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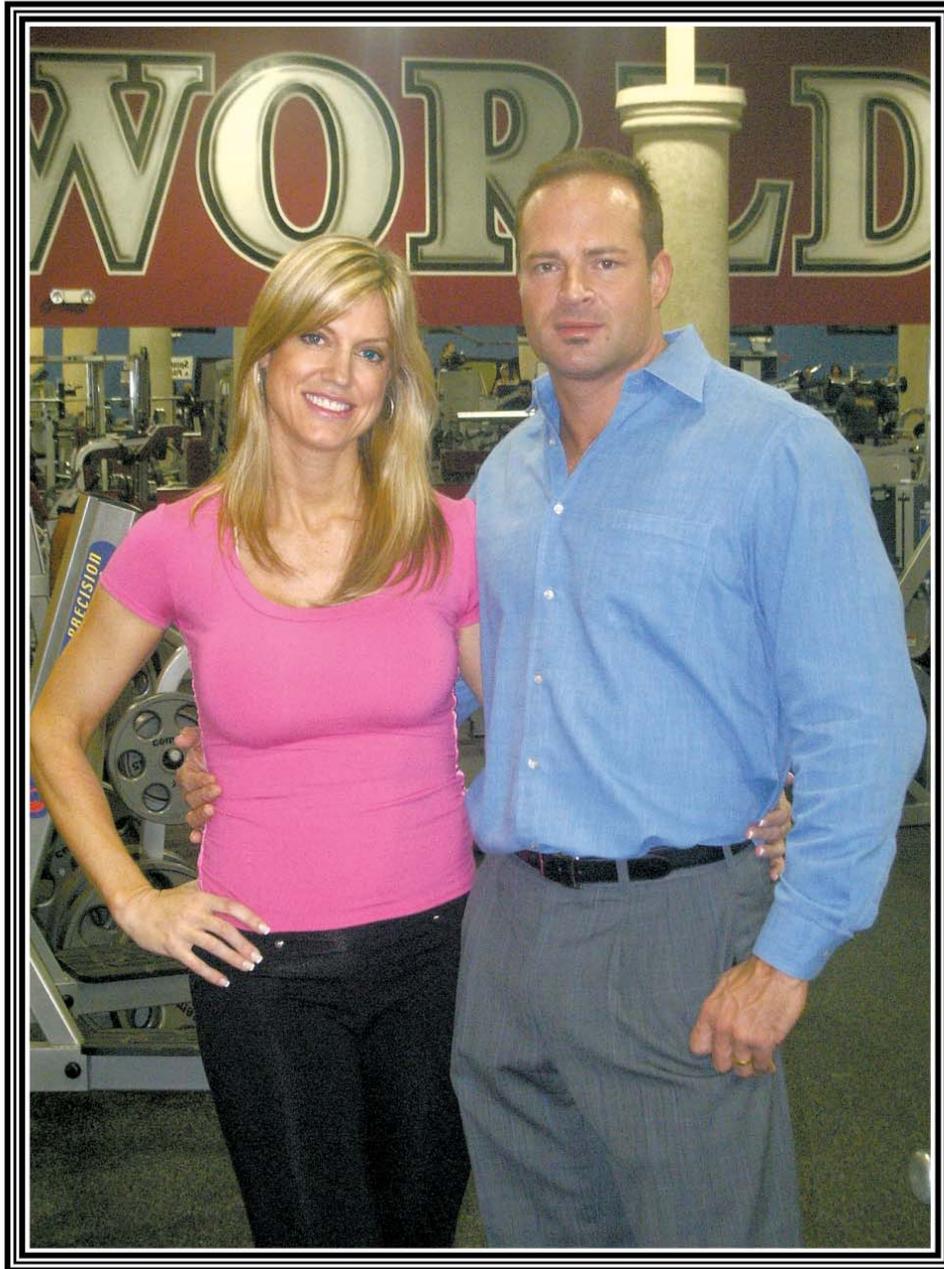
Norm Cates'

THE Club Insider

NEWS

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

FEBRUARY 2005
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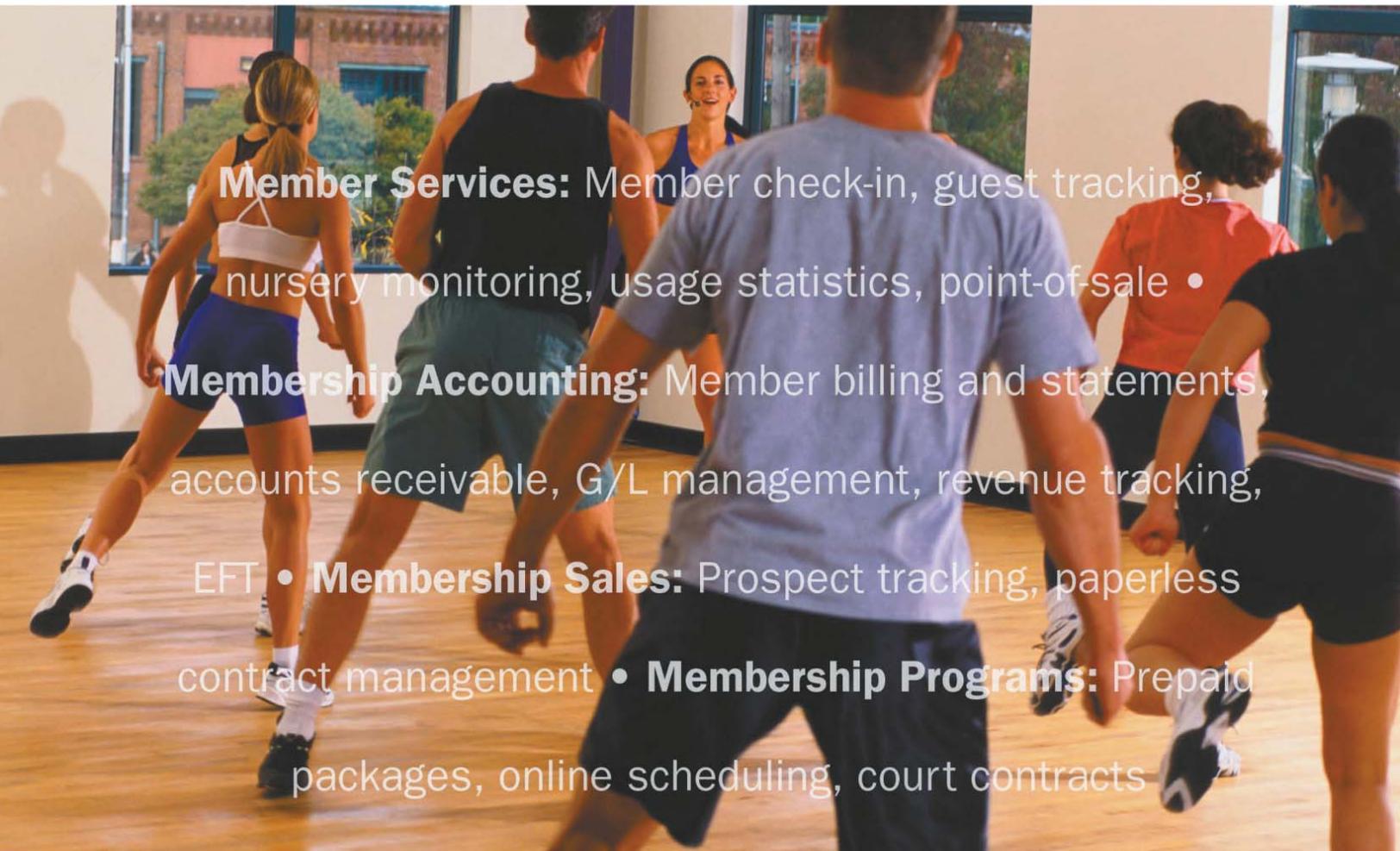


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THE Club Insider

NEWS

Jim Woolard and World Gym Team

Providing Excellence for 30,000 Members!

By: Norm Cates, Jr.

Jim Woolard, age 42, is a sharp, experienced, no nonsense, 'go-getter' young man that is 'on-the-go'! Jim owns and operates, with his World Gym Team, seven big-clubs in Southeast Florida and one in Philadelphia, PA. Woolard's World Gyms range in size from 38,000 square-feet in East Boca/DelRay Beach, to 22,000 square-feet at his Philadelphia facility and 16,500 square-feet in Boynton Beach. Woolard's eight World Gyms serve more than 30,000 health club members that enjoy

the excellence of his operations and benefit from his experience and *tenacity* in this business, and I do mean *tenacity*.

Jim Woolard has been employed in the health club industry since the age of 16. That makes him a 26-year industry veteran at this point, and having spent more than half of his life in the health club business, Woolard has learned a lot and has applied that knowledge and experience to building an outstanding World Gym club group.

Jim Woolard is also a family man. He has been married

to his beautiful wife Ann for 21 years, and they have three amazing daughters, Devon, 15; Brooke, 11; and Morgan, 8. Ann works for the business full-time with Jim as the company accountant, and she directs the organizations' 'back-office' operations. Jim makes it clear that he wouldn't be this successful without Ann's relentless commitment to perfection and her amazing work ethic. "I couldn't do it without her, she's the glue that keeps everything together!" states Woolard proudly.

During a recent visit

with Jim at his equipment packed World Gym in Boca Raton/DelRay Beach, Florida, I witnessed his operation first hand. Woolard's DelRay Beach World Gym, an awesome 38,000 square-foot "big-box" facility, is smack-full of multiple lines of cardio equipment, selectorized strength machines and free weights, a large, well-done group exercise studio room, a Spinning and Pilates room, a full size boxing gym with a regulation size boxing ring, a pro shop and a juice/snack bar. Woolard's members receive great value in their membership investment at

his World Gyms.

If you speak to Mike Uretz, the CEO and Co-founder of World Gym, you will understand better the lofty status Woolard's World Gym operations have in the franchise chain and in the U.S. health club market in general. Mike speaks very highly of Woolard and his operations and clearly feels that Woolard is one of the best World Gym operators in his World Gym International organization. He said, "Jim Woolard is one of the most successful World Gym owners in our entire franchise

(See *Jim Woolard Page 10*)

Late Breaking News!

Founder of Quiznos Rick Schaden Acquires Major Interest In Ray Wilson's Healthy Exercise Concept! "123 Fit" Set To Blast Off In Houston In May!

By: Norm Cates, Jr.

Ray Wilson, the legendary icon now with 56-years under his belt in the health club industry, declared to the world in The *CLUB INSIDER* News September, 2003 cover story that he would see 10,000 of his Healthy Exercise Centers around the world before he finished what he calls his 'Sixth-Phase'. Wilson, now age 77, has lived a life and a health club career that

someday will be set forth in an absolutely amazing book and very possibly, an enormous blockbuster movie!

Ray Wilson is not just our industry's most prolific, long-time health club developer, he is a virtual genius when it comes to seeing a trend *way in advance* and then *capitalizing on that movement*. For example, Astronaut Jim Lovell, whom Wilson and Robert Delmonteque

trained in their Presidents Club in Houston, Texas in the early 1960's, told him "Ray, you should put cardiovascular equipment in your health clubs from now on." Wilson thought that was a good idea, but the health club world was virtually void of efficient cardio equipment that would stand up to mass use. But, Wilson never forgot that advice from Lovell whom, by that time had been appointed Chairman of the President's Council On Physical Fitness by President John F. Kennedy. The chance to use Lovell's advice big-time came when Wilson discovered an electronic bike that had seen 3 different groups of investors go bust. He invested over one million dollars and five years to perfect the design and packaging

and launch it. Wilson worked in collaboration with a young man named Augie Nieto, a college student in Orange County, California area at the time, to market the first generation versions of the new and first in history high-tech exercise bike. The name of that bike? Lifecycle. Wilson ultimately sold the Lifecycle Company he started to Bally Entertainment, the giant electronic slot machine manufacturer and casino and hotel operator who grew the company under Augie Nieto's direction from just Lifecycle production to several different cardio machines including treadmills and elliptical machines, as well as a full line of strength equipment. After that Wilson was employed by Bally Entertainment as a part-time

consultant at a quarter million dollars a year for several years. Bally changed the name of the company to Life Fitness and later Life Fitness was sold to Brunswick Corporation for three hundred and twenty million dollars after it had become the largest manufacturer of exercise equipment in the world. Ray Wilson's Lifecycle project is symbolic of the amazing career of a man that has changed the health club industry more than any other. Ray Wilson is a gifted visionary, and just as he had in the Lifecycle example, Wilson has persisted with the testing of his Ray Wilson's Healthy Exercise Centers. He has believed in his concept as an "idea for our society that is totally viable for a

(See *Ray Wilson Page 7*)

Inside The Insider

- *Tony and Gail deLeede Launch Active XL!*
- *2005 - Get Rid of The "Same Old, Same Old"*
- *10 Reasons People Aren't Joining Your Club!*
- *"2004 In Review" - Part III*
- *ClubSport Oregon Strikes Platinum With BTS*

Norm's Notes

Contained below are some of my opinions... I welcome yours! clubinsidernews@mindspring.com

• **Hello everybody!** This is your friendly **CLUB INSIDER** News Publisher since 1993, checking in! I have a **bunch** of Norm's Notes, and we have **another great edition** this month and we hope you enjoy it all!

• **JUSTIN CATES**, my son, (just in case you forget his name, remember, Justin-Cates!) IS COMING TO IHRSA SAN FRANCISCO! And, I hope you will **COME BY** our Booth #2717 to meet him. When I write here that "I am a proud Dad", let me explain why. Justin has got to be one of the most talented, gifted human beings that has ever walked this planet! Not to give him a **big-head**, but instead to share with you exactly why I brag on this young man, read this. Justin has been employed by **The CLUB INSIDER** News since he was **12-years old**, when he began his work teaching his Dad the computer world. Since then and now at age 20, Justin has risen to the **multiple roles** of **Information Technology Director**

(layout Director for the past 3-years and webmaster, etc.), **Assistant Editor and Author**. (See his "Change Through Football" article published in our December, 2003 edition). While in high school, he was a **three-year letterman in football**, **4-year letterman in track** (100,200 and 400) and he also maintained a **3.75 GPA** at **Walton High School**, earning him a "Hope Scholarship" (funded by the Georgia Lottery) He now has a **3.1 GPA** at **UGA**. During the past 5-years, he has **taught himself** how to play guitar. During the last two years, Justin even taught himself how to play piano! He refused guitar and piano lessons, stating that: "I don't want to take lessons because I want to create my own style." Last summer, in the high-tech music studio he built here in our home, he practiced guitar and vocals **six to seven hours per day, five days a week!** This coming **September 29, 2005** in Athens, Georgia (home of the University of Georgia, where he

is a first semester sophomore) he will have his **first music album debut party**, an event he is producing to be held at a local night club, where he is projecting 150-200 people to be in attendance. At that party, he will distribute "free demo CD's with his first three songs, and he will be selling his first recorded CD with 12 songs on it as well. Back to our business ventures. In addition to his ongoing work at IT Director and Assistant Editor for the **Club Insider**, Justin has been commissioned to work part-time over the next six months to perfect the business plan for our development of the CIN "Consumer Edition". Justin grew up in health clubs from right after he was born until he was age 8, when I started publishing **Club Insider**. He is extremely excited about going to **IHRSA San Francisco** for a lot of reasons and he will look forward to meeting you at our Booth #:2717. I've published his cover photo above, just so you will know who this young, energetic and brilliant dynamo is when you see him in San Francisco! I also look forward to 'meeting and greeting' as many of you as I can at the 24th Annual **IHRSA Event**.

• Please note our **Club Insider Advertiser IHRSA Exhibit List** shown below on this

page. I urge you to photo copy this list and put it into your calendar book, so that when you attend the world's largest health and fitness industry trade show, you can easily find our great advertisers. Our advertisers represent the **cream of the crop** in this industry. They want your business, they will treat you right and they will give you 'service-after-the-sale' in a very excellent caring manner. Without the sponsorship of these great advertisers, all of whom have their websites linked to our website: www.clubinsidernews.com this passionate, industry dedicated work Justin Cates and I do for you in the **Club Insider** would not be possible, so we ask you to contact, visit and consider buying products from our advertisers! **YOU WILL BE GLAD YOU DID!**

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Justin Cates
"A Good Man"

Thank You

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“Insider Speaks”

International Health Club Museum and Hall of Fame Proposed

By: Norm Cates, Jr.

I would like to comment on the *Club Insider's* 2nd Annual “Health Club Pioneer of the Year Awards.” I established these new annual awards to honor individuals who are *true, legitimate, long-term pioneers who have achieved greatness in and contributed enormously to the health club industry.* However, I believe in my heart that you are all health club pioneers! Some of you reading this will be honored in the future with *THE CLUB INSIDER NEWS* “Health Club Pioneer of the Year Award” as we will continue to honor the most qualified and deserving people in this industry. People like the *legendary icon, Ray Wilson, Dale Dibble, the man I call affectionately, “Mr. Enthusiasm” whose name appears on the IHRSA Distinguished Service Award, Red Lerille, former Mr. America and 43-year owner and Joe Gold.*

WHY is The CLUB INSIDER NEWS now presenting these very exclusive Health Club Pioneer Awards each year? The

answer is simple. I have a Dream and I've had this Dream for a long time... but, I am announcing it here and now. My dream is to plant the seed and find the key people and leaders worldwide in our industry to create plans for, fund, build and operate an “International Health Club Museum and Hall of Fame.” My vision includes historical interactive digital interviews and displays for each of our “Health Club Pioneer of the Year Award” winners, interactive electronic displays contributed by selected world class clubs, artifacts, photos, plaques, trophies and much more, all in one building located in a place that has an international airport. My dream also includes the inclusion of exhibits by the greatest manufacturers in our industry that have greatly contributed over the years to the development and growth of this terrific industry through their research and development and the investment of their money and resources. I have no illusion that I alone will ever have the resources to create this place where our industry

tells its life story and history to the world. Instead, I just wish to establish today, THE IDEA. My vision is that an ALLIANCE - A TEAM OF THE GREATEST MINDS and PEOPLE IN OUR INDUSTRY will see the value of such a huge project to our industry worldwide and will step in to help, just like hundreds of people stepped up to make a reality of Rick Caro's idea and dream of creating IHRSA which began with a team of great people 24 years ago. As in the creation of IHRSA this MUST be a TEAM EFFORT to ever become a reality. I have no illusion with respect to whether my Dream described here today will ever become a reality during my lifetime (that means during the next 41 years, because I do plan, through regular exercise, and proper nutrition and rest, to make it to 100). In the past year, we have lost two great people in our industry, JOE GOLD and HAROLD ZINKIN. So, I feel compelled to start the research effort now with a number of our industry's ‘elder statesmen’. I

do sincerely believe that by PLANTING THIS IDEA NOW IN THE MINDS OF the MANY GREAT PEOPLE IN OUR INDUSTRY IN THE YEAR 2005, someday, somehow, somewhere this dream can come true. I believe in my heart that my destiny in this industry is to be known as one of our industry's greatest historians. There are some really great historians in our industry and I want to name a few of them here and I salute them: JACK and ELAINE LALANNE, RAY WILSON, BILL HUBNER, ROBERT DELMONTEQUE, BILL PEARL, RUDY SMITH, DONAHUE WILDMAN, JOHN MCCARTHY, RICK CARO, TOM LINCIR, WALLY BOYKO and JOHN FULTON are just a few of the individuals that I know that possess vast and in-depth historical knowledge of our industry; Knowledge that MUST BE ACCESSED AND RECORDED NOW! What is “inside their minds” and much more is what I hope to record, produce and display in the Museum and Hall of Fame and

I have already accumulated research from cover stories on several of those listed above through our monthly ‘cover-stories’. Therefore, I hereby ask for their support and participation and for YOURS in this HUGE and GRAND PROJECT over the coming years. My love for ALL OF YOU GREAT PEOPLE in our industry, my passion for what we all do for this world and my dedication to EACH OF YOU reading this is deep in my heart and is at the ROOT of my dream. I am therefore asking each of you for your support as well and I welcome your responses, your ideas and your visions on such a huge-lifetime endeavor for our industry. I congratulate you all on being pioneers in a great industry. And I say to all of you TRUE PIONEERS and there are THOUSANDS AND THOUSANDS OF YOU OUT THERE... STAY TUNED! Now, here comes lots of NEWS!

Make It Fun!

...Norm's Notes

continued from page 4

health, racquet and sportsclub industry topic you are interested in!

• **JOE GOLD and RED LERILLE** will be honored in March with *THE CLUB INSIDER NEWS* 2nd Annual “Health Club Pioneer of the Year” Awards. In Columbus, Ohio at the *World Gym Convention Banquet*, I will present this honor to *Joe Gold* posthumously as sadly, *Joe* passed away in September, 2004. **MIKE URETZ**, *Joe Gold's* friend, partner and Co-founder of *World Gym International*

with Joe will accept the honor on behalf of *Joe*. *Red Lerille* will receive his “Health Club Pioneer of the Year Award” at a presentation that I will make at the *Body Masters Exhibit on Friday, March 18th at 3:00 p.m.* I urge all of *Red's* long-time friends to attend to congratulate *Red* for this recognition of his greatness as a health club industry role model and his 43 years of service to his members and his community at *Red Lerille's Health and Racquet Club in Lafayette, Louisiana.*

• **MIKE URETZ** of *World Gym*, just announced he has completed a contract with

Pilatus Financial LLC, of *Rexburg, Ohio*, to develop and manage a *World Gym* branded credit card that will be available to *World Gym* customers, owners and employees. The *World Gym* branded credit card program will offer a seamless conversion at the point of sale and EFT payment of gym membership fees and goods and services.

• Do not miss *IHRSA San Francisco, 2005, to be held March 16-19, 2005. 15,000 people from over 60 countries are expected to attend and YOU should be one of them. If you have gotten out of the ‘habit’ of attending the annual IHRSA Conference and Trade Show due to cost or inconvenience, let me simply say: “We need you back with us every year! As a professional in this industry, you owe YOUR OWN CAREER the investment in this event. Call IHRSA at: 800.228.4772 for information TODAY and ask them about their brand new fitRewards Program! You will be glad you did.”*

• *Quiznos' executives,*

RICK SCHADEN and BROOKSY SMITH'S step into our industry chronicled on page #3 and #7 in this edition is *big-big news!* It marks the beginning of a new ‘era’. This exciting development could just be the key, the gate that opens the doors to our industry for over 100 million obese/overweight people across North America! One thing I did not mention in our page #3 article is that a press release *Ray Wilson* and I have seen referred to the legendary fitness industry icon, *JACK LALANNE*, “as a protégé of *RAY WILSON'S*”. *Ray Wilson* immediately contacted me and asked me to publish a comment to set the record straight. *Ray Wilson* said this about his friend, *Jack LaLanne*: “We are all protégés of *Jack LaLanne*. *Jack* is the GREATEST! We should all thank *Jack* for his huge contribution to the mass education of people about fitness and exercise through his TV shows and personal appearances for decades. He still continues to be, now at age 90, a terrific role model and

example for all of us about the great value of what we sell; regular exercise and the benefits of fitness derived from regular exercise. In addition, many of us believe that *Jack* is the 8th wonder of the world. The amazing and famous feats he has done each year on his birthdays to promote fitness have gotten a lot of publicity for fitness that has helped us all. For example, on his 70th Birthday, *Jack* swam across *San Francisco Bay* towing 70 boats holding 70 people!”

• *Congratulations to Cybex International* as the company has been recognized by the *American Stock Exchange* as one of the *Top 50 Performing Stocks during 2004*. No wonder as *Cybex International's* common stock shares increased a whopping 235% during 2004! In Massachusetts, *Cybex* was ranked in its home state as #4 on the *Top Performing List*, and year end financial reports by *Cybex* showed an increase in net sales of 14% and net income increased from \$1,761,000 to (See Norm's Notes Page 8)

You Are Cordially Invited to Attend
the Club Insider's 2nd Annual
“Health Club Pioneer of the Year” Award
presentation to
Red Lerille
on Friday, March 18, 2004 at 3:00 p.m.
at the Body Masters Exhibit Area #1623
at the IHRSA Trade Show

...Ray Wilson

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mass roll-out in huge numbers (10,000 or more) and whose timing in American history could not possibly be better, given the mass publicity about the ongoing obesity epidemic in America.”

In 2004, Wilson and his business partner, Joe Ochoa, approached Quiznos CEO Rick Schaden and Quiznos Executive Vice President Brooksy Smith, about a business collaboration that would tap into Schaden's and Smith's vast franchising expertise, teaming their deep franchising skills with Wilson's vast experience and knowledge of fitness and health clubs.

Rick Schaden Quiznos CEO Describes New Partnership With Ray Wilson As "A Collective Endeavor" Second Only To Serving Great Sandwiches That People Love, Franchising Is a Core Competency At Quiznos

Rick Schaden, Quiznos CEO and Brooksy Smith, have entered in what Schaden refers to as a "collective endeavor" with Ray Wilson and Joe Ochoa. This author believes this awesome combination will prove to be extremely successful rolling out 123 Fit centers across America. Quiznos, the makers and sellers of outrageously delicious sandwiches now has 3,700 locations in North America and it is a possibility, although we have not confirmed the possibility, that Quiznos' nearly 4,000 stores could serve as consumer outlets for 123 Fit guest passes and other marketing thrusts to Quiznos' millions of daily customers. Quiznos could also have an advantage with 123 Fit by selling a special health-oriented 123 Fit sandwich. It is the view of this author that this just could be the *big-breakthrough* that our industry needs to *truly begin* to reach the 'masses' of millions of non-exercisers. Quiznos is ranked #3 in the United States in the latest Entrepreneur 500 rankings of franchise organizations. Said Rick Schaden, "Second only to serving great sandwiches that people love, franchising is a core competency at Quiznos".

In case you didn't see it, Quiznos is the company that during the recent Super Bowl aired a terrific ad with a little baby boy they called "Baby Bob" talking to the camera about Quiznos (through electronic lip-sync). At the end of the TV spot it seemed to me Schaden and Smith may have secretly fired their "first shot" in the launch of 123 Fit when cutely, the tiny "Baby Bob" looking directly into the camera, "flexed" his muscles and in lip-sync said, "I've been working out, you know!" It is exciting that two top Quiznos executives have invested their intellectual capital and joined forces with Ray Wilson's Healthy Exercise concept. The 'official' launch will be announced in March when the new club chain called "123 Fit" hits the marketplace. And, the first ever 123 Fit is scheduled to open in Houston, Texas in May, 2005.

123 Fit centers will offer a results-focused, coed fitness club using a 30-

minute exercise circuit. 123 Fit centers will be set up with a pre-defined beginning and end points, eliminating intrusive interruptions or others "working in" and sharing equipment. Ray Wilson said, "Large clubs filled with complicated-looking, unfamiliar fitness equipment can be intimidating to new members, especially for those who have never been a member of a health club before, people that I expect will be a prime target for 123 Fit." Wilson excitedly shared this comment about his new business associates, "Although we did not make our deal with the Quiznos Corporation per se, we did make the deal with their CEO and their Executive Vice President. Rick Schaden and Brooksy Smith should be extremely proud because Quiznos is one of the most organized companies that I've ever observed. I would compare them to First Pacific, the multi-billion dollar Asian company headquartered in Hong Kong, who backed our Ray Wilson's California Fitness Centers in Asia. First Pacific made it so easy for our great fitness center success in Asia. I look forward to using my fifty plus years of fitness industry experience to help execute the business plan that Rick Schaden and Brooksy Smith develop. I was tremendously impressed with their operation when I visited Denver, Colorado. Quiznos has over 250 employees in a 6-story building and 250 employees in the field. This is truly a great financial opportunity for franchise area directors, as well as individual franchisees and I am greatly looking forward to the nationwide launch of 123 Fit! **Interested parties may contact Brooksy Smith at: 303.405. 1796.**"

In a health club world where there are an estimated 50 small-club franchise organizations already in business, 123 Fit, backed and driven by two of Quiznos' top executive's resources, franchising skills and track record, will *stand alone*. They are prepared for and poised for success and it is clear to this author that Rick Schaden has made an incredibly smart business move and I expect that the results of this exciting new relationship between Rick Schaden, Brooksy Smith, Ray Wilson and Joe Ochoa will exceed even Rick Schaden's and Brooksy Smith's expectations!

Stay Tuned as we will have more about this exciting new development in our March, 2005 edition.

(Norm Cates, Jr. is a 31-year veteran of the health, racquet and sportclub industry and the Publisher of The CLUB INSIDER News for the past 12-years. Cates was the 1st President and a Co-founder of IHRSA in 1980/81. In 2001 Cates was honored by IHRSA with its annual DALE DIBBLE Distinguished Service Award. Cates may be reached by phone at: 770.850.8506 or by email at: clubinsidernews@mindspring.com)

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...Norm's Notes

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\$3,225,000.

• **JOE CIRULLI**, Founder and President of the Gainesville Health and Fitness Center will be honored in March at IHRSA San Francisco with its new Visionary of the Year Award. Last year's winner was GARY HEAVIN, the Founder and CEO of Curves For Women. This IHRSA honor for Joe, IHRSA's 20th President, comes on the heels of Joe being honored by the Univeristy of Florida School of Business bestowing its Lifetime Achievement Award and his city, Gainesville, Florida, being selected as the "Wellness Capitol of America" after much hard work by Joe's dedicated GHFC Team. "Congrats to Joe Cirulli and his Team! Recent news about Joe's club is that it has become heavily involved in helping cancer patients fight fatigue.

• The Florida Health Club Association will host a reception for all Florida Health Club owners and operators at the IHRSA Convention on

Thursday, March 17th. It will be held at the 4th Street Bar and Grill located at: 777 Market Street, San Fran. For information on FHCA, which all Florida club owners should join send an email to: info@flhealthclubs.org.

• Congratulations to everyone at Gold's Gym International and to all of my friends that are Gold's Gym owners as they celebrate their 40th Anniversary and their "40 Years Of Serious Fitness!" Gold's Gym... 40 Years... over 600 Gyms Worldwide... in over 27 countries with almost 3 million members... one great name!

• **MIKE MINTON**, is the veteran owner of Minton's Sports Plex in Texarkana, Texas. On February 10, the Texas Association of Partners In Education awarded Minton's Sportsplex with its prestigious 'Outstanding Business Partner of the Year Award' for the state of Texas. **DR. GAYDELLE LANG** presented the Award to Minton at an event sponsored by Washington Mutual Bank in Dallas, Texas. Congratulations Mike!

• **MIKE GRONDAHL**, the Founder and President of

Planet Fitness, a New Hampshire-based franchise, tells me that he now has 8 company-owned Planet Fitness locations and has close to 60 Planet Fitness franchises! While this is a 'growing' and 'ongoing story', Grondahl's Planet Fitness is the 'talk of the industry!' Virtually every 'traditional health club owner' I've talked to has condemned Grondahl's 'low-price-model and strategy' (as low as \$9.95/mo). However, I have spent a couple of hours on the phone with him and I have listened carefully, and I find that this guy is 'one smart cookie' and is clearly one in our industry who has learned how to "think outside the box." Grondahl's Planet Fitness will be the subject of an in-depth, Part I and Part II Report being prepared by MICHAEL SCOTT SCUDDER and me for our March and April editions. Scudder will produce the 'points' report on Planet Fitness, and I will produce the 'counter-points' with interviews by club owners that are IN THE MARKETS that Planet Fitness has invaded. Importantly, Grondahl has PROMISED SCUDDER that he will OPEN

HIS BOOKS and I can tell you from my conversations with Mike Grondahl that what you will read about his numbers in these upcoming reports will blow you away! STAY TUNED!

• In our October, 2004 edition on our "Insider Speaks" page #4 I published an article entitled: "Is The "Shake-Out" Coming? The Key To The Future of the Health Club Business is Education!" Bottom line folks is that I've been involved in and watched this industry for 31 years now and all the indicators I see have convinced me that a "Shake-out" in our industry is coming and that 'only the strong will survive!' That's why next month, in our March, 2005 edition, I will publish a new document: "Industry Standards and Advice On How To Close A Health Club". I intend to develop and provide these Industry Standards and Advice for those of you that simply must club close your club or clubs and would like to keep living happily in your hometown by "doing the right things" while performing this tough chore. I plan to communicate things I personally

learned from having had that tough experience in my own career at one time and I plan to use what you readers may be willing to share with me and things I learned from Julia Wheatley, the former owner of a health club for women in Harrisburg, Virginia. A couple of years ago Julia contributed an article for CLUB INSIDER that contained some really excellent advice on how to 'plan for and go about' the very unpleasant, but sometimes necessary task in our industry of closing a club. Remember this: 1) if you are wearing those shoes right now and you need help right now, just call me. I will be very happy to consult with you for no charge to help you immediately. My number is: 770.850.8506. 2) there is a RIGHT WAY to close a club and there is a WRONG WAY! Depending upon what you do, you can live happily ever after or like me, you can live with the memory of the heartbreak and pain you experienced when you HAD to close a club, but circumstances would not allow you to do it the way I am going to teach you to do it. 3) there is (See Norm's Notes Page 16)



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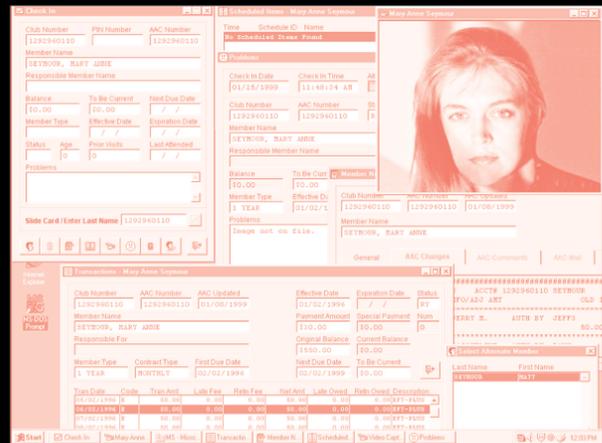
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...Jim Woolard

continued from page 3

system. Jim came onboard with World Gym International approximately 12 years ago and he has grown his World Gym organization from one gym in Boynton Beach to eight gyms (Seven gyms in the Palm Beach area and one in Pennsylvania). Jim is a self-starter and a very active manager. He is detail-oriented and holds all of his staff totally responsible for their facility and its performance. Even though Jim is a *hard-nosed businessman*, he knows what provides electricity and excitement in a gym, and he is a great proponent of branding. I wish I had 300 Jim Woolards; he makes *magic* in a gym."

An Interview with World Gym Owner- Jim Woolard

Q. "When and how did you become involved in the health club business?"

A. Before I finished college I worked in some small gyms in Pennsylvania. While attending college I worked on the training floor helping members, cleaning equipment, and selling memberships. Right after college I went to work for Bally Health Clubs. A friend of mine and I were really into training and body building. In 1987, my buddy Joe went to Florida on vacation. When he came back he suggested, "Let's move down to Florida and open a gym!" So, we came on down, as stupid as can be, and started looking at spaces and trying to find out what we would need to do to open a gym. We probably didn't have 20 nickels to our name! You know... every 'muscle-heads dream... to open a gym! Thank God we didn't do it because of what I know now and didn't know then, I never would have stayed in business. We met a guy from Bally who was working for Scandinavian Health Spas and they were making a big move in 1987, acquiring clubs in Florida. He said, 'Hey, don't open your own gym, come down here and work for me. You can make ten grand a month selling memberships!' I thought selling memberships was something I could do easily. So, I went home and told my wife Ann we were moving to Florida! Within two months we had packed up and made the move to Florida.

Q. What happened then?"

A. I worked for Bally's Scandinavian clubs in Florida from 1987 to 1991. I was working for the Scandinavian Health Clubs during the Frank Leonosio and Mike Polumbo era. Leonosio and Polumbo went their separate ways. Leonosio started the 'Q' Clubs and Polumbo started a chain down in Fort Lauderdale called U.S. Total Fitness. I worked for US Total Fitness for about a year and then started my own club management company and was doing management work. I met a property developer who wanted me to open some clubs in his properties. To make a *real long story* short I ended up in a couple of clubs with business partners, and that taught me just one thing: 'Don't do business with partners!' In 1994, my wife Ann and I opened our first club (without partners) down here in Boynton Beach, and I selected the World Gym franchise program. Things have been going great since then.

Q. Why *did* you select the World Gym Franchise Program?"

A. I thought it was important to be part of a large group instead of just a 1 club "mom and pop" operation. New members want to see that we were part of a larger group. It gave them security and the ability to know that if they traveled for work, there was most likely a World Gym nearby for them to utilize. It also helped to have a nationally recognized name that every fitness enthusiast in the area was aware of. The name actually sells memberships for us. People just walk in and say "I want to join World Gym", and don't forget the t-shirt sales... we could barely keep them, as well as other World Gym merchandise in stock.

Q. Jim, tell me about your eight World Gym locations and the square-footage of the facilities.

A. Pompano is 25,000 sq.ft., Royal Palm is 22,000, Palm Beach Gardens, 21,000, Boca Raton, 25,000, East Boca/DelRay, where we are now, is 38,000, Boynton Beach is only 16,200 and DelRay Beach is 30,000 square-feet. Every square foot is packed with the best equipment available; I don't waste any space.

Club Insider- That is about 183,000 square-feet! That is quite an accomplishment for a guy that just turned 42!

Woolard- It also means a lot of rent to our landlords and property taxes to Palm Beach County!



John DeFendis - Mr. USA 1988 & World Gym Director of Operations and Director of Personal Training

Q. I've noted that you also have a World Gym near Philadelphia?"

A. It's 22,000 square-feet and is operated by my half-brother, David Regn.

Q. Who are the key people in your organization?"

A. The 1988 Mr. USA, John DeFendis, is our key man, and most importantly, my wife Ann. He is our Director of Operations and Director of Personal Training. He is a pretty unique guy who can go at 100 MPH, 24 hours a day, 7 days a week. He's been around forever and has earned a great reputation for helping hundreds of people to lose weight and change their lives. He helps me set the tone and pace in our company for our commitment to help each and every member get the results they desire. John gets up at 4 AM everyday to answer e-mails from our members that have questions about their nutrition or their workouts. By 7 AM, the calls start coming to his cell phone as our 100+ personal trainers start looking to him for motivation and advice. My wife Ann is the accountant and directs our entire billing operation, collections department, customer service, data entry, pro shop, IT support, payroll for our staff of 400+ employees, and pays all the bills on top of doing all the accounting work. She is supported by a staff of 10 including her 2 assistants, Candy Gonzalez and Christina Schwartz. We do everything in-house including our own EFT's and

check drafts, so you can imagine the importance of her role. She graduated from college with a 4.0 and is extremely intelligent. Ann works her butt off keeping the 'back end' flowing. (Wow! I just realized that she deserves a raise!) Jeff Fishel trains all the salespeople, and I deal with all the lawyers that believe I should share my income with them! (laugh)

Wisdom From John DeFendis

Q. John, you were Mr. USA in 1988. How long had you trained when you won Mr. USA?"

DeFendis- I started training when I was 10-years old. I began competing in Body Building contests when I was 15. My Mother was 320 pounds! She was a high-up Regional Director for Sarah Coventry Jewelry. She had a party one night and she had a heart attack. They took her to the hospital and she was in the hospital 10 months and so, as a 10-year old that was pretty traumatic for me. My Dad took me to a gym and taught me how to work out to get me doing something positive in my life. At 16 years old, after my Mom had 3 heart attacks, I began to train her and she took 180 pounds off and it changed her life. That is when my *passion* for training people truly began. I think my passion was a cross-road between saving my Mother's life by helping her take 180 pounds off and then wanting to win the Mr. USA Title and having a goal myself. Now, knock on wood, my Mom is 72-years old and she goes white

water rafting and roller skating.

Club Insider - Man John, I can really identify with what you're saying here about your experiences with your Mom, and I am sure thousands of other folks can as well. I congratulate you and your Mom!

DeFendis- That's really where it all began. I've worked with tens of thousands of people. The Program Ultra Fit, the nutritional program I developed, was sold in 5,500 stores such as GNC and Albertson's. It was called 'Burn Fat-Build Muscle', but I had it changed to Ultra Fit. However, in the last two years, we've taken 100+ pounds off each of over 200 people! I just did a FOX News Special with two of the people who each lost over 100 pounds! It's just flawless... the program just works.

Q. How have you used all of that experience and discipline it took to become Mr. USA in your job now?"

A. I use it every day. Every day with the trainers I use it. Any time I walk out of a room, I am told that people are just amazed at my passion and they ask, 'Is he always like that?' Here is what it's all about. It's about your life. It's about your body. It's about forgetting what everyone else does to be *out of shape* and *focusing on what you need to do* to be *in shape*. It's like when you go out, go to a bar and people are drinking, how do you not drink? It's real simple. Anybody can drink. The person that stands

(See Jim Woolard Page 12)

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...Jim Woolard

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out is the person that's going to order some bottled water with a slice of lime and sit there and drink that and go home felling great, while everybody else goes home trashed and has to wake up with a hang-over in the morning.

Q. What is the part of your job that you enjoy the most and have the most fun doing?

A. Changing people's lives and getting people motivated to make that change. That's what I do best. Being the Personal Training Director and building up a staff of 100 trainers like we have is what I enjoy. When I first took over the organization almost six years ago, we had 50 trainers. I met with all the trainers and I fired 27 of them the first week and a half! Those 27 trainers were fired for three reasons: **1.** They lacked the *PASSION* to make a difference in people's lives. **2.** They *thought* they were *better* than all the other trainers and would cut-down other trainers. **3.** They would not *embrace my program* which is a program that has been flawless as far as helping people get in shape for over 25 years. So, it was real simple; we have a *Program*, not a *democracy*. This is the Program and this is the way it's going to be implemented. Secondly, we have a great staff of trainers who want to work together as a Team. If you don't fit into that Team and don't fit into that frame-work that is going to help thousands of people be successful, we don't need you. If you talk negative about another trainer on our Team, then you're gone *that day*. Third, most importantly is the *PASSION*. If you don't care about making a difference in people's lives, I don't need you!

Club Insider- Obviously John, your house cleaning has paid off big-time. Jim told me you do about \$300,000 per month in PT revenues!

DeFendis- When I started, we were doing between \$40 and \$60 grand a month with 50 trainers. The first month I got rid of 27 trainers, and the first month after that the 23 remaining trainers did \$90 thousand! You know why? I tell my trainers, it isn't about selling, selling, selling! It isn't about calling people up and hounding them on the phone. It's about getting out on that floor and helping people. It's about walking out in public and finding

every single person that is de-conditioned, overweight, high-blood pressure, high cholesterol, an accident waiting to happen and inviting them in for a free workout. It's real simple. You walk up to a person and strike up a conversation with them. As soon as they ask 'what do you do?' You tell them I'm a personal trainer, I work at the World Gym and ask, 'How about you, do you workout?' Most of the time you're going to get one of two answers: **1.** 'No, but I've been thinking about it or **2.** No, but I know I need to.' That's the open door right there. I say, 'You know what? Let me do this. Let me give you this \$75 certificate to come in and work out with me complimentary. There is no obligation. Just come in. We're going to have a good time, and I'm going to show you what it's like. If you enjoy it, hey, then you can continue.' I teach the trainers to *generate business by caring*. You care... forget about selling. Show people you care - they're going to buy."

John DeFendis is also an accomplished author on top of all of his other skills. He has written for Flex, Muscle and Fitness, and Shape Magazines and also several other publications. He also has had his own radio show. He believes that it is all about fitness and helping people attain their goals. The five or six articles shown on his website: www.defendis.com offer amazing thoughts from DeFendis about his *PASSION* for fitness and his methods. His website is definitely worth a read.

Club Insider- We also spoke with Ann Woolard, Jim's wife of 21 years, about her role in this huge and successful World Gym operation. Although Ann does not seem to be one for titles, she is the Chief Financial Officer (CFO) for their company.

Q. Ann, your husband Jim raved about you and your intelligence and your importance to the World Gym organization. My question is: "Ann how do you balance all of your job challenges with the challenge of being a wife and a Mom of three lovely young daughters?"

A. Well, I don't sleep much. I just try to do everything I can as best as I can, and whatever doesn't get done goes into the pile. I hate those piles!

Q. Ann, could you give us an 'educated guess' about what



World Gym Free Weights

percentage of your 30,000 members pay their monthly dues on EFT (Electronic Funds Transfers)?

A. I want to say 90%. We don't really accept anything else. If you don't pay in full, you're going to be on electronic.

Q. Ann, what part of your job do you enjoy the most?

A. I actually enjoy the accounting part of it the most; the bank reconciliation, the taxes, that kind of thing.

Q. Jim bragged on your academic achievements Ann. Tell me about those please.

A. I graduated Magna Cum Laude with a 3.95 average.

Q. Tell us about your three children.

A. We have three daughters ages 15, 11 and 8. (Mentioned previously) Recently, our oldest daughter Devon's high school volleyball team went to the State of Florida Tournament Finals and came in second place. It was very exciting!

Clearly, this woman, Ann Woolard, is an anchor in both Jim Woolard's personal life and his very successful business life. She is not only a very bright lady, this author noted an extremely sweet and charming personality, laced with a wonderful sense of humor. I now know and understand more exactly why Jim Woolard's World Gym organization is thriving and successfully helping over 30,000 members in Florida and

Pennsylvania. Ann gives real meaning to the old saying, 'Behind every successful man, there is often a good woman.' Jim Woolard is blessed in many ways, but Ann Woolard appears to me to be his greatest blessing, and Jim Woolard knows it.

Q. Jim, tell us about your management philosophy and style with respect to dealing with your key people and other staff members?

A. I try to create *independence from me*, instead of *dependence on me*, so that all of my people can grow. I try to teach my managers to think about their location as *their* club. I try to get them to think as 'self-employed' people where they think it's their club and their business. I want them to show me how they're going to treat it and how they're going to treat our customers. I always go back to them and ask, "If it were your money, if it were your business and if it were your life savings, would you have made that same decision? Is that how you're going to handle that customer or that situation? You're my employee, *but* if it were your business, would you have done anything differently?" If my employee responds, 'Yes' to that question, I ask them, 'Why?' If they made a wrong decision, I tell them why and I get them to look at the incident from a different perspective. I explain to them that I always want to make them *smarter and wiser for their future*. Whether their future is with me or if they move on, I am going to make them smarter!

Where other people try to do things for them, I try to guide them and encourage them to *answer their own questions, find solutions to their own problems*, and to do the *right thing* for our business and our members. This is the only way that we can grow...by developing leaders.

Q. Jim, clearly from your answer above, you teach your people excellent customer relations techniques and policies. But, personally, what is *your style* when you are dealing with the inevitable fact of health club life: members that are bugging you about something they want done in the club? (Something that we all know happens)

A. Can you stop the tape recorder? (Jim and I have a good laugh at this point!) The customer is *never* right! *I am!* If you listen to the customers, they will put you out of business with everything that they want! As I know you know, Norm, if they had it their way, I would be PAYING them for their time to come in here! They would get free shakes, free drinks, free t-shirts, free tank-tops, free personal training, plus at the end of the year, they'd get a \$500 bonus just for showing up a couple of times! That's what the members want! So, it's a challenge dealing with them. We are trying to keep them happy, listening to them, trying to keep them renewing, but at the same time, they really don't know how to run a health club. It is a *fragile*

(See Jim Woolard Page 14)



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...Jim Woolard

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balance. Everything is what it is... it's a health club membership! You might think this is the most expensive, most important purchase they ever made! It's amazing to me how much effort some people put into not paying for their health club membership, yet I have members with 1 arm who compete in National Bench Press Competitions, guys with no legs, people in wheelchairs, and people with all kinds of impairments, yet they use the gym religiously, some of them EVERY day. I drive myself crazy trying to figure out what makes lazy people lazy and how to motivate them to stop being lazy and making excuses. I'll let you know if I ever figure it out... I am determined! Of course, we have a customer service department and a place where you can email problems to us. We try to address every problem and take care of it and keep our members happy. I don't want to lose any member. I look at every member as a \$500 bill! For every member that goes somewhere else and does not renew, we lose 500 bucks! Of course we are very customer sensitive and we do try to keep every member happy... but, at the same time, if you are one of our members and what you want to make you happy as a member is bad for our business, sorry.

Q. Jim, who are your primary competitors?

A. We have a couple of Gold's Gyms around, but they don't really effect us, and I've got L.A. Fitness all around me. They have clubs everywhere we are, except near this club (East Boca/Delray Beach location), but I've heard they're looking in this area too. Every one of my other clubs has an L.A. Fitness within minutes of me. They're either in the process of being built or they are brand new. I don't think there is one of them more than 2 years old.

Club Insider- Well Jim, with over 30,000 members and for sure, from the looks of the traffic in this club right now in the late afternoon, about an hour before rush time, it sure looks like you're getting the job done. Your awesome fitness floor out there appears to me to be filled with equipment that must cost you a small fortune. What would you estimate your equipment cost per club is?

Jim Woolard- I've been around a long time and I am a straight-up honest guy, so I get treated really well by the vendors. I probably spend about \$800,000 per club on equipment. That's our 'niche'. My 'niche' is every one of my clubs has the best selection and quality of equipment. Our customers use the gym 3 or 4 times per week. My gyms are busy everyday. We have a very high member usage rate. The people we're going for are the people that care about their fitness and use the clubs a lot. My members want better bodies and they want the best. We have 15 leg press machines here and every one of them is different. If somebody trains everyday, they don't want to have to use the same machines over and over. Variety in training is the key to long term results. No one can match our equipment selection. I personally try every piece to check the function, form and body alignment as well as any joint discomfort. It's amazing how much bad equipment is out there, but luckily for my members, they'll never experience it.

Club Insider- Whoa! That means then that in your eight clubs you have approximately \$6.4 million in equipment installed! How many workouts a day do you service in this club?

Jim Woolard- We do about 1,000 workouts per day in this club, but this club was not open until this past July, so we're still growing.

Q. Do you involve your clubs in community and charity events?

A. Absolutely! As a company we have Fitness Directors, Personal Training Directors or Sales Managers who are involved a lot in community events and activities. So, my clubs do a great job in the community. My Manager at this club, Joni Vento, does a great job. She is involved with everything going on in this community everywhere. Unfortunately, some of my Managers do a better job than others. Some hide their heads in the sand and don't get as involved, while others are 'high-profile' with their clubs in the community. Those are the clubs that are making the most money. There is a direct correlation between community involvement and financial success for our clubs.

Q. Jim, what would you say your greatest club business challenge

is?

A. Pick one? Staffing! The biggest thing I notice now is trying to get quality people who are concerned about what they can do for my business. Now it seems to be: 'How little can I do? How long do I have to stay? How much salary can I make?' It seems to me that the people we are seeing are most concerned with 'What's the least amount I can do and still stay employed?' It is really hard in Southeast Florida to find people who want to earn a future and grow.

Q. Do you find those types of people here in Florida because it is a vacation destination state?

A. My club in Philadelphia has a much higher retention of employees. They show up on time, they stay, they make better money and they're more serious about their jobs. The toughest thing about the people we see here in Florida is just getting them to 'show-up'! So, sometimes I think that Southeast Florida is like the bottom of a toilet bowl... with the 'you know what' ending up down here looking for work, but really having a 'vacation' in mind, as they have fled the cold-weather states! (JUST KIDDING! NO, NOT REALLY!) But, seriously... the quality of the job applicants we see down here is truly different than the quality of the applicants we see up in Philadelphia.

Q. Jim, your seven Southeast Florida facilities line the coast and you seem to have the entire Palm Beach County area well covered, tell me about your advertising and marketing challenges?

A. The cost of advertising these days has gotten so expensive that you're return on investment

has really gotten to the point where you can't get a positive return anymore. So, it forces you to do different types of marketing and advertising instead of traditional ways. If you're not real careful, before you know it you're losing your ass! The other thing is the much greater presence of 'caller I.D.' on telephones has virtually killed success on the phone. Now, people don't answer their phones anymore, so your telemarketing efforts are weaker and don't produce near the results that they used to. Once again, that's forcing you to redirect where your new business is coming from and how you run your business.

Q. What do you see as your greatest opportunities for growth for your business?

A. In this market, the seniors segment offers great opportunities, but how to attract them is the key question. The biggest opportunity still out there, which everybody is trying to figure out everywhere, is how to reach the de-conditioned, first-time user and get them to overcome the insecurities that they have walking in the door and get them to take that 'first-step.'

Q. Jim, I know a significant part of your World Gym business is Personal Training. What can you tell us about that?

A. We do a great, great, great Personal Training business and I think we're just scratching the surface of it. I think Personal Training and Group Training in small groups of three to five are opportunities that are amazing. We generate about \$300,000 per month in Personal Training revenues right now and it is increasing. I think I can double that amount in the near future.

One more important factor is that we make all of our trainers, employees... not independent contractors. We control the workouts, the money, the nutrition, and the on-going education. Clubs that just let trainers come in and pay a couple hundred dollars a month rent are idiots. You can have trainers making \$100k a year (tax free for most of them) off of your \$2m investment. I'll put up the \$, I'll sign the lease, I'll fix the equipment, I'll pay all the bills and buy new equipment, and all you have to do Mr. Personal Trainer is pay me \$300 a month so that you can make \$100k tax free. Then, if you decide to move away, you just sell a bunch of discounted training so that you can leave town with my members' money while they sue me for a refund. What are these owners thinking?

Jim Woolard is a sharp, no-nonsense, energetic 'go-getter' club operator. Woolard spends his full-time tending to a terrific business that he's built over the past 12 years in Southeast Florida and Philadelphia. He seems to be a young man that truly sees the 'big-picture' with respect to club development, equipping, staffing, branding, marketing, membership sales, personal training and day-to-day operations. Jim and his lovely wife, Ann, along with John DeFendis and Woolard's entire World Gym Team have carved out a 30,000-member piece of the Southeast Florida consumer pie and my prediction after meeting and working with Jim on this article is that he is destined for the continued and ongoing success we wish him here.

(Norm Cates, Jr. is the Founder, Publisher and owner of The CLUB INSIDER News.)

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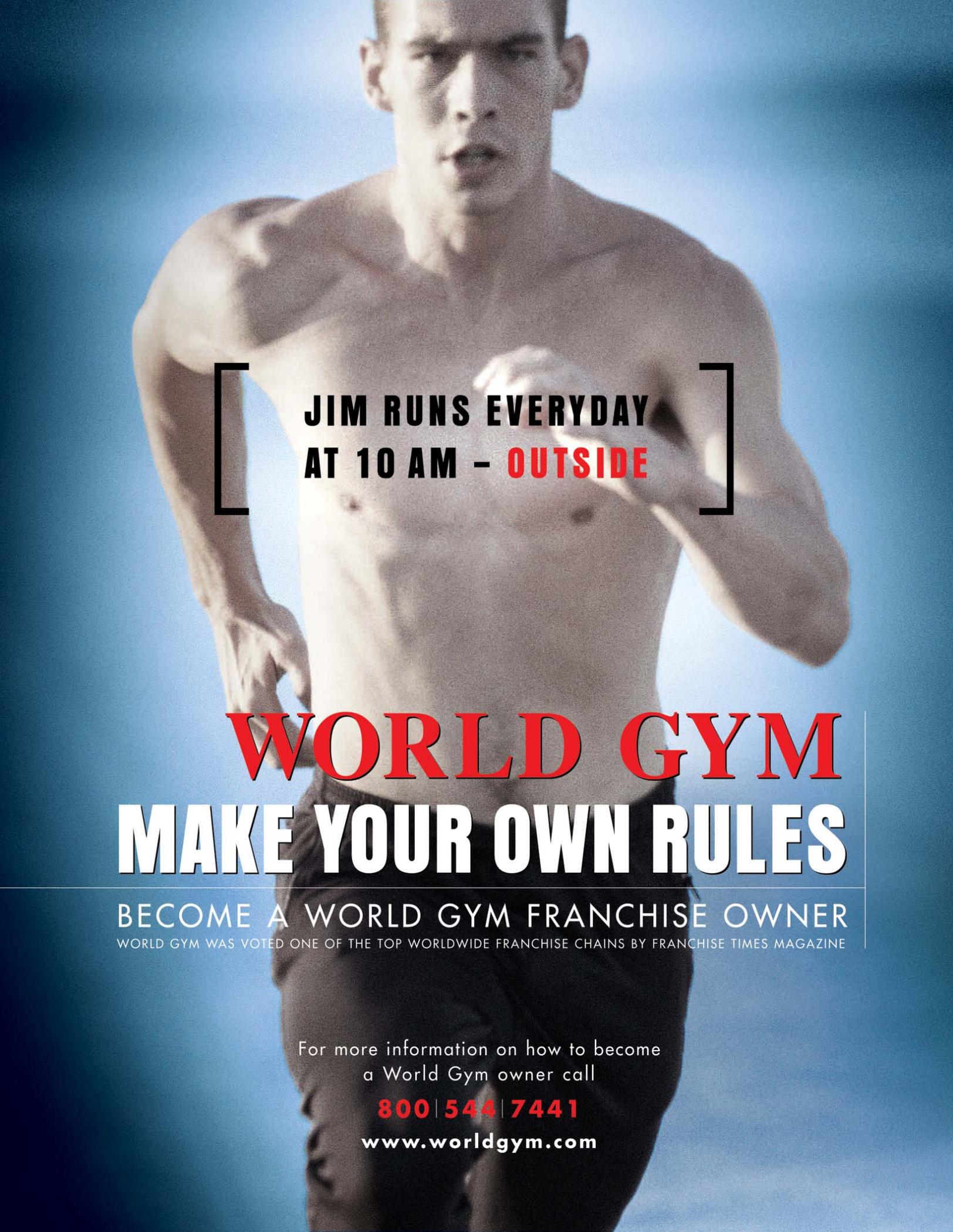
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...Norm's Notes

continued from page 8

LIFE AFTER THE HEALTH CLUB INDUSTRY! Don't forget this because you are in the fix you are in right now. For those of you that have also experienced a club closing, I would like to ask for you to be in contact with me as well, so we may discuss your experience and share your experience and knowledge in this sensitive area. Anonymity as requested will be fully provided for those that would like to pitch in on this project. Contact me first at: clubinsidernews@mindspring.com or just call 770.850.8506.

• **A NOTE** about our "2004 In Review" Part III, that begins in this issue on page #26. Let me just say this: I put a ton of work into these summaries just for you. Keep in mind; I did not INTEND to provide you with

something that looks like the "Dead Sea Scrolls!", but I make every effort to record the history of this industry, so read what we have published in this edition. You will find **Part III** with the months of **June through August, 2004** in this edition, and the conclusion of **Part III** on our website: www.clubinsidernews.com. **Parts I and II** may also be found there, so read it all **WHEN YOU CAN**. Remember this **Part III** of our "2004 In Review" is laced with update commentary on a bunch of items, commentary that really makes Parts I (published in December, '04), Part II, (published in January, '05) and Part III this month, one GIANT NEW NORM'S NOTES column that is a DON'T MISS READ because some of the update commentary with the summary is very interesting! Don't miss any of it folks. **KEEP THIS FEBRUARY,**

2005 EDITION for future reference and because this edition will become a 'collector's item!'

• **BALLY UPDATE!** **Bally Total Fitness** is in a serious mess over their accounting and revenue recognition practices during **LEE HILLMAN's** era. This mess, sadly, could bring the company down! I have written often before: "As goes Bally Total Fitness in the public eye, so goes the industry", meaning 'that when Bally gets bad press, the health club industry gets bad press!' The seriousness of the matters came to a much fuller light last week. It was announced that former **CEO and Chairman, LEE HILLMAN**, along with his former **BTF CFO, JOHN DWYER**, had been found by the **Audit Committee Investigation**, commissioned by the **Bally Total Fitness Board of Directors**, to have had allegedly "created a culture of aggressive accounting, made multiple accounting errors and had engaged in improper conduct" while serving as **Bally CEO and CFO**. In fact, the **BTF Board of Directors** were so bothered by this "discovery report" that they have terminated the current **Controller, TED NONCEK**, and they "ceased severance payments on the severance agreement entered into with Hillman at the time of his departure and have done the same with John Dwyer's severance package. **STAY TUNED**, because if I know Lee Hillman, I fully expect all of this to end up in court, and we will cover those events should they happen. On the **POSITIVE SIDE**, although these items may be too late to help **Bally Total Fitness** due to what has been happening with the financial matters, let me quickly summarize. **PAUL TOBACK**, the very bright, entrepreneurial guy who replaced Lee Hillman as **BTF Chairman and CEO**, has announced that **BTF** has retained the **Blackstone**

Group to assist its turnaround strategy. The **Blackstone's Restructuring and Reorganization Advisor Group**, with offices in Boston, New York, London, Paris and Hamburg, has advised companies in more than **150 distressed situations involving more than \$315 billion in total liabilities!** To get the ball rolling, **BTF** has appointed **DAVID S. REYNOLDS** as **Controller**. **Good luck David!** All of this comes on the heels of recent announcements by **BTF** of its new "**YOUR BALLY**" Campaign highlighting an individualized approach to total health and fitness. The campaign will produce TV spots emphasizing **real people, in real life situations, underscoring the unique motivations and goals of people of all ages and fitness levels. This is more GOOD NEWS** in my view, as in the past **Bally's ads** have featured "Hotties" in bikinis (and of course, I love to watch those ads), but those ads in my view, and in the view of many others were holding back the health club industry by producing a mass false impression about health clubs to consumers that today's health club members are all "hotties" which we all know is NOT TRUE and, in fact, creates an intimidation factor in the minds of the average man or woman. We believe these **Bally ads and similar ads by other health club operations KEPT MANY PEOPLE FROM WALKING INTO ANY HEALTH CLUB** because they were embarrassed and intimidated!

• **Club Industry East** this summer is coming to the 'Big-Apple' - **New York City, June 8-11th**. For information and registration contact: www.clubindustry.com. For Booth Exhibit space, contact **SAM POSA** at: 800-525-9154, or at www.clubindustryshow.com I hope to see you in New York as we will have a **CLUB INSIDER** exhibit there

and I will look forward to talking to club owners and managers from the region and beyond.

• **JOHN KERSH**, **IHRSA's** former **Director of International Development**, tells me he and several industry vets have launched a new company they call **Health Genius**. He has signed an exclusive distribution agreement with **Sanavive, Ltd.**, makers of **Nature's Healthy Essentials fruit and vegetable capsules**. **Kersh** is joined in the venture by **JIM McPARTLAND**, former **CEO of Star Trac**, **ROBERT BURNS** and **DOUG KATONA**, **MARIO dePASQUALE**, **FRANS ERKELENS** and **EMMET AHISTROM**. **McPartland** will serve as **strategic advisor and Chairman** of **Health Genius, Inc.** **Good luck and best wishes guys on your new venture!**

• **Last month after I wrote the comments about the MISTAKE I think the U.S. Government made** when it announced that one hour to one-and-a-half hours of daily exercise was recommended. I wrote then and still believe that they should have included **words of caution to non-exercisers** to take it 'slow and easy' and start with 20 minutes of exercise and gradually increase the volume. The ink was barely dry on the comments I had written when I read **Parade Magazine's** comments by **fitness guru, MICHAEL O'SHEA**. In a brief column written by O'shea obviously before the **U.S. Government's new decree** and entitled: "Why is 10,000 steps per day considered to be ideal?" "he wrote about the **Surgeon General's recommendation of 30 minutes of exercise**, and I quote from the text of his statement because his comment was remarkably similar to statements I had prepared for press just 24 hours before the **Parade** edition was delivered in my Sunday newspaper. While writing about (See Norm's Notes Page 30)

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What's the power of a new idea worth to you?

To paraphrase an old classic, we are in the worst of times and the best of times in the fitness business. Getting new memberships is harder, new clubs are opening faster than new members are joining, staffing is a nightmare on even the good days, and the chains seem to be on a mad track to do as much damage as they can to the fitness business in general and to the independent operator.

We are also at one of the great turning points in the history of the fitness business. The pendulum is swinging in our direction as the consumer finally is getting what the fitness industry can offer. Just like the turning point for smoking a few years back, the consumer is seeing that fitness is real, needed and articles talking about everything from low carbs to Pilates are in every magazine and newspaper in the country.

Before we can reap the benefits from a more aware and sophisticated consumer the industry itself has to change. In the next few years in the fitness business there will be a correction. Some clubs will thrive during these changing times and others will fail unable to compete or take advantage of the newer markets.

What will separate those that make it from those that don't could be as simple as a few new ideas for your business. A single but powerful idea, such as a new way to market, more efficient sales, a key staffing tip or simply a different way to niche your business, could be what separates you from the clubs that will struggle.

The amazing thing about the fitness business is that anyone can be beat. You can learn to compete against any competitor by getting a fresh look at your business and how you run it each day. And any fitness business can make more money and improve. Remember that just because you were successful in the past does not mean that success will continue in the future without a new idea to power the change to need to make.

The Thomas Plummer Company has been the source of business changing ideas in the fitness business for over 15 years. Thousands of independent operators, from all over the world, have attended a TPC seminar seeking that one powerful new idea that could change the financial success of their business. Even if you have attended in the past don't forget the motivation and inspiration you get every time you dedicate a few days to spend working on your business and not in it.

Our company is in front of more independent owners per year than all other seminar providers in this industry combined. We are the clearinghouse for what works and what doesn't because we are getting that immediate feedback from our seminar guests and consulting clients all across the country in every market. If there is a new idea out there that works we will be teaching it in our next seminar.

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The power to make money in the fitness business

Tony and Gail deLeede Launch ActiveXL

The Goal is "Walking Billboards" Around The World!

By: Norm Cates, Jr.

Atlanta, GA - Many of you have invested thousands, if not hundreds of thousands of dollars on highway billboards to display your club's marketing message to the consumers in your market. Imagine, without paying the huge cost of \$2,000 per month per billboard or more, if you could have thousands and thousands of "Walking Billboards" touting your club's name and logo and branding your club's presence in your marketplace. Imagine having a premium gift with your club logo embossed on it that you give to all of your new members at the point of sale and give to your existing members to say "Thank You" for 'buddy referrals'. Imagine the great impression your club will make when you give a new member or a member that has referred a 'buddy' a gift whose value to your new member exceeds the enrollment or joining fee that your club just charged the new member. Imagine having the 'buying power' for your club, normally enjoyed only by huge companies, to acquire at a very reasonable cost these "Walking Billboards" and make it happen, regardless of whether you are an independent-single club owner/operator or the owner/operator of a chain of four hundred clubs.

Before you commit to your next local advertising campaign, why not consider putting your members' backs to work to do your advertising for you? My long-time friends and business associates, Tony and Gail deLeede's new company, ActiveXL, will provide, at amazingly affordable prices for your club, customized backpacks that will convert your members' backs to "Walking Billboards." These "Walking Billboards" do not require that budget busting, ongoing additional advertising cost such as those that you've been paying every month of every year that your club advertises on highway billboards. And, this is the gift for your member "that keeps on giving" because many of your members will use their backpacks for years and years. Remember, these "Walking Billboards" will dramatically strengthen your brand throughout your community and beyond.

Tony and Gail deLeede, formerly husband and wife, and the proud parents of daughter, Nicole, 18 and son, Evan, 15, have now teamed up in a business partnership to form a unique new company, ActiveXL. I congratulate and compliment this former husband and wife team for 'teaming-up' amicably once again to start up this new business venture together. This new company will fill a void and a need that the health, racquet and sportsclub industry has had for a long time. ActiveXL, is an effort inspired by the success of Tony's new member campaign in his 42-Fitness First Australia facilities. "A loaded Backpack is given to each new member" says Gail deLeede. "As a result, the Fitness First logo is now seen walking throughout all areas of Australia, reaching the eyes of prospective members who may have never seen other forms of conventional advertising. Literally, when you go to Sydney, Australia, you see the Fitness First backpacks everywhere." Tony deLeede, a 24-year health club industry veteran, is clearly one of the greatest entrepreneurs in the history of the health club world. He experienced his first great success beginning in 1981 when he started his first Atlanta area *Australian Body Works* club. Over two decades he grew that one club into a chain of 23 clubs, and a few years ago, he sold his ABW chain to LA Fitness. While owning and operating Australian Body Works, deLeede also acquired *CardioTheater* while it was still in its infancy. He built *CardioTheater* to become a huge success and known worldwide as the company that led the way for everybody in making exercise FUN. He later merged with ClubCom. ClubCom and *CardioTheater* sold to Precor approximately 1 year ago. Tony and Tom Lapevic have kept "Active-Media" (the advertising division of ClubCom) which they consider to be the most valuable piece of that business.

Tony deLeede's Fitness First Australia Branding Success Sets Up New ActiveXL Business Idea

Over the past four years, deLeede very successfully teamed up with Michael Balfour's

United Kingdom-based *Fitness First* to acquire a group of bankrupt clubs in Australia. They changed the name of those eleven clubs and since then have built and opened 31 additional *Fitness First* clubs bringing *Fitness First Australia* to 42 locations as of today. deLeede, also one of the health club world's top *health club marketing and branding experts*, recalls one of the great experiences he has had with the "Walking Billboard" concept. deLeede recalled, "Mark Smith, (the Chairman of New York City-based *Town Sports International*), came down to Australia about a year ago and at that point we had given away about 100,000 of these backpack, "walking billboards". Now, we've given out nearly 250,000 logo-ed backpacks. Literally, as Mark and I would drive or walk around Sydney, or go to the beach, or go to the train station or the airport, we saw our backpacks everywhere. I told Mark that since he was getting more competition for his TSI clubs in the U.S. that it would be a very inexpensive way for him to increase his clubs' 'top-of-mind' awareness and 'branding' in his market places by having his clubs' names and logos out there on the backs of his members constantly in his New York City, Boston, Washington, D.C. and Philadelphia markets. Plus, I explained that since he was not charging an administration or 'card' fees (enrollment fees) at that time, he could begin charging admin/card fees and our backpack gifts for new members would make the member buying decision easier. Mark has since instituted admin/card fees in his clubs. I explained to Mark that the way we help sell our admin/card fee and make it palatable and 'taste-better' to our new members is that we give each new member a backpack filled with logo-ed goodies that is of more value than the admin/card fee. So, the new members leave very happy because not only have they joined *Fitness First Australia*, they walk out of their new club with a backpack filled with all the things they need, including a logo-ed baseball cap, a water bottle, a sweat towel and head phones. They wear our logo-ed cap and carry our logo-ed backpacks everywhere



Tony and Gail deLeede Displaying Active XL's "Walking Billboard"

providing *Fitness First* with great branding and 'top-of-the-mind' name awareness. Mark is just now bringing the concept to his members and has initially distributed about 30,000 in his clubs that have been used for member referral gifts. Gail deLeede added, "Tony had seen the interest that Mark Smith had in this. So, Tony immediately viewed this as an excellent business opportunity, but he also knew he would need the soldiers to carry it out. So, this was just a perfect fit. One time I said to Tony, Wow, ex-spouses now business partners!... we're probably going to end up on the Dr. Phil Show and he said to me, "What's that?" Obviously, he doesn't have time to watch much TV! Tony added, "This is obviously a good business idea. The timing was good because Gail had stopped working with *CardioTheater/ClubCom* when Precor took it over. Gail already knows the health club industry and she knows a lot of people in the industry. She is very organized. (Authors note: And, I might add, she is a doll) Tony adds, "That certainly helps! And, importantly she still has the option of working at home since our son Evan is still at home while our daughter, Nicole, is away at college. (Nicole is at the University of Alabama and is majoring in Mass Communications and Journalism). Hopefully, one or both of the kids may become involved in this

business at some point later on. For a lot of good reasons it just makes a lot of sense."

"Walking Billboards" Available With Three Options

Gail deLeede outlined the ActiveXL product line, "We will provide three options based upon the reality that some clubs may wish to acquire their products in smaller quantities. Because our low pricing is based on importing large quantities from Asia, we also will be offering split orders so that shipments from our suppliers may come via four club orders per container. One of our options will include the customized logo-ed backpack with the logo-ed cap and water bottle and headphone. The second option will include all of the above plus a sweat towel. So, since all of the gift items included in the backpack will have the club's logo on it, effectively not just your backpack will be advertising and branding the club's image. The backpack, plus three to four enclosed gift items will be out there 'selling' for the club as well, serving as little 'mini' walking billboards. Tony deLeede added, "Especially the logo-ed caps as they are always popular."

The "ROO" Is Back!

As a third option, ActiveXL will be offering their own "kanga" (See Active XL Page 24)

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An exclusive column featured only in Norm Cates' The Club Insider News

By: Michael Scott Scudder

2005: GET RID OF THE “SAME OLD, SAME OLD”

Part I

My apologies to all of you for skipping a column in last month's edition. I have taken some time off to be somewhat of a “ski bum” for the early part of this winter, and literally, everything went on “back burner” status.

Also, as a last-minute flash before this one goes to press...my early indications from surveyed clubs are that January membership sales overall were not as great as expected in many regions of the country, so perhaps you will find this two-part series *very appropriate* to where you stand right now.

A new year always presents me with the opportunity to look at things from a fresh perspective... I hope 2005 does the same for you too. While it is sometimes useful to continue “*tried and true*” ways of doing things...doing them the way you've always done them because they have *generally worked* up until now... that kind of value system may not hold up in a modern era. Particularly when times – and circumstances – and competition – have changed. I call it “*same old, same old*” and I believe it to be very dangerous for most businesspeople and almost lethal for small businesses.

I am an expert-level downhill skier. Home base for me is one of the true “steep and deep” areas of the world – Taos Ski Valley in the 13,000-foot Sangre de Cristo Mountains of northern New Mexico. At TSV, most of us “*locals*” take clinics and ski weeks and advanced lessons, given that the terrain is so difficult and conditions change so frequently during the course of the ski season.

One of the things I've learned over my years of skiing is that, *if I am to improve*, I must constantly strive to get better *fundamentally*. I came to Taos well-rooted in the “modern way” of skiing of the 1980's. (I had even been a registered ski professional in 1987 and 1988.) I

looked pretty when I made my turns. I could handle a lot of the steeper “black” trails. I was a *good skier*. But I *fell apart* when it came to unfamiliar territory: really steep stuff, frequently-knee-deep powder, chutes, trees, cliffs, double-black diamonds and the really hairy stuff.

I had to “fess up and realize that *I needed to learn other techniques*, that I had to change equipment, that *I had to drop some of the old tried and true ways for more adventurous, skinny-branch learning if I was to survive* (and grow as a skier) in the world “up there at the valley.”

Keeping that analogy in mind, I hope you will indulge yourself for a few minutes and engage in some “*skinny-branch learning*” that may just assist you out of a present business slump, or even help you to avoid some mistakes this year that may cost you a lot of money...if not your entire business. Because I am predicting right here and now to you that you are likely headed for some gnarly trails that you aren't familiar with and don't know how to handle.

But first, let's take a look at a few examples of “*same old, same old.*”

1. My club has good equipment... and classes... decent locker rooms... and a reasonable price. I've been around for 10 years... have paid my bills... have fed my family. That's enough.

2. The core of my business is memberships... always has been, always will be.

3. I pay attention to retention... but it isn't that important... so far, I've sold enough new memberships every year to cover the ones that leave.

4. I wish my staff were better... but it's hard to get good help these days. Besides, this is really a part-time job for most people.

5. As long as I have something for everybody, I'll be okay... even though competition is getting tougher.

6. Everybody knows I have the best gym in town.

(By the way, if you have heard yourself say 2 or more of the above statements, your business is already headed for the scrap pile...and you may not even

realize it!)

Now let's look at “*skinny-branch learning*” which takes a different approach to the issues:

1. My club has good equipment...and classes... decent locker rooms... and a reasonable price. I've been around for 10 years... paid my bills... fed my family. That's enough.

a. Good equipment, classes, decent locker rooms, reasonable prices and cleanliness are just common standards. They're not excellence! They're the bare-minimum-acceptable in today's health and fitness world. Today, being *very good* is barely adequate. Survival requires being *remarkable* at what you do.

b. Other than dyed-in-the-wool “gym rats” (who predictably now make up only 30% of the membership of any club), people do not come just for *equipment* nor join because of *equipment*.

c. Who said you *have to have classes*? By my estimate, 7 out of 10 clubs lose money on their group exercise programs... not to mention that those same programs are demotivators. (**Publishers Note: Unless They Have Body Training Systems.**)

d. Locker rooms better be *outstanding* today. If not, they won't get used. If they don't get used, it means you won't have enough people inside your four walls... that simple.

e. Cleanliness? *A must*. If you can't do it, close up shop. Now.

f. Most owners don't even know what a “*reasonable price*” is. To some people, it's \$50 a month. To others, it's \$100. To many, it's \$19. (Apparently, our history as an industry is now sufficient to tell us that other than in very low-price clubs, people don't stay members because of price alone.)

g. Having been around for 10 years doesn't matter. If you've been in business for 10 years and are in an area with more than 25,000 people...you're probably a *TARGET*. (Meaning somebody is looking at “picking you off” with a better, newer, more modern version of what you've got – at a slightly lower price.)

h. Just feeding your family isn't enough reason to be in business. You can do that working for somebody else, with less risk. You've got to grow your business...or eventually it won't feed your family. “If you ain't growin', you're dyin'.”

i. “That's enough” – being satisfied with barely passable - is a statement a loser makes.

j. Here's the saddest thing. Don't think “I can always sell my club.” It's highly unlikely today that you can even sell a tired business.

2. The core of my business is memberships... always has been, always will be.

a. Guess again. While memberships are certainly a foundation stone of your business, they can no longer be “the core.”

i. Do you know that all of the *successful* club operations generate more than 30% of their revenues – and all of their profits – from non-membership-dues profit centers? (Some of the major players who want to take you entirely out of business generate nearly 50% of all revenues in this way. *What makes you think you can survive with the dominant portion of your revenues tied up in non-profitable membership dues?*)

b. Are you missing the boat on program revenues from non-members? (Not only a good way to garner additional profitable income, but also to attract quality prospects who don't necessarily want to buy until they have tried.)

3. I pay attention to retention... but it isn't that important... so far, I've sold enough new memberships every

year to cover the ones that leave.

a. Retention of a member costs you anywhere from 1/4 to 1/8 of the cost of generating a new member.

i. Paying attention to retention is a weak excuse for doing little more than looking at the numbers every month...and probably moaning about those “disloyal members.”

ii. While retention will not build a business... only seeking new markets within your own marketplace will... retention will stabilize your business and eventually lower both your marketing costs and your sales costs...which a small business *must do* to make it in the years ahead.

iii. Most operators do not understand that they must market their businesses around retention and profit centers – not around new memberships. This means building your business from the inside-out... not from the outside-in.

In Part Two next month, we will investigate the other three “*same old, same old*”...plus give you some basic strategies that you can implement to rebuild your business.

(Michael Scott Scudder, a contributing author for The Club Insider News, is a PERSONAL BUSINESS TRAINER operating FITNESS FOCUS, a consulting company offering private workshops and telephone conferencing on pertinent fitness business matters. Michael can be reached at 505-690-5974, by email at mss@michaelscottscudder.com or at his web site, www.michael.scottscudder.com.)

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David Patchell-Evans, President and Founder GoodLife Fitness Clubs, Canada

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10 Reasons People Aren't Joining Your Club!

By: John M. Brown

As I travel around the country consulting with clubs of all kinds I see very clearly why people join clubs. But it has been a mystery to me why people don't join our clubs, until I started looking and thinking, and I've even come up with a "Top Ten" list of reasons why they don't join. I imagine the list could be much longer, but these are the big ones that are quite frankly, self evident.

1. It's filthy! The best clubs, I mean really good operations, upon closer inspection (it doesn't take much) are filthy! I guarantee you that the owner's homes are not as dirty as their club. So why impart such an unnecessary burden on

the public and your customers? This is Business 101. Keep your club *clean all the time*. We know that members leave because a club becomes less clean and is always in need of repair. But how many people just won't come in because they are sure the place is dirty? Whether it is or isn't doesn't matter as much as the *perception* that it's dirty. I hear all kinds of excuses why clubs are not clean. I hear about and see clubs paying "cleaning companies" thousands of dollars a month to clean. Then a good one is "We have a cleaning company, they're supposed to clean these things every night". Well they don't. Because they know you aren't checking on them. The answer to this age old problem is to put a system in

place, put someone in charge of the system and ride herd on the system. If it's not sparkling clean, then someone needs to move heaven and earth to make it so. The "club impression" by the way, extends from the parking lot, the grounds, the surrounding area and every square-inch inside the club.

2. Club cosmetics and disrepair. I can't emphasize enough the concept of constant acceptance of the fact that the club has to look perfect. Every day, all the time. Why give the customers any excuse not to join just because you need a coat of paint or two, or you can't keep all your equipment in operation? Again we are talking about perceptions, but it sends mixed messages to customers when you have a "million dollar" front entry but the locker rooms smell or there are "out of order" signs all over your club. Your goal as a long-term operator should be to stay in business for the long term. That means the club should *improve* in looks, design, equipment and maintenance over time, not get worse. Too many operators neglect the requirement to put money back in their investment every year, instead of sucking every dime out of it. Some people call it "revenue for replacement" and it should be a *line item* in your operating budget every year. Good operations budget 5 to 7% of "net income" every year for replacement. It doesn't always mean it's needed or required but at least you have the funds available when it is and it usually is.

3. There are way too many options to joining. It must be simple. Almost every club I have worked with past and present has had this problem. First of all, understand this. *The more options you have the fewer memberships you will sell.* In many of our efforts to get every member, we continue to create and create and concoct membership structures and prices for almost every situation in the world! This usually results in an *A* for effort but an *F* for results. Simplify. The fewer the better. Sure there are extenuating circumstances *once in a while*, but most of the time, most of the people will fit into one of three very basic categories: single, couple and family. Then all you have to determine is which one is right for them and help them

figure out what the best way to pay for it is. Believe me, reduce the types and options for a membership, and your sales will increase 20%.

4. You don't ask them to join! Yep, it has to be in the "Top Ten." In fact, most of the time I would rank it as number one! Keep this little known fact in mind. More people don't join clubs than do join clubs! Hum, wonder why? There are a myriad of reasons and excuses why this occurs, but these would be at the top of the list:

a. Your people aren't trained properly

b. Your staff is afraid of rejection or its cousin, unable to handle it

c. You are ashamed to ask them for their money

d. You don't listen to them about what they want

e. You give too many opinions and not enough facts

f. Your staff talks more than Abraham Lincoln giving the "Gettysburg Address" and actually talks ready buyers out of joining because they've not been trained about when to stop talking

g. Your club seems too "needy".

It could be many other things or a combination but remember this *Sales 101 theory. They came there to join!*

5. Your member agreement looks like an SEC filing.

Yes, I understand many states have specific consumer protection language required, and yes, the club has to be protected as much as possible, but when lawyers design consumer documents you're in trouble. How your document looks is as important as what it says. Make them as simple as possible for the consumer to read and understand while still satisfying your legal needs. Remember, it's basically a "promise to pay" not an indentured servant agreement. Get rid of the legal "overkill". I'm not a lawyer, nor would I ever dip to such a low aspiration, but simple is better.

6. They can't find you! You think everybody knows where you are, everybody you associate with thinks everybody knows where you are, but in fact, most people don't even know you exist! Remember to a novice looking for you, I don't need much of a reason to quit looking. Worse yet, and if you lived in

Texas you'd know what I mean, I can see you, I just can't figure out how to get there from here. A safe assumption would be that everybody is going to be lost, and you have to try to make it so they "can't miss it"! One recent example that comes to mind is that there's this really nice club that just opened here in Houston. Well, I've lived here awhile, twice, and I have traveled and been lost in most major cities in the US and abroad. But I'm telling you, this club is supposed to be like 4-5 miles from my house, I've gone to Map Quest, called the club, and been to the mall, which it's supposedly next door to. I've been looking; I just can't find the damn place, and it's supposed to be 200,000 square feet! Maybe it's me.

7. They don't like you! It is very possible that you and yours are not giving off the sparkling impression that you think you are. Remember that most people make up their mind to buy within the first 30 seconds after they enter the door. Are your guests and members being greeted every time they come in or is it just routine check in? Are your front desk staff standing, making eye contact, smiling, saying hello? Or is it the all too often, you're interrupting me; I was just getting to the good part in my book! Are your sales staff actually friendly and sincerely nice people or just actors?

8. It just doesn't feel right? This is difficult, but I've heard it from many potential members. It's the environment. From your staff's appearance to the music blaring in the club to the arduous and ignorant sets of rules and processes we sometimes take them through. It just doesn't fit. Many times they can't quite put their finger on it. Stand back and objectively look and eliminate "environmental" excuses you may be giving the customers.

9. Your staff is not prepared or trained well enough. From the trash in the parking lot, to the "non greeting" people receive, they are looking and don't need to look very hard many times to find an excuse not to join. If your staff is trained and ready to handle customers properly, and manage the members and the guests' experiences at the club properly there should be no reason that they shouldn't

(See John Brown Page 24)

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...ActiveXL

continued from page 18

logo" line of products. For clubs who want to offer some form of member giveaway, buddy referral gift, or simply a line of products to sell in their pro-shop, the kanga-logo line of gym bags, caps, water bottles, and more and can be ordered in smaller quantities than the customized product. Tony and Gail, let's go back to 'memory-lane' here and recollect the days when here in Atlanta Tony made the Kangaroo logo for his Australian Body Works 23-club chain quite famous all across Atlanta, Georgia. If I recall correctly Tony, your logo was a Kangaroo including your Australian Body Works name. Now you're carrying on with the "ROO"! What do you have to say about that Mate? deLeede responds, "I think for sentimental reasons as well as for practical reasons, having a Kangaroo as a logo makes a lot of sense."

On The Horizon

The future plans for ActiveXL also include an addition of a full line of headphones for use with interactive exercise equipment. Gail deLeede explains, "Understanding that headphone sales can be a huge-profit center if managed efficiently, our continuous re-order system will ensure that clubs benefit from maintaining a constant stock of quality headphone products." Tony added, "logo-ed and customized backpacks certainly has a lot of legs,

and I think a lot of people are going to start picking those up. I have a thought that goes way back to my very, very first business when I was 19 back in Australia (Tony is 52 now). The way I got that business going (rather than selling clothing item-by-item resulting in people only buying small numbers of items), the way that business really took off, was when I began to take goods on consignment. Essentially, as a lot of retailers do now, the manufacturer puts in the display rack and puts all of the items on there and the retailer only pays for what is sold. So, we have an idea that we will put customized displays in clubs and sell everything from headphones, socks, workout gloves, sun glasses, etc. and just load it up with a whole display of accessories that people can use in a club or outside of a club. We will provide items that may be health club related or may not be health club related. One club related product we intend to have is a choice of five different styles of headphones. So, in effect, this will provide clubs with a very simple to install and restock, turn-key little pro shop to go right in a high traffic area of the club."

Branding, Branding, Branding!

In our Club Insider November and December editions, we published a Cover Story on Larry Gurney - Master of Branding, Branding, Branding in a Part I and II format. Like Larry Gurney, co-owner of *The RUSH Fitness Complex* club chain in Knoxville,

TN., Tony deLeede is truly one of the club world's master branders, and he had this to say to all club owner/operators about branding, "As clubs have limited budgets to market themselves, I think the biggest value in this new business we are starting is 'top-of-mind' branding that we will help clubs achieve. Club owners *should not underestimate the importance of and value of branding*. We're encouraging people to give these logo-ed backpacks with premium gifts enclosed to every new member that joins so that they may get the *volume of 'walking bill-boards'* out there that will be necessary to do the branding job. Some clubs might just chose to use these backpacks with gifts enclosed as a 'buddy-referral' gift. On the other hand some of the people we're talking to have even suggested that they may give these backpacks to *ALL* of their members. These backpacks would make a great Christmas gift or just a 'loyalty' gift as well. Some clubs might say to their members, 'If you've been with us for one year we'd like to say *Thank You* for being a loyal club member!" Gail deLeede added, "A loaded backpack will cost a club between \$8.50 and \$9.50 and a normal retail price will be \$50 or \$60.

We wish Tony deLeede and his lovely former wife Gail the very best of luck with their new venture, ActiveXL. Their combined talents, along with their resources and ability to 'deliver-the-goods' as ordered and promised, will give this fledgling new company, headed up by Gail

deLeede, the ability to hit the ground running as they debut and launch ActiveXL at Booth #136 at the IHRSA Trade Show March 17-19th.

(Norm Cates, Jr. is a 31-year veteran of the health, racquet and sportsclub industry and the Founder, Publisher and owner of The CLUB INSIDER

News. Cates was the 1st President of IHRSA and a Co-founder of the Association in 1980/81. He was honored by IHRSA with its DALE DIBBLE Distinguished Service Award in March, 2001. Cates may be reached at: clubinsidernews@mindspring.com or by phone at: 770.850.8506.)

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“2004 In Review”

By: Norm Cates, Jr.

Part III

June 2004 Cover Story
Julie Main
IHRSA's New President



In Parts I and II, published respectively in our December, 2004 and January, 2005 editions, we reviewed and commented on our January, 2004 through May, 2004 issues. In this “2004 In Review” Part III we shall review and comment on our June through December, 2004 editions.

Club Industry veteran and current IHRSA's President, **Julie Main**, graced the Cover of our June, 2004 edition. Also on our page #3 Headline page, we published the announcement that **TRT Holdings** had entered into an agreement to acquire **Gold's Gym International**.

Julie Main started her career in the health club industry over 20 years ago as a bookkeeper at the **Santa Barbara Athletic Club in Santa Barbara, California**, and through hard work, dedication and perseverance, *rose* to the capacity of General Manager of five locations and Partner in three facilities. She is the **second woman** to serve as **IHRSA's President**, the first being **Annabeth Eschbach**. Julie Main's **great success story** and rise to the **important role of IHRSA's President** marked a pinnacle of her career that was **hard earned and especially meaningful and significant**, as along the way, **Julie survived a life-threatening battle with breast cancer**. In 2000, Julie was elected to serve on the **IHRSA Board of Directors**. Remarkably, and establishing the deep dedication to our industry and strong drive she possesses, **Julie was**

selected to the IHRSA Board on her fourth application for Board service. In her **previous three applications**, she was not selected for the Board Member slot she hoped for, **but her everlasting determination carried her through**. **God Bless Julie Main!**

TRT Holdings is a Dallas, Texas-based, diversified holding company whose assets include the Omni Hotel chain. The sellers were **Brockway Moran & Parnters** whose ownership group included **Kirk and John Galiani and Ed Connors** who, according to the sources, **“were instrumental in consummating the original deal to acquire Gold's Gym International”** in 1999. Officials also expressed appreciation for the **“superb job done by Gold's CEO, Gene LaMott and his team who have presided over a tremendous expansion of the company.”** **Best of Good Luck to TRT Holdings!**

Also on our May, 2004 page #3 was a brief note that **LifeTime Fitness** had launched its **IPO (Initial Public Offering)**. A plan was announced to sell 9.9 million shares at a price range of \$17 to \$19 per share and it successfully did just that. Very shortly after that launch the new stock jumped to the low '20's and as of this January, 2005 edition, is hovering around \$25. Clearly, **Bahram Akradi**, the young man who came to America from Iran, and who was a dishwasher in his early American jobs, is now the **multimillionaire** he deserves to be. Since May, 2004, Akradi has continued as **CEO of LifeTime Fitness** which has continued its relentless march across major American markets with the installations of new facilities in the Dallas/Fort Worth, Texas area and announcements this week of three more facilities in the DFW, Austin and Houston, Texas markets. **STAYTUNED!**

Additionally, our page #4, **“Insider Speaks”** article entitled: **“Nasty-Nasty-Nasty”** chronicled the events in Dallas/Fort Worth, Texas where **Gold's Gym club owner, Scott Therring**, had **allegedly skipped town after closing his Gold's Gyms, leaving \$879,000 owed to the IRS for employee withholding taxes and owing one major vendor, ABC Financial, in excess of**

\$500,000! **Up-standing and excellent DFW area club owners, Robert and ‘Pinkie’ Dyer** stepped in to save one of the Gold's Gyms, located in Ridgmar, Texas, and they honored all of the Gold's Gym memberships they inherited, including the prepaid memberships! Now, that's the **kind of leadership our industry needs everywhere**, not just **‘Deep-In-The-Heart-of-Texas!’**. **Thanks Robert and ‘Pinkie’ for doing the right thing for your industry, even though I am sure it hurt!**

‘Short-Takes’ From June Norm's Notes and Other June, 2004 Articles

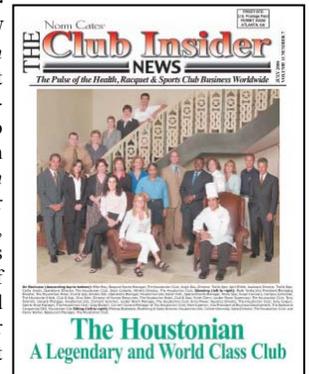
● **Sadly, Steve Trapilo**, former Boston College football player and owner of the **21st Century Family Fitness Centers** in the Boston, Massachusetts area **died suddenly from a heart attack**. Steve was on the Boston College football team that defeated the **University of Miami** in an amazing victory when **Boston College Quarterback, Doug Flutie**, threw the long bomb known in college football lore as **‘The Immaculate Reception’**. Steve Trapilo is the big football player who was photographed at the end of that amazing game with his arms wrapped around Flutie, holding Flutie up in the air. **May Steve Trapilo Rest in Peace.** ● We congratulated **Julie Main** on her induction as **IHRSA's 23rd President**, replacing **Tom Behan, Alaskan health club pioneer**. We also welcomed **Ed Williams, Mike Motta, Tony deLeede, Lloyd Gainesboro and Cyrus Oskoui** as new **IHRSA Board Members**, and we encouraged **other IHRSA Members to apply for the very important role of service on the IHRSA Board of Directors**. We announced the launch of the **brand new consumer magazine**, for club members, **Club Life Magazine**, and that it would begin arriving at participating clubs in **July, 2004**. It did and has continued to arrive every month since then. We also mentioned that **Frank O'Rourke** would be the **National Director of Club Sales** and the person to contact to begin receiving **Club Life Magazine** for your members. Also, on page #18, I published an article entitled: **“Club Life Magazine**

Launched” and published **Frank O'Rourke's email address: forourke@clublife magazine.com, we encouraged club owners to contact Frank to sign up for Club Life Magazine, and we explained that we fully supported the new venture. We also expressed my feelings of happiness that this new publication strongly encouraged me and validated my efforts to launch our new CIN ‘Consumer Edition.’** ● We thanked **CIN ‘Contributing Author’, Karen Woodard**, for yet another great article in a long line of contributions, and I pointed out to our readers my little cartoon expressing the dangers of **Skin Cancer**. As a Skin Cancer survivor myself, I feel everyone, everywhere in our business should be alert to the dangers of this serious problem and should share warnings with your members. ● We announced that **long-time Star Trac CEO, Jim McPartland**, had resigned from Star Trac to pursue ‘other health and fitness industry opportunities’. **I wrote, One thing for sure is that Jim McPartland is a great guy and experienced industry veteran, and I predict we will land on his feet with another new venture, or some very lucky company will snap up McPartland and tap into his vast industry experience and connections. Good luck Jim!** ● We congratulated **IHRSA, John McCarthy and his Team** on their recent (May 19-21) **2nd Annual Legislative Summit** of about 100 health club owner/operators with our Washington, D.C. lawmakers. ● We mentioned recent **Los Angeles Times and National Examiner** coverage of the **‘one-and-only’ Bob DelMonteque** and his new book, **“Lifelong Fitness 2004”**. Bob DelMonteque has been a huge and inspiring force for thousands, maybe millions of older Americans, including yours truly, in our quest to: **‘grow younger as we become older.’**

Articles by **Michael Scott Scudder, another industry veteran, Raymond Long, Karen Woodard and Cecil Spearman** were contained in our June, 2004 edition. Also contained in our June, 2004 edition was a brief article about industry icon, **Joe Cirulli, being honored by The University of Florida Center for Entrepreneurship and Inno-**

vation with its Distinguished Entrepreneur for Lifetime Achievement Award. The Center for Entrepreneurship is at the University of Florida's Warrington College of Business. Congrats again Joe!

July 2004 Cover Story The Houstonian A Legendary and World Class Club



The **July 2004 edition cover story** was particularly enjoyable for me because I was able to spend a little time (two days) staying at and wandering around the **awesome Houstonian Club, Hotel and Spa Campus and enjoying the world class facilities and service**. **Herb Lipsman** is the **leader of the Houstonian Club** organization and the **creator of The Houstonian Lite** club chain now rolling out in 3 locations in the greater Houston, Texas area. **Herb Lipsman** is one hell of a guy, and he was very kind and generous with his time with me, spending 4 or more hours in and out of his car touring me around town while **still recovering from recent back surgery. Thank you Herb!** I also enjoyed producing this cover story because of the interview input Herb and several of his many key players provided me. (See all the key players on our cover photo above) I think we really got into the **terrific Houstonian “customer service” culture** that so well sets the Houstonian Club (and now the Houstonian Lite clubs) apart in the marketplace. **On our page #3** we published an article entitled: **Joe Gold's Mark On This Planet Will Last Forever**, a tribute to **Joe Gold**, the founder of both **Gold's Gym and World Gym**, as **Joe had sadly and unexpectedly passed away on July 12, 2004.** (See 2004 In Review Page 27)

...2004 In Review

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Since that time, **Joe Gold** has been honored posthumously by **Mike Uretz**, co-founder and CEO of **World Gym** at a star studded Memorial Party held in California on August 19, 2004, and in October, 2004, **Joe Gold** was honored by **Club Industry Magazine** with its **Life Time Achievement Award**. In early March, **The CLUB INSIDER News** will also honor **Joe Gold** posthumously, with the presentation of our **2nd Annual CLUB INSIDER "Health Club Pioneer of the Year Award"** at the **World Gym Convention** held in conjunction with the 'Arnold Classic' in Columbus, Ohio. **Joe Gold** will be honored with our "Health Club Pioneer Award" along with the "one-and-only" **Red Lerille** and I will be honored to introduce **Red** and present this **2nd Annual Award to Red** at the **IHRSA Trade Show in San Francisco** at the **Body Masters Exhibit** on Friday, **March 18, 2004 at 3:00 p.m.** I urge all of **Red's** friends from his 43 years in the health club business to make plans to be on the Trade Show Floor to help us honor **Red Lerille**. And, **MAY JOE GOLD REST IN PEACE**. Additionally, our page #3 carried a report about the acquisition by **Fitworks' John Janszen** and **Pat Petrecca** of **Joe "The Gladiator" Moore's Fitness World** chain of 9 clubs.

'Short Takes' From July Norm's Notes and Other July 2004 Articles

• **Joe Gold** and **Red Lerille** were announced as **The CLUB INSIDER News' 2nd Annual "Health Club Pioneer of the Year Award"** winners. See this month's **Norm's Notes** for details. • I informed you that **CONFUCIUS** says, "One who attempts nothing probably will achieve it." • I wrote about the 'brouhaha' in the Midwest where **Lexington A.C. co-owner, Jeff Graue** had brought a formal written complaint against **Royce Pulliam's Gold's Gyms**, and that the decision by the **IHRSA Board** had been made and that "only the parties involved" will be notified by **IHRSA** of the decision. • I sadly reported the death of **Chris Alvarez, son of Sheila Richardson** and step son of industry leader, **Tim Richards** in Massachusetts. **MAY CHRIS ALVAREZ REST IN PEACE**.

• I reported that **Mike Arteaga**, long-time friend and owner of the **Allsport Health and Fitness Club** in Poughkeepsie, New York, was experiencing great success with his **Cancer Wellfit Program**, and that he adopted the Program from current **IHRSA President, Julie Main**. • I reported that **Chuck Leve**, **IHRSA's long time Director of Promotions**, had inked a deal with the **GNC (General Nutrition Centers)** to do cross-promotions with **IHRSA**. This deal came on the heels of **Chuckie's** previously inked deals with **Listerine, Trident Sugarless Gum, Celestial Seasonings, Blimpie Subs, Power Bar** and more. **Chuck Leve** has done as good a job as anybody, anywhere could have ever done over these first 24 years and when **Chuckie** does decide to put down his 'briefcase' (only **Chuck** and I will get that comment!), **IHRSA will have to hire 10 people** to achieve the same results **Chuckie** has during **IHRSA's first 24 years!** • **Life Fitness** announced the winners of its annual **Michael L. Pollock Memorial Grants** to which **LF** contributes \$20,000 annually. They were: **SCOTT COLLIER, STERIANI ELAVSKY, MATTHEW HARBER, M.D. and PATRICK KOREBEIN, M.D.** Congrats folks. • **The Sports Club Company** stock was suspended from the **American Stock Exchange** trading due to delinquent filing of company financial reports. • **Noor Kassam, Managing Director of SiBEC** reported that the **2nd Annual event** set for **Miami, Florida**, had **60 of the top clubs in America** booked to attend. • **ICAA (Intl. Council On Active Aging) Founder and CEO, Colin Milner**, announced that they had joined in an alliance with the **American Academy of Family Physicians (AAFP)**. • We announced that **Glenn Colarossi** the **Founder and CEO of Health Club and Spa Consulting**, had inked a big deal for a new **luxury spa** at the **Singer Island Resort**. • I announced that the **CLUB INSIDER "Consumer Edition"** Pre-enrollment had reached **182,750 members**. I continue my ongoing work on my new "Consumer Edition", a newspaper targeted to the members of health clubs across the U.S. and now, possibly Canada. **STAY TUNED**. • I thanked everyone and I thank you here if you are a **PAID SUBSCRIBER**. Please renew your subscriptions and tell

your industry friends about the **CLUB INSIDER** as we do this work for you and like any business in America, we need more. I thanked our **Troops, Airmen and Seamen** that serve our great country and protect our liberty and freedom.

We published articles by **Contributing Authors Michael Scott Scudder, Karen Woodard, Richard Ekstrom, Karen Kirby and Donna Krech**. Sincere thanks to each of these experts.

August 2004 Cover Story Fitness First Reaches One Million Members In 400 Clubs!

Our August 2004 Cover Story literally came from around the world with comments coming from **United Kingdom-based Fitness First Founder and former CEO, Mike Balfour**, new



CEO Mike Metcalf; European Director (based in Germany), Jim McGoldrick and our "Mate" from Down Under, Tony deLeede (based in Australia). **Fitness First's** continued rapid growth could put the company in the **#1 rank in size, in #'s of clubs**, in the world by the end of this year, if not sooner. **Founded in 1992**, **Fitness First** now serves

over one million members! **The Mission Statement for Fitness First** is: "We put fitness first so our members can feel good about life. At **Fitness First** everybody is welcome - it's about providing high quality, value for money, fitness facilities and services that are convenient, flexible and easy to use." **Fitness First**, led by **Mike Balfour**, entered the **Alternative Investment Market (INV)** in the U.K. in 1996, fueling the amazing growth fire for the company. In 1999, **Fitness First** departed from the **ALV**, the equivalent of the **NASDAQ** in America and moved to the **London Stock Market** (the U.K.- Wall Street). In 2003, the company reverted back to private ownership, and it is now believed by industry financial experts to be preparing to go public again. The presence of the **American-Aus-** (See 2004 In Review Page 28)

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...2004 In Review

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tralian, **Tony deLeede** added growth as **deLeede** became a partner in **Fitness First Australia** and reopened 11 defunct Aussie health clubs and has now grown the company presence "Down Under" to 45 locations in a relatively short span of time since October 2000. The company is looking forward to continued growth and increased profits as the company grows. On our page #3, I published a "Tribute to John McCarthy", in honor of the September honor he would receive from **Wally Boyko's National Fitness Trade Journal**. The honor John received in September, 2004 was the annual **NFTJ Lifetime Achievement Award**, and **John's long-time friend and IHRSA Associate, Chuck Leve** introduced John and presented the award to him on September 9, 2004. Beginning with our January edition, I now refer to John McCarthy as "Big John- The Alliance Master."

'Short Takes' From August Norm's Notes and Other August 2004 Articles

•We announced **more silence** from **IHRSA** with respect to the decision on **Jeff Graue's** formal written complaint against **Royce Pulliam's Gold's Gym** club group. Without much help from **IHRSA**, stating that "It is **IHRSA's** policy not to disclose the results of standards complaints to anyone but the parties involved." That policy is another way of saying, "IHRSA is not about enforcement, but instead, about the pursuit of professionalism and operational excellence, not the enforcement of standards that have been in place for 24 years." No worries... karma and providence says, "Ye shall reap what ye shall sow." •**Ray Wilson** entered into a new agreement with his former partner, **Eric Levine** with whom Wilson had partnered to build a group of clubs in Hong Kong and other Asian locations, which they later sold to **24 Hour Fitness**. They agreed to build more clubs in Thailand •**The Ginepri Family** and **Jerry Baskin** acquired **The Olde Towne Athletic Club** not far from my home in Marietta. **Robby Ginepri** is currently ranked #72 in the world, down from #54 in August, 2004. Together, the families are investing significant dollars refurbishing the club, up-grading the exteriors, landscaping and "pumping up" the fitness center equipment line-up. The families also have a covered, two-court structure on the drawing board and are waiting for local zoning approval, and they've improved the food dramatically with **new Chef Michael Strimban** cooking up great meals for the dining members like my long-time pal, **Richie Pierra**. •**Gary and Diane Heavin**, the phenomenal multi-millionaire couple who founded **Curves For Women** donated \$2 million to **Thomas Edison State College** in Trenton,

N.J. Now, here is a 'rags-to-riches' story if I ever heard one! A little over a decade ago, **Gary Heavin** was a busted health club owner, out of business. Now, he and his wife have grown **Curves For Women** to over 7,000 - U.S. clubs, reportedly, opening a new **Curves** somewhere every 3 1/2 hours! Maybe I got that wrong... but who cares... if it was every 24 hours, the story would still be utterly astounding! It's Nice to see rich folks part with some of their money to help others, such as **Heavin's Alma Mater**. Also, in that Note, I proposed the idea that **Heavin** lead the way to create a nationwide fund to help members who've had a health club go out of business on them. •**American Sports Data** reported that 3.8 million people now weigh over 300 pounds and that 400,000 weigh over 400 pounds! That's **NO 'WHOPPER'** if you get what I mean! •It was announced that there were 26,046 health clubs in the **Yellow Pages in America** (Now, there are 26,830). •**Bally Total Fitness** announced **Mathew Messenger** had been named to the position of **Senior Director of Media Development and Communications**. **Congrats Mathew**. •**Jerry Noyce** former **CLUB INSIDER** cover subject with his **Health Fitness Corporation Team** was featured on the **CBI Cover for August, 2004**. •**John Aglialaro, Cybex CEO** announced that he had brought in new institutional investors to purchase 2,430,000 shares of common stock for \$8 million. •**Geoffrey Dyer**, the **Founder and CEO of Tampa, Florida-based Lifestyle Family Fitness Centers**, announced that he had secured \$8 million in fresh capital! It could not happen to a nicer guy! •**Mark Smith and Geoff Dyer** finished their terms on the **IHRSA Board of Directors** and immediately got back 60 to 80 hours a month to use for their businesses and families as a lot of these **IHRSA Board Members** donate that amount of time or more to serve the Association and this Industry. Be sure to hug their necks and say "Thanks Mates!" when you next see them! •**Richard Ekstrom**, **Founder and President of Retention Management** announced that **Jack Woener** has joined the company as **Chief Financial Officer**. •**God Bless our Troops, Airmen and Seamen, and STAY TUNED!**

We published articles by our terrific **Contributing Authors**, **Sandy Coffman**, **Donna Krech**, **Karen Woodard-Chavez**, and 'Brother' **Michael Scott Scudder**.

(The Conclusion to 2004 In Review can be found on our website: www.clubinsidernews.com. Click on This Month and then 2004 In Review. There you will also find Part's I, II, and III.)

The Club Insider News

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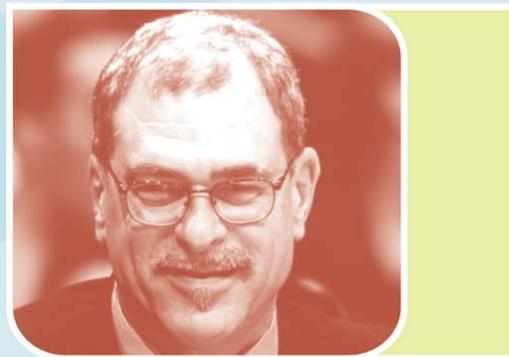
Friday, March 18 • 9:00am

Sponsored by Technogym

On Friday, March 18 at 9:00am at IHRSA's 24th Annual International Convention and Trade Show, the fitness world will hear a championship address about coaching by one of the greatest winning coaches in the history of sport, Phil Jackson, formerly of the World Champion Chicago Bulls and Los Angeles Lakers basketball franchises. Between the Bulls and the Lakers, Jackson:

- won 9 NBA championships in fifteen years as a head coach
- had the highest game winning percentage (.738) of any NBA coach in history
- led the NBA in his play-off game winning percentage (.742)

Jackson is the author of four books on basketball, including his 2004 best seller, *The Last Season*, about his 2003-2004 season with the Lakers. He neither babied nor bullied his players. Instead he gave them the opportunity to learn for themselves how to succeed, and a structure in which they could win as a team.



IHRSA 2005 HIGHLIGHTS

> **16 Educational Tracks to choose from with 100+ Sessions and over 50 NEW Presenters**

> **American Journal of Health Promotion 15th Annual Art & Science of Health Promotion Conference**

Over 20 physicians and doctors speaking on a variety of topics, including – *Obesity and the Financial Impact of Health Management*

> **Other Keynote Speakers:**

Dean Ornish, MD, University of California

Wednesday, March 16 • 1:00pm

The Power of Lifestyle Change

Presented by The American Journal of Health Promotion

General Tommy Franks (USA - Retired)

Thursday, March 17 • 8:45am

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Joe Theismann, Former NFL MVP

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Saturday, March 19 • 1:00pm

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THURSDAY, MARCH 17

1:00–6:00pm

FRIDAY, MARCH 18

11:00am–6:00pm

Early Morning Workouts 6:30–8:30am

SATURDAY, MARCH 19

8:30am–12:00pm

Early Morning Workouts 6:30–8:30am

TO REGISTER FOR THE IHRSA 2005 CONVENTION AND/OR TRADE SHOW

• Visit www.ihrsa.org/convention

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ClubSport Oregon Strikes 'Platinum' with BTS

Over 125 clubs have attained Platinum status and are experiencing success by utilizing BTS management, programming, training and marketing components. ClubSport Oregon is one of the many Platinum clubs that has shared its success story.

When it decided to bring on all five Body Training Systems® (BTS) programs and integrate the group fitness components into its daily operations, ClubSport's goal was simple; the club wanted to strengthen its potential revenue-generators, such as group fitness, and eliminate its underperforming amenities. By doing so, ClubSport was able to increase its profitability.

ClubSport Oregon went Platinum in 2004 and is celebrating a dramatic increase in

total gym visits and group fitness attendance. During its first four years with BTS, ClubSport has enjoyed a more than 100% increase in memberships. Retaining nearly 70% of its members on an annual basis, this significant increase has translated to 113% additional profit.

Jarod Cogswell, General Manager of ClubSport, commented on the comprehensiveness of the BTS solution by saying, "Because of the profitability and increased sales we have experienced, I recommend that other clubs go Platinum with BTS programs." Take a moment to read about ClubSport and other Platinum clubs by visiting the website at <http://www.bodytrainingsystems.com/goPlatinum/casestudies.htm>.

...John Brown

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join. Let me say this. Training them once is not enough. Training them "on the job" is just foolish and costly and not having a structured training program in place to train and retrain staff is costing you hundreds of thousands of dollars!

10. They wanted to join; we just couldn't find the courage to ask them. Let me say this, I'm afraid of a lot of things. I was even afraid of the dark till a few years ago. But we have to find the fortitude and the right words to help some people do what they came there to do. Know this. Many, many people leave our clubs without joining just because they weren't invited to join. Don't believe me, just take a day to tour 3-4 clubs and see how many of them actually, directly, clearly ask or invite you to

become a member today.

There are many reasons people don't join our clubs, and we need to be always working on eliminating all the excuses or reasons they don't. As I've said before, this is a very simple business complicated many times by people. Work on the above and any others you discover, yes for the financial benefits but not just for the money but for all the great outcomes that occur for you, your potential customers, neighborhood, market and community.

(John Brown is a nationally known consultant, speaker and author and a club industry veteran of over 25 years. His company, PCM Fitness, Inc. is a leader in training, managing, funding and developing clubs. He can be reached at 281.894.7909 or email Pcm4life@aol.com)

...Norm's Notes

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walking 10,000 steps being the equivalent of 30 minutes of exercise, he said and I quote: "Don't try to get up to 10,000 steps all at once if you have been sedentary. Work toward this goal gradually by adding no more than 20% of your total steps each week." I rest my case.

● **Iron Grip Barbell Company** has introduced a new program for health clubs, designed to provide an array of fitness product benefits for new members to help encourage them to explore all aspects of a healthy and fit lifestyle. The program is called: 'Iron Grips' Heart Mind Body Benefit Program For Health Clubs'. Check out the Iron Grip ad on page #13 or send an email to: info@irongrip.com or go to www.irongrip.com for information.

● **Curves For Women** has entered into an agreement to have Dallas-based Cooper Institute to develop a "Weight Management Certification Program" for Curves franchise owners and staff. Now, that is one really good idea.

● **Congratulations to all of my friends in Boston and New England** for the amazing success of both the Boston Red Sox and the New England Patriots! All you need up there is another LARRY BYRD for the Celts and you would RULE the PRO SPORTS WORLD! You pretty much rule anyway!

● **Breaking News- The Sports Club Company** has announced a proposal to take the company private (again), retire the company's outstanding secured debt, and sell six of its clubs to Millennium Partners, a new partnership including Rex A. Licklider, Michael Talla and Kayne Anderson Capital Advisors, for \$65 million. Should the deal go through, The Sports Club Company will continue to own and operate the clubs in Los Angeles, Irvine and Beverly Hills, California.

● **God Bless our Troops, Airmen and Seamen serving in Iraq and around the world to preserve our Freedom and Liberty.** God Bless their families who sacrifice more than any of us can imagine. God Bless those in Asia that are victims of the Tsunami Tidal Waves and their families, and GOD BLESS AMERICA! STAY TUNED!

Norm Cates' THE Club Insider NEWS

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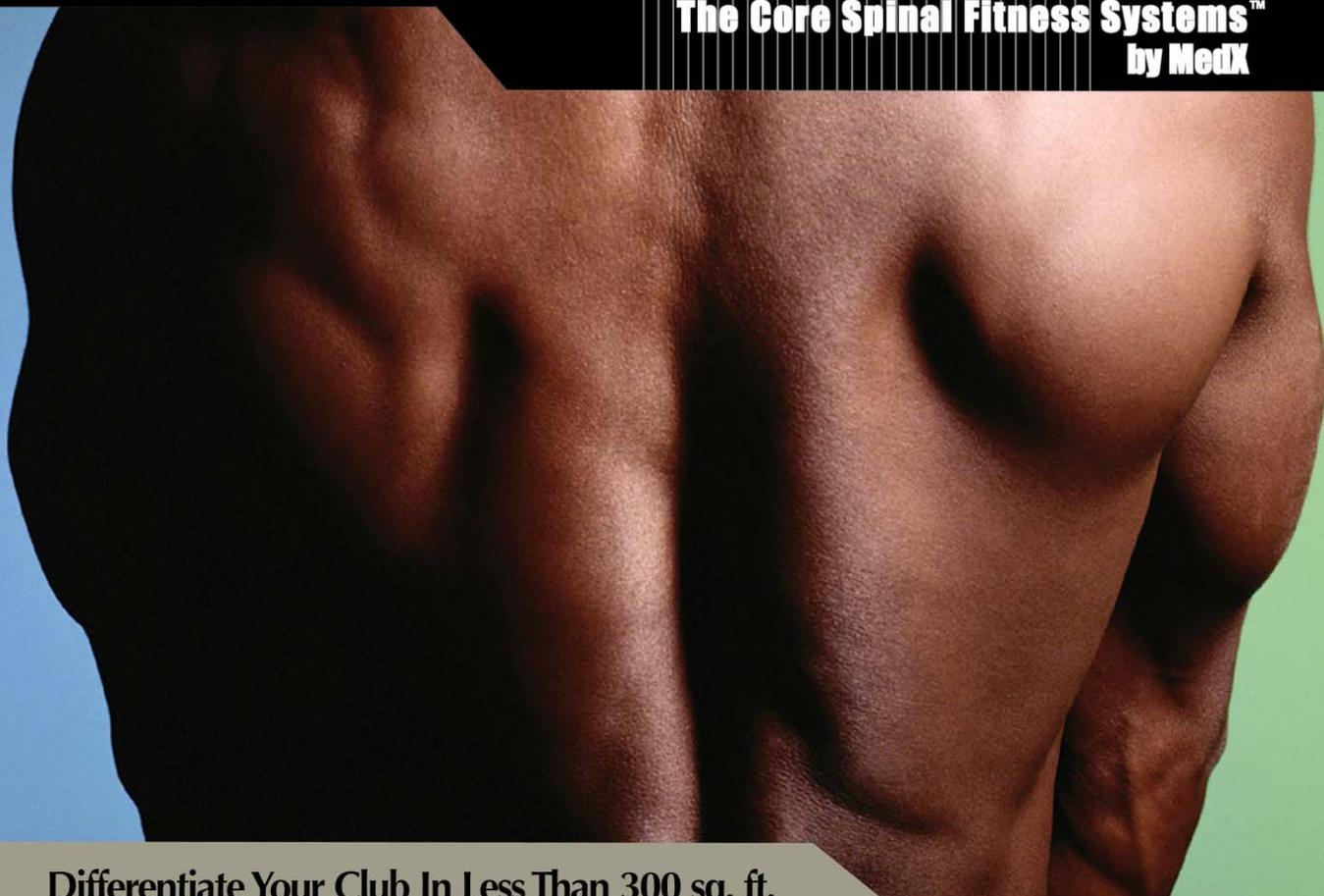
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