions they've had over the years.

4. I urge IHRSA to reach out regionally. They may feel they are doing that through the existing regionals such as THRSA, NEHRSA, MACMA, organizations like that. But, if you really look at those regional organizations, they struggle and can barely pay a full-time Executive Director. There is just one successful regional organization, NEHRSA! What I am saying is there needs to be a better job done of coordination of the regionals to be a part of IHRSA. What I am talking about is getting a link between those regionals educationally, but more than that, developing an IHRSA regional educational tour.

"Scudder Tour"

Q. Discuss the "content" of your 2004 Seminar Tour.

A. Geez, thanks for getting me out of that lion's den!

Our 2004 tour will take in about a dozen cities, and the primary subject of my one-day seminars will be "Building An

Outrageously Profitable Personal Training Business." It's the hottest subject out here presently, and I share how Fit For Life went from less than \$30,000 annually in PT revenue to over three-quarters of a million dollars in just six years, including a comprehensive Twelve-Step process on "how to do it."

I actually initiate my "tour year" in the fall of the previous year, so while Personal Training will be the thrust of the winter-spring-summer dates, my fall schedule will kick off with a new series, probably "Strategic Business Thinking." I am also currently talking with the principals at Apex about developing a session on weight management in our tour this year.

I'm pretty uncomfortable promoting myself in interviews like this, so suffice it to say that these one-day events are really worth it for club owners and managers, and are something you will not get anywhere else in the country this year! Again, interested persons can contact me for particulars. I do want to note that we will be doing some "co-op events" this year, and the first one is with NEHRSA in Boston on February 12.

Q. Michael, any other subjects you would like to cover in closing this interview?

A. Yeah, just one...but before that, THANK YOU, Norm for this wonderful honor of being the "poster boy" for one of your issues. I am truly flattered and hope that I have given your readers some things to think about. I appreciate it...and I appreciate you, Norm Cates, and all you do every day for this great business of ours.

The subject I'd like to make brief mention about is what I call "Strategic Thinking." I don't see enough of it around our industry these days. I still see too many people coming into the business with absolutely no management experience, no idea of how to truly serve people and no clue on how to run a real quality club.

I don't see many business plans, marketing plans, three-year and five-year plans, or Mission Statements. It's almost like operators open the doors with the "Field of Dreams" theory: "Build it, they will come." And "We'll figure out what to do with them once we get them." I see little strategy, little understanding of common-sense

business practices, and little ultimate concern for the club's members.

I want to see more strategic thinking introduced into our industry, and I am going to devote my "Club Insider" column this year to practical applications of strategic thinking, in hopes of making an impact on at least a few dozen owners and managers.

Club Insider-Michael, thank you for this in-depth interview.

Thank you, Norm...and thank you to all my friends around the world who toil every day in this special business called "health clubs." In the words of my Lakota elders, you are "tiospaye" - extended family.

To contact Michael Scott Scudder, email him at scuddertour@directway.com or call 505-690-5974.

(Norm Cates, Jr. is the Publisher of *The CLUB INSIDER News* and a 31+ year veteran of the health, racquet and sportsclub industry. Cates was the 1st President and a Co-founder of IHRSA in 1980/81. In March, 2001, Cates was honored by IHRSA with its DALE DIBBLE Distinguished Service Award. Cates may be reached at: clubinsidernews@mindspring.com or 770.850.8506.)

Coming Soon

**THE TOTAL SOLUTION
 FOR TOTAL SUCCESS**
 Marketing • Equipment • Programming



WARNING!

Be prepared to increase your cash flow!

Is your bank controlling your growth?

Are you looking to expand?

Do you need to renovate?

NO PROBLEM!

The process of converting your membership contracts into cash is called factoring. You can immediately gain access to the cash you need without all the hassles of a bank loan.

Fair Finance has specialized in factoring membership contracts since 1934.

We offer a wide range of services including:

- Membership Factoring •
- Portfolio Management Services •
- Front Desk Member/Management Software •
 - Renewal Programs •
 - Payment Processing •
 - On-Line Access •
 - EFT Programs •

Factor your contracts today!

The process is simple, fast and financially rewarding!



Since 1934

1-800-735-3247

www.fairfinance.com

E-mail: sales@fairfinance.com

...2003 In Review

continued from page 3

On December 26, 2003, Judge James Flannery ruled that Moore's Fitness did not have "standing" to bring the action in the Warren County Ohio Court of Common Pleas. It has been learned that Joe Moore is considering an appeal of the court's ruling and may also pursue a jury trial on counts three and four. At this moment, this is the extent of information on this matter.

However, Judge James Flannery's decision and the subsequent dismissal of the lawsuit against Pulliam's interest leave one MAJOR QUESTION NOW. That question? Will the IHRSA Board of Directors, who received two formal written complaints last year from at least two other Ohio IHRSA member club groups in Ohio, take action

to enforce the Association's Code of Conduct and Ethics Policies?

Due to the significant coverage of the Moore's Fitness World vs. Gold's Gyms lawsuit, we postponed Part II of the "History of the Health Club Industry" until our August, 2003 edition. In addition to our cover story on the Moore's Fitness vs Gold's lawsuit, page #3 of our July edition contained reports on the closing and seizure of two Gold's Gyms in Arlington and Fort Worth, Texas. The Gold's Gyms were closed and seized by the Texas State Revenue Department due to past due sales taxes amounting to \$285,447.53. Scott Theringer is the Owner of the two Gold's Gyms and several others in the Dallas/Fort Worth, Texas Metroplex. Also on page #3 we reported on an agreement in New York State between Attorney General Elliott Spitzer's

Office and Gold's Gyms International, Inc. stipulating that GGI, Inc. would require its 32 Gold's Gym franchisees to post performance bonds as required by State law, something many of the Gold's Gyms had not done.

Lucille Roberts, an immigrant from Tajikistan (formerly part of the USSR), passed away at age 59 from lung cancer on July 19, 2003. May Lucille Rest In Peace. Lucille's 50 women's-only clubs served 200,000 women in the New York City area. Steve Tharrett, Vice President of Club Corporation of America, announced a deal in New York City with the Downtown Athletic Club to build a new DAC which will be 100,000 sq.ft and will be housed in a 600,000 sq.ft. office building, along with a 40,000 sq.ft. Heisman Museum and College Football Hall of Fame. Tom Pear was promoted to CEO of Pat Laus' amazing Atlantic Club near the Jersey shore. Paul Toback, a Lee Hillman protégé, was named to replace Hillman as CEO and President of Bally Total Fitness. Kirk and John Galiani, of the "G" Group, announced they would install 7 new Gold's Gyms in the Raleigh, Durham, Chapel Hill, North Carolina Research Triangle Area. The Galiani's announced in December, 2003, an alliance with the 5 Pulse Fitness Centers in the Raleigh, N.C. area. Jim Gerber, Founder and head of Western Athletic Clubs in California, announced that the WAC would donate \$200,000 to the University of San Francisco's Sports Philanthropy Program, \$15,000 to the San Francisco Boys and Girls Clubs and \$12,000 to the Brian Botano Youth Skating Initiative. And, Wellbridge announced the appointment of Harris White as its new Chief Financial Officer. White move to Wellbridge from Sage Hospitality Resources, where he also served as CFO. Club Corporation of America announced a major refinancing of its debt through Pacific Life (\$500 million), GMAC (\$61 million) and Textron Financial Corporation (\$56 million). Life Time Fitness announced that Nokia had signed on as the Presenting Sponsor of the newly created 2003 Life Time Fitness Triathlon. The Nokia sponsorship enabled the Life Time Fitness Triathlon to offer a \$500,000 purse, the largest ever for a triathlon event. I announced a "Gym Wars Meeting" to be held in Cincinnati, Ohio, on August 14, 2003. Tom Fiorini was very kind to host the

meeting at the beautiful Sports Club Cincinnati.

Casey Conrad's Healthy Inspirations update announced that after 3 years of very successful operation and growth, H.I. had 65 licensed or franchised locations in 20 states and 5 countries. Stay tuned as more big news is coming in soon from Casey and Healthy Inspirations. We published an article by Karen Woodard entitled: "Check-Up for Leadership Success," an article by this month's cover guy, Michael Scott Scudder entitled: "As I See It" - "Pet Peeves",

August 2004



Our "History of the Health Club Industry" - Part II cover artwork shown on this page was of the Gotham Health Club in New York City and was provided to us for publication by the one and only, Bob DelMonteque. The August page 3 stories in addition to Part II included the rare placement of one of my normally page 4 The "Insider Speaks" editorials in which I published paragraph by paragraph the contents of a letter from Mr. Job D. "Darby" Turner, Esquire, Counsel for Royce Pulliam. In Mr. Turner's letter, he accused me of unethical publishing and of publishing false allegations. In my responses, paragraph by paragraph, I responded with rebuttal including sworn statements by former Pulliam employees, Chris Norris, James Zurlinden, Brandon Rayl, and a Cincinnati area club General Manager. The third article that appeared on our August page #3 was a brief report about Flex Equipment Company and Gold's Gym Holding Corporation being hit by a California Superior Court judgment for over \$23 million in a case where a California man's spinal cord was injured using a Flex machine and became a quadriplegic.

We reported that Geoff

Dyer's Lifestyles Family Fitness Centers in the Tampa, Florida area had ordered and were installing Automatic External Defibrillators (AED's) for all 17 of their clubs. "Good-on-ya!" mate! We reported that Ken Melby would receive Wally Boyko's Lifetime Achievement Award in Las Vegas in September. We reported that one of the Gold's Gyms in the Fort Worth, Texas area, that had been closed the Texas State Revenue Department for past due taxes had been reopened on July 23rd at 8 a.m. It was reported that Nautilus Chairman and CEO, Brian Evans, had appointed Gregg Hammann to be the new President and Chief Executive Officer, replacing Kevin Lamar. We also shared that Brian Evans, the owner of six American Family Fitness Centers in Richmond, VA. Had appointed Yvonne Nelson as Director of Corporate Wellness. It was announced that Bally Total Fitness had been named Sport Illustrated Magazine's "official search partner" for the first ever Nissan Presents Sports Illustrated Fresh Faces Swimsuit Model Search. "Gary Klencheski announced that Boston's Fitcorp was adding three new centers. And, we reported that Julia Wheatley had announced in a letter to her members and community that she was closing her "Women's Fitness" Club and that Julia had agreed to provide The CLUB INSIDER News with an article chronicling this tough experience. We did publish that article in our September edition. The Spectrum Clubs announced that they planned to double their number of clubs (19) over the next three years. Financial reports from two of America's top operators, Jerry Noyce, CEO of Health Fitness Corporation and Mark Smith, TSI CEO, were very promising. I bid a fond farewell and best of luck to my son Justin Cates as he embarked for his Freshman year at the University of Georgia. He did well there his first semester, earning a 3.2 G.P.A. while juggling his duties as our Computer Layout Director and Webmaster. But, he is fully capable of delivering 3.4, 3.6 or greater grades and I have given him this input and challenge. Stay Tuned.

We published Michael Scott Scudder's inaugural "Small is great" article. Michael just keeps on producing helpful, informative articles for America's "smalls", clubs 20,000 sq.ft. or less. (See 2003 In Review Page 22)

For subscriptions to any of these magazines, visit our website at:

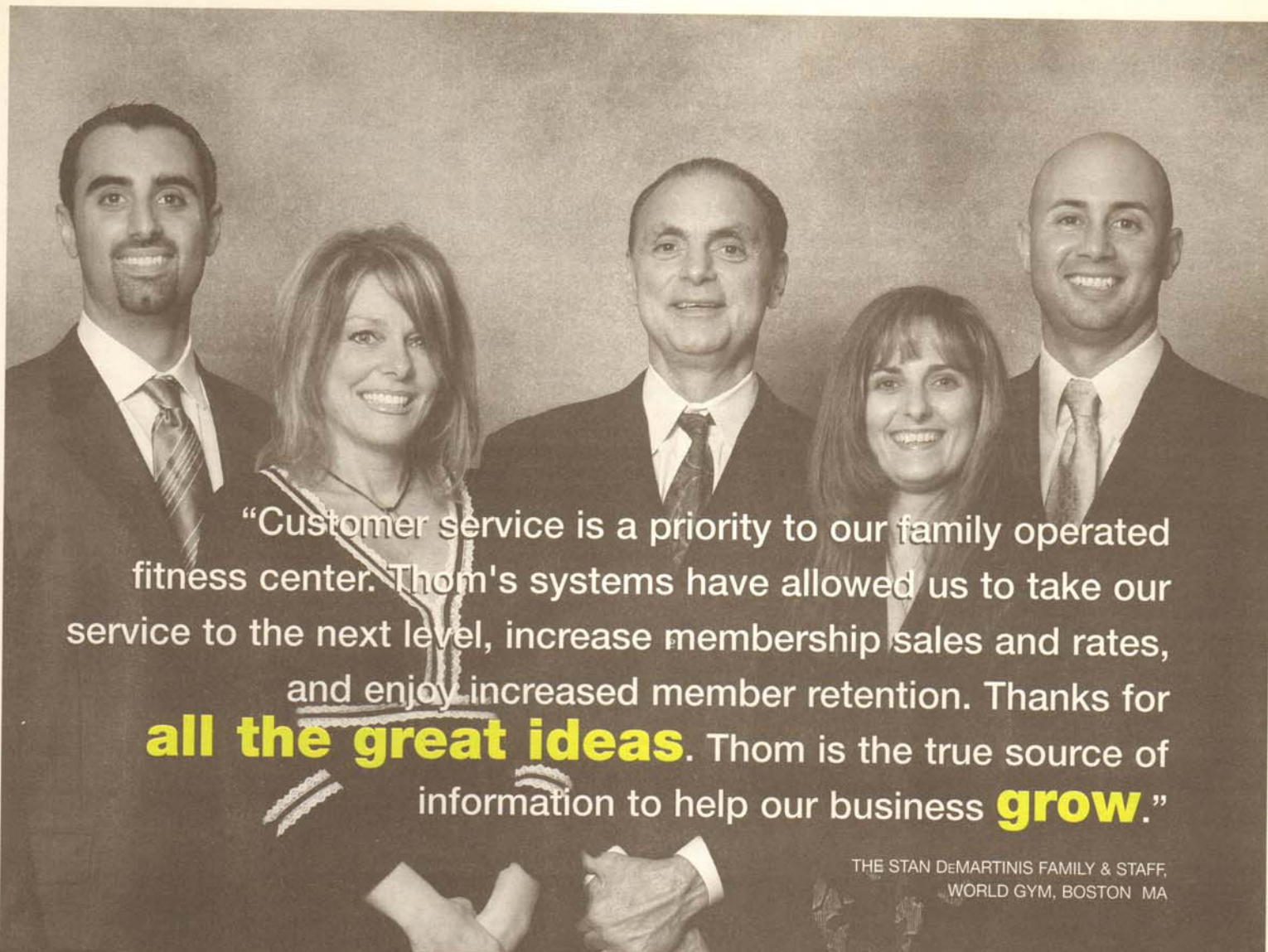
<http://www.fitnessmanagement.com>

For advertising, call your representative today

Chris Ballard/Publisher
 323 801-0189
 Chris@fitnessmgmt.com

Andee Bell
 614 921-8827
 Andee@fitnessmgmt.com

Scott Christie
 512 828-4240
 Scott@fitnessmgmt.com



"Customer service is a priority to our family operated fitness center. Thom's systems have allowed us to take our service to the next level, increase membership sales and rates, and enjoy increased member retention. Thanks for **all the great ideas**. Thom is the true source of information to help our business **grow**."

THE STAN DeMARTINIS FAMILY & STAFF,
WORLD GYM, BOSTON MA

BOOKS . EDUCATIONAL SEMINARS . WORKSHOPS . PRODUCTS

*Thomas Plummer is one of
the most sought after,
influential educators, speakers
and writers in the fitness business,
Author of **The Business Of Fitness** and
Making Money In The Fitness Business*

**Call now for a
seminar location
near you!**

THOMAS PLUMMER COMPANY

Power To Make Money In The Fitness Business

START TODAY! CALL 800-726-3506 . WWW.THOMASPLUMMER.NET

Meet our partners for your success:
ABC Financial

Apex
Body Training Systems
Fabiano Designs

Cardio Theater
ClubCom
City Blends

FitnessInsite
Free Motion
IHRSA

NASM
Perform Better
Promocoach

Star Trac
SUN Ergoline
Susan K. Bailey Advertising

...2003 In Review

continued from page 20

September 2003



Ray Wilson and his staff at his Temecula, California "Ray Wilson's Healthy Exercise" facility (shown in front of the exterior of the club) were our cover subjects for September. Our cover and page #3 headlines read: "Ray Wilson Is Blasting Into the 21st Century With

The Goal of 10,000 Health Clubs! This is an amazing story and if anyone BUT Ray Wilson was suggesting such a possible achievement, nobody would pay any attention. But, this is Ray Wilson, our industry's 75 year-old, 52-year health club veteran making these statements and by now, EVERYBODY in this industry is paying attention. We first reported on Ray's "Healthy Exercise" and "Ladies Figure Magic" chains in our June, 2003 edition. And, we have published several follow-up reports in our May, June, July, August and the September issue. It is good to see also that CBI Magazine, the National Fitness Trade Journal and Club Industry Magazine have also published reports on Ray's activities. I can tell you all this. Ray is America's #1 creator for health clubs over the past 50 years and I would bet money, if I had it, that he will be successful with his "Healthy Exercise" clubs because they are SO based upon the realities of what has and is going on in the health club industry and his concept literally

attacks the industry's biggest challenge today. That challenge? How to attract the 170 million or more obese or significantly overweight Americans and get them involved in regular exercise. STAY Tuned! Our page #3 also included our History of the Health Club Industry, Part III and an article about Ken Melby receiving Wally Boyko's Lifetime Achievement Award at the National Fitness Trade Journal Conference and Trade Show in Las Vegas in early September, 2003.

Our "Insider Speaks" page four editorial included two things: 1) a short memo about the terrific article in our September issue written by Julia Wheatley entitled: "How To Close A Club" and 2) my comments about how our industry needs to get on the stick with our own "Self-Regulation" before the government does it for us. Actually, the government is already doing it for us. But, it is not too late to avoid things like what is happening in the wireless industry.

We reported that Judge James Flannery, the Judge in the Moore's Fitness vs. Gold's Gyms, et.al. Royce Pulliam's group, had conducted a hearing on September 11, 2004, but the hearing had been postponed after Judge Flannery heard opposing arguments. The postponement was issued without

any rulings on this landmark case, except for the early June court order that the Gold's Gyms must rewrite & begin to use a new contract. I mentioned that we would celebrate the 10th Anniversary of The **CLUB INSIDER** News with our upcoming October, 2003 edition. I also mentioned our 10th Anniversary Party planned to be held at the IHRSA Convention and Trade Show in Las Vegas. I have set the date for the party and it will be on March 24th at a site still being negotiated. Herb Lipsman, President of Development for the Houstonian Hotel, Club and Spa, had announced a new chain of "Houstonian Lite", 12,000 sq.ft. facilities with the first "Lite" location in Sugarland, Texas. The Redstone company, owners of the Houstonian, announced it has completed a \$10 million expansion, including a new 27,000 sq.ft. spa! Lee Hillman, former Chairman, CEO and President of Bally Total Fitness, was named to the HealthSouth Board of Directors. Bahram Akradi, America's current leader in developing the biggest clubs, announced their 32nd location. I toured that location in Garland, Texas in November and I can summarize what I saw in one word. Amazing!

We published a full-page letter to the industry from industry

icon and pioneer, Ray Wilson. If you have not read that letter, you should. We also published Julia Wheatley's article entitled: "CLOSING YOUR CLUB" The Who, What, When, Where, Why and How's of the Health Club Industry's Toughest Challenge." This amazing article provides an enormous amount of information on how to do a club closing correctly. FYI, shutting down and moving equipment in the middle of the night is not the correct way. It is not good for your heart and soul, for the industry, for your community and it especially not good for your family. So, if you have not read Julia's article, you really should. Michael Scott Scudder's "smalls" article was entitled: "Can Smalls Compete With 'Bigger-Box' Players?" I published an article about the Midwest Regional Meeting I conducted in Cincinnati, August 14, 2004. And, we published a brief "Body Training Systems Update" further chronicling the great success club owners are achieving with my friends, Rich Boggs' and Ray Irwin's, Body Training Systems. (See the latest BTS Update article in this issue, pg. 30)

See Next Month's February Edition for full recaps of October, November and December 2003.

Norm Cates'®
THE Club Insider
 NEWS

INFORMATION REQUEST

If you would like to receive information from or be contacted by advertisers in this issue just clip or photocopy this form, mark the block(s) of the respective companies, complete the information requested in the blanks and fax to the number shown.

____ Please mail information to me ____ Please contact me at the number written below

Name: _____
 Club or Company Name: _____
 Address: _____ City: _____
 State: _____ Zip: _____
 Phone #: (____) ____ - ____ Fax #: (____) ____ - ____
 E-Mail: _____

Club Insider News Advertisers

____ Ray Wilson Ventures - Pg 16 & 17	Fax#:(760) 431-1974
____ Med X - Pg 32	Fax#:(352) 373-1507
____ CheckFree Corp - Pg 2	Fax#:(678) 375-3304
____ Sales Makers - Pg 7	Fax#:(845) 736-0508
____ Affiliated Acceptance - Pg 9	Fax#:(816) 753-1429
____ Springfield Corp - Pg 8	Fax#:(770) 729-0995
____ Body Training Systems - Pg 31	Fax#:(770) 424-1590
____ Fit To Go - Pg 18	Fax#:(662) 841-1720
____ ActivTrax - Pg 14	Fax#:(301) 840-0041
____ Fitness Management Mag - Pg 20	Fax#:(323) 964-4837
____ National Gym Supply - Pg 11	Fax#:(310) 280-0937
____ Friday Reports - Pg 12	Fax#:(212) 987-4227
____ Fair Finance - Pg 19	randym@fairfinance.com
____ ABC Financial - Pg 13	Fax#:(501) 992-0851
____ SolRac Impact Design - Pg 24	Fax#:(770) 947-8004
____ JLR Associates - Pg 10	Fax#:(781) 431-0890
____ IHRSA Convention - Pg 23	Fax#:(617) 951-0056
____ Thin And Healthy - Pg 29	Fax#:(419) 991-6983
____ Thomas Plummer Company. - Pg 21	Fax#:(508) 833-3074
____ Ivanko Barbell - Pg 25	Fax#:(310) 514-1363
____ Iron Grip Barbell - Pg 27	Fax#:(714) 850-6910
____ Scudder Tour - Pg 22	Fax#:(505) 751-4220
____ JMC & Assoc - Pg 5	Fax#:(847) 242-0641
____ HealthandWellnessJobs.com - Pg 15	

scott@healthandwellnessjobs.com



I can help you get the extra dollars into...and out of... your business.

- Personal Training and Group Fitness Profit Centers in Your Club
- NEW! Visual Sales Methods
- Member Retention Strategies
- NEW! Online Training and Webinars
- Club Valuations

2004 Workshop Schedule:

- TH 2/12 - Boston, MA
- WED 3/10 - Tulsa, OK
- FR 3/12 - Dallas/Ft. Worth, TX
- TH 4/29 - Birmingham, AL
- WED 5/5 - Mahwah, NJ
- FRI 5/7 - Albany, NY
- WED 6/9 - Portland, OR
- WED 6/11 - Seattle, WA
- FRI 9/24 - Newark, DE
- TH 10/28 - Hatfield, PA
- WED 11/10 - Short Hills, NJ
- FRI 11/12 - Newburgh, NY

** 2 1/2 day Personal Training/Group Fitness special workshops in Fort Worth, TX: Jan-Apr-July-Nov **

MICHAEL SCOTT SCUDDER

- Management
 - Member Marketing
 - Training/Coaching
- for select Clubs and Fitness Facilities

Facilities

PHONE:

(505) 690-5974

EMAIL:

scuddertour@direcway.com

WEB:

www.scuddertour.com

REGISTER BY FEBRUARY 15 AND SAVE \$50



New Sessions and Opportunities
FOR INDEPENDENT CLUB OPERATORS:

- ◆ Networking Forum with IHRSA Board, Tuesday 3/22 at 4pm
- ◆ Fair Competition Forum
- ◆ Forums on Sales, Service, Human Resources, Marketing, PR and Programming
- ◆ "Owning and Operating a Small Club in a Small Town"
- ◆ "Creating Leaders in Your Club"
- ◆ "Pilates for Profit" (panel discussion)
- ◆ "How to Capitalize on the Obesity Epidemic"
- ◆ "Retention is a Team Game"



PLUS: Get ready for *GET ACTIVE AMERICA!* with an exciting Kick-off Rally Monday at 6:00pm.

REGISTER BY FEBRUARY 15th AND SAVE \$50

FOR MORE INFORMATION OR TO REGISTER:



- ◆ Call Member Service at 800-228-4772 or 617-951-0055
- ◆ Visit www.ihrsa.org/ihrsa2004



THE INTERNATIONAL HEALTH, RACQUET & SPORTSCLUB ASSOCIATION

im'pact *n. collision, resulting effect; consequence, impression* [the effect of having power over a thing or a person, to exert influence over]

You want your facility to sell it self, however, having rows and rows of the latest cardio and weight training equipment may intimidate the 80% of the population that doesn't belong to a health club.

The solution, use color and design to make the environment of your club appealing and inviting...give your club **IMPACT!**



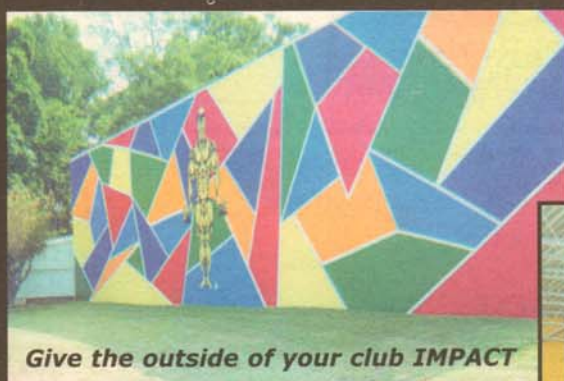
Give your locker rooms **IMPACT**



Give your child care area **IMPACT**

It's more than a paint job, but less than a construction renovation. It was one of the best investments I've ever made.

Terry Brasseale,
Iron Works Fitness,
Huey Town, AL



Give the outside of your club **IMPACT**

I've used IMPACT Painting in several of my clubs. I know the Design & Painting are good for business because my numbers increased each time I used them.

Al Phillips, Owner of 5 World Gyms, Chicago, IL

We've used Carlos Dixon and his people at IMPACT DESIGN, Twice...And each time they've come through with "Flying Colors"!

Wayne Kosbie, Owner of Towne Lake Fitness, Woodstock, GA



Give your cardio area **IMPACT**

Our club was a year old and we had plain white walls. After IMPACT worked with us on our logos and some exciting colors in the daycare and aerobics rooms our new member numbers increased and our retention rate has been incredible. We should have done this sooner.

Velvet & Chris Eidson: Owners of World Gym,
Jacksonville, FL



Give your free weight area **IMPACT**



Give your cardio area **IMPACT**



Give your entire facility **IMPACT**

Interior Design Consulting Solutions
General and Specialized Painting
Logos - Wall Murals -Faux Painting



Exciting, Energetic
Affordable
Call (770) 621-7770
extension #1

DESIGN NO. 87
RUEZ-45

DESIGN NO. 55
OMEZS-45

DESIGN NO. 43
OMEZH-45

DESIGN NO. 71
ROEZH-45R
ROEZH-35B
ROEZH-25Y

DESIGN NO. 62
ROEZH-45

WHO WANTS TO LIVE IN A ONE-SIZE-FITS-ALL WORLD?

Each club has a unique vision of how to differentiate their facility and equipment from the club down the street and across town. That's why Ivanko offers the industry's broadest assortment of original, patented designs and vibrant visual looks. Club owners and members tell us they appreciate the clean eye appeal almost as much as the superior performance, safety, and durability. Available in pounds and kilos, what you see and feel in Ivanko plates comes from 36 years of thinking outside the one-size-fits-all world.



See your rep for
IVANKO'S PLANOGRAM
to help you determine the
proper amount and ratio of
Ivanko plates to your equip-
ment

IVANKO®

Engineered Passion

Membership Growth

Using Exercise Adherence Strategies

By: Karen Kirby

After 24 years of putting people on exercise programs, I know one thing for sure: **consistency is the key.** Fitness professionals can have college degrees, multiple certifications and years of experience. We can write the best exercise prescription, spend plenty of time making sure the member understands the exercises and display superb customer service skills. Our club can have great equipment, clean locker rooms and great member programs. The reality is, if we, as a fitness professional or a club team, cannot get the member to repeat the exercise experience a couple of times a week for several weeks in a row, the member will get few, if any, results and will most likely stop using our club.

Another crazy truth is every day people in our clubs do not even get to meet with a quality fitness professional. They get bad exercise advice, start the wrong program and experience a poor choice of exercise design on a consistent basis. And what happens? They get great results. What? They get great results? Yes, because consistency is the key to good health and great results. And only the individual's internal motivation, also called self-efficacy, can drive him to be consistent. *As a club team, we must understand this reality and make our first priority doing whatever it takes to get our members to repeat the exercise experience on a consistent basis.*

How in the world do we do that? I do not think anyone has all the answers, but I do think that the suggestions given by the American College of Sports Medicine's "motivational strategies for improving exercises adherence" is a good start. It offers us great direction while planning our member retention programs and exercise program designs.

Recruit Physician Support of the Exercise Program

How true is this! There is nothing like a health crisis to motivate a member to join a club

and take consistent exercising seriously. Let's network with medical professionals every chance we get. Medical professionals who believe and practice the power of exercise as medicine will be the best referral source we can grow.

Minimize injuries and/or complications with a moderate exercise prescription

I should hope so. Every new exerciser needs a beginning program they can complete with *confidence and competence.* Fitness professionals often make the mistake of giving initial exercises that are too hard and too much. Just because the member looks fit, says he wants to work hard or it seems easy to you, does not make it the right program. Err on the side of safety. When new exercisers experience soreness, fatigue and injuries, motivation to continue does a nosedive.

Advocate exercising with others

Sandy Coffman explains how our new members choose to join a club, our club, and we immediately introduce them to a machine. What are we thinking? Get them in a league, with a partner or in a group class. Camaraderie creates consistency.

Emphasize variety and enjoyment in the exercise program

It is true; some folks love doing the same exercise routines, but most do not. Our job is to find out **in the first visit** what they like and make sure their initial program incorporates that. Is it the salsa class, the stability ball, racquetball or zoning out with their headset?

Provide positive reinforcement through periodic testing.

Bench marking members progress is motivating to them. On the other hand, the thought of having to have their body fat taken or complete a pushup test is enough to make some members never come back. Make sure whichever periodic testing you and your member

choose is one that provides positive reinforcement. Hint: Resting heart rate, blood pressure and energy levels almost always improve.

Recruit support of the program among family and friends

Our members make a huge time commitment to visit our clubs on a regular basis. The demands of children, aging parents and business partners can make it nearly impossible to have consistency of exercise. Provide lots of positive, low-cost opportunities for your members to share their exercise experience with their family and friends.

Include an optional recreational game to the conditioning program format

What? A game? Recreation? Well of course! If we need to get our heart rate up, wouldn't most of us like it to be doing something fun? Maybe throwing a ball, hitting a bag, jumping rope, standing sideways on one foot and patting our belly. Make them laugh and they will keep coming back.

Establish a regularity of workouts

Let's make an effort to begin by asking every member at what time and on which days of the week he will be doing his workouts. We see a BIG RED FLAG when he responds with "whenever I have time, I am not sure or I am going to try to come after work." Let us be respectfully honest about what it takes to make progress. Aggressively encourage your members to make a time commitment and their chances for a consistent exercise experience leading to positive results will soar.

Use progress charts to record exercise achievements

Most members love to put a check by their name, they smile with self esteem while marking that they attended the yoga class for the 3rd time this week. Record keeping, like benchmarking can be very

motivating. Ever wonder why we continue to use exercise cards and logs? Now you know.

Recognize participant accomplishments through a system of rewards

Humans like positive recognition. Use your creativity and list 100 ways to recognize and reward your members. There are so many IHRSA clubs that do an incredible job at this. Hint: members love to see their (and their kids) pictures on the wall.

Provide qualified, enthusiastic exercise professionals

Thanks to IHRSA and so many great certification/education organizations, unqualified fitness professionals should be a thing of the past. Unfortunately, the unenthusiastic ones may still be hanging around. What could be more exciting or more fulfilling than selling health? Who cannot be passionate about the potential for changing lives, for lengthening lives, or enhancing quality of lives? If your exercise professionals cannot embrace the foundation of why our industry exists, send them off to the club down the street.

Wasn't that a great list!



Karen Kirby

Take it with you to your next meeting; share it with your staff. This list is only part of the great suggestions ACSM offers for changing exercising behaviors. **One truth is absolute, as our understanding of exercise adherence grows, so will our memberships.** Implementing even a few of the above suggestions will give our new exercisers more reasons and fewer excuses to continue to repeat their exercise experience with us.

(Karen Kirby is President of Health Style Services and may be reached at KKirby1466@aol.com)

Make It Fun!

Norm Cates®
THE Club Insider
 NEWS

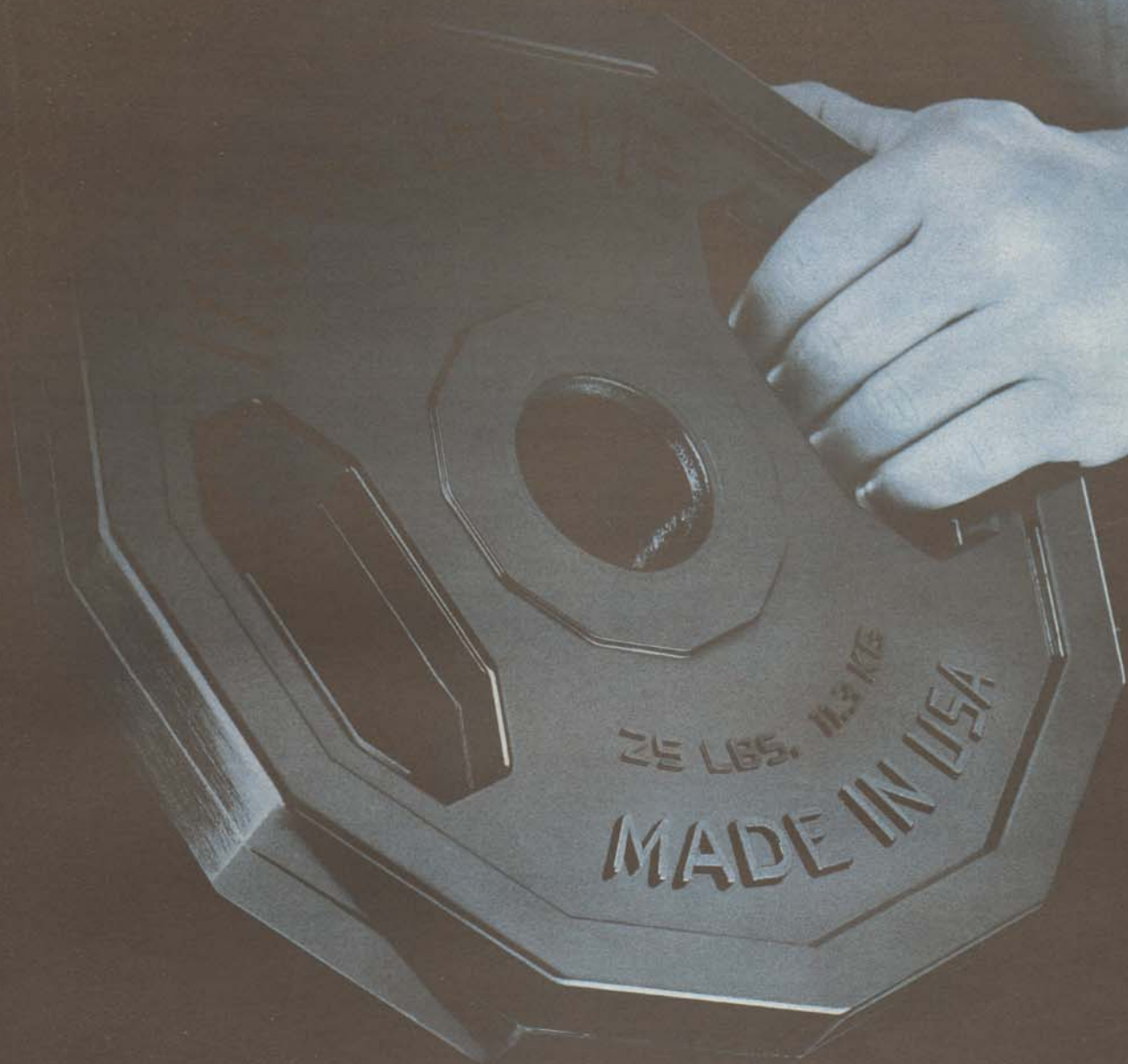
is seeking Contributing Authors
 -If interested please contact Norm Cates

(770) 850-8506

or Email:

clubinsidernews@mindspring.com

TO US, QUALITY WILL NEVER
BE A FOREIGN CONCEPT.



That's why we manufacture every Iron Grip product in the USA. Other free weights are manufactured overseas, which means you can't be sure what they're made with. Or how they're made. Or when they'll arrive. With Iron Grip, we establish the standards, we use the best materials and production processes, and we oversee the production. When you choose Iron Grip, you know what you're getting, and when you're getting it. For more information, call 800-664-4766 or visit us at www.irongrip.com



IRON GRIP
BARBELL COMPANY

How to Attract the Overweight Population

Part I of Three

By: Donna Krech

The following visualization will permit you to understand why our clubs have not typically attracted the overweight market up to now and what we can do to change that. Imagine... you've made your way through a large, grassy field, crossed a deep ravine, trekked your way through a dense forest, climbed a large, rocky terrain and finally scaled a steep mountain. What a workout! But hey... you feel grrrrrrreat!! Not only do you know how fantastic you feel, you also know a sense of accomplishment from achieving such a feat! And your confidence... well it's soaring! You're motivated beyond belief and psyched about the fitness level you've attained when you turn around only to behold the BEST part of your journey yet. The view from this place is unlike anything you've ever beheld! You can't find the words to describe the beauty! From the top of this fitness proving peak you can see lush, Kelly green valleys, crystal clear river beds and absolutely breathtaking scenes of eagles soaring, clouds rolling by and peaceful tranquility all around you. You see someone you care about at the threshold of the original field you crossed who is not a fit person. Your cell phone rings and it's that person. You're adamant about the beauty and want so desperately for them to experience it too. You convince them quickly and they want badly to join you. They want what you have. But, they don't know how to get there. They don't believe they can. They've never crossed such a vast field nor encountered a ravine, nor needless to say, climbed a mountain! With a hopeless, disappointed tone they tell you they'll just see you later. What do you do?! Of course you go get them! You **meet them where they're at** because you know they'll never be able to do what you've done without your help. You know their fitness level isn't high yet, so they may not make it all the way. But the view is one you so

want for them to see that you're willing to help them get there. **This, my fit friend, is how you attract the overweight market.**

I entered the fitness industry the same year I entered the weight loss industry, 1982. I've been working out for over 26 years and own both types of facilities (38 of them as a matter of fact), so I well understand your passion for the benefits of fitness because I live them everyday myself. However, what I realize, which is what some in our industry don't realize, is that I have to go to meet the weight loss member wherever she is, not expect her to come to where I am. I know exercise can work miracles, I know it takes years off my body and adds them to my life. I know I need it to survive in a stress-filled, light-speed world. But my overweight friend doesn't buy the idea without my coming to where he is, and starting her journey of falling in love with fitness from that point.

In parts II of III of this article I'll share steps on exactly how to do this. First, you need to understand where this person is and what he has actually been through, so let's look at some history that may surprise you.

In 1982 the weight loss trend leaned toward the quick fix. Liquid protein was in and the attitude in the business was that it was a short-term concept. So weight loss centers opened, sold all they could and closed (kind of like some of our fitness predecessors). The people in the fitness industry paid no mind to these concepts whatsoever. By 1988 the business had become product intensive. Jenny Cuisine and Nutri-System foods were the rave. The attitude in weight loss concerning fitness was simple, NO WAY!! We were taught that people gave us money so the scale would go down and we should actually CHASTIZE them if we found out they were exercising! As far as the fitness industry, the attitude concerning people who were overweight was, "You're fat, why don't you just join a club?!" The two worlds

were more separate than ever! By '94 the weight loss world still had no interest in fitness but recognized that members weren't keeping weight off. They decided to simply increase the nutrition education. Surely that would take care of it. WRONG! Some health clubs (my company included) were finally beginning to see the correlation and "added" weight loss to the club. We missed over 90% of the market that wouldn't set foot in club. *We were trying to get them to climb an unfamiliar mountain without our help; they needed us to go to where they were so we could teach them and they could then climb that*

Meet them where they're at!! Offer the benefits they're looking for and start meeting their needs, thus bring in the outside and be part of the solution!!!

mountain. Today, the most successful weight loss movements are about real benefits for real life and they're no longer product-intensive, but people and result intensive. Successful programs are helping members change eating AND behavior. This includes getting them to move! You could begin selling weight loss inside your club, but that would mean limited prosperity for everyone. If you really want to help the whole picture be better, go outside your club and bring new, overweight members in!

Some stats to help you meet this new member where they're at:

●Ninety six percent of those who ate the real foods they enjoyed while losing weight say **losing weight was easier and more enjoyable** than with prepackaged foods and, according to statistics, **kept their weight off 400% more** than the other group!!

●Those who follow a guided program for losing weight **lose 3 times faster** than those who do it on their own.

●Ninety percent of members who enroll in traditional

weight loss facilities are **NOT** exercising anywhere now.

●Overweight and obese people (who are not members of traditional weight loss facilities) say they don't exercise because they don't like it and/or don't have time to do it.

●Up to 80% of the members in traditional weight loss facilities have **NEVER** been members of a fitness club.

●Up to 40% of members at traditional weight loss facilities have **NEVER** been involved in any regular exercise of any kind. Ninety five percent of those who *have* exercised before say they stopped because they felt the environment wasn't

"for" them, 77% say they weren't motivated, 83% say it wasn't fun, 51% say they didn't see results fast enough, 89% say they didn't feel they were heard or understood (participants in poll were asked to check all answers that applied).

●One hundred percent of people in traditional weight loss facilities have **lost weight before**. When those who've lost weight before were asked why they believe they gained weight back, their response was, "I started eating again." They don't know how to enjoy their favorite foods and they DON'T know exercise is the miracle that will keep it off of them.

Our industry is THE industry that's called to affect the obesity epidemic that's running rampant in our country. Yet, the facts are clear- those who do



Donna Krech

need us are not coming to us. Why? They don't want to exercise! Can we help them? YES!! We just have to work on meeting them where they're at, not only letting them know how wonderful the view is from the mountain top, but actually going down to the valley to show them how to climb... at their pace and with their readiness of spirit, not ours.

(Donna Krech is the Founder and President of "Thin and Healthy" a Lima, Ohio-based club company. Donna may be reached at: - (419) 991-1223. Next month in Part II, Donna will explain exactly HOW to reach the de-conditioned population.) **STAY TUNED.** And, if you are not a **PAID SUBSCRIBER** you will not receive the February issue as you received this January issue on a promotional complimentary mailing. **Subscribe TODAY!** by going to www.clubinsidernews.com)

Make It Fun!

OUR LICENSEES GIVE A "THUMBS UP" TO THIN&HEALTHY® AS:

- A way to make great money
- The best weight management program
- A proven business concept
- An awesome way to make a difference

Meet Melody Wright, Sandy Ingledue, Donna Young and Adah Ellerbrock. These folks know why they're involved with Thin&Healthy, Inc. and have agreed to answer some of your most commonly asked questions.

WHAT MAKES THIS WEIGHT LOSS PROGRAM DIFFERENT?

"Without a doubt it's that a member can follow it for the rest of their life. Thin&Healthy® has a brilliant way of teaching people how to eat their very favorite foods and still lose weight. Plus the program helps people get moving who never did so before."

WHAT'S THE BUSINESS MODEL? "There are 2 specific models, both are elementary. Thin&Healthy® has a comprehensive training program that teaches each one of the systems completely. With as little as 300 square feet and a person to oversee the concept, the business can function well. The marketing strategies get a direct response. We can't keep up with the number of leads we get sometimes! The sales presentation closes sales and the ancillary programs just keep adding to the bottom line!"

WHAT KIND OF ROI HAVE YOU EXPERIENCED? "Let's put it this way...we all had successful careers before doing this and we've experienced a **100 TO 400 PERCENT INCREASE** over what we made before. An additional 100K NET is realistic when you plug in the systems."

WHAT WOULD YOU TELL ME ABOUT BEING INVOLVED WITH THIN&HEALTHY®? "It's a great living where you make a great big difference! We've learned how to draw people into a healthy lifestyle and keep them there! Our communities love us! This organization displays integrity, solid business concepts and support beyond belief! We Love it!"



Come see us at
Booth # 2502

THIN & Healthy
WEIGHT MANAGEMENT®

...Your Last

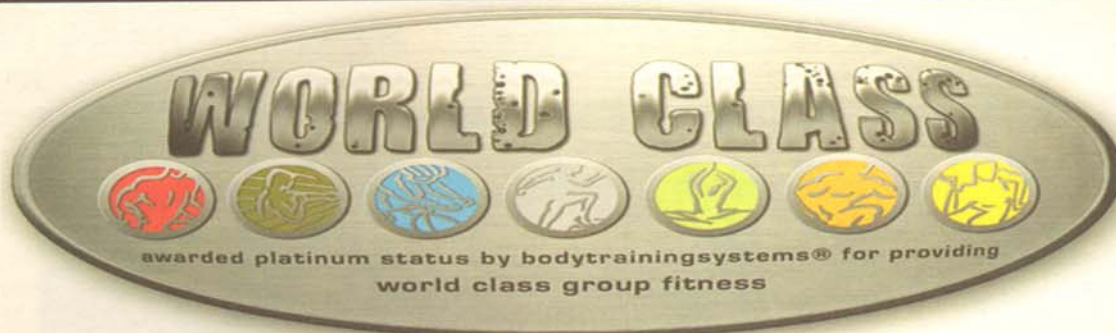


For Weight Loss.

Visit us at
www.thinandhealthy.com

Opinions expressed are not claims. Each licensee's results may vary based on the application of the systems taught.

FOR MORE INFO CALL **419-991-1223**



Body Training Systems Update: World Class BTS Facilities Go Platinum!

By: Norm Cates, Jr.

To our new readers, The *Club Insider News* is a publication that focuses on helping facility owners and operators improve their business, make more money and enjoy the success that they deserve from their investment and hard work.

An emerging trend in the fitness industry is using Group Fitness for referrals, sales and retention. Over the past 16 months, I have interviewed the owners and managers of health facilities in five very different markets who rely heavily on Group Fitness to grow their business.

BTS Delivers More Sales, Memberships and Retention

Even if you are not yet familiar with Body Training Systems® (BTS), you may know them by one of their Group Fitness programs - BODY-PUMP®, BODYCOMBAT®, RPM®, BODYSTEP®, BODY-

FLOW®, or BODYATTACK®. With over 23 years of experience, BTS has become the leading provider of Group Fitness, offering programs in over 1,000 U.S. health facilities and 8,000 worldwide. With access to over 2 million members in the U.S. per year and more than 240,000 weekly participants, BTS has implemented systems that allow facilities to realize the economic benefits of Group Fitness.

However, BTS is about much more than Group Fitness classes. BTS provides a comprehensive, turnkey solution to Group Fitness that will enable operators to increase referrals, increase retention, increase membership sales and, most importantly, increase profits. A little over a year ago I made what some may consider to be a bold prediction:

"Body Training Systems is the single most important opportunity and profit growing development in the history of the health club industry since Nautilus and Lifecycle were

invented. I predict that Body Training Systems will grow to become the dominant factor in the industry worldwide, bigger than any and all equipment rooms."

More and more facilities are experiencing the truth in this prediction. One of these successful facility owners is John Bonica, owner of Global Fitness in Leominster, Massachusetts. John shared his success as a BTS licensee by saying, "In just three years with Body Training Systems, our annual revenues increased by \$1.2 million, earnings increased by \$400K and memberships increased by 2600."

The long list of successful health facilities that benefit from BTS grows daily. As a result, BTS has developed PLATINUM, a program helping facilities market Group Fitness more effectively.

"From our 13 years of experience as facility owners, we continually focus on developing tools to help owners increase member satisfaction while improving their bottom line," stated Rich Boggs, Chief Executive Officer of Body Training Systems.

Going PLATINUM Rewards a Commitment to World Class

Most BTS licensees have found great success by taking full advantage of the World Class systems offered by BTS in four areas: management, programming, training and marketing. While the decision to utilize BTS is an easy one, and reaping the financial rewards of the BTS System is inevitable if you run the system properly, attaining PLATINUM status takes work and commitment.

The requirements for PLATINUM status are as

follows:

- Offer a minimum of five BTS programs on a regular basis
- Attend at least one BTS Group Fitness Management Seminar (GFM)
- Submit a brief write-up on your business, accompanied by photos and/or video
- Complete the PLATINUM stats worksheet

When facility owners attain PLATINUM status, they become a part of a network of other successful owners. BTS will provide financial reporting tools that allow owners to benchmark their success against the PLATINUM index - an index measuring the performance of all health facilities that have gone PLATINUM. This feature alone should be more than enough incentive for owners to strive for PLATINUM status. In all my years of experience with the health facility business, I have never encountered reporting tools that have the ability to improve a facility's operations and profits like these.

The rewards of PLATINUM status don't end there. PLATINUM facilities also receive:

- PLATINUM banner, PLATINUM award and window

decals to proudly display the fact that the facility is World Class

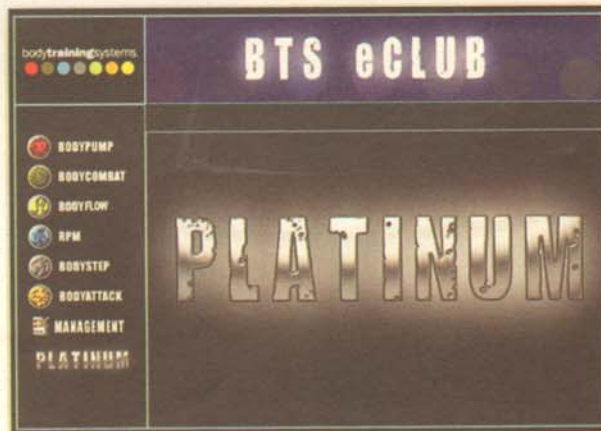
• Exposure in industry press releases, on the BTS website and on the BTS Club Locator with special PLATINUM identification

• Access to a PLATINUM section on eCLUB, an online advertising and marketing resource offering exclusive PLATINUM materials and graphics

• Annual PLATINUM plaques in recognition of continued excellence

You owe it to your members and to your bottom line to at least investigate the potential of Group Fitness. As a reader of The *Club Insider News*, you are invited to attend a complimentary Group Fitness Management (GFM) seminar. These seminars are offered monthly by BTS. In only eight hours, you will know whether this system will help your facility.

To find the date of the next GFM seminar in your area, visit the "clubs" section at www.bodytrainingsystems.com. To find out more about Body Training Systems, visit their website or call 1.800.729.7837 and ask to speak to someone about the GFM seminar.



GOT PROFITS?

body**training**systems.



"Body Training Systems accounts for 1500 new members and \$1 million in revenue that we didn't have before. In addition, we avoided about \$100,000 of additional investments in capital equipment over the first two years with BTS."

- Gordon Johnson, Gold's Gym Owner

"In just three years with Body Training Systems, annual revenues increased by \$1.2 million and our earnings increased by \$400k."



- John Bonica, Global Fitness Owner



"In only 7 months, BTS has reinvented Group Fitness programming at WOW! We have experienced more than a 300% increase in class participation and more than a 25% increase in guest traffic across our seven clubs."

- Stephen S. Roma, WOW! Work Out World Owner/Chief Operating WOWzer

SEE HOW TO MAKE YOUR CLUB MORE PROFITABLE IN LESS THAN 15 MINUTES.

HERE'S HOW:

1. Request the **FREE** video from profits@bodytrainingsystems.com.
2. Watch the 15-minute video.
3. Evaluate our systems **RISK FREE** for 90 days.

Developed by:



www.bodytrainingsystems.com

800.729.7837

GET STRONG TO THE CORE

The Core Spinal Fitness System™

STRENGTH. STABILITY. FLEXIBILITY. ENDURANCE. The Core Spinal Fitness System™ by MedX is the only workout system clinically proven to deliver these four factors essential to spinal health. And because a strong and flexible core provides a solid foundation for all body strength, The Core routine enhances results from other exercises throughout the entire body. Whatever the goal of any exercise regimen – from aesthetics to specific sports training – The Core Spinal Fitness System is the first step to success.

The Core workout is delivered through a series of bio-mechanically precise exercise machines specifically designed to target, isolate and strengthen spinal muscle groups. Or to promote and improve flexibility. The Core Spinal Fitness System is unique, patented and a direct descendent of the most technologically advanced medical rehabilitation equipment in the world.

Whether you're a fitness club owner or personal trainer, a demanding coach or rehabilitation specialist, The Core Spinal Fitness System by MedX can give you a competitive edge. Because at the core, you're just going to be stronger.

Core Lumbar Strength



Core Super Stretch



Core 4-Way Neck



Core Ab Isolator



Core Torso Rotation




The Core
Spinal Fitness System™

For more information call
Toll Free 1-866-814-0719
or visit www.CoreSpinalFitness.com