

Norm Cates'

THE Club Insider

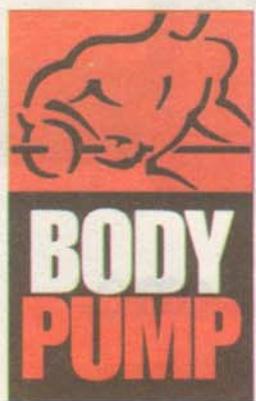
NEWS

The Pulse of the Health, Racquet & Sports Club Business

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**Rich Boggs and Ray Irwin
The STEP Boys Leading The Way!**



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The Active Lifestyle Network

Rich Boggs and Ray Irwin... The STEP Boys Leading The Way!

By Norm Cates, Jr.

You may have been in the industry for years or you may be new. One thing is for sure. There are just a few true pioneers in our industry and this story is about two of

the: The STEP Boys - Rich Boggs and Ray Irwin.

In the long run, making a profit in the club business is the main challenge. Without operating a strong-profitable business you will not survive the long haul. You can't pay yourself or your staff well enough. You can't rein-

vest enough in ongoing club maintenance or new programs or equipment. You can't compete with those who are on the leading edge.

This story is about how you can increase your profits from two guys who have been there. Take the time to read and

really study the opportunities here so that you do not miss the best chance to come along in years to take your club(s) to the next level. Do the homework necessary now to learn how to increase your revenues significantly while keeping your costs under control at the same time.

Properly managed group exercise programs will be as important as your sales team or your personal training program. This story is not about group fitness classes, but about a proven "system" that will produce a phenomenal response from your members (See Boggs and Irwin page 4)

E-Zone Announces Strategic Alliance With Cardio Theater

4,000+ Clubs To Benefit From Synergy Of Entertainment and Education

Napa, CA. - On February 1, 2000, E-Zone Networks, Inc. announced that it had formed a strategic sales and marketing alliance with CardioTheater Holdings, Inc. The companies will work together to bring the widest variety of exercise, education and entertainment to the health club industry.

E-Zone is the leading inter-

active network of choice for active lifestyle consumers, providing compelling education and entertainment products and services to health clubs and their members. CardioTheater is the pioneer in audiovisual entertainment systems in health club cardiovascular training areas. This alliance gives E-Zone an immediate opportunity to expand its product

offerings to customers through CardioTheater's installed base of more than 4,000 clubs in North America and abroad.

Tony de Leede, Cardio Theater's Chief Executive Officer, comments, "CardioTheater introduced the entertainment experience to the health club industry and was instrumental in changing the attitudes of how

people exercise. Our new alliance with E-Zone brings together the two exercise entertainment leaders, both with tremendous individual strengths, to create a dynamic team that will help drive the future growth of the fitness industry. Because, increasing membership is not about building better clubs or buying fancier equipment. It's about presenting

the "sizzle," the WOW factor, in words, the ultimate entertainment offerings that will, together, attract more members and then keep them well satisfied with their club experience. We are excited to combine our products with the education and entertainment available on the E-Zone Network, which will add yet another dimension to the exercise (See E-Zone Alliance page 8)

Netpulse and BroadcastVision Announce Alliance

Companies Collaborate To Create A Large Broadband Internet and Wireless Media Network Reaching Millions Of Active Lifestyle Consumers.

Inside The Insider

- Growing Your Club's Revenues With A Creative Marketing Mix
- History Of Les Mills World Of Fitness
- Keys To Effective Listening
- Why The YMCA Should Pay Taxes
- Raising The Standard Of The Fitness Industry

San Francisco, CA. - Netpulse Communications, Inc. announced on February 7, 2000 a strategic alliance with BroadcastVision to deliver a large interactive entertainment and information network to active con-

sumers around the world.

This venture brings together two market and technology innovators: Netpulse, the award-winning leader in broadband Internet and interactive media entertainment and BroadcastVision, creator of state-

of-the-art wireless entertainment services. Now, health and fitness facilities have a fully integrated information, education and entertainment platform.

Fitness-minded consumers will benefit from the rich multiplex (See Netpulse page 12)

24-Hour Fitness Busted In Oregon

By Norm Cates, Jr.

Salem, Oregon. - The history of 24 Hour Fitness dates back to when it was a relatively small 30 something club chain based in the San Francisco Bay area. It was called 24 Hour Nau-

tilus and Mark Mastrov, the current CEO of 24 Hour Fitness had grown the company from four locations before he joined forces with the legendary Ray Wilson and a company called McCown and DeLeeuw to create Fitness Holdings, Inc., d/b/a 24 Hour Fitness.

Although the pre-Fit-

ness Holdings, Inc. - 24 Hour Nautilus was a member of IHRSA (The International Health, Racquet and Sportsclub Association), many of the Bay area's upscale club operators took a dim view of that fact. The beef that those generally upscale club owners had was that 24 Hour Nautilus discounted member- (See 24-Hour Fitness page 8)

...Boggs & Irwin

continued from page 3

that will mean both increased revenue and profits for your club.

Rapid Industry Evolution

When Arthur Jones introduced Nautilus to the world in the early 1970s, the health club business changed fast and forever. Then, Augie Nieto and Ray Wilson brought the LifeCycle to market and again, the health club landscape evolved rapidly. The introduction of Nautilus and LifeCycle spawned fast development of many new product lines of selectorized weight equipment and cardiovascular exercise machines. Go to the IHRSA Trade Show in San Francisco, March 23-25th and see over 400 different exhibitors, all of whom were preceded by Nautilus and LifeCycle! The explosion in health club growth around the world can be traced directly in time to the introduction of Nautilus and LifeCycle. And, that explosion is still going on today, with the total number of U.S. commercial health clubs now exceeding 15,300 and growing everyday.

A STEP In Time!

A third benchmark event happened a few years later. In 1989, at a time when aerobic classes had become 'old-news' and aerobic class attendance everywhere was sagging, Rich Boggs and Ray Irwin brought The STEP to the fitness industry. Boggs and Irwin were club owners and operators of 13 years by that time. They invented and brought to market a product, that to this day, stands with Nautilus and the LifeCycle, as one of the

three all-time greats. Since then, The STEP has provided over 18,000 U.S. facilities and thousands more clubs worldwide with a very much needed boost in group exercise attendance.

Now, Boggs and Irwin are bringing Body Training Systems to North America in a big way.

Before we tell The STEP Boys story, let me share the comments of some of the happy members who are participating in the first program of the "system", BodyPUMP. These comments are recently received and are just samples of hundreds that I had the chance to review.

stand the needs of club owners because they have 'been there and done that' very successfully. (See page 14 - Les Mills World of Fitness).

In 1974, I met Ray Irwin while we were both sitting outside a racquetball court at our apartment complex in Atlanta. Ray, originally from Illinois, had recently graduated from college and was working as a CPA. At the time I was selling real estate syndications. While waiting for our turn to play racquetball, I asked Ray if he would be interested in seeing some of the tracts of land I was selling. His reply was, "No, I appreciate the offer, but I am saving my money to build a racquetball club someday." My response was, "A racquetball club? What is that?"

After the conversation, I became intrigued with Ray's idea and goal. Later on we talked more and decided to form a partnership for the purpose of developing what would become the first racquetball club in the South. Our first attempt to raise capital was aborted in 1975.

Well, luck arrived by way of a voice that spoke to me in the night about a vacant building I had seen previously.

Luck Arrives!

We obtained an option to lease 13,500 square-feet of this vacant building for the club. Now, all we needed was the money.

We had been in touch with a local bank to secure an SBA backed loan which was a lengthy process. When we explained our opportunity to our loan officer, she recommended a customer, who was really strong financially, looking for new opportunities and very aggressive.

We met with him and he liked our business plan and the layout for the club. We were astounded when he told us he would be under construction within 48 hours. We started our partnership on a handshake and off we went! We were able to meet with the landlords the next day and had a signed lease and the keys.

8:30 a.m. No Building Permit...But One Court Half Finished!**W**

hen our new partner told us we would be under construction in less than 48 hours, I must say that we couldn't believe it. On that Friday morning at about 8:30 a.m. I went to the building and could not believe my eyes when I saw a crew of about six men working. They had already finished about half of one of the court side walls!

Later that day the landlords came by and nearly 'had-a-cow' when they learned that we had almost completed one court and we didn't even have approved construction drawings or a building permit!

We got the permit. The landlord's recovered from their shock and we had made a good deal.

We had a ten-court racquetball club with lockerrooms, complete with steams, saunas and whirlpools, a small workout area with 5 Nautilus machines, and a lounge area overlooking two full glass back-walls. We opened for business on Saturday May 1, 1976, to a full house from 8:00 a.m. to 8:00 p.m.! In fact, we were 100% occupied for court time for the entire summer! We had been open for over 3 months before our SBA loan came through. In August of 1976 we added 5 more racquetball courts with an indoor track surrounding them. This expansion came just in time for a booming fall season that brought our membership numbers to over 5,000.

During our 4 1/2 years as partners we built 9 clubs - 4 in Atlanta, 2 in Knoxville, TN., 1 out- (See Boggs & Irwin page 6)

BodyPUMP Customer Comments:

"Before I began BodyPUMP, I was developing arthritis in my hips and tennis elbow in both arms. Because of the pain, I would not exercise at all. I would lie around the house all day and not move. When I began BodyPUMP, I was able to see and feel a tremendous difference right away. BodyPUMP has helped the soreness in my hips and the constant aching at night has stopped and my elbows don't hurt as much either. My energy level is up 100% and I feel I have a life again. I am a mother of 3 young children and now I have the energy to keep up with them. Thank you BodyPUMP - you have given me a new lease on life!" Liza G., Florida

"After a BodyPUMP class, my body is stronger and my mind is clearer. BodyPUMP has gotten me in shape faster than anything else I have ever tried. Because my time is limited, I want the greatest results in the least amount of time. I chose BodyPUMP to get leaner, stronger, more flexible. My friends tell me I look great after just having a baby. But the best compliment I have received was when my husband of fourteen years told me that I look better now than I ever have." Stephanie P., Georgia

"Just wanted to tell you how much I enjoy the BodyPUMP classes at Cagle's U.S. Fitness Center in Oklahoma City. This is a great program for office workers, like myself, to tone, improve our posture and relieve stress. Thank you for a great program and great instructors." Larry J., via e-mail

"BodyPUMP has gotten me excited about working out again! I'm seeing results that I haven't seen during any other activity. The instructors at the Gwinnett Crunch in Atlanta are the BEST and they have as much fun as the rest of us in the class. Thanks!" Cathryn R.

"I have been taking BodyPUMP for three months and the results are miraculous. I have always done resistance training but nothing has prepared me for the incredible results I got from BodyPUMP. Now I have gotten my wife into the program and she is enjoying every minute of it...although she is aching all over." And, the testimonials go on and on! Later in this article we will share the comments of some of the leading club owners in the country that have installed BodyPUMP and are tremendously pleased with their results.

Now, here is the terrific story of The STEP Boys, Rich Boggs and Ray Irwin.

THEY HAVE BEEN CLUB GUYS FROM THE BEGINNING

This story was fun for me to write because it involved a reunion between me and my friends and former club partners, Boggs and Irwin. It is really about the quest for excellence that you experience everyday as a club operator.

The STEP Company is transitioning to the name BODY TRAINING SYSTEMS and is utilizing a system developed from almost 20 years of experience at the Les Mills World of Fitness in Auckland, New Zealand. Les Mills International and The STEP Boys truly under-

Norm Cates' Club Insider
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PUBLISHER AND EDITOR: Norm Cates, Jr.
COMPUTER LAYOUT DIRECTOR: Cathy Brown
COMPUTER OPERATIONS DIRECTOR: Justin Cates
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Box 681241, Marietta, GA 30068-0021 • (770) 850-8506
FAX (770) 933-9698 Or E-Mail: clubinsidernews@mindspring.com

• NORM'S NOTES •

• **G**eneral COLIN POWELL, U.S.A. Retired, will be the Keynote Speaker for the 19th Annual IHRSA Convention that is expected to draw 15,000 attendees. If you have not already made plans to head West to San Francisco for the March 22-25th, it is NOT TOO LATE. So, call IHRSA at: (800) 228-4772 for the details. There are two options for attendance at the Convention, both of which require IHRSA Membership. However, the huge-world-class IHRSA Trade Show is free if you call IHRSA in advance. Don't miss this opportunity to learn more about the business and to see the latest innovations and products in the business. Check out our Advertiser's Exhibit listing at the bottom of this page for their exhibit numbers. Visit and buy from our advertisers during and after the show!

• It troubles me to see 24 Hour Fitness receiving the bad press in Oregon for repeated violations of health club membership laws in that state. (See article on page #3). This is an example of how a big organization can get moving so fast that they lose control of basic-fundamental business practices, such as obeying the law. My guess is that MARK MASTROV and the leadership of 24 Hour Fitness will do the right things to get to the bottom of those problems and correct them, before they escalate. I would also predict that one thing they REALLY don't want to do is mess with those folks up in Oregon. A fine of 1% of gross annual revenues could add up fast! But, a shut-down of the 24 Hour facilities by the Attorney General of the State, even if it was just temporary, would be a real problem and black-eye for 24 Hour Fitness and the health club industry nationwide. Hey guys, the industry is on a roll-don't set it back!

• Health club growth continues as the latest number of U.S. commercial health clubs is now reported to be 15,372!

• CLIVE CALDWELL has acquired the 3 Toronto area Fitness Institute clubs. Clive has owned two clubs in Toronto for years and added one in Montreal.

• WAYNE WEST-WOOD'S Griffith Park Athletic Club was bought by the owners of the Riverplace Athletic Club in Portland, Oregon.

• TONY deLEEDE has opened his 22nd Australian Body Works club in Atlanta. The new unit is a 12,000-sq. ft. club located in booming Gwinnett County. Tony has

5 more planned to open in 2000. Tony has over 45,000 members now and does a great job for the community.

• The Chicago Tribune published a very interesting article about the YMCA entitled: "The Tune Changes: Fund Drive Aims To Make Chicago Area YMCA Key Player In 21st Century Social Work." Obviously, this was YMCA PR brain-washing aimed at offsetting the commercial club's push to TAX THE YMCA OF THE USA. Check out our ongoing editorial and ad about TAXING THE YMCA of the USA on pages 20 & 21 of this issue.

• Best wishes to RICH ANDRAE, Regional Director of Health and Fitness Services for ClubCorp USA as he recovers from double bypass heart surgery.

• "HEALTH CLUB ENTERTAINMENT WARS" are heating up! Check out the two new alliances between E-Zone and CardioTheater and Netpulse and Broadcast Vision covered on page #3. The winners should be the clubs as these two giants go at it! The goal of these big companies is "how many eyes" they can put in front of their screens for their advertisers, so that is why both companies are now providing the hardware to clubs for free. STAY TUNED as things continue to develop.

• BILL PEARL, a man in his 60s that looks and acts like a man in his late 30s, was in Atlanta for the Super Show. Here is a fellow that is without a doubt, one of our industry's nicest gentlemen and a shining example of why our industry is so great. Bill has been a

spokesperson for LifeFitness for years, but was at the Super Show in Atlanta promoting his own company, Bill Pearl Enterprises. I can remember in 1960 when I first started weight training for football, Bill Pearl was our greatest idol. He inspired thousands and thousands of young men during that era and we thank him. Bill can be reached at Bill Pearl Enterprises, Inc. at (541) 535-3363, Fax #: (541) 535-5507. Or, you can check out his Website at: www.billpearl.com or e-mail: bill@billpearl.com

• Speaking of the Super Show, this formerly gargantuan event attracted as many as 100,000 attendees in the past. But now, the show appears to be on its last legs as it finished its final year in Atlanta. The next Super Show will be moved to January, 2001, in Las Vegas. And, based on what I've heard, there are many unhappy campers that won't be exhibiting there. What's the beef? Poor attendance for one. Here are the replies to my question to some exhibitors, "How has the traffic been at this show?" Answer: "It is poor." Another one. "A little on the light side. It is down a lot. It was better on the first two days. But, the prospects we've reached have been very qualified." Another, "Dead! That's D-E-A-D! Show management was arrogant. We asked last year for a 3 day show and they said 'No, it takes four days to see this show. It doesn't take four days. You can see this show in about 1 1/2 days. Our company, along with most everyone else in the fitness section, is not going to Las Vegas next year!" Maybe the show should have been left in Atlanta. But, what appears

to be the real issue is that maybe, just maybe, there are now just too darn many trade shows. Certainly for the club industry, the two most important and biggest shows are the IHRSA show in March and the Club Industry Show in the Fall. I'll bet there will be fewer and fewer trade shows as the manufacturers and suppliers just say "The Hell With It!" and begin to spend their money on things that really work, like advertising in The CLUB INSIDER News every month!

• KAREN WOODARD,

the President and Founder of the Boulder, Colorado-based Premium Performance Training, will present a nationwide 20-stop club training tour sponsored by Precor. We will publish the schedule later.

• SANDY COFFMAN was recently the Keynote Speaker at the 17th Annual United States Racquetball Association Leadership Conference held in Colorado Springs. Her presentation was about "Going Back To Basics-Grass Roots Programming." Sandy is the most qualified person in the world to talk about racquetball programming as she began her career in the mid-1970s as the Program Director for TED TORCIA and KEITH NYGREN at their West Allis Athletic Club outside of Milwaukee.

• LEE HILLMAN and his executive management team, have led an amazing turn around of Bally Total Fitness. Bally's 1999 year end numbers were recently reported and they were impressive. Diluted earnings per share were \$1.56 vs \$.51 per share in '98. Operating income for 1999 was \$93.3 million, an improvement of 77% over '98 and EBITDA grew 45% to \$146.2 million. Cash flow from operations increased \$71.1

million over '98. In 1996, BTF lost \$2 per share, so the \$1.56 per share represents a major swing.

• The Houstonian Club and Hotel is being remodeled again to add more extensive spa facilities and aquatic areas. Just a few years ago \$14 million was spent on major renovations. And, the first Houstonian Golf Course sold out so they are going to add a second one. IHRSA Board Member, HERB LIPSMAN, has done a great job there!

• CSI, Club Sports International, one of the premier operators of large-upscale-multipurpose clubs in the world, has been put on the auction block by the Starwood Corporation and Chilmark Fund. Apparently there are several organizations on the list of potential buyers. No more details at this time. STAY TUNED!

• BAHRAM AKRADI, a fellow that came to America from Iran 20 years ago when he was only 17 years old, is setting the world on fire with his LifeTime Fitness organization! They build 100,000 square-foot mega-clubs. They now have 3 in Detroit, 1 in Indianapolis, 1 in Columbus, Ohio, 10 in Minneapolis/St.Paul, 1 in Virginia. And, they are doing 3 in Chicago with plans to build up to 10 in Chicago. Akradi is one of the few in our industry that is successfully doing deals with public recreation authorities, and they are learning how to work with local parks and rec groups. Akradi even sent people to the national parks and recreation convention to attend the meetings so they could learn how to work with public recreation authorities. This guy Akradi is one sharp dude!

• The Western Athletic Club group is planning to build a new mega-club in the San Diego area. The club is slated to be similar to the world-class Pacific Athletic Club south of San Francisco. If that is the case, it will be one of the top 5 clubs in the world as that is how I rate the PAC.

Norm Cates' **Club Insider** NEWS

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...Boggs & Irwin

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side of Nashville, TN. (Murfreesboro), 1 in Columbus, GA. and 1 in Birmingham, Alabama.

During the period from 1978 to 1981, we began to attend NCCA Conventions and our first IHRSA Convention. There we learned about court conversions from Ray Wilson and began the process of converting our 56 Atlanta courts to other amenities such as aerobic studios and work-out rooms. That process proved to be the answer as we began to enter the true health club world.

Partnership Ended

On May 1, 1981, our partnership came to an end. We agreed to part company to pursue different club strategies. We felt that since luck had gotten us together, luck should be the way we should part! We divided the clubs and joint-ventures into four approximately equal pieces and each drew a piece at random.

Fortunately, we had already begun the court conversion process in all the clubs creating aerobic studios and weight areas. That process was accelerated and the four clubs saw the courts reduced from 56 to around 20!

Boggs and Irwin Start Sportslife. The Science of Good Health'

Boggs combined his location with Irwin's and together they developed these locations under the name Sportslife. They developed an excellent marketing identity they called "The Science of Good Health" and their organization began to grow rapidly. This was the second time Boggs had proven his marketing skill. The first, of course, was when he led our Courtsouth organization to over 40,000 members in 4 Atlanta clubs. Reaching 7 Atlanta area locations, Sportslife grew to over 45,000 members! But, the Sportslife members were paying dues and the Courtsouth folks paid-as-they-played for court time. That made the revenues for Sportslife significantly greater.

The Sportslife success was also enhanced by the arrival of Jerry Alles, who became the Membership Sales Director and eventually a partner, and Lou Off, who took over the construction and maintenance operations and also became a partner. After The Sportslife clubs were spun off from The STEP Company, Boggs and Irwin continued their work with The STEP Company. Alles and Off pressed on with Sportslife and eventually sold the club chain to Crunch Fitness.

How The STEP Was Born

There was a Gold's Gym about a mile from one of the Sportslife clubs where an instructor named Gin Miller was teaching a class called "Bench Blast." The participants would step up and down on a wooden box to music. The Gold's Gym subsequently closed and Sportslife took their members who started asking for Bench Blast.

Not knowing that destiny awaited them, The STEP Boys invited Gin Miller to come to Sportslife to teach a Bench Blast class to several staff members including Boggs.

The STEP Boys thought the class had potential and immediately began the construction of benches. They color coded the benches according to height and changed the name to Step Aerobics which immediately became the most popular class on the schedule.

However, all of us who have used wooden boxes for classes know what a pain they were. They were hard to move, had sharp corners and would tear the carpet in a heartbeat.

Irwin's two sons, ages 5 and 3, were playing with their legos the night after his first Step class. Later that night he awoke with the stacking concept for the Step.

The next day Irwin shared his idea with Boggs. Boggs recalls, "From the moment Ray told me about the idea we spent the next 3 years focused on the STEP! We left the club operations to Jerry and Lou while Ray and I focused on nothing but the design, development, manufacturing and marketing of The STEP!"

And, let me tell you folks, when Rich Boggs says he FOCUSED on The STEP, that means a lot, because they have a terrific ability to spot a target, make a plan and pursue that plan to attain significant goals.

STEP Sales Skyrocket!

The STEP Boys took their first STEP prototypes to Chicago for the Club Industry Trade Show in the Fall of 1989. They sold 5 orders at that show. Boggs recalls, "People would come up to me and say, 'I don't know what that is, but you guys are going to make a ton of money.'"

Since that beginning, the STEP sales went through the roof with annual revenues quickly reaching \$10 million. In 1992, The STEP Company generated over \$30 million in sales and was named the IHRSA Associate Member of the Year. Boggs estimates that they have sold over 5 million STEP units to consumers

and 18,000 clubs in the U.S.!

The terrific thing about the Boggs and Irwin marketing and business combo is that they have focused on ways to parlay their talents into products that will help revitalize clubs and pack them with happy members and guests. The programs that they are bringing from Auckland, New Zealand to North America, under the new banner, Body Training Systems, could very realistically help increase your club revenues significantly with minimal costs. Don't forget the member testimonials at the beginning of this article, which are the best evidence of why this could happen.

BodyPUMP and Body Training Systems Equal Huge Numbers!

Les Mills International operates 9 clubs, including their flagship that is 50,000 square-feet with 11,000 members paying an average of \$65 per month! 20,000 square-feet (40%) of that facility is dedicated to group fitness provided in 3 studios. The largest studio is 8,000 square feet and holds up to 300 participants! The facility offers over 140 group exercise classes per week.

What Can Successful Group Fitness Do?

- Offers a unique selling position
- Increases member/guest participation
- Generates member referrals
- Improves member retention
- Creates a pulse and energy in club
- Is equal in importance to any other department in club

The objective of Body Training Systems is to produce consistent, highly rated classes for members every time without fail. The classes are always simple, fun and deliver results. The chart on page 7 shows how the vast majority of members evaluate a group fitness class. The objective is to always deliver "++" classes. Anything less leaves a negative impression on members and guests. Since Body Training Systems trains instructors and creates the programs, all Body Training System's classes should be a "++" experience.

An important thing to realize at this juncture is that The STEP Boys are not trying to 're-invent' the wheel with the importing of BodyPUMP, BodyATTACK, BodyFLOW, BodySTEP and rpm from Les Mills in New Zealand. They are taking the programs developed by Les Mills International in New Zealand to market in North America with a new twist. That 'new-twist' is the added value of the terrific marketing tools and management systems that Body Training Systems provides for clubs. These tools

will help you as a club owner/operator to successfully launch the new programs while simultaneously using the new products for highly successful membership sales programs. The STEP Boys have used the services of club industry sales training guru, Casey Conrad, to develop the tools for marketing and sales of all of the group exercise programs offered by Body Training Systems. (See photo page #7).

The 7 Step Training Process

The Body Training System involves a 7-Step process that ensures a "++" experience for your members and guests every class. See chart on the top of this page.

STEP 1: Group Fitness Management

A comprehensive training program for management to revolutionize the effectiveness and profitability of group fitness in their clubs. Topics include:

- Recruiting, training and compensating instructors
- Maximizing studio environment, layout and sound quality
- Organizing and managing an effective class schedule
- Increasing member retention and member referrals through internal and external marketing
- Key measurements and reports for managing group fitness profitability

STEP 2: Program Research and Development

- Research current fitness trends and industry programs
- Pre-choreography model used for all programs
- Extensive testing in live class settings in New Zealand before

their worldwide release

STEP 3: Instructor Training

- Initial training - either a 16 or 24 hour format depending upon the Program, covering physical execution, instruction, performance, communication and pre-choreography.

- Ongoing training - a complete system of quarterly workshops, newsletters, video trainings with exams and education materials.

STEP 4: Quarterly Programming

- Every program is updated on a quarterly basis with both music and choreography that has been tested and refined in actual classes in New Zealand

STEP 5: Quality Control

- Pre-choreography for consistency, safety and musical interpretation

- Video assessment to ensure adherence to the choreography and proper physical execution

- Assessment reports that analyze a large database of actual instructors' physical execution with the results being fed back through the quarterly system to correct potential problem areas.

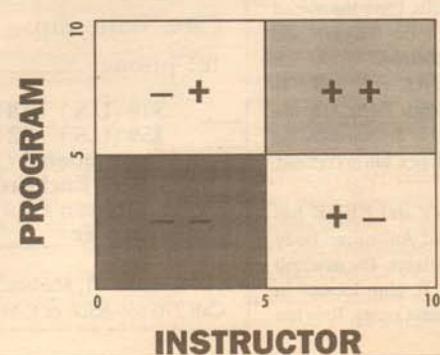
- Since Body Training Systems trains the instructors and creates the prechoreographed programs, the liability rests with Les Mills International and The STEP Company for any injury providing the system is followed.

(See Boggs & Irwin page 7)

THE SYSTEM



CONSUMER ASSESSMENT OF GROUP FITNESS



...Boggs & Irwin

continued from page 6

STEP 6: Research Studies

- Injury analysis that continually addresses potential safety issues
- Program performance which evaluates actual program results and physiological benefits

STEP 7: Marketing

- Marketing programs such as PR campaigns
- Internet presence through www.bodypump.com
- Retail product accompanied by a trial coupon - sending consumers to licensed clubs

• Marketing materials - a comprehensive launch manual to aid in the launch of BodyPUMP and other new programs, posters, banners, ads and flyers.

The STEP Boys have quite a past and a great future. Check out comments from club owners shown below and then make plans to see The STEP Boys exhibit at IHRSA San Francisco. Call Boggs and Irwin now at: (800) SAY-STEP to book some time with them at the show!

**Body Training Systems Training Materials**

NATHANIEL LEIVAS, (facing front) the BodyATTACK Head Choreographer is an Argentinean with over 10 years experience as a martial arts competitor, presenter and trainer. Nathaniel is a World Aerobic Team Champion, a black belt in Tai Kwon Do and has an extensive background in Kickboxing, Karate Do, Capoeira and Sipalki.

Nathaniel has written Aerobica 2000, a book on aerobic methodology and is the creator of Argentina's Martial Training School for instructor certification.

CLUB OWNER TESTIMONIALS**G**eoffrey Dyer, the

owner of the 7-club Lifestyle Family Fitness chain in Tampa and IHRSA Board of Director Member, has had BodyPUMP in his clubs for over a year now. Geoff comments, "The BodyPUMP program has provided a tremendous competitive edge for us in our market area. I think BodyPUMP is better today than when we first introduced it over a year ago. When we open a new facility, typically, the classes begin like any other typical group fitness class. But, the BodyPUMP classes fill very, very rapidly and are at full capacity, I would say, within weeks of being introduced at a particular time slot. The members love the classes. I think it's been a tremendous help to our personal training program. The BodyPUMP group fitness instructors quickly gain the respect of the members that they are teaching and quite often this helps them develop one on one relationships with their clients and helps build their overall personal training program. My wife, Tina, has been teaching BodyPUMP for over 12 months and she is a tremendous testimony to the results a person can expect and that is the case with all of these BodyPUMP instructors. They get tremendous results as do the members. Again, it's really been a tremendous part of our

customer mix and we're very thankful to have it."

• • • • •

Gordon Johnson

owner of two Gold's Gyms in Douglasville and Marietta, Ga. (with a 3rd club to open soon) comments, "We really like it. We've been doing BodyPUMP for over a year now and we measured our usage in the first year and our group exercise usage increase by 39%, almost 40%! It was just phenomenal! We were able to attract instructors who really had no formal training in any kind of group exercise before. Rich's program is such that our people were well trained and well monitored. It turned out that with our instructor's personality and Rich's training, we ended up with a bunch of very, very good instructors. Our instructor's like it. The members like it. One of the things that is kind of a bonus is that we have some of our full-time staff that teaches. They get their workout in and a little extra pay. It is a win-win situation. In addition to BodyPUMP, we've done BodyFLOW and rpm. We're going to do BodyATTACK and BodySTEP which will be all five of their programs. But right now we've done 3 of the programs. It has just been great. It is a re-junivation. Tom Plummer said 'Shut-it-down.' We haven't shut it down, we've just replaced it. I would estimate that now only 20% of our class attendees are from the old classes. We are creating a whole new market and pulling from other areas of the club with the group exercise programs now. It is such an easy thing for the members to learn. It is amazing. I never thought I would ever see a full room of 35 or 40 people at 5:30 a.m.! Rich and Ray have done a great service for the industry!"

• • • • •

Lloyd Gainesboro

of the Dedham Health and Athletic Complex, a nearly 30-years-old organization closely aligned with the Boston medical community, shares his experience, "Our hospital association with the Care Group in Boston is not an association where some people have a fitness center and they do a few 'do good' programs. We are in bed with them. We have a physical therapy department here and see 2400 patient visits per month. It is called the New England Baptist Hospital Physical Therapy, but we own it and we operate it. Also, we've just made an agreement with the Joslin Clinic, the leading Diabe-

tes research center in the U.S., and we are the only health club in the country that can write a prescription for exercise for someone that has the disease of Diabetes and fill that prescription here. Our exercise physiologists and our interns are constantly being taught by Joslin. Their name is on our building and they oversee what we are doing. We have orthopedic surgeons here. We have an open MRI. We saw BodyPUMP a year and a half ago and we thought it was a really great program. My wife Roberta is the President of our company and she and I said to ourselves there are two things that we want to do: #1- We are going to have our Director of Physical Therapy to make sure this thing is really safe. We did that and she, who is a phenomenal physical therapist, felt that not only is BodyPUMP safe, this is something that could be used in physical therapy for certain patients at the end of their therapy because it is a total strength training program, it is full bodied and it is light weights, so you won't hurt yourself. #2- Since group exercise has dropped to a new low in this country, we decided that if we are going to take on BodyPUMP we are going to use full-time employees for instructors. So, our Director of Physical Therapy, Margi Heger said, 'I'm going to start teaching BodyPUMP and I'm going to have some of my physical therapy patients start taking BodyPUMP when they are at the end of their therapy.' We did that. We are the leading physical therapy operation here for the Boston Fire Department and Police Department. In order to see 2,400 patients a month you have to have a reputation. With our fire fighters, we had some phenomenal success with some of them that were injured. So the Fire Department asked us last November to set up a wellness program for the Boston Fire Department. The test program was for 90 days and 62 fire-fighters enrolled and signed a pledge to show up 3 times per week. We used BodyPUMP twice a week and CardioStrength on the 3rd day. What's happened is that we've had only 4 drop out and it seems now that the results are going to show tremendous strength gains for these firemen. And that is important because their equipment weighs 128 pounds! It looks like we are going to get coverage on this story from the Boston Globe and the Boston Herald, the two leading newspapers here. We are expecting to receive some TV coverage as well. I'll keep you posted on the outcomes. Our goals is to get that our share of that 84% of the population that doesn't exercise in here."

...E-Zone

continued from page 3

cise experience."

Accelerated E-Zone Deployment

Through its more than 2,000 customers, CardioTheater has sold its product into more than 4,000 fitness centers and other businesses worldwide. This benchmarked customer base will enable the two companies to accelerate E-Zone's deployment of leading edge education and entertainment networks to the fitness industry.

"This is a significant alliance of interactive entertainment and education companies in the health and fitness industry. Together with CardioTheater, E-Zone can offer a complete value-added product line to their customers. By

leveraging the skill sets of two companies, we will increase the pace of new product and service innovation for club operators and members alike," said E-Zone Chief Executive Officer, Robert McKenzie.

Jessica Abt, the Vice President of Strategic Planning for E-Zone Networks added, "While we are two companies, it is our objective to provide our customers with a single source for exercise, education and entertainment. We are excited to be moving forward with this alliance."

We asked Ms. Abt if this alliance was simply a precursor to the future acquisition of CardioTheater by E-Zone Networks, Inc. and she replied, "There is always an opportunity for that, but it is not the plan at present. If the opportunity is right, we will consider it at that time."

With the .com world going nuts with IPOs, we asked if a future public offering was in the cards for E-Zone. Ms. Apt responded, "An IPO is definitely something that could happen. It depends upon whether we need to go public to accomplish our objectives. That will be determined later."

Asked to comment on the recently announced strategic alliance between Netpulse and Broadcast Vision, Jessica Apt responded, "Netpulse is a very formidable competitor. To have such competition is great for the customer and great for the industry. It makes us all strive to satisfy our customers as well as we can. Beyond that, I have no specific comments on Netpulse. However, I will add that we truly have a different network than they do. We've always prided ourselves on our package of educational, entertainment and exercise prod-

ucts. And, importantly, our network is not restricted by band width.

New Product Solutions

New products will be developed in direct response to club operator and member demand for continually improved quality and variety in entertainment and education programming. E-Zone has recently introduced its custom-produced e-TV entertainment and One-on-One (™) Training and Education programs. One-on-One(™) menu selections will provide members a wide variety of choices including proper exercise instruction, weight management skills, group fitness classes and sports injury rehabilitation, among others. Additional new product offerings blending E-Zone and CardioTheater programming strengths will be introduced at the International Health, Racquet and

Sports Club Association (IHRSA) Convention this March in San Francisco.

Strong Personnel Network

E-Zone Network, Inc. employs more than 150 professionals in eight major metropolitan centers. CardioTheater employs more than 30 professionals in its facilities in Atlanta, Georgia and Portland, Oregon.

The E-Zone Network is currently installed in more than 150 health and fitness facilities across the United States with exposure to a potential audience of more than 400,000 club members. In the more than 4,000 clubs in which CardioTheater is installed (3,000 U.S. and 1,000 International), de Leede estimates more than 4 million members use the CardioTheater system.

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24-Hour

continued from page 3

ships too much and used advertising that didn't suit their taste. Also, they had a string of consumer complaints with the Consumer Affairs Department and Better Business Bureau.

When 24 Hour Nautilus became 24 Hour Fitness with the acquisition of Wilson's 72 Southern California area Family Fitness Center chain, the overall quality of the facilities and operations were significantly elevated. In essence, the new 24 Hour Fitness became what Ray Wilson's Family Fitness chain had been for years: excellent and successful in the markets they served.

Since that time in 1995, 24 Hour Fitness has become the fastest growing health club chain in the world. Bar none. 24 Hour Fitness now operates over 350 fitness centers in the U.S., Europe and Asia. They are growing by acquisitions and by building extremely well-equipped 30-35,000 square-foot facilities that sell memberships at bargain prices. In short, although the typical 24 Hour Fitness facility may be crowded during prime-time, the membership is a terrific value.

Trouble In Paradise

Now, 24 Hour Fitness

is in trouble with the Attorney General's office in Oregon for disobeying the State's laws governing health club contracts, despite two earlier consent agreements entered into by 24 Hour Fitness.

According to the Attorney General Hardy Myers, "Promises to obey Oregon's health spa law were made by 24 Hour Fitness in two separate settlement agreements filed in Marion County Superior Court in December, 1998 and in September, 1999. The company obviously doesn't take its promises to the courts that seriously."

That's a shame. What is more a shame is the offenses for which 24 Hour Fitness has been cited and is now in jeopardy of significant penalties. The offense? Failure to provide every member that joins with a copy of the contract that they signed!

Now, Attorney General Myers has filed another legal action alleging that 24 Hour Fitness is in contempt of court. The pleading asks that California-based 24 Hour Fitness be required to give members a copy of their contract and that everyone in Oregon who signed an improper contract receive a new contract and the option of canceling it! The new court filing also asks that 24 Hour Fitness be fined 1 percent of its gross annual income for each willful contempt of court. That, it appears, would add up to 2% of

gross revenues, a mere slap on the wrist. Attorney General Myer's new filing also alleges that 24 Hour Fitness deprives its members of consumer protections required by Oregon law. The Unlawful Trade Act is being directly broken by 24 Hour Fitness by refusing to allow prospective members to take copies of membership contracts with them. Additionally, Myers complains that the contracts used in several Oregon clubs omits five specific consumer rights concerning refunds and cancellations.

The 24 Hour Fitness organization is bringing affordable and excellent fitness facilities to hundreds of thousands of people now. There is no need and in my view, absolutely no excuse for this great company to be breaking any laws in any state. None. It all boils down to leadership.

If I were on the 24 Hour Fitness Board of Directors, I would put a stop to these issues fast for several reasons: (1) It is the right thing to do. (2) Because those folks out in Oregon don't mess around. I would not risk having those facilities shut down entirely and heavily fined because the black-eye would be detrimental to both Fitness Holdings, Inc. and their prospects for someday going public and to the industry at large.

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AFFILIATED ACCEPTANCE CORPORATION

Growing Your Club's Revenues With A Creative Marketing Mix

By Casey Conrad

With the busiest quarter of the year for the health club industry already under way, guest walk-in traffic will begin to slow, leaving clubs searching for ways to maintain membership sales. Unfortunately, for many clubs, making decisions about marketing promotions is often done on a month-to-month basis, with no long-term strategy in place. This reactive behavior as it relates to marketing creates an unstable environment for a sales team as well as the management. All successful businesses have a clear marketing strategy and have their marketing plan done at least six months, if not one year, in advance.

If your club does not have a minimum of a six-month marketing plan in place, now is the time to do it. The process of creating and writing a marketing plan is a challenging yet wonderfully rewarding task that will allow you to take your business to its next level. It does not have to be a complex document but should include a month-to-

month itinerary of internal, external and guerrilla marketing promotions and strategies that the club will implement and follow. If, on the other hand, you already have a marketing plan in place, now is a time to evaluate your overall performance as it relates to your goal.

In addition to creating and/or evaluating your basic marketing plan, below is a list of marketing audit questions that will help you take your business to the next level of success.

1. Are you testing your marketing efforts?

Although this sounds like a very basic question, it is one that almost never gets done in the health and fitness industry. "Testing your marketing efforts," means that prior to launching an ad or a marketing campaign, you sample it on a small scale to find out what will work best. For example, let's say your club was going to do a direct mail post card and mail it out to a general zip code area. Before sending out the entire mail, put together a 500-1000 piece sample of two different pieces (with two different

headlines and offers) to find out if the headline and offer is compelling enough to get a decent response. Even if you choose not to do that type of testing, something as simple as showing the pieces randomly to individuals who have similar prospect profiles and getting their honest feedback is a must. It may sound funny but we have made more successful changes to marketing pieces just by showing them to my Mother and her work colleagues than any industry "experts" have provided, simply because these people represent the profile of who our industry is going after. Once you have tested your pieces for headlines and offers (you can test other things but these two are a must), then go to press with it on a large scale. Something that may take very little time to accomplish could bring you a major return on investment!

2. Are you using "up-sells" and "cross-sells" at the point of sale?

There are only three ways to grow any business and up-sells and cross-sells are one of

the most effective AND least expensive. (The other two ways to grow your business are get more customers and get them to buy more often from you.) Up-sells and cross-sells are when you get a customer to buy either a higher value product from you at the point of sale or you get them to buy a related product from you at the point of sale. Perhaps the most notable up-sell in the world is done by McDonalds. They used to always ask, "do you want fries or a drink with that order?" Of course, now they simply ask, "Would you like to 'Super-Size' that for just .39 cents more?" Although .39 cents may not sound like much, when you multiply that by the millions of up-sells that one location does a year, the result is hundreds of thousands of dollars.

Although the same principle can be applied to the health and fitness industry, very few clubs are tapping into these strategies. Offering things like a "Towel Membership," or a "Locker Membership" for an additional \$5.00 per month might only be attractive to 10-20% of your members but if you had a membership base of 2,000, that would be an additional \$12,000- \$24,000 per year! And, what is preventing you from being more creative? Think of all those serious morning members who regularly buy a shake, sports drink or energy bar. What is stopping you from creating a "Fitness + Supplements Membership" whereby for an additional \$10 per month the member will get 6 items of their choice (shake, drink, bar), giving them a discount but ensuring a minimum number of purchases (so you can get them at a better discount). Of course, you are only limited in this area by your creativity.

Think out of the box and you will be amazed at the ideas you will come up with. If you offered two or three extra revenue-producing membership options, that could potentially mean thousands of dollars added to your club's bottom line!

3. Do you have a system for marketing to missed guests?

More and more clubs are having less and less success with



Casey Conrad

the more traditional forms of advertising due to less people reading the newspaper and having more TV and radio stations to choose from. Therefore, the road to sales success for clubs will partially lie in their ability to maximize every lead that walks through their club doors. This means having a well thought out system for marketing to missed guests. For many clubs, the only mailing that goes to a missed guest is a once or twice a year mass mailer announcing some special that the club is running. This approach is missing the mark because the reason most people don't enroll is because they don't see value in the membership. Hence, only a small percentage will respond to a price sensitive ad.

The better, more systematized approach to marketing to missed guests is through targeted, educational mailings. If your club software has the ability to query on multiple levels, prospects should be coded according to the date of their visit(s), their primary area of interest in the club, if they are a current exerciser, previous exerciser or non-exerciser, and what their primary objection for not joining was. With this information established, clubs can now send targeted mailers to groupings of prospects. For instance, a piece on the benefits of regular exercise might go to all non-exercisers. For the past exercisers you might send them information on a new, simple workout program the club is introducing. For everyone with the price objection, you will send them a discount offer. For

(See Casey Conrad page 12)



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IHRSA Booth #2425

...Netpulse

continued from page 3

timedia and interactive programming resulting from the combined strengths of Netpulse and BroadcastVision. "This alliance is a great example of how technology is transforming the fitness industry to the benefit of members, clubs and equipment manufacturers," remarked Augie Nieto, CEO of Life Fitness.

Richard Wolpert, former President of Disney Online and current BroadcastVision Board Member comments, "People today are busier than ever before and they expect to have access to Internet, media, entertainment and information everywhere they go. The Netpulse and BroadcastVision partnership provides absolute satisfaction of this expectation."

Simultaneous with the

alliance, BroadcastVision is launching its new Fitness Entertainment Network™, a personalized network with a wide range of programming and content, that will compliment their new, state-of-the-art, personal wireless video monitors. BroadcastVision will debut the Fitness Entertainment Network at the upcoming International Health Racquet and SportsClub Association (IHRSA) Convention and TradeShow, March 22-25, 2000.

The alliance creates a network that today reaches over millions of active lifestyle consumers in over 6,000 locations worldwide and that is growing rapidly to capture a significant portion of the total market of more than 200 million active lifestyle consumers. "Netpulse is thrilled to partner with BroadcastVision in delivering the most innovative entertainment and information services to consumers while providing

ing a complete facility-wide solution for fitness centers," enthuses Thomas Proulx, President and CEO of Netpulse and co-founder of Intuit, Inc. (NASDAQ: INTU). "We look forward to future cooperative marketing, product development and distribution efforts with BroadcastVision, the number one provider of fitness center entertainment systems."

Dale Kredell, President and CEO of BroadcastVision comments, "This partnership presents a win-win opportunity to our customers and their members who will now be able to choose from the strongest mix of entertainment and programming every time they work out."

Netpulse Communications, Inc. is a technology innovator that delivers an interactive broadband media network to active lifestyle consumers. Netpulse delivers these programs and services via its website,

Netpulse.com and its award-winning Internet appliance, the Netpulse Station™, which recently received "Best Product of 1999" recognition from BusinessWeek, The Los Angeles Times, Personal Computing and Parade Magazine. Today, qualified fitness facilities can receive the Netpulse products and services, including the Netpulse Station, completely free of charge. Netpulse sponsors include American Express, Proctor and Gamble, Toyota, Johnson & Johnson, General Motors, WebMD, HealthCentral, Merck, Village, and WebVan. The company is headquartered in San Francisco and has regional offices in San Diego, Los Angeles, Chicago, New York City, Miami and Dallas.

BroadcastVision introduced its wireless fitness entertainment concept in 1989 to assist health and fitness facilities in providing exercise-friendly workout environments while offering mul-

tiple entertainment choices. The company is known for being an innovator in technology, which is highlighted by their upcoming launch of the industry's first wireless video screen.

BroadcastVision currently offers a full suite of leading wireless entertainment services. These systems include, Fitness Cinema 900™, a wireless 900 MHz system featuring up to 64 TV and music selections at the touch of a button, and Fitness Cinema FM™, which enables fitness center members to enjoy video and music entertainment via any Walkman-style radio.

BroadcastVision also manufactures products for other fitness industry companies; including the Quinton Action FM. BroadcastVision's wireless systems serve millions of people every day in thousands of health and fitness facilities around the world.

...Casey Conrad

continued from page 10

people with the time objection, you might send them an offer for a short-term membership, a free trial or a money back guarantee. The point being that having missed guests coded on multiple levels will allow your sales team to send out smaller groups of more targeted marketing on a monthly basis, rather than just once or twice a year. Not only will these types of mailers get a better response (because they speak to the very issue the prospect has) but they are

less costly (can be done right on letterhead) and can be tested and altered easily to find the right text and offer.

4. Do you have a formalized referral system at the point of sale?

As a consultant, I am shocked at the number of clubs that are not pro-actively asking for referrals from new members at the point of sale. Sure, most clubs have their salespeople hand or send a new member two guest passes of some sort, but that is usually the extent of it. Even with clubs that have some form of point of sale referral program using a registration sheet for members to write down names of friends, almost never does

man a g e m e n t monitor and track the success of the program. This is a huge mistake. From experience I can assure you that if you are not monitoring referrals, they are not being asked for by a majority of staff members because most people (especially new salespeople) are timid about asking for names. Here are some general rules of thumb for creating a successful referral program.

* Have nice, professionally printed guest passes made to look like gift cer-

tificates (with a dollar value printed on it) so as to increase the perceived value of the pass.

* Put a limit on the number of guest passes each new member can receive.

* Have a referral form for new members to fill out at the time they enroll. If they don't fill out the form, they don't get the passes.

* Have a scripted referral presentation that salespeople must memorize.

* Make it mandatory that salespeople pass their referral forms in with paperwork to be accounted for, then give them back to them once checked.

* Regularly follow up with salespeople to ensure they are contacting either the referral or the member to pro-actively get the new prospect into the club.

A report put out by IHRSA in the last week noted that growth in the club industry is stronger than ever. More than ever consumers are educated on the benefits of regular exercise and are looking to clubs for solutions. In order to maximize your club's growth, get your marketing plan in order, regularly assess its performance and begin to implement some of other marketing strategies. Not only will you save money in your marketing efforts, but you will also watch membership sales explode!

(Casey Conrad is the President and Founder of Communications Consultants. Casey may be reached at: (800) 725-6147.)

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History Of The Les Mills World Of Fitness

The Mills Family - Personalities Behind The Name

The Mills family has been involved in the fitness industry since the 1920s. The present organization is testimony to the family's accumulated experience both in athletics and as purveyors of health and fitness. The shared personal characteristics of Les Mills and his family that underpin the organizational culture can be described as focus, innovation, charisma and social consciousness.

The family's first gym, the Glengary Institute, opened in Auckland in 1928. In 1968, Les Mills, then one of the strongest men in the world, opened Les Mills World of Fitness. A four-time New Zealand Olympic field athlete, Les is now Chief Executive of Les Mills International, Ltd. Other members of the family, wife Colleen and children, Phillip and Donna, have competed as athletes at the international level. The Les Mills organization is now owned by his son Phillip, who founded Les Mills Aerobics, Ltd. In 1980.

The Growth of Les Mills World of Fitness

In the last 30 years, the Les Mills World of Fitness chain has grown throughout New Zealand and Australia. Based on participation levels, they are now the most successful fitness operators in Australasia.

The Les Mills World of Fitness home base is Auckland, a

city of one million people with over 100 fitness clubs competing in a tough, price sensitive market. Despite this, Les Mills World of Fitness, Auckland, has 11,000 members paying the highest annual membership fees in the city. International fitness industry commentators have described Les Mills World of Fitness, Auckland as "...one of the largest and most efficient fitness clubs in the world." The major contributing factor to this success is their commercially unique approach to group exercise.

Body Training Systems

Since 1980, Phillip Mills and his organization have developed and marketed an exercise to music system based on pre-choreography, cross training and developing elite high performance Instructors.

With an annual operating budget of over one million dollars, this organization produces a range of pre-choreographed programs every three months under the umbrella name of BODY TRAINING SYSTEMS. The program range includes BodyPUMP (barbell training), BodyATTACK (aerobic interval training), BodyBALANCE (Stretch/Yoga), BodySTEP (step aerobics) and rpm (indoor cycling), CIRCUIT (circuit training), and BodyJAM (dance/funk-oriented).

Les Mills International Ltd (LMI)

LMI is the parent company responsible for licensing and marketing all Body Training Sys-

tems programs. This organization also develops and administers Instructor training and education. Through a global network of national agencies, health and fitness clubs are licensed to offer the various programs on their group fitness timetables.

Programs are supported with generic marketing and sales material as part of a global branding strategy. Instructor training, certification and continuing education are administered through on-site and regional workshops where licensed clubs and Instructors receive program resources and tuition.

The BodyPUMP Revolution

BodyPUMP was created by Phillip Mills in 1990 with the aim of attracting men out of the crowded weights gym and into the aerobic studios. Target populations rapidly expanded to include women who were previously 'aerobics orientated' and a wide cross section of male and female participants who were seeking a simple, athletic, challenge. The workout structure, exercise techniques and choreography style are the result of international program development and continual 'live trials' on the large aerobics population within the Auckland Les Mills center.

At the New Zealand national level, the BodyPUMP program is available through Les Mills clubs located in the five largest cities and approximately 100 nation-wide licensed clubs.

Participant reaction to the program has been extremely favorable. As a workout, BodyPUMP is perceived as an effective and motivating way to experience barbell resistance training in a group fitness environment. From a cross-training perspective, it complements the wide range of exercise-to-music programs currently available.

The Global Revolution

Global participant reaction to the BodyPUMP program has followed the pattern set by other Les Mills programs. The predominance of complex freestyle aerobics in the global fitness market provides a perfect condition for the introduction of a simple pre-choreographed program, further enhancing BodyPUMP's acceptance by participants, Instructors and club managers.

Global Aerobic Market Conditions

The IHRSA/American Sports Data 1987-1997 Trend Report, highlights a downward trend in aerobic studio usage. In 1997, only 1.7 million people used aerobic studios, the second lowest number recorded since 1987. This trend has been widespread in the other developed group exercise markets including Australia, Europe and South America. Australian Fitness Industry research conducted by Network for Fitness Professionals (1995) suggests that to reverse the trend and secure the

future of aerobic studio usage, four key areas must be addressed:

- * Developing the right group exercise to music programs;
- * Recruiting and developing the right instructors;
- * Controlling the quality of delivery;
- * Promoting group exercise to music programs inside and outside the club.

Based on the above areas and global trends toward increasingly sedentary work styles and obesity, there is an increasing demand for convenient, appealing forms of group exercise. It is suggested that the negative trend in aerobics participation is being created by structural weaknesses within the industry rather than market fundamentals.

There is no such thing as a workout that suits everyone. The fitness industry must keep its excellent aerobic programs and Instructors but it must establish new programs such as BodyPUMP that appeal to new and existing markets. This will turn the aerobics room into a program room catering to a wide range of fitness consumers in ever-increasing numbers.

The Les Mills group believe they have the solution to these global problems and that the aerobics industry can be revolutionized. Pre-choreographed programs are a key factor in this equation and those being licensed by Les Mills International have established commercial success.

CLUB INSIDER News

Contributing Author Team

The 1999 CLUB INSIDER News 1999 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.

MIKE CAMPETELLE - Communications Consultants - (401) 792-7009

RANDE LaDUE - President, Pro*Fit Enterprises - (888) 604-2244

MICHAEL HOFFMAN - President-Heart Communications (949) 489-0301

KLAUS HILGERS- President-Epoch Consultants- (727) 447-1773

SALLY GOLDMAN-Owner-The Weymouth Club- (617) 696-2627

KAREN D. WOODARD - President-Premium Performance Training- 9303) 417-0653

JULIA WHEATLEY- Owner- Women's Fitness Center- (540) 434-9692

SIMON D'ARCY- President-Business Success Teams- (805) 566-8213

TOM MORRIS- Founder and Chairman-Morris Institute of

Human Values-(888) 279-1537

DR. GERRY FAUST- Founder and President-Faust Management Corp.-(858) 536-7970

RAY GORDON- President-Sales Makers- (800) 428-3334

EDDIE TOCK- Vice President- Sales Makers - (800) 428-3334

ANDREW NERE-Vice President-Innovative Lease Services- (800) 438-1470

ART CHAPPELL- Owner-Courthouse Athletic Clubs- (503) 885-1964

PATRICK PINE- Founder-National Fitness Therapy Associa-

tion- (303) 399-4545

BRENDA ABDILLA- President- Club Profit Systems- (800) 448-0180

TOM ZENNER- LifeTime Fitness - (612) 752-7000

NANCY CLARK, MS, RD- (617) 739-2003

RICK BARRERA- Founder and President- Rick Barrera & Associates (800) 835-4458

MICHAEL SCOTT SCUDER- President- FITNESS FOCUS- (505) 751-4236

CASEY CONRAD - Communications Consultants - (800) 725-6147

RICK CARO - Chairman, Spectrum Clubs International - (212) 987-4300

BONNIE PATRICK - Fitness Company - (732) 548-0970, Ext. 111

JIM EVANS - President & General Manager - Peninsula Athletic Club - (619) 224-4644

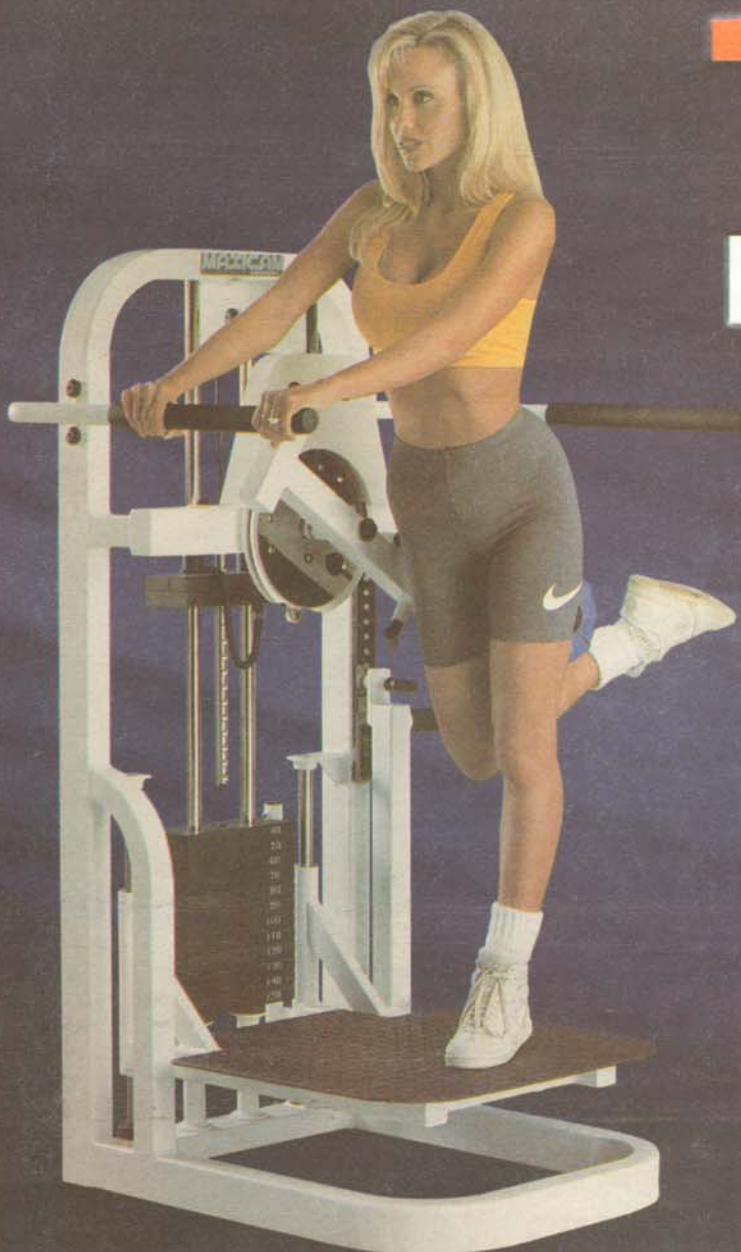
MIKE CHAET - Ph. D. President - Club Marketing & Management Systems - (406) 449-5559

MIKE CONNORS - President, Optifitness, - (413) 567-7300

BRIAN McBAIN - President, Club Market Vision, - (800) 664-9601.

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Joe Cirulli, Owner
Gainesville Health & Fitness
*Club Industry, July 1997

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IHRSA's Capitol Report

Capitol Report Reprinted Courtesy Of IHRSA

IHRSA GRANTS \$70,000 TO STATE EFFORTS

In the past six months, IHRSA has approved more than \$70,000 in direct financial support of legal and legislative efforts in six states.

Efforts receiving support include: attempts to repeal the sales tax on health club dues in Florida, Ohio and Washington; fair competition challenges in Pennsylvania, Illinois, Ohio and Washington; and the successful defeat in November of a municipal fitness center proposal in Michigan.

"IHRSA has been a strong partner in our efforts to get the sales tax repealed in Florida in the past three years," said Bob Karshner, owner of Shapes Fitness Centers in Tampa.

"There are hundreds of Florida clubs that are directly benefiting from IHRSA's support," Karshner said. He believes that it is every club's obligation to support the Fund.

"It's the only way we can ensure that the Fund will be there for our industry when we need it most," Karshner said.

George Eusterman, owner of the Riverside Health Club in Mount Vernon, Washington, agrees. "IHRSA's support has been crucial to our ability to finance both a fair competition fight and sales tax repeal efforts simultaneously."

"What impresses me the most is the dedication, organization

and leadership demonstrated by the IHRSA members involved in each of the efforts we are supporting this year," said Jay Ablondi, IHRSA's Director of Government Relations.

Ablondi noted that in the last year, IHRSA has allocated nearly \$150,000 to efforts in ten states. In two of those states, Tennessee and Wisconsin, taxing authorities have questioned the exempt status of upscale YMCA fitness centers.

"With help from the Fund, IHRSA members have been able to influence public policy and make progress on many fronts," Ablondi said.

Once an initiative is approved for funding, IHRSA's Fund pays up to 50% of the costs. To be eligible, efforts must have a reasonable chance of success and have state or national significance for the entire industry.

To learn more about the Fund, contact IHRSA Government Relations or visit the GR section of www.ihsra.org.

TOUT YOUR COMMUNITY SERVICE

Don't forget to complete and return the 1999 Annual IHRSA Community Service Survey that was faxed to your club last week!

Using the results of this survey, IHRSA will help get the word out about how much health clubs are contributing to the betterment of their communities.

This data will be used not only to build the good name of our industry, but also to show that tax-exempt organizations do not have a monopoly on good deeds! For example, did you know that health clubs raised an estimated \$35 million for charities and schools in 1998?

Your response will make our data more accurate on this, our third year of the survey. To have another survey sent to you, call Maeve McCaffrey at (800) 228-4772, ext. 159 (or e-mail mem@ihsra.org). The survey deadline is January 24.

WISCONSIN SHEDS LIGHT ON YMCA TAX DEBATE

The Wisconsin State Journal ran a front-page story on December 12 with the following headline:

"Y's fight highlights tax-exemption issue; when institutions don't pay property taxes, others have to pay more."

An excerpt from the article is reprinted here:

Many personal and real-estate property tax exemptions eat away at the property tax base. The more exemptions there are, the more non-exempt property taxpayers — home-owners and businesses — pay for school costs, police and fire protection, garbage pickup and other municipal services.

In Wisconsin, exempt non-government private real estate amounts to \$14 billion. If that

property were put on the tax rolls, the average property tax rate around the state would have declined 5.6 percent for 1997, according to...the State Department of Revenue.

One particular exemption for nonprofit groups providing a "public benefit" — for YMCA's and, as commonly included by assessors, their fitness facilities — has become the symbol in a statewide fight to contain abuse of property tax exemptions.

In Milwaukee, the local YMCA recently was shocked when it received notice from the city that three of its Milwaukee properties were being placed on the tax rolls.

Now the conflict has reached Madison, where the Dane County YMCA is in the midst of a \$3 million expansion of its 30-year-old West Side and East Side facilities, including the fitness centers. Currently, the YMCA properties are fully exempt. Together, the estimated combined value is \$7 million to \$14 million, according to the Madison city assessor's office.

A State Supreme Court decision earlier this year should force local assessors to reconsider whether YMCA's deserve a full tax exemption and should be taxed in part...a recent law effectively bars nonprofit hospitals from getting into the health club business.

The author of that bill, state Sen. Russ Decker, is co-chairman of the Joint Survey Committee on Tax Exemptions.

"I think any business that competes with for-profit businesses ought not to be exempt," said Decker. He said reining in tax-exemption abuse where it exists could help "quite a bit" in the fight against high property taxes. Without making a judgment on the YMCA situation, he said he'd be willing to hold a hearing on the subject.

"Just because you're a good-deed-doer doesn't mean you don't have to pay property taxes," said Johnson, asserting support from [the] State Supreme Court decision.

"If the Y has a fully functioning health and fitness center and it is fully exempt, we believe the law does not permit it," Johnson said. "We're not talking about homeless children

here; we're talking aboutuppies in spandex."

For cities, the fight over the YMCA fitness facilities is part of a multi-front war to secure and protect a vibrant tax base.

"We have a major stake in making sure tax exemptions are handed out on a fair basis," said Rich Eggleston, a spokesman for the Wisconsin Alliance of Cities. "(Fewer exemptions) would definitely hold down taxes. It wouldn't mean a dramatic change, but every little bit helps."

For a copy of this article, call (800) 228-4772 or visit the Government Relations section of www.ihsra.org

PENNSYLVANIA BOARD REJECTS YMCA'S REQUEST FOR TAX EXEMPTION

The Downtown Pittsburgh YMCA lost last week in an attempt to regain its property tax exemption and could wind up having to pay city, county and school district taxes unless it successfully challenges that ruling.

For the last decade, under an agreement reached in 1989, the Y has made payments, in lieu of taxes, that were the equivalent of 40% of what its assessment would have required. But last year, it reapplied for an exemption. The Allegheny County Board of Property Assessment, Appeals and Review voted to reject the Y's exemption request after holding public hearings.

The Downtown Y's land and building are assessed at \$1.8 million. If it had to pay taxes at the Pittsburgh Board of Education's rate, for example, the school district would receive about \$107,000 annually.

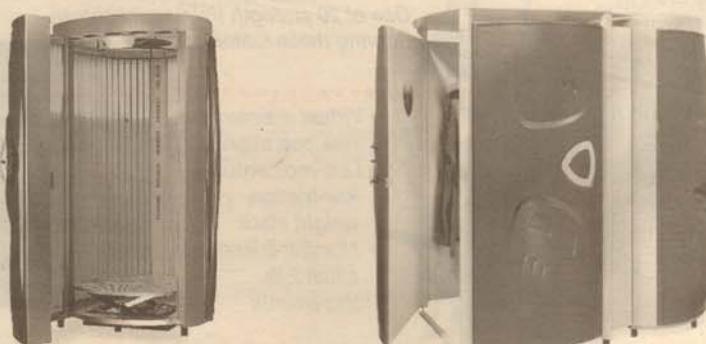
Since the property Board's decision is retroactive to 1999, the Y could wind up paying the school district as much as \$214,000 in taxes to cover 1999 and 2000. The ruling would also apply to city and county taxes.

During the hearings, an attorney for the school board argued that a health club occupies 40-50% of the property and that the Y should be taxed.

"This decision demonstrates that people now realize that many Y's, although they may run charitable programs, also operate

(See *Capitol Report* page 26)

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Keys To Effective Listening For Professional And Personal Purposes

By Karen D. Woodard, President
Premium Performance Training

Most of us believe we are effective listeners but in reality we are not always so great at this skill. In fact research indicates that most of the time we listen at about 25% of our potential, which means that we ignore, distort, misunderstand or forget 75% of what we hear. Hard to believe, but too often, it's true.

Much of the time we think we are listening. It's as though we believe because we have ears we are listening - there is a difference between hearing and listening. If we really believed the "because we have ears we are listening bit" that would be like acknowledging "because we put information out in the clubs, our Members read it". Yeah - right with that one!

Much of what I see in clubs in sales, service and management reflects this unfortunate data. However, lazy listening skills are not isolated to the health and fitness industry alone. Paul Leats, President of the Sperry Corporation, was quoted as saying "lazy listening is one of the most significant problems facing businesses today.". He's right. Lazy listening ends up costing so much in lost sales, misunderstandings between our Members and miscommunication between our Staff.

When it comes to selling, we really lose out. There is far too much talking than listening taking place. We seem to think that if we

tell the prospective Member a bunch of stuff, then they'll want to join. Well, that may certainly be part of the equation, but how do you know what stuff to tell them if you are constantly talking and not listening? We seem to fall into the trap of "I'll tell them about all this stuff because that's what other people seem to dig, so it will work for them". Wrong! What you end up doing is telling them what you want to tell them versus what they want to hear. The message that should be coming through here is that we talk way too much. To be really effective, we want to be speaking about 30% of the time and listening about 70% of the time. Listen to your co-workers when they give tours and have them listen to you to see what the reality of that equation is.

People do their best when they know someone is listening and when it comes to sales, service or managing people, it's important that we always get the best information so we can deliver the best results. Therefore, we must listen to understand - not to reply. There is no doubt that being a great listener is a challenge. We must hear and select information from the speaker, give it meaning, determine how we feel about it and respond - in a matter of seconds. That's a lot of processing! The following process will help us do just that:

1. Hear: when in conversation, let the other person speak with no interruptions from you. Let there be a moment of silence

after they speak to ensure they are done for the time being. This may be difficult for some of us, as we are not always so comfortable with the silence.

2. Interpret: after you hear what they have said, it's time to interpret their message. Interpretation includes not just the word but additionally the tone, the non-verbal cues as well as our own filters. Filters include our perceptions, memories, biases, expectations, attention span, feelings, needs, etc.

3. Evaluate: here is where we may start speaking. We will ask questions and analyze the information without jumping to conclusions.

4. Respond: After we hear, interpret and evaluate is when we can confidently respond with well thought out responses that assure the speaker that their message was heard, understood and evaluated properly.

For effective listening and communication we need to include all of these steps, but too often we short cut by going from hearing to responding. Some factors that cause this include:

- our own filters
- fatigue
- lack of focus
- mental overload
- being harried
- sales styles
- distractions
- lack of training

Simply put, barring any personal auditory problems, we can become better listeners in a relatively short period of time -

if we want to. Some keys to assist you with this process:

- take notes
- slow your mind
- slow your mouth
- control distractions
- control your emotional buttons
- repeat important points
- show interest
- pay attention to non-verbal cues
- be a whole body listener
- ask open-end questions



(See Woodard page 20)

Karen Woodard

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Why The YMCA Should Pay Taxes

By Norm Cates, Jr.

Roger Ralph's letter at the bottom of this page expresses thanks to me for supporting commercial health clubs in their challenge of competing with YMCAs. He also comments that "his focus has been on trying to get the YMCAs of the USA to return to their original Mission." The Mission that qualified the YMCAs for tax exemptions from Federal, State and local Property Taxes was, but no longer is, to serve the youth of America and the underprivileged.

You will see an ad on page #21 of this issue which summarizes the facts about this unfair advantage that YMCAs enjoy over their com-

mercial counterparts, the taxpaying clubs across the land. Did you know that even though the YMCAs of the USA wants you to believe that they still serve the underprivileged, less than 10% of their membership receives financial assistance? Did you know that many YMCAs have very strict no-kids allowed policies? Did you know that a tax-exempt \$5 million YMCA enjoys a \$600,000 per year financial advantage over a similar commercial club?

Now is the time for all 15,300+ U.S. commercial health clubs to rise up together and rebel against this unfair no-tax advantage that YMCAs have enjoyed for over 100 years!

Why? Because the YMCAs of the USA no longer

have the same mission. Their mission has become the same as many commercial health, racquet and sportsclubs and that is selling membership and services to the well healed members of our society. A recent study showed that the average YMCA member earns a salary that is just slightly less than the average member of a commercial health club in the U.S. (\$68,000 vs \$74,000 annually).

While Roger Ralph has placed his focus on attempting to get the YMCA back on Mission, we would argue that the likelihood of that happening is slim. Why? Because of money. The Executive Director of the YMCAs of the USA earns a huge salary. Many of the new-upscale-mega YMCAs pay General Managers almost

double what commercial clubs operators pay. In some markets, YMCAs even pay aerobic instructors far more than the average. How can they do this and still stay in business? The answer: They don't have to pay taxes and in most cases have no debt service because the YMCAs are built on donated capital.

The only way to get the YMCA to return to their original Mission of serving the underprivileged and youth is to convince the various levels of governments (Federal, State and Local) that YMCAs should pay taxes because they no longer pursue the Mission that gave them the no-tax status in the first place. We should all ask the simple question, "Since the YMCA no longer pursues the Mission that initially qualified them for tax exemptions, why should they continue to receive a Government mandated tax-exempt status?"

The Tennessee State Board of Equalization determined on May 28, 1999, that the de-facto mission of thirteen facilities operated by the YMCA of Middle Tennessee was to compete directly with private, taxpaying clubs. As a result, the Board recommended that all thirteen facilities should lose their tax exemption and be placed on the tax roles. That was a landmark decision that should clearly show the YMCAs that their time is up.

The resolution of this issue is not going to come easy. Nor will it come overnight. This will be a marathon, not a sprint. If you want to join the fight, here

is what you should do:

(1) Make copies of the full-page ad shown on page #25.

(2) Distribute copies of the ad to the following:

(a) Local YMCA Board Members

(b) Local City Council men and women.

(c) State Legislators

(d) U.S. Congressmen and women

(e) All of your members.

(3) Post the ad on high-traffic bulletin boards throughout your club.

(4) Begin to make personal contacts with local YMCA Board Members, City Councilmen and women and U.S. Congressmen and women. Practice delivering your message clearly and briefly. The message we must all deliver in unison is summarized here:

"The YMCAs of the USA no longer perform the charitable Mission that originally qualified them for tax exemptions. So, we ask: 'Why should YMCAs continue to receive tax exempt status?' The answer is they should not. They should now be required to pay taxes because they are now commercial health clubs. We are asking you as a YMCA Board Member, city councilman or woman, State Legislator or U.S. Congressman or woman (pick-one) to do the right thing and take away the YMCA's tax-exempt status. Tax the YMCAs of the USA."

Become relentless on this issue and we will prevail in changing history and getting the right thing done!

... Woodard

continued from page 19

To put these into action, catch yourself in the act of not listening. Then, substitute the old bad habit with one of the new good habits from the list above. If you do start consciously practicing better listening skills, you'll find the results are indeed worth it. Think about it this way - remember at the beginning of this article when we discussed the perspective of listening 70% of the time and speaking 30% of the time? Well, if you have only been listening 30% of the time and make the switch to listening 70% of the time - that is a 130% increase in your effectiveness. What would a 130% increase in

effectiveness mean to your sales production? It would be phenomenal! Now take that 130% increase in listening effectiveness and extend it beyond your professional life into your personal relationships - the effect you can have with people in your lives would be tremendous and the quality of every relationship you have would reach new heights.

(Karen D. Woodard, President of Premium Performance Training and an international speaker and author, provides tapes, books and seminars on successful sales, service and management training to the health and fitness industry. She can be contacted by phone at 303.417.0653.)



January 3, 2000

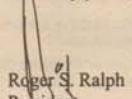
Mr. Norm Cates
Publisher and Editor
The Club Insider News
Box 681241
Marietta, GA 30068-0021

Dear Norm:

I wanted to personally thank you for your extraordinary support for everyone in our industry concerned about the serious issue of Fair Competition. For me, the issue has always been less about the unfair tax burden and much more about what the YMCA's mission and activities should be in the years and decades ahead.

Your hard-hitting clear coverage of this issue has provided a tremendous service to this wonderful industry of ours. The best way for us to deal with the issue of Fair Competition long term is to continue to educate the public and elected officials and for the tax paying health club industry to significantly increase the number of full service family and community oriented health clubs in our country.

Sincerely yours,



Roger S. Ralph
President

RSR/jmt

cc: Helen Durkin
John McCarthy

CITIZENS OF AMERICA!

DID YOU KNOW THAT THE YMCA's OF AMERICA ARE NOT PAYING THEIR FAIR SHARE?

(1) Did you know that the YMCA's of America have \$3.1 billion in annual revenue?

(2) Did you know that even though the YMCA's of America want you to believe that they are a charitable organization, they provide financial assistance to less than 10% of their membership?

(3) Did you know that YMCA's do not pay ANY real estate taxes, personal property taxes, State Income Taxes or Federal Income Taxes?

(4) Did you know that a Tax-Exempt \$5-million YMCA enjoys a \$600,000 annual cost advantage over a taxpaying commercial health club that provides the same services?

(5) Don't you think it is about time that all YMCAs in the U.S. start sharing YOUR TAX BURDEN by paying their fair share of all of the above taxes?

REBEL TODAY!

Contact your local YMCA Board Members and inform them of this Travesty of tax justice! Contact your County and City commissioners and councilmen/women and tell them the TRUTH about this YMCA NO-TAX SHAM! Contact your State Legislators and demand that YMCA's be required by State Law to pay THEIR FAIR SHARE of State Taxes. And, finally, tell your Congressmen/women that YMCAs across America should begin to pay THEIR FAIR SHARE of income taxes just like all other commercial businesses in America must do!



Harford County Coalition for Fair Competition

*Tax Paying Businesses Working with Tax Exempt Organizations
To Build a Better Harford County*

FAIR COMPETITION CHART AN UNLEVEL PLAYING FIELD - WHY YMCA'S COMPETE UNFAIRLY WITH TAX PAYING HEALTH CLUBS*

	ANNUAL COST TO THE YMCA	ANNUAL COST TO HEALTH CLUBS	DIFFERENCE
LAND CARRYING COSTS Land valued at \$200,000 per acre; 5 acres (\$1,000,000, 15 yr. loan at 8% interest)	0	\$114,678	\$114,678
BUILDING MORTGAGE \$4,000,000 borrowed at 8% interest, 15 yrs. (Y receives 50% in contributions)	\$229,356	\$458,712	\$229,356
FURNISHINGS & EQUIPMENT \$400,000 borrowed at 9% interest, 5 yrs.	0	\$99,640	\$99,640
POSTAGE Non-profit sector receives a 33% discount and free distribution via schools and govt. agencies	\$6,600	\$10,000	\$3,400
PERSONAL PROPERTY TAXES (tax rate of \$3.65 per \$100 on \$400,000/ 40% assessed value)	0	\$12,000	\$12,000
REAL ESTATE TAXES (tax rate of \$3.65 per \$100 on \$5,000,000/ 40% assessed value)	0	\$73,000	\$73,000
STATE INCOME TAXES State tax rate of 7% on a profit of \$280,000	0	\$19,600	\$19,600
FEDERAL INCOME TAXES Federal tax rate of 22.25% on first \$100,000 and 39% on next \$100,000 - assumes \$280,000 annual profit.	0	\$92,250	\$92,250
TOTAL ANNUAL COMPARATIVE OPERATING COSTS	\$235,956	\$869,880	\$633,924

* Assumptions based on a \$5,000,000 health club project on five acres.

As a result of its tax exempt status a non-profit organization like the YMCA can charge 25-50% less to its members than a tax paying health club. In the example above, a tax paying health club with a membership of 2000 would have to charge \$26.00 more per membership per month than the Y simply to cover tax and debt service costs that Y's do not have.

Raising The Standard Of The Fitness Industry

A Closer Look At NFTA - The National Fitness Therapy Association - As It Faces The Challenges Of The New Millennium

By Patrick Pine

VALUE of ACCREDITATION

Before discussing the value of accreditation, the difference between Accreditation and Certification needs to be clarified. In the United States, businesses, organizations and institutions voluntarily seek accreditation as a means of establishing credibility in their respective markets. It is about identifying what it means to provide quality services and setting required standards of operation to provide those services within a specific industry. The accrediting agency then issues official authorization or approval to those persons or entities that comply with those standards. Accreditation is the highest level of credentialing available. On the other hand, certification is the act of confirming that someone has met a certain set of predetermined criteria established by a certifying body. Certification is often recog-

nized as an acceptable standard of practice by general consent of the population it certifies.

Accreditation has long been recognized in the domains of hospitals, rehabilitation and higher education as the way to maintain higher standards of accountability and quality. It has also helped to establish a set of core values that include responsibility, knowledge, self-governance as well as the pursuit of quality. Although these values are readily accepted in the fitness industry, they have not been implemented in any kind of recognized fashion. Recently, however, there has been much discussion regarding the actual impact of these values on personal trainers and health clubs. The question is "Why have other industries and professions embraced accreditation, while the fitness industry has not?" After all, it is a voluntary act reflecting the maturity and readiness of the industry.

Accrediting bodies are described as "quality oversight organizations," and that is what

NFTA is all about. It was established by the fitness industry as an expression of responsibility, accountability and self-governance, and can be likened to the "Good Housekeeping Seal of Approval" for the fitness industry. The goal of NFTA accreditation is simply to improve the quality of services to persons served in the fitness industry.

NFTA'S MISSION

NFTA was formed in 1998 by a group of health club owners, fitness professionals, wellness consultants and health care practitioners in response to concerns of credibility in the fitness industry. Its mission is simple: "NFTA is dedicated to improving the quality, standards and outcomes of preventive health care services while also educating and informing the public on health, fitness and wellness issues." The private nonprofit organization accredits programs and services provided by fitness facilities and identifies profes-

sional requirements for individual fitness professionals. For accreditation, NFTA develops and maintains practical and relevant standards of quality, reviewing them annually and developing new standards to keep pace with the changing conditions and current consumer needs.

NFTA's standards address organization management, commitment to customer service, leadership, program development, quality improvements, safety, and the process of delivering services. Standards also are specific to the program being delivered, like post-rehab fitness therapy and activities for special populations. Public input is a factor in setting the standards and NFTA encourages consumers, purchasers, advocates, and public officials to provide feedback on all relevant issues. This would include issues such as safety, outcomes, consumer involvement, profes-



Patrick Pine

sional qualifications and business ethics.

TYPES OF ACCREDITATION

The primary purpose of (See *Patrick Pine* page 24)

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The whole operation is a huge undertaking. With over 25 employees and a monthly payroll around \$50,000. More than \$30,000 in building leases. Over \$20,000 a month is spent on replacement parts to refurbish the equipment. The cost to buy this depreciated equipment is over \$150,000. The point is we have made the necessary investments to insure a consistent and reliable product for you.

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We warranty this equipment, give you a National service technician network, and give you 24 hour technical information on our award winning website. You see, the only equipment we sell is the top brands: *LifeFitness*, *Cyber*, *Stairmaster*, *Trester*, *Precor*, *Star Track*, *Paramount*, *Tecnic*, *Quinton* and others. These manufacturers have built a national service network that we have access to when our customers need service. It's as easy for us to repair a treadmill in New York as it is in California. We take care of your business.

We Have Over 1,300 Customers That You Can Speak With To Give You Buying Confidence

In today's business climate you have to protect yourself from mis-information. You can't take advertising statements as fact. We understand this, and make accessible to

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(Mike Bocciotti is the CEO of 5 YMCA's)

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P.S. It's hard to grow a business and waste money at the same time.

MAKE IT FUN!

By Sandy Coffman

Don't miss the IHRSA Convention in San Francisco, March 22-25! You will be re-energized, motivated, and filled with fabulous ideas for the second quarter of the millennium. Certainly with all those new members that have joined your club in January and February the need to MAKE IT FUN has never been greater. The goal of programming is retention and, remember, no one quits your club because they are having too much fun!

Let's first evaluate how you have made it fun so far this year. The most significant and obvious opportunities present themselves around holidays.

Did you give candy hearts away for Valentine's Day? Did you have special "Couples Only" workouts scheduled in the fitness center? Did you run a Valentine's Mixed Doubles racquetball or tennis tournament? Did you run a quick new member Cardio HEART THROB Challenge from February 1st to February 14th, or through February 29th. It would have been a great opportunity to get your new members started on a program immediately, have them meet other new members, and also get that sense of belonging by meeting your staff because each new member would have been assigned to a fitness trainer as his or her VALENTINE HEART THROB. And February 29th, Leap Year Day, was a great time to run a party for all those new members who "LEAPED" into a new program.

As for March, ST. PATRICK'S DAY has always been one of my favorite programming

days. It not only lends itself to spectacular promotional and marketing opportunities, but ideas include events in every activity department, from competitions to parties, and if you MAKE IT FUN, every activity for the day should become an annual event.

If you miss St. Patrick's Day, I hope you all celebrated March 20th, the FIRST DAY OF SPRING. "Spring Into Fitness," a great theme for a six week fitness program, "The Spring Fling," a fun name for an annual tournament or ladies luncheon. And I certainly hope you didn't miss celebrating my birthday. Just kidding!

Not to worry, April will be here soon. You have plenty of time to prepare for Easter which is April 23rd. What a wonderful opportunity for a family event. A good old fashioned EASTER PARADE will be as fun to organize as it will be to run. Be sure to get the whole family involved - kids, moms and dads, even grandma and grandpa. Costumes, props, bikes, banners, and music will all add to the FUN. Can you imagine the promotional and marketing opportunities here? An Easter Egg Hunt for children and/or adults can follow.

In the fitness center an incentive program might include working off the amount of calories in a great big chocolate Easter egg. It's all a matter of attitude and a little creative thinking.

We know that "April showers bring May flowers," so after a special team teaching group exercise class, where the Easter Bunny made an appear-

ance and delivered Easter treats, promotional coupons and door prizes, the ladies luncheon could include a flower arrangement class provided by a local florist. This event is a perfect kick off and lead in to a MOTHERS' DAY program coming up May 14th. How time flies, we just concluded three months of events - from February 14th to May 14th.

Programming is an ongoing and very important part of your business. It is the key to retention. In addition to the technical expertise and training of our staff, don't forget to provide training in programming. Your calendar of events is only as good as the program set

up, administration, and follow through. Our clubs provide opportunities for fitness. We, as leaders in the club business, provide the programs to MAKE IT FUN!

(Sandy Coffman is the President of Programming For Profit and the industry leader in the field. Sandy has helped hundreds of clubs with their programming and retention efforts during her 20+ year career. Sandy may be reached at: (941)795-7887 or Fax #: (941) 795-0590 or e-mail: SLcoffman@aol.com)



Sandy Coffman

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...Patrick Pine

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NFTA is to function as an accrediting association for fitness professionals and fitness facilities through membership in the association. However, it also offers a transitory membership as described below.

Facility Membership: The facility meets NFTA standards and has passed an on-site compliance audit. This means its programs and services are designed and equipped to benefit the people it serves; and its staff, services and documentation clearly indicate that present conditions represent an established pattern of operation and that these conditions are likely to be maintained or improved in the foreseeable future. Facility Members are issued a certificate of accreditation good for three years.

Affiliate Membership: This membership is open to any fitness facility and is used as a transitional process toward accreditation. These members are provided an extensive checklist of accreditation requirements and are counseled for implementation of these requirements. An Affiliate Member does not have endorsement for treatment, but may participate in any programs not requiring accreditation. Once accreditation is achieved Affiliate Members are upgraded to a Facility Membership.

Typically the on-site audit process for a Facility Member takes

one auditor five hours to complete. This varies depending on the thoroughness of the preliminary self-audit. The audit consists of reviewing policies and procedures, gathering documentation, facility inspection, observation of staff and customer interaction, and examination of business practices. The auditor also conducts interviews with staff members and consumers for verification of compliance of NFTA standards. Additionally, NFTA provides consultation by making suggestions to improve services and programs based on the auditor's recommendations. The audit report is then submitted to the NFTA office for approval.

NFTA also offers a Professional Membership for those individuals qualified to work with post-rehab patients and people with clinical diagnosed conditions. Professional Membership requires documentation of the following: minimum of a bachelor's degree in a related field, a current certification in one of the nine certification organizations recognized by NFTA, experience and/or knowledge in dealing with post-rehab and special populations, current CPR Certification and a professional liability insurance policy with a minimum of one million dollars. When this information is collected and verified the individual is issued a Certificate of Accreditation good for

three years and is designated as an Accredited Fitness Professional (AFP).

Individual Membership is offered to any individual as a transitional membership for those people seeking the status as an Accredited Fitness Professional.

NFTA GAINS RECOGNITION

Over the past year, NFTA has steadily been recognized by more and more organizations and individuals for promoting and upholding quality in the fitness industry. In 1999, the first year of operation, NFTA issued accreditation to ten facilities in six different states and has fourteen facilities that have applied and are in a transitional phase to qualify. There are also currently thirty-one individuals representing nine different states that have met the requirements for individual accreditation and are recognized as Accredited Fitness Professionals (AFP). Eight other individuals have applied and are in the process of finalizing their audit requirements. Fifteen companies that supply goods and services to the fitness industry have also recognized the value of the association by becoming Associate Members. More health care providers and insurance companies are recognizing the value of NFTA accreditation and referring

patients to utilize their services. NFTA prides itself in offering professional resources to its members, including continuing support through consultation, an annual education conference, regular training opportunities, a state-of-the-art Web site and an on-line newsletter.

THE DEMAND FOR ACCREDITATION

Today's fitness consumers are more sophisticated and knowledgeable than ever, and, they want more information about their fitness provider. Insurance companies are seeking more accountability and professionalism for their "after care health club memberships." Medical practitioners (physicians, chiropractors, and physical therapists) are more concerned than ever about the professional qualifications of people they refer their patients to for exercise programs. State governments are revising their approach to regulation and are beginning to develop partnerships with private-sector health care accreditation bodies such as JCAHO, CARF and NCQA. Outcomes management and performance indicators are becoming more important than ever in medical and rehabilitation services. It's only a matter of time before consumer advocates "REQUIRE"

the same type of accountability and responsibility from the "fitness industry" as it does from the "health care industry."

Accreditation is the highest form of credentialing there is in any industry or profession. Within the fitness industry, it is a validation of the fitness professional and the fitness facility, which recognizes their compliance of the highest standards in the industry. NFTA is the next logical step in the maturation of the fitness industry. It was created by individuals from the industry - for the industry. Until and if there comes a time when something such as government regulation or mandatory licensing is introduced into the industry, accreditation will remain the best method of establishing and monitoring standards for the fitness industry.

(Patrick Pine is the President and founder of NFTA. He also served as the Executive Director for the Western Association of Clubs (WAC), a regional association of IHRSA from 1993 to 1998. He has a Master's Degree in Physical Education from Colorado State University and more than 30 years of experience in the health and fitness industry. His experience includes teaching, coaching, recreational management, sales & marketing manager, wellness director, club owner/manager and consultant. He may be reached at (720) 941-0492. Additional information about NFTA is available at www.nfta.org.)

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...Capitol Report

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businesses that are aggressively commercial," said Helen Durkin, IHRSA's director of public policy.

The Downtown Y has waged battles over its tax-exempt status for the past two decades. Initially, the property assessment board said the Y was 12% taxable. Both sides appealed, and Allegheny County Common Pleas Court decided that the Y was 100% taxable. The Y appealed to Commonwealth Court which ordered a floor-by-floor evaluation of the building and its programs.

Then, a settlement was reached, requiring the Y to pay 40% of what it would otherwise owe in taxes.

Clifford Levine, an attorney for the Y, insists that his client meets all legal criteria for tax exemption and said that the Y will appeal last week's ruling.

SURGEON GENERAL SETS EXERCISE GOALS

U.S. Surgeon General David Satcher wants 30% of Americans to exercise at least 30 minutes each day by 2010. Today, only 15% of the population meets that standard. Satcher also wants to reduce by half the percentage of children who are overweight. This figure now stands at about 11%.

On January 25, Satcher unveiled a 10-year health plan for America called Healthy People 2010. He will begin measuring ten areas, called "leading health indicators," that address a broad range of health concerns.

"The underlying premise of Healthy People 2010 is that the health of the individual is inseparable from the health of the larger community," Satcher said.

IHRSA is working closely with government and health related organizations to

promote healthy lifestyles for all Americans. The association has set a goal of increasing the number of health club members worldwide to 100 million by 2010. That is approximately twice as many members as there are today.

SUPPORT THE PHYSICAL EDUCATION FOR PROGRESS (PEP) ACT

Call (202) 224-3121 and ask your two U.S. Senators to cosponsor Senate Bill 1159 to-day!

Here is this week's Capitol Report. You're receiving it via e-mail per either yours or John McCarthy's request. To unsubscribe, just reply and type "unsubscribe" in the body of the message. The on-line version is at <http://www.ihsa.org/cr/020900.html>. Comments are welcome!

IHRSA FUNDS OPPOSITION TO \$12.6 MILLION REC CENTER

IHRSA has approved a request from the LifeCenter Plus Health and Fitness Center in Hudson, Ohio, for financial assistance in its efforts to defeat a March 7 ballot initiative for a \$12.6 million park and recreational fitness facility.

Under a new provision in IHRSA's Fund criteria, the association can allocate up to \$2,500 to "local" fair competition efforts. Previously, Fund grants were restricted to legal or legislative efforts with state or national implications. Last fall, IHRSA teamed up with member clubs to defeat proposals for multi-million dollar taxpayer-funded fitness centers in Michigan and Idaho.

Jan Rubins, GM of Lifecenter Plus, said that although voters rejected the proposed center in 1993 and again in 1995, he won't take anything for granted.

"We plan on educating voters through direct mail, newspaper ads, signage and phone calls to make sure they understand what they are being asked to pay for."

Rubins believes that a sound defeat of the proposal would send a strong message to the city that may deter future similar ballot initiatives.

"As Americans become more and more fitness conscious, IHRSA clubs are facing a greater risk that their local governments will want to get into the fitness business," Rubins said. "Through IHRSA, we will share with other clubs everything we do to defeat this proposal in the hopes that they can protect their businesses from similar threats."

YMCA OF THE USA NAMES NEW CEO

Ken Gladish will be the new Chief Executive Officer

of the YMCA of the USA corporate headquarters in Chicago. Gladish served as Executive Director for the Indianapolis Foundation for the past six years.

Gladish, who worked at the YMCA of the USA from 1977 to 1983, was once an Assistant Program Director for the North Suburban YMCA located outside of Chicago. He has been involved at the Board level of several YMCA's over the past two decades. Gladish earned a Doctorate in foreign affairs at the University of Virginia and served as U.S. delegate to the YMCA World Alliance Executive Committee in Geneva, Switzerland.

Gladish succeeds David Mercer, who retired last month after leading the YMCA to record revenue growth through the past decade.

Last year, the YMCA reported \$3.2 billion in revenue. For the past five years, the YMCA has been #1 on The Nonprofit Times' annual listing of the nation's largest nonprofit organizations.

KEEP AN EYE ON TAX-EXEMPT FITNESS CENTERS

Even if your local YMCA, hospital, or other fitness center isn't competing with you right now, keep an eye on them by visiting their web site.

IHRSA has compiled an online listing of tax-exempt fitness centers that you can access at <http://www.ihsa.org/ylist.html>. Check it out!

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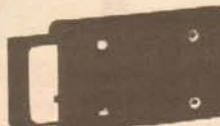
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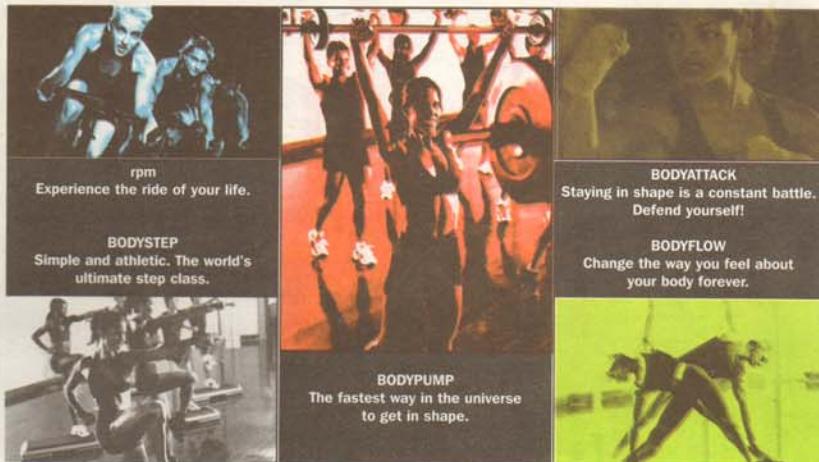


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